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AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)

UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

FINANCIAL HIGHLIGHTS			
	Three months ended 31 March		Change %
	2016 RMB'M (Unaudited)	2015 RMB'M (Unaudited)	
Revenue	576.5	419.9	37.3
Gross profit	245.4	133.3	84.2
Profit attributable to equity holders of the Company	53.1	18.8	181.5
	As at 31 March 2016 RMB'M (Unaudited)	As at 31 December 2015 RMB'M (Audited)	Change %
Total assets	3,296.1	3,030.5	8.8
Total liabilities	1,905.0	1,703.0	11.9
Net assets	1,391.1	1,327.5	4.8

The board (the “**Board**”) of directors (the “**Directors**”) of Ausnutria Dairy Corporation Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) hereby announces the unaudited consolidated results of the Group for the three months ended 31 March 2016.

This announcement is issued by the Company pursuant to the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2016

	Three months ended 31 March	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
REVENUE	576,485	419,859
Cost of sales	<u>(331,036)</u>	<u>(286,572)</u>
Gross profit	245,449	133,287
Other income and gains	12,730	9,741
Selling and distribution expenses	(133,775)	(90,730)
Administrative expenses	(36,425)	(28,754)
Other expenses	(7,206)	(760)
Finance costs	(5,342)	(3,304)
Share of profits of associates	<u>–</u>	<u>676</u>
Profit before tax	75,431	20,156
Income tax expense	<u>(17,679)</u>	<u>(2,404)</u>
PROFIT FOR THE PERIOD	<u>57,752</u>	<u>17,752</u>
Attributable to:		
Owners of the parent	53,050	18,846
Non-controlling interests	<u>4,702</u>	<u>(1,094)</u>
	<u>57,752</u>	<u>17,752</u>

The Group's unaudited consolidated results for the three months ended 31 March 2016 have been prepared in accordance with the accounting policies adopted by the Group as disclosed in the Company's last annual report for the year ended 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

For the three months ended 31 March 2016, the Group recorded revenue of approximately RMB576.5 million, representing an increase of approximately RMB156.6 million, or approximately 37.3%, from approximately RMB419.9 million when compared with the corresponding period in 2015.

An analysis of revenue is as follows:

	Three months ended 31 March		Change %
	2016 <i>RMB'M</i> (Unaudited)	2015 <i>RMB'M</i> (Unaudited)	
Own brands:			
Cow infant formula	203.7	113.6	79.3
Goat infant formula	156.0	108.7	43.5
	<u>359.7</u>	<u>222.3</u>	61.8
Others	216.8	197.6	9.7
	<u>216.8</u>	<u>197.6</u>	
Total	<u>576.5</u>	<u>419.9</u>	37.3

Profit Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders of the Company for the three months ended 31 March 2016 amounted to approximately RMB53.1 million, representing an increase of approximately RMB34.2 million or approximately 181.5%, when compared with the corresponding period of approximately RMB18.8 million in 2015.

On 5 May 2016, the Company issued a positive profit alert to inform the shareholders (the "Shareholders") and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the three months ended 31 March 2016, it is anticipated that the Group will record profit attributable to the Shareholders of not less than RMB52.0 million (the "Expected Profits") for the three months ended 31 March 2016. The Expected Profits already exceeded the Group's profit attributable to the Shareholders of approximately RMB50.6 million for year ended 31 December 2015 and signal a significant improvement in the Group's financial performance when compared with the corresponding figures of approximately RMB18.8 million for the three months ended 31 March 2015.

The Directors believe that the incurrence of the expected improvement in financial performance is primarily attributable to (i) the continuous increase in sale of the Group's own-branded dairy products; and (ii) the turnaround in the financial performance of the operations in the Netherlands after the facilities upgrading plan in the Netherlands was completed in 2015.

By order of the Board
Ausnutria Dairy Corporation Ltd
Yan Weibin
Chairman

Changsha City, the People's Republic of China, 13 May 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yan Weibin (Chairman), Mr. Lin Jung-Chin, Mr. Bartle van der Meer (Chief Executive Officer) and Ms. Ng Siu Hung; two non-executive Directors, namely Mr. Tsai Chang-Hai and Mr. Zeng Xiaojun; and three independent non-executive Directors, namely Ms. Ho Mei-Yueh, Mr. Jason Wan and Mr. Lau Chun Fai Douglas.