

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 30 September 2021

	INDIVIDUAL QUARTER CURRENT QUARTER	COMPARATIVE QUARTER	CUMULATIVE QUARTER 9 months TO DATE	9 months TO DATE
	30/09/21 (Unaudited) RM'000	30/09/20 (Unaudited) RM'000	30/09/21 (Unaudited) RM'000	30/09/20 (Unaudited) RM'000
Revenue	290,663	286,820	833,155	811,514
Cost of Sales	<u>(190,494)</u>	<u>(203,576)</u>	<u>(543,468)</u>	<u>(552,545)</u>
Gross Profit	100,169	83,244	289,687	258,969
Other Income	1,417	-	4,401	6,514
Distribution Expenses	(46,191)	(42,140)	(122,935)	(113,378)
Administrative Expenses	(6,838)	(7,252)	(21,787)	(23,371)
Other Operating Expenses	<u>(19,141)</u>	<u>(21,055)</u>	<u>(61,036)</u>	<u>(56,545)</u>
Results from Operating Activities	29,416	12,797	88,330	72,189
Interest Income	232	184	652	520
Finance Costs	<u>(747)</u>	<u>(775)</u>	<u>(2,307)</u>	<u>(2,374)</u>
Profit Before Taxation	28,901	12,206	86,675	70,335
Income Tax Expenses	<u>(8,521)</u>	<u>(2,964)</u>	<u>(22,132)</u>	<u>(17,129)</u>
Profit After Taxation	20,380	9,242	64,543	53,206
Profit for the period/Total comprehensive income for the period	<u>20,380</u>	<u>9,242</u>	<u>64,543</u>	<u>53,206</u>
Profit Attributable to:				
Equity holders of the Company	20,380	9,242	64,543	53,206
Non-controlling interest	-	-	-	-
	<u>20,380</u>	<u>9,242</u>	<u>64,543</u>	<u>53,206</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>31.80</u>	<u>14.40</u>	<u>100.80</u>	<u>83.10</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 30 September 2021

	AS AT 30/09/21 RM'000 (Unaudited)	AS AT 31/12/20 RM'000 (Audited)
ASSETS		
Property, plant and equipment	175,647	199,721
Right-of-use assets	7,704	9,732
Intangible assets	1,023	957
TOTAL NON-CURRENT ASSETS	184,374	210,410
Inventories	184,209	151,016
Trade and other receivables	79,094	81,501
Prepayments	2,071	311
Cash and cash equivalents	100,731	55,605
Derivatives financial assets	318	2
CURRENT ASSETS	366,423	288,435
Assets classified as held for sale	16,948	-
TOTAL CURRENT ASSETS	383,371	288,435
TOTAL ASSETS	567,745	498,845
EQUITY		
Share capital	64,000	64,000
Retained profits	151,123	102,580
Attributable to equity holders of the Company	215,123	166,580
Non-controlling interest	-	-
TOTAL EQUITY	215,123	166,580
LIABILITIES		
Lease Liabilities	1,727	3,590
Deferred tax liabilities	2,136	4,494
TOTAL NON-CURRENT LIABILITIES	3,863	8,084
Trade and other payables	329,547	295,492
Provision	137	228
Current tax liabilities	15,872	6,723
Bank overdraft	-	16,705
Lease Liabilities	2,888	2,893
Derivatives financial liabilities	315	2,140
CURRENT LIABILITIES	348,759	324,181
TOTAL LIABILITIES	352,622	332,265
TOTAL EQUITY AND LIABILITIES	567,745	498,845
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.36	2.60

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITYFor the financial quarter ended 30 September 2021
(The figures have not been audited)

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Non- Controlling Interest RM'000	Total RM'000
<u>9 months ended 30 September 2021</u>					
Balance at beginning of period	64,000	102,580	166,580	-	166,580
Movements during the period	-	64,543	64,543	-	64,543
Dividend payable	-	-	-	-	-
Dividends paid	-	(16,000)	(16,000)	-	(16,000)
Balance at end of period	<u>64,000</u>	<u>151,123</u>	<u>215,123</u>	<u>-</u>	<u>215,123</u>
<u>9 months ended 30 September 2020</u>					
Balance at beginning of period	64,000	80,417	144,417	-	144,417
Movements during the period	-	53,206	53,206	-	53,206
Dividend payable	-	-	-	-	-
Dividends paid	-	(25,600)	(25,600)	-	(25,600)
Balance at end of period	<u>64,000</u>	<u>108,023</u>	<u>172,023</u>	<u>-</u>	<u>172,023</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 30 September 2021

