Group Project – Advanced Ratio Analysis

SBSD1103 : Financial Management

Lecturer : Assoc. Prof. Dr. Suresh Ramakrishnan

Group 1

HEW JUN KANG	A21BS0034
NURFARIAH NAYLI BINTI MOHD NAIM	A21BS0106
NUR ILANI IZYAN BINTI ZULHAZMI	A21BS0093
ARMAN RUZAIMIN BIN ABD RAHMAN	A21BS0010
LI JUN YI	A21BS4018

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1.0 Introduction

Dutch Lady

Dutch Lady Milk Industries Berhad is a manufacturer of cow milk and dairy products in Malaysia, Hong Kong, Singapore, Brunei, Vietnam, and Philippines since 1960s.

History

The company started as Pacific Milk Industries (Malaya) Sdn Bhd on 28 May 1963, and mainly produced sweetened condensed milk in Petaling Jaya. Before it expands it's business, many products have sold in Asia and Oceania.

In 24 September 1968, Dutch Lady have become the first milk company to be listed on the countries Stock Exchanges of Kuala Lumpur and Singapore and rename to Dutch Baby Milk Industries (Malaya) Berhad in 1975. Then, it renamed again into Dutch Lady Milk Industries Berhad in 2000.

Dutch Lady actively introduce new products and manufacture them in Malaysia market. In 1983, the main product is sterilised milk that was selling in plastic bottles. The chilled milk products started in 1986, and fruit yoghurt and growing up milk were introduced into the market in 1988. In 2011, Dutch Lady Malaysia became the market share leader in the growing up milk segment with 40% of national market share.

The current products of Dutch Lady include low fat yoghurt, low fat and 0% fat drinking yoghurt, family powdered milk, sterilised milk, pasteurised milk, UHT milk, and growing up milk.

Competitors

Goodday Life

Fresh milk Goodday Life is under Etika Sdn Bhd in Malaysia. One of the main products is the 100% Australian fresh milk.

Introduced in 1968, Goodday Milk offers products that are rich in protein, calcium and vitamins A, D, B2 and B6 to complement a healthy diet and balanced lifestyle. Indeed, Goodday Milk has been actively spreading goodness across the nation through its existing variants in both pasteurised and UHT forms.

More calcium

Goodday Life offers higher calcium milk compared to Goodday Fresh Milk. Customers needed to pay 30% more for a 1L Goodday Life (RM 10.99) to enjoy more calcium. The Goodday Fresh Milk (RM 8.49) offers only 95mg of calcium per 100ml.

As a barista milk

other than the Australian milk heritage, Goodday Life is also marked as a barista milk for the coffee enjoyers to add into their coffee. This would attract the coffee lovers who are looking for a milk that can match with their coffee nicely to become more delicious.

Fraser & Neave Holdings Bhd (F&NHB)

Fraser & Neave Holdings Bhd (F&NHB) is the oldest food and beverage company in the region. F&N have been the market leader for many categories of food and beverage products F&NHB Group is listed on Bursa Malaysia’s Main Board. It has an annual turnover of RM 4 billion from its core business in the sale, marketing, and manufacture of beverages and dairy products.

Founded by John Fraser and David Chalmers Neave in 1883, from whom our instantly recognizable initials 'F&N' are derived, the F&N brand is today synonymous with high quality and halal-compliant product that is trusted by generations.

F&N is the leader in the Sweetened Condensed Milk and Evaporated Milk markets in Malaysia and Thailand. There are many brands under the F&N company, such as F&N Fruit Tree brands, CARNATION®, IDEAL® brands, Cap Junjung® etc.

MILKLAB Dairy

MILKLAB Dairy is a high-performance foodservice exclusive barista milk developed for espresso coffee, in collaboration with Australian dairy farmers.

MILKLAB Dairy is a 100% Australian made and owned product, sourced exclusively from farms across New South Wales and Victoria, including the Goulburn Valley – home to some of Australia's most renowned dairy milk.

Our state-of-the-art manufacturing capabilities ensure that MILKLAB Dairy maintains the fresh taste of regular dairy milk with the convenience of being a long-life UHT product.

Farm Fresh

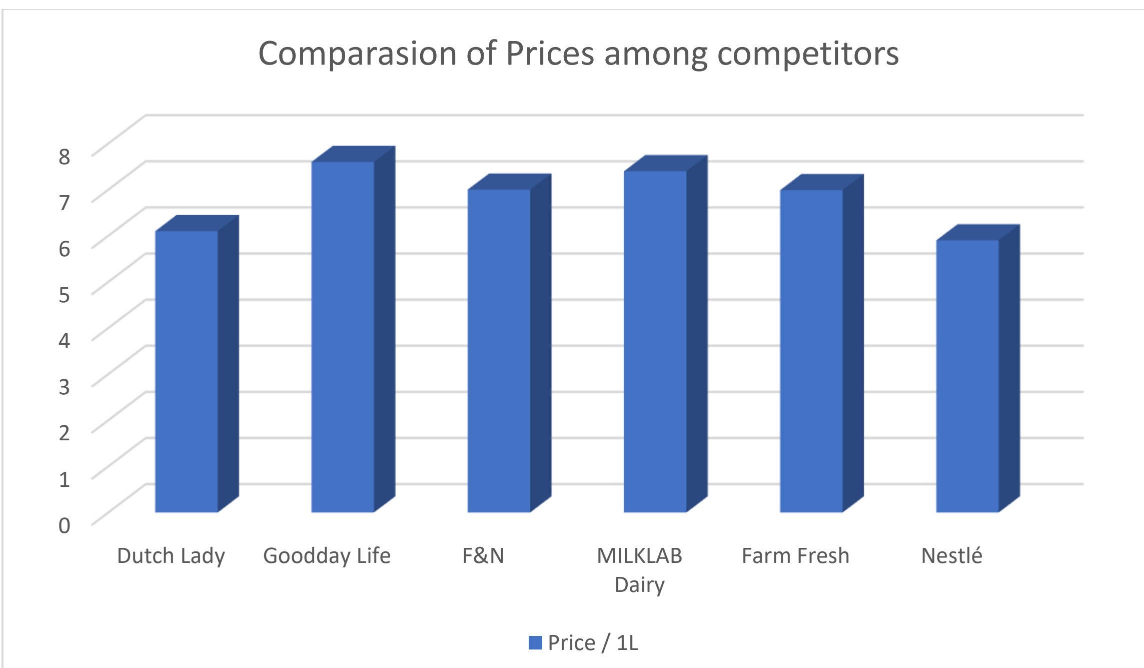
Loi and Azmi pioneered an innovative distribution technique that would allow rural Malaysians to find natural goodness as well. Farm Fresh goods are now available in all major cities in Malaysia. The Farm Fresh Home Dealer Network enables micro-entrepreneurs (many of whom are women) to earn a living by selling Farm Fresh products in their communities. We have approximately 800 house dealers and 38 regional Stuckists in our network as of 2021, which covers every state and region in Malaysia. Our very own ecommerce platform, Farm Fresh Mart, can help you find and connect with one.

Nestlé

Nestlé is based from Swiss, as a multinational food and beverage processing conglomerate corporation headquartered in Vevey, Vaud, Switzerland. In terms of revenue and some other metrics, it is the largest food company in the world since 2014. In 2016, it ranked No. 33 in the Forbes Global 2000 list of largest public companies. In 2017, It ranked No. 64 on the Fortune Global 500.

