

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 30 June 2016
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	6 months TO DATE	6 months TO DATE
	30/06/16 RM'000	30/06/15 RM'000	30/06/16 RM'000	30/06/15 RM'000
Revenue	246,685	278,288	496,470	475,182
Cost of Sales	<u>(139,786)</u>	<u>(156,610)</u>	<u>(280,942)</u>	<u>(283,349)</u>
Gross Profit	106,899	121,678	215,528	191,833
Other Income	1,939	666	2,229	4,035
Distribution Expenses	(35,657)	(36,236)	(73,097)	(67,716)
Administrative Expenses	(6,000)	(6,018)	(11,595)	(12,255)
Other Operating Expenses	<u>(17,539)</u>	<u>(14,590)</u>	<u>(38,226)</u>	<u>(26,987)</u>
Results from Operating Activities	49,642	65,500	94,839	88,910
Finance Costs	(721)	(1,034)	(1,473)	(1,772)
Interest Income	2,178	1,176	3,519	1,519
Profit Before Taxation	51,099	65,642	96,885	88,657
Income Tax Expenses	<u>(14,390)</u>	<u>(16,866)</u>	<u>(26,289)</u>	<u>(22,854)</u>
Profit After Taxation	36,709	48,776	70,596	65,803
Profit for the period/Total comprehensive income for the period	<u>36,709</u>	<u>48,776</u>	<u>70,596</u>	<u>65,803</u>
Profit Attributable to:				
Equity holders of the Company	36,709	48,776	70,596	65,803
Non-controlling interest	-	-	-	-
	<u>36,709</u>	<u>48,776</u>	<u>70,596</u>	<u>65,803</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>57.35</u>	<u>76.20</u>	<u>110.30</u>	<u>102.80</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 30 June 2016

	AS AT 30/06/16 RM'000 (Unaudited)	AS AT 31/12/15 RM'000 (Audited)
ASSETS		
Property, plant and equipment	85,271	90,831
Intangible assets	6,542	5,099
TOTAL NON-CURRENT ASSETS	91,813	95,930
Inventories	131,132	99,067
Trade and other receivables	64,430	55,172
Prepayments	1,223	909
Derivatives financial assets	419	1,056
Cash and cash equivalents	132,725	160,391
TOTAL CURRENT ASSETS	329,929	316,595
TOTAL ASSETS	<u>421,742</u>	<u>412,525</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	93,414	93,219
Attributable to equity holders of the Company	157,414	157,219
TOTAL EQUITY	157,414	157,219
LIABILITIES		
Deferred tax liabilities	7,491	6,394
TOTAL NON-CURRENT LIABILITIES	7,491	6,394
Trade and other payables	234,396	231,136
Provision	138	118
Derivatives financial liabilities	1,279	1,001
Current tax liabilities	21,024	16,657
CURRENT LIABILITIES	256,837	248,912
TOTAL LIABILITIES	264,328	255,306
TOTAL EQUITY AND LIABILITIES	<u>421,742</u>	<u>412,525</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>2.46</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 EQUITYFor the financial quarter ended 30 June 2016
(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 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
Dividend payable	-	-	-	-
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>
<u>6 months ended 30 June 2015</u>				
Balance at beginning of period	64,000	93,039	157,039	157,039
Movements during the period	-	65,803	65,803	65,803
Dividends payable	-	-	-	-
Dividends paid	-	(70,400)	(70,400)	(70,400)
Balance at end of period	<u>64,000</u>	<u>88,442</u>	<u>152,442</u>	<u>152,442</u>

(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 FLOWFor the financial quarter ended 30 June 2016
(The figures have not been audited)

