

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

For the financial quarter ended 30 June 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	6 months TO DATE	6 months TO DATE
	30/06/22 (Unaudited) RM'000	30/06/21 (Unaudited) RM'000	30/06/22 (Unaudited) RM'000	30/06/21 (Unaudited) RM'000
Revenue	340,090	284,038	639,955	542,674
Cost of Sales	<u>(242,347)</u>	<u>(181,478)</u>	<u>(440,366)</u>	<u>(353,156)</u>
Gross Profit	97,743	102,560	199,589	189,518
Other Income	3,476	1,797	2,444	2,983
Distribution Expenses	(40,197)	(40,330)	(82,017)	(76,744)
Administrative Expenses	(9,057)	(8,330)	(16,923)	(14,949)
Other Operating Expenses	<u>(23,002)</u>	<u>(19,778)</u>	<u>(46,297)</u>	<u>(41,895)</u>
Results from Operating Activities	28,963	35,919	56,796	58,913
Interest Income	408	329	837	420
Finance Costs	<u>(848)</u>	<u>(793)</u>	<u>(1,684)</u>	<u>(1,561)</u>
Profit Before Taxation	28,523	35,455	55,949	57,772
Income Tax Expenses	<u>(6,992)</u>	<u>(8,170)</u>	<u>(13,849)</u>	<u>(13,611)</u>
Profit After Taxation	21,531	27,285	42,100	44,161
Other Comprehensive Income	-	-	-	-
Changes in fair value of cash flow hedge				
Deferred tax on fair value of cash flow hedge				
Profit for the period/Total comprehensive income for the period	<u>21,531</u>	<u>27,285</u>	<u>42,100</u>	<u>44,161</u>
Profit Attributable to:				
Equity holders of the Company	21,531	27,285	42,100	44,161
Non-controlling interest	-	-	-	-
	<u>21,531</u>	<u>27,285</u>	<u>42,100</u>	<u>44,161</u>
<b>EARNINGS PER SHARE</b>				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>33.60</u>	<u>42.60</u>	<u>65.80</u>	<u>69.00</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021)

**DUTCH LADY MILK INDUSTRIES BERHAD** (5063-V)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF FINANCIAL POSITION**

For the financial quarter ended 30 June 2022

	<b>AS AT 30/06/22 RM'000 (Unaudited)</b>	<b>AS AT 31/12/21 RM'000 (Audited)</b>
<b>ASSETS</b>		
Property, plant and equipment	278,068	206,028
Right-of-use assets	2,857	4,584
Intangible assets	8,124	8,469
<b>TOTAL NON-CURRENT ASSETS</b>	<b>289,049</b>	<b>219,081</b>
Inventories	210,903	161,055
Trade and other receivables	106,466	76,381
Prepayments	2,832	126,157
Cash and cash equivalents	76,807	118,300
Derivatives financial assets	-	258
Deferred tax assets		
<b>CURRENT ASSETS</b>	<b>397,008</b>	<b>482,151</b>
Assets classified as held for sale	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>397,008</b>	<b>482,151</b>
<b>TOTAL ASSETS</b>	<b>686,057</b>	<b>701,232</b>
<b>EQUITY</b>		
Share capital	64,000	64,000
Retained profits	344,680	318,580
Attributable to equity holders of the Company	408,680	382,580
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>408,680</b>	<b>382,580</b>
<b>LIABILITIES</b>		
Lease Liabilities	3,140	6,652
Deferred tax liabilities	4,126	5,968
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,266</b>	<b>12,620</b>
Trade and other payables	243,589	282,795
Provision	131	106
Current tax liabilities	18,691	14,486
Bank overdraft	-	-
Lease Liabilities	7,678	8,487
Derivatives financial liabilities	22	158
<b>CURRENT LIABILITIES</b>	<b>270,111</b>	<b>306,032</b>
<b>TOTAL LIABILITIES</b>	<b>277,377</b>	<b>318,652</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>686,057</b>	<b>701,232</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	6.39	5.98

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021)

**DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)**

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY**For the financial quarter ended 30 June 2022  
(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 2022</u>					
Balance at beginning of period	64,000	318,580	382,580	-	382,580
Movements during the period	-	42,100	42,100	-	42,100
Dividend payable	-	-	-	-	-
Dividends paid	-	(16,000)	(16,000)	-	(16,000)
Balance at end of period	<u>64,000</u>	<u>344,680</u>	<u>408,680</u>	<u>-</u>	<u>408,680</u>
<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	<u>64,000</u>	<u>130,741</u>	<u>194,741</u>	<u>-</u>	<u>194,741</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021)

**DUTCH LADY MILK INDUSTRIES BERHAD** (5063-V)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CASH FLOW**

For the financial quarter ended 30 June 2022

	<b>6 months TO DATE</b>	<b>6 months TO DATE</b>
	<b>30/06/22 (Unaudited) RM'000</b>	<b>30/06/21 (Audited) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	610,129	549,732
Cash paid to suppliers and employees	(528,723)	(458,026)
	<hr/>	<hr/>
Cash generated from operations	81,406	91,706
Income tax paid	(11,486)	(10,645)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	69,920	81,061
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(88,153)	(10,654)
Additions of intangible assets	(2,092)	(24)
Proceeds from disposal of property, plant and equipment	-	0
Proceeds from disposal of asset classified as held for sale	-	0
Interest received	837	420
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(89,408)	(10,258)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,549)	(1,486)
Dividends paid	(16,000)	(16,000)
Payment of principal portion of lease liabilities	(4,456)	(1,545)
	<hr/>	<hr/>
Net cash used in financing activities	(22,005)	(19,031)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(41,493)	51,772
Cash and cash equivalents brought forward	118,300	38,900
	<hr/>	<hr/>
Cash and cash equivalents carried forward	76,807	90,672
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	76,807	90,672
Bank overdraft	-	0
Deposits placed with licensed banks	-	-
	<hr/>	<hr/>
	76,807	90,672
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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 2021)

**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 2021.

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 2021.

**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 2021 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 implemented accelerated depreciation for the mentioned assets at the start of 2021 financial year.

Other than the aforementioned, 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 30/06/22 RM'000	Quarter ended 30/06/21 RM'000
<b>Segment profit</b>		
Revenue	340,090	284,038
Profit After Taxation	21,531	27,285

## 8. Capital Commitments

	As at 30/06/22 RM'000	As at 30/06/21 RM'000
<b>Property, plant and equipment</b>		
Authorised but not contracted for	218,957	337,334
Contracted but not provided for	232,769	14,812

## 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 30/06/22 RM'000	Quarter ended 30/06/21 RM'000
Sales to related parties	5,085	4,912
Purchases from related parties	154,181	116,142
Know-how, Trademark License and Management Support fees	8,135	6,827
Shared services from related parties	3,635	4,329
Advance payment to related parties	133,197	

These transactions have been entered into in the normal course of business and have been established at arm's length.

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

RM '000	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	6 months To Date	6 months To Date	Changes TY vs LY
	30/06/22	30/06/21	%	30/06/22	30/06/21	%
Revenue	340,090	284,038	19.7%	639,955	542,674	17.9%
Operating Profit (exclude Accelerated Depreciation)	32,933	38,616	-14.7%	65,119	65,415	-0.5%
Operating Profit	28,963	35,919	-19.4%	56,796	58,913	-3.6%
Profit Before Interest and Tax	28,115	35,126	-20.0%	55,112	57,352	-3.9%
Profit Before Taxation	28,523	35,455	-19.6%	55,949	57,772	-3.2%
Profit After Taxation	21,531	27,285	-21.1%	42,100	44,161	-4.7%
Attributable to Ordinary Equity Holders of the parent	21,531	27,285	-21.1%	42,100	44,161	-4.7%

The Company recorded a revenue growth of 19.7% versus Q2'21, mainly driven by continued strong demand for milk as an essential product, a successful Ramadhan campaign and necessary price increases to offset strong inflationary headwinds. Despite the continued COVID challenges, 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 declined by 14.7%, where higher revenue was more than offset by escalating prices of global dairy raw materials and negative foreign exchange results due to weakening MYR vs USD.

