

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 March 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	3 months TO DATE	3 months TO DATE
	31/03/22 (Unaudited) RM'000	31/03/21 (Unaudited) RM'000	31/03/22 (Unaudited) RM'000	31/03/21 (Unaudited) RM'000
Revenue	299,865	258,636	299,865	258,636
Cost of Sales	<u>(198,019)</u>	<u>(171,678)</u>	<u>(198,019)</u>	<u>(171,678)</u>
Gross Profit	101,846	86,958	101,846	86,958
Other Income	(1,032)	4,129	(1,032)	4,129
Distribution Expenses	(41,820)	(36,414)	(41,820)	(36,414)
Administrative Expenses	(7,866)	(6,619)	(7,866)	(6,619)
Other Operating Expenses	<u>(23,295)</u>	<u>(25,060)</u>	<u>(23,295)</u>	<u>(25,060)</u>
Results from Operating Activities	27,833	22,994	27,833	22,994
Interest Income	429	92	429	92
Finance Costs	<u>(836)</u>	<u>(768)</u>	<u>(836)</u>	<u>(768)</u>
Profit Before Taxation	27,426	22,318	27,426	22,318
Income Tax Expenses	<u>(6,857)</u>	<u>(5,441)</u>	<u>(6,857)</u>	<u>(5,441)</u>
Profit After Taxation	20,569	16,877	20,569	16,877
Profit for the period/Total comprehensive income for the period	<u>20,569</u>	<u>16,877</u>	<u>20,569</u>	<u>16,877</u>
Profit Attributable to:				
Equity holders of the Company	20,569	16,877	20,569	16,877
Non-controlling interest	-	-	-	-
	<u>20,569</u>	<u>16,877</u>	<u>20,569</u>	<u>16,877</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>32.10</u>	<u>26.40</u>	<u>32.10</u>	<u>26.40</u>

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

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 31 March 2022

	AS AT 31/03/22 RM'000 (Unaudited)	AS AT 31/12/21 RM'000 (Audited)
ASSETS		
Property, plant and equipment	257,635	206,028
Right-of-use assets	3,689	4,584
Intangible assets	6,184	8,469
TOTAL NON-CURRENT ASSETS	267,508	219,081
Inventories	189,817	161,055
Trade and other receivables	91,352	76,381
Prepayments	3,269	126,157
Cash and cash equivalents	189,969	118,300
Derivatives financial assets	236	258
CURRENT ASSETS	474,643	482,151
Assets classified as held for sale	-	-
TOTAL CURRENT ASSETS	474,643	482,151
TOTAL ASSETS	<u>742,151</u>	<u>701,232</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	339,149	318,580
Attributable to equity holders of the Company	403,149	382,580
TOTAL EQUITY	403,149	382,580
LIABILITIES		
Lease Liabilities	4,666	6,652
Deferred tax liabilities	3,989	5,968
TOTAL NON-CURRENT LIABILITIES	8,655	12,620
Trade and other payables	304,617	282,795
Provision	119	106
Current tax liabilities	17,325	14,486
Bank overdraft	-	-
Lease Liabilities	8,286	8,487
Derivatives financial liabilities	-	158
CURRENT LIABILITIES	330,347	306,032
TOTAL LIABILITIES	339,002	318,652
TOTAL EQUITY AND LIABILITIES	<u>742,151</u>	<u>701,232</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>6.30</u>	<u>5.98</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 March 2022
(The figures have not been audited)

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Non- Controlling Interest RM'000	Total RM'000
3 months ended 31 March 2022					
Balance at beginning of period	64,000	318,580	382,580	-	382,580
Movements during the period	-	20,569	20,569	-	20,569
Dividend payable	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>339,149</u>	<u>403,149</u>	<u>-</u>	<u>403,149</u>
3 months ended 31 March 2021					
Balance at beginning of period	64,000	102,580	166,580	-	166,580
Movements during the period	-	16,877	16,877	-	16,877
Dividend payable	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>119,457</u>	<u>183,457</u>	<u>-</u>	<u>183,457</u>

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

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

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 31 March 2022

	3 months TO DATE	3 months TO DATE
	31/03/22 (Unaudited) RM'000	31/03/21 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	284,918	253,158
Cash paid to suppliers and employees	(145,008)	(247,396)
	<hr/>	<hr/>
Cash generated from operations	139,910	5,762
Income tax paid	(5,997)	(5,951)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	133,913	(189)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(59,599)	(4,651)
Additions of intangible assets	(51)	0
Proceeds from disposal of property, plant and equipment	-	14,001
Proceeds from disposal of asset classified as held for sale	-	0
Interest received	429	94
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(59,221)	9,444
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(763)	(728)
Dividends paid	-	0
Payment of principal portion of lease liabilities	(2,260)	(773)
	<hr/>	<hr/>
Net cash used in financing activities	(3,023)	(1,501)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	71,669	7,754
Cash and cash equivalents brought forward	118,300	38,900
	<hr/>	<hr/>
Cash and cash equivalents carried forward	189,969	46,654
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	189,969	82,081
Bank overdraft	-	(35,427)
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	189,969	46,654
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(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021)

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

NOTES

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, 'Interim Financial Reporting' in Malaysia and with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited financial statements of the Company as at and for the year ended 31 December 2021.

The accounting policies and methods of computation are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2021.

2. Auditors' Report of Preceding Annual Financial Statements

The auditors' report of the Company in respect of the annual audited financial statements for the year ended 31 December 2021 was not subject to any audit qualification.

