

**DUTCH LADY MILK INDUSTRIES BERHAD** (5063-V)  
(Incorporated in Malaysia)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

For the financial quarter ended 30 September 2018  
(The figures have not been audited)

|   | INDIVIDUAL QUARTER |                     | CUMULATIVE QUARTER |                  |
|---|--------------------|---------------------|--------------------|------------------|
|   | CURRENT QUARTER    | COMPARATIVE QUARTER | 9 months TO DATE   | 9 months TO DATE |
|   | 30/09/18 RM'000    | 30/09/17 RM'000     | 30/09/18 RM'000    | 30/09/17 RM'000  |
| Revenue   | 257,052            | 281,836             | 777,414            | 795,476          |
| Cost of Sales   | <u>(146,449)</u>   | <u>(182,668)</u>    | <u>(465,411)</u>   | <u>(490,714)</u> |
| Gross Profit  | 110,603            | 99,168              | 312,003            | 304,762          |
| Other Income  | 4,246              | 28                  | 9,945              | 34               |
| Distribution Expenses   | (46,269)           | (34,747)            | (119,517)          | (109,796)        |
| Administrative Expenses   | (7,223)            | (6,020)             | (22,499)           | (20,145)         |
| Other Operating Expenses  | <u>(15,030)</u>    | <u>(15,623)</u>     | <u>(45,852)</u>    | <u>(47,442)</u>  |
| Results from Operating Activities   | 46,327             | 42,806              | 134,080            | 127,413          |
| Finance Costs   | (960)              | (718)               | (2,397)            | (2,219)          |
| Interest Income   | 188                | 664                 | 758                | 2,347            |
| Profit Before Taxation  | 45,555             | 42,752              | 132,441            | 127,541          |
| Income Tax Expenses   | <u>(11,342)</u>    | <u>(10,169)</u>     | <u>(33,294)</u>    | <u>(30,804)</u>  |
| Profit After Taxation   | 34,213             | 32,583              | 99,147             | 96,737           |
| Profit for the period/Total comprehensive income for the period           | 34,213             | 32,583              | 99,147             | 96,737           |
| Profit Attributable to:   |                    |                     |                    |                  |
| Equity holders of the Company   | 34,213             | 32,583              | 99,147             | 96,737           |
| Non-controlling interest  | -                  | -                   | -                  | -                |
|   | <u>34,213</u>      | <u>32,583</u>       | <u>99,147</u>      | <u>96,737</u>    |
| <b>EARNINGS PER SHARE</b>   |                    |                     |                    |                  |
| - Basic earnings per share (sen)<br>(Based on 64,000,000 ordinary shares) | <u>53.50</u>       | <u>50.90</u>        | <u>154.90</u>      | <u>151.20</u>    |

