

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 March 2023

	INDIVIDUAL QUARTER CURRENT QUARTER	COMPARATIVE QUARTER	CUMULATIVE QUARTER 3 months TO DATE	CUMULATIVE QUARTER 3 months TO DATE
	31/03/23 (Unaudited) RM'000	31/03/22 (Unaudited) RM'000	31/03/23 (Unaudited) RM'000	31/03/22 (Unaudited) RM'000
Revenue	354,314	299,865	354,314	299,865
Cost of Sales	<u>(266,958)</u>	<u>(198,019)</u>	<u>(266,958)</u>	<u>(198,019)</u>
Gross Profit	87,356	101,846	87,356	101,846
Other Income	-	-	-	-
Distribution Expenses	(2,401)	(1,032)	(2,401)	(1,032)
Administrative Expenses	-	-	-	-
Other Operating Expenses	(45,027)	(41,820)	(45,027)	(41,820)
	-	-	-	-
	(9,374)	(7,866)	(9,374)	(7,866)
	-	-	-	-
Other Operating Expenses	(17,762)	(23,295)	(17,762)	(23,295)
	<u>12,792</u>	<u>27,833</u>	<u>12,792</u>	<u>27,833</u>
Results from Operating Activities	12,792	27,833	12,792	27,833
Interest Income	267	429	267	429
Finance Costs	(1,074)	(836)	(1,074)	(836)
	<u>11,985</u>	<u>27,426</u>	<u>11,985</u>	<u>27,426</u>
Profit Before Taxation	11,985	27,426	11,985	27,426
Income Tax Expenses	(3,466)	(6,857)	(3,466)	(6,857)
	<u>8,519</u>	<u>20,569</u>	<u>8,519</u>	<u>20,569</u>
Profit After Taxation	8,519	20,569	8,519	20,569
Other Comprehensive Income	-	-	-	-
Changes in fair value of cash flow hedge				
Deferred tax on fair value of cash flow hedge				
	<u>8,519</u>	<u>20,569</u>	<u>8,519</u>	<u>20,569</u>
Profit for the period/Total comprehensive income for the period	8,519	20,569	8,519	20,569
Profit Attributable to:				
Equity holders of the Company	8,519	20,569	8,519	20,569
Non-controlling interest	-	-	-	-
	<u>8,519</u>	<u>20,569</u>	<u>8,519</u>	<u>20,569</u>
	<u>8,519</u>	<u>20,569</u>	<u>8,519</u>	<u>20,569</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	13.30	32.10	13.30	32.10

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

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 31 March 2023

	AS AT 31/03/23 RM'000 (Unaudited)	AS AT 31/12/22 RM'000 (Audited)
ASSETS		
Property, plant and equipment	361,565	344,202
Right-of-use assets	2,114	3,046
Intangible assets	15,321	13,181
TOTAL NON-CURRENT ASSETS	379,000	360,429
Inventories	220,415	228,882
Trade and other receivables	117,016	97,708
Prepayments	3,373	45,887
Current tax receivable	7,860	6,327
Cash and cash equivalents	123,726	104,941
Derivatives financial assets	3,711	-
Deferred tax assets		
CURRENT ASSETS	476,101	483,745
Assets classified as held for sale	-	-
TOTAL CURRENT ASSETS	476,101	483,745
TOTAL ASSETS	<u>855,101</u>	<u>844,174</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	341,370	332,851
Attributable to equity holders of the Company	405,370	396,851
Non-controlling interest	-	-
TOTAL EQUITY	405,370	396,851
LIABILITIES		
Lease Liabilities	561	2,093
Deferred tax liabilities	1,879	2,322
Provision	9,201	9,201
TOTAL NON-CURRENT LIABILITIES	11,641	13,616
Trade and other payables	422,912	413,688
Provision	8,725	8,710
Current tax liabilities	-	-
Bank overdraft	-	-
Lease Liabilities	6,071	6,498
Derivatives financial liabilities	382	4,811
CURRENT LIABILITIES	438,090	433,707
TOTAL LIABILITIES	449,731	447,323
TOTAL EQUITY AND LIABILITIES	<u>855,101</u>	<u>844,174</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>6.33</u>	<u>6.20</u>

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

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITYFor the financial quarter ended 31 March 2023
(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>3 months ended 31 March 2023</u>					
Balance at beginning of period	64,000	332,851	396,851	-	396,851
Movements during the period	-	8,519	8,519	-	8,519
Dividend payable	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>341,370</u>	<u>405,370</u>	<u>-</u>	<u>405,370</u>
<u>3 months ended 31 March 2022</u>					
Balance at beginning of period	64,000	318,580	382,580	-	382,580
Movements during the period	-	20,569	20,569	-	20,569
Dividend payable	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>339,149</u>	<u>403,149</u>	<u>-</u>	<u>403,149</u>

