

**DUTY FREE INTERNATIONAL LIMITED**

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 NOVEMBER 2015**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "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.*

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**DUTY FREE INTERNATIONAL LIMITED**

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**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			Group		
		Third quarter ended		Increase/ (Decrease) %	Nine months ended		Increase/ (Decrease) %
		2015 (Unaudited) RM '000	2014 (Unaudited) RM '000		2015 (Unaudited) RM '000	2014 (Unaudited) RM '000	
Revenue		152,894	135,931	12.5%	442,538	400,968	10.4%
Changes in inventories		49,391	(20,095)	n.m	83,258	(35,291)	n.m
Inventories purchased and material consumed		(150,872)	(78,045)	93.3%	(385,507)	(250,570)	53.9%
Other operating income	1(a)(ii)	2,730	2,598	5.1%	8,196	8,587	-4.6%
Employee benefits expenses		(8,274)	(7,637)	8.3%	(24,679)	(23,658)	4.3%
Rental of premises		(11,366)	(9,797)	16.0%	(30,947)	(26,890)	15.1%
Utilities and maintenance expenses		(1,359)	(835)	62.8%	(3,972)	(3,497)	13.6%
Depreciation and amortisation		(1,201)	(1,219)	-1.5%	(3,555)	(3,436)	3.5%
Commission expenses		(593)	(471)	25.9%	(1,661)	(1,430)	16.2%
Professional fees		(695)	185	n.m	(2,696)	(702)	284.0%
Promotional expenses		(328)	(613)	-46.5%	(1,029)	(1,195)	-13.9%
Financial expenses		(631)	(535)	17.9%	(1,862)	(1,821)	2.3%
Other operating expenses	1(a)(iii)	(8,028)	(4,949)	62.2%	(22,279)	(12,820)	73.8%
Profit before income tax		21,668	14,518	49.2%	55,805	48,245	15.7%
Income tax expenses	1(a)(iv)	(4,903)	(4,232)	15.9%	(15,104)	(13,972)	8.1%
Profit for the period		16,765	10,286	63.0%	40,701	34,273	18.8%
<b>Profit attributable to:</b>							
Owners of the Company		16,788	10,191	64.7%	40,770	34,018	19.8%
Non-controlling interests		(23)	95	n.m	(69)	255	n.m
		16,765	10,286	63.0%	40,701	34,273	18.8%

n.m - denotes not meaningful

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

**Consolidated Statement of Comprehensive Income**

	Group			Group		
	Third quarter ended		Increase/ (Decrease) %	Nine months ended		Increase/ (Decrease) %
	2015 (Unaudited) RM '000	2014 (Unaudited) RM '000		2015 (Unaudited) RM '000	2014 (Unaudited) RM '000	
Profit for the period	16,765	10,286	63.0%	40,701	34,273	18.8%
<b>Other comprehensive income:</b>						
Foreign currency translation	-	-	-	-	-	-
<b>Total comprehensive income for the period/year</b>	<b>16,765</b>	<b>10,286</b>	<b>63.0%</b>	<b>40,701</b>	<b>34,273</b>	<b>18.8%</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	16,788	10,191	64.7%	40,770	34,018	19.8%
Non-controlling interests	(23)	95	n.m	(69)	255	n.m
	<b>16,765</b>	<b>10,286</b>	<b>63.0%</b>	<b>40,701</b>	<b>34,273</b>	<b>18.8%</b>

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**1(a)(ii) Other operating income**

Other operating income includes:-

	Group Third quarter ended 30 November			Group Nine months ended 30 November		
	2015 (Unaudited) RM '000	2014 (Unaudited) RM '000	Increase/ (Decrease) %	2015 (Unaudited) RM '000	2014 (Unaudited) RM '000	Increase/ (Decrease) %
Rental income from:						
- advertisement space	948	880	7.7%	2,875	2,819	2.0%
- property, plant and equipment	177	151	17.2%	470	461	2.0%
Commission income	20	122	-83.6%	172	153	12.4%
Incentive income	51	96	-46.9%	165	267	-38.2%
Interest income	1,077	928	16.1%	3,295	3,040	8.4%
Gain/(loss) on disposal of property, plant and equipment	(1)	(1)	0.0%	(6)	5	n.m
Reversal of impairment losses for:						
- property, plant and equipment	228	219	4.1%	607	671	-9.5%
- land use rights	40	39	2.6%	118	118	0.0%
Reversal of provision for liquidated damages	-	-	-	-	547	-100.0%

