DIRECTORS' REPORT

for the financial year ended 31 December 2020

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2020.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Zainal Abidin bin Putih
Saw Chooi Lee
Bernardus Hermannus Maria Kodden
Tarang Gupta
Dato' Dr Rosini Alias
Tengku Nurul Azian Tengku Shahriman
Datin Seri Sunita Mei-Lin Rajakumar
Jean Serge Krol

In accordance with Article 93(a) of the Company's Constitution, Tengku Nurul Azian binti Tengku Shahriman and Datin Seri Sunita Mei-Lin Rajakumar who were appointed since the date of the last report, shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-election.

PRINCIPAL ACTIVITIES

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. The Company markets these products under various brand names such as Dutch Lady, Dutch Baby, Frisolac, Friso Gold and Dutch Lady PureFarm. There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the year	**73,363**

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year. Under the Company's Constitution, the Directors are not required to hold any shares in the Company.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) a first interim ordinary dividend of 40.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM25,600,000 in respect of the financial year ended 31 December 2020 on 24 July 2020; and

ii) a second interim ordinary dividend of 40.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM25,600,000 in respect of the financial year ended 31 December 2020 on 24 December 2020.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2020.

DIRECTORS' REPORT

for the financial year ended 31 December 2020

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 15 to the financial statements.

INSURANCE EFFECTED FOR DIRECTORS

During the financial year, the total cost of insurance effected for Directors of the Company is RM9,722 (2019: RM7,563).

HOLDING COMPANIES

The immediate and ultimate holding companies are FrieslandCampina DLMI Malaysia Holding BV and Royal FrieslandCampina NV respectively. Both companies are incorporated in the Netherlands.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

 (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

 (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

 (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or

 (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(c) At the date of this report:

 (i) there are no charges on the assets of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

 (ii) there are no contingent liabilities in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

OTHER STATUTORY INFORMATION (CONTINUED)

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

 (i) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

 (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 14 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 25 February 2021.

Signed on behalf of the Board of Directors:

Tarang Gupta	**Jean Serge Krol**

25 February 2021

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Property, plant and equipment	3	**199,721**	123,482
Right-of-use assets	4	**9,732**	3,977
Intangible assets	5	**957**	1,675
Total non-current assets		**210,410**	129,134
Inventories	6	**151,016**	135,024
Trade and other receivables	7	**81,501**	112,852
Prepayments		**311**	5,052
Cash and bank balances	8	**55,605**	61,532
Derivative financial assets	9	**2**	-
Total current assets		**288,435**	314,460
Total assets		**498,845**	443,594
Equity			
Share capital	10	**64,000**	64,000
Retained earnings		**102,580**	80,417
Total equity		**166,580**	144,417
Liabilities			
Lease liabilities	4	**3,590**	340
Deferred tax liabilities	11	**4,494**	6,794
Total non-current liabilities		**8,084**	7,134
Trade and other payables	12	**295,492**	264,928
Provision	13	**228**	207
Current tax liabilities		**6,723**	7,663
Bank overdraft	8	**16,705**	16,724
Lease liabilities	4	**2,893**	634
Derivative financial liabilities	9	**2,140**	1,887
Total current liabilities		**324,181**	292,043
Total liabilities		**332,265**	299,177
Total equity and liabilities		**498,845**	443,594

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue from contracts with customers - sales of goods recognised point in time		**1,100,659**	1,066,662
Cost of sales		**(743,582)**	(661,942)
Gross profit		**357,077**	404,720
Other income		**6,518**	3,371
Distribution expenses		**(155,875)**	(168,191)
Administrative expenses		**(30,850)**	(28,156)
Other expenses		**(76,869)**	(70,902)
Results from operating activities		**100,001**	140,842
Interest income		**683**	455
Finance costs		**(3,173)**	(3,697)
Profit before tax	14	**97,511**	137,600
Tax expense	16	**(24,148)**	(34,642)
Net profit for the financial year/Total comprehensive income for the financial year		**73,363**	102,958
Basic and diluted earnings per ordinary share (sen)	17	**114.6**	160.9

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

	Note	Share capital RM'000	*Distributable* Retained earnings RM'000	Total equity RM'000
At 1 January 2019		64,000	41,459	105,459
Net profit/Total comprehensive income for the financial year		-	102,958	102,958
Dividends to owners of the Company	18	-	(64,000)	(64,000)
At 31 December 2019/1 January 2020		**64,000**	**80,417**	**144,417**
Net profit/Total comprehensive income for the financial year		**-**	**73,363**	**73,363**
Dividends to owners of the Company	18	**-**	**(51,200)**	**(51,200)**
At 31 December 2020		**64,000**	**102,580**	**166,580**
		Note 10		

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2020

	Note	2020 RM'000	2019 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)
Cash generated from operations		**171,665**	154,505
Income tax paid		**(27,388)**	(36,718)
Net cash from operating activities		**144,277**	117,787
Cash flows from investing activities			
Purchase of property, plant and equipment	3	**(92,635)**	(19,846)
Purchase of intangible assets	5	**(593)**	(192)
Proceeds from disposal of property, plant and equipment		**137**	73
Interest received		**683**	455
Net cash used in investing activities		**(92,408)**	(19,510)
Cash flows from financing activities			
Interest paid		**(2,922)**	(3,640)
Dividends paid	18	**(51,200)**	(64,000)
Payment for principal portion of lease liabilities	4	**(3,655)**	(2,766)
Net cash used in financing activities		**(57,777)**	(70,406)
Net increase/(decrease) in cash and cash equivalents		**(5,908)**	27,871
Cash and cash equivalents at 1 January		**44,808**	16,937
Cash and cash equivalents at 31 December	8	**38,900**	44,808

STATEMENT OF CASH FLOWS

for the year ended 31 December 2020 (continued)

The reconciliation of movement of liabilities to cash flows arising from financing activities are as follows:

	Lease Liabilities RM'000	Total RM'000
Balance at 1 January 2019	3,683	3,683
Changes from financing cash flow		
Non-cash changes:		
Interest portion of lease payments	57	57
Cash flows:		
Repayment of lease liabilities	(2,766)	(2,766)
Balance at 31 December 2019/1 January 2020	**974**	**974**
Additions	**8,913**	**8,913**
Changes from financing cash flow		
Non-cash changes:		
Interest portion of lease payments	**251**	**251**
Unrealised exchange rate loss	**44**	**44**
Cash flows:		
Repayment of lease liabilities	**(3,699)**	**(3,699)**
Balance at 31 December 2020	**6,483**	**6,483**

NOTE TO THE STATEMENT OF CASH FLOWS

Interest paid shown in cash flows from financing activities arose from interest paid to a licensed financial institution to enable certain trade customers to pay goods invoiced through a corporate purchasing card issued by the financial institution.