	6 months TO DATE	6 months TO DATE
	30/06/16 RM'000	30/06/15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	489,193	451,291
Cash paid to suppliers and employees	(426,057)	(360,023)
	<hr/>	<hr/>
Cash generated from operations	63,136	91,268
Income tax paid	(20,825)	(17,849)
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Net cash generated from/(used in) operating activities	42,311	73,419
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(1,035)	(8,287)
Additions of intangible assets	(588)	(79)
Proceeds from disposal of property, plant and equipment	-	96
Interest received	3,519	1,519
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	1,896	(6,751)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,473)	(1,772)
Dividends paid	(70,400)	(70,400)
	<hr/>	<hr/>
Net cash used in financing activities	(71,873)	(72,172)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(27,666)	(5,504)
Cash and cash equivalents brought forward	160,391	124,269
	<hr/>	<hr/>
Cash and cash equivalents carried forward	132,725	118,765
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Cash and cash equivalents consist of:		
Cash and bank balances	6,852	2,665
Deposits placed with licensed banks	125,873	116,100
	<hr/>	<hr/>
	132,725	118,765
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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

On 19 May 2016, interim dividends for the financial year ending 31 December 2016 which was declared on 23 February 2016 were paid to the Company's shareholders amounting to a total of RM70.4 million.

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 30/06/16 RM'000	Quarter ended 30/06/15 RM'000
Segment profit		
Revenue	246,685	278,288
Profit After Taxation	36,708	48,776

10. Capital Commitments

	As at 30/06/16 RM'000	As at 30/06/15 RM'000
Property, plant and equipment		
Authorised but not contracted for	12,272	3,300
Contracted but not provided for	3,967	6,996

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 RM9.5 million.

14. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30/06/16 RM'000	Quarter ended 30/06/15 RM'000
Sales to related parties	3,757	6,064
Purchases from related parties	97,103	103,931
Know-how, Trademark License and Management Support fees	7,822	6,581
Shared services from related parties	2,860	1,717

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 decreased by 11% compared to the preceding year's corresponding quarter mainly due to strong quarter last year with the relaunch of Dutch Lady Children Formula Milk. Profit before tax was lower driven by lower revenue and cost for a system upgrade.
- B. Revenue for first half of 2016 grew by 4.5% compared to corresponding period in 2015. Higher profit before tax of 9.3% driven by higher revenue, lower dairy raw material prices and partly offset by loss in revaluation of derivatives.

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

Improvement in profit before tax by 12% was driven by lower cost.

17. Business Prospects

- A. Current Prospects
The overall domestic market is expected to remain weak 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 30/06/16 RM'000	Quarter ended 36/06/15 RM'000
Income tax for current period	13,294	17,065
Deferred tax for current period	1,096	(199)
Total taxation	<u>14,390</u>	<u>16,866</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 30/06/16 RM'000	As at 31/03/15 RM'000
At 1 January	6,394	6,704
Recognised in the statement of comprehensive income	1,096	(199)
At period end	<u>7,490</u>	<u>6,505</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 30/06/16 RM'000	As at 30/06/15 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	141,560	89,158
Assets	419	1,688
Liabilities	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 was no proposed dividends for the financial period under review.

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 30/06/16 RM'000	Year to-date 30/06/15 RM'000
Total retained profits:		
- Realised profit	100,472	94,396
- Unrealised loss	(7,058)	(5,954)
Total retained profits as per statement of financial position	<u>93,414</u>	<u>88,442</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 30/06/16	Quarter ended 30/06/15
Basic earnings per share		
Profit for the period (RM'000)	36,708	48,776
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	57.40	76.20

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 30/06/16 RM'000	Year to- date 30/06/15 RM'000
Interest income	3,519	1,519
Finance costs	(1,473)	(1,772)
Depreciation of property, plant and equipment	(4,887)	(4,610)
Amortisation of intangible assets	(853)	(209)
Write back/(down) of inventories	946	(1,332)
Gain/(Loss) on disposal of property, plant and equipment	-	3
Net gain/(loss) on derivatives	(914)	(3,841)
Net foreign exchange gain/(loss)		
- Realised	4,086	6,789
- Unrealised	196	(1,136)

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