

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 30 June 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	6 months TO DATE	6 months TO DATE
	30/06/21 (Unaudited) RM'000	30/06/20 (Unaudited) RM'000	30/06/21 (Unaudited) RM'000	30/06/20 (Unaudited) RM'000
Revenue	284,038	273,524	542,674	524,694
Cost of Sales	<u>(181,478)</u>	<u>(185,488)</u>	<u>(353,156)</u>	<u>(348,970)</u>
Gross Profit	102,560	88,036	189,518	175,724
Other Income	1,797	1,341	2,983	6,516
Distribution Expenses	(40,330)	(34,578)	(76,744)	(71,238)
Administrative Expenses	(8,330)	(7,453)	(14,949)	(16,118)
Other Operating Expenses	<u>(19,778)</u>	<u>(18,674)</u>	<u>(41,895)</u>	<u>(35,490)</u>
Results from Operating Activities	35,919	28,672	58,913	59,394
Interest Income	329	162	420	335
Finance Costs	<u>(793)</u>	<u>(809)</u>	<u>(1,561)</u>	<u>(1,598)</u>
Profit Before Taxation	35,455	28,025	57,772	58,131
Income Tax Expenses	<u>(8,170)</u>	<u>(6,793)</u>	<u>(13,611)</u>	<u>(14,165)</u>
Profit After Taxation	27,285	21,232	44,161	43,966
Profit for the period/Total comprehensive income for the period	<u>27,285</u>	<u>21,232</u>	<u>44,161</u>	<u>43,966</u>
Profit Attributable to:				
Equity holders of the Company	27,285	21,232	44,161	43,966
Non-controlling interest	-	-	-	-
	<u>27,285</u>	<u>21,232</u>	<u>44,161</u>	<u>43,966</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>42.60</u>	<u>33.20</u>	<u>69.00</u>	<u>68.70</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 30 June 2021

	AS AT 30/06/21 RM'000 (Unaudited)	AS AT 31/12/20 RM'000 (Audited)
ASSETS		
Property, plant and equipment	175,185	199,721
Right-of-use assets	8,195	9,732
Intangible assets	867	957
TOTAL NON-CURRENT ASSETS	184,247	210,410
Inventories	164,762	151,016
Trade and other receivables	74,781	81,501
Prepayments	1,640	311
Cash and cash equivalents	90,672	55,605
Derivatives financial assets	1,321	2
CURRENT ASSETS	333,176	288,435
Assets classified as held for sale	18,784	-
TOTAL CURRENT ASSETS	351,960	288,435
TOTAL ASSETS	<u>536,207</u>	<u>498,845</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	130,741	102,580
Attributable to equity holders of the Company	194,741	166,580
TOTAL EQUITY	194,741	166,580
LIABILITIES		
Lease Liabilities	2,192	3,590
Deferred tax liabilities	1,409	4,494
TOTAL NON-CURRENT LIABILITIES	3,601	8,084
Trade and other payables	322,136	295,492
Provision	81	228
Current tax liabilities	12,774	6,723
Bank overdraft	-	16,705
Lease Liabilities	2,874	2,893
Derivatives financial liabilities	-	2,140
CURRENT LIABILITIES	337,865	324,181
TOTAL LIABILITIES	341,466	332,265
TOTAL EQUITY AND LIABILITIES	<u>536,207</u>	<u>498,845</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>3.04</u>	<u>2.60</u>

(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 EQUITYFor the financial quarter ended 30 June 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	Non- Controlling Interest RM'000	Total RM'000
<u>6 months ended 30 June 2021</u>					
Balance at beginning of period	64,000	102,580	166,580	-	166,580
Movements during the period	-	44,161	44,161	-	44,161
Dividend payable	-	-	-	-	-
Dividends paid	-	(16,000)	(16,000)	-	(16,000)
Balance at end of period	64,000	130,741	194,741	-	194,741
<u>6 months ended 30 June 2020</u>					
Balance at beginning of period	64,000	80,417	144,417	-	144,417
Movements during the period	-	43,966	43,966	-	43,966
Dividend payable	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at end of period	64,000	124,383	188,383	-	188,383

(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 30 June 2021

	6 months TO DATE	6 months TO DATE
	30/06/21 (Unaudited) RM'000	30/06/20 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	549,732	546,159
Cash paid to suppliers and employees	(458,026)	(498,683)
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Cash generated from operations	91,706	47,476
Income tax paid	(10,645)	(11,157)
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Net cash generated from operating activities	81,061	36,319
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CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(10,654)	(17,660)
Additions of intangible assets	(24)	(244)
Proceeds from disposal of property, plant and equipment	-	(37)
Interest received	420	335
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Net cash (used in)/generated from investing activities	(10,258)	(17,606)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,486)	(1,475)
Dividends paid	(16,000)	-
Payment of principal portion of lease liabilities	(1,545)	(1,237)
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Net cash used in financing activities	(19,031)	(2,712)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	51,772	16,001
Cash and cash equivalents brought forward	38,900	44,808
	<hr/>	<hr/>
Cash and cash equivalents carried forward	90,672	60,809
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	90,672	78,404
Bank overdraft	-	(17,595)
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	90,672	60,809
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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 at the start of the financial year.

Pursuant to the company's circular dated 9 June 2021 with respect to the proposed disposal of lands held together with the buildings erected thereon, the said land and buildings are reclassified from Property, Plant and Equipment within Fixed Assets to Assets Held For sale within Current Assets.

