

The Directors are pleased to present the Interim Report for the period ended 31 March 2016 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2016**

	3 months ended 31 March		3 months ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue - Sales of goods	1,313,462	1,277,729	1,313,462	1,277,729
Cost of sales	(791,962)	(779,333)	(791,962)	(779,333)
Gross profit	521,500	498,396	521,500	498,396
Operating expenses	(236,638)	(247,529)	(236,638)	(247,529)
Operating profit	284,862	250,867	284,862	250,867
Finance costs	(9,429)	(7,209)	(9,429)	(7,209)
Finance income	239	151	239	151
Share of post tax profit of an associate	186	443	186	443
Profit before tax	275,858	244,252	275,858	244,252
Tax expense	(55,181)	(56,374)	(55,181)	(56,374)
Profit after tax	220,677	187,878	220,677	187,878
Minority interests	-	-	-	-
Profit after tax and minority interest	220,677	187,878	220,677	187,878
Profit for the period	220,677	187,878	220,677	187,878
Other comprehensive income, net of tax				
Item that is or may be reclassified subsequently to profit or loss				
Cash flow hedge	(85,984)	(2,349)	(85,984)	(2,349)
Total other comprehensive (expense)/income for the period, net of tax	(85,984)	(2,349)	(85,984)	(2,349)
Total comprehensive income for the period	134,693	185,529	134,693	185,529
Basic earnings per share (sen)	94.11	80.12	94.11	80.12
Proposed/Declared dividend per share - net (sen)	-	-	-	-
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
Net assets per share attributable to equity holders (RM)	3.60		3.02	

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Assets		
Property, plant and equipment	1,345,271	1,369,874
Intangible assets	62,710	62,814
Investment in an associate	4,300	4,114
Deferred tax assets	18,621	11,068
Trade and other receivables	23,128	25,048
Total non-current assets	1,454,030	1,472,918
Trade and other receivables	527,758	581,918
Inventories	440,348	414,262
Current tax assets	4,161	5,331
Cash and cash equivalents	24,181	13,901
Total current assets	996,448	1,015,412
Total assets	2,450,478	2,488,330
Equity		
Share capital	234,500	234,500
Reserves	608,789	474,096
Total equity attributable to owners of the Company	843,289	708,596
Liabilities		
Loans and borrowings	95,379	96,451
Employee benefits	82,283	81,117
Deferred tax liabilities	81,477	77,539
Total non-current liabilities	259,139	255,107
Trade and other payables	1,255,279	1,231,605
Loans and borrowings	51,766	253,034
Current tax liabilities	41,005	39,988
Total current liabilities	1,348,050	1,524,627
Total liabilities	1,607,189	1,779,734
Total equity and liabilities	2,450,478	2,488,330
Net assets per share attributable to shareholders (RM)	3.60	3.02

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 MARCH 2016**

	Non Distributable		Distributable	Total Equity RM'000
	<i>Share capital and share premium</i>	<i>Hedging reserve</i>	<i>Retained profits</i>	
	RM'000	RM'000	RM'000	
At 1 January 2015	267,500	(332)	509,969	777,137
Cash flow hedge	-	(2,349)	-	(2,349)
Profit for the period	-	-	187,878	187,878
Total comprehensive (expense)/income for the period	-	(2,349)	187,878	185,529
At 31 March 2015	267,500	(2,681)	697,847	962,666
At 1 January 2016	267,500	75,976	365,120	708,596
Cash flow hedge	-	(85,984)	-	(85,984)
Profit for the period	-	-	220,677	220,677
Total comprehensive (expense)/income for the period	-	(85,984)	220,677	134,693
At 31 March 2016	267,500	(10,008)	585,797	843,289

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR PERIOD ENDED
31 MARCH 2016**

	3 months ended 31.03.2016 RM'000	3 months ended 31.03.2015 RM'000
Cash flows from operating activities		
Profit before tax	275,858	244,252
<i>Adjustments for:</i>		
Amortisation, depreciation and impairment	32,810	27,540
Net finance costs	9,190	7,058
Increase in working capital	(59,577)	(124,758)
Income tax paid	(29,457)	(35,233)
Others	1,860	(994)
Net cash from operating activities	230,684	117,865
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,453)	(1,847)
Others	1,329	312
Net cash used in investing activities	(7,124)	(1,535)
Cash flows from financing activities		
Finance costs paid	(9,429)	(7,209)
Repayment of borrowings	(152,523)	(37,751)
Net cash used in financing activities	(161,952)	(44,960)
Net increase in cash and cash equivalents	61,608	71,370
Cash and cash equivalents at 1 January	(84,465)	(15,916)
Cash and cash equivalents at 31 March	(22,857)	55,454

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

INTERIM FINANCIAL REPORT

Notes:

1 Basis of preparation

This interim financial report 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 International Financial Reporting Standards. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

2 There was no qualification made on the preceding audited financial statements.

3 The Group's operations are affected by economic cycles and festive seasons.

4 Items affecting assets, liabilities, equity, net income or cash flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group.

