

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 March 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	3 months TO DATE	3 months TO DATE
	31/03/21 (Unaudited) RM'000	31/03/20 (Unaudited) RM'000	31/03/21 (Unaudited) RM'000	31/03/20 (Unaudited) RM'000
Revenue	258,636	251,169	258,636	251,169
Cost of Sales	<u>(171,678)</u>	<u>(163,491)</u>	<u>(171,678)</u>	<u>(163,491)</u>
Gross Profit	86,958	87,678	86,958	87,678
Other Income	4,129	5,175	4,129	5,175
Distribution Expenses	(36,414)	(36,660)	(36,414)	(36,660)
Administrative Expenses	(6,619)	(8,665)	(6,619)	(8,665)
Other Operating Expenses	<u>(25,060)</u>	<u>(16,808)</u>	<u>(25,060)</u>	<u>(16,808)</u>
Results from Operating Activities	22,994	30,720	22,994	30,720
Interest Income	92	174	92	174
Finance Costs	<u>(768)</u>	<u>(789)</u>	<u>(768)</u>	<u>(789)</u>
Profit Before Taxation	22,318	30,105	22,318	30,105
Income Tax Expenses	<u>(5,441)</u>	<u>(7,372)</u>	<u>(5,441)</u>	<u>(7,372)</u>
Profit After Taxation	16,877	22,733	16,877	22,733
Profit for the period/Total comprehensive income for the period	<u>16,877</u>	<u>22,733</u>	<u>16,877</u>	<u>22,733</u>
Profit Attributable to:				
Equity holders of the Company	16,877	22,733	16,877	22,733
Non-controlling interest	-	-	-	-
	<u>16,877</u>	<u>22,733</u>	<u>16,877</u>	<u>22,733</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>26.40</u>	<u>35.50</u>	<u>26.40</u>	<u>35.50</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

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

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 31 March 2021

	AS AT 31/03/21 RM'000 (Unaudited)	AS AT 31/12/20 RM'000 (Audited)
ASSETS		
Property, plant and equipment	196,225	199,721
Right-of-use assets	8,980	9,732
Intangible assets	904	957
TOTAL NON-CURRENT ASSETS	206,109	210,410
Inventories	159,178	151,016
Trade and other receivables	87,360	81,501
Prepayments	2,058	311
Cash and cash equivalents	82,081	55,605
Derivatives financial assets	2,006	2
TOTAL CURRENT ASSETS	332,683	288,435
TOTAL ASSETS	538,792	498,845
EQUITY		
Share capital	64,000	64,000
Retained profits	119,457	102,580
Attributable to equity holders of the Company	183,457	166,580
TOTAL EQUITY	183,457	166,580
LIABILITIES		
Lease Liabilities	2,869	3,590
Deferred tax liabilities	4,008	4,494
TOTAL NON-CURRENT LIABILITIES	6,877	8,084
Trade and other payables	303,174	295,492
Provision	237	228
Current tax liabilities	6,699	6,723
Bank overdraft	35,427	16,705
Lease Liabilities	2,921	2,893
Derivatives financial liabilities	-	2,140
CURRENT LIABILITIES	348,458	324,181
TOTAL LIABILITIES	355,335	332,265
TOTAL EQUITY AND LIABILITIES	538,792	498,845
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.87	2.60

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the financial quarter ended 31 March 2021

(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 2021</u>				
Balance at beginning of period	64,000	102,580	166,580	166,580
Movements during the period	-	16,877	16,877	16,877
Dividend payable	-	-	-	-
Dividends paid	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>119,457</u>	<u>183,457</u>	<u>183,457</u>
<u>3 months ended 31 March 2020</u>				
Balance at beginning of period	64,000	80,417	144,417	144,417
Movements during the period	-	22,733	22,733	22,733
Dividend payable	-	-	-	-
Dividends paid	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>103,150</u>	<u>167,150</u>	<u>167,150</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

