

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 December 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	12 months TO DATE	12 months TO DATE
	31/12/21 (Unaudited) RM'000	31/12/20 (Audited) RM'000	31/12/21 (Unaudited) RM'000	31/12/20 (Audited) RM'000
Revenue	300,396	289,146	1,133,733	1,100,659
Cost of Sales	<u>(190,380)</u>	<u>(191,027)</u>	<u>(734,030)</u>	<u>(743,582)</u>
Gross Profit	110,016	98,119	399,703	357,077
Other Income	155,269	2	162,612	6,518
Distribution Expenses	(36,338)	(42,497)	(159,273)	(155,875)
Administrative Expenses	(6,243)	(7,480)	(28,030)	(30,850)
Other Operating Expenses	<u>(24,551)</u>	<u>(20,332)</u>	<u>(88,530)</u>	<u>(76,869)</u>
Results from Operating Activities	198,153	27,812	286,482	100,001
Interest Income	764	163	1,417	683
Finance Costs	<u>(1,066)</u>	<u>(800)</u>	<u>(3,374)</u>	<u>(3,173)</u>
Profit Before Taxation	197,851	27,175	284,525	97,511
Income Tax Expenses	<u>(14,393)</u>	<u>(7,019)</u>	<u>(36,525)</u>	<u>(24,148)</u>
Profit After Taxation	<u>183,458</u>	<u>20,156</u>	<u>248,000</u>	<u>73,363</u>
Profit for the period/Total comprehensive income for the period	<u>183,458</u>	<u>20,156</u>	<u>248,000</u>	<u>73,363</u>
Profit Attributable to:				
Equity holders of the Company	183,458	20,156	248,000	73,363
Non-controlling interest	-	-	-	-
	<u>183,458</u>	<u>20,156</u>	<u>248,000</u>	<u>73,363</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>286.70</u>	<u>31.50</u>	<u>387.50</u>	<u>114.60</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 31 December 2021

	AS AT 31/12/21 RM'000 (Unaudited)	AS AT 31/12/20 RM'000 (Audited)
ASSETS		
Property, plant and equipment	206,028	199,721
Right-of-use assets	4,584	9,732
Intangible assets	8,469	957
TOTAL NON-CURRENT ASSETS	219,081	210,410
Inventories	161,055	151,016
Trade and other receivables	76,381	81,501
Prepayments	126,157	311
Cash and cash equivalents	118,300	55,605
Derivatives financial assets	258	2
Deferred tax assets		
CURRENT ASSETS	482,151	288,435
Assets classified as held for sale	-	-
TOTAL CURRENT ASSETS	482,151	288,435
TOTAL ASSETS	<u>701,232</u>	<u>498,845</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	318,580	102,580
Attributable to equity holders of the Company	382,580	166,580
Non-controlling interest	-	-
TOTAL EQUITY	382,580	166,580
LIABILITIES		
Lease Liabilities	6,652	3,590
Deferred tax liabilities	5,968	4,494
TOTAL NON-CURRENT LIABILITIES	12,620	8,084
Trade and other payables	282,795	295,492
Provision	106	228
Current tax liabilities	14,486	6,723
Bank overdraft	-	16,705
Lease Liabilities	8,487	2,893
Derivatives financial liabilities	158	2,140
CURRENT LIABILITIES	306,032	324,181
TOTAL LIABILITIES	318,652	332,265
TOTAL EQUITY AND LIABILITIES	<u>701,232</u>	<u>498,845</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>5.98</u>	<u>2.60</u>

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

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITYFor the financial quarter ended 31 December 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
12 months ended 31 December 2021					
Balance at beginning of period	64,000	102,580	166,580	-	166,580
Movements during the period	-	248,000	248,000	-	248,000
Dividend payable	-	-	-	-	-
Dividends paid	-	(32,000)	(32,000)	-	(32,000)
Balance at end of period	64,000	318,580	382,580	-	382,580
12 months ended 31 December 2020					
Balance at beginning of period	64,000	80,417	144,417	-	144,417
Movements during the period	-	73,363	73,363	-	73,363
Dividend payable	-	-	-	-	-
Dividends paid	-	(25,600)	(25,600)	-	(25,600)
Balance at end of period	64,000	128,180	192,180	-	192,180

