

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 December 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	12 months TO DATE	12 months TO DATE
	31/12/15 RM'000 (Unaudited)	31/12/14 RM'000 (Unaudited)	31/12/15 RM'000 (Unaudited)	31/12/14 RM'000 (Audited)
Revenue	270,900	263,842	1,001,663	1,000,244
Cost of Sales	<u>(157,000)</u>	<u>(172,269)</u>	<u>(580,947)</u>	<u>(671,677)</u>
Gross Profit	113,900	91,573	420,716	328,566
Other Income	(2,252)	5,644	6,587	7,193
Distribution Expenses	(50,481)	(34,770)	(157,873)	(121,628)
Administrative Expenses	(5,567)	(5,864)	(24,330)	(25,067)
Other Operating Expenses	<u>(21,687)</u>	<u>(10,740)</u>	<u>(56,609)</u>	<u>(40,876)</u>
Results from Operating Activities	33,913	45,843	188,491	148,189
Finance Costs	(905)	(1,000)	(3,608)	(3,550)
Interest Income	1,344	1,028	3,854	3,784
Profit Before Taxation	34,352	45,871	188,737	148,423
Income Tax Expenses	<u>(9,130)</u>	<u>(11,919)</u>	<u>(47,757)</u>	<u>(38,582)</u>
Profit After Taxation	25,222	33,952	140,980	109,841
Profit for the period/Total comprehensive income for the period	<u>25,222</u>	<u>33,952</u>	<u>140,980</u>	<u>109,841</u>
Profit Attributable to:				
Equity holders of the Company	25,222	33,952	140,980	109,841
Non-controlling interest	-	-	-	-
	<u>25,222</u>	<u>33,952</u>	<u>140,980</u>	<u>109,841</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>39.40</u>	<u>53.05</u>	<u>220.30</u>	<u>171.60</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 31 December 2015

	AS AT 31/12/15 RM'000 (Unaudited)	AS AT 31/12/14 RM'000 (Audited)
ASSETS		
Property, plant and equipment	90,831	82,811
Intangible assets	5,099	1,759
TOTAL NON-CURRENT ASSETS	95,930	84,570
Inventories	99,067	92,545
Trade and other receivables	55,172	37,346
Prepayments	909	1,229
Derivatives financial assets	1,056	5,548
Cash and cash equivalents	160,391	124,269
TOTAL CURRENT ASSETS	316,595	260,937
TOTAL ASSETS	<u>412,525</u>	<u>345,507</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	93,219	93,039
Attributable to equity holders of the Company	157,219	157,039
TOTAL EQUITY	157,219	157,039
LIABILITIES		
Deferred tax liabilities	6,394	6,704
TOTAL NON-CURRENT LIABILITIES	6,394	6,704
Trade and other payables	231,136	176,496
Provision	118	229
Derivatives financial liabilities	1,001	19
Current tax liabilities	16,657	5,020
CURRENT LIABILITIES	248,912	181,764
TOTAL LIABILITIES	255,306	188,468
TOTAL EQUITY AND LIABILITIES	<u>412,525</u>	<u>345,507</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>2.46</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 EQUITY

For the financial quarter ended 31 December 2015

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Total RM'000
<u>12 months ended 31 December 2015 (Unaudited)</u>				
Balance at beginning of period	64,000	93,039	157,039	157,039
Movements during the period	-	140,980	140,980	140,980
Dividends paid	-	(140,800)	(140,800)	(140,800)
Balance at end of period	<u>64,000</u>	<u>93,219</u>	<u>157,219</u>	<u>157,219</u>
<u>12 months ended 31 December 2014 (Audited)</u>				
Balance at beginning of period	64,000	123,998	187,998	187,998
Movements during the period	-	109,841	109,841	109,841
Dividends paid	-	(140,800)	(140,800)	(140,800)
Balance at end of period	<u>64,000</u>	<u>93,039</u>	<u>157,039</u>	<u>157,039</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 FLOW

