

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 December 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	12 months TO DATE	12 months TO DATE
	31/12/16 (Unaudited) RM'000	31/12/15 (Unaudited) RM'000	31/12/16 (Unaudited) RM'000	31/12/15 (Audited) RM'000
Revenue	271,664	270,900	1,047,725	1,001,663
Cost of Sales	<u>(161,981)</u>	<u>(157,000)</u>	<u>(603,852)</u>	<u>(580,947)</u>
Gross Profit	109,682	113,900	443,873	420,716
Other Income	4,910	(2,252)	4,909	6,587
Distribution Expenses	(47,972)	(50,481)	(167,342)	(157,873)
Administrative Expenses	(7,427)	(5,567)	(24,995)	(24,330)
Other Operating Expenses	<u>(11,327)</u>	<u>(21,687)</u>	<u>(59,851)</u>	<u>(56,609)</u>
Results from Operating Activities	47,866	33,913	196,594	188,491
Finance Costs	(877)	(905)	(3,120)	(3,608)
Interest Income	1,313	1,344	4,508	3,854
Profit Before Taxation	<u>48,303</u>	<u>34,352</u>	<u>197,982</u>	<u>188,737</u>
Income Tax Expenses	<u>(10,488)</u>	<u>(9,130)</u>	<u>(48,908)</u>	<u>(47,757)</u>
Profit After Taxation	<u>37,815</u>	<u>25,222</u>	<u>149,074</u>	<u>140,980</u>
Profit for the period/Total comprehensive income for the period	<u>37,815</u>	<u>25,222</u>	<u>149,074</u>	<u>140,980</u>
Profit Attributable to:				
Equity holders of the Company	37,815	25,222	149,074	140,980
Non-controlling interest	-	-	-	-
	<u>37,815</u>	<u>25,222</u>	<u>149,074</u>	<u>140,980</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>59.10</u>	<u>39.40</u>	<u>232.90</u>	<u>220.30</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

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

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 31 December 2016

	AS AT 31/12/16 RM'000 (Unaudited)	AS AT 31/12/15 RM'000 (Audited)
ASSETS		
Property, plant and equipment	95,657	90,831
Intangible assets	5,807	5,099
TOTAL NON-CURRENT ASSETS	101,464	95,930
Inventories	112,993	99,067
Trade and other receivables	90,581	55,172
Prepayments	2,184	909
Derivatives financial assets	-	1,056
Cash and cash equivalents	213,619	160,391
TOTAL CURRENT ASSETS	419,377	316,595
TOTAL ASSETS	<u>520,841</u>	<u>412,525</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	101,493	93,219
Attributable to equity holders of the Company	165,493	157,219
TOTAL EQUITY	165,493	157,219
LIABILITIES		
Deferred tax liabilities	6,958	6,394
TOTAL NON-CURRENT LIABILITIES	6,958	6,394
Trade and other payables	335,360	231,136
Provision	155	118
Derivatives financial liabilities	71	1,001
Current tax liabilities	12,804	16,657
CURRENT LIABILITIES	348,390	248,912
TOTAL LIABILITIES	355,348	255,306
TOTAL EQUITY AND LIABILITIES	<u>520,841</u>	<u>412,525</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>2.59</u>	<u>2.46</u>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the financial quarter ended 31 December 2016

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Total RM'000
<u>Unaudited 12 months ended 31 December 2016</u>				
Balance at beginning of period	64,000	93,219	157,219	157,219
Movements during the period	-	149,074	149,074	149,074
Dividends paid	-	(140,800)	(140,800)	(140,800)
Balance at end of period	64,000	101,493	165,493	165,493
<u>Audited 12 months ended 31 December 2015</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	64,000	93,219	157,219	157,219

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 31 December 2016

	12 months TO DATE	12 months TO DATE
	31/12/16 (Unaudited) RM'000	31/12/15 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	1,015,951	991,271
Cash paid to suppliers and employees	(754,063)	(754,249)
	<hr/>	<hr/>
Cash generated from operations	261,888	237,022
Income tax paid	(52,197)	(36,430)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	209,691	200,592
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(16,936)	(24,487)
Additions of intangible assets	(115)	(84)
Proceeds from disposal of property, plant and equipment	-	655
Interest received	4,508	3,854
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(12,543)	(20,062)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(3,120)	(3,608)
Dividends paid	(140,800)	(140,800)
	<hr/>	<hr/>
Net cash used in financing activities	(143,920)	(144,408)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	53,228	36,122
Cash and cash equivalents brought forward	160,391	124,269
	<hr/>	<hr/>
Cash and cash equivalents carried forward	213,619	160,391
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	38,995	8,891
Deposits placed with licensed banks	174,624	151,500
	<hr/>	<hr/>
	213,619	160,391
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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 2015)

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 2015.

