

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 March 2017
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	3 months TO DATE	3 months TO DATE
	31/03/17 RM'000	31/03/16 RM'000	31/03/17 RM'000	31/03/16 RM'000
Revenue	250,100	249,786	250,100	249,786
Cost of Sales	<u>(147,457)</u>	<u>(141,157)</u>	<u>(147,457)</u>	<u>(141,157)</u>
Gross Profit	102,643	108,629	102,643	108,629
Other Income	-	291	-	291
Distribution Expenses	(39,700)	(37,440)	(39,700)	(37,440)
Administrative Expenses	(6,656)	(5,595)	(6,656)	(5,595)
Other Operating Expenses	<u>(14,438)</u>	<u>(20,686)</u>	<u>(14,438)</u>	<u>(20,686)</u>
Results from Operating Activities	41,850	45,199	41,850	45,199
Finance Costs	(631)	(752)	(631)	(752)
Interest Income	884	1,340	884	1,340
Profit Before Taxation	<u>42,103</u>	<u>45,787</u>	<u>42,103</u>	<u>45,787</u>
Income Tax Expenses	<u>(10,182)</u>	<u>(11,899)</u>	<u>(10,182)</u>	<u>(11,899)</u>
Profit After Taxation	<u>31,921</u>	<u>33,888</u>	<u>31,921</u>	<u>33,888</u>
Profit for the period/Total comprehensive income for the period	<u>31,921</u>	<u>33,888</u>	<u>31,921</u>	<u>33,888</u>
Profit Attributable to:				
Equity holders of the Company	31,921	33,888	31,921	33,888
Non-controlling interest	-	-	-	-
	<u>31,921</u>	<u>33,888</u>	<u>31,921</u>	<u>33,888</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>49.90</u>	<u>52.95</u>	<u>49.90</u>	<u>52.95</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 March 2017

	AS AT 31/03/17 RM'000 (Unaudited)	AS AT 31/12/16 RM'000 (Audited)
ASSETS		
Property, plant and equipment	93,342	95,657
Intangible assets	5,305	5,807
TOTAL NON-CURRENT ASSETS	98,647	101,464
Inventories	131,683	112,993
Trade and other receivables	104,360	90,581
Prepayments	2,333	2,184
Derivatives financial assets	-	-
Cash and cash equivalents	187,446	213,619
TOTAL CURRENT ASSETS	425,822	419,377
TOTAL ASSETS	<u>524,469</u>	<u>520,841</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	133,414	101,493
Attributable to equity holders of the Company	197,414	165,493
TOTAL EQUITY	197,414	165,493
LIABILITIES		
Deferred tax liabilities	6,453	6,958
TOTAL NON-CURRENT LIABILITIES	6,453	6,958
Trade and other payables	308,670	335,360
Provision	162	155
Derivatives financial liabilities	1,029	71
Current tax liabilities	10,741	12,804
CURRENT LIABILITIES	320,602	348,390
TOTAL LIABILITIES	327,055	355,348
TOTAL EQUITY AND LIABILITIES	<u>524,469</u>	<u>520,841</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>3.08</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 EQUITYFor the financial quarter ended 31 March 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
<u>3 months ended 31 March 2017</u>				
Balance at beginning of period	64,000	101,493	165,493	165,493
Movements during the period	-	31,921	31,921	31,921
Dividends paid	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>133,414</u>	<u>197,414</u>	<u>197,414</u>
<u>3 months ended 31 March 2016</u>				
Balance at beginning of period	64,000	93,219	157,219	157,219
Movements during the period	-	33,888	33,888	33,888
Dividends paid	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>127,107</u>	<u>191,107</u>	<u>191,107</u>

(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 FLOWFor the financial quarter ended 31 March 2017
(The figures have not been audited)

	3 months TO DATE	3 months TO DATE
	31/03/17 RM'000	31/03/16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	236,173	239,801
Cash paid to suppliers and employees	(249,595)	(218,280)
	<hr/>	<hr/>
Cash generated from operations	(13,422)	21,521
Income tax paid	(12,750)	(11,900)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	(26,172)	9,621
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(254)	(352)
Additions of intangible assets	-	(585)
Proceeds from disposal of property, plant and equipment	-	-
Interest received	884	1,340
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	630	403
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(631)	(752)
Dividends paid	-	-
	<hr/>	<hr/>
Net cash used in financing activities	(631)	(752)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(26,173)	9,272
Cash and cash equivalents brought forward	213,619	160,391
	<hr/>	<hr/>
Cash and cash equivalents carried forward	187,446	169,663
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	12,946	8,063
Deposits placed with licensed banks	174,500	161,600
	<hr/>	<hr/>
	187,446	169,663
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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

There were no dividends paid for the financial period under review.

