

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

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	<b>INDIVIDUAL QUARTER CURRENT QUARTER ENDED</b>	<b>COMPARATIVE QUARTER ENDED</b>	<b>CUMULATIVE QUARTER 9 month CUMULATIVE TO DATE</b>	<b>9 month CUMULATIVE TO DATE</b>
	<b>30/09/13 RM'000</b>	<b>30/09/12 RM'000</b>	<b>30/09/13 RM'000</b>	<b>30/09/12 RM'000</b>
Revenue	263,759	224,793	719,733	656,393
Cost of Sales	<u>(166,077)</u>	<u>(139,347)</u>	<u>(444,964)</u>	<u>(409,646)</u>
Gross Profit	97,682	85,446	274,769	246,747
Other Income	411	194	788	774
Distribution Expenses	(24,820)	(28,215)	(85,186)	(83,655)
Administrative Expenses	(6,546)	(6,043)	(18,217)	(18,823)
Other Operating Expenses	<u>(10,688)</u>	<u>(8,947)</u>	<u>(31,381)</u>	<u>(26,091)</u>
Results from Operating Activities	56,039	42,435	140,773	118,952
Finance Costs	(868)	(744)	(2,437)	(2,151)
Interest Income	1,913	1,666	4,726	4,261
Profit Before Taxation	57,084	43,357	143,062	121,062
Income Tax Expenses	<u>(14,816)</u>	<u>(11,258)</u>	<u>(37,198)</u>	<u>(31,507)</u>
Profit After Taxation	42,268	32,099	105,864	89,555
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	<u>42,268</u>	<u>32,099</u>	<u>105,864</u>	<u>89,555</u>
Profit Attributable to:				
Equity holders of the Company	42,268	32,099	105,864	89,555
Non-controlling interest	-	-	-	-
	<u>42,268</u>	<u>32,099</u>	<u>105,864</u>	<u>89,555</u>
<b>EARNINGS PER SHARE</b>				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>66.05</u>	<u>50.15</u>	<u>165.40</u>	<u>139.95</u>

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

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**CONDENSED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT END OF CURRENT QUARTER 30/09/13 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/12 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	74,942	73,073
Intangible assets	1,531	1,191
<b>TOTAL NON-CURRENT ASSETS</b>	<b>76,473</b>	<b>74,264</b>
Inventories	108,183	86,781
Trade and other receivables	24,616	16,176
Prepayments	2,805	709
Cash and cash equivalents	215,480	204,844
	<b>351,084</b>	<b>308,510</b>
Assets classified as held for sale	636	-
<b>TOTAL CURRENT ASSETS</b>	<b>351,720</b>	<b>308,510</b>
<b>TOTAL ASSETS</b>	<b>428,193</b>	<b>382,774</b>
<b>EQUITY</b>		
Share capital	64,000	64,000
Retained profits	174,798	152,134
Attributable to equity holders of the Company	<b>238,798</b>	<b>216,134</b>
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>238,798</b>	<b>216,134</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	5,009	4,854
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,009</b>	<b>4,854</b>
Trade and other payables	167,779	146,538
Provision	156	168
Current tax liabilities	16,451	15,080
<b>CURRENT LIABILITIES</b>	<b>184,386</b>	<b>161,786</b>
<b>TOTAL LIABILITIES</b>	<b>189,395</b>	<b>166,640</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>428,193</b>	<b>382,774</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.73	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 September 2013**

	<u>Share Capital</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Attributable to equity holders of the Company</u> RM'000	<u>Non- Controlling Interest</u> RM'000	<u>Total</u> RM'000
<u>9 month ended 30 September 2013</u>					
Balance at beginning of period	64,000	152,134	216,134	-	216,134
Movements during the period	-	105,864	105,864	-	105,864
Dividends paid	-	(83,200)	(83,200)	-	(83,200)
Balance at end of period	<u>64,000</u>	<u>174,798</u>	<u>238,798</u>	<u>-</u>	<u>238,798</u>
<u>9 month ended 30 September 2012</u>					
Balance at beginning of period	64,000	195,154	259,154	-	259,154
Movements during the period	-	89,555	89,555	-	89,555
Dividends paid	-	(83,200)	(83,200)	-	(83,200)
Balance at end of period	<u>64,000</u>	<u>201,509</u>	<u>265,509</u>	<u>-</u>	<u>265,509</u>

