

L A P O R A N T A H U N 2 0 0 0 A N N U A L R E P O R T

Dutch Lady Milk Industries Berhad (005063-V)

(Formerly known as Dutch Baby Milk Industries (Malaya) Berhad)

(Incorporated in Malaysia)

Goodness for Life



AFFILIATE OF FRIESLAND COBERCO DAIRY FOODS, HOLLAND

FINANCIAL

Highlights

		2000	1999
Turnover	RM'000	323,304	318,294
Profit before tax	RM'000	17,871	14,160
Profit after tax	RM'000	14,871	13,660
Dividend	RM'000	3,680	2,880
Retained profit	RM'000	90,899	79,708
Shareholder's funds	RM'000	118,099	106,908
Net tangible asset backing per share	RM	7.38	6.68
Earnings per share (net)	Sen	93	85

NOTICE OF

Annual General Meeting

Notice is hereby given that the Thirty-Eighth Annual General Meeting of Dutch Lady Milk Industries Berhad will be held at No. 13, Jalan Semangat, Petaling Jaya, Selangor Darul Ehsan, on 23rd May 2001 at 10.00 a.m. for the following purposes:-

Resolution 1

To receive and adopt the Audited Accounts for the year ended 31st December 2000 together with the Directors' Report and Auditors' Report thereon.

Resolution 2

To approve the declaration of a first and final dividend of 25 sen, less income tax and a 5 sen tax exempt dividend, in respect of the year ended 31st December 2000.

Resolution 3

To re-elect Tan Sri Dato' Dr. Ahmad Mustaffa bin Haji Babjee, who retires by rotation in accordance with Article 92, as Director.

Resolution 4

To re-elect Mr. A.A. Olijslager, who retires by rotation in accordance with Article 92, as Director.

Resolution 5

To approve the payment of Directors' fees.

Resolution 6

To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 31st May 2001 to 1st June 2001, both dates inclusive, for the purpose of determining the entitlements to the final and tax exempt dividends.

The dividends, if approved by the Shareholders, will be paid on 22nd June 2001 to Shareholders whose names appear in the Register of Members and Records of Depositors at the close of business on 30th May 2001.

A Depositor shall qualify for the entitlements to the final and tax exempt dividends only in respect of :-

- a. Shares deposited into the Depositor's securities account before 12.30 p.m. on 28th May 2001 (in respect of shares which are exempted from mandatory deposit);
- b. Shares transferred into the Depositor's securities account in respect of ordinary transfers before 12.30 p.m. on 30th May 2001; and
- c. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By order of the Board
HUANG SHI CHIN
Company Secretary

Petaling Jaya
28th April 2001

Note

A member of the Company entitled to attend and vote shall be entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing the proxy must be deposited at the Company's Registered Office at least 48 hours before the time set for the Meeting.

C O R P O R A T E

D a t a

BOARD OF DIRECTORS

Tan Sri Kamarul Ariffin bin Mohd. Yassin
(Chairman)
Ian Martin Gearing (Managing Director)
Foo Swee Leng
Andries Arij Olijslager
Johan Priem
Tan Sri Dato' Dr. Ahmad Mustaffa bin Hj. Babjee
Jochum Jan Pottinga (Alternate to Andries Arij
Olijslager)

AUDIT COMMITTEE

Tan Sri Kamarul Ariffin bin Mohd. Yassin
(Chairman)
Ian Martin Gearing
Foo Swee Leng
Tan Sri Dato' Dr. Ahmad Mustaffa bin Hj. Babjee

COMPANY SECRETARY & SHARE REGISTRAR

Huang Shi Chin

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

13, Jalan Semangat
P.O. Box 122
46710 Petaling Jaya
Telephone: (03) 7956 7477

SHARE TRANSFER OFFICE

13, Jalan Semangat
P.O. Box 122
46710 Petaling Jaya

AUDITORS

Ernst & Young
Public Accountants
Kuala Lumpur

SOLICITORS

Khaw & Partners
Kuala Lumpur

Oh Seng Dee & Co.
Petaling Jaya

HK Teh & Associates
Petaling Jaya

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
6, Jalan 14/4
46100 Petaling Jaya

Public Bank Berhad
31, Jalan 14/20
46100 Petaling Jaya



CHAIRMAN'S Report



On behalf of the Board of Directors, I have pleasure in presenting the Company's Thirty-Eighth Annual Report and Audited Annual Accounts for the financial year ended 31st December 2000.

2000 was a very challenging year for the Company. Most product categories grew strongly during the year. However, competitive pressures in the Condensed Milk product category tempered our overall turnover growth to 2% from RM318.3 million in the previous year to RM323.3 million.

As a result of a better product mix, greater plant efficiencies and prudent working capital management, the Company's operating profit improved from RM14.1 million in 1999 to RM17.8 million in 2000. The results include the profit from the sale of its 29% interest in the joint venture company.