NOTES TO THE FINANCIAL STATEMENTS

Dutch Lady Milk Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business/Registered office
Level 5, Quill 9
No 112, Jalan Prof Khoo Kay Kim
46300 Petaling Jaya
Selangor Darul Ehsan

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. The Company markets these products under various brand names such as Dutch Lady, Dutch Baby, Frisolac, Friso Gold and Dutch Lady PureFarm.

These financial statements were authorised for issue by the Board of Directors on 25 February 2021.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(i) Standards, amendments to published standards and interpretations that are effective

The Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective (continued)

The Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs (continued).

  In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

The adoption of the amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

(ii) Standards, amendments to published standards and interpretations that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2020. None of these is expected to have a significant effect on the consolidated financial statements of the Company.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as disclosed below.

(i) Trade spend accruals

Trade spend accruals of RM41.0 million (2019: RM40.2 million), which consists primarily of trade rebates and promotional discounts, are based on agreed trading terms and promotional activities with trade customers and distributors. Trade spend accruals are recognised under the terms of these agreements, to reflect the expected rebates, promotional activities and historical experience. These accruals are reported within Trade and Other Payables under Trade Payables (Note 12). The estimates for these accruals are regularly reviewed by senior management of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss,
- and those to be measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Initial Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Subsequent measurement

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/(expenses) in the period in which it arises.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment

The Company assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has the following debt instrument that is subject to the ECL model:

- Trade receivables
- Other receivables and deposits
- Intercompany receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For trade receivables, the Company applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, deposits and non-trade intercompany receivables, the Company applies the general three-stage approach to determine the ECL.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Significant increase in credit risk (continued)

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Company defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Company defines a financial instrument as default, when the counterparty fails to make contractual payment, as per the credit terms ranging from 1 to 60 days, when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables arising from manufacturing and distribution of dairy product business have been grouped based on shared credit risk characteristics and the days past due.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments. Assessment on debtor's recoverability will be performed by management on a case by case basis.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables, deposits and non-trade intercompany receivables

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, import duties and any non-refundable purchase taxes and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• buildings	10 - 25 years
• plant and machinery	5 - 33 years
• motor vehicles	5 years
• furniture and equipment	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

Leasehold land is presented under right-of-use assets in statement of financial position. See accounting policy Note 2(e) on right-of-use assets for these assets.

(iv) Impairment

At the end of the reporting period, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(g) on impairment of non-current assets.

(e) Leases – Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(i) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to 2 (e)(iv) below).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases – Accounting by lessee (continued)

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally amortised over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases – Accounting by lessee (continued)

(iv) Reassessment of lease liabilities

The Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short-term leases and leases of low-value assets

The Company has elected not to recognised a lease liability for short term leases (leases expected term of 12 months or less) or for lease of low value assets. Payment made under such leases are expensed on a straight-line basis in profit or loss.

In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

(f) Intangible assets

(i) Computer software

Computer software that is acquired by the Company, which has finite useful life, is measured at cost less any accumulated amortisation and any accumulated impairment losses.

Costs that are directly associated with identifiable computer software and that will probably generate economic benefits exceeding cost beyond one year or cost savings to the Company and are not integral to other equipment are recognised as intangible assets. These costs include the employee costs of software development and an appropriate portion of relevant overheads.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful life of computer software for the current and comparative periods is 5 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-current assets

The carrying amounts of non-current assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents in the statement of cash flows. In the statement of financial position, banks overdrafts are shown in current liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Share capital

Classification

Ordinary shares with discretionary dividends are classified as equity.

Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(k) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade payables

Trade payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade payables are subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Company expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(n) Revenue from contracts with customers and other income

Revenue from contracts with customers

(i) Goods sold

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The dairy products are often sold with trade discounts and volume rebates based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated trade discounts and volume rebates. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term ranging from 1 to 60 days, which is consistent with market practice.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue from contracts with customers and other income (continued)

Revenue from contracts with customers (continued)

(i) Goods sold (continued)

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Accounting for customer loyalty programme

Under MFRS 15, the total consideration is allocated to the points and goods sold based on the relative stand-alone selling prices. Using this method, a contractual liability is recognised in relation to the customer loyalty programme in 2019 amounting RM340,423. However in 2020, the company has decided to terminate this program and converted the investment into other forms of activities.

(iii) Accounting for refunds

The Company is obliged to refund the purchase price of the product sold in situations where the customer has a contractual right to return the product within a given period. The Company recognised refund liability for returns which was measured on a net basis at the margin on the sale and the corresponding entry to revenue.

Under MFRS 15, a refund liability for the expected refunds to customers is recognised as an adjustment to revenue and classified as part of the 'trade and other payable' balances.

Other income

(i) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings per ordinary share

The Company presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(q) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work-in progress RM'000	Total RM'000
Cost							
At 1 January 2019		66,462	128,790	664	32,298	36,944	265,158
Additions		-	-	-	-	19,846	19,846
Disposal		-	(6,588)	(74)	(161)	-	(6,823)
Transfers		-	17,075	-	6,554	(23,629)	-
Transfer to intangible assets	5	-	-	-	-	(27)	(27)
At 31 December 2019/1 January 2020		66,462	139,277	590	38,691	33,134	278,154
Additions		-	-	-	-	92,635	92,635
Written off		-	(2,530)	-	-	-	(2,530)
Disposal		-	(712)	(94)	-	-	(806)
Transfers		-	18,061	-	3,701	(21,762)	-
At 31 December 2020		**66,462**	**154,096**	**496**	**42,392**	**104,007**	**367,453**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment loss							
At 1 January 2019							
Accumulated depreciation		41,050	79,566	561	15,394	-	**136,571**
Accumulated impairment loss		-	2,427	-	-	6,893	**9,320**
		41,050	81,993	561	15,394	6,893	**145,891**
Depreciation for the year	-	2,893	7,116	55	5,540	-	**15,604**
Disposal	-	-	(6,588)	(74)	(161)	-	**(6,823)**
At 31 December 2019/1 January 2020							
Accumulated depreciation		43,943	80,094	542	20,773	-	**145,352**
Accumulated impairment loss		-	2,427	-	-	6,893	**9,320**
		43,943	82,521	542	20,773	6,893	**154,672**
Depreciation for the year		2,751	7,208	48	5,878	-	**15,885**
Written off		-	(2,208)	-	-	-	**(2,208)**
Disposal		-	(523)	(94)	-	-	**(617)**
At 31 December 2020							
Accumulated depreciation		46,694	84,571	496	26,651	-	**158,412**
Accumulated impairment loss		-	2,427	-	-	6,893	**9,320**
		46,694	86,998	496	26,651	6,893	**167,732**
Carrying amounts							
At 31 December 2019		22,519	56,756	48	17,918	26,241	**123,482**
At 31 December 2020		19,768	67,098	-	15,741	97,114	**199,721**

(a) Included in property, plant and equipment of the Company are fully depreciated assets, which are still in use, with an aggregate cost of approximately RM93,172,368 (2019: RM68,643,428).

