

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

For the financial period ended 30 September 2014  
(The figures have not been audited.)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	9 months TO DATE	9 months TO DATE
	30/09/14 RM'000	30/09/13 RM'000	30/09/14 RM'000	30/09/13 RM'000
Revenue	240,491	263,759	736,402	719,733
Cost of Sales	<u>(164,773)</u>	<u>(166,077)</u>	<u>(499,408)</u>	<u>(444,964)</u>
Gross Profit	75,718	97,682	236,994	274,769
Other Income	175	411	1,549	788
Distribution Expenses	(23,623)	(24,820)	(86,858)	(85,186)
Administrative Expenses	(6,288)	(6,546)	(19,203)	(18,217)
Other Operating Expenses	<u>(7,359)</u>	<u>(10,688)</u>	<u>(30,136)</u>	<u>(31,381)</u>
Results from Operating Activities	38,623	56,039	102,346	140,773
Finance Costs	(897)	(868)	(2,550)	(2,437)
Interest Income	854	1,913	2,756	4,726
Profit Before Taxation	38,580	57,084	102,552	143,062
Income Tax Expenses	<u>(10,031)</u>	<u>(14,816)</u>	<u>(26,663)</u>	<u>(37,198)</u>
Profit After Taxation	28,549	42,268	75,889	105,864
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	<u>28,549</u>	<u>42,268</u>	<u>75,889</u>	<u>105,864</u>
Profit Attributable to:				
Equity holders of the Company	28,549	42,268	75,889	105,864
Non-controlling interest	-	-	-	-
	<u>28,549</u>	<u>42,268</u>	<u>75,889</u>	<u>105,864</u>
<b>EARNINGS PER SHARE</b>				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>44.60</u>	<u>66.05</u>	<u>118.60</u>	<u>165.40</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

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

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF FINANCIAL POSITION**

As At 30 September 2014

	<b>AS AT 30/09/14 (Unaudited)</b>	<b>AS AT 31/12/13 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	80,055	77,176
Intangible assets	1,756	1,557
<b>TOTAL NON-CURRENT ASSETS</b>	<b>81,811</b>	<b>78,733</b>
Inventories	130,688	113,208
Trade and other receivables	51,024	35,482
Prepayments	883	583
Derivatives financial assets	1,392	185
Cash and cash equivalents	126,668	187,641
<b>TOTAL CURRENT ASSETS</b>	<b>310,655</b>	<b>337,099</b>
Assets classified as held for sale	-	629
<b>TOTAL CURRENT ASSETS</b>	<b>310,655</b>	<b>337,728</b>
<b>TOTAL ASSETS</b>	<b>392,466</b>	<b>416,461</b>
<b>EQUITY</b>		
Share capital	64,000	64,000
Retained profits	129,487	123,998
Attributable to equity holders of the Company	193,487	187,998
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>193,487</b>	<b>187,998</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	5,882	5,695
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,882</b>	<b>5,695</b>
Trade and other payables	190,035	206,785
Provision	214	173
Derivatives financial liabilities	-	108
Current tax liabilities	2,848	15,702
<b>CURRENT LIABILITIES</b>	<b>193,097</b>	<b>222,768</b>
<b>TOTAL LIABILITIES</b>	<b>198,979</b>	<b>228,463</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>392,466</b>	<b>416,461</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.02	2.94

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

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

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY****For the financial period ended 30 September 2014**  
**(The figures have not been audited.)**

	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
<b>9 months ended 30 September 2014</b>					
Balance at beginning of period	64,000	123,998	187,998	-	187,998
Movements during the period	-	75,889	75,889	-	75,889
Dividends paid	-	(70,400)	(70,400)	-	(70,400)
Balance at end of period	<u>64,000</u>	<u>129,487</u>	<u>193,487</u>	<u>-</u>	<u>193,487</u>
<b>9 months ended 30 September 2013</b>					
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>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

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

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CASH FLOW****For the financial period ended 30 September 2014  
(The figures have not been audited.)**

	<b>9 months TO DATE  30/09/14 RM'000</b>	<b>9 months TO DATE  30/09/13 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	721,334	709,947
Cash paid to suppliers and employees	(664,883)	(573,220)
	<hr/>	<hr/>
Cash generated from operations	56,451	136,727
Income tax paid	(39,330)	(35,672)
	<hr/>	<hr/>
Net cash generated from operating activities	17,121	101,055
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(8,914)	(9,024)
Additions of intangible assets	(482)	(618)
Proceeds from disposal of property, plant and equipment and asset held for sale	1,496	134
Interest received	2,756	4,726
	<hr/>	<hr/>
Net cash used in investing activities	(5,144)	(4,782)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,550)	(2,437)
Dividends paid	(70,400)	(83,200)
	<hr/>	<hr/>
Net cash used in financing activities	(72,950)	(85,637)
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	(60,973)	10,636
Cash and cash equivalents brought forward	187,641	204,844
	<hr/>	<hr/>
Cash and cash equivalents carried forward	126,668	215,480
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	7,568	16,980
Deposits placed with licensed banks	119,100	198,500
	<hr/>	<hr/>
	126,668	215,480
	<hr/>	<hr/>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

**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 2013.

The Company has adopted and applied MFRS 1 - 'First-time Adoption of Malaysian Financial Reporting Standards.