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

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 31 March 2021

	3 months TO DATE	3 months TO DATE
	31/03/21 (Unaudited) RM'000	31/03/20 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	253,158	270,007
Cash paid to suppliers and employees	(247,396)	(267,226)
	<hr/>	<hr/>
Cash generated from operations	5,762	2,781
Income tax paid	(5,951)	(6,725)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	(189)	(3,944)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(4,651)	(7,756)
Additions of intangible assets	-	(195)
Deposit received from disposal of Property, Plant and Equipment	14,001	(37)
Interest received	94	174
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	9,444	(7,814)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(728)	(779)
Payment of principal portion of lease liabilities	(773)	(493)
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Net cash used in financing activities	(1,501)	(1,272)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	7,754	(13,030)
Cash and cash equivalents brought forward	38,900	44,808
	<hr/>	<hr/>
Cash and cash equivalents carried forward	46,654	31,778
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Cash and cash equivalents consist of:		
Cash and bank balances	82,081	49,411
Bank overdraft	(35,427)	(17,633)
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	46,654	31,778
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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 2020)

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 2020.

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 2020.

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 2020 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

Pursuant to the Company's announced investment in our future manufacturing activities, DLMI has identified assets in its Petaling Jaya factory that will not be transitioned to the new site. In light of this, DLMI has started to perform accelerated depreciation for the mentioned assets during the financial quarter under review.

Other than the afore-mentioned, there were no other 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. 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 31/03/21 RM'000	Quarter ended 31/03/20 RM'000
Segment profit		
Revenue	258,636	251,169
Profit After Taxation	16,877	22,733

8. Capital Commitments

	As at 31/03/21 RM'000	As at 31/03/20 RM'000
Property, plant and equipment		
Authorised but not contracted for	317,946	34,192
Contracted but not provided for	9,666	66,074

9. Subsequent Events

There were no material subsequent events that will affect the financial results of the financial period under review.

10. Changes in Composition of the Company

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

11. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31/03/21 RM'000	Quarter ended 31/03/20 RM'000
Sales to related parties	4,638	4,871
Purchases from related parties	99,046	105,744
Know-how, Trademark License and Management Support fees	6,244	8,465
Shared services from related parties	4,520	4,698

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

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

RM '000	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	3 months To Date	3 months To Date	Changes TY vs LY
	31/03/21	31/03/20	%	31/03/21	31/03/20	%
Revenue	258,636	251,169	3.0%	258,636	251,169	3.0%
Operating Profit (exclude Accelerated Depreciation)	27,062	30,720	-11.9%	27,062	30,720	-11.9%
Operating Profit	22,994	30,720	-25.1%	22,994	30,720	-25.1%
Profit Before Interest and Tax	22,226	29,931	-25.7%	22,226	29,931	-25.7%
Profit Before Taxation	22,318	30,105	-25.9%	22,318	30,105	-25.9%
Profit After Taxation	16,877	22,733	-25.8%	16,877	22,733	-25.8%
Attributable to Ordinary Equity Holders of the parent	16,877	22,733	-25.8%	16,877	22,733	-25.8%

The Company recorded a revenue growth of 3.0% this quarter driven by the liquid milk product portfolio. Despite the continued COVID challenges and remaining pressure on the Food Service business, the Company has been able to operate at full capacity and drive the penetration of milk consumption with occasions and affordability, continuing its purpose of Nourishing the Nation with trusted dairy nutrition.

Operating Profit (excluding accelerated depreciation) in the quarter slipped 11.9%, where higher demand for Dutch Lady products and optimization of overheads and commercial spend were more than offset by negative mix (channel and portfolio) and increased prices of global dairy raw materials.

In line with the announced investment in our future manufacturing activities, DLMI started the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. Operating Profit was therefore further negatively impacted by this accelerated depreciation, leading to a 25% decrease.