Property, plant and equipment

As at the end of this quarter, the Group has acquired / disposed the following assets:

3 months ended 31 March 2016	
Assets acquired	Assets disposed
RM'000	RM'000
-	-
322	-
5,950	135
2,013	18
-	197
168	-
8,453	350

Land

Building (improvements and additions)

Plant and machinery

Tools and furniture

Motor vehicles

Information systems

5 Changes in estimates

There were no significant changes in estimates for prior periods that have materially affected the results of this quarter.

6 Debts and equity security

There is no issuance of debts and equity security in this quarter.

7 Dividends paid

There was no dividend payment in this quarter.

8 Operating segment

MFRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision maker, which is defined as the Executive Board.

The Group is focused in two areas of activity, Food & Beverages and Others which include Nutrition and Nestlé Professional.

3 months ended 31 March 2016		
Food & Beverages RM'000	Others RM'000	Total RM'000
Revenue	1,045,678	1,313,462
Operating Profit	230,041	284,958

3 months ended 31 March 2015		
Food & Beverages RM'000	Others RM'000	Total RM'000
Revenue	1,016,747	1,277,729
Operating Profit	201,226	250,742

The comments on page 6 apply to both segments Food & Beverages (80% of total sales) and Others (20% of total sales).

Reconciliations of reportable segment operating profit:	3 months ended 31.03.2016	3 months ended 31.03.2015
	RM'000	RM'000
Total operating profit for reported segments	284,958	250,742
Other unallocated expenses	(96)	125
Consolidated operating profit	284,862	250,867

9 Valuation of property, plant and equipment

There were no changes or amendments to the valuation of property, plant and equipment from the previous annual financial statements.

10 Events subsequent to balance sheet date

There were no subsequent events to the balance sheet date.

11 Changes in the composition of the Group

There were no changes in the composition of the Group in this quarter.

12 Changes in contingent liabilities

As of the date of this report, there were no contingent liabilities to the Group.

13 Related party transactions

Transactions related to Nestlé S.A. and companies owned by Nestlé S.A. and other affiliates are as follows:

	3 months ended 31.03.2016 RM'000
IT shared service	10,410
Net finance costs	1,703
Purchases of goods and services	133,323
Sales of finished goods	194,748
Royalties	65,491

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

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

1 Review of performance (Quarter 1, 2016 vs Quarter 1, 2015)

For the first quarter ended 31 March 2016, the Group increased its revenue by 2.8% (+RM36 million) compared to Q1 2015. A good start for 2016 considering a strong Q1 2015 sales which were influenced by the pre-GST sales promotions prior to its implementation in April 2015. Despite of this high base, the Domestic sales continue to show a positive growth. This is a result of the strong marketing and promotional supports as well as new successful product launches in 2015 that continue to benefit the Group in 2016. The Exports, which has been growing steadily since the second half of 2015 continue to show a solid performance with a double digit growth in Q1 2016.

From a profit perspective, gross profit increased from RM498 million to RM521 million, a growth of 4.6% vs the corresponding period last year. Main drivers for this good profit development were the higher turnover, favourable trends in most of the raw materials prices (though partially offset by the higher foreign exchange), as well as the diligent cost management.

The operating expenses, owing to the timing of the marketing investment activities were lower for the quarter. Coupled with the lower effective tax rate, these have contributed to the higher net profit. As a result, the net profit for the period improved by 17.5% from RM 188 million to RM 221 million.

2 Variation of results against previous quarter (Quarter 1, 2016 vs. Quarter 4, 2015)

In the first quarter of 2016, the Group registered a turnover of RM1.3 billion, 9.6% higher than the previous quarter.

The higher net profit in comparison to the prior quarter was mainly due to the favourable trend in some of the raw material prices and the heavy marketing and promotional activities in the fourth quarter, partly due to the early preparation for the Chinese New Year 2016.