This sale was made so that the Company could establish its own distribution for its chilled products. The growing chilled segment provides the Company with future growth potential.

The prospects for 2001 remain challenging, with world dairy raw material prices, a major component in its costs, increasing substantially. Needless to say your Management will continue to strive to address the cost pressures and to secure the long term health of the Company.

To this end, the Company will continue to invest to maintain its high standards of quality. This will include the substantial re-development in the factory.

The increased level of profitability for the year has accorded your Directors the opportunity to increase last year's dividend further, with the proposal of a 5% tax-exempt dividend in addition to a 25% gross dividend. We hope that you will support us on our prudent stance, as the Company needs to preserve its cash resources in view of the increasing world dairy raw material prices and the needs for additional plant investments.

As always, on behalf of the Board, I would like to convey our sincere thanks to the Management and Staff of the Company for their hard work in 2000 and to wish them even greater success in the current year.

A handwritten signature in black ink, reading 'Kamarul Ariffin', with a horizontal line underneath.

TAN SRI KAMARUL ARIFFIN
Chairman

FINANCIAL

Statements



DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31st December 2000.

CHANGE OF COMPANY NAME

The Company changed its name from Dutch Baby Milk Industries (Malaya) Berhad to Dutch Lady Milk Industries Berhad, with effect from 27th May 2000.

PRINCIPLE ACTIVITIES

The principal activities of the Company are the manufacture of sweetened condensed milk, milk powder, dairy product and fruit juice drinks for distribution in the home market and for export.

There have been no significant changes in the nature of these activities during the year.

RESULTS

	RM
Profit after taxation	14,870,959
Retained profit brought forward	79,707,858
	<hr/>
	94,578,817
Dividends	(3,680,000)
	<hr/>
Retained profit carried forward	90,898,817
	<hr/>

There were no material transfers to or from reserves or provisions during the year.

In the opinion of the Directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

During the year, a final dividend of 25 sen per share, less tax at 28%, amounting to RM2,880,000 was paid in respect of the previous year, as proposed in the Directors' Report for that year.

The Directors propose the following dividends be paid in respect of the year under review :-

- (a) 5 sen per share, tax exempted, amounting to RM800,000 and
- (b) 25 sen per share, less tax at 28%, amounting to RM2,880,000

SIGNIFICANT EVENT DURING THE YEAR

During the year, the Company disposed of its investment in the associate companies, Susu Lembu Asli Sdn. Bhd. and Susu Lembu Asli Marketing Sdn. Bhd., for an aggregate consideration of RM1,000,000. The disposal resulted in a gain of RM997,000 for the Company.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Kamarul Ariffin bin Mohd. Yassin

Foo Swee Leng

Andries Arij Olijslager

Ian Martin Gearing

Johan Priem

Tan Sri Dato' Dr. Ahmad Mustaffa bin Hj. Babjee

Jochum Jan Pottinga

(Alternate to Andries Arij Olijslager)

(Appointed on 24.11.00)

Huang Shi Chin

(Alternate to Andries Arij Olijslager)

(Resigned on 24.11.00)

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

None of the Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares in the Company.

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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 required to be disclosed by Section 169(8) of the Companies Act 1965.

OTHER STATUTORY INFORMATION

(a) Before the Income Statement and Balance Sheet of the Company were made out, 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 realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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

(e) As at the date of this report, these does not exist:-

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of a the Company which has arisen since the end of the financial year.

(f) In the opinion of the Director:

(i) no contingent liability 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 will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or even of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

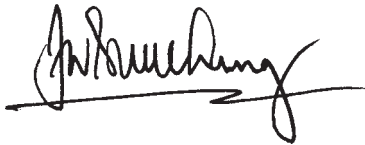
AUDITORS

The auditors, Ernst & Young have expressed their willingness to continue in office.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'Ian Martin Gearing', with a stylized, flowing script.

IAN MARTIN GEARING
Director

A handwritten signature in black ink, appearing to read 'Foo Swee Leng', with a stylized, flowing script.

FOO SWEE LENG
Director

27th February 2001

INCOME STATEMENT

for the year ended 31st December 2000

	Note	2000 RM	1999 RM
REVENUE	3	323,303,725	318,294,430
COST OF SALES		(225,443,116)	(228,809,762)
GROSS PROFIT		97,860,609	89,484,668
OTHER OPERATING INCOME		3,751,121	3,228,708
DISTRIBUTION COSTS		(56,790,694)	(51,684,722)
ADMINISTRATIVE EXPENSES		(7,995,294)	(7,075,499)
OTHER OPERATING EXPENSES		(19,914,958)	(19,407,048)
PROFIT FROM OPERATIONS		16,910,784	14,546,107
FINANCE COSTS		(36,825)	(386,566)
		16,873,959	14,159,541
EXCEPTIONAL ITEM	4	997,000	—
PROFIT BEFORE TAXATION	4	17,870,959	14,159,541
TAXATION	5	(3,000,000)	(500,000)
PROFIT AFTER TAXATION		14,870,959	13,659,541
DIVIDENDS	6	(3,680,000)	(2,880,000)
RETAINED PROFIT BROUGHT FORWARD		79,707,858	68,928,317
RETAINED PROFIT CARRIED FORWARD		90,898,817	79,707,858
EARNINGS PER SHARE	7	0.93	0.85
DIVIDEND PER SHARE			
- Net of tax		0.18	0.18
- Tax exempt		0.05	—
	6	0.23	0.18