Comparison of Prices

Company	Price / 1L
Dutch Lady	RM6.10
Goodday Life	RM7.60
F&N	RM7.00
MILKLAB Dairy	RM7.40
Farm Fresh	RM6.99
Nestlé	RM5.90

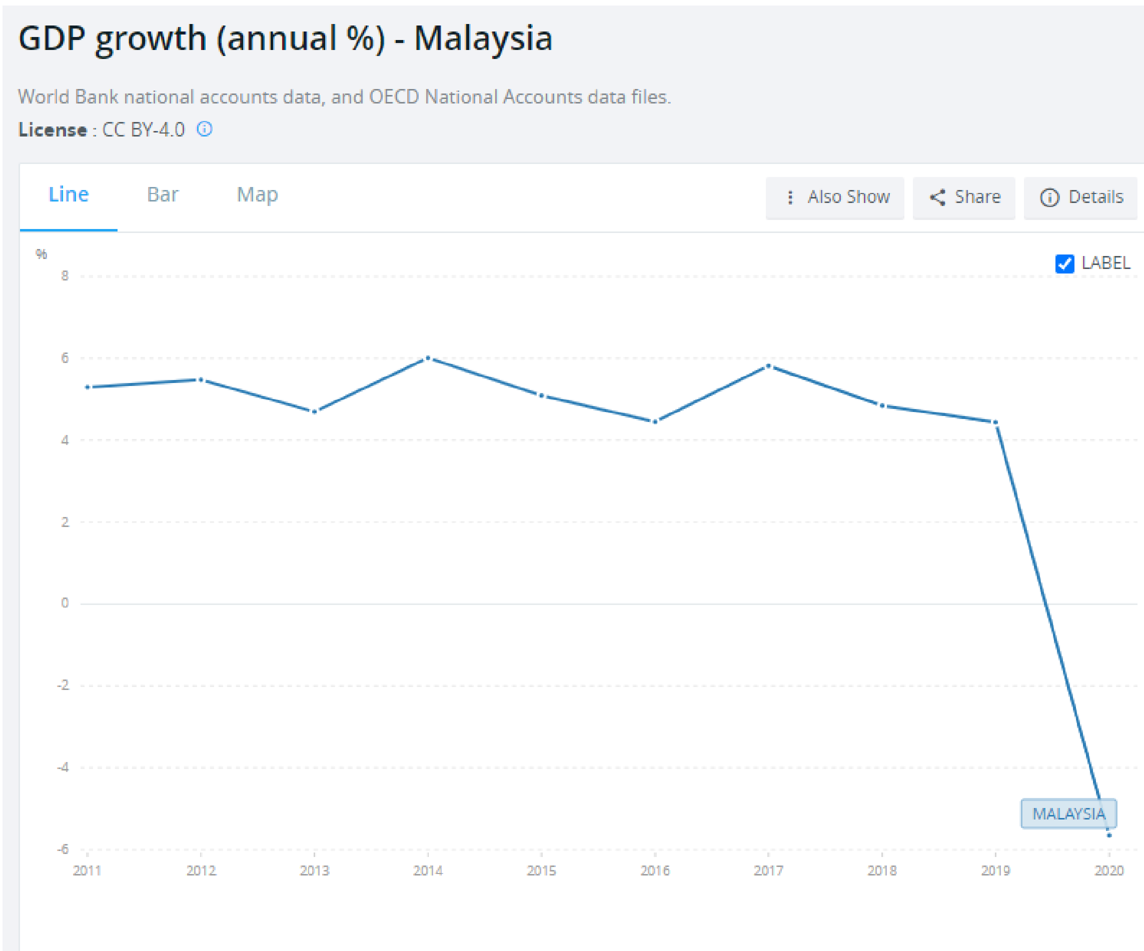


2.0 Country- level Review

Research range 2011-2020

<u>Country level review (GDP growth)</u>

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.



2011 – 5.294

1. 2011 was a challenging year for productivity growth, due to the government financial crisis in the Eurozone and supply chain interruptions due to natural disasters.

2. Natural disasters in Japan and Thailand disrupted the supply chain while downgrading of the US sovereign credit rating intensified the fiscal and financial stress in advanced economies.
3. Despite the difficult international economic environment, Malaysia's economy grew gradually, owing to increased domestic activity and strong regional demand. In 2011, Malaysia's commerce exceeded one trillion ringgits for the second time, hitting RM1.3 trillion, up 8.7% over the previous year.
4. The bilateral trade between Malaysia and Thailand increased by 4.6%. Total in RM70.2 billion in 2011, representing 5.5% of Malaysia's total global trade.
5. The Machinery, Equipment and Spare Parts industry have expanded in 2011. The exports of machinery and equipment products from Malaysia increased by 11.1% to RM23.6 billion. As much as 6% of these exports are to ASEAN countries.
6. Exports of steel and iron products is RM10.2 billion while exports of non -ferrous metal products are RM10.9 billion.
7. Malaysia's exports of textiles and clothing increased by 15.9% to RM10.8 billion in 2011.
8. Overall, the economies in Asia accounted for 71.3% of Malaysia's export markets in 2011. People's Republic of China (PRC) emerged as Malaysia's main export destination with exports totalling RM91.25 billion. Singapore came second accounting for 12.7 per cent, followed by Japan, USA and Thailand. Indonesia, Nigeria, Bangladesh, Saudi Arabia, Belgium and Germany were markets where exports expanded by more than RM1 billion for each country.

2012 – 5.473

1. From 9 - 11 May 2012, Malaysia hosted the Islamic Development Bank (IDB) Malaysia Investment Forum in Kuala Lumpur. The forum aims to attract investors to OIC countries explore investment opportunities in Malaysia.
2. Global economic development and megatrends around the world driven by new technologies create new prospects for the manufacturing sector especially for value and

high technology sectors such as the provision of urban infrastructure, smart products, e-Mobility, advanced medical devices and equipment high accuracy.

3. To develop the iron and steel industry, the Government has conducted a study on the competitiveness of the industry and established the Malaysian Steel Council to supervise and coordinate the industry in line with the country's economic development goals.

2013 – 4.694

1. The year 2013 was a significant success for MATRADE as this year marks the 20th anniversary of the agency's establishment. Looking back, when MATRADE was incorporated in 1993, its mission was to generate growth in Malaysia's value -added exports. At present, the organization has a membership of less than 100 people of which 35 per cent have been seconded from other ministries and agencies. Not many people know MATRADE. Total exports in 1993 were worth RM121.24 billion. Two decades later, total exports have six -folded. In 2013, MATRADE had a workforce of 619 people with a network of 43 offices worldwide. It is now a well -known international trade promotion organization. Its mission now covers almost all sectors, whether manufacturing or services.
2. In expanding Malaysia's export position in the global arena, MATRADE has faced many challenges and 2013 was one of the most challenging years. As an open economy, Malaysia is vulnerable to constant changes in the world economy. The prolonged deterioration in the external environment as a result of the Eurozone crisis, the slow economic recovery in the United States and China has affected the economies of other countries, including Malaysia. This situation can be reflected in world export growth, which declined from 3.1% in 2012 to 2.3% in 2013.

2014 – 6.007

1. Despite the challenges in the global economy, 2014 was an excellent year for Malaysia's foreign trade. Malaysia has recorded good and unexpected trade

performance, increasing 5.9 per cent to RM1.45 trillion. Supported by buoyant demand from almost all ASEAN countries, higher demand for manufactured goods as well as economic recovery in major global markets such as the United States and Japan, exports increased by 6.4 per cent to RM766.13 billion. This achievement is very gratifying.

2. The People's Republic of China remained Malaysia's largest trade partner for the sixth consecutive year since 2009.Malaysia's trade with China increased 2.2 per cent to RM207.85 billion, while ASEAN remained an important and strategic trading partner for Malaysia. value of RM389.03 billion, an increase of 3.9 per cent over 2013.
3. Economic development in the United States and several countries under the European Union has driven global economic growth, including Malaysia. The European Union, which recorded double-digit export growth of 11.6 per cent, as a result of the expansion of economic activity in several countries in the region.
4. As a Malaysian trade promotion agency, we at MATRADE are always committed to working with other government agencies, industry promoters and Malaysian businesses to move our country's exports to the next level. I am very proud that in the past year, MATRADE has successfully organized a total of 143 export promotion programs involving the participation of 8,072 Malaysian businessmen. Total sales generated through their participation was RM27.46 billion.
5. These export promotion programs consist of various activities held in Malaysia as well as abroad including the markets of China, Japan, Turkey, Kazakhstan, Saudi Arabia, the United States, Europe, and ASEAN member countries.

2015 – 5.092

0. Malaysia continued to build on the successes of its past by recording its 18th consecutive year of trade surplus with total trade increasing by 1 % to RM1.46 trillion in 2015. Albeit moderate growth, it was a considerable achievement given the challenges in the global economy. Trade growth could be seen with almost all key trading partners such as ASEAN, the People’s Republic of China (RPC), USA, EU and India.

1. Implementation of Goods and Services Tax (GST) in Malaysia. All goods and services are subject to 6% GST starting midnight on 1 April. All telecommunication company prepaid phone card users must pay 6% GST.