3. Seasonal and Cyclical Factors

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

4. Unusual Items

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

5. Changes in Estimates

Pursuant to the Company's announced investment in our future manufacturing activities, DLMI has identified assets in its Petaling Jaya factory that will not be transitioned to the new site. In light of this, DLMI has 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 31/03/22 RM'000	Quarter ended 31/03/21 RM'000
Segment profit		
Revenue	299,865	258,636
Profit After Taxation	20,569	16,877

8. Capital Commitments

	As at 31/03/22 RM'000	As at 31/03/21 RM'000
Property, plant and equipment		
Authorised but not contracted for	135,643	317,946
Contracted but not provided for	144,795	9,666

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 31/03/22 RM'000	Quarter ended 31/03/21 RM'000
Sales to related parties	5,053	4,638
Purchases from related parties	136,964	99,046
Know-how, Trademark License and Management Support fees	7,020	6,244
Shared services from related parties	3,585	4,520

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	3 months To Date	3 months To Date	Changes TY vs LY
	31/03/22	31/03/21	%	31/03/22	31/03/21	%
Revenue	299,865	258,636	15.9%	299,865	258,636	15.9%
Operating Profit (exclude Accelerated Depreciation)	32,186	27,062	18.9%	32,186	27,062	18.9%
Operating Profit	27,833	22,994	21.0%	27,833	22,994	21.0%
Profit Before Interest and Tax	26,997	22,226	21.5%	26,997	22,226	21.5%
Profit Before Taxation	27,426	22,318	22.9%	27,426	22,318	22.9%
Profit After Taxation	20,569	16,877	21.9%	20,569	16,877	21.9%
Attributable to Ordinary Equity Holders of the parent	20,569	16,877	21.9%	20,569	16,877	21.9%

The Company recorded a revenue growth of 15.9% this quarter driven by enhanced economic activities due to the relaxation of MCO, regional expansion and necessary price increases to offset strong inflationary headwinds. Despite the continued COVID challenges the Company has been able to operate at full capacity and drive the penetration of milk consumption with occasions and affordability, continuing its purpose of Nourishing the Nation with trusted dairy nutrition.

Operating Profit (excluding accelerated depreciation) in the quarter increased 18.9%, where higher demand for Dutch Lady products, supported by trade and brand investments, more than compensated escalating prices of global dairy raw materials.

In line with the announced investment in our future manufacturing activities, DLMI started the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. Reported Operating Profit was therefore reduced by this accelerated depreciation, but still resulted in a 21.0% increase compared to Q1'21.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q1 vs Q4
	31/03/22	31/12/21	%
Revenue	299,865	300,396	-0.2%
Operating Profit (exclude Land Sale and Accelerated Depreciation)	32,186	47,748	-32.6%
Operating Profit	27,833	198,153	-86.0%
Profit Before Interest and Tax	26,997	197,087	-86.3%
Profit Before Taxation	27,426	197,851	-86.1%
Profit After Taxation	20,569	183,458	-88.8%
Attributable to Ordinary Equity Holders of the parent	20,569	183,458	-88.8%

The Company recorded a flat revenue versus Q4'21 following continued strong demand for milk as an essential product.

Operating profit (excluding accelerated depreciation and land sale) in the quarter declined 32.6%, resulting from escalating prices of global dairy raw materials and increased brand investments. Profit after tax declined by 88.8 % due to the one-off benefit from the sale of the land and the related manufacturing facilities in Petaling Jaya in Q4'21 and the aforementioned factors impacting operating profit.

14. Business Prospects

A. 2022 Prospects

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

DLMI will stay focused on its purpose of 'Nourishing 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 its brands and people. These assets will drive long term engagement with DLMI as an employer of choice and continue to increase penetration of milk.

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

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

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

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

Not applicable.

16. Financial Estimate, Forecast or Projection / Profit Guarantee

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

17. **Taxation**

Taxation is made up as follows: -

	Quarter ended 31/03/22 RM'000	Quarter ended 31/03/21 RM'000
Income tax for current period	8,836	5,927
Deferred tax for current period	(1,979)	(486)
Total taxation	<u>6,857</u>	<u>5,441</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 31/03/22 RM'000	As At 31/03/21 RM'000
At 1 January	5,968	4,494
Recognised in the statement of comprehensive income	(1,979)	(486)
At period end	<u>3,989</u>	<u>4,008</u>

19. **Corporate Proposals**

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

20. **Company Borrowings**

	As at 31/03/22 RM'000	As at 31/03/21 RM'000
Unsecured short term borrowing		
Bank overdraft	<u>-</u>	<u>35,427</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 31/03/22 RM'000	As At 31/03/21 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	50,512	142,647
Assets	236	2,006
Liabilities	-	-

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 31/03/22	Quarter ended 31/03/21
Basic earnings per share		
Profit for the period (RM'000)	20,569	16,877
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	32.10	26.40

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 24 May 2022, 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 2022.

All shareholders whose names appear on the Record of Depositors on 9 June 2022 shall be paid the above dividends on 22 June 2022.

A Depositor shall qualify for entitlement only in respect of:

- a) Securities transferred to the Depositor's Securities Account before 5.00pm on 9 June 2022, 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 31/03/22 RM'000	Year to-date 31/03/21 RM'000
Interest income	429	92
Finance costs		
- Interest expense	(763)	(729)
- Finance charge from lease	(73)	(39)
Depreciation of property, plant and equipment	(4,381)	(4,343)
Accelerated depreciation of property, plant and equipment	(3,376)	(3,805)
Depreciation of rights-of-use assets	(727)	(787)
Amortisation of intangible assets	(82)	(52)
Write (down)/back of inventories	(501)	639
Gain/(Loss) on disposal of property, plant & equipment	-	-
Gain/(Loss) on written off of property, plant & equipment	-	15
Net gain/(loss) on derivatives	136	(4,144)
Net foreign exchange gain/(loss)		
- Realised	(630)	(2,018)
- Unrealised	(299)	(925)

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
24th May 2022