

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 December 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	12 months TO DATE	12 months TO DATE
	31/12/18 (Unaudited) RM'000	31/12/17 (Unaudited) RM'000	31/12/18 (Unaudited) RM'000	31/12/17 (Audited) RM'000
Revenue	271,154	269,060	1,048,568	1,064,536
Cost of Sales	(166,906)	(172,657)	(632,317)	(663,372)
Gross Profit	104,248	96,403	416,251	401,164
Other Income	549	(34)	10,494	-
Distribution Expenses	(43,005)	(40,134)	(162,522)	(149,930)
Administrative Expenses	(6,265)	(7,244)	(28,764)	(27,389)
Other Operating Expenses	(15,742)	(18,997)	(61,594)	(66,440)
Results from Operating Activities	39,785	29,994	173,865	157,405
Finance Costs	(1,034)	(777)	(3,431)	(2,995)
Interest Income	101	762	858	3,109
Profit Before Taxation	38,852	29,979	171,292	157,519
Income Tax Expenses	(8,549)	(8,999)	(41,843)	(39,802)
Profit After Taxation	30,303	20,980	129,449	117,717
Profit for the period/Total comprehensive income for the period	30,303	20,980	129,449	117,717
Profit Attributable to:				
Equity holders of the Company	30,303	20,980	129,449	117,717
Non-controlling interest	-	-	-	-
	30,303	20,980	129,449	117,717
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	47.35	32.80	202.30	183.90

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 31 December 2018

	AS AT 31/12/18 RM'000 (Unaudited)	AS AT 31/12/17 RM'000 (Audited)
ASSETS		
Property, plant and equipment	122,297	100,799
Intangible assets	2,956	4,678
TOTAL NON-CURRENT ASSETS	125,253	105,477
Inventories	131,050	115,839
Trade and other receivables	112,381	106,730
Prepayments	3,819	2,873
Derivatives financial assets	190	-
Cash and cash equivalents	32,109	61,339
TOTAL CURRENT ASSETS	279,549	286,781
TOTAL ASSETS	404,802	392,258
EQUITY		
Share capital	64,000	64,000
Retained profits	41,459	40,010
Attributable to equity holders of the Company	105,459	104,010
TOTAL EQUITY	105,459	104,010
LIABILITIES		
Deferred tax liabilities	6,539	6,608
TOTAL NON-CURRENT LIABILITIES	6,539	6,608
Trade and other payables	266,388	270,306
Provision	191	178
Derivatives financial liabilities	1,059	3,181
Current tax liabilities	9,994	7,975
Drawdown of overdraft	15,172	-
CURRENT LIABILITIES	292,804	281,640
TOTAL LIABILITIES	299,343	288,248
TOTAL EQUITY AND LIABILITIES	404,802	392,258
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.65	1.63

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITYFor the financial quarter ended 31 December 2018
(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
12 months ended 31 December 2018				
Balance at beginning of period	64,000	40,010	104,010	104,010
Movements during the period	-	129,449	129,449	129,449
Dividend payable	-	-	-	-
Dividends paid	-	(128,000)	(128,000)	(128,000)
Balance at end of period	64,000	41,459	105,459	105,459
12 months ended 31 December 2017				
Balance at beginning of period	64,000	101,493	165,493	165,493
Movements during the period	-	117,717	117,717	117,717
Dividend payable	-	-	-	-
Dividends paid	-	(179,200)	(179,200)	(179,200)
Balance at end of period	64,000	40,010	104,010	104,010

(The Condensed Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 31 December 2018

	12 months TO DATE	12 months TO DATE
	31/12/18 (Unaudited) RM'000	31/12/17 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	1,057,103	1,047,700
Cash paid to suppliers and employees	(896,759)	(959,633)
	<hr/>	<hr/>
Cash generated from operations	160,344	88,067
Income tax paid	(39,893)	(44,981)
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Net cash generated from/(used in) operating activities	120,451	43,086
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(34,264)	(15,683)
Additions of intangible assets	(15)	(597)
Interest received	858	3,109
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(33,421)	(13,171)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(3,431)	(2,995)
Dividends paid	(128,000)	(179,200)
	<hr/>	<hr/>
Net cash used in financing activities	(131,431)	(182,195)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(44,401)	(152,280)
Cash and cash equivalents brought forward	61,339	213,619
	<hr/>	<hr/>
Cash and cash equivalents carried forward	16,938	61,339
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	32,109	24,839
Bank overdraft	(15,172)	-
Deposits placed with licensed banks	-	36,500
	<hr/>	<hr/>
	16,937	61,339
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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 2017)

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 2017.

The accounting policies and methods of computation are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2017 except for the newly issued Malaysia Financial Reporting Standards (MFRS), interpretations and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2018:

- MFRS 15: Revenue from Contracts with Customers
- MFRS 9: Financial Instruments

The adoption of the above did not have any significant effect on the interim financial statements upon their initial application. The Company has adopted the standards retrospectively from 1 January 2018, with the practical expedients permitted under the standards. Comparatives for 2017 are not restated.

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 2017 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.

5. 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.

6. 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.