(b) Included in capital work-in progress is the purchase of 3 parcels of freehold land for a total cash consideration of RM56.8 million for the construction of new manufacturing facilities in Bandar Baru Enstek.

4. RIGHT-OF-USE ASSETS

The Company as a lessee

(i) Information about ROU assets, lease liabilities, expenses and cash flows related to leases:

ROU assets

	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and equipment RM'000	Total RM'000
Cost					
At 1 January 2019	5,639	1,648	160	1,875	**9,322**
Derecognition		(34)	(160)	(549)	**(743)**
At 31 December 2019/ 1 January 2020	5,639	1,614	-	1,326	**8,579**
Additions	-	4,050	-	4,863	**8,913**
Derecognition	-	(1,538)	-	(643)	**(2,181)**
At 31 December 2020	5,639	4,126	-	5,546	**15,311**
Accumulated depreciation charge					
At 1 January 2019	2,609	-	-	-	**2,609**
Depreciation for the year	76	1,394	160	1,106	**2,736**
Derecognition	-	(34)	(160)	(549)	**(743)**
At 31 December 2019/ 1 January 2020	2,685	1,360	-	557	**4,602**
Depreciation for the year	75	1,404	-	1,679	**3,158**
Derecognition	-	(1,538)	-	(643)	**(2,181)**
At 31 December 2020	2,760	1,226	-	1,593	**5,579**
Carrying amounts					
At 31 December 2019	2,954	254	-	769	**3,977**
At 31 December 2020	2,879	2,900	-	3,953	**9,732**

NOTES TO THE FINANCIAL STATEMENTS

4. RIGHT-OF-USE ASSETS (CONTINUED)

The Company as a lessee (continued)

(i) Information about ROU assets, lease liabilities, expenses and cash flows related to leases (continued):

Lease liabilities

	2020 RM'000	2019 RM'000
Balance at 1 January	**974**	3,683
Additions	**8,913**	-
Interest charged during the year	**251**	57
Repayment of lease liability (included in cash flows from financing activities)	**(3,699)**	(2,766)
Unrealised exchange rate loss	**44**	-
	6,483	974

Lease liabilities are presented in the statement of financial position as follows:

	2020 RM'000	2019 RM'000
Current liabilities	**2,893**	634
Non-current liabilities	**3,590**	340
	6,483	974

Expenses

Expenses related to leases are disclosed in Note 14.

Cash flows

	2020 RM'000	2019 RM'000
Lease payments not recognised as liabilities:		
Expense related to low value leases	**215**	454
Expense related to short-term leases	**839**	2,487
Expense related to variable leases	**1,979**	930
Non-lease components	**553**	767
Total cash outflow for leases (included in cash flows from operating activities)	**3,586**	4,638

4. RIGHT-OF-USE ASSETS (CONTINUED)

The Company as a lessee (continued)

(ii) The Company's leasing activities and how these are accounted for

Leasehold land relates to the lease of land with unexpired lease period of less than 50 years for the Company's factory buildings, office complex and warehouse located in Petaling Jaya. The lease will expire in 2059 and the Company does not have an option to purchase the leased land at the expiry of the lease period.

The Company leases various offices, motor vehicles, plant and equipment, and office equipment. Rental contracts are typically made for fixed periods of 1 to 7 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(iii) Variable lease payment

Variable lease payments relate to payments made for the lease of pallets which are based on the actual usage of the pallets.

(iv) Extension and termination options

Extension and termination options are included in a number of equipment leases across the Company. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide the Company with greater flexibility to align its need for access to equipment with the fulfilment of customer contracts.

In cases in which the Company is not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS

	Note	Computer software RM'000	Capital work-in progress RM'000	Total RM'000
Cost				
At 1 January 2019		16,322	35	**16,357**
Additions		-	192	**192**
Transfers		220	(220)	**-**
Transfer from property, plant and equipment	3	27	-	**27**
At 31 December 2019/1 January 2020		16,569	7	**16,576**
Additions		49	544	**593**
Transfers		261	(261)	**-**
At 31 December 2020		16,879	290	**17,169**
Accumulated amortisation				
At 1 January 2019		13,401	-	**13,401**
Amortisation for the year		1,500	-	**1,500**
At 31 December 2019/1 January 2020		14,901	-	**14,901**
Amortisation for the year		1,311	-	**1,311**
At 31 December 2020		16,212	-	**16,212**
Carrying amounts				
At 31 December 2019		1,668	7	**1,675**
At 31 December 2020		667	290	**957**

6. INVENTORIES

	2020 RM'000	2019 RM'000
Finished goods	**74,635**	71,333
Raw materials	**67,207**	52,835
Packaging materials	**9,552**	12,519
Spare parts	**865**	841
	152,259	137,528
Provision for obsolescence of inventories	**(1,243)**	(2,504)
	151,016	135,024

7. TRADE AND OTHER RECEIVABLES

	Note	2020 RM'000	2019 RM'000
Trade			
Trade receivables		**68,311**	100,237
Less: Loss allowance	7.1	**(266)**	(444)
Net trade receivables		**68,045**	99,793
Amounts owing by related companies	7.2	**7,302**	4,118
		75,347	103,911
Non-trade			
Other receivables		**5,170**	6,952
Deposits		**984**	1,989
		6,154	8,941
		81,501	112,852

7.1 The movements in the loss allowance of trade receivables during the financial year is disclosed in Note 22.4.

7.2 The credit terms of amounts owing by related companies ranged from 0 to 30 days (2019: 0 to 30 days).

NOTES TO THE FINANCIAL STATEMENTS

8. CASH AND BANK BALANCES

	2020 RM'000	2019 RM'000
Cash and cash at bank	**55,605**	33,532
Deposits placed with licensed banks	**-**	28,000
Cash and bank balances	**55,605**	61,532

No deposits are placed with licensed banks at 31 December 2020. The deposits placed in 2019 earned interest at rates ranging from 1.90% to 2.95% per annum and had maturity periods ranging from 3 to 31 days.

Bank balances are held at call with licensed banks and earn no interest.