**1(a)(iii) Other operating expenses**

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

	Group Third quarter ended 30 November			Group Nine months ended 30 November		
	2015 (Unaudited) RM '000	2014 (Unaudited) RM '000	Increase/ (Decrease) %	2015 (Unaudited) RM '000	2014 (Unaudited) RM '000	Increase/ (Decrease) %
Assessment and quit rent	270	(5)	n.m	729	805	-9.4%
Auditors' remuneration	290	201	44.3%	739	698	5.9%
Bad debts written off	-	6	-100.0%	8	56	-85.7%
Bank charges	462	260	77.7%	1,093	685	59.6%
Donations	523	13	3923.1%	548	44	1145.5%
Insurance	355	476	-25.4%	1,293	1,379	-6.2%
Inventory written off	20	28	-28.6%	56	136	-58.8%
Management fee	500	500	0.0%	1,500	1,500	0.0%
Net foreign exchange loss/(gain)	2,180	503	333.4%	6,678	(1,003)	n.m
Packing materials	222	325	-31.7%	592	611	-3.1%
Property, plant and equipment written off	47	3	1466.7%	79	168	-53.0%
Transportation costs	1,543	1,185	30.2%	3,902	3,120	25.1%
Travelling expenses	197	228	-13.6%	648	712	-9.0%
Reversal of inventories written down	(202)	(23)	778.3%	(202)	(23)	778.3%

n.m - denotes not meaningful

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**1(a)(iv) Income tax expenses**

	Group			Group		
	Third quarter ended			Nine months ended		
	2015	2014	Increase/	2015	2014	Increase/
(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)	
RM '000	RM '000	%	RM '000	RM '000	%	
Current income tax attributable to continuing operations						
- current income tax	5,527	3,957	39.7%	16,312	13,560	20.3%
- under/(over) provision in respect of previous years	(535)	288	n.m	(992)	288	n.m
	4,992	4,245	17.6%	15,320	13,848	10.6%
Deferred income tax attributable to continuing operations	(89)	(13)	584.6%	(216)	124	n.m
Income tax expense recognised in profit or loss	4,903	4,232	15.9%	15,104	13,972	8.1%

n.m - denotes not meaningful

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

	Note	Group		Company	
		30.11.2015 (Unaudited) RM '000	28.02.2015 (Audited) RM '000	30.11.2015 (Unaudited) RM '000	28.02.2015 (Audited) RM '000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment		71,625	70,650	-	-
Land use rights		24,679	24,744	-	-
Biological assets	1(b)(iv)	4,800	4,800	-	-
Goodwill		28,816	28,816	-	-
Investment in subsidiaries		-	-	965,924	965,924
Prepayments		61,495	68,831	-	-
Deferred tax assets		806	608	-	-
		<u>192,221</u>	<u>198,449</u>	<u>965,924</u>	<u>965,924</u>
<b>Current assets</b>					
Inventories		254,252	170,994	-	-
Tax recoverable		2,703	1,288	-	-
Trade and other receivables	1(b)(v)	60,902	64,022	-	-
Prepayments		12,224	11,572	57	63
Cash and bank balances		27,466	76,055	161	3,795
Derivative assets		-	168	-	-
		<u>357,547</u>	<u>324,099</u>	<u>218</u>	<u>3,858</u>
<b>Total assets</b>		<u>549,768</u>	<u>522,548</u>	<u>966,142</u>	<u>969,782</u>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	1(b)(vii)	112,791	74,943	20,506	19,018
Borrowings	1(b)(ii) & (iii)	27,351	31,684	-	3,595
Income tax payable		7,479	2,870	13	13
Derivative liabilities		934	-	-	-
		<u>148,555</u>	<u>109,497</u>	<u>20,519</u>	<u>22,626</u>
<b>Net current assets/(liabilities)</b>		208,992	214,602	(20,301)	(18,768)
<b>Non-current liabilities</b>					
Borrowings	1(b)(ii)	13,522	16,749	-	-
Deferred tax liabilities		4,570	4,588	-	-
		<u>18,092</u>	<u>21,337</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>		166,647	130,834	20,519	22,626
<b>Net assets</b>		<u>383,121</u>	<u>391,714</u>	<u>945,623</u>	<u>947,156</u>
<b>Equity attributable to owners of the Company</b>					
Share capital		486,331	486,331	979,931	979,931
Share premium		2,778	2,778	-	-
Treasury shares		(4,838)	(4,838)	(4,838)	(4,838)
Other reserves		(111,335)	(111,335)	31,049	31,049
Retained earnings/(accumulated losses)		10,087	18,611	(60,519)	(58,986)
		<u>383,023</u>	<u>391,547</u>	<u>945,623</u>	<u>947,156</u>
<b>Non-controlling interests</b>		98	167	-	-
<b>Total equity</b>		<u>383,121</u>	<u>391,714</u>	<u>945,623</u>	<u>947,156</u>
<b>Total equity and liabilities</b>		<u>549,768</u>	<u>522,548</u>	<u>966,142</u>	<u>969,782</u>

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

	30.11.2015		28.02.2015	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less or on demand	27,351	-	31,684	-
Amount repayable after one year	13,522	-	16,749	-

**Details of any collateral**

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM10,455,000 (28.02.2015: RM10,216,000); and
- corporate guarantees from the Company and the penultimate holding company.