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

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

	9 months ended 30/09/13 RM'000 (Unaudited)	9 months ended 30/09/12 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	709,947	665,540
Cash paid to suppliers and employees	(573,220)	(519,933)
	<hr/>	<hr/>
Cash generated from operations	136,727	145,607
Income tax paid	(35,672)	(27,065)
	<hr/>	<hr/>
Net cash generated from operating activities	101,055	118,542
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(9,024)	(2,951)
Additions of intangible assets	(618)	-
Proceeds from disposal of property, plant and equipment	134	151
Interest received	4,726	4,261
	<hr/>	<hr/>
Net cash (used in) / generated from investing activities	(4,782)	1,461
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,437)	(2,151)
Dividends paid	(83,200)	(83,200)
	<hr/>	<hr/>
Net cash used in financing activities	(85,637)	(85,351)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	10,636	34,652
Cash and cash equivalents brought forward	204,844	193,143
	<hr/>	<hr/>
Cash and cash equivalents carried forward	215,480	227,795
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	16,980	19,495
Deposits placed with licensed banks	198,500	208,300
	<hr/>	<hr/>
	215,480	227,795
	<hr/>	<hr/>

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

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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 30/09/13 RM'000	Quarter ended 30/09/12 RM'000	Year to-date 30/09/13 RM'000	Year to-date 30/09/12 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
Special interim dividend paid:				
- 80.00 sen (2012: 80.00 sen) per RM 1.00 ordinary share	-	-	51,200	51,200
			<hr/>	<hr/>
	-	-	83,200	83,200
Net dividend per share (sen)	-	-	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 30/09/13 RM'000	Quarter ended 30/09/12 RM'000
<b>Segment profit</b>		
Revenue	263,759	224,793
Profit After Taxation	42,268	32,099

## 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

The existing operating lease obligations by the Company amounting to RM13.5 million.

### 13. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30/09/13 RM'000	9 Month Year-to-date 30/09/13 RM'000
Sales to related parties	6,143	15,335
Purchases from related parties	47,643	101,409
Know-how, Trademark License and Management Support fees	7,805	23,429
Shared services from related parties	2,410	4,323

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 17.3% 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 RM13.7 million higher at RM57.1 million attributed to the higher revenue for the quarter.
- B. Revenue for the first 9 month of 2013 grew by 9.6% compared to corresponding period in 2012. The growth was contributed by strong sales in the Company's powder and liquid products. Profit before tax increased by 18.2% 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 5.6% higher compared to the preceding quarter mainly contributed by higher sales of powder and liquid products, coupled with the relaunch of Friso range of powder products. The profit before taxation for the current quarter was higher by RM 10.3 million mainly due to the higher revenue and lower operating expenses during the quarter.

### 16. Business Prospects

The Board of Directors of the Company is optimistic on its 2013 financial year performance despite the concerns on increasing dairy raw material prices and the weakening of the Ringgit Malaysia 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 30/09/13 RM'000	9 Month Year-to-date 30/09/13 RM'000
Income tax for current period	14,816	37,043
Deferred tax for current period	-	155
Total taxation	<u>14,816</u>	<u>37,198</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 30/09/13 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 September 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. Financial Instruments

### Derivatives

As at 30 September 2013, the foreign exchange contracts which have been entered into by the Company are as follows:

Forward exchange contracts	Nominal Value (RM'000)	Assets (RM'000)	Liabilities (RM'000)
Derivatives held for trading at fair value through profit or loss for US Dollar	23,800	220	190

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.

There are no comparative figures in 2012.

## 25. Proposed Dividend

The Board of Directors declared on 26 November 2013 the payment of a single-tier standard interim dividend of 50.00 sen per ordinary share of RM1.00 each, amounting to RM 32.0 million and a single-tier special interim dividend of 80.00 sen per ordinary share of RM1.00 each, amounting to RM 51.2 million in respect of the financial year ending 31 December 2013.

The proposed dividends will be paid on 27 December 2013 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 13 December 2013.

## 26. Retained Profits

The breakdown of the retained profits of the Company as at 30 September 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 30/09/13 RM'000	Year to-date 31/12/12 RM'000
Total retained profits:		
- Realised profit	180,324	157,018
- Unrealised loss	(5,526)	(4,884)
Total retained profits as per statement of financial position	<u>174,798</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.

## 27. Earnings Per Share

	Current Quarter ended 30/09/13	Comparative Quarter ended 30/09/12	9 month Cumulative to-Date 30/09/13	9 month Cumulative to-Date 30/09/12
<b>Basic earnings per share</b>				
Profit for the period (RM'000)	42,268	32,099	105,864	89,555
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	66.05	50.15	165.40	139.95

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.

## 28. Notes to the Condensed Statement of Comprehensive Income

	Year to- date 30/09/13 RM'000	Year to- date 30/09/12 RM'000
Interest income	4,726	4,261
Finance costs	(2,437)	(2,151)
Depreciation of property, plant and equipment	(5,881)	(5,541)
Amortisation of intangible assets	(308)	(1,155)
Write (down)/back of inventories	(303)	893
Gain/(Loss) on disposal of property, plant and equipment	40	(27)
Gain arising from cash flow hedge	30	
Net gain/(loss) on foreign exchange		
- Realised	590	(42)
- Unrealised	(517)	(227)

By Order of the Board  
Izreen Fara Binti Ismail  
Company Secretary  
26 November 2013