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

**DUTCH LADY MILK INDUSTRIES BERHAD** (5063-V)  
(Incorporated in Malaysia)

**CONDENSED STATEMENT OF FINANCIAL POSITION**

For the financial quarter ended 30 September 2018

|  | AS AT<br>30/09/18<br>RM'000<br>(Unaudited) | AS AT<br>31/12/17<br>RM'000<br>(Audited) |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| Property, plant and equipment  | 108,163                                    | 100,799                                  |
| Intangible assets  | 3,377                                      | 4,678                                    |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>111,540</b>                             | <b>105,477</b>                           |
| Inventories  | 107,663                                    | 115,839                                  |
| Trade and other receivables  | 115,966                                    | 106,730                                  |
| Prepayments  | 3,765                                      | 2,873                                    |
| Derivatives financial assets   | 2,991                                      | -  |
| Cash and cash equivalents  | 40,930                                     | 61,339                                   |
| <b>TOTAL CURRENT ASSETS</b>  | <b>271,315</b>                             | <b>286,781</b>                           |
| <b>TOTAL ASSETS</b>  | <b>382,855</b>                             | <b>392,258</b>                           |
| <b>EQUITY</b>  |  |  |
| Share capital  | 64,000                                     | 64,000                                   |
| Retained profits   | 68,757                                     | 40,010                                   |
| Attributable to equity holders of the Company                                    | 132,757                                    | 104,010                                  |
| <b>TOTAL EQUITY</b>  | <b>132,757</b>                             | <b>104,010</b>                           |
| <b>LIABILITIES</b>   |  |  |
| Deferred tax liabilities   | 5,249                                      | 6,608                                    |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   | <b>5,249</b>                               | <b>6,608</b>                             |
| Trade and other payables   | 220,082                                    | 270,306                                  |
| Provision  | 188  | 178                                      |
| Derivatives financial liabilities  | 58   | 3,181                                    |
| Current tax liabilities  | 9,480                                      | 7,975                                    |
| Drawdown of overdraft  | 15,041                                     | -  |
| <b>CURRENT LIABILITIES</b>   | <b>244,849</b>                             | <b>281,640</b>                           |
| <b>TOTAL LIABILITIES</b>   | <b>250,098</b>                             | <b>288,248</b>                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>382,855</b>                             | <b>392,258</b>                           |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 2.07                                       | 1.63                                     |

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

**DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)**

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY**For the financial quarter ended 30 September 2018  
(The figures have not been audited)

|   | Share<br>Capital<br>RM'000 | Distributable<br>Retained<br>profits<br>RM'000 | Attributable<br>to equity<br>holders of<br>the Company<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--|--|-----------------|
| <b>9 months<br/>ended 30 September 2018</b> |                            |  |  |                 |
| Balance at<br>beginning of period           | 64,000                     | 40,010   | 104,010  | 104,010         |
| Movements<br>during the period              | -                          | 99,147   | 99,147   | 99,147          |
| Dividend payable                            | -                          | -  | -  | -               |
| Dividends paid                              | -                          | (70,400)                                       | (70,400)   | (70,400)        |
| Balance at<br>end of period                 | <u>64,000</u>              | <u>68,757</u>                                  | <u>132,757</u>   | <u>132,757</u>  |
| <b>9 months<br/>ended 30 September 2017</b> |                            |  |  |                 |
| Balance at<br>beginning of period           | 64,000                     | 100,768  | 164,768  | 164,768         |
| Movements<br>during the period              | -                          | 96,737   | 96,737   | 96,737          |
| Dividend payable                            | -                          | -  | -  | -               |
| Dividends paid                              | -                          | (108,800)                                      | (108,800)  | (108,800)       |
| Balance at<br>end of period                 | <u>64,000</u>              | <u>88,705</u>                                  | <u>152,705</u>   | <u>152,705</u>  |

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

**DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)**

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CASH FLOW**For the financial quarter ended 30 September 2018  
(The figures have not been audited)

|  | <b>9 months<br/>TO DATE</b>                | <b>9 months<br/>TO DATE</b>                |
|--|--|--|
|  | <b>30/09/18<br/>(Unaudited)<br/>RM'000</b> | <b>30/09/17<br/>(Unaudited)<br/>RM'000</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |  |  |
| Cash receipts from customers and other receivables     | 785,930                                    | 783,504                                    |
| Cash paid to suppliers and employees                   | (699,427)                                  | (743,097)                                  |
|  | <hr/>                                      | <hr/>                                      |
| Cash generated from operations                         | 86,503                                     | 40,407                                     |
| Income tax paid  | (33,147)                                   | (36,656)                                   |
|  | <hr/>                                      | <hr/>                                      |
| Net cash generated from/(used in) operating activities | 53,356                                     | 3,751                                      |
|  | <hr/>                                      | <hr/>                                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |  |  |
| Additions of property, plant and equipment             | (16,780)                                   | (2,914)                                    |
| Additions/(disposals) of intangible assets             | 13   | (13)                                       |
| Interest received                                      | 758  | 2,347                                      |
|  | <hr/>                                      | <hr/>                                      |
| Net cash (used in)/generated from investing activities | (16,009)                                   | (580)                                      |
|  | <hr/>                                      | <hr/>                                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |  |  |
| Interest paid  | (2,397)                                    | (2,219)                                    |
| Dividends paid   | (70,400)                                   | (108,800)                                  |
|  | <hr/>                                      | <hr/>                                      |
| Net cash used in financing activities                  | (72,797)                                   | (111,019)                                  |
|  | <hr/>                                      | <hr/>                                      |
| Net increase/(decrease) in cash and cash equivalents   | (35,450)                                   | (107,848)                                  |
| Cash and cash equivalents brought forward              | 61,339                                     | 213,619                                    |
|  | <hr/>                                      | <hr/>                                      |
| Cash and cash equivalents carried forward              | 25,889                                     | 105,771                                    |
|  | <hr/>                                      | <hr/>                                      |
| Cash and cash equivalents consist of:                  |  |  |
| Cash and bank balances                                 | 40,930                                     | 9,271                                      |
| Bank overdraft   | (15,041)                                   |  |
| Deposits placed with licensed banks                    | -  | 96,500                                     |
|  | <hr/>                                      | <hr/>                                      |
|  | 25,889                                     | 105,771                                    |
|  | <hr/>                                      | <hr/>                                      |