	9 months TO DATE	9 months TO DATE
	30/09/21 (Unaudited) RM'000	30/09/20 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	837,889	827,635
Cash paid to suppliers and employees	(722,082)	(770,867)
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Cash generated from operations	115,807	56,768
Income tax paid	(15,341)	(14,507)
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Net cash generated from/(used in) operating activities	100,466	42,261
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CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(18,475)	(19,968)
Additions of intangible assets	(251)	(244)
Proceeds from disposal of property, plant and equipment	-	137
Proceeds from disposal of asset classified as held for sale	-	0
Interest received	652	520
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(18,074)	(19,555)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,199)	(2,202)
Dividends paid	(16,000)	(25,600)
Payment of principal portion of lease liabilities	(2,362)	(2,441)
	<hr/>	<hr/>
Net cash used in financing activities	(20,561)	(30,243)
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Net increase/(decrease) in cash and cash equivalents	61,831	(7,537)
Cash and cash equivalents brought forward	38,900	44,808
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Cash and cash equivalents carried forward	100,731	37,271
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Cash and cash equivalents consist of:		
Cash and bank balances	100,731	54,380
Bank overdraft	-	(17,109)
Deposits placed with licensed banks	-	-
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	100,731	37,271
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(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

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

NOTES

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, 'Interim Financial Reporting' in Malaysia and with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited financial statements of the Company as at and for the year ended 31 December 2020.

The accounting policies and methods of computation are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2020

2. Auditors' Report of Preceding Annual Financial Statements

The auditors' report of the Company in respect of the annual audited financial statements for the year ended 31 December 2020 was not subject to any audit qualification.

3. Seasonal and Cyclical Factors

The dairy and dairy related business can be influenced by the weather and major festivals.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

5. Changes in Estimates

Pursuant to the Company's announced investment in our future manufacturing activities, DLMI has identified assets in its Petaling Jaya factory that will not be transitioned to the new site. In light of this, DLMI has started to perform accelerated depreciation for the mentioned assets at the start of the financial year.

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

Other than the afore-mentioned, there were no other changes in estimates of amounts reported in the current quarter or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

6. Changes in Debt and Equity

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

7. Segmental Analysis

The Company operates principally in Malaysia and in one major business segment. As such, only one reportable segment analysis is prepared. The Company's Board of Directors (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

	Quarter ended 30/09/21 RM'000	Quarter ended 30/09/20 RM'000
Segment profit		
Revenue	290,663	286,820
Profit After Taxation	20,380	9,242

8. Capital Commitments

	As at 30/09/21 RM'000	As at 30/09/20 RM'000
Property, plant and equipment		
Authorised but not contracted for	309,200	19,597
Contracted but not provided for	12,793	65,242

9. Subsequent Events

There were no material subsequent events that will affect the financial results of the financial period under review.

10. Changes in Composition of the Company

There were no changes in the composition of the Company during the financial period under review.

11. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 30/09/21 RM'000	Quarter ended 30/09/20 RM'000
Sales to related parties	5,177	5,549
Purchases from related parties	126,932	99,224
Know-how, Trademark License and Management Support fees	6,604	8,662
Shared services from related parties	4,516	5,090

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

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

RM '000	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	9 months To Date	9 months To Date	Changes TY vs LY
	30/09/21	30/09/20	%	30/09/21	30/09/20	%
Revenue	290,663	286,820	1.3%	833,155	811,514	2.7%
Operating Profit (exclude Accelerated Depreciation)	31,220	12,797	144.0%	97,197	72,189	34.6%
Operating Profit	29,416	12,797	129.9%	88,330	72,189	22.4%
Profit Before Interest and Tax	28,669	12,022	138.5%	86,023	69,815	23.2%
Profit Before Taxation	28,901	12,206	136.8%	86,675	70,335	23.2%
Profit After Taxation	20,380	9,242	120.5%	64,543	53,206	21.3%
Attributable to Ordinary Equity Holders of the parent	20,380	9,242	120.5%	64,543	53,206	21.3%

In Q3'21 the Company has been able to record a revenue growth of 1.3 %, despite the stricter COVID-19 control measures imposed by the Malaysian government. Continued strong retail performance is partially offset by lower sales in Foodservice and on-the-go channels. Despite the continued COVID challenges the Company has been able to operate at full capacity and drive the penetration of milk consumption with occasions and affordability, continuing its purpose of Nourishing the Nation with trusted dairy nutrition.

Like-for-like Operating Profit (excluding accelerated depreciation of fixed assets) in the quarter rose 144%. When excluding the fresh milk inventory valuation adjustment in Q3'20, operating profit performance was even stronger on the back of positive mix performance (channel and portfolio), partially offset by higher brand investments and increases in prices for global dairy raw materials.

Pursuant to the announcement of investment in our future manufacturing activities, DLMI started the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. Reported Operating Profit was therefore reduced by this accelerated depreciation, but still resulting in a 130% increase compared to Q3'20.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q3 vs Q2
	30/09/21	30/06/21	%
Revenue	290,663	284,038	2.3%
Operating Profit (exclude Accelerated Depreciation)	31,220	38,914	-19.8%
Operating Profit	29,416	35,919	-18.1%
Profit Before Interest and Tax	28,669	35,126	-18.4%
Profit Before Taxation	28,901	35,455	-18.5%
Profit After Taxation	20,380	27,285	-25.3%
Attributable to Ordinary Equity Holders of the parent	20,380	27,285	-25.3%

The Company recorded 2.3% higher revenue resulting from continued strong commercial execution, which increased the penetration of our milk consumption in Malaysia.