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

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 31 March 2023

	3 months TO DATE	3 months TO DATE
	31/03/23 (Unaudited) RM'000	31/03/22 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	331,298	1,138,597
Cash paid to suppliers and employees	(277,162)	(1,126,132)
	<hr/>	<hr/>
Cash generated from operations	54,136	12,465
Income tax paid	(5,443)	(27,288)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	48,693	(14,823)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(24,917)	(53,922)
Additions of intangible assets	(2,217)	(7,770)
Proceeds from disposal of property, plant and equipment	-	194,001
Proceeds from disposal of asset classified as held for sale	-	0
Interest received	267	1,417
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(26,867)	133,726
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(819)	(2,853)
Dividends paid	-	(32,000)
Payment of principal portion of lease liabilities	(2,221)	(4,650)
	<hr/>	<hr/>
Net cash used in financing activities	(3,040)	(39,503)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	18,786	79,400
Cash and cash equivalents brought forward	104,941	38,900
	<hr/>	<hr/>
Cash and cash equivalents carried forward	123,727	118,300
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	123,726	118,300
Bank overdraft	-	0
Deposits placed with licensed banks	-	-
	<hr/>	<hr/>
	123,726	118,300
	<hr/>	<hr/>

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

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

NOTES

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, 'Interim Financial Reporting' in Malaysia and with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited financial statements of the Company as at and for the year ended 31 December 2022.

The accounting policies and methods of computation are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2022.

2. Auditors' Report of Preceding Annual Financial Statements

The auditors' report of the Company in respect of the annual audited financial statements for the year ended 31 December 2022 was not subject to any audit qualification.

3. Seasonal and Cyclical Factors

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

4. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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

5. Changes in Estimates

Pursuant to the Company's announced investment in our future manufacturing activities, DLMI has identified assets in its Petaling Jaya factory that will not be transitioned to the new site. In light of this, DLMI has implemented accelerated depreciation for the mentioned assets at the start of 2021 financial year, continuing into 2022 and 2023.

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

6. Changes in Debt and Equity

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

7. **Segmental Analysis**

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

	Quarter ended 31/03/23 RM'000	Quarter ended 31/03/22 RM'000
Segment profit		
Revenue	354,314	299,865
Profit/(loss) After Taxation	8,519	20,569

8. **Capital Commitments**

	As at 31/03/23 RM'000	As at 31/03/22 RM'000
Property, plant and equipment		
Authorised but not contracted for	171,545	135,643
Contracted but not provided for	177,970	144,795

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 31/03/23 RM'000	Quarter ended 31/03/22 RM'000
Sales to related parties	3,160	5,053
Purchases from related parties	122,264	136,964
Know-how, Trademark License and Management Support fees	13,309	7,020
Shared services from related parties	4,047	3,585

These transactions have been entered into in the normal course of business and have been established at arm's length.

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

RM '000	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	3 months To Date	3 months To Date	Changes TY vs LY
	31/03/23	31/03/22	%	31/03/23	31/03/22	%
Revenue	354,314	299,865	18.2%	354,314	299,865	18.2%
Operating Profit (exclude Accelerated Depreciation and one-offs)	17,859	32,186	-44.5%	17,859	32,186	-44.5%
Operating Profit	12,792	27,833	-54.0%	12,792	27,833	-54.0%
Profit Before Interest and Tax	11,718	26,997	-56.6%	11,718	26,997	-56.6%
Profit Before Taxation	11,985	27,426	-56.3%	11,985	27,426	-56.3%
Profit After Taxation	8,519	20,569	-58.6%	8,519	20,569	-58.6%
Attributable to Ordinary Equity Holders of the parent	8,519	20,569	-58.6%	8,519	20,569	-58.6%

*Accelerated depreciation and transition-related one-off in Q1 2023: RM5.1 million; Q1 2022: RM4.4 million

The company recorded a revenue growth of 18.2% this quarter following strong volume growth of 15%, driven by continued strong demand for dairy products and successful Festive campaigns. In addition, selective price increases were implemented to offset strong inflationary headwinds. DLMI continues to ensure affordability by strategic pricing and, DLMI maintains investments in the Dairy Market as a market leader, continuing its purpose of Nourishing our Nation with trusted dairy nutrition.

In line with the earlier announced investment in our future manufacturing activities, DLMI continued the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. As the construction of the state-of-the-art IR4.0 manufacturing facility in Bandar Enstek progresses, other one-off operating costs related to activities for the construction and transition towards the new site are incurred. These costs for accelerated depreciation and one-offs are included in the Reported Operating Profit amounting to RM5.1 million.

On a like-for-like-basis Operating Profit excluding accelerated depreciation and one-offs is RM17.9 million, a decline of 45% versus the same quarter in 2022 mainly driven by the unprecedented increase in the cost of dairy raw materials and negative impacts of exchange rates predominantly against the USD.

Profit before tax in current quarter landed at a RM12.0 million, versus RM27.4 million in 2022, whereas Profit After Taxation was down 59% versus Q1 2022 at RM8.5 million.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q1 vs Q4
	31/03/23	31/12/22	%
Revenue	354,314	361,687	-2.0%
Operating Profit (exclude Accelerated Depreciation and one-offs*)	17,859	12,749	40.1%
Operating Profit	12,792	(32,465)	n.a.
Profit Before Interest and Tax	11,718	(33,484)	n.a.
Profit Before Taxation	11,985	(32,769)	n.a.
Profit After Taxation	8,519	(20,233)	n.a.
Attributable to Ordinary Equity Holders of the parent	8,519	(20,233)	n.a.