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 31/03/17 RM'000	Quarter ended 31/03/16 RM'000
Segment profit		
Revenue	250,100	249,786
Profit After Taxation	31,921	33,888

10. **Capital Commitments**

	As at 31/03/17 RM'000	As at 31/03/16 RM'000
Property, plant and equipment		
Authorised but not contracted for	17,788	18,789
Contracted but not provided for	1,866	98

11. **Subsequent Events**

On 27 April 2017, the Company has declared a one-off extra-ordinary interim dividend in respect of the financial year ending 31 December 2017 of RM0.60 per share amounting to RM38.4 million.

All shareholders whose names appear on the Record of Depositors on 15 May 2017 shall be paid the above dividends on 31 May 2017.

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

- Securities transferred to the Depositor's Securities Account before 5.00pm on 15 May 2017, in respect of ordinary transfers; and
- Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

12. **Changes in Composition of the Company**

There were no changes in the composition of the Company during the financial period under review.

13. **Operating Lease**

The existing operating lease obligations by the Company amount to RM7.2 million.

14. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31/03/17 RM'000	Quarter ended 31/03/16 RM'000
Sales to related parties	5,196	3,788
Purchases from related parties	108,316	99,121
Know-how, Trademark License and Management Support fees	6,370	6,578
Shared services from related parties	3,863	2,540

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

15. Review of Results (Against preceding year corresponding period)

Revenue in the current quarter maintained at preceding year's corresponding quarter despite the challenging market. Lower Profit Before Tax by 8% compared to last year, due to higher material prices and investments in advertisement and promotion.

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

Lower revenue by 7.9% versus previous quarter due to less selling days given festive period and general challenging economic conditions. Lower Profit before tax by 12.8% due to lower revenue and increase in material costs.

17. Business Prospects

A. Current Prospects

We foresee it to be another challenging year ahead of us, in light of the current economic outlook, higher material prices and weak Malaysian Ringgit. 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.

18. Statement of the Board of Directors' Opinion on Achievability of Financial Estimate, Forecast, Projection and Internal Targets Previously Announced

Not applicable.

19. Financial Estimate, Forecast or Projection / Profit Guarantee

There was no financial estimate, forecast or projection and profit guarantee issued by the Company.

20. Taxation

Taxation is made up as follows: -

	Quarter ended 31/03/17 RM'000	Quarter ended 31/03/16 RM'000
Income tax for current period	10,687	11,899
Deferred tax for current period	(505)	-
Total taxation	<u>10,182</u>	<u>11,899</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.

21. Deferred Tax Liabilities

	As At 31/03/17 RM'000	As at 31/03/16 RM'000
At 1 January	6,958	6,394
Recognised in the statement of comprehensive income	(505)	-
At period end	<u>6,453</u>	<u>6,394</u>

22. Corporate Proposals

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

23. Company Borrowings

There were no borrowings or debt securities as at the end of the financial period under review.

24. Material Litigation

There were no material litigations against the Company during the financial period under review.

25. Financial Instruments

Derivatives

The foreign exchange contracts which have been entered into by the Company are as follows:

Forward exchange contracts	As At 31/03/17 RM'000	As at 31/03/16 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	106,756	83,307
Assets	-	-
Liabilities	1,029	7,042

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.

26. Proposed Dividend

On 28 February 2017, the Company has declared a standard interim dividend and special interim dividend in respect of the financial year ending 31 December 2017 as follows:-

- A standard single-tier interim dividend of RM0.50 per share amounting to RM32.0 million, and
- 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 31 March 2017 shall be paid the above dividends on 21 April 2017.

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

- Securities transferred to the Depositor's Securities Account before 5.00pm on 31 March 2017, in respect of ordinary transfers; and
- Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

27. Retained Profits

The breakdown of the retained profits of the Company as at 31 December 2016, 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 31/03/17 RM'000	Year to-date 31/03/16 RM'000
Total retained profits:		
- Realised profit	141,075	138,554
- Unrealised loss	(7,661)	(11,447)
Total retained profits as per statement of financial position	<u>133,414</u>	<u>127,107</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.

28.

28. Earnings Per Share

	Quarter ended 31/03/17	Quarter ended 31/03/16
Basic earnings per share		
Profit for the period (RM'000)	31,921	33,888
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	49.90	52.95

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.

29. Notes to the Condensed Statement of Comprehensive Income

	Year to- date 31/03/17 RM'000	Year to- date 31/03/16 RM'000
Interest income	884	1,340
Finance costs	(631)	(752)
Depreciation of property, plant and equipment	(2,651)	(2,458)
Amortisation of intangible assets	(420)	(429)
Write back/(down) of inventories	1,318	1,455
Gain/(Loss) on disposal of property, plant and equipment	-	-
Net gain/(loss) on derivatives	(959)	(7,097)
Net foreign exchange gain/(loss)		
- Realised	(336)	(1,724)
- Unrealised	(179)	1,989

By Order of the Board
Izreen Fara Binti Ismail
Company Secretary
27 April 2017