

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

Quarterly report on results for the financial quarter ended 30 June 2013
The figures have not been audited.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	CUMULATIVE QUARTER 6 month CUMULATIVE TO DATE	6 month CUMULATIVE TO DATE
	30/06/13 RM'000	30/06/12 RM'000	30/06/13 RM'000	30/06/12 RM'000
Revenue	249,706	217,548	455,974	431,601
Cost of Sales	<u>(156,977)</u>	<u>(135,371)</u>	<u>(278,887)</u>	<u>(270,299)</u>
Gross Profit	92,729	82,177	177,087	161,302
Other Income	213	384	377	580
Distribution Expenses	(30,297)	(27,608)	(60,366)	(55,440)
Administrative Expenses	(5,534)	(6,486)	(11,671)	(12,780)
Other Operating Expenses	<u>(10,917)</u>	<u>(8,688)</u>	<u>(20,693)</u>	<u>(17,145)</u>
Results from Operating Activities	46,194	39,779	84,734	76,517
Finance Costs	(829)	(675)	(1,569)	(1,407)
Interest Income	1,402	1,485	2,813	2,596
Profit Before Taxation	46,767	40,589	85,978	77,706
Income Tax Expenses	<u>(12,193)</u>	<u>(10,599)</u>	<u>(22,382)</u>	<u>(20,250)</u>
Profit After Taxation	34,574	29,990	63,596	57,456
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	<u>34,574</u>	<u>29,990</u>	<u>63,596</u>	<u>57,456</u>
Profit Attributable to:				
Equity holders of the Company	34,574	29,990	63,596	57,456
Non-controlling interest	-	-	-	-
	<u>34,574</u>	<u>29,990</u>	<u>63,596</u>	<u>57,456</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>54.00</u>	<u>46.85</u>	<u>99.35</u>	<u>89.80</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 30 June 2013

CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/06/13 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/12 (Audited)
ASSETS	RM'000	RM'000
Property, plant and equipment	76,451	73,073
Intangible assets	1,063	1,191
TOTAL NON-CURRENT ASSETS	77,514	74,264
Inventories	98,136	86,781
Trade and other receivables	28,104	16,176
Prepayments	1,567	709
Cash and cash equivalents	178,197	204,844
	306,004	308,510
Assets classified as held for sale	325	-
TOTAL CURRENT ASSETS	306,329	308,510
TOTAL ASSETS	383,843	382,774
EQUITY		
Share capital	64,000	64,000
Retained profits	132,530	152,134
Attributable to equity holders of the Company	196,530	216,134
Non-controlling interest	-	-
TOTAL EQUITY	196,530	216,134
LIABILITIES		
Deferred tax liabilities	5,009	4,854
TOTAL NON-CURRENT LIABILITIES	5,009	4,854
Trade and other payables	161,896	146,538
Provision	209	168
Current tax liabilities	20,199	15,080
CURRENT LIABILITIES	182,304	161,786
TOTAL LIABILITIES	187,313	166,640
TOTAL EQUITY AND LIABILITIES	383,843	382,774
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.07	3.38

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

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CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2013

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Non- Controlling Interest RM'000	Total RM'000
<u>6 month ended 30 June 2013</u>					
Balance at beginning of period	64,000	152,134	216,134	-	216,134
Movements during the period	-	63,596	63,596	-	63,596
Dividends paid	-	(83,200)	(83,200)	-	(83,200)
Balance at end of period	64,000	132,530	196,530	-	196,530
<u>6 month ended 30 June 2012</u>					
Balance at beginning of period	64,000	195,154	259,154	-	259,154
Movements during the period	-	57,456	57,456	-	57,456
Dividends paid	-	(83,200)	(83,200)	-	(83,200)
Balance at end of period	64,000	169,410	233,410	-	233,410

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 30 June 2013

The figures have not been audited.

**CONDENSED STATEMENT OF CASH FLOW
For the period ended 30 June 2013**

	6 months ended 30/06/13 RM'000 (Unaudited)	6 months ended 30/06/12 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	443,568	426,955
Cash paid to suppliers and employees	(363,537)	(342,060)
Cash generated from operations	80,031	84,895
Income tax paid	(17,108)	(11,708)
Net cash generated from operating activities	62,923	73,187
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(7,551)	(1,883)
Additions of intangible assets	(68)	-
Proceeds from disposal of property, plant and equipment	5	90
Interest received	2,813	2,596
Net cash (used in) / generated from investing activities	(4,801)	803
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,569)	(1,407)
Dividends paid	(83,200)	(83,200)
Net cash used in financing activities	(84,769)	(84,607)
Net decrease in cash and cash equivalents	(26,647)	(10,617)
Cash and cash equivalents brought forward	204,844	193,143
Cash and cash equivalents carried forward	178,197	182,526
Cash and cash equivalents consist of:		
Cash and bank balances	15,997	36,526
Deposits placed with licensed banks	162,200	146,000
	178,197	182,526

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)
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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 2012.

