

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

For the financial quarter ended 30 June 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	6 months TO DATE	6 months TO DATE
	30/06/23 (Unaudited) RM'000	30/06/22 (Unaudited) RM'000	30/06/23 (Unaudited) RM'000	30/06/22 (Unaudited) RM'000
Revenue	351,193	340,090	705,507	639,955
Cost of Sales	<u>(243,918)</u>	<u>(242,347)</u>	<u>(510,876)</u>	<u>(440,366)</u>
Gross Profit	107,275	97,743	194,631	199,589
Other Income	2,702	3,476	301	2,444
Distribution Expenses	(44,810)	(40,197)	(89,837)	(82,017)
Administrative Expenses	(8,635)	(9,057)	(18,009)	(16,923)
Other Operating Expenses	(22,615)	(23,002)	(40,377)	(46,297)
Results from Operating Activities	33,917	28,963	46,709	56,796
Interest Income	211	408	478	837
Finance Costs	(1,151)	(848)	(2,225)	(1,684)
Profit Before Taxation	32,977	28,523	44,962	55,949
Income Tax Expenses	(8,724)	(6,992)	(12,191)	(13,849)
Profit After Taxation	24,253	21,531	32,771	42,100
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>24,253</u>	<u>21,531</u>	<u>32,771</u>	<u>42,100</u>
Profit Attributable to:				
Equity holders of the Company	24,253	21,531	32,771	42,100
Non-controlling interest	-	-	-	-
	<u>24,253</u>	<u>21,531</u>	<u>32,771</u>	<u>42,100</u>
<b>EARNINGS PER SHARE</b>				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>37.90</u>	<u>33.60</u>	<u>51.20</u>	<u>65.80</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022)

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

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF FINANCIAL POSITION**

For the financial quarter ended 30 June 2023

	<b>AS AT 30/06/23 RM'000 (Unaudited)</b>	<b>AS AT 31/12/22 RM'000 (Audited)</b>
<b>ASSETS</b>		
Property, plant and equipment	397,204	344,202
Right-of-use assets	11,242	3,046
Intangible assets	29,760	13,181
<b>TOTAL NON-CURRENT ASSETS</b>	<b>438,206</b>	<b>360,429</b>
Inventories	224,005	228,882
Trade and other receivables	126,047	97,708
Prepayments	2,725	45,887
Current tax receivable	4,311	6,327
Cash and cash equivalents	60,681	104,941
Derivatives financial assets	4,777	-
Deferred tax assets		
<b>CURRENT ASSETS</b>	<b>422,546</b>	<b>483,745</b>
Assets classified as held for sale	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>422,546</b>	<b>483,745</b>
<b>TOTAL ASSETS</b>	<b>860,752</b>	<b>844,174</b>
<b>EQUITY</b>		
Share capital	64,000	64,000
Retained profits	349,623	332,851
Attributable to equity holders of the Company	413,623	396,851
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>413,623</b>	<b>396,851</b>
<b>LIABILITIES</b>		
Lease Liabilities	6,735	2,093
Deferred tax liabilities	1,917	2,322
Provision	11,075	9,201
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>19,727</b>	<b>13,616</b>
Trade and other payables	418,044	413,688
Provision	707	8,710
Current tax liabilities	-	-
Bank overdraft	-	-
Lease Liabilities	8,389	6,498
Derivatives financial liabilities	262	4,811
<b>CURRENT LIABILITIES</b>	<b>427,402</b>	<b>433,707</b>
<b>TOTAL LIABILITIES</b>	<b>447,129</b>	<b>447,323</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>860,752</b>	<b>844,174</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	6.46	6.20

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022)

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

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY**For the financial quarter ended 30 June 2023  
(The figures have not been audited)

	<u>Share Capital</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Attributable to equity holders of the Company</u> RM'000	<u>Non- Controlling Interest</u> RM'000	<u>Total</u> RM'000
<b>6 months ended 30 June 2023</b>					
Balance at beginning of period	64,000	332,851	396,851	-	396,851
Movements during the period	-	32,771	32,771	-	32,771
Dividend payable	-	-	-	-	-
Dividends paid	-	(16,000)	(16,000)	-	(16,000)
Balance at end of period	<u>64,000</u>	<u>349,622</u>	<u>413,622</u>	<u>-</u>	<u>413,622</u>
<b>6 months ended 30 June 2022</b>					
Balance at beginning of period	64,000	318,580	382,580	-	382,580
Movements during the period	-	20,569	20,569	-	20,569
Dividend payable	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>339,149</u>	<u>403,149</u>	<u>-</u>	<u>403,149</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022)

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

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CASH FLOW**

For the financial quarter ended 30 June 2023

	<b>6 months TO DATE</b>	<b>6 months TO DATE</b>
	<b>30/06/23 (Unaudited) RM'000</b>	<b>30/06/22 (Audited) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	672,394	610,129
Cash paid to suppliers and employees	(600,345)	(528,723)
	<hr/>	<hr/>
Cash generated from operations	72,049	81,406
Income tax paid	(10,581)	(11,486)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	61,468	69,920
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(67,234)	(88,153)
Additions of intangible assets	(16,724)	(2,092)
Proceeds from disposal of property, plant and equipment	-	0
Proceeds from disposal of asset classified as held for sale	-	0
Interest received	478	837
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(83,480)	(89,408)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,971)	(1,549)
Dividends paid	(16,000)	(16,000)
Payment of principal portion of lease liabilities	(4,277)	(4,456)
	<hr/>	<hr/>
Net cash used in financing activities	(22,248)	(22,005)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(44,260)	(41,493)
Cash and cash equivalents brought forward	104,941	118,300
	<hr/>	<hr/>
Cash and cash equivalents carried forward	60,681	76,807
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	60,681	76,807
Bank overdraft	2,309	0
Deposits placed with licensed banks	-	-
	<hr/>	<hr/>
	62,990	76,807
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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 2022)

**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 2022.

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 2022.

**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 2022 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 affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

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, continuing into 2022 and 2023.

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 reviews internal management reports at least on a quarterly basis.

	Quarter ended 30/06/23 RM'000	Quarter ended 30/06/22 RM'000
<b>Segment profit</b>		
Revenue	351,193	340,090
Profit/(loss) After Taxation	24,253	21,531

## 8. Capital Commitments

	As at 30/06/23 RM'000	As at 30/06/22 RM'000
<b>Property, plant and equipment</b>		
Authorised but not contracted for	219,957	218,957
Contracted but not provided for	139,331	232,769

## 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 30/06/23 RM'000	Quarter ended 30/06/22 RM'000
Sales to related parties	911	5,085
Purchases from related parties	117,534	154,181
Know-how, Trademark License and Management Support fees	11,263	8,135
Shared services from related parties	1,963	3,635
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
	30/06/23	30/06/22	%	30/06/23	30/06/22	%
Revenue	351,193	340,090	3.3%	705,507	639,955	10.2%
Operating Profit (exclude Accelerated Depreciation and one-offs)	37,749	32,933	14.6%	55,605	65,119	-14.6%
Operating Profit	33,919	28,963	17.1%	46,709	56,796	-17.8%
Profit Before Interest and Tax	32,768	28,115	16.5%	44,484	55,112	-19.3%
Profit Before Taxation	32,979	28,524	15.6%	44,962	55,949	-19.6%
Profit After Taxation	24,255	21,531	12.7%	32,771	42,100	-22.2%
Attributable to Ordinary Equity Holders of the parent	24,255	21,531	12.7%	32,771	42,100	-22.2%

\*Accelerated depreciation and transition-related one-off in Q2 2023: RM3.8 million; Q2 2022: RM4.0 million

The company recorded a revenue growth of 3.3% this quarter compared to the same quarter last year, driven by continued strong demand for dairy products and successful festive campaigns accompanied by selective price increases to offset strong inflationary headwinds. DLMI continues its investments in the Dairy Market as a market leader and ensure affordability by strategic pricing, staying committed to its purpose of Nourishing Our Planet and People in Every Stage of Life.

In line with the earlier announced investment in our future manufacturing activities, DLMI continued the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. As the construction of the state-of-the-art IR4.0 manufacturing facility in Bandar Enstek progresses, other one-off operating costs related to activities for the construction and transition towards the new site are incurred. These costs for accelerated depreciation and one-offs are included in the Reported Operating Profit amounting to RM3.8 million.

On a like-for-like-basis Operating Profit excluding accelerated depreciation and one-offs is RM37.7 million, meaning a 17% increase versus the same quarter in 2022. This increase is mainly driven by the implementation of cost optimization and revenue growth management measures in mitigating the unprecedented increase in the cost of dairy raw materials and negative impacts of exchange rates predominantly against the USD.

Profit Before Taxation in current quarter landed at a RM33.0 million (+15.6%), versus RM28.5 million in 2022, whereas Profit After Taxation was higher by 12.7% versus Q2 2022 at RM24.3 million.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q1 vs Q2
	30/06/23	31/03/2023	%
Revenue	351,193	354,314	-0.9%
Operating Profit (exclude Accelerated Depreciation and one-offs')	37,749	17,859	111.4%
Operating Profit	33,919	12,792	165.2%
Profit Before Interest and Tax	32,768	11,718	179.6%
Profit Before Taxation	32,979	11,985	175.2%
Profit After Taxation	24,255	8,519	184.7%
Attributable to Ordinary Equity Holders of the parent	24,255	8,519	184.7%

\*Accelerated depreciation and transition-related one-off in Q2 2023: RM3.8 million; Q1 2023: RM5.1 million

The company's revenue for the current period was marginally lower (-0.9%) compared to Q1'23. The sales in Q2 was lower post Q1 Ramadhan sell-in, yet demand for liquid milk remained strong.

Operating profit (excluding Accelerated depreciation and one-offs) increased 111.4% (RM19.9 million) vs Q1 '23, due to softening prices of Dairy Raw Materials, although remaining at high levels partially driven by the weakening exchange rate of the Malaysian Ringgit against the USD. The effect of a favorable product mix, selective price increases, strong cost management actions and continued strong demand for our dairy products also contributed to the positive development in Operating Profit (excluding Accelerated Depreciation and one-offs).

In line with the announced investment in our future manufacturing activities, DLMI continued the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. As the progress of construction of the state-of-the-art IR4.0 manufacturing facility in Bandar Enstek progresses, other one-off operating costs related to activities for the construction and transition towards the new site are incurred. These costs for accelerated depreciation and one-offs included in the Reported Operating Profit amount to RM3.8 million.

Profit Before Taxation in the quarter increased by RM21.0 million to RM 24.3 million as a result of the above-mentioned drivers, whereas Profit After Taxation increased by RM15.7 million to RM24.3 million.



## **14. Business Prospects**

### **A. 2023 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 remain historically at high levels, but are expected to soften further in the remainder of 2023.

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 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. DLMI is investing RM540 million, between the years 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 current inflationary headwinds and secure internal financing for building and transitioning to the new manufacturing facilities.

DLMI is employing cash generated from its operations and working capital to fund the Property, Plant & Equipment (PPE) investments into the new production facility at Bandar Enstek. Should there be any short-term shortfall in working capital, the Company has sufficient committed undrawn overdraft facilities and an inter-company credit facility that can be utilised.

Over the long term, the outlook for DLMI remains cautiously optimistic due to the strength of our brands, and the increasing need for 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 30/06/23 RM'000	Quarter ended 30/06/22 RM'000
Income tax for current period	8,687	6,854
Income tax for prior period		-
Deferred tax for current period	38	138
Penalty		-
Total taxation	<u>8,724</u>	<u>6,992</u>

The effective tax rate for the given period has increased due to the inclusion of non-deductible expenses related to the new production facility in Bandar Enstek.

## 18. Deferred Tax Liabilities/(Assets)

	As At 30/06/23 RM'000	As At 30/06/22 RM'000
At 1 January	2,093	5,968
Recognised in the statement of comprehensive income	(176)	(1,842)
At period end	<u>1,917</u>	<u>4,126</u>

## 19. Corporate Proposals

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

## 20. Company Borrowings

	As at 30/06/23 RM'000	As at 30/06/22 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 30/06/23 RM'000	As At 30/06/22 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	131,879	3,968
Assets	4,777	-
Liabilities	262	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 30/06/23	Quarter ended 30/06/22
<b>Basic earnings per share</b>		
Profit for the period (RM'000)	24,253	21,531
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	37.90	33.60

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 30/06/23 RM'000	Year to-date 30/06/22 RM'000
Interest income	478	837
Finance costs		
- Interest expense	(1,993)	(1,549)
- Finance charge from lease	(232)	(135)
Depreciation of property, plant and equipment	(7,941)	(8,789)
Accelerated depreciation of property, plant and equipment	(6,293)	(6,857)
Depreciation of rights-of-use assets	(2,352)	(1,391)
Amortisation of intangible assets	(145)	(163)
Write (down)/back of inventories*	(8,288)	(705)
Gain/(Loss) on disposal of property, plant & equipment		-
Gain/(Loss) arising from sale and leaseback transaction		-
Gain/(Loss) on written off of property, plant & equipment		-
Net gain/(loss) on derivatives	9,326	(121)
Net foreign exchange gain/(loss)		
- Realised	3,310	2,350
- Unrealised	(196)	197

\*Inventory Revaluation

By Order of the Board  
Katina Nurani Abd Rahim  
Company Secretary  
24<sup>th</sup> August 2023