

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	9 months TO DATE	9 months TO DATE
	30/09/16 RM'000	30/09/15 RM'000	30/09/16 RM'000	30/09/15 RM'000
Revenue	279,592	255,581	776,062	730,763
Cost of Sales	(160,919)	(140,598)	(441,865)	(423,947)
Gross Profit	118,673	114,983	334,197	306,816
Other Income	(2,229)	4,804	-	8,839
Distribution Expenses	(46,273)	(39,676)	(119,370)	(107,392)
Administrative Expenses	(5,973)	(6,508)	(17,568)	(18,763)
Other Operating Expenses	(10,314)	(7,936)	(48,540)	(34,922)
Results from Operating Activities	53,884	65,667	148,719	154,578
Finance Costs	(771)	(931)	(2,243)	(2,703)
Interest Income	(324)	991	3,195	2,510
Profit Before Taxation	52,789	65,727	149,671	154,385
Income Tax Expenses	(12,132)	(15,773)	(38,421)	(38,627)
Profit After Taxation	40,657	49,954	111,250	115,758
Profit for the period/Total comprehensive income for the period	40,657	49,954	111,250	115,758
Profit Attributable to:				
Equity holders of the Company	40,657	49,954	111,250	115,758
Non-controlling interest	-	-	-	-
	40,657	49,954	111,250	115,758
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	63.50	78.10	173.80	180.90

(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 September 2016

	AS AT 30/09/16 RM'000 (Unaudited)	AS AT 31/12/15 RM'000 (Audited)
ASSETS		
Property, plant and equipment	85,954	90,831
Intangible assets	6,119	5,099
TOTAL NON-CURRENT ASSETS	92,073	95,930
Inventories	102,573	99,067
Trade and other receivables	86,713	55,172
Prepayments	2,653	909
Derivatives financial assets	1,013	1,056
Cash and cash equivalents	211,029	160,391
TOTAL CURRENT ASSETS	403,981	316,595
TOTAL ASSETS	496,054	412,525
EQUITY		
Share capital	64,000	64,000
Retained profits	134,069	93,219
Attributable to equity holders of the Company	198,069	157,219
TOTAL EQUITY	198,069	157,219
LIABILITIES		
Deferred tax liabilities	6,202	6,394
TOTAL NON-CURRENT LIABILITIES	6,202	6,394
Trade and other payables	276,415	231,136
Provision	147	118
Derivatives financial liabilities	0	1,001
Current tax liabilities	15,221	16,657
CURRENT LIABILITIES	291,783	248,912
TOTAL LIABILITIES	297,985	255,306
TOTAL EQUITY AND LIABILITIES	496,054	412,525
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.09	2.46

(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 September 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
9 months ended 30 September 2016				
Balance at beginning of period	64,000	93,219	157,219	157,219
Movements during the period	-	111,250	111,250	111,250
Dividends paid	-	(70,400)	(70,400)	(70,400)
Balance at end of period	64,000	134,069	198,069	198,069
9 months ended 30 September 2015				
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	64,000	138,397	202,397	202,397

(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 September 2016
(The figures have not been audited)

	9 months TO DATE	9 months TO DATE
	30/09/16 RM'000	30/09/15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	742,777	717,065
Cash paid to suppliers and employees	(577,852)	(572,080)
	<hr/>	<hr/>
Cash generated from operations	164,925	144,985
Income tax paid	(40,049)	(27,505)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	124,876	117,480
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(4,785)	(17,778)
Additions of intangible assets	(5)	(91)
Proceeds from disposal of property, plant and equipment	-	187
Interest received	3,195	2,510
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(1,595)	(15,172)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,243)	(2,703)
Dividends paid	(70,400)	(70,400)
	<hr/>	<hr/>
Net cash used in financing activities	(72,643)	(73,103)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	50,638	29,205
Cash and cash equivalents brought forward	160,391	124,269
	<hr/>	<hr/>
Cash and cash equivalents carried forward	211,029	153,474
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Cash and cash equivalents consist of:		
Cash and bank balances	6,870	3,674
Deposits placed with licensed banks	204,159	149,800
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	211,029	153,474
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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 30/09/16 RM'000	Quarter ended 30/09/15 RM'000	Year to-date 30/09/16 RM'000	Year to-date 30/09/15 RM'000
In respect of the financial year ending 31 December 2016				
Interim dividends paid:				
- 50.00 sen (2015: 50.00 sen) per RM 1.00 ordinary share	-	-	32,000	32,000
Special interim dividend paid:				
- 60.00 sen (2015: 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 30/09/16 RM'000	Quarter ended 30/09/15 RM'000
Segment profit		
Revenue	279,592	255,581
Profit After Taxation	40,657	49,954