These are the Company's interim financial statements for part of the period covered by the Company's first MFRS framework annual financial statements and MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards' had been applied.

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 2012 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 30/06/13 RM'000	Quarter ended 30/06/12 RM'000	Year to-date 30/06/13 RM'000	Year to-date 30/06/12 RM'000
In respect of the financial year ending 31 December 2013				
Interim dividends paid:				
- 50.00 sen (2012: 50.00 sen) per RM 1.00 ordinary share	32,000	32,000	32,000	32,000
Special interim dividend paid:				
- 80.00 sen (2012: 80.00 sen) per RM 1.00 ordinary share	51,200	51,200	51,200	51,200
	<hr/>	<hr/>	<hr/>	<hr/>
	83,200	83,200	83,200	83,200
Net dividend per share (sen)	130.00	130.00	130.00	130.00

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 30/06/13 RM'000	Quarter ended 30/06/12 RM'000
Segment profit		
Revenue	249,706	217,548
Profit After Taxation	34,574	29,990

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. Contingent Liabilities

There exist operating lease obligations by the Company amounting to RM13.4 million.

13. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30/06/13 RM'000	6 Month Year-to-date 30/06/13 RM'000
Sales to related parties	5,695	9,192
Purchases from related parties	30,661	53,766
Know-how, Trademark License and Management Support fees	8,566	15,624
Shared services from related parties	624	1,913

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)

- A. Revenue in the current quarter increased by 14.8% compared to the preceding year's corresponding quarter mainly due to strong sales in the Company's powder and liquid milk products. Profit before taxation for the current quarter was RM6.2 million higher at RM46.8 million attributed to the higher revenue for the quarter.
- B. Revenue for the first half year of 2013 grew by 5.6% compared to corresponding period in 2012. The growth was contributed by strong sales in the Company's powder and liquid products coupled with new product introductions, i.e chocolate drink in powder format and a new mid-premium growing up milk powder, Dutch Lady ActivGold. Profit before tax increased by 10.6% mainly contributed by the higher revenue and favourable sales mix.

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

The Company's revenue in the current quarter was 21.0% higher compared to the preceding quarter mainly contributed by higher sales of powder and liquid products. The profit before taxation for the current quarter was higher by RM 7.6 million mainly due to the higher sales volume during the quarter.

16. Business Prospects

Of concern are the increasing dairy raw material prices and the weakening of the Ringgit Malaysia. However, the Board of Directors of the Company is cautiously optimistic on its 2013 financial year performance given the strength of its Dutch Lady brand.

17. Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document

Not applicable.

18. Profit Forecast

The Company did not issue any profit forecast during the financial period under review.

19. Taxation

Taxation is made up as follows: -

	Quarter ended 30/06/13 RM'000	6 Month Year-to-date 30/06/13 RM'000
Income tax for current period	12,038	22,227
Deferred tax for current period	155	155
Total taxation	<u>12,193</u>	<u>22,382</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

	Quarter ended 30/06/13 RM'000	As at 31/12/12 RM'000
At 1 January	4,854	4,854
Recognised in the statement of comprehensive income	155	-
At 30 June 2013/31 December 2012	<u>5,009</u>	<u>4,854</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. Proposed Dividend

The Company did not propose any dividend for the current quarter.

25. Retained Profits

The breakdown of the retained profits of the Company as at 30 June 2013, 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 30/06/13 RM'000	Year to-date 31/12/12 RM'000
Total retained profits:		
- Realised profit	137,714	157,018
- Unrealised loss	(5,184)	(4,884)
Total retained profits as per statement of financial position	<u>132,530</u>	<u>152,134</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.

26. Earnings Per Share

	Current Quarter ended 30/06/13	Comparative Quarter ended 30/06/12	6 month Cumulative to-Date 30/06/13	6 month Cumulative to-Date 30/06/12
Basic earnings per share				
Profit for the period (RM'000)	34,574	29,990	63,596	57,456
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	54.00	46.85	99.35	89.80

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 30/06/13 RM'000	Year to- date 30/06/12 RM'000
Interest income	2,813	2,596
Interest expense	(1,569)	(1,407)
Depreciation of property, plant and equipment	(3,847)	(3,684)
Amortisation of intangible assets	(196)	(752)
Write down of inventories	(1,202)	(1,122)
(Loss)/Gain on disposal of property, plant and equipment	(2)	20
Net gain/(loss) on foreign exchange		
- Realised	187	(35)
- Unrealised	(175)	(65)

By Order of the Board
Izreen Fara Binti Ismail
Company Secretary
27 August 2013