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 2015 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 31/12/16 RM'000	Quarter ended 31/12/15 RM'000	Year to-date 31/12/16 RM'000	Year to-date 31/12/15 RM'000
In respect of the financial year ending 31 December 2016				
Single tier first interim dividend paid: - 50.00 sen (2015: 50.00 sen) per RM 1.00 ordinary share	-	-	32,000	32,000
Single tier first special interim dividend paid: - 60.00 sen (2015: 60.00 sen) per RM 1.00 ordinary share	-	-	38,400	38,400
Single tier second interim dividend paid: - 50.00 sen (2015: 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 (2015: 60.00 sen) per RM 1.00 ordinary share	38,400	38,400	38,400	38,400
	<u>70,400</u>	<u>70,400</u>	<u>140,800</u>	<u>140,800</u>
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 31/12/16 RM'000	Quarter ended 31/12/15 RM'000
Segment profit		
Revenue	271,620	270,900
Profit After Taxation	48,303	25,222

10. Capital Commitments

	As at 31/12/16 RM'000	As at 31/12/15 RM'000
Property, plant and equipment		
Authorised but not contracted for	11,863	19,104
Contracted but not provided for	560	217

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 RM8.3 million.

14. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31/12/16 RM'000	Quarter ended 31/12/15 RM'000
Sales to related parties	5,967	6,626
Purchases from related parties	104,864	73,321
Know-how, Trademark License and Management Support fees	6,660	6,790
Shared services from related parties	3,028	1,873

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 increased 0.3% compared to the preceding year's corresponding quarter. Improved Profit before tax by 40%, mainly driven by favourable impact of revaluation of derivatives compared to last year.
- B.** Year to Date Company's revenue increased by 4.6%. Profit before tax higher by 4.9% driven by improved margins, while continuous investment behind our brand and investments made for a system upgrade.

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

Lower Profit before tax by 8.5% versus previous quarter due to lower revenue (-2.8%), increase in Dairy costs, and higher advertising and promotion spend to support the Friso LocNutri™ launch.

17. Business Prospects

A. Current Prospects

The overall domestic market is expected to remain weak in 2017 with poor consumer confidence. Despite the ongoing challenges, the Company had initiated continuous marketing campaigns leveraging on the strength of the Dutch Lady brand to protect and expand its market share with quality and nutritious product offerings.

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 31/12/16 RM'000	Quarter ended 31/12/15 RM'000
Income tax for current period	9,732	9,240
Deferred tax for current period	756	(110)
Total taxation	<u>10,488</u>	<u>9,130</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 31/12/16 RM'000	As at 31/12/15 RM'000
At 1 January	6,394	6,704
Recognised in the statement of comprehensive income	564	(310)
At period end	<u>6,958</u>	<u>6,394</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 31/12/16 RM'000	As at 31/12/15 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	27,051	85,862
Assets	-	1,056
Liabilities	71	1,002

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

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2016.

In respect of the financial year ending 31 December 2017, the first interim and special interim ordinary dividends declared on 28 February 2017 by the Directors are 50.00 sen and 60.00 sen per ordinary share respectively totalling RM32,000,000 and RM38,400,000 respectively, to be paid on 21 April 2017.

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 31/12/16 RM'000	Year to-date 31/12/15 RM'000
Total retained profits:		
- Realised profit	109,231	99,669
- Unrealised loss	(7,738)	(6,450)
Total retained profits as per statement of financial position	<u>101,493</u>	<u>93,219</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 31/12/16	Comparative Quarter ended 31/12/15	12 month Cumulative to-Date 31/12/16	12 month Cumulative to-Date 31/12/15
Basic earnings per share				
Profit for the period (RM'000)	37,815	25,222	149,074	140,980
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	59.10	39.40	232.90	220.30

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 31/12/16 RM'000	Year to- date 31/12/15 RM'000
Interest income	4,508	3,854
Finance costs	(3,120)	(3,607)
Depreciation of property, plant and equipment	(9,818)	(11,482)
Amortisation of intangible assets	(1,699)	(605)
Write back/(down) of inventories	(1,900)	646
Gain/(Loss) on disposal of property, plant and equipment	-	(469)
Net gain/(loss) on derivatives	(126)	(5,474)
Net foreign exchange gain/(loss)		
- Realised	230	11,860
- Unrealised	(710)	(112)

By Order of the Board
Izreen Fara Binti Ismail
Company Secretary
28 February 2017