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 30/06/21 RM'000	Quarter ended 30/06/20 RM'000
Segment profit		
Revenue	284,038	273,524
Profit After Taxation	27,285	21,232

8. **Capital Commitments**

	As at 30/06/21 RM'000	As at 30/06/20 RM'000
Property, plant and equipment		
Authorised but not contracted for	337,334	29,167
Contracted but not provided for	14,812	62,305

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 30/06/21 RM'000	Quarter ended 30/06/20 RM'000
Sales to related parties	4,912	5,215
Purchases from related parties	116,142	159,512
Know-how, Trademark License and Management Support fees	6,827	8,443
Shared services from related parties	4,329	4,871

These transactions have been entered into in the normal course of business and have been established under negotiated terms. The sharp decline in purchases is influenced by supply constraints observed across the global supply chain.

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

RM '000	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter 30/06/21	Comparative Quarter 30/06/20	Changes TY vs LY %	6 months To Date 30/06/21	6 months To Date 30/06/20	Changes TY vs LY %
Revenue	284,038	273,524	3.8%	542,674	524,694	3.4%
Operating Profit (exclude Accelerated Depreciation)	38,914	28,672	35.7%	65,976	59,394	11.1%
Operating Profit	35,919	28,672	25.3%	58,913	59,394	-0.8%
Profit Before Interest and Tax	35,126	27,863	26.1%	57,352	57,796	-0.8%
Profit Before Taxation	35,455	28,025	26.5%	57,772	58,131	-0.6%
Profit After Taxation	27,285	21,232	28.5%	44,161	43,966	0.4%
Attributable to Ordinary Equity Holders of the parent	27,285	21,232	28.5%	44,161	43,966	0.4%

The Company recorded a revenue growth in Q2'21 of 3.8% versus last year, mainly driven by the growth of the liquid milk product portfolio on the back of a successful Ramadhan campaign. 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.

Like-for-like Operating Profit (excluding accelerated depreciation of fixed assets) in the quarter rose 35.7%, in line with higher demand for Dutch Lady products combined with positive mix (channel and portfolio), partially offset by higher prices for global dairy raw materials.

Pursuant to the announcement of 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. Reported Operating Profit was therefore reduced by this accelerated depreciation, resulting in a 25.3% increase compared to Q2'20.

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

RM '000	Current Quarter 30/06/21	Preceding Quarter 31/03/21	Changes Q2 vs Q1 %
Revenue	284,038	258,636	9.8%
Operating Profit (exclude Accelerated Depreciation)	38,914	27,062	43.8%
Operating Profit	35,919	22,994	56.2%
Profit Before Interest and Tax	35,126	22,226	58.0%
Profit Before Taxation	35,455	22,318	58.9%
Profit After Taxation	27,285	16,877	61.7%
Attributable to Ordinary Equity Holders of the parent	27,285	16,877	61.7%

The Company recorded 9.8% higher revenue, driving by innovations and commercial execution which increased the penetration of our milk consumption in the country.

Like-for-like Operating Profit (excluding accelerated assets depreciation) in the quarter rose 43.8%, in line with higher demand for Dutch Lady products combined with positive mix (channel and portfolio) on the back of a successful Ramadhan campaign, partially offset by higher prices for global dairy raw materials.

Reported Profit Before Interest and Tax rose by 58 %.

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 continued impact of the Covid-19 pandemic. Global dairy prices are 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 long term, the outlook for the company remains positive from a demand perspective. Caution is placed on profit development resulting from higher cost of running business operations and developments of global dairy raw materials. 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 amongst 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 30/06/21 RM'000	Quarter ended 30/06/20 RM'000
Income tax for current period	10,769	7,181
Deferred tax for current period	(2,599)	(388)
Total taxation	<u>8,170</u>	<u>6,793</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 30/06/21 RM'000	As At 30/06/20 RM'000
At 1 January	4,494	6,794
Recognised in the statement of comprehensive income	(3,085)	(280)
At period end	<u>1,409</u>	<u>6,514</u>

19. Corporate Proposals

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

20. Company Borrowings

	As at 30/06/21 RM'000	As at 30/06/20 RM'000
Unsecured short term borrowing		
Bank overdraft	-	<u>17,595</u>

The Company has sufficient cash to support the seasonal fluctuations of its working capital needs and hence has fully repaid the short-term banking facilities.

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 30/06/21 RM'000	As At 30/06/20 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	104,317	140,595
Assets	1,321	748
Liabilities	-	836

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 30/06/21	Quarter ended 30/06/20
Basic earnings per share		
Profit for the period (RM'000)	27,285	21,232
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	42.6	33.2

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 30/06/21 RM'000	Year to-date 30/06/20 RM'000
Interest income	420	335
Finance costs		
- Interest expense	(1,489)	(1,475)
- Finance charge from lease	(74)	(123)
Depreciation of property, plant and equipment	(9,905)	(7,925)
Accelerated depreciation of property, plant and equipment	(6,502)	-
Depreciation of rights-of-use assets	(1,572)	(1,189)
Amortisation of intangible assets	(115)	(743)
Write (down)/back of inventories	550	570
Gain/(Loss) on disposal of property, plant & equipment	-	37
Gain/(Loss) on written off of property, plant & equipment	(15)	-
Net gain/(loss) on derivatives	3,036	1,799
Net foreign exchange gain/(loss)		
- Realised	(2,256)	(1,155)
- Unrealised	24	271

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
26 August 2021