

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 30 June 2017
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	6 months TO DATE	6 months TO DATE
	30/06/17 RM'000	30/06/16 RM'000	30/06/17 RM'000	30/06/16 RM'000
Revenue	263,540	246,685	513,640	496,470
Cost of Sales	<u>(160,589)</u>	<u>(139,786)</u>	<u>(308,046)</u>	<u>(280,942)</u>
Gross Profit	102,951	106,899	205,594	215,528
Other Income	7	1,939	7	2,229
Distribution Expenses	(35,349)	(35,657)	(75,048)	(73,097)
Administrative Expenses	(7,470)	(6,000)	(14,125)	(11,595)
Other Operating Expenses	<u>(17,382)</u>	<u>(17,539)</u>	<u>(31,820)</u>	<u>(38,226)</u>
Results from Operating Activities	42,757	49,642	84,608	94,839
Finance Costs	(870)	(721)	(1,501)	(1,473)
Interest Income	799	2,178	1,683	3,519
Profit Before Taxation	42,686	51,099	84,790	96,885
Income Tax Expenses	<u>(10,453)</u>	<u>(14,390)</u>	<u>(20,635)</u>	<u>(26,289)</u>
Profit After Taxation	32,233	36,709	64,155	70,596
Profit for the period/Total comprehensive income for the period	<u>32,233</u>	<u>36,709</u>	<u>64,155</u>	<u>70,596</u>
Profit Attributable to:				
Equity holders of the Company	32,233	36,709	64,155	70,596
Non-controlling interest	-	-	-	-
	<u>32,233</u>	<u>36,709</u>	<u>64,155</u>	<u>70,596</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>50.35</u>	<u>57.35</u>	<u>100.20</u>	<u>110.30</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 30 June 2017

	AS AT 30/06/17 RM'000 (Unaudited)	AS AT 31/12/16 RM'000 (Audited)
ASSETS		
Property, plant and equipment	91,332	95,657
Intangible assets	4,884	5,807
TOTAL NON-CURRENT ASSETS	96,216	101,464
Inventories	133,290	112,993
Trade and other receivables	103,697	90,581
Prepayments	2,556	2,184
Derivatives financial assets	-	-
Cash and cash equivalents	113,212	213,619
TOTAL CURRENT ASSETS	352,755	419,377
TOTAL ASSETS	448,971	520,841
EQUITY		
Share capital	64,000	64,000
Retained profits	56,848	101,493
Attributable to equity holders of the Company	120,848	165,493
TOTAL EQUITY	120,848	165,493
LIABILITIES		
Deferred tax liabilities	6,234	6,958
TOTAL NON-CURRENT LIABILITIES	6,234	6,958
Trade and other payables	303,589	335,360
Provision	169	155
Derivatives financial liabilities	2,519	71
Current tax liabilities	15,612	12,804
CURRENT LIABILITIES	321,889	348,390
TOTAL LIABILITIES	328,123	355,348
TOTAL EQUITY AND LIABILITIES	448,971	520,841
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.89	2.59

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the financial quarter ended 30 June 2017
(The figures have not been audited)

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Total RM'000
<u>6 months ended 30 June 2017</u>				
Balance at beginning of period	64,000	100,768	164,768	164,768
Movements during the period	-	64,155	64,155	64,155
Dividends paid	-	(108,800)	(108,800)	(108,800)
Balance at end of period	<u>64,000</u>	<u>56,123</u>	<u>120,123</u>	<u>120,123</u>
<u>6 months ended 30 June 2016</u>				
Balance at beginning of period	64,000	93,218	157,218	157,218
Movements during the period	-	70,596	70,596	70,596
Dividends paid	-	(70,400)	(70,400)	(70,400)
Balance at end of period	<u>64,000</u>	<u>93,414</u>	<u>157,414</u>	<u>157,414</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWFor the financial quarter ended 30 June 2017
(The figures have not been audited)

	6 months TO DATE	6 months TO DATE
	30/06/17 RM'000	30/06/16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	500,161	489,193
Cash paid to suppliers and employees	(472,513)	(426,057)
	<hr/>	<hr/>
Cash generated from operations	27,648	63,136
Income tax paid	(18,550)	(20,825)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	9,098	42,311
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(888)	(1,035)
Additions of intangible assets	-	(588)
Proceeds from disposal of property, plant and equipment	-	-
Interest received	1,684	3,519
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	796	1,896
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,501)	(1,473)
Dividends paid	(108,800)	(70,400)
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Net cash used in financing activities	(110,301)	(71,873)
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Net decrease in cash and cash equivalents	(100,407)	(27,666)
Cash and cash equivalents brought forward	213,619	160,391
	<hr/>	<hr/>
Cash and cash equivalents carried forward	113,212	132,725
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	37,212	6,852
Deposits placed with licensed banks	76,000	125,873
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	113,212	132,725
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(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

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 2016.

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 2016 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.

6. 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.

7. 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.