2016 – 4.45

1. In 2016, total trade has grown by 1.5% to RM1.49 trillion, compared to RM1.46 trillion from the previous year.
2. Malaysia's external trade performed excellent in 2016, although there are some challenges on the economic, at the domestic and the global level. The slowing down of People's Republic of China's economic growth, coupled by the downward pressure on oil price, huge fluctuations in exchange rates and commodity, were the main issues that influenced the global trade and Malaysia's economic performance.
3. Nevertheless, in 2016 our total trade has grown by 1.5 percent to RM1.49 trillion, compared to RM1.46 trillion from the previous year. Meanwhile, exports and imports have expanded by 1.1% to Rm785.93 billion and 1.9% to RM698.66 billion, respectively. This resulted in a trade surplus of RM87.27 billion, which marked the 19th consecutive year of trade surplus since 1998.
4. RM1,000 minimum wage for Peninsular Malaysia and RM920 in Sabah, Sarawak and the Federal Territory of Labuan, have come into effect. This marks an increase of RM100 (11 per cent) for the Peninsula and RM120 (15 per cent) for Sabah, Sarawak and Labuan.

2017 – 5.813

1. Total trade for 2017 grew by 19.4 per cent to reach RM1.774 trillion with total exports recording a record high of RM935.39 billion, an increase of 18.9 per cent compared to 2016. Imports also recorded an increase of 19.9 per cent to RM838.14 billion
2. In 2017, Malaysia was the host for the Sea Games, and this increased the number of tourists to Malaysia.
3. In 2017, ASEAN remained Malaysia's most important trading partner, accounting for 27.5 percent of the country's overall commerce. The value of trade with ASEAN increased by 21% to RM487.42 billion.

2018 – 4.843

1. The 14th Malaysian General Election (GE) is being held to determine the next Prime Minister and Mahathir Mohamad is appointed Prime Minister of Malaysia
2. Sales and Services Tax (SST) is implemented to replace the Goods and Services Tax (GST)
3. Total trade climbed by 5.9% to RM1.88 trillion in 2018, compared to RM1.771 trillion in 2017. In 2018, Malaysia's trade surplus grew by 22.3 percent to RM120.52 billion, the highest pace in 10 years and the greatest since 2012.
4. Total exports are on the verge of surpassing RM1 trillion. Despite global uncertainty, exports increased by 6.8% to RM998.28 billion, above the Ministry of Finance's Economic Outlook 2019 prediction of 4.4 percent growth. Imports totalled RM877.76 billion, up 4.9 percent.
5. Permitted private investments in manufacturing, services, and primary industries in Malaysia were RM201.7 billion in 2018, up 0.55 percent from RM200.6 billion the previous year. From RM21.5 billion in 2017, total foreign investments more than doubled to RM58 billion, accounting for 66.4 percent of all approved investments.
6. To transform local manufacturing enterprises and manufacturing-related services, MITI created the Industry4WRD National Policy on Industry 4.0.

2019 – 4.439

1. This year witnessed growing competition within the region and challenging geopolitical environment, specifically the trade conflict between the United States and China. The continous efforts and cooperation between MATRADE, government agencies and the private sector during this period enabled the country to record an encouraging trade performance.

2020 - -5.647

1. The emergence of the first case of Covid 19 in 2019 caused the economy to decline.
2. The Ministry of Domestic Trade and Consumer Affairs is working with the "Shopee" e-commerce platform to promote "Buy Malaysian Goods".

3. The closure of international borders around the world has caused revenue from tourist arrivals in 2020 to drop drastically to RM4.33 million.
4. **KUALA LUMPUR:** More than 11,000 people were declared bankrupt in Malaysia since the pandemic struck in March 2020.

3.0 Industry- level Review

3. GROSS DOMESTIC PRODUCT

		2011		2012		2013		2014		2015 (e)	
		RM bn	% p.a.	RM bn	% p.a.	RM bn	% p.a.	RM bn	% p.a.	RM bn	% p.a.
3.1	**Supply (in constant 2010 prices)**										
	Agriculture	88.6	*6.8*	89.4	*1.0*	91.1	*1.9*	93.0	*2.1*	94.2	*1.3*
	Mining and quarrying	85.4	*-4.9*	86.8	*1.6*	87.8	*1.2*	90.6	*3.3*	93.8	*3.5*
	Manufacturing	203.0	*5.4*	211.9	*4.4*	219.2	*3.4*	232.9	*6.2*	243.4	*4.5*
	Construction	29.5	*4.6*	34.9	*18.1*	38.6	*10.8*	43.2	*11.8*	47.0	*8.8*
	Services	449.9	*7.0*	479.3	*6.5*	507.9	*6.0*	541.2	*6.5*	571.8	*5.7*
	Electricity, gas and water	23.0	*3.9*	24.2	*4.9*	25.2	*4.4*	26.2	*3.8*	27.3	*4.5*
	Transport, storage and communications	73.1	*6.6*	78.3	*7.1*	84.0	*7.3*	90.6	*7.9*	97.9	*8.1*
	Wholesale and retail trade, motor vehicles, accommodations, food and beverage	143.6	*6.7*	150.4	*4.7*	159.7	*6.2*	173.3	*8.5*	186.2	*7.4*
	Finance and insurance, real estate and business services	100.0	*6.5*	107.7	*7.7*	112.1	*4.1*	116.7	*4.1*	121.5	*4.1*
	Government services	71.5	*11.1*	78.4	*9.6*	84.3	*7.6*	89.5	*6.1*	91.9	*2.7*
	Other services	38.6	*5.0*	40.3	*4.5*	42.6	*5.6*	44.6	*4.8*	47.2	*5.9*
	Plus: Import duties	8.7	*12.8*	10.0	*15.6*	10.6	*5.7*	11.6	*10.0*	13.2	*13.8*
	GDP at purchasers' value	**864.9**	***5.3***	**912.3**	***5.5***	**955.3**	***4.7***	**1012.5**	***6.0***	**1063.5**	***4.5-5.5***

3. GROSS DOMESTIC PRODUCT

		2016		2017		2018		2019		2020 (Q1)	
		RM billion	% p.a.	RM billion	% p.a.	RM billion	% p.a.	RM billion	% p.a.	RM billion	% p.a.
3.1	**Supply** (in constant 2015 prices)										
	Agriculture	94.0	*-3.7*	99.5	*5.9*	99.6	*0.1*	101.5	*2.0*	22.5	*-8.7*
	Mining and quarrying	105.4	*2.2*	105.8	*0.4*	103.5	*-2.2*	101.4	*-2.0*	25.3	*-2.0*
	Manufacturing	273.9	*4.4*	290.5	*6.0*	304.8	*5.0*	316.3	*3.8*	76.7	*1.5*
	Construction	59.5	*7.4*	63.5	*6.7*	66.2	*4.2*	66.3	*0.1*	15.4	*-7.9*
	Services	680.6	*5.7*	723.4	*6.3*	772.7	*6.8*	820.1	*6.1*	201.1	*3.1*
	Electricity, gas and water	33.4	*5.4*	34.4	*2.9*	36.1	*4.9*	38.3	*6.0*	9.8	*5.1*
	Transport, storage and communications	111.8	*7.1*	120.3	*7.7*	129.4	*7.6*	138.1	*6.7*	34.5	*3.1*
	Wholesale and retail trade, motor vehicles, accommodation, food and beverage	234.5	*6.5*	251.6	*7.3*	272.7	*8.4*	292.2	*7.2*	68.9	*2.1*
	Finance and insurance, real estate and business services	135.7	*4.3*	143.7	*5.9*	152.7	*6.3*	161.8	*6.0*	41.2	*4.2*
	Government services	104.6	*4.8*	109.7	*4.8*	114.7	*4.5*	118.9	*3.7*	29.3	*4.3*
	Other services	60.5	*4.9*	63.7	*5.1*	67.1	*5.5*	70.9	*5.5*	17.5	*1.4*
	Plus: Import duties	16.0	*8.8*	18.1	*13.0*	16.0	*-11.5*	15.8	*-1.2*	3.2	*-16.0*
	GDP at purchasers' value	**1,229.3**	***4.4***	**1,300.8**	***5.8***	**1,362.8**	***4.8***	**1,421.5**	***4.3***	**344.2**	***0.7***

2011 – RM143.6 billion 6.7%

1. Capturing the Market West China

   With the aim of capturing the Western China market with a population of over 280 million, MATRADE organised the participation of Malaysian companies at the 12th Western China International Fair (WCIF) from October 18-22. Malaysian exhibitors were successful in generating sales and projects worth RM43.47 million for services in green technology and sales of various food and beverages products.