**1(b)(iii) Short term borrowings**

	30.11.2015 RM'000	28.02.2015 RM'000
The Group's short term borrowings are for:		
- trade facilities	20,275	23,677
- hire purchases	292	391
- other borrowings	6,784	7,616
	<u>27,351</u>	<u>31,684</u>

**1(b)(iv) Biological assets**

	30.11.2015 RM'000	28.02.2015 RM'000
At fair value:		
Balance b/f	4,800	4,800
Fair value changes	-	-
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 2015.

**1(b)(v) Trade and other receivables**

	30.11.2015 RM'000	28.02.2015 RM'000
Trade receivables, net	7,164	8,799
Deposits	3,196	3,084
Sundry receivables, net:		
- amount due from BWSB (refer to page 8 of this report)	40,454	47,844
- others	10,088	4,295
	<u>60,902</u>	<u>64,022</u>

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

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

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

- i) The sale of Darul Metro Sdn Bhd's ("DMSB") legal and beneficial interests over the remaining lease period in six land parcels located in The Zon Johor Bahru at Stulang Laut, Johor Bahru (the "Duty Free Zone") to BWSB for a consideration of RM325,000,000 ("DMSB Agreement"); and
- ii) The sale of Kelana Megah Sdn Bhd's intended lease interests in the land parcel bearing lot number PTB 20379 to BWSB for a consideration of RM27,990,000 ("KMSB Agreement"),

(collectively, the "Disposals").

The DMSB Agreement was completed on 15 March 2013 ("DMSB Completion Date"). Pursuant to the terms of the DMSB Agreement, RM80.0 million being the balance of the aggregate sale consideration of RM325.0 million, was deferred and payable by BWSB within 12 months from the DMSB Completion Date, together with interest charged at 6% per annum from the DMSB Completion Date. 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 BWSB 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 BWSB in the month of July 2014. On 15 October 2014, both parties had again mutually agreed to extend the payment to 15 January 2015. However, on 7 January 2015, both parties had further, mutually agreed that the payment of the remaining deferred consideration amounting to RM47.5 million together with the interest thereon be extended to 15 April 2015. The partial payment of RM2.5 million with accrued interest up to 15 January 2015 which amounted to RM0.8 million was received from BWSB in the month of January 2015. In April 2015, DMSB received RM2.5 million, being partial payment of the deferred consideration amounting to RM47.5 million, and RM0.7 million accrued interest up to 15 April 2015. Both parties had mutually agreed that BWSB shall pay the remaining deferred consideration of RM45.0 million together with interest thereon at the rate of 6% per annum on or before 15 July 2015. On 13 July 2015, BWSB informed that they would pay the interest due together with RM5.0 million towards the deferred consideration and requested for a further deferment of the unpaid consideration of RM40.0 million to be paid on or before 15 October 2015 with interest rate of 9% per annum to be charged on the unpaid consideration from 16 July 2015 to 15 October 2015. On 16 October 2015, DMSB received RM0.9 million, being payment of accrued interest on the unpaid consideration up to 15 October 2015 from BWSB. However, BWSB requested for another extension of the remaining deferred consideration to 15 January 2016 with interest rate of 9% per annum for the outstanding period. The Company had agreed to the request of BWSB.

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

### 1(b)(vii) Trade and other payables

	Group	
	30.11.2015 RM'000	28.02.2015 RM'000
Trade payables	95,961	57,637
Other payables	16,270	16,541
Dividends payable to non-controlling interests by subsidiaries	-	205
Deposit received for the Disposals	560	560
	<hr/>	<hr/>
	112,791	74,943
	<hr/>	
	Company	
	30.11.2015 RM'000	28.02.2015 RM'000
Trade payables	-	950
Sundry payables, net:		
- amount due to related company	19,339	17,481
- others	1,167	587
	<hr/>	<hr/>
	20,506	19,018

