

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 30 September 2015
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	9 months TO DATE	9 months TO DATE
	30/09/15 RM'000	30/09/14 RM'000	30/09/15 RM'000	30/09/14 RM'000
Revenue	255,581	240,491	730,763	736,402
Cost of Sales	<u>(140,598)</u>	<u>(164,773)</u>	<u>(423,947)</u>	<u>(499,408)</u>
Gross Profit	114,983	75,718	306,816	236,994
Other Income	4,804	175	8,839	1,549
Distribution Expenses	-	-	-	-
Distribution Expenses	(39,676)	(23,623)	(107,392)	(86,858)
Administrative Expenses	(6,508)	(6,288)	(18,763)	(19,203)
Other Operating Expenses	(7,936)	(7,359)	(34,922)	(30,136)
	<u>65,667</u>	<u>38,623</u>	<u>154,578</u>	<u>102,346</u>
Results from Operating Activities	65,667	38,623	154,578	102,346
Finance Costs	(931)	(897)	(2,703)	(2,550)
Interest Income	991	854	2,510	2,756
	<u>65,727</u>	<u>38,580</u>	<u>154,385</u>	<u>102,552</u>
Profit Before Taxation	65,727	38,580	154,385	102,552
Income Tax Expenses	(15,773)	(10,031)	(38,627)	(26,663)
	<u>49,954</u>	<u>28,549</u>	<u>115,758</u>	<u>75,889</u>
Profit After Taxation	49,954	28,549	115,758	75,889
Profit for the period/Total comprehensive income for the period	<u>49,954</u>	<u>28,549</u>	<u>115,758</u>	<u>75,889</u>
Profit Attributable to:				
Equity holders of the Company	49,954	28,549	115,758	75,889
Non-controlling interest	-	-	-	-
	<u>49,954</u>	<u>28,549</u>	<u>115,758</u>	<u>75,889</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>78.10</u>	<u>44.60</u>	<u>180.90</u>	<u>118.60</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

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

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	AS AT 30/09/15 RM'000 (Unaudited)	AS AT 31/12/14 RM'000 (Audited)
ASSETS		
Property, plant and equipment	93,565	82,811
Intangible assets	1,537	1,759
TOTAL NON-CURRENT ASSETS	95,102	84,570
Inventories	124,828	92,545
Trade and other receivables	60,127	37,346
Prepayments	1,076	1,229
Derivatives financial assets	8,035	5,548
Cash and cash equivalents	153,474	124,269
TOTAL CURRENT ASSETS	347,540	260,937
TOTAL ASSETS	<u>442,642</u>	<u>345,507</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	138,397	93,039
Attributable to equity holders of the Company	202,397	157,039
TOTAL EQUITY	202,397	157,039
LIABILITIES		
Deferred tax liabilities	6,505	6,704
TOTAL NON-CURRENT LIABILITIES	6,505	6,704
Trade and other payables	217,290	176,496
Provision	108	229
Derivatives financial liabilities	-	19
Current tax liabilities	16,342	5,020
CURRENT LIABILITIES	233,740	181,764
TOTAL LIABILITIES	240,245	188,468
TOTAL EQUITY AND LIABILITIES	<u>442,642</u>	<u>345,507</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>3.16</u>	<u>2.45</u>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITYFor the financial quarter ended 30 September 2015
(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>9 months ended 30 September 2015</u>				
Balance at beginning of period	64,000	93,039	157,039	157,039
Movements during the period	-	115,758	115,758	115,758
Dividends paid	-	(70,400)	(70,400)	(70,400)
Balance at end of period	<u>64,000</u>	<u>138,397</u>	<u>202,397</u>	<u>202,397</u>
<u>9 months ended 30 September 2014</u>				
Balance at beginning of period	64,000	123,998	187,998	187,998
Movements during the period	-	75,889	75,889	75,889
Dividends paid	-	(70,400)	(70,400)	(70,400)
Balance at end of period	<u>64,000</u>	<u>129,487</u>	<u>193,487</u>	<u>193,487</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWFor the financial quarter ended 30 September 2015
(The figures have not been audited)

	9 months TO DATE	9 months TO DATE
	30/09/15 RM'000	30/09/14 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	717,065	721,334
Cash paid to suppliers and employees	(572,080)	(664,883)
	<hr/>	<hr/>
Cash generated from operations	144,985	56,451
Income tax paid	(27,505)	(39,330)
	<hr/>	<hr/>
Net cash generated from operating activities	117,480	17,121
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(17,778)	(8,914)
Additions of intangible assets	(91)	(482)
Proceeds from disposal of property, plant and equipment	187	1,496
Interest received	2,510	2,756
	<hr/>	<hr/>
Net cash used in from investing activities	(15,172)	(5,144)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,703)	(2,550)
Dividends paid	(70,400)	(70,400)
	<hr/>	<hr/>
Net cash used in financing activities	(73,103)	(72,950)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	29,205	(60,973)
Cash and cash equivalents brought forward	124,269	187,641
	<hr/>	<hr/>
Cash and cash equivalents carried forward	153,474	126,668
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	3,674	7,568
Deposits placed with licensed banks	149,800	119,100
	<hr/>	<hr/>
	153,474	126,668
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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 2014)

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 2014.