3 Current year prospects

We expect 2016 to continue to be a challenging year, both locally and globally. The domestic business environment will remain tough and continue to be impacted by the weak consumer market and heightened competition. Nevertheless, we stay positive on the middle to long term outlook, but stay cautious for the short term. We will continue with our balanced business approach of diligent cost management on the one side and investments for the future on the other side.

4 Profit forecast

We do not issue any profit forecast.

5 Tax expense

Current tax

Malaysian - current year

Total current tax expense

Deferred tax

Origination and reversal of temporary differences

Under provision in prior year

Effect of changes in tax rate

Total deferred tax expense

Total income tax expense

3 months ended 31.03.2016 RM'000
31,644
31,644
23,537
-
-
23,537
55,181

6 Unquoted investments

Not applicable in this quarter.

7 Quoted investments

Not applicable to the Group.

8 Status of corporate proposals

There were no corporate proposals in this quarter.

9 Loans and borrowings

Group Borrowings and Debt Securities are:

Short term - Unsecured loans

Bank overdraft

Short term - Secured loans

Finance lease liabilities (payable within a year)

Total short term loans**Long term - Unsecured loans**

Loan from a related company

Long term - Secured loans

Finance lease liabilities

Total long term loans

All the above debts are in Ringgit Malaysia.

As at 31.03.2016 RM'000
47,038
4,728
51,766
84,264
11,116
95,380

10 Derivatives

Summary of outstanding derivative assets / (liabilities) as at 31.03.2016 :

Type of derivatives	Notional Value RM'000	Fair Value RM'000	Ageing
Forward exchange contracts	1,053,414	(15,132)	Less than 1 year
Commodity futures	77,782	1,769	Less than 1 year

11 Material litigation

As of the date of this report, there were no material litigations against the Group.

12 Dividend

No dividend is proposed in this quarter.

13 Profit for the period**Profit for the period is arrived at after charging:**

Amortisation of intangible assets

Depreciation of property, plant and equipment

Loss on disposal of property, plant and equipment

Impairment & write off of trade receivables

Property, plant and equipment written off

and after crediting:

Gain on derivatives

Gain on disposal of property, plant and equipment

Reversal of provision of inventories

Net foreign exchange gain

3 months ended 31 March	
2016 RM'000	2015 RM'000
103	-
32,707	27,540
-	198
-	1,870
18	120
437	13
758	-
2,593	180
34,557	10,704

14 Financial instruments disclosure

Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position:

As at 31.03.2016				
Fair value of financial instruments carried at fair value			Total fair value	Carrying amount
Level 1	Level 2	Level 3		
RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets				
Commodity futures	6,542	-	-	6,542
Forward exchange contracts	-	30,651	-	30,651
Financial liabilities				
Forward exchange contracts	-	(45,783)	-	(45,783)
Commodity futures	(4,773)	-	-	(4,773)

Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
Level 1	Level 2	Level 3		
RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans to employees	-	-	36,188	36,188
Financial liabilities				
Finance lease liabilities	-	-	(14,737)	(15,844)
Loan from a related company	-	-	(84,264)	(84,264)

As at 31.03.2015				
Fair value of financial instruments carried at fair value			Total fair value	Carrying amount
Level 1	Level 2	Level 3		
RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets				
Commodity futures	636	-	-	636
Forward exchange contracts	-	20,261	-	20,261
Financial liabilities				
Forward exchange contracts	-	(14,210)	-	(14,210)
Commodity futures	(10,196)	-	-	(10,196)

Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
Level 1	Level 2	Level 3		
RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans to employees	-	-	35,333	35,333
Financial liabilities				
Finance lease liabilities	-	-	(7,487)	(7,988)
Loan from a related company	-	-	(84,264)	(84,264)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the period (2015: no transfer in either directions).

Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

15 Realised and unrealised profit disclosure

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Group and its subsidiaries:		
Realised	706,910	501,065
Unrealised	(175,528)	(194,921)
Total share of retained profits from an associated company:		
Realised	1,301	1,114
Unrealised	-	-
Add : Consolidation adjustments	53,114	57,862
Total retained profits as per consolidated accounts	585,797	365,120

16 Basic earnings per share**a. Basic earnings per share**

The calculation of the basic earnings per share is based on the net profit attributable to ordinary shareholders of RM220.7 million (RM187.9 million in March 2015) and the number of ordinary shares outstanding of 234.5 million (234.5 million in March 2015).

b. Diluted earnings per share

Not applicable for the Group

BY ORDER OF THE BOARD

Tengku Ida Adura Binti Tengku Ismail, *MCCS (MACS 01686)*

Company Secretary

Date : April 26, 2016