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

	<b>Group</b>		<b>Group</b>	
	<b>Third quarter ended</b>		<b>Nine months ended</b>	
	<b>30 November</b>		<b>30 November</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	21,668	14,518	55,805	48,245
Adjustments for:-				
Bad debts written off	-	6	8	56
Depreciation and amortisation	1,201	1,219	3,555	3,436
(Gain)/loss on disposal of property, plant and equipment	1	1	6	(5)
Finance cost	631	535	1,862	1,821
Interest income	(1,077)	(928)	(3,295)	(3,040)
Inventory written off	20	28	56	136
Property, plant and equipment written off	47	3	79	168
Reversal of inventories written down	(202)	(23)	(202)	(23)
Reversal of impairment losses for property, plant and equipment	(228)	(219)	(607)	(671)
Reversal of impairment losses for land use rights	(40)	(39)	(118)	(118)
Reversal of provision for liquidated damages	-	-	-	(547)
Net unrealised foreign exchange (gain)/loss	(1,977)	844	1,847	190
Operating cash flows before changes in working capital	20,044	15,945	58,996	49,648
(Increase)/decrease in receivables	(3,333)	(716)	(4,395)	2,845
Decrease in prepayments	2,076	3,152	6,683	5,115
(Increase)/decrease in inventories	(36,268)	23,667	(83,113)	40,023
Increase/(decrease) in payables	12,852	3,319	37,318	(22,840)
Cash (used in)/generated from operations	(4,629)	45,367	15,489	74,791
Tax paid	(5,710)	(7,940)	(12,126)	(20,897)
Interest paid	(587)	(531)	(1,822)	(1,854)
Net cash (used in)/generated from operating activities	(10,926)	36,896	1,541	52,040
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,087	934	3,185	7,274
Proceeds from the Disposals	-	-	7,500	30,000
Proceeds from disposal of property, plant and equipment	-	2	155	11
Purchase of property, plant and equipment and land use rights	(1,243)	(1,822)	(3,901)	(4,461)
Net cash (used in)/generated from investing activities	(156)	(886)	6,939	32,824

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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)

	<b>Group</b>		<b>Group</b>	
	<b>Third quarter ended 30 November</b>		<b>Nine months ended 30 November</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in pledged fixed deposits	(78)	(74)	(240)	(286)
Repayment of term loans	(1,000)	(3,470)	(6,645)	(13,275)
(Repayment of)/proceeds from other short term borrowings	3,250	(5,363)	(3,465)	3,274
Net repayment of hire purchase and lease financing	(87)	(86)	(406)	(257)
Purchase of treasury shares	-	(517)	-	(4,838)
Proceeds from exercise of warrants	-	-	-	1
Dividends paid to the ordinary shareholders of the Company	(19,594)	(21,194)	(49,294)	(78,228)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	(190)
Net cash used in financing activities	<u>(17,509)</u>	<u>(30,704)</u>	<u>(60,050)</u>	<u>(93,799)</u>
Net (decrease)/increase in cash and cash equivalents	(28,591)	5,306	(51,570)	(8,935)
Effects of foreign exchange rate changes	15	118	19	12
Cash and cash equivalents at beginning of period/year	42,865	22,110	65,840	36,457
Cash and cash equivalents at end of period/year	<u>14,289</u>	<u>27,534</u>	<u>14,289</u>	<u>27,534</u>
<b>Cash and cash equivalents carried forward consists of :-</b>				
Deposits with licenced banks	13,561	17,904	13,561	17,904
Less : Pledged deposits	(10,455)	(10,142)	(10,455)	(10,142)
	<u>3,106</u>	<u>7,762</u>	<u>3,106</u>	<u>7,762</u>
Cash and bank balances	13,906	19,772	13,906	19,772
Bank overdrafts	(2,723)	-	(2,723)	-
	<u>14,289</u>	<u>27,534</u>	<u>14,289</u>	<u>27,534</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 →									NON-	TOTAL	
	← Non-distributable →				Distributable					CONTROLLING		EQUITY
	Ordinary shares RM'000	Share premium RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign exchange reserve RM'000	Net premium paid/ received on transactions with non-controlling interests RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total RM'000	INTERESTS RM'000		
<b>GROUP</b>												
<b>At 1 March 2014</b>	486,329	2,778	-	(111,666)	29	(142,745)	31,050	35,197	412,638	3,002	415,640	
Profit, net of tax	-	-	-	-	-	-	-	34,018	34,018	255	34,273	
Other 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 on ordinary shares	-	-	-	-	-	-	-	(49,429)	(49,429)	-	(49,429)	
Total transactions with owners	2	-	(4,838)	(1)	-	-	(1)	(49,429)	(54,266)	-	(54,266)	
<b>At 30 November 2014</b>	486,331	2,778	(4,838)	(111,667)	29	(142,745)	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 distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →							Retained earnings RM'000	Total RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	← Non-distributable				Distributable						
	Ordinary shares RM'000	Share premium RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign exchange reserve RM'000	Net premium paid/ received on transactions with non-controlling interests RM'000	Warrants reserve RM'000				
<b>GROUP (Cont'd)</b>											
<b>At 1 March 2015</b>	486,331	2,778	(4,838)	(111,335)	29	(142,413)	31,049	18,611	391,547	167	391,714
Profit, net of tax	-	-	-	-	-	-	-	40,770	40,770	(69)	40,701
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	40,770	40,770	(69)	40,701
Transactions with owners:											
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-	-	-	-
Dividend on ordinary shares	-	-	-	-	-	-	-	(49,294)	(49,294)	-	(49,294)
Total transactions with owners	-	-	-	-	-	-	-	(49,294)	(49,294)	-	(49,294)
<b>At 30 November 2015</b>	486,331	2,778	(4,838)	(111,335)	29	(142,413)	31,049	10,087	383,023	98	383,121