(a) Cash and cash equivalents comprise:

	2020 RM'000	2019 RM'000
Cash and bank balances	**55,605**	61,532
Bank overdraft	**(16,705)**	(16,724)
	38,900	44,808

Bank overdraft is unsecured and bears interest rate at the average rate of 2.58% (2019: 2.62%) per annum.

9. DERIVATIVE FINANCIAL ASSET/(LIABILITIES)

	2020			2019		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Derivatives held for trading at fairvalue through profit or loss						
- Forward exchange contracts	**123,550**	**2**	**(2,140)**	115,176	-	(1,887)

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's payables denominated in currencies other than the functional currency of the Company. All the forward exchange contracts have maturities of less than one year after the end of the reporting period.

10. SHARE CAPITAL

	Amount 2020 RM'000	Number of shares 2020 '000	Amount 2019 RM'000	Number of shares 2019 '000
Issued and fully paid:				
Ordinary shares with no par value	**64,000**	**64,000**	64,000	64,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

11. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	**-**	-	**(9,364)**	(8,833)	**(9,364)**	(8,833)
Inventories	**299**	601	**-**	-	**299**	601
Receivables	**64**	113	**-**	-	**64**	113
Provisions	**4,194**	1,069		-	**4,194**	1,069
Payables	**-**	-	**(112)**	(214)	**(112)**	(214)
Other items	**425**	470	**-**	-	**425**	470
Deferred tax assets/(liabilities)	**4,982**	2,253	**(9,476)**	(9,047)	**(4,494)**	(6,794)

Movement in temporary differences during the year

	At 1.1.2019 RM'000	Recognised in profit or loss RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss RM'000	At 31.12.2020 RM'000
Property, plant and equipment	(8,533)	(300)	(8,833)	(531)	**(9,364)**
Inventories	414	187	601	(302)	**299**
Receivables	149	(36)	113	(49)	**64**
Provisions	1,325	(256)	1,069	3,125	**4,194**
Payables	(103)	(111)	(214)	102	**(112)**
Other items	209	261	470	(45)	**425**
	(6,539)	(255)	(6,794)	2,300	**(4,494)**
		Note 16		Note 16	

NOTES TO THE FINANCIAL STATEMENTS

12. TRADE AND OTHER PAYABLES

	Note	2020 RM'000	2019 RM'000
Trade			
Amounts owing to related companies	12.1	**76,384**	73,022
Trade payables	12.2	**183,158**	156,272
		259,542	229,294
Non-trade			
Amounts owing to related companies	12.1	**4,464**	4,958
Accrued expenses		**29,440**	29,954
Other payables		**2,046**	722
		35,950	35,634
		295,492	264,928

12.1 The credit terms of amounts owing to related companies ranged from 0 to 30 days (2019: 0 to 30 days).

12.2 Included in trade payables is refund liability in respect of market returns of RM3,440,314 (2019: RM3,440,314). Contract liabilities in respect of the customer loyalty redemption points is NIL in 2020 (2019: RM340,423) since the program has been terminated and the Company has converted the investment into other forms of activities.

13. PROVISION

	Employees' pension contribution	
	2020 RM'000	2019 RM'000
At 1 January	**207**	191
Addition during the year	**21**	16
At 31 December	**228**	207

Employees' pension contribution

Provision for employees' pension contribution reflects provisions made for additional contributions to be made to the statutory Employees Provident Fund that would vest upon unionised staff having completed five years of service. The provision has been made on the assumption that all relevant staff will complete their five year term and that therefore their benefits will vest in its entirety.

14. PROFIT BEFORE TAX

	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of intangible assets	**1,311**	1,500
Auditors' remuneration:		
- Statutory audit - current year	**89**	106
- Statutory audit - (over accrual prior year)/under accrual in prior year	**-**	17
- Other services	**20**	20
Depreciation of property, plant and equipment	**15,885**	15,604
Depreciation of ROU asset	**3,161**	2,736
Finance cost		
- Interest expense	**2,922**	3,640
- Finance charge arising from lease liabilities	**251**	57
Inventories recognised as cost of sales	**643,134**	572,673
Loss/(gain) on disposal of property, plant and equipment	**52**	(73)
Net loss on derivatives	**251**	1,017
Net loss/(gain) on foreign exchange:		
- Realised	**2,819**	2,241
- Unrealised	**(464)**	(864)
Rental in respect of:		
- Premises	**623**	587
- Equipment	**2,838**	3,957
- Vehicles	**125**	94
Personnel expenses (including key management personnel):		
- Wages, salaries and others	**63,020**	58,978
- Contributions to state plans	**9,319**	9,054
(Reversal of)/provision for obsolescence of inventories	**(1,261)**	777
Reversal of loss allowance of trade receivables	**(178)**	(122)
Write off of property, plant and equipment	**322**	-

NOTES TO THE FINANCIAL STATEMENTS

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	2020 RM'000	2019 RM'000
Directors:		
- Fees	**481**	498
- Remuneration	**1,524**	1,231
- Benefits-in-kind	**410**	512
	2,415	2,241
Other key management personnel:		
- Wages, salaries and others	**4,429**	4,187
- Contributions to state plans	**484**	475
	4,913	4,662
	7,328	6,903

Directors' remuneration includes salaries, allowance and all other Directors related expenses.

Other key management personnel comprise persons other than Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

16. TAX EXPENSE

Recognised in profit or loss

	Note	2020 RM'000	2019 RM'000
Current tax expense			
- current year		**26,020**	34,490
- under/(over) provision in prior year		**428**	(103)
		26,448	34,387
Deferred tax expense			
Origination and reversal of temporary differences	11	**(2,300)**	255
Total income tax expense		**24,148**	34,642

16. TAX EXPENSE (CONTINUED)

	2020 RM'000	2019 RM'000
Reconciliation of tax expense		
Profit before tax	**97,511**	137,600
Income tax calculated using Malaysian tax rate of - 24% (2019: 24%)	**23,403**	33,024
Non-deductible expenses	**317**	1,740
Income not subject to tax	**-**	(19)
Under/(over) provision in prior year	**428**	(103)
	24,148	34,642

17. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2020	2019
Net profit for the year (RM'000)	**73,363**	102,958
Average number of ordinary shares in issue ('000)	**64,000**	64,000
Basic and diluted earnings per ordinary share (sen)	**114.6**	160.9

There are no potential dilutive ordinary shares in issue as at 31 December 2020 and 2019, and therefore, diluted earnings per share equal basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

18. DIVIDENDS

Dividends paid by the Company:

	Sen per share	Total amount RM'000	Date of payment
2020			
Single tier first interim 2020 ordinary	**40.00**	**25,600**	**24.07.2020**
Single tier second interim 2020 ordinary	**40.00**	**25,600**	**24.12.2020**
Total amount		**51,200**	
2019			
Single tier first interim 2019 ordinary	50.00	32,000	17.05.2019
Single tier second interim 2019 ordinary	50.00	32,000	24.12.2019
Total amount		64,000	

19. OPERATING SEGMENTS

The Company operates principally in Malaysia and in one major business segment being manufacturing and distribution of a wide range of dairy products. The Company's Board of Directors (the chief operating decision maker) reviews internal management reports in respect of this segment at least on a quarterly basis.

