

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 December 2020

	INDIVIDUAL QUARTER CURRENT QUARTER	COMPARATIVE QUARTER	CUMULATIVE QUARTER 12 months TO DATE	12 months TO DATE
	31/12/20 (Unaudited) RM'000	31/12/19 (Unaudited) RM'000	31/12/20 (Unaudited) RM'000	31/12/19 (Audited) RM'000
Revenue	289,146	281,757	1,100,659	1,066,662
Cost of Sales	<u>(191,027)</u>	<u>(175,017)</u>	<u>(743,582)</u>	<u>(661,942)</u>
Gross Profit	98,119	106,740	357,077	404,720
Other Income	2	362	6,518	3,371
Distribution Expenses	(42,497)	(46,758)	(155,875)	(168,191)
Administrative Expenses	(7,480)	(4,973)	(30,850)	(28,156)
Other Operating Expenses	<u>(20,332)</u>	<u>(20,193)</u>	<u>(76,869)</u>	<u>(70,902)</u>
Results from Operating Activities	27,812	35,178	100,001	140,842
Interest Income	163	232	683	455
Finance Costs	<u>(800)</u>	<u>(1,101)</u>	<u>(3,173)</u>	<u>(3,697)</u>
Profit Before Taxation	27,175	34,309	97,511	137,600
Income Tax Expenses	<u>(7,019)</u>	<u>(7,642)</u>	<u>(24,148)</u>	<u>(34,642)</u>
Profit After Taxation	20,156	26,667	73,363	102,958
Profit for the period/Total comprehensive income for the period	<u>20,156</u>	<u>26,667</u>	<u>73,363</u>	<u>102,958</u>
Profit Attributable to:				
Equity holders of the Company	20,156	26,667	73,363	102,958
Non-controlling interest	-	-	-	-
	<u>20,156</u>	<u>26,667</u>	<u>73,363</u>	<u>102,958</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>31.50</u>	<u>41.70</u>	<u>114.60</u>	<u>160.90</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

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

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 31 December 2020

	AS AT 31/12/20 RM'000 (Unaudited)	AS AT 31/12/19 RM'000 (Audited)
ASSETS		
Property, plant and equipment	199,721	123,482
Right-of-use assets	9,732	3,977
Intangible assets	957	1,675
TOTAL NON-CURRENT ASSETS	210,410	129,134
Inventories	151,015	135,024
Trade and other receivables	81,502	112,852
Prepayments	311	5,052
Cash and cash equivalents	55,605	61,532
Derivatives financial assets	2	-
TOTAL CURRENT ASSETS	288,435	314,460
TOTAL ASSETS	<u>498,845</u>	<u>443,594</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	102,580	80,417
Attributable to equity holders of the Company	166,580	144,417
TOTAL EQUITY	166,580	144,417
LIABILITIES		
Lease Liabilities	3,590	340
Deferred tax liabilities	4,494	6,794
TOTAL NON-CURRENT LIABILITIES	8,084	7,134
Trade and other payables	295,492	264,928
Provision	228	207
Current tax liabilities	6,723	7,663
Bank overdraft	16,705	16,724
Lease Liabilities	2,893	634
Derivatives financial liabilities	2,140	1,887
CURRENT LIABILITIES	324,181	292,043
TOTAL LIABILITIES	332,265	299,177
TOTAL EQUITY AND LIABILITIES	<u>498,845</u>	<u>443,594</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>2.60</u>	<u>2.26</u>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITYFor the financial quarter ended 31 December 2020
(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>12 months ended 31 December 2020</u>				
Balance at beginning of period	64,000	80,417	144,417	144,417
Movements during the period	-	73,363	73,363	73,363
Dividend payable	-	-	-	-
Dividends paid	-	(51,200)	(51,200)	(51,200)
Balance at end of period	<u>64,000</u>	<u>102,580</u>	<u>166,580</u>	<u>166,580</u>
<u>12 months ended 31 December 2019</u>				
Balance at beginning of period	64,000	41,459	105,459	105,459
Movements during the period	-	102,958	102,958	102,958
Dividend payable	-	-	-	-
Dividends paid	-	(64,000)	(64,000)	(64,000)
Balance at end of period	<u>64,000</u>	<u>80,417</u>	<u>144,417</u>	<u>144,417</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

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

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 31 December 2020

	12 months TO DATE	12 months TO DATE
	31/12/20 (Unaudited) RM'000	31/12/19 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	1,143,739	1,068,445
Cash paid to suppliers and employees	(972,074)	(913,940)
	<hr/>	<hr/>
Cash generated from operations	171,665	154,505
Income tax paid	(27,388)	(36,718)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	144,277	117,787
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(92,635)	(19,846)
Additions of intangible assets	(593)	(192)
Proceeds from disposal of property, plant and equipment	137	73
Proceeds from disposal of asset classified as held for sale	-	0
Interest received	683	455
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(92,408)	(19,510)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,922)	(3,640)
Dividends paid	(51,200)	(64,000)
Payment of principal portion of lease liabilities	(3,655)	(2,766)
	<hr/>	<hr/>
Net cash used in financing activities	(57,777)	(70,406)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(5,908)	27,871
Cash and cash equivalents brought forward	44,808	16,937
	<hr/>	<hr/>
Cash and cash equivalents carried forward	38,900	44,808
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	55,605	61,532
Bank overdraft	(16,705)	(16,724)
Deposits placed with licensed banks	-	-
	<hr/>	<hr/>
	38,900	44,808
	<hr/>	<hr/>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

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 2019.

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 2019.