**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
<b><u>COMPANY</u></b>					
<b>At 1 March 2014</b>	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 warrant	2	-	(1)	-	1
Dividend	-	-	-	(49,429)	(49,429)
	2	(4,838)	(1)	(49,429)	(54,266)
<b>At 30 November 2014</b>	979,931	(4,838)	31,049	(62,572)	943,570

**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
<b><u>COMPANY (Cont'd)</u></b>					
<b>At 1 March 2015</b>	979,931	(4,838)	31,049	(58,986)	947,156
Profit, net of tax	-	-	-	47,761	47,761
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	47,761	47,761
Transactions with owners:					
Purchase of treasury shares	-	-	-	-	-
Exercise of warrant	-	-	-	-	-
Dividend	-	-	-	(49,294)	(49,294)
	-	-	-	(49,294)	(49,294)
<b>At 30 November 2015</b>	979,931	(4,838)	31,049	(60,519)	945,623

**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>	<b>Company</b>	
	<b>Number of Shares '000</b>	<b>Share Capital RM'000</b>
As at 31 August 2015 and 30 November 2015	1,099,844	979,931

<u>Outstanding Convertible Securities</u>	<b>Company</b>	
	<b>As at 30 November 2015</b>	<b>As at 30 November 2014</b>
Number of outstanding convertible securities ('000)	122,975	122,975
Number of ordinary shares upon conversion of convertibles ('000)	122,975	122,975
Total number of ordinary shares issued excluding treasury shares ('000)	1,099,844	1,099,844
As a percentage of total ordinary shares issued (%)	11.2	11.2

Total treasury shares as at 30 November 2015 was 6,198,000 (30 November 2014: 6,198,000).

The Warrants have expired with effect 6 January 2016 and hence no outstanding convertible securities will be existing as of the date of the announcement. As at the date of this announcement, the Company’s issued and paid-up share capital comprises 1,099,850,393 ordinary shares excluding treasury shares.

On 4 December 2015, an announcement was made by the Company to notify all holders of warrants in the Company (W160106) (“Warrants”) in relation to procedure for exercise of Warrants and the expiry of Warrants at 5.00 p.m. on 6 January 2016 (Wednesday). The last day for trading in the Warrants on the Singapore Exchange Securities Trading Limited

("SGX-ST") was 29 December 2015 and trading had ceased with effect from 9.00 a.m. on 30 December 2015. The Warrants were then de-listed from Catalist Board of the SGX-ST with effect from 9.00 a.m. on 7 January 2016. After the close of business at 5.00 p.m. on 6 January 2016 (Wednesday), all subscription rights under the Warrants had lapsed and every Warrant thereafter had ceased to be valid for any purpose whatsoever.

**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 2015 was 1,099,843,647 (28 February 2015: 1,099,843,647). Total treasury shares as at 30 November 2015 was 6,198,000 (28 February 2015: 6,198,000).

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

During the third quarter ended 30 November 2015, 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 2015.

**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 2015, the Group and the Company adopted the new or amended Singapore Financial Reporting Standards ("FRSs") and Interpretations to FRS ("INT FRSs") that are mandatory for application from that date.



The application of these new or amended FRSs and INT FRSs did not result in changes in the Group's accounting policies and has no material effect on the amounts reported for the current period or prior years.