The annexed notes form an integral part of these financial statements.

BALANCE SHEET

as at 31st December 2000

	Note	2000 RM	1999 RM
ASSET EMPLOYED:			
Property, Plant and Equipment	8	59,879,977	58,642,726
Associated Companies	9	—	3,000
CURRENT ASSETS			
Inventories	10	72,808,710	42,830,878
Trade debtors	11	54,252,249	53,240,619
Other debtors, deposit and prepayments		3,382,343	6,281,665
Amounts due from related companies	12	2,628,619	1,495,859
Amount due from associated company		—	1,564,038
Cash and cash equivalents	13	4,272,532	15,502,959
		137,344,453	120,916,018
LESS: CURRENT LIABILITIES			
Trade creditors		49,265,597	51,304,200
Other creditors and accruals		18,426,481	14,533,597
Amounts due to holding company	12	1,297,449	416,038
Taxation		2,520,951	25,003
Proposed dividends		3,680,000	2,880,000
		75,190,478	69,158,838
NET CURRENT ASSETS		62,153,975	51,757,180
		122,033,952	110,402,906
FINANCED BY:			
Share Capital	14	16,000,000	16,000,000
Share Premium		11,200,000	11,200,000
Retained Profit	15	90,898,817	79,707,858
		118,098,817	106,907,858
Retirement benefits	16	555,098	615,011
Deferred taxation		3,380,037	2,880,037
		122,033,952	110,402,906

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2000

	Share capital RM	Share premium RM	Revenue reserve RM	Total RM
At 1st January 1999	16,000,000	11,200,000	68,928,317	96,128,317
Net profit for the year	—	—	13,659,541	13,659,541
Dividends	—	—	(2,880,000)	(2,880,000)
At 31st December 1999	16,000,000	11,200,000	79,707,858	106,907,858
Net profit for the year	—	—	14,870,959	14,870,959
Dividends	—	—	(3,680,000)	(3,680,000)
At 31st December 2000	16,000,000	11,200,000	90,898,817	118,098,817

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENT

for the year ended 31st December 2000

	Note	2000 RM	1999 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		328,592,755	323,375,497
Cash paid to suppliers and employees		(330,249,131)	(281,011,604)
Cash (absorbed by) / generated from operations		(1,656,376)	42,363,893
Income tax paid		—	(1,882,963)
Net cash (outflow)/inflow from operating activities		(1,656,376)	40,480,930
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,439,802)	(8,646,205)
Proceeds from disposal of property, plant and equipment		303,500	251,498
Proceeds from disposal of associated companies		1,000,000	—
Interest income		479,076	82,359
Dividends received (net)		—	31,320
Net cash outflow from investing activities		(6,657,226)	(8,281,028)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		—	(16,370,000)
Interest paid		(36,825)	(386,566)
Dividends paid		(2,880,000)	—
Net cash outflow from financing activities		(2,916,825)	(16,756,566)
Net change in cash and cash equivalents		(11,230,427)	15,443,336
Cash and cash equivalents brought forward		15,502,959	59,623
Cash and cash equivalents carried forward	13	4,272,532	15,502,959

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31st December 2000

1. GENERAL

The registered office and principal place of business are located at 13, Jalan Semangat, P.O. Box 122, 46710 Petaling Jaya.

The principal activities of the Company are the manufacture of sweetened condensed milk, milk powder, dairy products and fruit juice drinks for distribution in the home market and for export.

The financial statements are expressed in Ringgit Malaysia.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain properties and comply with approved accounting standards issued by the Malaysian Accounting Standards Board. Certain long leasehold land is stated based on an external valuation undertaken in 1968 at market value. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment and adopted by the Malaysian Accounting Standards Board, this property has continued to be stated on the basis of its 1968 valuation.

(b) Property, Plant and Equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation.

Leasehold land is amortised over the periods of the leases, both of which expire in 2059.

Depreciation on other property, plant and equipment is calculated on a straight line basis to write down the assets to their residual values over their estimated useful lives. The principal annual rates of depreciation used are as follows:-

Buildings	-	2%
Plant and machinery	-	10%
Motor vehicles	-	16.7%
Furniture and equipment	-	10 - 25%

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis.