2. Strengthening Exports to the South China Market

   MATRADE organised the participation of 33 Malaysian companies at the 110th China Import & Export Fair or Canton Fair, the world's largest trade fair which generated sales of RM42.31 million for Malaysian companies. Products of interest were food & beverages and health & wellness products

4. Embarking New Export Approach Through World of Private Labels

   MATRADE organised the participation of companies at the exhibition in the food and non-food sectors which included goatmilk soap, instant beverages, natural cosmetics, household plastic products and prepared and ready meals. Malaysian exhibitors generated RM47.2 million sales.

5. Participant of BEDP 2011

   FIKRYSZ is one of the new participants of the Bumiputra Exporters Development Programme, managed by MATRADE. The entrepreneur is involved in the manufacture of 27 different types of coffee, tea and herbal related drinks which are promoted as functional drinks with focus on healthcare. Through its participation at the 15th America Food and Beverage Exhibition held in Miami, FIKRYSZ received numerous trade enquiries and interest for representation as distributors from Trinidad and Tobago, Guyana, Dominican Republic, Jamaica, Haiti and Barbados. Upon the completion of AFB 2011, MATRADE arranged business meetings for the company with two established distributors of food and beverage based in Miami who have a good network in the Caribbean region. The negotiations generated sales of USD1.25 million.

6. Fine Food Australia, Sydney

   16 Malaysian exhibitors under the Malaysia pavilion organised by MATRADE, generated sales of RM17.65 million. Products exhibited were snacks and confectionery, processed seafood, beverages, cooking oil and food flavours.

2012 – RM150.4 billion 4.7%

2. the global economy entered 2012 in an atmosphere of uncertainty and an unbalanced recovery as a result of the financial crisis affecting the world's major economies. Faced with various further challenges from the previous year's economic slowdown and natural disasters that hit several major economies, global economic growth continues to face a slowdown.
3. Among the key factors contributing to this declining economic growth is the weak recovery among advanced economies, where the United States is still experiencing a fragile recovery and countries in the Euro zone remain facing a protracted crisis. Other factors include volatility in commodity prices, the ongoing political crisis in the Middle East and North Africa as well as declining economic growth experienced by China and India.

2013 – RM159.7 billion 6.2 %

1. Exported processed food RM1.41 billion to Thailand
2. Exported seafood, 12.3% to Laos, processed food 7.8%
3. An increase in exports was recorded for processed foods by 11.7% to RM1.08 billion to West Asia.
4. processed food, RM1.12 billion to Africa
5. Malaysia's total processed food exports were valued at RM14.24 billion, an increase of 6.9% compared with RM13.32 billion recorded in 2012. The main exports of processed foods were foodstuffs, including functional and health foods valued at RM4.78 billion, followed by cocoa and cocoa products, cereals and flour preparations, margarine & shortening, dairy products and confectionery, with each worth RM3.26 billion, RM1.83 billion, RM0.97 billion RM0.96 billion and RM0.89 billion. The main markets for food and beverages were Australia which grew by 60.4%, Singapore, Indonesia and the People's Republic of China.
6. the main products are food and beverage products, pharmaceuticals, bakery products, raw meat as well as cosmetics and personal care.
7. MSE Chengdu - The exhibition, held in Chengdu, a major city in Sichuan Province, People's Republic of China, produced contracts worth RM218.7 million. Accompanied

by 22 Malaysian service providers, the projects negotiated included healthcare, franchising, education, business services and food & beverage.

9. FOODEX, Chiba - FOODEX held in Chiba, Japan is Asia's leading trade fair in the food and beverage industry. 2013 was the 11th year of Malaysia's participation in the FOODEX exhibition. Malaysian exhibitors participating in the event generated RM29.69 million, through 234 business meetings. The main products obtained from Malaysian companies during the exhibition were confectionery, beverages, frozen foods, spices & condiments.

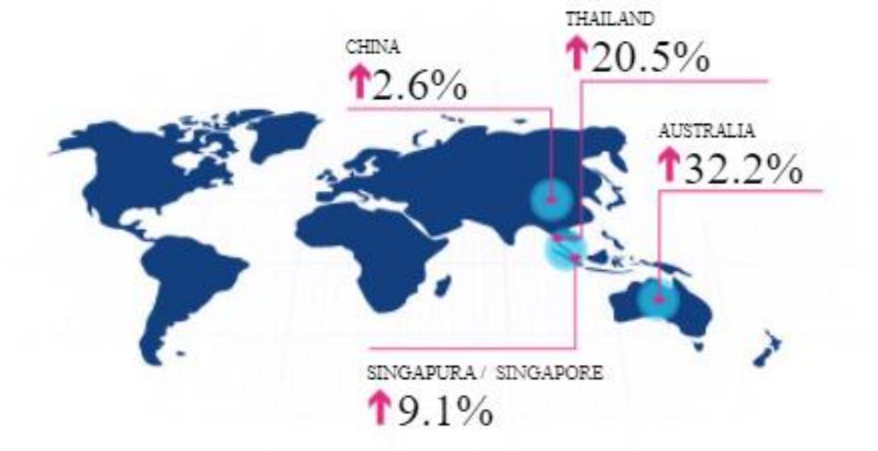
10. SIAL China, Shanghai - With a population of over 1.34 billion, the People's Republic of China is the second largest consumer of food and beverages in the world. SIAL China, Asia's leading food and beverage exhibition attended by over 2,000 participants is an ideal place for Malaysian food exporters to promote their products to this vast

market. Malaysian participants comprising 17 companies participated in 127 business meetings and generated sales worth RM16.53 million.

11. CAEXPO, Nanning - CAEXPO or China-ASEAN Expo in Nanning, People's Republic of China has become the official platform and meeting place between exporters from ASEAN and the business community from China to further increase trade in products and services in order to realize the China-ASEAN Free Trade Agreement. During CAEXPO 2013, a total of 138 Malaysian exhibitors were successful in their participation, with sales of RM158.24 million. The main sales are for virgin coconut oil, ready -to -eat processed bird's nests, steel jewellery, white coffee and food & beverage franchises. A total of 132 business meetings have been arranged between Malaysian exhibitors with buyers from the People's Republic of China and other foreign buyers.
12. In the People's Republic of China, MKP partnered with 7-Eleven in organizing the Malaysia Week promotion at its 200 chain stores in Beijing and Tianjin. The 14 -day promotion attracted over 240,000 customers. A total of 32 product lines were promoted and among the best -selling products were durian ice cream, canned drinks, jelly pudding and white coffee. In Shanghai, MKP organized a joint program with Parkson Grand where a total of 40 Malaysian brands with over 297 product lines were promoted.