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

	Group		Group	
	Third quarter ended		Nine months ended	
	30 November		30 November	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period, net of tax attributable to owners of the Company	16,788	10,191	40,770	34,018
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,099,844	1,105,587	1,099,844	1,103,132
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,099,844	1,105,587	1,099,844	1,103,132
Earnings per ordinary share from continuing operations attributable to owners of the Company (RM sen):				
(a) Basic	1.53	0.92	3.71	3.08
(b) Fully diluted	1.53	0.92	3.71	3.08

For 3Q FY2016, 3Q FY2015, 9M FY2016 and 9M FY2015, as there were no potential dilutive ordinary shares, earnings per share on a fully diluted basis is the same as basic earnings per share based on weighted average number of shares in issue.

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

	Group		Company	
	As at	As at	As at	As at
	30 November 2015	28 February 2015	30 November 2015	28 February 2015
Net asset value per ordinary share (RM sen)	34.83	35.60	85.98	86.12

Number of shares used in calculating net asset value per share ('000)	1,099,844	1,099,844	1,099,844	1,099,844
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- 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 2015 ("3Q FY2016") vs Third quarter ended 30 November 2014 ("3Q FY2015")

#### Revenue

The Group recorded revenue of RM152.9 million in 3Q FY2016, representing an increase of 12.5% or RM17.0 million, over the revenue of RM135.9 million in 3Q FY2015, mainly derived from the retailing of duty free goods and non-dutiable merchandise ("Duty Free") segment which increased by 12.4% or RM16.8 million.

The growth was mainly due to an increase in demand and higher selling prices for certain products as well as contributions from seven new outlets at Kuala Lumpur International Airport 2 ("KLIA 2"), which commenced operations throughout the financial year, with the first outlet which opened in July 2014 and the remaining six outlets which opened between November 2014, January 2015 and August 2015.

#### Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and at the end of the financial period reported on. In 3Q FY2016, the value of the closing inventories was higher than the value of the opening inventories by RM49.4 million. In 3Q FY2015, the value of the closing inventories was lower by RM20.1 million. This resulted in a variance of RM69.5 million for 3Q FY2016 vis-à-vis 3Q FY2015, which was mainly due to timing differences in purchases and consumption of inventories in the respective quarters.

#### Inventories purchased and material consumed

Inventories purchased and material consumed increased by 93.3% or RM72.9 million, from RM78.0 million in 3Q FY2015 to RM150.9 million in 3Q FY2016. This was mainly due to higher purchases as compared with the corresponding quarter of the previous financial year.

#### Other operating income

Other operating income increased by 5.1% or RM0.1 million, from RM2.6 million in 3Q FY2015 to RM2.7 million in 3Q FY2016. The increase was mainly derived from an increase

in interest income of RM0.2 million. However, the increase was partially offset by a decrease in commission income of RM0.1 million.

Employee benefits expenses

Employee benefits expenses increased by 8.3% or RM0.7 million, from RM7.6 million in 3Q FY2015 to RM8.3 million in 3Q FY2016, mainly due to higher commission paid to employees in tandem with the higher revenue achieved in 3Q FY2016.

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 recorded an increase of 16.0% or RM1.6 million, from RM9.8 million in 3Q FY2015 to RM11.4 million in 3Q FY2016. This was mainly due to an increase in rental expense of RM0.2 million for the outlet at Kuala Lumpur International Airport (“KLIA”), in tandem with the higher revenue achieved, and an increase in rental expenses of RM1.4 million for new outlets at KLIA2, which commenced business as mentioned above. The rental payable for the KLIA outlet is based partly on sales performance.

Utilities and maintenance expenses

Utilities and maintenance expenses recorded an increase of RM0.6 million or 62.8%, from RM0.8 million in 3Q FY2015 to RM1.4 million in 3Q FY2016. The increase was mainly due to an increase in maintenance expenses of RM0.6 million.

Commission expenses

Commission expenses increased slightly by RM0.1 million, from RM0.5 million in 3Q FY2015 to RM0.6 million in 3Q FY2016, which was generally in line with the higher revenue achieved by the airport outlets.

Professional fees

Professional fees in 3Q FY2016 was RM0.7 million, which was RM0.9 million higher as compared to a negative position of RM0.2 million in 3Q FY2015. The increase was mainly due to higher expenses incurred for advisory and consultancy services in relation to certain corporate exercises of the Group in 3Q FY2016, coupled with a reversal of accrued professional fees of RM0.4 million in 3Q FY2015.

Promotional expenses

Promotional expenses in 3Q FY2016 decreased by RM0.3 million, from RM0.6 million in 3Q FY2015 to RM0.3 million in 3Q FY2016, mainly due to lesser promotional activities being 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 FY2016 was RM0.6

million, which was RM0.1 million higher than the RM0.5 million recorded in 3Q FY2015, which was in line with the increase in purchases.