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 2014 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

	Quarter ended 30/09/15 RM'000	Quarter ended 30/09/14 RM'000	Year to-date 30/09/15 RM'000	Year to-date 30/09/14 RM'000
In respect of the financial year ending 31 December 2015				
Interim dividends paid:				
- 50.00 sen (2014: 50.00 sen) per RM 1.00 ordinary share	-	-	32,000	32,000
Special interim dividend paid:				
- 60.00 sen (2014: 60.00 sen) per RM 1.00 ordinary share	-	-	38,400	38,400
			<hr/>	<hr/>
	-	-	70,400	70,400
Net dividend per share (sen)	-	-	110.00	110.00

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 30/09/15 RM'000	Quarter ended 30/09/14 RM'000
Segment profit		
Revenue	255,581	240,491
Profit After Taxation	49,954	28,549

10. Capital Commitments

	Quarter ended 30/09/15 RM'000	Quarter ended 30/09/14 RM'000
Property, plant and equipment		
Authorised but not contracted for	5,980	-
Contracted but not provided for	3,670	5,432

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 amounts to RM12.9 million.

14. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30/09/15 RM'000	Quarter ended 30/09/14 RM'000
Sales to related parties	6,041	5,988
Purchases from related parties	79,849	88,109
Know-how, Trademark License and Management Support fees	6,378	6,080
Shared services from related parties	2,076	1,366

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)

- A. Revenue in the current quarter was higher compared to the preceding year's corresponding quarter mainly contributed by the relaunch of Dutch Lady Children Formula Milk. Profit before taxation has increased compared with last year same quarter attributed to improved revenue, lower raw material prices as well as the positive effects of the Company's foreign currency hedging policy.
- B. Consumer sentiments remained weak for the period under review. Despite this, the Company's revenue was nearly on par, leveraging on the Dutch Lady brand strength. Higher profit before tax was largely attributed to favourable raw material purchases and positive foreign currency hedging effects.

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

Compared to previous quarter, third quarter sales were marginally lower. Profit before tax in Q3 2015 was at par compared to the preceding quarter.

17. Business Prospects

The business environment is expected to remain challenging with the further weakening of Ringgit Malaysia and poor consumer sentiments. However, the Company is committed to leveraging on the strength of the Dutch Lady brand with an increased level of brand support and shopper activities.

18. Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document

Not applicable.

19. Profit Forecast

The Company did not issue any profit forecast during the financial period under review.

20. Taxation

Taxation is made up as follows: -

	Quarter ended 30/09/15 RM'000	Quarter ended 30/09/14 RM'000
Income tax for current period	15,773	10,031
Deferred tax for current period	-	-
Total taxation	<u>15,773</u>	<u>10,031</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 30/09/15 RM'000	As at 31/12/14 RM'000
At 1 January	6,704	5,695
Recognised in the statement of comprehensive income	(199)	1,009
At period end	<u>6,505</u>	<u>6,704</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 30/09/15 RM'000	As at 31/12/14 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	74,192	92,783
Assets	8,035	5,548
Liabilities	-	19

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

On 17 November 2015, the Company declared a standard interim dividend and special interim dividend in respect of the financial year ending 31 December 2015 as follows: -

- A standard single-tier interim dividend of 50.0 sen per RM1.00 ordinary share amounting to RM32.0 million, and
- A special single-tier interim dividend of 60.0 sen per RM1.00 ordinary share amounting to RM38.4 million.

All shareholders whose names appear on the Record of Depositors on 3 December 2015 shall be paid the above dividends on 18 December 2015.

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

- Securities transferred to the Depositor's Securities Account before 4.00pm on 3 December 2015, in respect of ordinary transfers; and
- Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

27. Retained Profits

The breakdown of the retained profits of the Company as at 30 September 2015, 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 30/09/15 RM'000	Year to-date 31/12/14 RM'000
Total retained profits:		
- Realised profit	138,236	94,384
- Unrealised loss	161	(1,345)
Total retained profits as per statement of financial position	<u>138,397</u>	<u>93,039</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

	Current Quarter ended 30/09/15	Comparative Quarter ended 30/09/14	9 month Cumulative to-Date 30/09/15	9 month Cumulative to-Date 30/09/14
Basic earnings per share				
Profit for the period (RM'000)	49,954	28,594	115,758	75,889
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	78.10	44.60	180.90	118.60

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 30/09/15 RM'000	Year to- date 30/09/14 RM'000
Interest income	2,510	2,756
Finance costs	(2,703)	(2,550)
Depreciation of property, plant and equipment	(6,804)	(6,031)
Amortisation of intangible assets	(314)	(291)
Impairment loss reversed on Intangible assets	-	98
Write down of inventories	(3,906)	(1,348)
Gain/(Loss) on disposal of property, plant and equipment	(34)	8
Loss on disposal of intangible asset	-	(90)
Gain on disposal of assets classified as held for sale	-	856
Property, plant and equipment written off	-	-
Net gain/(loss) on derivatives	2,506	1,315
Net foreign exchange gain/(loss)		
- Realised	7,338	(1,130)
- Unrealised	(1,369)	(463)

By Order of the Board
Izreen Fara Binti Ismail
Company Secretary
17 Nov 2015