Cost includes the actual cost of materials and incidentals incurred in bringing the inventories into store. It also includes direct labour and attributable production overheads. In arriving at net realisable value, due allowance is made for obsolete and slow-moving items.

(d) Debtors

Trade debtors are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of full amount is subject to uncertainty. Bad debts are written off when so determined.

(e) Retirement Benefits

The retirement benefits are in respect of retirement gratuities for eligible employees employed prior to 1st April, 1989, when it was the previous policy of the Company to offer such gratuities. Subsequent to that date, staff retirement gratuities for eligible employees are paid by way of contributions to the statutory Employees Provident Fund.

(f) Currency Translation

Transactions denominated in foreign currencies are recorded in Ringgit Malaysia in the books of account at the exchange rates ruling at the times to the transactions or at contracted rates, as applicable. Where settlement had not taken place by year end, the balances are translated at approximate rates ruling at the balance sheet date or at contracted rates, as applicable. All exchange differences arising are charged or credited in the income statement.

(g) Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences existing at the year end, except that where tax effect accounting results in a net future benefit, it is not accounted for.

(h) Cash and Cash Equivalents

Cash and cash equivalents as stated in the balance sheet and cash flow statement comprise cash and bank balances including deposits available on demand, against which overdraft balances, if any, are deducted. Trade-related certificates and facility balances against trade receivables or payables are classified within financing activities and therefore excluded from cash and cash equivalents in the cash flow statement.

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

3. REVENUE

Revenue represents the gross invoiced value of goods supplied less returns, discounts and damages.

4. PROFIT BEFORE TAXATION

	2000 RM	1999 RM
This is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	7,201,034	6,220,442
Rent of buildings	108,940	76,453
Hire of machinery	52,461	194,205
Auditors' remuneration	46,000	46,000
Directors' remuneration		
- fees	40,000	40,000
- other emoluments	527,558	418,975
- benefits in kind	145,050	122,729
Management fee payable to holding company	30,000	30,000
Interest expense	36,825	386,566
Interest income	(479,076)	(82,359)
Profit on disposal of property, plant and equipment	(301,984)	(251,055)
Exceptional item: gain on disposal of associated companies	(997,000)	—
Dividend received from associated company (gross)	—	(43,500)

5. TAXATION

Malaysian taxation based on profit for the year:

Current	2,500,000	—
Deferred	500,000	(892,963)
	3,000,000	(892,963)
Under-provision of current taxation in prior years	—	1,392,963
	3,000,000	500,000

The effective tax rate of the Company is lower than the statutory rate mainly due to the utilisation of reinvestment allowances of approximately RM8,500,000, including RM3,500,000 brought forward from the previous year. No further unabsorbed reinvestment allowances remain to be carried forward.

The results in respect of the previous year were not subject to current taxation, as taxation arising on business income, other than dividends, had been waived by legislation.

6. DIVIDENDS

	2000 RM	1999 RM
Proposed final dividend		
- 5% tax exempt	800,000	—
- 25% (1999: 25%), less income tax 28%	2,880,000	2,880,000
	3,680,000	2,880,000

7. EARNINGS PER SHARE

Earnings per RM1 ordinary share are based on the profit after tax attributable to ordinary shareholders, of RM14,870,959 (1999 : RM13,659,541), and on 16,000,000 ordinary shares in issue during the year.

8. PROPERTY, PLANT AND EQUIPMENT

	Long leasehold land At Valuation RM	At Cost RM	Building RM	Plant & Equipment RM	2000 RM	Total 1999 RM
COST/VALUATION						
At 1st January	534,480	5,104,114	26,317,649	72,525,903	104,482,146	94,449,227
Additions	—	—	1,221,494	7,218,308	8,439,802	8,646,205
Disposals	—	—	—	(3,910,399)	(3,910,399)	(613,286)
At 31st December	534,480	5,104,114	27,539,143	75,833,812	109,011,549	102,482,146
ACCUMULATED DEPRECIATION						
At 1st January	152,705	1,034,966	6,935,301	37,716,448	45,839,420	40,231,821
Charge for the year	6,360	68,139	513,892	6,612,643	7,201,034	6,220,442
Disposals	—	—	—	(3,908,882)	(3,908,882)	(612,843)
At 31st December	159,065	1,103,105	7,449,193	40,420,209	49,131,572	45,839,420
NET BOOK VALUE						
At 31st December 2000	375,415	4,001,009	20,089,950	35,413,603	59,879,977	—
At 31st December 1999	381,775	4,069,148	19,382,348	34,809,455	—	58,642,726

Certain long leasehold land is stated based on an external valuation undertaken in 1968 at market value. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment and adopted by the Malaysian Accounting Standards Board, this property has continued to be stated on the basis of its 1968 valuation.

Plant and equipment comprises plant, machinery, motor vehicles, furniture and equipment.

