

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 30 June 2018
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	6 months TO DATE	6 months TO DATE
	30/06/18	30/06/17	30/06/18	30/06/17
	RM'000	RM'000	RM'000	RM'000
Revenue	254,248	263,540	520,362	513,640
Cost of Sales	<u>(161,268)</u>	<u>(160,589)</u>	<u>(318,962)</u>	<u>(308,046)</u>
Gross Profit	92,980	102,951	201,400	205,594
Other Income	5,698	7	2,233	7
Distribution Expenses	(36,558)	(35,349)	(73,248)	(75,048)
Administrative Expenses	(7,369)	(7,470)	(15,276)	(14,125)
Other Operating Expenses	<u>(13,792)</u>	<u>(17,382)</u>	<u>(27,356)</u>	<u>(31,820)</u>
Results from Operating Activities	40,959	42,757	87,753	84,608
Finance Costs	(864)	(870)	(1,437)	(1,501)
Interest Income	333	799	569	1,683
Profit Before Taxation	40,428	42,686	86,885	84,790
Income Tax Expenses	<u>(9,726)</u>	<u>(10,453)</u>	<u>(21,953)</u>	<u>(20,635)</u>
Profit After Taxation	30,702	32,233	64,932	64,155
Profit for the period/Total comprehensive income for the period	<u>30,702</u>	<u>32,233</u>	<u>64,932</u>	<u>64,155</u>
Profit Attributable to:				
Equity holders of the Company	30,702	32,233	64,932	64,155
Non-controlling interest	-	-	-	-
	<u>30,702</u>	<u>32,233</u>	<u>64,932</u>	<u>64,155</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>48.00</u>	<u>50.35</u>	<u>101.50</u>	<u>100.20</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 30 June 2018

	AS AT 30/06/18 RM'000 (Unaudited)	AS AT 31/12/17 RM'000 (Audited)
ASSETS		
Property, plant and equipment	101,000	100,799
Intangible assets	3,766	4,678
TOTAL NON-CURRENT ASSETS	104,766	105,477
Inventories	104,154	115,839
Trade and other receivables	115,260	106,730
Prepayments	3,974	2,873
Derivatives financial assets	3,398	-
Cash and cash equivalents	46,498	61,339
TOTAL CURRENT ASSETS	273,284	286,781
TOTAL ASSETS	<u>378,050</u>	<u>392,258</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	34,542	40,010
Attributable to equity holders of the Company	98,542	104,010
TOTAL EQUITY	98,542	104,010
LIABILITIES		
Deferred tax liabilities	5,658	6,608
TOTAL NON-CURRENT LIABILITIES	5,658	6,608
Trade and other payables	222,206	270,306
Provision	186	178
Derivatives financial liabilities	5	3,181
Current tax liabilities	11,499	7,975
Bank overdraft	39,954	-
TOTAL CURRENT LIABILITIES	273,850	281,640
TOTAL LIABILITIES	279,508	288,248
TOTAL EQUITY AND LIABILITIES	<u>378,050</u>	<u>392,258</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.54</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 30 June 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
6 months ended 30 June 2018				
Balance at beginning of period	64,000	40,010	104,010	104,010
Movements during the period	-	64,932	64,932	64,932
Dividend payable	-	-	-	-
Dividends paid	-	(70,400)	(70,400)	(70,400)
Balance at end of period	64,000	34,542	98,542	98,542
6 months ended 30 June 2017				
Balance at beginning of period	64,000	100,768	164,768	164,768
Movements during the period	-	64,155	64,155	64,155
Dividend payable	-	-	-	-
Dividends paid	-	(108,000)	(108,000)	(108,000)
Balance at end of period	64,000	133,414	197,414	197,414

(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 30 June 2018
(The figures have not been audited)

	6 months TO DATE	6 months TO DATE
	30/06/18 (Unaudited) RM'000	30/06/17 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	516,707	500,161
Cash paid to suppliers and employees	(474,605)	(472,513)
	<hr/>	<hr/>
Cash generated from operations	42,102	27,648
Income tax paid	(19,378)	(18,550)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	22,724	9,098
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(6,262)	(888)
Additions of intangible assets	11	-
Interest received	569	1,684
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(5,682)	796
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,437)	(1,501)
Dividends paid	(70,400)	(108,000)
	<hr/>	<hr/>
Net cash used in financing activities	(71,837)	(110,301)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(54,795)	(100,407)
Cash and cash equivalents brought forward	61,339	213,619
	<hr/>	<hr/>
Cash and cash equivalents carried forward	6,544	113,212
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	46,498	37,212
Bank overdraft	(39,954)	-
Deposits placed with licensed banks	-	76,000
	<hr/>	<hr/>
	6,544	113,212
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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 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