Other operating expenses

Other operating expenses in 3Q FY2016 increased by 62.2% or RM3.1 million, from RM4.9 million in 3Q FY2015 to RM8.0 million in 3Q FY2016. This was mainly attributable to a net loss in foreign exchange of RM2.2 million, an increase in donations paid of RM0.5 million, an increase in assessment and quit rent expenses of RM0.3 million, an increase in transportation costs of RM0.4 million, and an increase in bank charges of RM0.2 million. Comparatively, net foreign exchange loss in 3Q FY2015 was RM0.5 million.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 3Q FY2016 as compared to 3Q FY2015.

Profit before income tax

The Group reported a profit before income tax of RM21.7 million for 3Q FY2016, which was 49.2% or RM7.2 million higher than the profit before income tax of RM14.5 million recorded in 3Q FY2015. The increase was mainly due to an increase in revenue as mentioned above. However, the positive effect was partially offset by higher net foreign exchange loss of RM1.7 million, increase in rental of premises and professional fees of RM1.6 million and RM0.9 million respectively.

Income tax expenses

The Malaysia statutory income tax rate is 24% for year of assessment 2016 (2015: 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 taxation for current year to date profits of RM5.5 million. The effective tax rate of the Group for 3Q FY2016 at 22.6% was slightly lower than the statutory rate, principally due to reversal of provision for prior year taxation in the current quarter.

Nine months ended 30 November 2015 ("9M FY2016") vs Nine months ended 30 November 2014 ("9M FY2015")

The Group reported a profit before income tax of RM55.8 million for 9M FY2016, representing an increase of 15.7% or RM7.6 million as compared to RM48.2 million recorded in 9M FY2015. The increase in profit was mainly due to the increase in revenue. The favorable impact of the above was partially offset by net loss in foreign exchange of RM6.7 million as compared to RM1.0 million net foreign exchange gain in 9M FY2015, higher rental expenses of RM4.0 million, and higher professional fees of RM2.0 million.

## **Statement of Financial Position**

### Assets

The Group's total assets as at 30 November 2015 amounted to RM549.8 million, an increase of RM27.3 million from RM522.5 million as at 28 February 2015.

Current assets as at 30 November 2015 amounted to RM357.5 million, representing an increase of RM33.4 million from RM324.1 million as at 28 February 2015. The increase was mainly due to an increase in inventories of RM83.3 million from RM171.0 million as at 28 February 2015 to RM254.3 million as at 30 November 2015. The significant increase was partially offset by (i) a decrease in trade and other receivables of RM3.1 million, from RM64.0 million as at 28 February 2015 to RM60.9 million as at 30 November 2015; and (ii) a decrease in cash and bank balances of RM48.6 million, from RM76.1 million as at 28 February 2015 to RM27.5 million as at 30 November 2015. 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.

Inventories increased by RM83.3 million, from RM171.0 million as at 28 February 2015 to RM254.3 million as at 30 November 2015, mainly due to the Group's high level of purchases during the period to take advantage of better purchasing terms offered by suppliers.

Trade and other receivables decreased by RM3.1 million, from RM64.0 million as at 28 February 2015 to RM60.9 million as at 30 November 2015. This was mainly attributable to (i) a decrease in amount due from Berjaya Waterfront of RM7.3 million in relation to the DMSB Agreement as mentioned in Note 1(b)(v) above; and (ii) a decrease in trade receivables of RM1.6 million, from RM8.8 million as at 28 February 2015 to RM7.2 million as at 30 November 2015, which was mainly due to timing differences in trade related collections. The aforesaid decrease was partially offset by an increase in sundry receivables, which was mainly related to Goods and Services Tax claimable from local authority amounting to RM3.2 million and higher incentive income receivable from supplier amounting to RM2.1 million.

Non-current assets decreased by RM6.2 million, from RM198.4 million as at 28 February 2015 to RM192.2 million as at 30 November 2015. This was mainly due to a reduction in non-current prepayments of RM7.3 million, from RM68.8 million as at 28 February 2015 to RM61.5 million as at 30 November 2015. The non-current prepayments were mainly related 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 RM0.9 million, from RM70.7 million as at 28 February 2015 to RM71.6 million as at 30 November 2015.

The rest of the asset items on the Group's statement of financial position remained largely unchanged as at 30 November 2015 vis-à-vis 28 February 2015.