The carrying amount of long leasehold land at cost is not disclosed due to the absence of historical records.

9. ASSOCIATED COMPANIES

	2000 RM	1999 RM
Share of net assets on acquisition	3,000	3,000
Premium on acquisition	996,999	996,999
	999,999	999,999
Less : Amortisation of premium	(996,999)	(996,999)
	3,000	3,000
Disposal during the year	(3,000)	—
	—	3,000

If the equity method of accounting had been applied, the share of post acquisition profits would have been as follows:-

Share of post acquisition profits in associated companies :

At 1st January	1,790,068	1,768,700
For the year:		
Share of profits	—	21,368
Disposal	(1,790,068)	—
At 31st December	—	1,790,068

The details of the associated companies, both incorporated in Malaysia and both of which were disposed of during the year, were as follows:-

<u>Name</u>	<u>Principal Activities</u>	<u>Equity Interest</u>
		2000 1999
Susu Lembu Asli Sdn. Bhd.	Dormant	Nil 29%
Susu Lembu Asli Marketing Sdn. Bhd.	Distributing and marketing of pasteurised milk and related products	Nil 29%

10. INVENTORIES

	2000 RM	1999 RM
Finished goods	17,929,652	17,221,350
Raw materials	47,617,348	18,331,957
Packing materials	5,727,655	5,289,863
Engineering, promotional and advertising stocks	1,534,055	1,987,708
	72,808,710	42,830,878

11. TRADE DEBTORS

	2000 RM	1999 RM
Balance outstanding	60,210,978	59,249,425
Allowance for doubtful debts	(5,958,729)	(6,008,806)
	<u>54,252,249</u>	<u>53,240,619</u>

12. HOLDING AND RELATED COMPANIES

The holding company is FRINT BEHEER IV BV and the ultimate holding company is FRIESLAND Coberco Dairy Foods Holding NV, both of which are incorporated in Holland.

Related companies in these financial statements refer to companies within the FRIESLAND Coberco Dairy Foods Holding NV group of companies.

The amounts due to/from the holding and related companies arose from trade transactions, are unsecured, interest free, and have no fixed terms of repayment.

13. CASH AND CASH EQUIVALENTS

Cash and bank balances	5,416	3,502,959
Deposits with financial institutions	5,200,000	12,000,000
Bank overdrafts	(932,884)	—
	<u>4,272,532</u>	<u>15,502,959</u>

The bank overdrafts were subject to interest during the year at rates between 0.5% and 1.0% above the lending banks' base lending rates.

14. SHARE CAPITAL

Authorised:		
25,000,000 ordinary shares of RM1 each	25,000,000	25,000,000
Issued and fully paid:		
16,000,000 ordinary shares of RM1 each	16,000,000	16,000,000

15. RETAINED PROFIT

Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967, and tax exempt income under Sections 12, 35 & 37 of the Income Tax (Amendment) Act, 1999, to frank the payment of dividends out of all its retained profit at 31st December 2000, without having to incur additional tax liability.

16. RETIREMENT BENEFITS

	2000 RM	1999 RM
At 1st January	615,011	699,259
Net payments during the year	(59,913)	(84,248)
At 31st December	555,098	615,011

17. CAPITAL COMMITMENTS

Authorised capital expenditure not provided for in the accounts:

- contracted	—	785,221
- not contracted	8,900,000	7,621,000

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

Purchases and other expenses	21,191,768	12,536,662
Sales	8,253,765	6,865,033

In the normal course of business the Company undertakes, at terms mutually agreed between the parties, such transactions with related companies in which the ultimate holding company has significant interest.

There are no practical means of identifying the above transactions with the year end balances.

19. EMPLOYEE INFORMATION

Staff costs	23,590,797	21,831,344
-------------	------------	------------

The number of employees of the Company at the end of the year was 678 (1999 : 658)

20. SEGMENT INFORMATION

No segment information is provided as the Company operates principally in Malaysia and in one major business segment.

21. SIGNIFICANT EVENT DURING THE YEAR

During the year, the Company disposed of its investment in the associated companies, Susu Lembu Asli Sdn. Bhd. and Susu Lembu Asli Marketing Sdn. Bhd., for an aggregate consideration of RM1,000,000. The disposal resulted in a gain of RM997,000 for the Company.

22. COMPARATIVES

The presentation of the financial statements for the current year has been changed to adopt the format as prescribed in Malaysian Accounting Standard Board (MASB) Standard No. 1 Presentation of Financial Statements. Comparative figures have been reclassified to conform with this presentation, where necessary.