7. Dividends

	Quarter ended 31/12/18 RM'000	Quarter ended 31/12/17 RM'000	Year to-date 31/12/18 RM'000	Year to-date 31/12/17 RM'000
In respect of the financial year ending 31 December 2018				
Single tier first interim dividend paid: - 50.00 sen (2017: 50.00 sen) per RM 1.00 ordinary share	-	-	32,000	32,000
Single tier first special interim dividend paid: - 60.00 sen (2017: 60.00 sen) per RM 1.00 ordinary share	-	-	38,400	38,400
One-time extraordinary interim dividend paid - NIL (2017: 60.00 sen) per RM 1.00 ordinary share	-	-	-	38,400
Single tier second interim dividend paid: - 50.00 sen (2017: 50.00 sen) per RM 1.00 ordinary share	32,000	32,000	32,000	32,000
Single tier second special interim dividend paid: - 40.00 sen (2017: 60.00 sen) per RM 1.00 ordinary share	25,600	38,400	25,600	38,400
Total	57,600	70,400	128,000	179,200
Net dividend per share (sen)	90.00	110.00	200.00	280.00

8. 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 31/12/18 RM'000	Quarter ended 31/12/17 RM'000
Segment profit		
Revenue	271,154	269,060
Profit After Taxation	30,303	20,980

9. Capital Commitments

	As at 31/12/18 RM'000	As at 31/12/17 RM'000
Property, plant and equipment		
Authorised but not contracted for	13,880	31,248
Contracted but not provided for	5,256	-

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 RM 3.9 million.

13. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31/12/18 RM'000	Quarter ended 31/12/17 RM'000
Sales to related parties	7,994	3,758
Purchases from related parties	115,583	90,310
Know-how, Trademark License and Management Support fees	6,707	6,856
Shared services from related parties	4,909	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)

RM '000	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	12 Months To Date	12 Months To Date	Changes TY vs LY
	31/12/18	31/12/17	%	31/12/18	31/12/17	%
Revenue	271,154	269,060	0.8%	1,048,568	1,064,536	-1.5%
Operating Profit	39,785	29,994	32.6%	173,865	157,405	10.5%
Profit Before Interest and Tax	38,752	29,217	32.6%	170,434	154,410	10.4%
Profit Before Taxation	38,853	29,979	29.6%	171,292	157,519	8.7%
Profit After Taxation	30,303	20,980	44.4%	129,449	117,717	10.0%
Attributable to Ordinary Equity Holders of the parent	30,303	20,980	44.4%	129,449	117,717	10.0%

Current quarter revenue increased by 0.8% versus Q4 2017. Full year volume growth (in kilograms) of 3% versus 2017 driven by investment in strategic pricing to ensure affordability.

Full year revenue declined by 1.5%, however, profit before tax increased by 29.6% for the quarter and 8.7% full year respectively, attributed by lower input costs driven by favorable exchange rate and better dairy prices against the corresponding period.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q4 vs Q3
	31/12/18	30/09/18	%
Revenue	271,154	257,052	5.5%
Operating Profit	39,785	46,328	-14.1%
Profit Before Interest and Tax	38,752	45,367	-14.6%
Profit Before Taxation	38,853	45,555	-14.7%
Profit After Taxation	30,303	33,458	-9.4%
Attributable to Ordinary Equity Holders of the parent	30,303	33,458	-9.4%

Lower profit before tax by 14.7% were driven by currency weakness and increase in dairy prices.

16. Business Prospects

A. 2019 Prospects

The overall domestic market is expected to remain challenging as the market will be impacted by global uncertainties and weak domestic consumer sentiment. We recognise the importance of continuously investing to build our brands and its quality offerings to win the hearts of our Malaysian consumers. At the same time the company will continue to realign its 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 31/12/18 RM'000	Quarter ended 31/12/17 RM'000
Income tax for current period	7,259	7,745
Deferred tax for current period	1,290	1,254
Total taxation	<u>8,549</u>	<u>8,999</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 31/12/18 RM'000	As at 31/12/17 RM'000
At 1 January	6,608	6,958
Recognised in the statement of comprehensive income	(69)	(350)
At period end	<u>6,539</u>	<u>6,608</u>

21. Corporate Proposals

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

22. Company Borrowings

	As at 31/12/18 RM'000	As at 31/12/17 RM'000
Unsecured short term borrowing		
Bank overdraft	<u>15,172</u>	<u>-</u>

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 31/12/18 RM'000	As at 31/12/17 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	120,132	76,031
Assets	190	-
Liabilities	1,059	3,181

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. Earnings Per Share

	Quarter ended 31/12/18	Quarter ended 31/12/17
Basic earnings per share		
Profit for the period (RM'000)	30,303	20,980
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	47.30	32.80

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.

26. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 31/12/18 RM'000	Year to-date 31/12/17 RM'000
Interest income	858	3,109
Finance costs	(3,431)	(2,995)
Depreciation of property, plant and equipment	(12,806)	(10,591)
Amortisation of intangible assets	(1,558)	(1,644)
Write back/(down) of inventories	(1,038)	2,830
Property, plant and equipment written off	(138)	-
Gain/(Loss) on disposal of property, plant & equipment	-	(32)
Net gain/(loss) on derivatives	2,311	(3,110)
Net foreign exchange gain/(loss)		
- Realised	2,705	(4,190)
- Unrealised	375	455

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
27 February 2019