Like-for-like Operating Profit (excluding accelerated assets depreciation) in the quarter declined 19.8%, where higher demand for Dutch Lady products was offset by strongly increasing prices of global dairy raw materials and higher brand investments.

Reported Profit Before Interest and Tax declined by 18 %.

14. Business Prospects

A. 2021 Prospects

The market remains volatile and is subject to various domestic and global uncertainties, foreign exchange rate fluctuations, potential regulatory changes and the impact of the Covid-19 pandemic. The global dairy prices are also expected to stay high for the remainder of 2021. Despite these challenges, the Company continues to focus on growing the consumption of milk among consumers.

DLMI is determined to invest in Malaysia even in these trying times. In December 2019, we announced the plans to invest RM400 million between the years of 2021 and 2025 for our future manufacturing activities.

As announced on 1 October 2021 DLMI has completed the sale of the Petaling Jaya land in Q4 '21. The company intends to use the generated funds for the construction of the new manufacturing facilities in Bandar Baru Enstek.

Over the long term, the outlook for the company remains positive. The company has good leverage from the strength of its brands, the increasing need and recognition of the goodness and nutritional value of milk, as well as its complementing dairy products amongst Malaysians. The Company will continue to support the local dairy farmers and increase the quantity and quality of local fresh milk.

**B. Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced.
Not applicable.**

15. Statement of the Board of Directors' Opinion on Achievability of Financial Estimate, Forecast, Projection and Internal Targets Previously Announced

Not applicable.

16. Financial Estimate, Forecast or Projection / Profit Guarantee

There was no financial estimate, forecast or projection and profit guarantee issued by the Company.

17. Taxation

Taxation is made up as follows: -

	Quarter ended 30/09/21 RM'000	Quarter ended 30/09/20 RM'000
Income tax for current period	7,793	6,015
Deferred tax for current period	728	(3,077)
Penalty	-	26
Total taxation	<u>8,521</u>	<u>2,964</u>

The effective tax rate for the period under review is higher than the statutory tax rate mainly due to certain expenses incurred that was disallowed for tax purposes.

18. Deferred Tax Liabilities/(Assets)

	As At 30/09/21 RM'000	As At 30/09/20 RM'000
At 1 January	4,494	6,794
Recognised in the statement of comprehensive income	(2,358)	(3,357)
At period end	<u>2,136</u>	<u>3,437</u>

19. Corporate Proposals

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

20. Company Borrowings

	As at 30/09/21 RM'000	As at 30/09/20 RM'000
Unsecured short term borrowing		
Bank overdraft	<u>-</u>	<u>17,109</u>

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

21. Material Litigation

There were no material litigations against the Company during the financial period under review.

22. Financial Instruments

Derivatives

The foreign exchange contracts which have been entered into by the Company are as follows:

Forward exchange contracts	As At 30/06/21 RM'000	As At 30/06/20 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	109,312	126,406
Assets	318	22
Liabilities	-	1,961

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

23. Earnings Per Share

	Quarter ended 30/09/21	Quarter ended 30/09/20
Basic earnings per share		
Profit for the period (RM'000)	20,380	9,242
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	31.80	14.40

The Company does not have issued any financial instrument or other contract that may entitle its holders to ordinary shares and therefore dilute its basic earnings per share.

24. Proposed Dividend

On 25 November 2021, the Company has declared a standard single-tier second interim dividend of RM0.25 per share amounting to RM16 million in respect of the financial year ending 31 December 2021.

All shareholders whose names appear on the Record of Depositors on 10 December 2021 shall be paid the above dividends on 21 December 2021.

A Depositor shall qualify for entitlement only in respect of:-

- a) Securities transferred to the Depositor's Securities Account before 5.00pm on 10 December 2021, in respect of ordinary transfers; and
- b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

25. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 30/09/21 RM'000	Year to-date 30/09/20 RM'000
Interest income	652	520
Finance costs		
- Interest expense	(2,199)	(2,201)
- Finance charge from lease	(108)	(173)
Depreciation of property, plant and equipment	(17,486)	(11,849)
Accelerated depreciation of property, plant and equipment	(8,114)	-
Depreciation of rights-of-use assets	(2,410)	(1,908)
Amortisation of intangible assets	(185)	(1,116)
Write (down)/back of inventories	411	652
Gain/(Loss) on disposal of property, plant & equipment	(15)	(51)
Gain/(Loss) on written off of property, plant & equipment	-	(47)
Net gain/(loss) on derivatives	1,718	(52)
Net foreign exchange gain/(loss)		
- Realised	296	(1,245)
- Unrealised	332	512

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