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act 1965

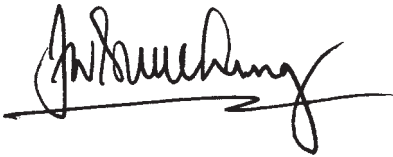
We, IAN MARTIN GEARING and FOO SWEE LENG, being two of the Directors of DUTCH LADY MILK INDUSTRIES BERHAD (FORMERLY KNOWN AS DUTCH BABY MILK INDUSTRIES (MALAYA) BERHAD), state that in the opinion of the Directors, the financial statements set out on pages 9 to 20 are drawn up in accordance with approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Company as at 31st December 2000 and of the results of the business of the Company for the year ended on that date; and
- (ii) the cash flows of the Company for the year ended 31st December 2000.

On behalf of the Board,



IAN MARTIN GEARING
Director



FOO SWEE LENG
Director

27 February 2001

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act 1965

I, HUANG SHI CHIN, the person primarily responsible for the financial management of DUTCH LADY MILK INDUSTRIES BERHAD (FORMERLY KNOWN AS DUTCH BABY MILK INDUSTRIES (MALAYA) BERHAD), do solemnly and sincerely declare that the financial statements set out on pages 9 to 20 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Acts 1960.

Subscribed and solemnly declared by
the abovenamed HUANG SHI CHIN
at Petaling Jaya on 27th February 2001



HUANG SHI CHIN

Before me,



E.RADAKRISHNAN, AMN,PPN,PK,PPM,PPA,PKB,PJP (Sel).
Commissioner for Oaths (No. 008)
Petaling Jaya

AUDITORS' REPORT

to the members of Dutch Lady Milk Industries Berhad

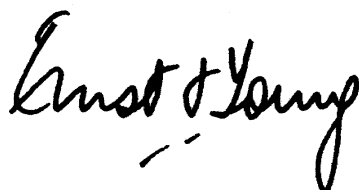
(Formerly Known As Dutch Baby Milk Industries (Malaya) Berhad) (Incorporated in Malaysia)

We have audited the financial statements set out on pages 9 to 20. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Acts 1965 and approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Company as at 31st December 2000 and of the results and the cash flows of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Acts 1965 to be dealt with in the financial statements.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



ERNST & YOUNG AF: 0039
Public Accountants



SUKANTA KUMAR DUTT 1556/8/02(J)
Partner

Kuala Lumpur, Malaysia
27th February 2001

A U D I T

Committee

1. COMPOSITION OF AUDIT COMMITTEE

Tan Sri Kamarul Ariffin bin Mohd. Yassin	- Chairman, Independent non-executive director
Tan Sri Dato' Dr. Ahmad Mustaffa bin Hj. Babjee	- Independent non-executive director
Mr. Foo Swee Leng	- Non-executive director
Mr. Ian Martin Gearing	- Executive director

2. TERMS OF REFERENCE OF AUDIT COMMITTEE

Review and report to the Board of Directors the following:-

- With the auditors their:-
 - audit plan,
 - evaluation of the Company's system internal controls, and
 - audit report on the annual financial statements.
- The quarterly and annual financial statement of the Company, prior to the approval by the Board of Directors.
- Any related party transaction and conflict of interest situation that may arise within the Company.
- The level of assistance given by the Company's employees to the external auditor.
- Recommend the nomination as external auditor for the Company.
- Any letter of resignation from the external auditor of the Company.
- Consider any matter that the auditor may wish to bring to the attention of the Directors or Shareholders.
- Review the accounting policies adopted by the Company.
- The adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- Such other responsibilities as may be directed from time to time by the Board of Directors.

STATEMENT

of Shareholdings

As at 27th March 2001

Size of Holdings			No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1		499 shares	41	2.82	7,331	0.05
500	to	5,000 shares	1,308	89.90	2,019,656	12.62
5,001	to	10,000 shares	60	4.12	480,361	3.00
10,001	to	100,000 shares	41	2.82	1,113,501	6.96
100,001	to	1,000,000 shares	3	0.21	360,451	2.25
Above		1,000,000 shares	2	0.14	12,018,700	75.12
			1,455	100.00	16,000,000	100.00

20 Largest Shareholders

	No. of Shares	% of Holdings
1. Frint Beheer IV BV*	8,018,700	50.12
2. Amanah Raya Nominees (Tempatan) Sdn Bhd* (Beneficial Owner : Skim Amanah Saham Bumiputera)	4,000,000	25.00
3. RHB Nominees (Asing) Sdn Bhd	135,000	0.84
4. Foo Loke Weng	122,451	0.77
5. Employees Provident Fund Board	103,000	0.64
6. Alliedban Nominees (Tempatan) Sdn Bhd	94,000	0.59
7. Goh Hian Tim	87,000	0.54
8. Unitrade Corporation (M) Sdn Bhd	77,000	0.48
9. Kumpulan Wang Simpanan Guru-Guru	55,000	0.34
10. Yong Siew Lee	52,000	0.33
11. Menteri Kewangan Malaysia	49,200	0.31
12. Ng Lam Shen	40,000	0.25
13. Quek Guat Kwee	40,000	0.25
14. Wong So-Ch'i	39,000	0.24
15. Universiti Malaya	36,000	0.23
16. Foo Mee Lee	33,101	0.21
17. Yeo Khee Bee	33,000	0.21
18. Tong Yoke Kim Sdn Bhd	30,000	0.19
19. Lee Sim Kuen	30,000	0.19
20. HSBC Nominees (Tempatan) Sdn Bhd	25,000	0.16
	13,099,452	81.89