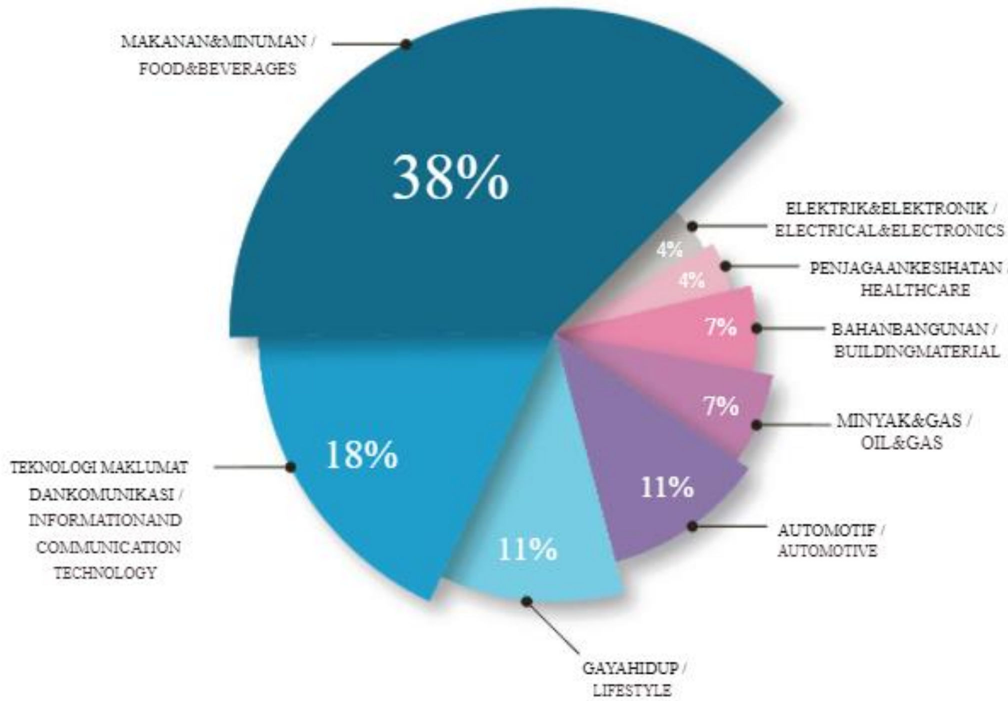
2014 – RM173.3 billion 8.5%

1. MAJORMARKETS FOR FOODANDBEVERAGES FOR 2014



2. TOP 10PRODUCTSCLUSTERDURINGMIHAS EXHIBITON - DRINKS /BEVERAGESRM115.01 million /mile
3. Gulf Food, Dubai - MATRADE organised the participation of Malaysian companies for the 10th time at GULFOOD, Middle East's largest specialised foodstuff, beverages and equipment tradeshow. 2014 saw the biggest participation under the Malaysia Pavilion with a total of65Malaysian companies and 5 government agencies occupying 78 booths. It was also the year when Malaysian companies generated the highest sales totalingRM638.89million at the trade fair, an increase of 304.5 per cent from2013wasrecorded.MATRADE also organised 530businessmeetings between Malaysian companies and potential buyers during the event.

4. SIAL, Paris - SIAL Paris celebrated its 50th anniversary in 2014, attracting over155,000 trade visitors from 194 countries. It was MATRADE's 11thyear of organizing Malaysia Pavilion in the world's largest biennial international food and beverage trade exhibition. (RM123.19 mil)
5. GO-EXPROGRAMME



2015 – RM186.2 billion 7.4%

Imports of consumption goods which accounted for 10.5% of total imports expanded RM1.7 billion (+37.8%) to RM6.3 billion. The main components contributing to the increase were semi-durables (+RM752.0 million, +102.4%), food & beverages, processed, mainly for household consumption (+RM369.3 million, +27.6%) and non-durables (+RM317.1 million, +29.8%).

2016 – RM234.5 billion 6.5%

2017 – RM251.6 billion 7.3%

These goods which constituted 60.5% of total imports increased RM3.6 billion (+10.3%) to RM38.2 billion. The growth was mainly attributed to parts & accessories of capital goods (except transport equipment) (+RM2.3 billion, +17.1%), industrial supplies, processed (+RM832.6 million, +6.2%), industrial supplies, primary (+RM360.9 million, +30.0%) and food & beverages, processed, mainly for industries (+RM204.1 million, +26.9%).

2018 – RM272.7 billion 8.4%

From 2015 to 2018, beverages production grew by 23% in Malaysia, thanks to the increasing demand for natural fruit juices, and other fruit-based drinks. Although Malaysia is an Islamic country, beer is produced in the country, and the import wine market is growing.

2019 – RM292.2 billion 7.2%

Imports of consumption goods which constituted 9.2% of total imports recorded an increase of RM212.1 million (+3.2%) to RM6.8 billion. The growth was mainly contributed by food & beverages, primary, mainly for household consumption (+RM256.3 million, +31.2%) and durables (+RM91.2 million, +10.6%). However, imports of food & beverages, processed, mainly for household consumption decreased RM180.9 million or 9.0%.

2020 – RM68.9 billion 2.1%

The Malaysia Food and Beverages Industry (F&B) is identified as a fast-growing market and one of the main contributors to the national account. In 2018, the Malaysia F&B Industry was valued at around €22.12 billion, growing annually at a rate of 7.6%. The F&B industry in Malaysia is very diverse with a wide range of processed food for Asian taste and dietary preference as well as many western recipes. This industry is predominantly dominated by small and medium-sized companies (SMEs). Besides SMEs, many foreign and MNCs companies are manufacturing processed food products in the country too. The F&B sector is very diverse including cocoa and chocolate products, fishery products, cereals and cereal products, processed fruits and vegetables, confectionery, food ingredients, herbs and spices, beverages, animal feed, and others. Malaysia is heavily dependent on the importation of many staples such as rice, meat and seafood products for domestic consumption. Many raw materials, such as dairy milk and wheat are imported for further production and export.

4.0 Firm-level Review (Dutch Lady), Problem Identifications and Solutions/ Recommendations

1. **<u>Current Ratio</u>**

The current ratio is a liquidity ratio that measures a company's ability to pay short-term debt or those due within one year. A current ratio that is higher is generally considered good. In another hand, a current ratio that is lower than the industry average is considered as bad.

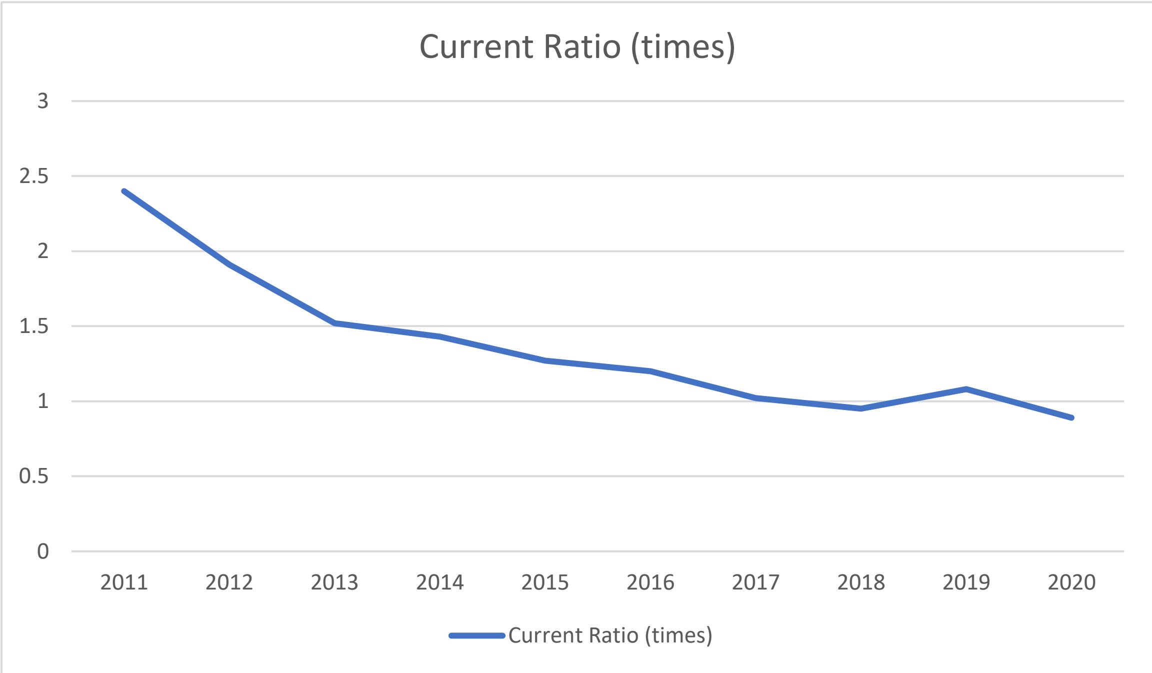
The current ratio is called current because, unlike some other liquidity ratios, it incorporates all current assets and current liabilities. A higher current ratio is better for the business. Generally, a good current ratio is between 1.2 to 2, which means that the business has 1.2 to 2 times more current assets than liabilities to covers its debts.

A current ratio below 1 means that the company doesn't have enough liquid assets to cover its short-term liabilities. A ratio of 1:1 indicates that current assets are equal to current liabilities and that the business is just able to cover all its short-term obligations.

From the year of 2011 to 2020, most of the years, the current ratio of Dutch Lady is considered as acceptable, but there are 2 years that Dutch Lady was not managing well on current ratio, which is the year of 2018 (0.95) and 2020 (0.89).

The current ratio for the year of 2018 and 2020 is considered as bad because the assets of the company was not enough to cover their debt.

Years	Current Ratio (times)
2011	2.4
2012	1.91
2013	1.52
2014	1.43
2015	1.27
2016	1.2
2017	1.02
2018	0.95
2019	1.08
2020	0.89



2011-2012

(from 2.40 times to 1.91 times)

Dutch Lady had RM1.91 in current assets for every RM 1 it owed in current liability. Overall, the current ratio for the year of 2011 and 2012 is considered as good.