*Accelerated depreciation and transition-related one-off costs in Q1 2023: RM5.1 million; One-off items included in Q4 2022 include the impact of 2018-2021 BAPA correction of RM25 million and restructuring provision related to the optimisation of operations announced in November 2022 of RM17.7 million. Accelerated depreciation and transition-related one-off in Q4 2022: RM2.3 million.

While sales volume increased by almost 1% as demand for our dairy products remained strong and selective price increases were implemented, revenue declined by 2.0% versus Q4'22 mainly driven by changes in the mix of sold products.

Operating profit (excluding Accelerated depreciation and one-offs) increased by 40.1% (RM5.1 million) vs Q4 '22, driven by softening prices of Dairy Raw Materials, although remaining at historically high levels, the effect of product mix, selective price increases, and continued strong demand for our dairy products.

In line with the announced investment in our future manufacturing activities, DLMI continued the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. As the progress of construction of the state-of-the-art IR4.0 manufacturing facility in Bandar Enstek progresses, other one-off operating costs related to activities for the construction and transition towards the new site are incurred. These costs for accelerated depreciation and one-offs are included in the Reported Operating Profit amounting to RM5.1 million.

Reported operating profit compared to Q4 2022 increased by RM45.3 million. The delta is driven by one-off results in Q4 2022 as announced to Bursa in the previous quarter. The one-off costs included one-off restructuring costs related to the announced optimisation of its dairy production operations in Petaling Jaya of RM17.9 million, and one-off results from 2018-2021 BAPA correction of RM25 million.

Profit before tax in the quarter increased by RM44.8 million as a result of the above-mentioned drivers, whereas Profit After Taxation increased by RM28.8 million to RM8.5 million.

14. Business Prospects

A. 2023 Prospects

The market remains volatile and is subject to various domestic and global uncertainties and challenges, foreign exchange rate fluctuations and potential regulatory changes. The global dairy prices remain at historically very high levels and are expected to decrease somewhat in the remainder of 2023.

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

DLMI is determined to invest in Malaysia even in these trying times. DLMI plans to invest RM540 million, between the years 2021 and 2025 for our future manufacturing activities, which is progressing well.

DLMI will continue to focus on optimizing the Company's cashflow to battle the current inflationary headwinds and secure internal financing for building and transitioning to the new manufacturing facilities.

Over the long term, the outlook for DLMI remains cautiously optimistic 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 31/03/23 RM'000	Quarter ended 31/03/22 RM'000
Income tax for current period	8,168	8,836
Income tax for prior period		(1,979)
Deferred tax for current period	(4,702)	-
Penalty		-
Total taxation	<u>3,466</u>	<u>6,857</u>

The effective tax rate for the period under review is lower mainly due to decrease in revenue.

18. Deferred Tax Liabilities/(Assets)

	As At 31/03/23 RM'000	As At 31/03/22 RM'000
At 1 January	2,322	5,968
Recognised in the statement of comprehensive income	(443)	(1,979)
At period end	<u>1,879</u>	<u>3,989</u>

19. Corporate Proposals

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

20. Company Borrowings

	As at 31/03/23 RM'000	As at 31/03/22 RM'000
Unsecured short-term borrowing		
Bank overdraft	<u>-</u>	<u>-</u>

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

21. Material Litigation

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

22. Financial Instruments

Derivatives

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

Forward exchange contracts	As At 31/03/23 RM'000	As At 31/03/22 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	179,146	50,512
Assets	3,711	236
Liabilities	382	-

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 31/03/23	Quarter ended 31/03/22
Basic earnings per share		
Profit for the period (RM'000)	8,519	20,569
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	13.30	32.10

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 May 2023, the Company has declared a standard single-tier first interim dividend of RM0.25 per share amounting to RM16 million in respect of the financial year ending 31 December 2023.

All shareholders whose names appear on the Record of Depositors on 9 June 2023 shall be paid the above dividends on 22 June 2023.

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 2023, in respect of ordinary transfers; and
- b) Securities bought on Bursa Malaysia Securities Berhad.

25. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 31/03/23 RM'000	Year to-date 31/03/22 RM'000
Interest income	267	429
Finance costs		
- Interest expense	(1,007)	(763)
- Finance charge from lease	(67)	(73)
Depreciation of property, plant and equipment	(4,210)	(4,381)
Accelerated depreciation of property, plant and equipment	(3,110)	(3,376)
Depreciation of rights-of-use assets	(932)	(727)
Amortisation of intangible assets	(77)	(82)
Write (down)/back of inventories	(985)	(501)
Gain/(Loss) on disposal of property, plant & equipment		-
Gain/(Loss) arising from sale and leaseback transaction		-
Gain/(Loss) on written off of property, plant & equipment		-
Net gain/(loss) on derivatives	8,140	136
Net foreign exchange gain/(loss)		
- Realised	(3,519)	(630)
- Unrealised	117	(299)

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
25th May 2023