### Liabilities

Total liabilities increased by RM35.8 million, from RM130.8 million as at 28 February 2015 to RM166.6 million as at 30 November 2015. The increase was mainly due to an increase in trade and other payables of RM37.9 million, from RM74.9 million as at 28 February 2015 to RM112.8 million as at 30 November 2015. Income tax payable increased by RM4.6 million, from RM2.9 million as at 28 February 2015 to RM7.5 million as at 30 November 2015. However, the increases were partially offset by a decrease in total borrowings of RM7.5 million, from RM48.4 million as at 28 February 2015 to RM40.9 million as at 30 November 2015.

The increase in trade and other payables was mainly due to an increase in trade payables by RM38.4 million, from RM57.6 million as at 28 February 2015 to RM96.0 million as at 30 November 2015. The aforesaid increase was due to higher level of purchases during the period and also timing differences in the settlement of payables. However, the increases were partially offset by a decrease in other payables of RM0.2 million, from RM16.5 million as at 28 February 2015 to RM16.3 million as at 30 November 2015 and the absence of dividends payable to non-controlling interests by subsidiaries amounting to RM0.2 million.

Total borrowings decreased by RM7.5 million, from RM48.4 million as at 28 February 2015 to RM40.9 million as at 30 November 2015, mainly due to a decrease in trade facilities utilisation of RM3.4 million and repayment of term loans amounting to RM6.6 million. The decrease was partially offset by an increase in bank overdrafts of RM2.7 million.

Income tax payable increased from RM2.9 million as at 28 February 2015 to RM7.5 million as at 30 November 2015, which was due to provision of income tax payable in relation to the higher operating profits in the quarter before netting off against unrealised foreign exchange loss and also the timing difference in tax installments paid.

As at 30 November 2015, the Group was in a positive working capital position of RM209.0 million.

### Equity

Total equity decreased by RM8.6 million, from RM391.7 million as at 28 February 2015 to RM383.1 million as at 30 November 2015, mainly due to total dividends paid of RM49.3 million. The decrease was partially offset by net profit for the period of RM40.8 million.

The negative other reserves balance of RM111.3 million as at 30 November 2015 mainly consist of the following:

- Net premium paid or received on transactions with non-controlling interests related to:
  - (a) 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.

- (b) 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.
- Warrants reserve related to the fair value at initial recognition of warrants issued pursuant to the reverse takeover exercise and the MGO exercise.

### **Statement of Cash Flows**

#### Cash flows from operating activities

Net cash used in operating activities in 3Q FY2016 was RM10.9 million, due to operating cash flows before changes in working capital of RM20.0 million offset by net cash used in working capital of RM24.7 million, and tax and interest paid by the Group of RM5.7 million and RM0.6 million respectively. The net cash used in working capital was mainly due to cash outflows from the increase in inventories of RM36.3 million, an increase in receivables of RM3.3 million, offset by a decrease in prepayments of RM2.1 million and an increase in payables of RM12.9 million.

#### Cash flows from investing activities

Net cash used in investing activities in 3Q FY2016 was RM0.2 million, mainly due to the purchase of property, plant and equipment amounting to RM1.2 million, partially offset by interest received of RM1.1 million.

#### Cash flows from financing activities

Net cash used in financing activities in 3Q FY2016 was RM17.5 million, mainly due to dividends paid to the ordinary shareholders of the Company of RM19.6 million and repayment of term loans of RM1.0 million. However, the cash flows were partially offset by net proceeds from bank borrowing of RM3.3 million.

As a result of the above, there was a net decrease in cash and cash equivalents of RM28.6 million in 3Q FY2016.

**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**

In view of the increasingly competitive environment and the volatility of Malaysian Ringgit against US dollar, the retail industry is expected to remain challenging. The Group will continue its efforts to improve operational efficiency whilst maintaining its focus on expanding product range and services to ensure it remains competitive and profitable in the remaining quarter of the financial year ending 29 February 2016.

**11 Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None.

**(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	Third Interim
Dividend type	Cash
Dividend amount per share	S\$0.0075 per share
Tax rate	One tier exempt
Date paid	29 January 2015
Book closure date	21 January 2015

**(c) Date payable**

Not applicable.

**(d) Book closure date**

Not applicable.

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

No dividend has been declared or recommended by the Board for 3Q FY2016.



**13 Interested Person Transactions**

<b>Interested Persons</b>	<b>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))</b>	<b>Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions below S\$100,000)</b>
	<b>RM'000</b>	<b>RM'000</b>
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 confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the interim financial results for the third quarter and nine months ended 30 November 2015 to be false or misleading in any material aspect.

**15 Confirmation by the directors and executive officers pursuant to rule 720(1) of the Catalist Rule**

The Board of Directors hereby confirms that all required undertakings pursuant to Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalist Rules.

**BY ORDER OF THE BOARD**

Lee Sze Siang  
Executive Director  
13 January 2016