2012-2013

(from 1.91 times to 1.52 times)

Dutch Lady had RM1.52 in current assets for every RM 1 it owed in current liability. Overall, the current ratio for the year of 2013 is considered as good.

2013-2014

(From 1.52 times to 1.43 times)

Dutch Lady had RM 1.43 in current assets for every RM 1 it owed in current liability. Overall, the current ratio for the year of 2014 is considered as good.

2014-2015

(from 1.43 times decreased to 1.27 times)

Dutch Lady had RM1.27 in current assets for every RM 1 it owed in current liability. Overall, the current ratio for the year of 2015 is considered as good.

2015-2016

(from 1.27 times decreased to 1.20 times)

Dutch Lady had RM1.20 in current assets for every RM 1 it owed in current liability. Overall, the current ratio for the year of 2016 is considered as good.

2016-2017

(from 1.20 times decrease to 1.02 times)

Dutch Lady had RM1.02 in current assets for every RM 1 it owed in current liability. Overall, the current ratio for the year of 2017 is considered as good.

2017-2018

(from 1.02 times decrease to 0.95 times)

Dutch Lady had RM0.95 in current assets for every RM 1 it owed in current liability. This decrease affected Dutch Lady that their current assets is not enough to cover the current liability. Overall, the current ratio for the year of 2018 is considered as bad.

2018-2019

(from 0.95 times increased to 1.08 times)

Dutch Lady had RM1.08 in current assets for every RM 1 it owed in current liability. Overall, the current ratio for the year of 2019 is considered as good.

2019-2020

(from 1.08 times to 0.89 times)

Dutch Lady had RM0.89 in current assets for every RM 1 it owed in current liability. This decrease affected Dutch Lady that their current assets is not enough to cover the current liability. Overall, the current ratio for the year of 2020 is considered as bad.

Problem

Based on the current ratio graph, a consistent downward change can be seen between the year of 2011 until 2018. Although that 2011 until 2016, the current ratio is still considered as good because the current ratio is still above 1.2 times. Which means they had over RM1.20 in current assets for every RM1 it owed in current liability. But they can't deny that the trend to decrease is extremely obvious. At the year of 2017, the situation is getting worse. The current ratio is already at a dangerous place, which is 1.02. The current assets are almost same to the liabilities of the company. At the year of 2018, the current assets were unable to pay back the liabilities anymore, at the rate of 0.95. In 2019, the ratio got better at the rate of 1.08 and immediately drop to 0.89 in 2020.

Solutions

1. Make long term debt instead of short term.

   Since the assets of the company is in a low status, Dutch Lady should only do long term debt instead of short-term debt because this ensures that they don't have to spend money on the liabilities yet.

2. Looking to see if any term of loans can be re-amortized

   They should consider arranging the loans to make sure that they can minimize their debts.

3. Reduce personal draw on the business

   Personal draw should be limited since the assets of the company was not in a good spot.

4. Try to increase the assets by attracting more investors

   Dutch Lady should focus coming out with new products or innovate their products to attract more investors to invest in the company to increase the assets.

2. Acid Test Ratio

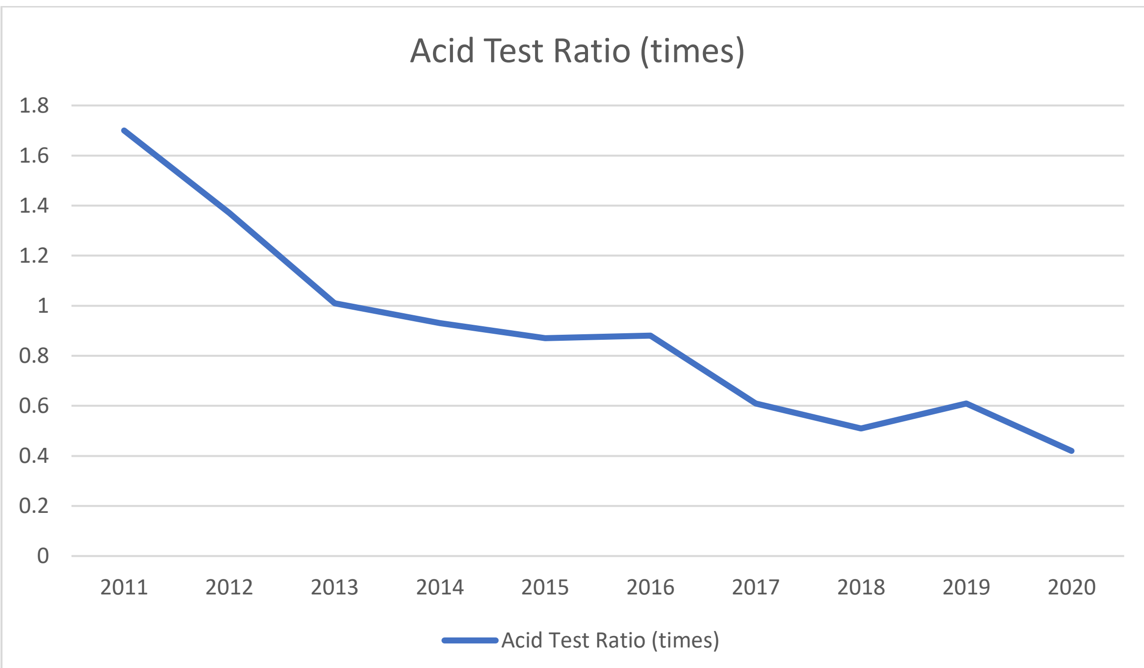
$$\text{Acid-Test Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

The quick ratio measures the dollar amount of liquid assets against a company's liabilities coming due within a year. Liquid assets are any assets that can be quickly converted into cash without much impact on the price in the open market.

If a company's quick ratio is less than 1, investors may want to take notice and assess how able the company is to pay off its current debt especially in a scenario of a potential business disruption.

A quick ratio above 1 means the company appears to have enough liquid assets to satisfy current debt.

Years	Acid Test Ratio (times)
2011	1.7
2012	1.37
2013	1.01
2014	0.93
2015	0.87
2016	0.88
2017	0.61
2018	0.51
2019	0.61
2020	0.42



2011-2012

(from 1.70 times to 1.37 times)

Dutch Lady had only RM1.37 in current assets to cover RM 1 in current liabilities without relying to inventory which is good for company. Overall, the acid test ratio for the year of 2011 and 2012 is considered as good.

2012-2013

(from 1.37 times to 1.01 times)

Dutch Lady had only RM1.01 in current assets to cover RM 1 in current liabilities without relying to inventory which is good for company. Overall, the acid test ratio for the year of 2013 is considered as good.

2013-2014

(From 1.01 times to 0.93 times)

This shows that Dutch lady had RM 0.93 in current assets to cover RM 1 in current liabilities without relying on inventory. This will give an impact to Dutch Lady because of the decrease of the amount. Overall, the acid test ratio for the year of 2014 is considered as bad.

2014-2015

(from 0.93 times decreased to 0.87 times)

Dutch Lady has only RM 0.87 in current assets to cover RM 1 in current liabilities without relying to inventory. Overall, the acid test ratio for the year of 2015 is considered as bad.

2015-2016

(from 0.87 times increased to 0.88 times)

Dutch Lady has only RM 0.88 in current assets to cover RM 1 in current liabilities without relying to inventory. Overall, the acid test ratio for the year of 2016 is considered as bad.

2016-2017

(from 0.88 times decrease to 0.61 times)

Dutch Lady had only RM0.61 in current assets to cover RM 1 in current liabilities without relying to inventory. Overall, the acid test ratio for the year of 2017 is considered as bad.

2017-2018

(from 0.61 times decrease to 0.51 times)

Dutch Lady had only RM 0.51 in current assets to cover RM 1 in current liabilities without relying to inventory. Overall, the acid test ratio for the year of 2018 is considered as bad.

2018-2019

(from 0.51 times to 0.61 times)

Dutch Lady had only RM0.61 in current assets to cover RM 1 in current liabilities without relying to inventory. Overall, the acid test ratio for the year of 2019 is considered as bad.

2019-2020

(from 0.61 times to 0.42 times)

Dutch Lady had only RM 0.42 in current assets to cover RM 1 in current liabilities without relying to inventory. This is the lowest ratio among the 10 years. Overall, the acid test ratio for the year of 2020 is considered as bad.