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

RM '000	Current Quarter 31/03/21	Preceding Quarter 31/12/20	Changes Q1 vs Q4 %
Revenue	258,636	289,146	-10.6%
Operating Profit (exclude Accelerated Depreciation)	27,062	27,812	-2.7%
Operating Profit	22,994	27,812	-17.3%
Profit Before Interest and Tax	22,226	27,012	-17.7%
Profit Before Taxation	22,318	27,175	-17.9%
Profit After Taxation	16,877	20,156	-16.3%
Attributable to Ordinary Equity Holders of the parent	16,877	20,156	-16.3%

Operating profit (excluding accelerated depreciation) is close to previous quarter, despite the 11% lower revenue (due to seasonality- Chinese New Year and stringent MCO 2.0), as a result of lower dairy raw materials prices and improved cost efficiencies. Operating profit (excluding accelerated depreciation) improved by 1% due to operational efficiencies.

14. Business Prospects

A. 2021 Prospects

The market remains volatile and is subject to various domestic and global uncertainties, foreign exchange rate fluctuations, potential regulatory changes and the impact of the Covid-19 pandemic. The global dairy prices are also expected to stay high for the remainder of 2021. Despite these challenges, the Company continues to focus on growing the consumption of milk among consumers.

Over the longer term, the outlook for the company remains positive. The company has good leverage from the strength of its brands, the increasing need and recognition of the goodness and nutritional value of milk, as well as its complementing dairy products for Malaysians. The Company will continue to support the local dairy farmers and increase the quantity and quality of local fresh milk.

DLMI is determined to invest in Malaysia even in these trying times. In December 2019, we announced the plans to invest RM340 million between the years of 2021 and 2025 for our future manufacturing activities.

- B. Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced.**
Not applicable.

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

Not applicable.

16. Financial Estimate, Forecast or Projection / Profit Guarantee

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

17. Taxation

Taxation is made up as follows: -

	Quarter ended 31/03/21 RM'000	Quarter ended 31/03/20 RM'000
Income tax for current period	5,927	7,264
Deferred tax for current period	(486)	108
Total taxation	<u>5,441</u>	<u>7,372</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.

18. Deferred Tax Liabilities

	As At 31/03/21 RM'000	As At 31/03/20 RM'000
At 1 January	4,494	6,794
Recognised in the statement of comprehensive income	(486)	108
At period end	<u>4,008</u>	<u>6,902</u>

19. Corporate Proposals

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

20. Company Borrowings

	As at 31/03/21 RM'000	As at 31/03/20 RM'000
Unsecured short term borrowing		
Bank overdraft	<u>35,427</u>	<u>17,633</u>

The Company has drawn down on short term banking facilities to manage seasonal fluctuations of working capital.

21. Material Litigation

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

22. Financial Instruments

Derivatives

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

Forward exchange contracts	As At 31/03/21 RM'000	As At 31/03/20 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	142,647	102,946
Assets	2,006	2,180
Liabilities	-	324

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.

23. Earnings Per Share

	Quarter ended 31/03/21	Quarter ended 31/03/20
Basic earnings per share		
Profit for the period (RM'000)	16,877	22,733
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	26.40	35.50

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.

24. Proposed Dividend

On 24 May 2021, the Company has declared a standard single-tier second interim dividend of RM0.25 per share amounting to RM16 million in respect of the financial year ending 31 December 2021.

All shareholders whose names appear on the Record of Depositors on 11 June 2021 shall be paid the above dividends on 22 June 2021.

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

- a) Securities transferred to the Depositor's Securities Account before 5.00pm on 11 June 2021, 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.

25. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 31/03/21 RM'000	Year to-date 31/03/20 RM'000
Interest income	92	174
Finance costs		
- Interest expense	(729)	(779)
- Finance charge from lease	(39)	(10)
Depreciation of property, plant and equipment	(8,148)	(3,983)
Depreciation of rights-of-use assets	(787)	(493)
Amortisation of intangible assets	(52)	(370)
Write back/(down) of inventories	639	203
Gain/(Loss) on disposal of property, plant & equipment	-	37
Gain/(Loss) on written off of property, plant & equipment	(15)	-
Net gain/(loss) on derivatives	4,144	3,743
Net foreign exchange gain/(loss)		
- Realised	(2,018)	(1,271)
- Unrealised	(925)	(563)

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
24th May 2021