(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 31 December 2021

	12 months TO DATE	12 months TO DATE
	31/12/21 (Unaudited) RM'000	31/12/20 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	1,138,597	1,143,739
Cash paid to suppliers and employees	(1,126,132)	-972,074
	<hr/>	<hr/>
Cash generated from operations	12,465	171,665
Income tax paid	(27,288)	-27,388
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	(14,823)	144,277
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(53,922)	-92,635
Additions of intangible assets	(7,770)	-593
Proceeds from disposal of property, plant and equipment	194,001	137
Proceeds from disposal of asset classified as held for sale	-	0
Interest received	1,417	683
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	133,726	-92,408
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,853)	-2,922
Dividends paid	(32,000)	-51,200
Payment of principal portion of lease liabilities	(4,650)	-3,655
	<hr/>	<hr/>
Net cash used in financing activities	(39,503)	(57,777)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	79,400	(5,908)
Cash and cash equivalents brought forward	38,900	44,808
	<hr/>	<hr/>
Cash and cash equivalents carried forward	118,300	38,900
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	118,300	55,605
Bank overdraft	-	-16,705
Deposits placed with licensed banks	-	-
	<hr/>	<hr/>
	118,300	38,900
	<hr/>	<hr/>

(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

On 1 October 2021, the Company completed the disposal of its existing manufacturing land and buildings at Petaling Jaya for a total cash consideration of RM200.0 million. The Company subsequently leased back the same properties for a term of 27 months.

Accordingly, the Company derecognised the related land and buildings (classified as right-of-use asset and property, plant and equipment respectively) and recognised a right-of-use asset measured at the proportion of the previous carrying amount that is retained for use by the Company.

The gain recognised in the profit or loss for the disposal of the property is RM 154.7 mln.

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.

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 31/12/21 RM'000	Quarter ended 31/12/20 RM'000
Segment profit		
Revenue	300,396	289,146
Profit After Taxation	183,458	20,156

8. Capital Commitments

	As at 31/12/21 RM'000	As at 31/12/20 RM'000
Property, plant and equipment		
Authorised but not contracted for	352,334	327,537
Contracted but not provided for	87,859	9,677

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 31/12/21 RM'000	Quarter ended 31/12/20 RM'000
Sales to related parties	5,144	3,942
Purchases from related parties	92,682	91,400
Know-how, Trademark License and Management Support fees	7,355	862
Shared services from related parties	5,531	6,009
Advance payment to related parties*	125,670	-

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

*Prepayment to related company represents advance payments made for future raw materials purchases.

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

RM '000	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	12 months To Date	12 months To Date	Changes TY vs LY
	31/12/21	31/12/20	%	31/12/21	31/12/20	%
Revenue	300,396	289,146	3.9%	1,133,733	1,100,659	3.0%
Operating Profit (exclude Accelerated Depreciation and Land Sales)	47,748	27,812	71.7%	144,944	100,001	44.9%
Operating Profit	198,153	27,812	612.5%	286,482	100,001	186.5%
Profit Before Interest and Tax	197,087	27,012	629.6%	283,108	96,828	192.4%
Profit Before Taxation	197,851	27,175	628.1%	284,525	97,511	191.8%
Profit After Taxation	183,458	20,156	810.2%	248,000	73,363	238.0%
Attributable to Ordinary Equity Holders of the parent	183,458	20,156	810.2%	248,000	73,363	238.0%

In Q4'21 the Company has been able to record a revenue growth of 3.9%. Continued strong retail performance in combination with the opening up of the Malaysian economy boosted sales compared to Q4'20. 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 our Nation with trusted dairy nutrition.

Like-for-like Operating Profit (excluding land & buildings sale proceeds and accelerated depreciation of fixed assets) rose 72% in the quarter. Unprecedented cost headwinds are more than offset by positive mix performance (channel and portfolio), effective commercial spend and strict cost management.