* Registered in the Company's Register as Substantial Shareholders

FIVE - YEAR

Summary

Operations		2000	1999	1998	1997	1996
Turnover	RM'000	323,304	318,294	286,073	278,235	267,432
Profit before tax	RM'000	17,871	14,160	1,795	10,576	15,216
Profit after tax	RM'000	14,871	13,660	1,331	7,932	12,714
Earnings per share (net)	Sen	93	85	8	50	79

Appropriation

Dividends						
- paid	RM'000	3,680	2,880	-	2,880	5,200
- cover	times	4.04	4.72	-	2.48	2.43
Retained profit	RM'000	90,899	79,708	68,928	67,598	62,545

Financial

Issued & fully paid capital	RM'000	16,000	16,000	16,000	16,000	16,000
Shareholders' funds	RM'000	118,099	106,908	96,128	94,798	89,745
Return on shareholders' funds	%	12.59	12.78	1.38	8.37	14.17
Net tangible asset backing per share	RM	7.38	6.68	6.01	5.92	5.61
Assets employed	RM'000	122,034	110,403	100,601	99,308	94,288
Return on assets employed	%	12.19	12.37	1.32	7.99	13.48

Turnover (RM'000)

1996

267,432



1997

278,235



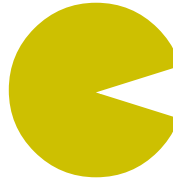
1998

286,073



1999

318,294

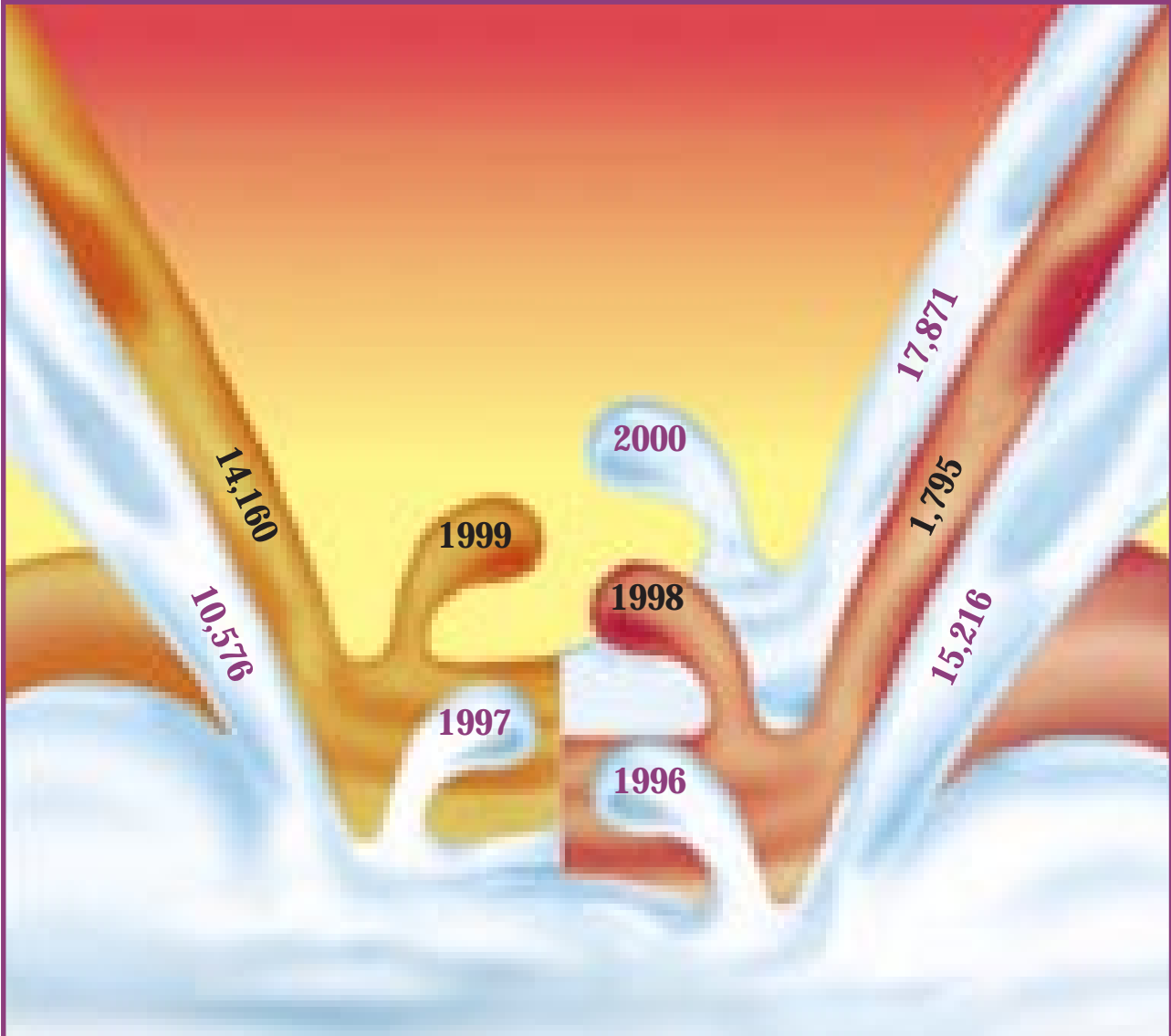


2000

323,304



Profit Before Tax (RM'000)



PARTICULARS

of Properties

The particulars of the properties referred to in Note 8 to the Accounts are as followings:-

Locations of Property	13 & 15, Jalan Semangat, Petaling Jaya	Lot 79, Jalan 13/6, Petaling Jaya
Brief Description	Factory buildings and office complex	Warehouse
Approximate Land Area (sq. ft.)	358,482	74,135
Tenure	Leasehold land expiring in the year 2059.	Leasehold land expiring in the year 2059.
Age of property	Between 15 years to 37 years	13 years
Net Book Value (RM'mln.)	21.7	2.8

P R O X Y

Form

No. of Shares held

Dutch Lady Milk Industries Berhad (005063-V)

(Formerly known as Dutch Baby Milk Industries (Malaya) Berhad) (Incorporated in Malaysia)

No. 13 Jalan Semangat, P O Box 122, 46710 Petaling Jaya

I/We,
of
being a member/members of DUTCH LADY MILK INDUSTRIES BERHAD hereby appoint
*the Chairman of the meeting or
of
as my / our proxy to vote for me / us and on my / our behalf at the Thirty-Eighth Annual General Meeting of the