Accordingly, no segment information is provided as the financial position and performance are as already shown in the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

At the end of the financial year, there were no significant concentrations of revenue other than three major customers with net revenues of approximately RM394.9 million (2019: RM354.3 million) contributing approximately 36% (2019: 33%) of the net revenues in the financial statements.

20. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

The key management personnel compensation are shown in Note 15.

The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Note 7 and Note 12.

	2020 RM'000	2019 RM'000
Management fee paid to immediate holding company		
- FrieslandCampina DLMI Malaysia Holding B.V.	**(135)**	(99)
Purchase of fully packed dairy products and raw materials from fellow subsidiaries		
- FrieslandCampina Nederland Holding B.V.	**(353,527)**	(348,585)
- P.T. Frisian Flag Indonesia	**(102,352)**	(63,052)
- FrieslandCampina Thailand	**-**	(1,777)
Sales of fully packed dairy products to fellow subsidiaries		
- FrieslandCampina Domo B.V.	**1,920**	6,133
- PAKEngroFoods - Engro Foods Limited	**-**	150
- FrieslandCampina (Singapore) Pte Ltd	**17,701**	12,806
Know-how, trademark license and management support fees paid to fellow subsidiary		
- FrieslandCampina Nederland B.V.	**(26,296)**	(26,196)
Information, communication and technology services paid to fellow subsidiary		
- FrieslandCampina Nederland Holding B.V.	**(17,516)**	(15,557)
Finance shared services paid to fellow subsidiary		
- FrieslandCampina Nederland Holding B.V.		-
- FrieslandCampina Service Centre Asia Pacific Sdn Bhd	**(3,307)**	(2,821)
Shared services fee received from fellow subsidiary		
- FrieslandCampina Service Centre Asia Pacific Sdn Bhd	**161**	123

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised costs ("AC"); and

(b) Fair value through profit or loss ("FVTPL"):

	Carrying amount 2020 RM'000	AC 2020 RM'000	FVTPL 2020 RM'000	Carrying amount 2019 RM'000	AC 2019 RM'000	FVTPL 2019 RM'000
Financial assets						
Trade and other receivables	**81,501**	**81,501**	**-**	112,852	112,852	-
Derivative financial assets	**2**	**-**	**2**	-	-	-
Cash and bank balances	**55,605**	**55,605**	**-**	61,532	61,532	-
	137,108	**137,106**	**2**	174,384	174,384	-
Financial liabilities						
Trade and other payables	**(295,492)**	**(295,492)**	**-**	(264,928)	(264,928)	-
Lease liabilities	**(6,483)**	**(6,483)**	**-**	(974)	(974)	-
Bank overdraft	**(16,705)**	**(16,705)**	**-**	(16,724)	(16,724)	-
Derivative financial liabilities	**(2,140)**	**-**	**(2,140)**	(1,887)	-	(1,887)
	(320,820)	**(318,680)**	**(2,140)**	(284,513)	(282,626)	(1,887)

21.2 Net gains and losses arising from financial instruments

	2020 RM'000	2019 RM'000
Net gains/(losses) from:		
Fair value through profit or loss	**(2,741)**	(4,259)
Financial assets measured at amortised costs	**(206)**	(1,776)
Financial liabilities measured at amortised cost	**(1,971)**	(521)
	(4,918)	(5,514)

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.3 Financial risk management

The Company has exposure to the following risks relating to financial instruments:

- Credit risk
- Liquidity risk
- Market risk

21.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has adopted a policy of only dealing with creditworthy customers, based on evaluation of the customers' financial condition and credit history, as a means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risk arises principally from its receivables from customers and related companies and deposits placed with licensed banks.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company performs credit evaluations on customers requiring credit over a certain amount.

The Company has entered into an arrangement with a licensed financial institution to enable certain trade customers to pay goods invoiced through a corporate purchasing card issued by the financial institution. This has resulted in the financial institution assuming the debts to the Company and credit risk is effectively transferred to the financial institution.

A significant portion of these trade receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 60 days which are deemed to have higher credit risk, are monitored individually.

The Company's approach to the expected loss rates are based on the payment profiles of sales over a period of 60 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.4 Credit risk (continued)

Trade receivables (continued)

Risk management objectives, policies and processes for managing the risk (continued)

The Company has identified the GDP, retail volume growth and available historical data geo-economic stability of Malaysia, in which it sells most of its goods, to be the most relevant factors, and accordingly determine the historical loss rates based on expected changes in these factors. The expected loss rate is depicted in the table below:

Age profile	Not past due	Past due 1 - 7 days	Past due 7 - 14 days	Past due 14 - 30 days	Past due 31 - 90 days	Past due more than 90 days
%	0.01	0.10	1.00	1.50	2.5	10.00

No significant changes to estimation techniques or assumptions were made during the reporting period.

Changes to loss allowance

The movements in the loss allowance of trade receivables during the financial year were:

	2020 RM'000	2019 RM'000
At 1 January	**444**	4,519
Bad debts written off	**-**	(3,953)
Decrease in loss allowance recognised in profit and loss during the year	**(178)**	(122)
At 31 December	**266**	444

There were no significant changes to the gross carrying amount that contributed to changes in loss allowances. The allowance account in respect of trade receivables is used to record expected credit losses and individual impairment losses. Unless the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivable directly.

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.4 Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the gross carrying amounts in the statement of financial position. The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross RM'000	Individual impairment RM'000	Expected credit loss RM'000	Net RM'000
2020				
Not past due	**53,499**	**-**	**(5)**	**53,494**
Past due 1 - 7 days	**11,847**	**-**	**(21)**	**11,826**
Past due 7 - 14 days	**1,446**	**-**	**(15)**	**1,431**
Past due 14 - 30 days	**961**	**-**	**(15)**	**946**
Past due 31 - 90 days	**440**	**-**	**(105)**	**335**
Past due over 90 days	**118**	**(68)**	**(37)**	**13**
	68,311	**(68)**	**(198)**	**68,045**
2019				
Not past due	79,462	-	(7)	79,455
Past due 1 - 7 days	14,077	-	(5)	14,072
Past due 7 - 14 days	1,258	-	(3)	1,255
Past due 14 - 30 days	1,288	-	2	1,290
Past due 31 - 90 days	2,354	-	(227)	2,127
Past due over 90 days	1,797	(98)	(106)	1,593
	100,236	(98)	(346)	99,792

The individually impaired receivables relate to customers who are under ongoing litigation.