10. Capital Commitments

	As at 30/09/16 RM'000	As at 30/09/15 RM'000
Property, plant and equipment		
Authorised but not contracted for	1,192	5,980
Contracted but not provided for	11,946	3,670

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 RM8.8 million.

14. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 30/09/16 RM'000	Quarter ended 30/09/15 RM'000
Sales to related parties	5,434	6,041
Purchases from related parties	57,723	79,849
Know-how, Trademark License and Management Support fees	5,745	6,378
Shared services from related parties	2,196	2,076

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 by 9.4% compared to the preceding year's corresponding quarter driven by the launch of the newly improved formula for Friso powdered milk for children and the introduction of the RTD (Ready to Drink) UHT 125 ml milk with new Disney Marvel and Frozen character packaging. Profit before tax was lower, driven by the higher Cost of Sales, and advertising and promotion investment to support the new launches.
- B. Year to Date company's revenue increased by 6.2%. Profit before tax lower by 3.1% due to 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)

Improvement in profit before tax by 3% driven by higher revenue and lower Operating expense.

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 30/09/16 RM'000	Quarter ended 30/09/15 RM'000
Income tax for current period	13,421	15,773
Deferred tax for current period	(1,289)	-
Total taxation	<u>12,132</u>	<u>15,773</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 30/09/16 RM'000	As at 30/09/15 RM'000
At 1 January	6,394	6,704
Recognised in the statement of comprehensive income	(192)	(199)
At period end	<u>6,202</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 30/09/16 RM'000	As at 30/09/15 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	77,159	74,192
Assets	1,013	8,035
Liabilities	-	-

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 29 November 2016, the Company declared a standard interim dividend and special interim dividend in respect of the financial year ending 31 December 2016 as follows:-

- a) A standard single-tier interim dividend of 50.0 sen per RM1.00 ordinary share amounting to RM32.0 million, and
- b) 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 15 December 2016 shall be paid the above dividends on 29 December 2016.

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

- a) Securities transferred to the Depositor's Securities Account before 4.00pm on 15 December 2016, in respect of ordinary transfers; and
- b) 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 30/09/16 RM'000	Year to-date 30/09/15 RM'000
Total retained profits:		
- Realised profit	139,866	138,236
- Unrealised loss	(5,797)	161
Total retained profits as per statement of financial position	<u>134,069</u>	<u>138,397</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 30/09/16	Quarter ended 30/09/15
Basic earnings per share		
Profit for the period (RM'000)	40,657	49,954
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	63.50	78.10

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 30/09/16 RM'000	Year to- date 30/09/15 RM'000
Interest income	3,195	2,510
Finance costs	(2,243)	(2,703)
Depreciation of property, plant and equipment	(7,310)	(6,804)
Amortisation of intangible assets	(1,276)	(314)
Write back/(down) of inventories	901	(3,906)
Gain/(Loss) on disposal of property, plant and equipment	-	(34)
Net gain/(loss) on derivatives	958	2,506
Net foreign exchange gain/(loss)		
- Realised	(4,734)	7,338
- Unrealised	(608)	(1,369)

By Order of the Board
Izreen Fara Binti Ismail
Company Secretary
29 November 2016