

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 March 2018
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	3 months TO DATE	3 months TO DATE
	31/03/18 RM'000	31/03/17 RM'000	31/03/18 RM'000	31/03/17 RM'000
Revenue	266,114	250,100	266,114	250,100
Cost of Sales	<u>(157,694)</u>	<u>(147,457)</u>	<u>(157,694)</u>	<u>(147,457)</u>
Gross Profit	108,420	102,643	108,420	102,643
Distribution Expenses	(36,690)	(39,700)	(36,690)	(39,700)
Administrative Expenses	(7,906)	(6,656)	(7,906)	(6,656)
Other Operating Expenses	<u>(17,030)</u>	<u>(14,438)</u>	<u>(17,030)</u>	<u>(14,438)</u>
Results from Operating Activities	46,794	41,850	46,794	41,850
Finance Costs	(573)	(631)	(573)	(631)
Interest Income	236	884	236	884
Profit Before Taxation	<u>46,457</u>	<u>42,103</u>	<u>46,457</u>	<u>42,103</u>
Income Tax Expenses	(12,227)	(10,182)	(12,227)	(10,182)
Profit After Taxation	<u>34,230</u>	<u>31,921</u>	<u>34,230</u>	<u>31,921</u>
Profit for the period/Total comprehensive income for the period	<u>34,230</u>	<u>31,921</u>	<u>34,230</u>	<u>31,921</u>
Profit Attributable to:				
Equity holders of the Company	34,230	31,921	34,230	31,921
Non-controlling interest	-	-	-	-
	<u>34,230</u>	<u>31,921</u>	<u>34,230</u>	<u>31,921</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>53.50</u>	<u>49.90</u>	<u>53.50</u>	<u>49.90</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 31 March 2018

	AS AT 31/03/18 RM'000 (Unaudited)	AS AT 31/12/17 RM'000 (Audited)
ASSETS		
Property, plant and equipment	99,255	100,799
Intangible assets	4,510	4,678
TOTAL NON-CURRENT ASSETS	103,765	105,477
Inventories	114,590	115,839
Trade and other receivables	112,933	106,730
Prepayments	3,198	2,873
Cash and cash equivalents	79,825	61,339
TOTAL CURRENT ASSETS	310,546	286,781
TOTAL ASSETS	<u>414,311</u>	<u>392,258</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	74,240	40,010
Attributable to equity holders of the Company	138,240	104,010
TOTAL EQUITY	138,240	104,010
LIABILITIES		
Deferred tax liabilities	7,238	6,608
TOTAL NON-CURRENT LIABILITIES	7,238	6,608
Trade and other payables	254,082	270,306
Provision	183	178
Derivatives financial liabilities	3,212	3,181
Current tax liabilities	11,356	7,975
CURRENT LIABILITIES	268,833	281,640
TOTAL LIABILITIES	276,071	288,248
TOTAL EQUITY AND LIABILITIES	<u>414,311</u>	<u>392,258</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>2.16</u>	<u>1.63</u>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITYFor the financial quarter ended 31 March 2018
(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
3 months ended 31 March 2018				
Balance at beginning of period	64,000	40,010	104,010	104,010
Movements during the period	-	34,230	34,230	34,230
Balance at end of period	<u>64,000</u>	<u>74,240</u>	<u>138,240</u>	<u>138,240</u>
3 months ended 31 March 2017				
Balance at beginning of period	64,000	101,493	165,493	165,493
Movements during the period	-	31,921	31,921	31,921
Balance at end of period	<u>64,000</u>	<u>133,414</u>	<u>197,414</u>	<u>197,414</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWFor the financial quarter ended 31 March 2018
(The figures have not been audited)

	3 months TO DATE	3 months TO DATE
	31/03/18 (Unaudited) RM'000	31/03/17 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	259,586	236,173
Cash paid to suppliers and employees	(230,976)	(249,595)
	<hr/>	<hr/>
Cash generated from operations	28,610	(13,422)
Income tax paid	(8,215)	(12,750)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	20,395	(26,172)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(1,571)	(254)
Additions of intangible assets	(1)	-
Interest received	236	884
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(1,336)	630
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(573)	(631)
	<hr/>	<hr/>
Net cash used in financing activities	(573)	(631)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	18,486	(26,173)
Cash and cash equivalents brought forward	61,339	213,619
	<hr/>	<hr/>
Cash and cash equivalents carried forward	79,825	187,446
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	39,325	12,946
Deposits placed with licensed banks	40,500	174,500
	<hr/>	<hr/>
	79,825	187,446
	<hr/> <hr/>	<hr/> <hr/>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

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 2017.

The accounting policies and methods of computation are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2017 except for the newly issued Malaysia Financial Reporting Standards (MFRS), interpretations and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2018:

- MFRS 15: Revenue from Contracts with Customers
- MFRS 9: Financial Instruments

The adoption of the above did not have any significant effect on the interim financial statements upon their initial application. The Company has adopted the standards retrospectively from 1 January 2018, with the practical expedients permitted under the standards. Comparatives for 2017 are not restated.

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 2017 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.

5. 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.

6. **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.

7. **Dividends**

There were no dividends paid for the financial period under review.

8. **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 31/03/18 RM'000	Quarter ended 31/03/17 RM'000
Segment profit		
Revenue	266,114	250,100
Profit After Taxation	34,230	31,921

9. **Capital Commitments**

	As at 31/03/18 RM'000	As at 31/03/17 RM'000
Property, plant and equipment		
Authorised but not contracted for	12,900	17,788
Contracted but not provided for	16,776	1,866

10. **Subsequent Events**

There were no material subsequent events that will affect the financial results of the financial period under review.

11. **Changes in Composition of the Company**

There were no changes in the composition of the Company during the financial period under review.

12. **Operating Lease**

The existing operating lease obligations by the Company amount to RM 7.4 million.

13. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31/03/18 RM'000	Quarter ended 31/03/17 RM'000
Sales to related parties	5,608	5,196
Purchases from related parties	100,567	108,316
Know-how, Trademark License and Management Support fees	6,541	6,370
Shared services from related parties	4,811	3,863

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

14. Review of Results (Against preceding year corresponding period)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	3 Months To Date	3 Months To Date	Changes TY vs LY
	31/03/18	31/03/17	%	31/03/18	31/03/17	%
Revenue	266,114	250,100	6.4%	266,114	250,100	6.4%
Operating Profit	46,794	41,850	11.8%	46,794	41,850	11.8%
Profit Before Interest and Tax	46,221	42,734	8.2%	46,221	42,734	8.2%
Profit Before Taxation	46,457	42,103	10.3%	46,457	42,103	10.3%
Profit After Taxation	34,230	31,921	7.2%	34,230	31,921	7.2%
Attributable to Ordinary Equity Holders of the parent	34,230	31,921	7.2%	34,230	31,921	7.2%

Revenue in the current quarter increased by 6.4% compared to preceding year's corresponding quarter. Profit before tax increased by 10.3% driven by higher revenue and lower input costs.

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

	Current Quarter 31/03/18	Preceding Quarter 31/12/17	Changes Q1 vs Q4 %
Revenue	266,114	269,060	-1.1%
Operating Profit	46,794	29,994	56.0%
Profit Before Interest and Tax	46,221	29,217	58.2%
Profit Before Taxation	46,457	29,979	55.0%
Profit After Taxation	34,230	20,980	63.2%
Attributable to Ordinary Equity Holders of the parent	34,230	20,980	63.2%

Lower revenue by 1.1% versus previous quarter due to fewer selling days given the festive period. Higher profit before tax by 55% driven by lower input cost and incidental cost in preceding quarter.

16. Business Prospects

A. Current Prospects

The overall domestic market is expected to remain challenging as the market will be impacted by various domestic and global uncertainties and consumer sentiment is still low. We recognise the importance of continuously investing to build our brands and its quality offerings with winning market execution to win the hearts of our Malaysian consumers. At the same time the company will continue to put efforts to improve operational efficiency to stay agile and adapt to macro-economic head winds.

B. Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced.
Not applicable.

17. Statement of the Board of Directors' Opinion on Achievability of Financial Estimate, Forecast, Projection and Internal Targets Previously Announced

Not applicable.

18. Financial Estimate, Forecast or Projection / Profit Guarantee

There was no financial estimate, forecast or projection and profit guarantee issued by the Company.

19. Taxation

Taxation is made up as follows: -

	Quarter ended 31/03/18 RM'000	Quarter ended 31/03/17 RM'000
Income tax for current period	11,597	10,687
Deferred tax for current period	630	(505)
Total taxation	<u>12,227</u>	<u>10,182</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.

20. Deferred Tax Liabilities

	As At 31/03/18 RM'000	As at 31/03/17 RM'000
At 1 January	6,608	6,958
Recognised in the statement of comprehensive income	630	(505)
At period end	<u>7,238</u>	<u>6,453</u>

21. Corporate Proposals

There were no corporate proposals announced during the financial period under review.

22. Company Borrowings

There were no borrowings or debt securities as at the end of the financial period under review.

23. Material Litigation

There were no material litigations against the Company during the financial period under review.

24. Financial Instruments

Derivatives

The foreign exchange contracts which have been entered into by the Company are as follows:

Forward exchange contracts	As At 31/03/18 RM'000	As at 31/03/17 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	107,923	106,756
Assets	-	-
Liabilities	3,212	1,029

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.

25. Proposed Dividend

On 27 February 2018, the Company has declared a standard interim dividend and special interim dividend in respect of the financial year ending 31 December 2018 as follows:-

- a) A standard single-tier interim dividend of RM0.50 per share amounting to RM32.0 million, and
- b) A special single-tier interim dividend of RM0.60 per share amounting to RM38.4 million.

All shareholders whose names appear on the Record of Depositors on 4 May 2018 shall be paid the above dividends on 25 May 2018.

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

- a) Securities transferred to the Depositor's Securities Account before 5.00pm on 4 May 2018, 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.

26. Earnings Per Share

	Quarter ended 31/03/18	Quarter ended 31/03/17
Basic earnings per share		
Profit for the period (RM'000)	34,230	31,921
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	53.50	49.90

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.

27. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 31/03/18 RM'000	Year to-date 31/03/17 RM'000
Interest income	236	884
Finance costs	(573)	(631)
Depreciation of property, plant and equipment	(2,756)	(2,651)
Amortisation of intangible assets	(389)	(420)
Write back/(down) of inventories	181	1,318
Gain/(Loss) on disposal of property, plant and equipment	(139)	-
Net gain/(loss) on derivatives	(31)	(959)
Net foreign exchange gain/(loss)		
- Realised	(2,655)	(336)
- Unrealised	(110)	(179)

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
25 April 2018