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.4 Credit risk (continued)

Other receivables and deposits

Exposure to credit risk, credit quality and collateral

Other receivables and deposits are neither past due nor impaired. The Company believes that generally no loss allowance is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

Related company balances

Risk management objectives, policies and processes for managing the risk

The Company undertakes trade and non-trade transactions with a number of related companies. The Company monitors the repayment from its related companies on a regular basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company regularly follows up on timely settlement of the amount owing by related companies. The related companies are not required to place any collateral with the Company.

As at the end of the reporting period, there was no indication that the amounts owing by related companies are not recoverable as substantially all of these amounts are aged less than a year.

Deposits placed with licensed banks

Risk management objectives, policies and processes for managing the risk

Credit risk arises from deposits with licensed banks and financial institutions. The deposits are placed with credit-worthy financial institutions with high credit rating. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Company has only placed deposits with domestic licensed banks. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

As deposits are only placed with licensed banks, management does not expect the banks to fail to meet their obligations.

The deposits placed with licensed banks are unsecured.

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables.

The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Company has the following facilities available that can be used to finance short term obligations, capital expenditure and general working capital requirements:

- As at 31 December 2020, the Company has undrawn overdraft facilities of RM32.5 million.
- On 19 January 2021, a related Company, Koninklijke FrieslandCampina N.V. ("Lender") granted the Company a revolving credit facility of USD30 million, equivalent to approximately RM120 million. The agreement expires on 23 December 2021 and can be extended further by the Lender.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/coupon RM'000	Contractual cash flows RM'000	Under 1 year RM'000	Over 1 year but not later than 5 years RM'000
2020					
Non-derivative financial liabilities					
Trade and other payables	**295,492**	**-**	**295,492**	**295,492**	**-**
Bank overdraft	**16,705**	**-**	**16,705**	**16,705**	**-**
Lease liabilities	**6,483**	**203**	**6,686**	**2,938**	**3,748**
Derivative financial liabilities					
Forward exchange contracts	**2,140**	**-**	**2,140**	**2,140**	**-**
	320,820	**203**	**321,0223**	**317,275**	**3,748**
2019					
Non-derivative financial liabilities					
Trade and other payables	264,928	-	264,928	264,928	-
Bank overdraft	16,724	-	16,724	16,724	-
Lease liabilities	974	30	1,004	645	359
Derivative financial liabilities					
Forward exchange contracts	1,887	-	1,887	1,887	-
	284,513	30	284,543	284,184	359

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

21.6.1 Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are United States Dollar (USD), New Zealand Dollar (NZD), Singapore Dollar (SGD), Euro (EUR), Australia Dollar (AUD), Thai Baht (THB), Indonesia Rupiah (IDR) and Hongkong Dollar (HKD).

Risk management objectives, policies and processes for managing the risk

The Company uses forward exchange contracts to hedge its foreign currency risk. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in		
	USD RM'000	EUR RM'000	THB RM'000
2020			
Amounts owing by related companies	**698**	**544**	**-**
Cash at bank	**375**	**-**	**-**
Bank overdraft	**(16,705)**	**-**	**-**
Trade payables	**(3,726)**	**(1,054)**	**(11,205)**
Amounts owing to related companies	**(56,435)**	**(3,506)**	**-**
	(75,794)	**(4,016)**	**(11,205)**
2019			
Amounts owing by related companies	1,724	1,060	-
Cash at bank	563	-	-
Bank overdraft	(16,724)	-	-
Trade payables	(5,182)	(679)	(9,996)
Amounts owing to related companies	(54,247)	(3,753)	-
	(73,866)	(3,372)	(9,996)

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.6 Market risk (continued)

21.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2019: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased equity and post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Increase/(Decrease)			
	Equity		Profit	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
USD	**5,760**	5,614	**5,760**	5,614
EUR	**305**	256	**305**	256
THB	**852**	760	**852**	760

A 10% (2019: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant. The movements in other currency exchange rates are not expected to have any significant effect on the profit or loss.

21.6.2 Interest rate risk

The Company does not have fixed rate borrowings. The Company's variable rate borrowings which is primarily its overdraft facility is exposed to a risk of change in cash flows due to fluctuation in market interest rate. The Company places short term deposits with licensed banks which are not significantly exposed to risk of changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

21.6.3 Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk comprises equity price risk and commodity price risk. The Company is not exposed to any other price risk.

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.7 Fair value information

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of non-current lease liabilities reasonably approximate their fair value.

The table below analyses financial instruments carried at fair value together with their carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2020					
Financial assets					
Forward exchange contracts	**-**	**2**	**-**	**2**	**2**
Financial liabilities					
Forward exchange contracts	**-**	**(2,140)**	**-**	**(2,140)**	**(2,140)**
2019					
Financial assets					
Forward exchange contracts	-	-	-	-	-
Financial liabilities					
Forward exchange contracts	-	(1,887)	-	(1,887)	(1,887)

Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is based on the quoted price provided by the licensed banks with which the foreign exchange contracts are entered into.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the asset or liability.

22. CAPITAL MANAGEMENT

The Company defines capital as share capital (Note 10) and this is unchanged from the prior year.

The Company's objectives when managing capital are to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as results from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to shareholders.

The return on capital at 31 December 2020 and 31 December 2019 were as follows:

	2020	2019
Results from operating activities (RM'000)	**100,001**	140,842
Total equity attributable to owners of the Company (RM'000)	**166,580**	144,417
Return on capital (%)	**60.0**	97.5

The Company monitors and maintains a prudent level of total equity attributable to the owners of the Company to ensure it is adequate to balance the support for future development of the business and the payment of dividends to owners of the Company.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act, 2016

We, Tarang Gupta and Jean Serge Krol, two of the Directors of Dutch Lady Milk Industries Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 108 to 153 are drawn up so as to give a true and fair view of the financial position and financial performance of the Company for the financial year ended 31 December 2020 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tarang Gupta

Jean Serge Krol

25 February 2021

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Arent Naber, the Officer primarily responsible for the financial management of Dutch Lady Milk Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 108 to 153 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above on 25 February 2021.