Problem

Based on the acid test ratio graph, a consistent downward change can be seen between the year of 2011 until 2020, except of 0.01 increase between year of 2015 and 2016 and 0.1 increase between year of 2018 and 2019. Without relying on the inventories, the liquidity of Dutch Lady is in a really bad situation. Most of the years remained at the rate of below 1 (2014 until 2020).

Solutions to overcome the acid test ratio problem for the year of 2014 until 2020:

1. Pay off liabilities quickly

   In order to improve the Acid Test Ratio, Dutch Lady have to make sure that the liabilities are under control. The lower the liabilities, the better position a business is at. Dutch Lady should pay off creditors quickly and reduce the repayment terms of loans.

2. Increase Inventory Turnover and Sales

   Increasing the inventory turnover ratio and sales will increase Dutch Lady's cash on hand. In order to turn inventory into cash, inventory must be sold frequently. So, the product must be keep improving to attract more customers.

3. Reduce account receivables collection period

   To improve on Acid Test Ratio, the account receivables should be shorten to make sure that Dutch Lady have more cash in hand instead of account receivables.

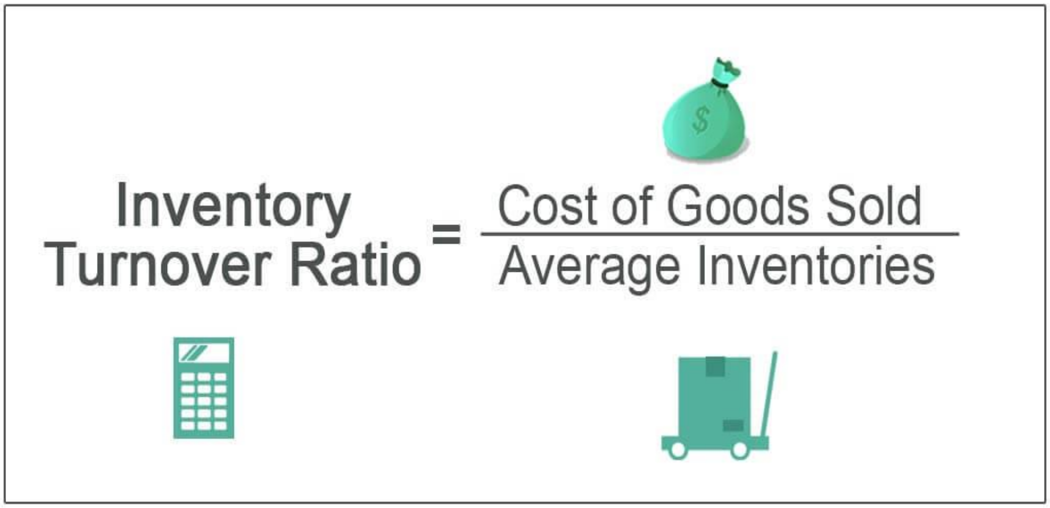
4. Selling the capital assets that are not generating a return

   The capital assets that are not generating a return should be sold and turn into cash. The cash can be kept on Dutch Lady or use it to pay the debts to reduce the liabilities.

5. Delay any capital purchases that requires cash payment

   Any capital purchases that requires cash payment should be consider to delay because it will increase the inventory and reduce the cash in hand. Since Dutch Lady is already facing a really bad situation on Acid Test Ratio, they should keep the cash in hand to make the company more liquid.

3. Inventory Turnover Ratio

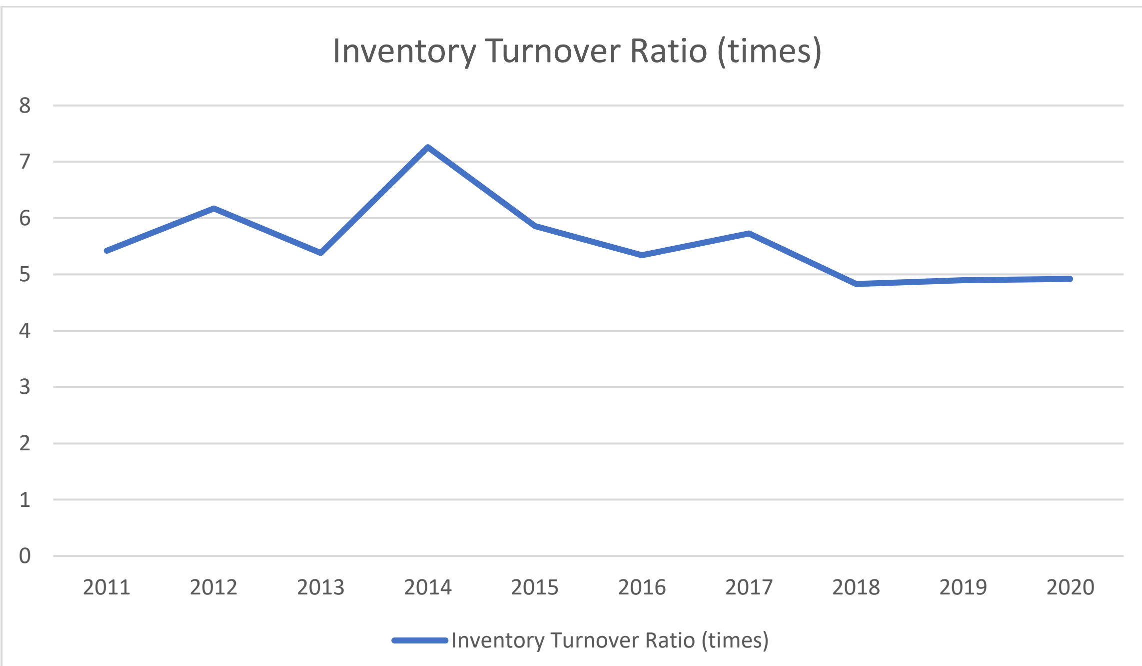


The inventory turnover ratio is the number of times a company has sold and replenished its inventory over a specific amount of time. The calculation of Inventory Turnover Ratio is Cost of Goods Sold divided by Inventories, the higher ratio is better than low as a high ratio means the company has more sales.

Calculating the Inventory turnover helps company to make better decisions on marketing, pricing, purchasing etc.

Generally, for most industries, the best Inventory Turnover Ratio is between 5 and 10, meaning that the company will sell and restock every one to two months.

Years	Inventory Turnover Ratio (times)
2011	5.42
2012	6.17
2013	5.38
2014	7.26
2015	5.86
2016	5.34
2017	5.73
2018	4.83
2019	4.90
2020	4.92



2011-2012

(from 5.42times to 6.17times)

Dutch Lady's turnover ratio increased for 0.75times, from 5.42times to 6.17times. This is considered as a good improvement because the higher Inventory Turnover Ratio, the better situation the company at.

2012-2013

(from 6.17times to 5.38times)

Dutch Lady's turnover ratio decreased for 0.79times, from 6.17times to 5.38times.

2013-2014

(From 5.38times to 7.26times)

Dutch Lady's turnover ratio increased for 1.88times, from 5.38times to 7.26times.

2014-2015

(from 7.26times to 5.86times)

Dutch Lady's turnover ratio decreased for 1.4times, from 7.26times to 5.86times.

2015-2016

(from 5.86times to 5.34times)

Dutch Lady's turnover ratio decreased for 0.52times, from 5.86times to 5.34times.

2016-2017

(from 5.34times increase to 5.73times)

Dutch Lady’s turnover ratio increased for 0.39times, from 5.35times to 5.73times.

2017-2018

(from 5.73 increase to 4.83times)

Dutch Lady’s turnover ratio decreased for 0.9times, from 5.73times to 4.83times. This is considered as not a good condition of inventory turnover ratio.

2018-2019

(from 4.83times to 4.90times)

Dutch Lady’s turnover ratio increased for 0.07times, from 4.83times to 4.90times. Although the condition is getting better, but it’s still not good enough since the standard line for good is 5.

2019-2020

(from 4.90times to 4.92times)

Dutch Lady’s turnover ratio increased for 0.02times, from 4.90times to 4.92times. 4.92times is almost consider as good, but it’s still one step away.