	Quarter ended 30/06/18 RM'000	Quarter ended 30/06/17 RM'000	Year to-date 30/06/18 RM'000	Year to-date 30/06/17 RM'000
In respect of the financial year ending 30 June 2018				
Single tier first interim dividend paid: - 50.00 sen (2017: 50.00 sen) per RM 1.00 ordinary share	32,000	32,000	32,000	32,000
Single tier first special interim dividend paid: - 60.00 sen (2017: 60.00 sen) per RM 1.00 ordinary share	38,400	38,400	38,400	38,400
One-time extraordinary interim dividend Paid: - 60.00 sen Per RM 1.00 ordinary share	-	38,400	-	38,400
	<u>70,400</u>	<u>108,800</u>	<u>70,400</u>	<u>108,800</u>
Net dividend per share (sen)	110.00	170.00	110.00	170.00

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 30/06/18 RM'000	Quarter ended 30/06/17 RM'000
Segment profit		
Revenue	254,248	263,540
Profit After Taxation	30,702	32,233

9. Capital Commitments

	As at 30/06/18 RM'000	As at 30/06/17 RM'000
Property, plant and equipment		
Authorised but not contracted for	9,107	17,788
Contracted but not provided for	15,890	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 5.9 million.

13. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 30/06/18 RM'000	Quarter ended 30/06/17 RM'000
Sales to related parties	5,441	4,612
Purchases from related parties	86,488	95,561
Know-how, Trademark License and Management Support fees	6,235	6,748
Shared services from related parties	4,555	4,155

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	6 Months To Date	6 Months To Date	Changes TY vs LY
	30/06/18	30/06/17	%	30/06/18	30/06/17	%
Revenue	254,248	263,540	-3.5%	520,362	513,640	1.3%
Operating Profit	40,959	42,757	-4.2%	87,752	84,608	3.7%
Profit Before Interest and Tax	40,095	41,887	-4.3%	86,315	83,107	3.9%
Profit Before Taxation	40,428	42,686	-5.3%	86,884	84,790	2.5%
Profit After Taxation	30,702	32,233	-4.7%	64,932	64,155	1.2%
Attributable to Ordinary Equity Holders of the parent	30,702	32,233	-4.7%	64,932	64,155	1.2%

- A. Revenue in the current quarter decreased by 3.5% compared to preceding year's corresponding quarter. Profit before tax decreased by 5.3% driven by lower revenue.
- B. Revenue for first half of 2018 grew by 1.3% compared to corresponding period in 2017, resulting in higher profit before tax of 2.5%.

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

	Current Quarter	Preceding Quarter	Changes Q2 vs Q1
	30/06/18	31/03/18	%
Revenue	254,248	266,114	-4.5%
Operating Profit	40,959	46,794	-12.5%
Profit Before Interest and Tax	40,095	46,221	-13.3%
Profit Before Taxation	40,428	46,457	-13.0%
Profit After Taxation	30,702	34,230	-10.3%
Attributable to Ordinary Equity Holders of the parent	30,702	34,230	-10.3%

Compared to the previous quarter, profit before tax is lower by 13.0% mainly driven by lower revenue.

16. Business Prospects

A. Current Prospects

The overall domestic market is expected to remain volatile, impacted by currency movements, improving consumer sentiment, and the introduction of Sales and Service Tax. Nonetheless, the Company will remain focused and committed to leveraging on the strength of the Dutch Lady brand and the quality offerings to the Malaysian consumer.

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 30/06/18 RM'000	Quarter ended 30/06/17 RM'000
Income tax for current period	11,305	10,672
Deferred tax for current period	(1,579)	(219)
Total taxation	<u>9,726</u>	<u>10,453</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 30/06/18 RM'000	As at 30/06/17 RM'000
At 1 January	6,608	6,958
Recognised in the statement of comprehensive income	(950)	(724)
At period end	<u>5,658</u>	<u>6,234</u>

21. Corporate Proposals

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

22. Company Borrowings

	As at 30/06/18 RM'000	As at 30/06/17 RM'000
Unsecured short term borrowing		
Bank overdraft	39,954	-

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:

	As At 30/06/18 RM'000	As at 30/06/17 RM'000
Forward exchange contracts		
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	98,478	75,794
Assets	3,398	-
Liabilities	5	2,519

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. Earnings Per Share

	Quarter ended 30/06/18	Quarter ended 30/06/17
Basic earnings per share		
Profit for the period (RM'000)	30,702	32,233
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	48.00	50.35

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.

26. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 30/06/18 RM'000	Year to-date 30/06/17 RM'000
Interest income	569	1,683
Finance costs	(1,437)	(1,501)
Depreciation of property, plant and equipment	(6,038)	(5,295)
Amortisation of intangible assets	(786)	(840)
Write back/(down) of inventories	(2,109)	2,853
Gain/(Loss) on disposal of property, plant and equipment	-	7
Net gain/(loss) on derivatives	6,574	(2,448)
Net foreign exchange gain/(loss)		
- Realised	(4,312)	(473)
- Unrealised	(89)	(45)

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
28 August 2018