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

**DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)**  
**(Incorporated in Malaysia)**

**NOTES**

**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, 'Interim Financial Reporting' in Malaysia and with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the most recent audited financial statements of the Company as at and for the year ended 31 December 2017.

The accounting policies and methods of computation are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2017 except for the newly issued Malaysia Financial Reporting Standards (MFRS), interpretations and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2018:

- MFRS 15: Revenue from Contracts with Customers
- MFRS 9: Financial Instruments

The adoption of the above did not have any significant effect on the interim financial statements upon their initial application. The Company has adopted the standards retrospectively from 1 January 2018, with the practical expedients permitted under the standards. Comparatives for 2017 are not restated.

**2. Auditors' Report of Preceding Annual Financial Statements**

The auditors' report of the Company in respect of the annual audited financial statements for the year ended 31 December 2017 was not subject to any audit qualification.

**3. Seasonal and Cyclical Factors**

The dairy and dairy related business can be influenced by the weather and major festivals.

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**5. Changes in Estimates**

There were no changes in estimates of amounts reported in the current quarter or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

## 6. **Changes in Debt and Equity**

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

## 7. **Dividends**

There were no dividends paid for the financial period under review.

## 8. **Segmental Analysis**

The Company operates principally in Malaysia and in one major business segment. As such, only one reportable segment analysis is prepared. The Company's Board of Directors (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

|                       | Quarter ended<br>30/09/18<br>RM'000 | Quarter ended<br>30/09/17<br>RM'000 |
|-----------------------|-------------------------------------|-------------------------------------|
| <b>Segment profit</b> |                                     |                                     |
| Revenue               | 257,052                             | 281,836                             |
| Profit After Taxation | 34,213                              | 32,583                              |

## 9. **Capital Commitments**

|                                      | As at<br>30/09/18<br>RM'000 | As at<br>30/09/17<br>RM'000 |
|--------------------------------------|-----------------------------|-----------------------------|
| <b>Property, plant and equipment</b> |                             |                             |
| Authorised but not contracted for    | 1,824                       | 3,288                       |
| Contracted but not provided for      | 12,657                      | 10,134                      |

## 10. **Subsequent Events**

There were no material subsequent events that will affect the financial results of the financial period under review.

## 11. **Changes in Composition of the Company**

There were no changes in the composition of the Company during the financial period under review.

## 12. **Operating Lease**

The existing operating lease obligations by the Company amount to RM 4.9 million.