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 2019 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. 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 31/12/20 RM'000	Quarter ended 31/12/19 RM'000
Segment profit		
Revenue	289,146	281,757
Profit After Taxation	20,156	26,667

8. Capital Commitments

	As at 31/12/20 RM'000	As at 31/12/19 RM'000
Property, plant and equipment		
Authorised but not contracted for	327,537	(594)
Contracted but not provided for	9,677	801

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 31/12/20 RM'000	Quarter ended 31/12/19 RM'000
Sales to related parties	3,942	4,377
Purchases from related parties	91,400	77,830
Know-how, Trademark License and Management Support fees	862	5,907
Shared services from related parties	6,009	4,416

These transactions have been entered into in the normal course of business and have been established under negotiated terms. The significant increase in related party purchases is in line with the volume and revenue growth and is driven by the purchase of fully packed dairy products and raw materials.

12. 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
	31/12/20	31/12/19	%	31/12/20	31/12/19	%
Revenue	289,146	281,757	2.6%	1,100,659	1,066,662	3.2%
Operating Profit	27,812	35,178	-20.9%	100,001	140,842	-29.0%
Profit Before Interest and Tax	27,012	34,077	-20.7%	96,828	137,145	-29.4%
Profit Before Taxation	27,175	34,309	-20.8%	97,511	137,600	-29.1%
Profit After Taxation	20,156	26,667	-24.4%	73,363	102,958	-28.7%
Attributable to Ordinary Equity Holders of the parent	20,156	26,667	-24.4%	73,363	102,958	-28.7%

In the current quarter, revenue grew by 2.6% compared to the same quarter in 2019. Cumulatively over a 12-month period revenue has grown by 3.2%. Despite the uncertainty coming about by the COVID-19 pandemic and its effects on the economy 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 Malaysian people with trusted dairy nutrition.

Profit Before Tax decreased by 20.8% compared to the same quarter in 2019, where higher demand for Dutch Lady products and optimization of commercial spend were more than offset by negative mix (channel and portfolio), increased global dairy raw material prices and negative Foreign Exchange impact resulting from the strengthened Ringgit versus USD.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q4 vs Q3
	31/12/20	30/09/20	%
Revenue	289,146	286,820	0.8%
Operating Profit	27,812	12,797	117.3%
Profit Before Interest and Tax	27,012	12,022	124.7%
Profit Before Taxation	27,175	12,206	122.6%
Profit After Taxation	20,156	9,242	118.1%
Attributable to Ordinary Equity Holders of the parent	20,156	9,242	118.1%

Revenue in Q4 increased slightly compared to the previous quarter, mainly resulting from an improved product/channel-mix driven by the further re-opening of the Malaysian economy in Q4 2020. Profit before tax strongly improved (+123%), mainly due to the aforementioned mix improvement leading to better gross margins, lower global DRM input costs and the absence of the inventory valuation assessment that resulted in a one-off balance sheet correction in Q3 2020.

14. Business Prospects

A. 2021 Prospects

Due to the continued impact resulting from the COVID-19 pandemic, the Outlook for 2021 remains volatile and uncertain. The stricter MCO measures taken by the government at the start of 2021 are especially impacting the Foodservice business. Despite the current measures we anticipate economic recovery for the rest of the year. Continued global uncertainty could impact foreign exchange and prices of global dairy raw materials.

Over the long term, the outlook for DLMI remains positive due to the strength of our brands, and the increasing need and recognition of the goodness and nutritional value of milk amongst Malaysians. Affordability of milk will continue to be high on our agenda to ensure sustainable growth of the dairy sector in Malaysia, and to help Malaysians become stronger and nourished.

DLMI will stay focused on its purpose of 'Nourishing Malaysians' by continuing its support to the Malaysian people with all the goodness of milk. We recognize the importance of investing to build our brands and its quality offerings to win the hearts of our Malaysian consumers and increase the penetration of milk. At the same time DLMI will continue to put efforts to improve operational efficiency to stay agile and adapt to macro-economic changes.

DLMI is determined to invest in Malaysia even in these trying times. In December, 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 31/12/20 RM'000	Quarter ended 31/12/19 RM'000
Income tax for current period	5,534	9,274
Income tax for prior period	428	
Deferred tax for current period	1,057	(1,632)
Total taxation	<u>7,019</u>	<u>7,642</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 31/12/20 RM'000	As At 31/12/19 RM'000
At 1 January	6,794	6,539
Recognised in the statement of comprehensive income	(2,300)	255
At period end	<u>4,494</u>	<u>6,794</u>

19. Corporate Proposals

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

20. Company Borrowings

	As at 31/12/20 RM'000	As at 31/12/19 RM'000
Unsecured short term borrowing		
Bank overdraft	<u>16,705</u>	<u>16,724</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 31/12/20 RM'000	As At 31/12/19 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	123,550	115,176
Assets	2	-
Liabilities	2,140	1,887

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 31/12/20	Quarter ended 31/12/19
Basic earnings per share		
Profit for the period (RM'000)	20,156	26,667
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	31.50	41.70

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. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 31/12/20 RM'000	Year to-date 31/12/19 RM'000
Interest income	683	455
Finance costs		
- Interest expense	(2,922)	(3,640)
- Finance charge from lease	(251)	(57)
Depreciation of property, plant and equipment	(15,885)	(15,604)
Depreciation of rights-of-use assets	(3,158)	(2,736)
Amortisation of intangible assets	(1,311)	(1,500)
Write back/(down) of inventories	1,261	(777)
Gain/(Loss) on disposal of property, plant & equipment	(51)	73
Write off of property, plant & equipment	(322)	-
Net gain/(loss) on derivatives	(251)	(1,017)
Net foreign exchange gain/(loss)		
- Realised	(2,819)	(2,241)
- Unrealised	464	864

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
25 February 2021