Company held on the 23rd day of May, 2001 and at any adjournment thereof.

My / our proxy is to vote either on a show of hands or on a poll indicated below with an "X" :-

No.	Resolution	FOR	AGAINST
1.	Adoption of Audited Accounts and Reports for the year ended 31st December 2000		
2.	Declaration of First and Final and Tax Exempt Dividends		
3.	Re-election of Tan Sri Dato' Dr. Ahmad Mustaffa bin Haji Babjee as Director pursuant to the Company's Articles of Association		
4.	Re-election of Mr. A.A. Olijslager as Director pursuant to the Company's Articles of Association		
5.	Approval of Directors' fees		
6.	Re-appointment of Auditors and to authorise the Directors to fix the Auditors' remuneration		

Subject to any voting instructions given, the proxy will vote or abstain from voting in the resolutions as he / they may deem fit.

Dated this day of 2001

.....
Signature of Shareholder

.....
In the presence of

* Delete the words "the Chairman of the Meeting" if you wish to appoint some other person(s) to be your proxy.

Notes:

1. A proxy need not be a member of the Company.
2. This Proxy Form must be deposited at the Company's Registered Office at least 48 hours before the time set for the Meeting.
3. Where this Proxy Form is executed by a corporation, it must be executed under its Common Seal or under the hand of its duly-authorised Attorney who need not be a member of the Company. So far as its appointment of Attorney is concerned, in turn the corporation's instrument appointing its Power of Attorney or a notarially certified copy thereof shall have been first deposited at the Company's Registered Office at least 48 hours before the time set for the Meeting.

BARU



DUTCH LADY

Susu Junior



Cubalah susu
**MADU &
STRAWBEN**
baru kami



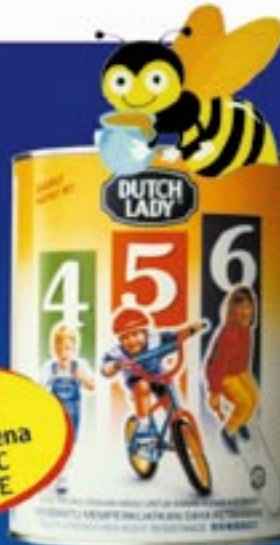
Untuk pemakanan sepanjang hari



DUTCH LADY
Goodness for Life



Mengandung
Antioksidan:
Beta-karotena
Vitamin C
Vitamin E



Membantu **MEMPERKUATKAN**
Daya Ketahanan



DUTCH LADY

Nikmati Khasiat Susu Segar Dari Ladang
Hanya Dengan Sekali Putar!



Botol
Baru!

Dutch Lady Susu Segar Disferil