### 13. Related Party Transactions

The following are significant related party transactions:-

|   | Quarter ended<br>30/09/18<br>RM'000 | Quarter ended<br>30/09/17<br>RM'000 |
|---|-------------------------------------|-------------------------------------|
| Sales to related parties                                | 3,950                               | 5,964                               |
| Purchases from related parties                          | 89,958                              | 118,969                             |
| Know-how, Trademark License and Management Support fees | 6,246                               | 6,958                               |
| Shared services from related parties                    | 4,683                               | 4,218                               |

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

### 14. Review of Results (Against preceding year corresponding period)

| RM '000   | INDIVIDUAL QUARTER |                     |                  | CUMULATIVE QUARTER |                  |                  |
|---|--------------------|---------------------|------------------|--------------------|------------------|------------------|
|   | Current Quarter    | Comparative Quarter | Changes TY vs LY | 9 Months To Date   | 9 Months To Date | Changes TY vs LY |
|   | 30/09/18           | 30/09/17            | %                | 30/09/18           | 30/09/17         | %                |
| Revenue   | 257,052            | 281,836             | -8.8%            | 777,414            | 795,476          | -2.3%            |
| Operating Profit                                      | 46,327             | 42,806              | 8.2%             | 134,080            | 127,413          | 5.2%             |
| Profit Before Interest and Tax                        | 45,367             | 42,088              | 7.8%             | 131,683            | 125,195          | 5.2%             |
| Profit Before Taxation                                | 45,555             | 42,752              | 6.6%             | 132,441            | 127,541          | 3.8%             |
| Profit After Taxation                                 | 34,213             | 32,583              | 5.0%             | 99,147             | 96,737           | 2.5%             |
| Attributable to Ordinary Equity Holders of the parent | 34,213             | 32,583              | 5.0%             | 99,147             | 96,737           | 2.5%             |

Volume (in kilograms) growth of 3% in 9 months to date and investment in strategic pricing to ensure affordability, leading to 2.3% revenue decline versus prior year. Profit before tax increased by 6.6% driven by lower input costs.

**15. Comments on Material Changes in Profit Before Taxation (Against immediate preceding quarter)**

| <b>RM '000</b>  | <b>Current Quarter<br/>30/09/18</b> | <b>Preceding Quarter<br/>30/06/18</b> | <b>Changes<br/>Q3 vs Q2<br/>%</b> |
|---|-------------------------------------|---------------------------------------|-----------------------------------|
| Revenue   | 257,052                             | 254,248                               | 1.1%                              |
| Operating Profit                                      | 46,327                              | 40,959                                | 13.1%                             |
| Profit Before Interest and Tax                        | 45,367                              | 40,095                                | 13.1%                             |
| Profit Before Taxation                                | 45,555                              | 40,428                                | 12.7%                             |
| Profit After Taxation                                 | 34,213                              | 30,702                                | 11.4%                             |
| Attributable to Ordinary Equity Holders of the parent | 34,213                              | 30,702                                | 11.4%                             |

Profit before tax is 12.7% higher than preceding quarter largely driven by 1% higher revenue and lower input costs.

**16. Business Prospects**

**A. Current Prospects**

The overall domestic market is expected to remain challenging as the market will be impacted by market uncertainties both domestically and globally. We recognise the importance of continuously investing to build our brands and its quality offerings with winning market execution to win the hearts of our Malaysian consumers. At the same time the company will continue to put efforts to improve operational efficiency to stay agile and adapt to macro-economic head winds.

**B. Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced.**  
Not applicable.

**17. Statement of the Board of Directors' Opinion on Achievability of Financial Estimate, Forecast, Projection and Internal Targets Previously Announced**

Not applicable.



**18. Financial Estimate, Forecast or Projection / Profit Guarantee**

There was no financial estimate, forecast or projection and profit guarantee issued by the Company.

**19. Taxation**

Taxation is made up as follows: -

|                                 | Quarter ended<br>30/09/18<br>RM'000 | Quarter ended<br>30/09/17<br>RM'000 |
|---------------------------------|-------------------------------------|-------------------------------------|
| Income tax for current period   | 11,748                              | 11,049                              |
| Deferred tax for current period | (409)                               | (880)                               |
| Total taxation                  | <u>11,342</u>                       | <u>10,169</u>                       |

The effective tax rate for the period under review is higher than the statutory tax rate mainly because certain expenses incurred were disallowed for tax purposes.