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. Reported Operating Profit was therefore reduced by this accelerated depreciation.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q2 vs Q1
	30/06/22	31/3/2022	%
Revenue	340,090	299,865	13.4%
Operating Profit (exclude Accelerated Depreciation)	32,933	32,186	2.3%
Operating Profit	28,963	27,833	4.1%
Profit Before Interest and Tax	28,115	26,997	4.1%
Profit Before Taxation	28,523	27,426	4.0%
Profit After Taxation	21,531	20,569	4.7%
Attributable to Ordinary Equity Holders of the parent	21,531	20,569	4.7%

The Company recorded 13.4% higher revenue versus Q1'22 on the back of continued strong demand for milk as an essential product and a successful Ramadhan campaign.

Operating profit (excluding accelerated depreciation) in the quarter increased by 2.3% in line with higher demand for Dutch Lady products and higher sales prices, largely offset by escalating purchase prices of global dairy raw materials and negative foreign exchange results due to weakening MYR vs USD.

Reported Profit after tax rose by 4.7 % due to lower accelerated depreciation.

#### **14. Business Prospects**

##### **A. 2022 Prospects**

The market remains volatile and is subject to various domestic and global uncertainties and challenges, foreign exchange rate fluctuations and potential regulatory changes. The global dairy prices are at historically very high levels and are expected to remain at this level for the rest of 2022 resulting in unprecedented inflationary headwinds.

DLMI will stay focused on its purpose of 'Nourishing our Planet and People in Every Stage of Life'. In order to deliver on this purpose healthy gross margins are essential in order to continue to invest behind its brands and people. These assets will drive long term engagement with DLMI as an employer of choice and continue to increase penetration of milk.

DLMI is determined to invest in Malaysia even in these trying times. In 2020, DLMI announced the plans to invest RM400 million between the years of 2021 and 2025 for our future manufacturing activities, which is progressing well. DLMI will continue to focus on optimizing the Company's cashflow to battle the inflationary headwinds and secure internal financing of the new manufacturing facilities.

Over the long term, the outlook for DLMI remains positive due to the strength of its brands, and the increasing need and recognition of the goodness and nutritional value of milk amongst Malaysians. The Company will continue to support the local dairy farmers and increase the quantity and quality of local fresh milk.

- 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 30/06/22 RM'000	Quarter ended 30/06/21 RM'000
Income tax for current period	6,854	10,769
Deferred tax for current period	138	(2,599)
Total taxation	<u>6,992</u>	<u>8,170</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/(Assets)**

	As At 30/06/22 RM'000	As At 30/06/21 RM'000
At 1 January	5,968	4,494
Recognised in the statement of comprehensive income	<u>(1,842)</u>	<u>(3,085)</u>
At period end	<u>4,126</u>	<u>1,409</u>

## 19. **Corporate Proposals**

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

## 20. **Company Borrowings**

	As at 30/06/22 RM'000	As at 30/06/21 RM'000
<b>Unsecured short-term borrowing</b>		
Bank overdraft	<u>-</u>	<u>-</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 30/06/22 RM'000	As At 30/06/21 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	3,968	104,317
Assets	-	1,321
Liabilities	22	-

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 30/06/22	Quarter ended 30/06/21
<b>Basic earnings per share</b>		
Profit for the period (RM'000)	21,531	27,285
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	33.60	42.60

The Company does not have issued 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 30/06/22 RM'000	Year to-date 30/06/21 RM'000
Interest income	837	420
Finance costs		
- Interest expense	(1,549)	(1,489)
- Finance charge from lease	(135)	(74)
Depreciation of property, plant and equipment	(8,789)	(9,905)
Accelerated depreciation of property, plant and equipment	(6,857)	(6,502)
Depreciation of rights-of-use assets	(1,391)	(1,572)
Amortisation of intangible assets	(163)	(115)
Write (down)/back of inventories	(705)	550
Gain/(Loss) on disposal of property, plant & equipment	-	-
Gain/(Loss) on written off of property, plant & equipment	-	(15)
Net gain/(loss) on derivatives	(121)	3,036
Net foreign exchange gain/(loss)		
- Realised	2,350	(2,256)
- Unrealised	197	24

By Order of the Board  
Katina Nurani Abd Rahim  
Company Secretary  
23 August 2022