In Q4'21 the reported Operating profit is exceptionally high resulting from the completion of the sales of the land and the related manufacturing facilities in Petaling Jaya. This incidental profit is partially offset by the accelerated depreciation of existing assets that

will not be transitioned to the new site in Bandar Baru Enstek. As a result from aforementioned, reported Operating profit increased by RM 170.3 million (+613%) compared to Q4'20.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q3 vs Q2
	31/12/21	30/09/21	%
Revenue	300,396	290,663	3.3%
Operating Profit (exclude Accelerated Depreciation and Land Sales)	47,748	31,220	52.9%
Operating Profit	198,153	29,416	573.6%
Profit Before Interest and Tax	197,087	28,669	587.5%
Profit Before Taxation	197,851	28,901	584.6%
Profit After Taxation	183,458	20,380	800.2%
Attributable to Ordinary Equity Holders of the parent	183,458	20,380	800.2%

The Company recorded 3.3% higher revenue resulting from continued strong commercial execution, which increased the penetration of our milk consumption in Malaysia.

Like-for-like Operating Profit (excluding land & buildings sales and accelerated depreciation of assets) increased 53% in the quarter, where strong demand for Dutch Lady products, lower brand investments were partially offset by significantly rising prices of global dairy raw materials.

Reported Profit Before Interest and Tax increased by 588% on the back of the mentioned land & buildings sale completion, partially offset by accelerated depreciation of existing assets that will not be transferred to the new manufacturing facilities.

14. Business Prospects

A. 2022 Prospects

For 2022 economic recovery is anticipated, however unprecedented inflationary headwinds are making the outlook for 2022 uncertain and volatile. Due to global supply chain challenges and strong demand for milk as an essential product, prices of global dairy raw materials are affected and are at an all-time high. Global uncertainties can continue to impact the economic situation and foreign exchange developments.

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

DLMI is determined to invest in Malaysia even in these trying times. In 2020, we announced the plans to invest RM400 million between the years of 2021 and 2025 for our future manufacturing activities.

DLMI will continue to focus on optimizing the companies cashflow to battle the inflationary headwinds and secure sufficient funding of the new manufacturing facilities.

Over the long term, the outlook for DLMI remains positive due to the strength of our brands, and the increasing need and recognition of the goodness and nutritional value of milk amongst Malaysians.

- 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 31/12/21 RM'000	Quarter ended 31/12/20 RM'000
Income tax for current period	17,036	5,534
Income tax for prior period	(6,475)	428
Deferred tax for current period	3,832	1,057
Penalty	-	-
Total taxation	14,393	7,019

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 31/12/21 RM'000	As At 31/12/20 RM'000
At 1 January	4,494	6,794
Recognised in the statement of comprehensive income	1,474	(2,300)
At period end	5,968	4,494

19. **Corporate Proposals**

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

20. **Company Borrowings**

	As at 31/12/21 RM'000	As at 31/12/20 RM'000
Unsecured short term borrowing		
Bank overdraft	-	16,705

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 31/12/21 RM'000	As At 31/12/20 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	(100)	123,550
Assets	258	2
Liabilities	158	2,140

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 31/12/21	Quarter ended 31/12/20
Basic earnings per share		
Profit for the period (RM'000)	183,458	20,157
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	286.70	31.50

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

24. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 31/12/21 RM'000	Year to-date 31/12/20 RM'000
Interest income	1,417	683
Finance costs		
- Interest expense	(2,853)	(2,922)
- Finance charge from lease	(521)	(251)
Depreciation of property, plant and equipment	(18,456)	(15,885)
Accelerated depreciation of property, plant and equipment	(15,037)	-
Depreciation of rights-of-use assets	(3,295)	(3,161)
Amortisation of intangible assets	(258)	1,311
Write (down)/back of inventories	(1,136)	1,261
Gain/(Loss) on disposal of property, plant & equipment	24,159	(52)
Gain arising from sale and leaseback transaction	129,725	-
Gain/(Loss) on written off of property, plant & equipment	-	(322)
Net gain/(loss) on derivatives	1,814	(251)
Net foreign exchange gain/(loss)		
- Realised	760	(2,819)
- Unrealised	514	464

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