**20. Deferred Tax Liabilities**

|  | As At<br>30/09/18<br>RM'000 | As at<br>30/09/17<br>RM'000 |
|--|-----------------------------|-----------------------------|
| At 1 January   | 6,608                       | 6,958                       |
| Recognised in the statement of<br>comprehensive income | (1,358)                     | (1,604)                     |
| At period end  | <u>5,249</u>                | <u>5,354</u>                |

**21. Corporate Proposals**

There were no corporate proposals announced during the financial period under review.

## 22. Proposed Dividend

On 27 November 2018, the Company declared a standard interim dividend and special interim dividend in respect of the financial year ending 31 December 2018 as follows:-

- a) A standard single-tier interim dividend of 50.0 sen per ordinary share amounting to RM32.0 million, and
- b) A special single-tier interim dividend of 40.0 sen per ordinary share amounting to RM25.6 million.

All shareholders whose names appear on the Record of Depositors on 12 December 2018 shall be paid the above dividends on 21 December 2018.

A Depositor shall qualify for entitlement only in respect of:-

- a) Securities transferred to the Depositor's Securities Account before 4.00pm on 12 December 2018, in respect of ordinary transfers; and
- b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## 23. Company Borrowings

|                                       | As at<br>30/09/18<br>RM'000 | As at<br>30/06/17<br>RM'000 |
|---------------------------------------|-----------------------------|-----------------------------|
| <b>Unsecured short term borrowing</b> |                             |                             |
| Bank overdraft                        | 15,041                      | -                           |

## 24. Material Litigation

There were no material litigations against the Company during the financial period under review.

## 25. Financial Instruments

### Derivatives

The foreign exchange contracts which have been entered into by the Company are as follows:

|   | As At<br>30/09/18<br>RM'000 | As at<br>30/09/17<br>RM'000 |
|---|-----------------------------|-----------------------------|
| Forward exchange contracts  |                             |                             |
| Derivatives held for trading at fair value through profit or loss for US Dollar |                             |                             |
| Nominal Value   | 109,681                     | 84,673                      |
| Assets  | 2,991                       | -                           |
| Liabilities   | 58                          | 1,604                       |

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's receivables and payables denominated in currencies other than the functional currencies of the Company's entity. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

## 26. Earnings Per Share

|  | Quarter ended<br>30/09/18 | Quarter ended<br>30/09/17 |
|--|---------------------------|---------------------------|
| <b>Basic earnings per share</b>                            |                           |                           |
| Profit for the period (RM'000)                             | 34,213                    | 32,583                    |
| Weighted average number of ordinary shares in issue ('000) | 64,000                    | 64,000                    |
| Basic earnings per share (sen)                             | 53.50                     | 50.90                     |

The Company does not have in issue any financial instrument or other contract that may entitle its holders to ordinary shares and therefore dilute its basic earnings per share.

## 27. Notes to the Condensed Statement of Comprehensive Income

|  | Year to-date<br>30/09/18<br>RM'000 | Year to-date<br>30/09/17<br>RM'000 |
|--|------------------------------------|------------------------------------|
| Interest income  | 758                                | 2,347                              |
| Finance costs  | (2,397)                            | (2,219)                            |
| Depreciation of property, plant and equipment            | (9,375)                            | (7,943)                            |
| Amortisation of intangible assets                        | (1,173)                            | (1,242)                            |
| Write back/(down) of inventories                         | (1,169)                            | 2,955                              |
| Gain/(Loss) on disposal of property, plant and equipment | (139)                              | 7                                  |
| Net gain/(loss) on derivatives                           | 6,114                              | 71                                 |
| Net foreign exchange gain/(loss)                         |                                    |                                    |
| - Realised   | (725)                              | (3,024)                            |
| - Unrealised   | (176)                              | 147                                |

By Order of the Board  
Katina Nurani Abd Rahim  
Company Secretary  
27 November 2018