**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 2013 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 30/09/14 RM'000	Quarter ended 30/09/13 RM'000	Year to-date 30/09/14 RM'000	Year to-date 30/09/13 RM'000
In respect of the financial year ending 31 December 2014				
Interim dividends paid:				
- 50.00 sen (2013: 50.00 sen) per RM 1.00 ordinary share	-	-	32,000	32,000
Special interim dividend paid:				
- 60.00 sen (2013: 80.00 sen) per RM 1.00 ordinary share	-	-	38,400	51,200
			<hr/>	<hr/>
	-	-	70,400	83,200
Net dividend per share (sen)	-	-	110.00	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 30/09/14 RM'000	Quarter ended 30/09/13 RM'000
<b>Segment profit</b>		
Revenue	240,491	263,759
Profit After Taxation	28,549	42,268

## 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 Leases**

The existing operating lease obligations by the Company amounting to RM16.8 million.

### **13. Related Party Transactions**

The following are significant related party transactions:-

	Quarter ended 30/09/14 RM'000	Quarter ended 30/09/13 RM'000
Sales to related parties	5,988	6,143
Purchases from related parties	88,109	47,643
Know-how, Trademark License and Management Support fees	6,080	7,805
Shared services from related parties	1,366	2,410

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 decreased by 8.8% compared to the preceding year's corresponding quarter due to lower volume sales in a competitive market environment and less robust consumer confidence. Profit before taxation for the current quarter was RM18.5 million lower compared to last year same quarter at RM38.6 million due to lower sales as well as increase in dairy based commodity prices that had reduced product margin.
- B. Revenue for the first 9 months of 2014 grew by 2.3% compared to corresponding period in 2013. The growth was contributed by the new product introductions and upward price adjustment on existing products. Profit before tax had decreased by 28.3% attributed to higher dairy based commodity prices and weakening of the Malaysian Ringgit.

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

The Company's revenue in the current quarter was 10.3% lower compared to the preceding quarter mainly contributed by lower volume sales. Nevertheless the profit before taxation for the current quarter had increased by RM 5.8 million mainly due to cost management and favourable movement in raw material purchases.

### **16. Business Prospects**

The business environment is expected to remain competitive against the backdrop of less robust consumer confidence. Despite the ongoing business challenges, the Company remains committed to leveraging the strength of the Dutch Lady brand by innovating and renovating the product portfolio as well as enhancing higher productivity.

**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 30/09/14 RM'000	9 Month Year-to-date 30/09/14 RM'000
Income tax for current period	10,031	26,476
Deferred tax for current period	-	187
Total taxation	<u>10,031</u>	<u>26,663</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 30/09/14 RM'000	As at 31/12/13 RM'000
At 1 January	5,695	4,854
Recognised in the statement of comprehensive income	187	841
At period end	<u>5,882</u>	<u>5,695</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	Quarter ended 30/09/14 RM'000	As at 31/12/13 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	100,896	29,396
Assets	1,392	185
Liabilities	-	108

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 25 November 2014, the Company has declared a standard interim dividend and special interim dividend in respect of the financial year ending 31 December 2014 as follows:-

- a) A standard single-tier interim dividend of 50.0 sen per RM1.00 ordinary share amounting to RM32.0 million, and
- b) A special single-tier interim dividend of 60.0 sen per RM1.00 ordinary share amounting to RM38.4 million.

All shareholders whose names appear on the Record of Depositors on 12 December 2014 shall be paid the above dividends on 26 December 2014.

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

- a) Securities transferred to the Depositor's Securities Account before 4.00pm on 12 December 2014, 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. Retained Profits

The breakdown of the retained profits of the Company as at 30 September 2014, 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 30/09/14 RM'000	Year to-date 31/12/13 RM'000
Total retained profits:		
- Realised profit	134,440	129,867
- Unrealised loss	(4,953)	(5,869)
Total retained profits as per statement of financial position	<u>129,487</u>	<u>123,998</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 30/09/14	Comparative Quarter ended 30/09/13	9 month Cumulative to-Date 30/09/14	9 month Cumulative to-Date 30/09/13
<b>Basic earnings per share</b>				
Profit for the period (RM'000)	28,549	42,268	75,889	105,864
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	44.60	66.05	118.60	165.40

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 30/09/14 RM'000	Year to- date 30/09/13 RM'000
Interest income	2,756	4,726
Finance costs	(2,550)	(2,437)
Depreciation of property, plant and equipment	(6,031)	(5,881)
Amortisation of intangible assets	(291)	(308)
Impairment loss reversed on intangible assets	98	31
Loss on disposal of intangible assets	(90)	-
Write down of inventories	(1,348)	(3,071)
Gain on disposal of property, plant and equipment	8	43
Gain on disposal of asset held for sale	856	-
Gain / (loss) arising from cash flow hedge		
- Realised	(77)	30
- Unrealised	1,392	-
Loss on foreign exchange		
- Realised	(1,130)	(1,503)
- Unrealised	(463)	(517)

By Order of the Board  
Izreen Fara Binti Ismail  
Company Secretary  
25 November 2014