Arent Naber

Before me:

COMISSIONER FOR OATH

INDEPENDENT AUDITORS' REPORT

To The Members Of Dutch Lady Milk Industries Berhad
(Incorporated in Malaysia)
(Registration No. 196301000165 (5063-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Dutch Lady Milk Industries Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 108 to 153.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

INDEPENDENT AUDITORS' REPORT

To The Members Of Dutch Lady Milk Industries Berhad
(Incorporated in Malaysia)
(Registration No. 196301000165 (5063-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Use of estimates in revenue recognition arising from rebates and discounts given to customers Our 2020 audit was planned and executed having regard to the fact that the operations of the Company were largely unchanged from the prior year. In light of this, our overall audit approach in terms of scoping and key audit matters were largely unchanged with continued focus over the estimates in revenue recognition arising from rebates and discounts given to customers. Revenue is recognised net of rebates and discounts. Rebates and discounts recognised are based on the expected entitlement earned up to reporting date under each customer trading agreement and promotions run. The Company has two categories of rebates and discounts where estimates are used: - Conditional rebates - Promotional discounts Conditional rebates and promotional discounts are triggered when certain conditions are met. The amount payable is based on conditions achieved, multiplied by rates contracted with each customer in their trading agreements. We focused on this area given the subjectivity in estimating the sales volumes or values on which to determine related accruals at the reporting date. Refer to Note 1(d)(i) (Use of estimates and judgements) and Note 2(n).	• We evaluated and tested the operating effectiveness of controls in relation to the authorisation of rebates and promotional activities and the determination of year end accruals. • We evaluated the reasonableness of management's estimates on meeting volume or sales targets in relation to conditional rebates and promotional discounts. We have performed a comparison of actual sales volume and values achieved by the customer against the sales volume and values recorded. There were no material exceptions noted from our procedures.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the complete 2020 Annual Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITORS' REPORT

To The Members Of Dutch Lady Milk Industries Berhad
(Incorporated in Malaysia)
(Registration No. 196301000165 (5063-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

GAN WEE FONG
03253/01/2023 J
Chartered Accountant

Kuala Lumpur
25 February 2021

RECURRENT RELATED PARTY TRANSACTIONS

of a Revenue or Trading Nature

Related Party	Nature of Transaction	Value of Transactions from 23 July 2020 to 31 Dec 2020 RM'000
FrieslandCampina Nederland B.V., the Netherlands	Purchase by DLMI of fully packed dairy products and raw materials	140,268
P.T. Frisian Flag Indonesia, Indonesia	Purchase by DLMI of fully packed dairy products including products packed in PET bottle and raw materials	40,325
FrieslandCampina Foremost (Thailand) Pte Ltd	Purchase by DLMI of fully packed dairy products	-
FrieslandCampina Nederland B.V., the Netherlands	Sale by DLMI of fully packed dairy products	355
FrieslandCampina (Singapore) Pte Ltd, Singapore	Sale by DLMI of fully packed dairy products	7,547
FrieslandCampina Nederland B.V., the Netherlands	Payment of fees by DLMI for know-how, Trademark licence and Management support	7,067
FrieslandCampina DLMI Malaysia Holding B.V., the Netherlands	Receipt by DLMI of corporate services	70
FrieslandCampina Nederland B.V., the Netherlands and/or FrieslandCampina B.V.	Receipt by DLMI of shared ICT and communication services	7,632
FrieslandCampina Service Centre Asia Pacific Sdn Bhd	Receipt by DLMI of shared finance and procurement services	1,435
FrieslandCampina Service Centre Asia Pacific Sdn Bhd	Provision by DLMI of shared corporate services	110
Royal FrieslandCampina N.V.	Interest on inter-company credit facility	-

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 15 MARCH 2021

Class of Shares	Ordinary shares	
Voting Rights	On show of hands	: 1 vote
	On a poll	: 1 vote for each share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No of Shareholders	% of Shareholders	No of Shares	% of Shareholding
Less than 100 shares	253	4.22	2,295	0.00
100 to 1,000 shares	4,117	68.69	1,897,424	2.96
1,001 to 10,000 shares	1,427	23.81	4,735,737	7.40
10,001 to 100,000 shares	176	2.94	4,842,494	7.57
100,001 to 3,199,999 (*)	18	0.30	8,005,650	12.51
3,200,000 & above (**)	3	0.04	44,516,400	69.56
	5,994	100.00	64,000,000	100.00

Note: * : Less than 5% of Issued Holdings
** : 5% and above of Issued Holdings

	Name of 30 Largest Shareholders	No of Shares	% of Holdings
1.	FrieslandCampina DLMI Malaysia Holding B.V.**	32,614,800	50.96
2.	Citigroup Nominees (Tempatan) Sdn Bhd** Employees Provident Fund Board	7,091,600	11.08
3	Amanahraya Trustees Berhad** Amanah Saham Bumiputera	4,810,000	7.52
4.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	1,995,400	3.12
5.	Amanahraya Trustees Berhad Amanah Saham Malaysia	1,477,000	2.31
6.	Yong Siew Lee	584,000	0.91
7.	Amanahraya Trustees Berhad ASN Umbrella for ASN Equity 3	575,000	0.90
8.	Amanahraya Trustees Berhad Public Islamic Treasures Growth Fund	496,800	0.78
9.	Yeo Khee Bee	442,900	0.69
10.	Aun Huat & Brothers Sdn Berhad	416,500	0.65
11.	Kumpulan Wang Persaraan (Diperbadankan)	384,200	0.60
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aun Huat & Brothers Sdn Berhad (E-IMO/BCM)	336,900	0.53

	Name of 30 Largest Shareholders	No of Shares	% of Holdings
13.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	200,000	0.31
14.	Amanahraya Trustees Berhad Public Dividend Select Fund	168,700	0.26
15.	Chow Kok Meng	160,000	0.25
16.	Yayasan Guru Tun Hussein Onn	156,300	0.24
17.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	138,000	0.22
18.	Amanahraya Trustees Berhad Public Islamic Emerging Opportunities Fund	132,200	0.21
19.	Amanahraya Berhad Kumpulan Wang Bersama Syariah	117,700	0.18
20.	Amanahraya Trustees Berhad ASN Imbang (Mixed Asset Balanced) 1	113,350	0.18
21.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	110,700	0.17
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan See Min Realty Sdn Bhd (E-KUG)	100,000	0.16
23.	Tan Kim Onm	89,900	0.14
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	86,500	0.14
25.	Tan Lee Hwa	82,000	0.13
26.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Markets Core Equity Portfolio DFA Investment Dimensions Group INC	81,800	0.13
27.	Yee Anne	81,200	0.13
28.	CIMB Commerce Trustee Berhad Public Focus Select Fund	80,600	0.13
29.	Tay Teck Ho	80,000	0.13
30.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian PTE LTD (A/C Clients)	78,300	0.12
	Total	**53,282,350**	**83.28**