8. Dividends

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

9. 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 30/06/17 RM'000	Quarter ended 30/06/16 RM'000
Segment profit		
Revenue	263,540	246,685
Profit After Taxation	32,233	36,708

10. Capital Commitments

	As at 30/06/17 RM'000	As at 30/06/16 RM'000
Property, plant and equipment		
Authorized but not contracted for	17,788	12,272
Contracted but not provided for	1,866	3,967

11. Subsequent Events

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

12. Changes in Composition of the Company

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

13. Operating Lease

The existing operating lease obligations by the Company amount to RM6.7 million.

14. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 30/06/17 RM'000	Quarter ended 30/06/16 RM'000
Sales to related parties	4,612	3,757
Purchases from related parties	95,561	97,103
Know-how, Trademark License and Management Support fees	6,748	7,822
Shared services from related parties	4,155	2,860

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

15. Review of Results (Against preceding year corresponding period)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	6 Months To Date	6 Months To Date	Changes TY vs LY
	30/06/17	30/06/16	%	30/06/17	30/06/16	%
Revenue	263,540	246,685	6.8%	513,640	496,470	3.5%
Operating Profit	42,757	49,642	-13.9%	84,608	94,839	-10.8%
Profit Before Interest and Tax	41,887	48,921	-14.4%	83,107	93,366	-11.0%
Profit Before Taxation	42,686	51,099	-16.5%	84,790	96,885	-12.5%
Profit After Taxation	32,233	36,709	-12.2%	64,155	70,596	-9.1%
Attributable to Ordinary Equity Holders of the parent	32,233	36,709	-12.2%	64,155	70,596	-9.1%

A. Revenue in the current quarter increased by 7% compared to preceding year's corresponding quarter despite the challenging market. Lower Profit Before Tax by 16% compared to last year, due to higher material prices.

B. Revenue for first half of 2016 grew by 3.5% compared to corresponding period in 2016. Lower profit before tax of 12.5% driven by higher material prices.

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

	Current Quarter	Preceding Quarter	Changes Q2 vs Q1
	30/06/17	31/03/17	%
Revenue	263,540	250,100	5.4%
Operating Profit	42,757	41,851	2.2%
Profit Before Interest and Tax	41,887	41,220	1.6%
Profit Before Taxation	42,686	42,104	1.4%
Profit After Taxation	32,233	31,922	1.0%
Attributable to Ordinary Equity Holders of the parent	32,233	31,922	1.0%

Profit before tax higher by 1.4%, with higher revenue of 5.4% versus previous quarter partly offset by higher material cost.

17. Business Prospects

A. Current Prospects

The overall domestic market is expected to remain challenging with poor consumer sentiment, higher material prices and weak Malaysian Ringgit. Nonetheless, the Company will remain focused and committed to leveraging on the strength of the Dutch Lady brand and the quality offerings to the Malaysian consumer.

B. Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced.

Not applicable.

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

Not applicable.

19. Financial Estimate, Forecast or Projection / Profit Guarantee

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

20. Taxation

Taxation is made up as follows: -

	Quarter ended 30/06/17 RM'000	Quarter ended 30/06/16 RM'000
Income tax for current period	10,672	13,294
Deferred tax for current period	(219)	1,096
Total taxation	<u>10,453</u>	<u>14,390</u>

The effective tax rate for the period under review is higher than the statutory tax rate mainly due to certain expenses incurred that was disallowed for tax purposes.

21. Deferred Tax Liabilities

	As At 30/06/17 RM'000	As at 30/06/16 RM'000
At 1 January	6,958	6,394
Recognised in the statement of comprehensive income	(724)	1,096
At period end	<u>6,234</u>	<u>7,490</u>

22. Corporate Proposals

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

23. Company Borrowings

There were no borrowings or debt securities as at the end of the financial period under review.

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:

Forward exchange contracts	As At 30/06/17 RM'000	As at 30/06/16 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	75,794	141,560
Assets	-	419
Liabilities	2,519	1,279

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. Proposed Dividend

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

27. Retained Profits

The breakdown of the retained profits of the Company as at 30 June 2017, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Year to-date 30/06/17 RM'000	Year to-date 30/06/16 RM'000
Total retained profits:		
- Realised profit	65,646	100,472
- Unrealised gain/(loss)	(8,798)	(7,058)
Total retained profits as per statement of financial position	<u>56,848</u>	<u>93,414</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

28. Earnings Per Share

	Quarter ended 30/06/17	Quarter ended 30/06/16
Basic earnings per share		
Profit for the period (RM'000)	32,233	36,709
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	50.35	57.35

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.

29. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 30/06/17 RM'000	Year to-date 30/06/16 RM'000
Interest income	1,683	3,519
Finance costs	(1,501)	(1,473)
Depreciation of property, plant and equipment	(5,295)	(4,887)
Amortisation of intangible assets	(840)	(853)
Write back/(down) of inventories	2,853	946
Gain/(Loss) on disposal of property, plant and equipment	7	-
Net gain/(loss) on derivatives	(2,448)	(914)
Net foreign exchange gain/(loss)		
- Realised	(473)	4,086
- Unrealised	(45)	196

By Order of the Board
Izreen Fara Binti Ismail
Company Secretary
22 August 2017