For the financial quarter ended 31 December 2015

	12 months TO DATE	12 months TO DATE
	31/12/15 RM'000 (Unaudited)	31/12/14 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	991,271	1,004,990
Cash paid to suppliers and employees	(754,249)	(866,732)
	<hr/>	<hr/>
Cash generated from operations	237,022	138,257
Income tax paid	(36,430)	(48,255)
	<hr/>	<hr/>
Net cash generated from operating activities	200,592	90,003
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(24,487)	(13,710)
Additions of intangible assets	(84)	(595)
Proceeds from disposal of property, plant and equipment	655	1,496
Interest received	3,854	3,784
	<hr/>	<hr/>
Net cash used in from investing activities	(20,062)	(9,025)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(3,608)	(3,550)
Dividends paid	(140,800)	(140,800)
	<hr/>	<hr/>
Net cash used in financing activities	(144,408)	(144,350)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	36,122	(63,372)
Cash and cash equivalents brought forward	124,269	187,641
	<hr/>	<hr/>
Cash and cash equivalents carried forward	160,391	124,269
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	8,891	10,269
Deposits placed with licensed banks	151,500	114,000
	<hr/>	<hr/>
	160,391	124,269
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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 31/12/15 RM'000	Quarter ended 31/12/14 RM'000	Year to-date 31/12/15 RM'000	Year to-date 31/12/14 RM'000
In respect of the financial year ending 31 December 2015				
Single tier first interim dividend paid: - 50.00 sen (2014: 50.00 sen) per RM 1.00 ordinary share	-	-	32,000	32,000
Single tier first special interim dividend paid: - 60.00 sen (2014: 60.00 sen) per RM 1.00 ordinary share	-	-	38,400	38,400
Single tier second interim dividend paid: - 50.00 sen (2014: 50.00 sen) per RM 1.00 ordinary share	32,000	32,000	32,000	32,000
Single tier second special interim dividend paid: - 60.00 sen (2014: 60.00 sen) per RM 1.00 ordinary share	38,400	38,400	38,400	38,400
	70,400	70,400	140,800	140,800
Net dividend per share (sen)	110.00	110.00	220.00	220.00

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 31/12/15 RM'000	Quarter ended 31/12/14 RM'000
Segment profit		
Revenue	270,900	263,842
Profit After Taxation	25,222	33,952

10. Capital Commitments

	As at 31/12/15 RM'000	As at 31/12/14 RM'000
Property, plant and equipment		
Authorised but not contracted for	19,104	17,819
Contracted but not provided for	217	3,528

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 RM11.7 million.

14. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 31/12/15 RM'000	Quarter ended 31/12/14 RM'000
Sales to related parties	6,626	4,944
Purchases from related parties	73,321	86,398
Know-how, Trademark License and Management Support fees	6,790	6,062
Shared services from related parties	1,873	2,839

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 positive effects of advertising and promotion. Lower profit before taxation compared with last year same quarter due to currency impact and investments in advertisement and promotion.
- B. Full year 2015, reported a marginal sales growth of 0.2% versus the preceding year. The implementation of the Goods and Services Tax in April 2015, political uncertainty and the Ringgit Malaysia deterioration in the global market translated to weak consumer sentiment. Higher profit before tax largely attributed to favorable raw material prices.

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

Compared to previous quarter, revenue increased with 6%. Profit before tax in Q4 2015 lower compared to the preceding quarter largely due a negative currency impact due to weak Ringgit Malaysia, and advertisement and promotion investments.

17. Business Prospects

The business environment is expected to remain challenging against the backdrop of weak consumer confidence and the foreign exchange uncertainty of Ringgit Malaysia. Despite the ongoing business challenges for 2016, the Company remains committed to leveraging the strength of the Dutch Lady brand and the quality product range of offerings.

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 31/12/15 RM'000	Quarter ended 31/12/14 RM'000
Income tax for current period	9,240	11,097
Deferred tax for current period	(110)	822
Total taxation	<u>9,130</u>	<u>11,919</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 31/12/15 RM'000	As at 31/12/14 RM'000
At 1 January	6,704	5,695
Recognised in the statement of comprehensive income	(310)	1,009
At period end	<u>6,394</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 31/12/15 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	85,862	92,783
Assets	1,056	5,548
Liabilities	1,002	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 23 February 2016, the Company has declared a standard interim dividend and special interim dividend in respect of the financial year ending 31 December 2016 as follows: -

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

All shareholders whose names appear on the Record of Depositors on 28 April 2016 shall be paid the above dividends on 19 May 2016.

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

- Securities transferred to the Depositor's Securities Account before 4.00pm on 28 April 2016, 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 31 December 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 31/12/15 RM'000	Year to-date 31/12/14 RM'000
Total retained profits:		
- Realised profit	99,669	94,384
- Unrealised loss	(6,450)	(1,345)
Total retained profits as per statement of financial position	<u>93,219</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 31/12/15	Comparative Quarter ended 31/12/14	12 month Cumulative to-Date 31/12/15	12 month Cumulative to-Date 31/12/14
Basic earnings per share				
Profit for the period (RM'000)	25,222	33,952	140,980	109,841
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	39.40	53.05	220.30	171.60

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 31/12/15 RM'000	Year to- date 31/12/14 RM'000
Interest income	3,854	3,784
Finance costs	(3,607)	(3,550)
Depreciation of property, plant and equipment	(11,482)	(8,071)
Amortisation of intangible assets	(605)	(400)
Impairment loss reversed on Intangible assets	-	7
Write back/(down) of inventories	646	434
Gain/(Loss) on disposal of property, plant and equipment	(469)	11
Loss on disposal of intangible asset	-	-
Gain on disposal of assets classified as held for sale	-	856
Property, plant and equipment written off	-	(4)
Net gain/(loss) on derivatives	(5,474)	5,452
Net foreign exchange gain/(loss)		
- Realised	11,860	(1,769)
- Unrealised	(112)	(170)

By Order of the Board
Izreen Fara Binti Ismail
Company Secretary
23 February 2016