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	%	Indirect	%
1. FrieslandCampina DLMI Malaysia Holding B.V.	32,614,800	50.96	0	0
2. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	7,091,600	11.08	0	0
3. Amanahraya Trustees Berhad Amanah Saham Bumiputera	4,810,000	7.52	0	0

DIRECTORS SHAREHOLDINGS

Name	Direct	%	Indirect	%
1. Dato' Zainal Abidin bin Putih	-	-	-	-
2. Tarang Gupta	-	-	-	-
3. Saw Chooi Lee	-	-	-	-
4. Bernardus Hermannus Maria Kodden	-	-	-	-
5. Dato' Dr Rosini binti Alias	-	-	-	-
6. Tengku Nurul Azian binti Tengku Shahriman	-	-	-	-
7. Datin Seri Sunita Mei-Lin Rajakumar	1,000	0.002	-	0.002

PARTICULARS OF PROPERTIES AS AT 31 DECEMBER 2020

Location of Property	Lot 78, Lot 79 and Lot 48 Jalan Prof Khoo Kay Kim (formerly Jalan Semangat), Petaling Jaya
Brief description	Factory buildings, office complex and warehouse
Approximate land area	432,617 sq ft.
Tenure leasehold land	Leasehold land expiring in the year 2059
Date of transfer/acquisition	21.10.1960 & 19.03.1980 & 12.01.1989
Age of property	Between 32 years to 61 years
Net Book Value (RM)	22.6 million

Location of Property	Lot 61320, Lot 61321 and Lot 61322, Mukim Bandar Baru Enstek, Daerah Seremban, Negeri Negeri Sembilan
Brief description	Vacant Industrial Land
Approximate land area	1,419,759 sq ft.
Tenure leasehold land	Freehold land
Date of acquisition	17.12.2020
Age of property	N/A
Net Book Value (RM)	56.79 million

PROXY FORM

CDS Account	
No of shares	

DUTCH LADY MILK INDUSTRIES BERHAD (Registration No. 196301000165 (5063-V))
(incorporated in Malaysia under the then Companies Ordinances, 1940 – 1946)

I/We ....
(full name in block letters, NRIC No/Company No)

of ....

....

being a member/members of DUTCH LADY MILK INDUSTRIES BERHAD hereby appoint:

Full name (in block letters)	NRIC/Passport No	Proportion of Shareholdings	
		No of Shares	%
Address			

And/or (delete as appropriate)

Full name (in block letters)	NRIC/Passport No	Proportion of Shareholdings	
		No of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Eighth Annual General Meeting of the Company which will be held fully virtual through live streaming and online remote voting from the Broadcast Venue, Gallery 3, Level 3, New World Petaling Jaya Hotel, Paradigm, 1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia on Tuesday, 25 May 2021 at 10 a.m. and any adjournment thereof, in respect of my/our shareholding in the manner indicated below:

RESOLUTION NO	RESOLUTION	FOR	AGAINST
Resolution 1	Proposed increase and payment of Directors' fees for the financial year ending 31 December 2021, to be paid quarterly		
Resolution 2	Proposed payment of Directors' benefits (other than Directors' fees) for the financial year ending 31 December 2021		
Resolution 3	Re-election of Tengku Nurul Azian binti Tengku Shahriman		
Resolution 4	Re-election of Datin Seri Sunita Mei-Lin Rajakumar		
Resolution 5	Re-appointment of Mr Darren Kong Kam Seong		
Resolution 6	Re-appointment of PricewaterhouseCoopers PLT as the Company's Auditors		
Resolution 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instruction, your proxy will vote or abstain as he/she thinks fit.

Signed this ....day of 2021

....
Signatures(s) of Shareholder/Attorney
(if Shareholder is a corporation, this part should be executed under seal or under the hand of its officer or attorney duly authorised)

By submitting the proxy form, the member and its proxy(ies) consents to the Company (and/or its agents/service providers) to the collection, usage and disclosure of their personal data (which may include sensitive data) therein in accordance with the Personal Data Protection Act 2010 for the purpose of the AGM, including any adjournment thereof.

Notes:

1. In view of the COVID-19 pandemic, in the interest of our stakeholders' health and safety, the Fifty-Eighth Annual General Meeting ("58th AGM") will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Portal at https://web.lumiagm.com/. With RPEV facilities, members may exercise their rights to participate and vote at the 58th AGM through the following modes of communication: i) Typed text in the Meeting Platform ii) E-mail questions to finance.dept@frieslandcampina.com prior to the Virtual Meeting. The Company has appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as the Poll Administrator for the 58th AGM to facilitate the Virtual Meeting. Please follow the procedures set out in the Administrative Guide for the 58th AGM below to register, participate and vote remotely via RPEV facilities.
2. The Broadcast Venue of the 58th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the 58th AGM. **Members will not be allowed to attend the 58th AGM in person at the Broadcast Venue on the day of the 58th AGM**.
3. A Member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a Member to speak at the Meeting.
4. Save for an Exempt Authorised Nominee as defined under the Central Depositories Act which may appoint multiple proxies in respect of each Omnibus Account it holds with ordinary shares of the Company standing to the credit of the said securities account, a Member (including an authorised nominee) shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. In any case, where more than one (1) proxy is appointed, such appointment shall not be valid unless the proportion of the holdings represented by each proxy is specified.
5. The instrument appointing the proxy must be signed by the Member or his attorney duly authorised in writing, or if the appointer is a corporation, the instrument must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. For the purpose of determining members who shall be entitled to attend the 58th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 18 May 2021 ("General Meeting Record of Depositors"). Only depositors whose names appear on the Record of Depositors as at 18 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.
7. To be valid, the original instrument appointing a proxy, duly completed (and if applicable, the power of attorney or other authority under which it is originally signed or notarially certified copy of that power of authority) must be deposited at the office of Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof (or in the case of poll, not less than 24 hours before the time appointed for the taking of the poll); or by electronic means using the Boardroom Smart Investor Portal at https://w.w.w.boardroomlimited.my not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Please refer to Administrative Guide.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Fifty-Eighth AGM will be put to vote by way of poll.

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STAMP

DUTCH LADY MILK INDUSTRIES BERHAD
(Registration No. 196301000165 (5063-V))

c/o Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

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DUTCH LADY
NOURISHING OUR NATION FROM GRASS TO GLASS
100% Fresh Milk

This Annual Report is printed on
environmentally friendly paper from responsibly managed forests

www.dutchlady.com.my

Dutch Lady Milk Industries Berhad (196301000165 (5063-V))
Level 5, Quill 9, 112 Jalan Prof. Khoo Kay Kim, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia