

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

For the financial quarter ended 31 December 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	12 months TO DATE	12 months TO DATE
	31/12/17 (Unaudited) RM'000	31/12/16 (Unaudited) RM'000	31/12/17 (Unaudited) RM'000	31/12/16 (Audited) RM'000
Revenue	269,060	271,664	1,064,536	1,047,725
Cost of Sales	<u>(172,657)</u>	<u>(161,981)</u>	<u>(663,372)</u>	<u>(603,852)</u>
Gross Profit	96,403	109,682	401,164	443,873
Other Income	(34)	4,910	-	4,909
Distribution Expenses	(40,134)	(47,972)	(149,930)	(167,342)
Administrative Expenses	(7,244)	(7,427)	(27,389)	(24,995)
Other Operating Expenses	<u>(18,997)</u>	<u>(11,327)</u>	<u>(66,440)</u>	<u>(59,851)</u>
Results from Operating Activities	29,994	47,866	157,405	196,594
Finance Costs	(777)	(877)	(2,995)	(3,120)
Interest Income	762	1,313	3,109	4,508
Profit Before Taxation	<u>29,979</u>	<u>48,303</u>	<u>157,519</u>	<u>197,982</u>
Income Tax Expenses	(8,999)	(10,488)	(39,802)	(48,908)
Profit After Taxation	<u>20,980</u>	<u>37,815</u>	<u>117,717</u>	<u>149,074</u>
Profit for the period/Total comprehensive income for the period	<u>20,980</u>	<u>37,815</u>	<u>117,717</u>	<u>149,074</u>
Profit Attributable to:				
Equity holders of the Company	20,980	37,815	117,717	149,074
Non-controlling interest	-	-	-	-
	<u>20,980</u>	<u>37,815</u>	<u>117,717</u>	<u>149,074</u>
<b>EARNINGS PER SHARE</b>				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>32.80</u>	<u>59.10</u>	<u>183.90</u>	<u>232.90</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

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

**CONDENSED STATEMENT OF FINANCIAL POSITION**

For the financial quarter ended 31 December 2017

	<b>AS AT 31/12/17 RM'000 (Unaudited)</b>	<b>AS AT 31/12/16 RM'000 (Audited)</b>
<b>ASSETS</b>		
Property, plant and equipment	100,799	95,657
Intangible assets	4,678	5,807
<b>TOTAL NON-CURRENT ASSETS</b>	<b>105,477</b>	<b>101,464</b>
Inventories	115,839	112,993
Trade and other receivables	106,730	90,581
Prepayments	2,873	2,184
Derivatives financial assets	-	-
Cash and cash equivalents	61,339	213,619
<b>TOTAL CURRENT ASSETS</b>	<b>286,781</b>	<b>419,377</b>
<b>TOTAL ASSETS</b>	<b><u>392,258</u></b>	<b><u>520,841</u></b>
<b>EQUITY</b>		
Share capital	64,000	64,000
Retained profits	40,010	101,493
Attributable to equity holders of the Company	104,010	165,493
<b>TOTAL EQUITY</b>	<b>104,010</b>	<b>165,493</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	6,608	6,958
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6,608</b>	<b>6,958</b>
Trade and other payables	270,306	335,360
Provision	178	155
Derivatives financial liabilities	3,181	71
Current tax liabilities	7,975	12,804
<b>CURRENT LIABILITIES</b>	<b>281,640</b>	<b>348,390</b>
<b>TOTAL LIABILITIES</b>	<b>288,248</b>	<b>355,348</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>392,258</u></b>	<b><u>520,841</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.63</u>	<u>2.59</u>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

**DUTCH LADY MILK INDUSTRIES BERHAD** (5063-V)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY**For the financial quarter ended 31 December 2017  
(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
<b>12 months ended 31 December 2017</b>				
Balance at beginning of period	64,000	101,493	165,493	165,493
Movements during the period	-	117,717	117,717	117,717
Dividends paid	-	(179,200)	(179,200)	(179,200)
Balance at end of period	64,000	40,010	104,010	104,010
<b>12 months ended 31 December 2016</b>				
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

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

**DUTCH LADY MILK INDUSTRIES BERHAD** (5063-V)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CASH FLOW**

For the financial quarter ended 31 December 2017

	<b>12 months TO DATE</b>	<b>12 months TO DATE</b>
	<b>31/12/17 (Unaudited) RM'000</b>	<b>31/12/16 (Audited) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	1,047,700	1,015,951
Cash paid to suppliers and employees	(959,633)	(754,063)
	<hr/>	<hr/>
Cash generated from operations	88,067	261,888
Income tax paid	(44,981)	(52,197)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	43,086	209,691
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(15,683)	(16,936)
Additions of intangible assets	(597)	(115)
Proceeds from disposal of property, plant and equipment		-
Interest received	3,109	4,508
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(13,171)	(12,543)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,995)	(3,120)
Dividends paid	(179,200)	(140,800)
	<hr/>	<hr/>
Net cash used in financing activities	(182,195)	(143,920)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(152,280)	53,228
Cash and cash equivalents brought forward	213,619	160,391
	<hr/>	<hr/>
Cash and cash equivalents carried forward	61,339	213,619
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	24,839	38,995
Deposits placed with licensed banks	36,500	174,624
	<hr/>	<hr/>
	61,339	213,619
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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 2016)

**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 2016.

**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 2016 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 31/12/17 RM'000	Quarter ended 31/12/16 RM'000	Year to-date 31/12/17 RM'000	Year to-date 31/12/16 RM'000
In respect of the financial year ending 31 December 2017				
Single tier first interim dividend paid: - 50.00 sen (2016: 50.00 sen) per RM 1.00 ordinary share	-	-	32,000	32,000
Single tier first special interim dividend paid: - 60.00 sen (2016: 60.00 sen) per RM 1.00 ordinary share	-	-	38,400	38,400
One-time extraordinary interim dividend paid - 60.00 sen per RM 1.00 ordinary share	-	-	38,400	-
Single tier second interim dividend paid: - 50.00 sen (2016: 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 (2016: 60.00 sen) per RM 1.00 ordinary share	38,400	38,400	38,400	38,400
	70,400	70,400	179,200	140,800
Net dividend per share (sen)	110.00	110.00	280.00	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 31/12/17 RM'000	Quarter ended 31/12/16 RM'000
<b>Segment profit</b>		
Revenue	269,060	271,664
Profit After Taxation	20,980	37,815

## 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 RM8.6 million.

## 13. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31/12/17 RM'000	Quarter ended 31/12/16 RM'000
Sales to related parties	3,758	5,967
Purchases from related parties	90,310	104,864
Know-how, Trademark License and Management Support fees	6,856	6,660
Shared services from related parties	1,913	3,028

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	12 Months To Date	12 Months To Date	Changes TY vs LY
	31/12/17	31/12/16	%	31/12/17	31/12/16	%
Revenue	269,060	271,663	-1.0%	1,064,536	1,047,725	1.6%
Operating Profit	29,994	47,875	-37.3%	157,405	196,594	-19.9%
Profit Before Interest and Tax	29,217	46,998	-37.8%	154,410	193,474	-20.2%
Profit Before Taxation	29,979	48,311	-37.9%	157,519	197,982	-20.4%
Profit After Taxation	20,980	37,824	-44.5%	117,717	149,074	-21.0%
Attributable to Ordinary Equity Holders of the parent	20,980	37,824	-44.5%	117,717	149,074	-21.0%

A. Revenue in the current quarter improved by 2.4% as compared to preceding year's corresponding quarter, but the performance was partly offset by an increase of provision following alignment with stricter Group Financial Reporting Policy that, resulted in revenue to decrease by 1%. Lower Profit before tax following additional provision and unfavorable impact of currency and raw material costs.

B. Year to Date the Company realized a 2.5% business growth that was partly offset by an increase in provision following alignment with stricter Group Financial Reporting Policy, resulting in net Revenue growth of 1.6%. Due to this, as well as higher input costs arising from higher global Dairy prices and weaker Malaysian Ringgit, profit below tax was lower by 20% vs prior year or RM 157.5 million vs RM198.0 million in 2016.

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

	<b>Current Quarter 31/12/17</b>	<b>Preceding Quarter 30/09/17</b>	<b>Changes Q3 vs Q2 %</b>
Revenue	269,060	281,836	-4.5%
Operating Profit	29,994	42,805	-29.9%
Profit Before Interest and Tax	29,217	42,087	-30.6%
Profit Before Taxation	29,979	42,751	-29.9%
Profit After Taxation	20,980	32,582	-35.6%
Attributable to Ordinary Equity Holders of the parent	20,980	32,582	-35.6%

Compared to previous quarter, Profit before tax down with 30%, due to unfavorable revaluation of derivatives and incidental costs.

**16. Business Prospects**

A. New Financial Year 2018 Prospects

The overall domestic market is expected to remain challenging and will still be impacted by various domestic and global uncertainties, coupled with weak consumer sentiment. 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 31/12/17 RM'000	Quarter ended 31/12/16 RM'000
Income tax for current period	7,745	9,732
Deferred tax for current period	1,254	756
Total taxation	<u>8,999</u>	<u>10,488</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 31/12/17 RM'000	As at 31/12/16 RM'000
At 1 January	6,958	6,394
Recognised in the statement of comprehensive income	(350)	564
At period end	<u>6,608</u>	<u>6,958</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 31/12/17 RM'000	As at 31/12/16 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	76,031	27,051
Assets	-	-
Liabilities	3,181	71

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 Interim 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 31/12/17	Quarter ended 31/12/16	12 month Cumulative to-Date 31/12/17	12 month Cumulative to-Date 31/12/16
<b>Basic earnings per share</b>				
Profit for the period (RM'000)	20,980	37,815	117,718	149,074
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	32.80	59.10	183.90	232.90

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 31/12/17 RM'000	Year to-date 31/12/16 RM'000
Interest income	3,109	4,508
Finance costs	(2,995)	(3,120)
Depreciation of property, plant and equipment	(10,590)	(9,818)
Amortisation of intangible assets	(1,645)	(1,699)
Write back/(down) of inventories	2,830	(1,900)
Gain/(Loss) on disposal of property, plant and equipment	(32)	-
Net gain/(loss) on derivatives	(3,110)	(126)
Net foreign exchange gain/(loss)		
- Realised	(4,190)	230
- Unrealised	455	(710)

By Order of the Board  
Chen Bee Ling  
Company Secretary  
27 February 2018