Problem

For Dutch Lady, they maintained their Inventory Turnover Ratio above 5 for most of the years (2011-2017), except starting from the year of 2018 until 2020, the Inventory Turnover Ratio started to drop under 5. At 2018, Dutch Lady had 4.83times, 4.90times for 2019, and 4.92times at 2020. Generally, if the inventory turnover ratio is below 5, the company has to take action to resolve this situation. They should not leave it because it's already under 5 for 3 years in a row. There are many reasons of the decreasing of the inventory turnover ratio. Firstly, counteracting supply chain disruption. Major problems of this is delays of shipping, prices of raw materials increase. Secondly, seasonality can also affect the Inventory Turnover Ratio. Some of the items are dictated by seasonal, such as weather, festivals etc. Futhermore, poor replenishment procedurs can also lead to poor inventory turnover ratio. Inventory management teams without automated systems is most likely to have a hard time in improving efficiency.

Solutions

1. Forecasting

   There are many reasons to influence the sales, such as, fashion trends, seasonal trends. As a company, Dutch Lady should aware and forecast that some of the items should be heavily promoted. Other than that, put attention to the sales data as a input of decision making.

2. Effective Marketing

   Dutch Lady should have a effective marketing strategy using all marketing mediums to reach to more people in the market. For example, social media, paid advertising can be really effective in this generation.

3. Encourage sales of old stock

   Old stock that can't be sold will make a lot of troubles to company. Dutch Lady should try to avoid this situation. But if it's already happening, Dutch Lady should offer special discount to sell out those products as soon as possible.

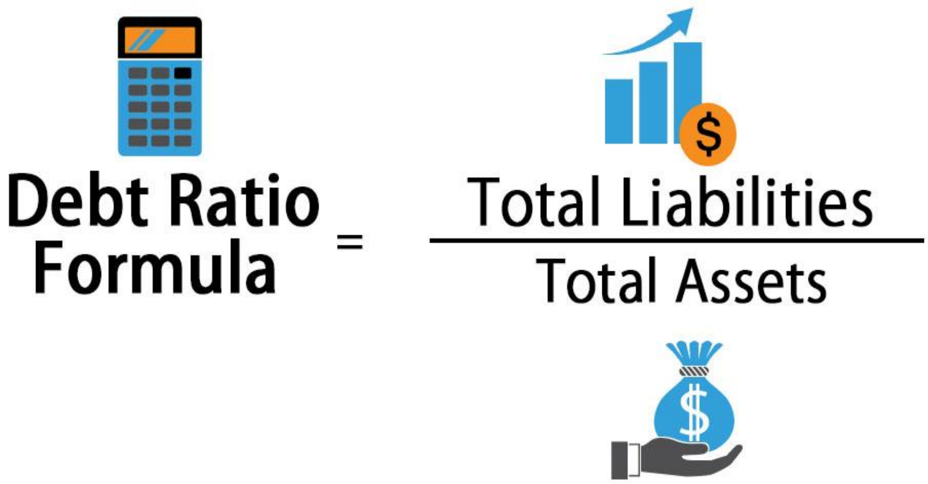
4. Smart Pricing

   When a company is selling multiple items, pricing strategy should be smart. One of the good examples, is the free shipping. Nowadays, people are buying products on the internet. A free shipping offer will attract them because they think it's worth buying compare to the other products on the internet.

5. Encourage Pre-order

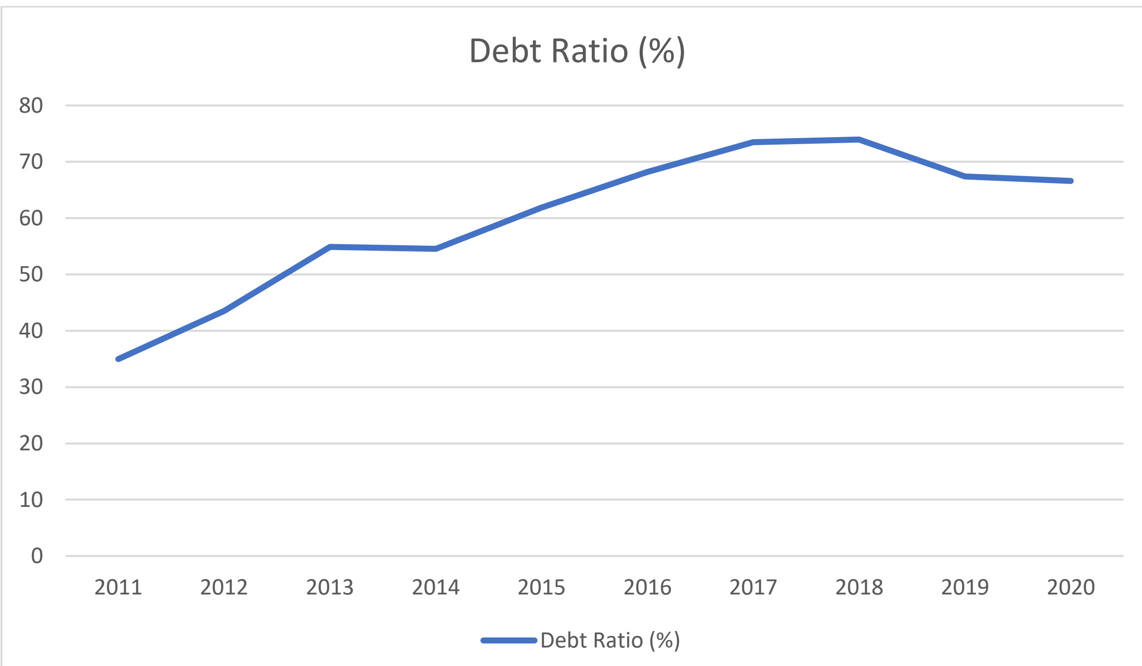
   Pre-order is really beneficial for Dutch Lady because if they get their customers to pre-order, they can instantly confirm the sales of certain stock. In order to achieve that, marketing strategy should be planned and crafted.

4. **Debt Ratio**



Debt Ratio measures the proportion of the firm's assets that were financed using current + long term liabilities.

Years	Debt Ratio (%)
2011	34.97
2012	43.54
2013	54.86
2014	54.55
2015	61.89
2016	68.22
2017	73.48
2018	73.95
2019	67.4
2020	66.6



2011-2012

(from 34.97% to 43.54%)

Dutch Lady financed 43.54% of it's assets with debt. It increased by 8.57%

2012-2013

(from 43.54% to 54.86%)

Dutch Lady financed 54.86% of it's assets with debt. It increased by 11.33%

2013-2014

(From 54.86% to 54.55%)

This shows that Dutch Lady financed 54.55% it's assets with debt. This is good for Dutch Lady because the amount can be decreased even though it's not too much.

2014-2015

(from 54.55% to 61.89%)

Dutch Lady financed 61.89% of its assets with debt.

2015-2016

(from 61.89% to 68.22%)

Dutch Lady financed 68.22% of its assets with debt.

2016-2017

(from 68.22% increase to 73.48%)

Dutch Lady financed 73.48% of it's assets with debt. It increase from 68.22% to 73.48% and it is considered a higher risk and may discourage investment..

2017-2018

(from 73.48% increase to 73.95%)

Dutch Lady financed 73.95% of it's assets with debt. It increase for 0.47% compare to the previous year and it is considered a higher risk and may discourage investment for Dutch Lady.

2018-2019

(from 73.95% to 67.40%)

Dutch Lady financed 67.40% of it's assets with debt. It decreased from 73.95% to 67.40%, (6.55%) and it's an improvement for Dutch Lady.

2019-2020

(from 67.40% to 66.60%)

Dutch Lady financed 66.60% of it's assets with debt. It decreased for 0.8% compare to the previous year and it's an another improvement for Dutch Lady.

<u>Problem</u>

Debt ratio measures the proportion of the firm's assets that were financed using current plus long-term liabilities. Based on graph, it shown that Dutch Lady had an increase in a debt ratio between the year 2011-2012, 2012-2013, 2014-2015, and 2016-2017. The debt ratio of Dutch Lady financed between 2011-2012 is increase from 34.97% to 43.53%. It increased by 8.57%. The debt ratio financed between 2012-2013 is increase from 43.53%

to 54.86% of it's assets with debt. Dutch lady increased by 11.3% and it is considered a higher risk and may discourage investment. In 2014-2015, Dutch lady debt ratio increase from 54.55% to 61.89% of its assets with debt that means it an increased by 7.34%. In 2016-2017, Dutch lady financed 73.48% of its assets with debt. It increases from 68.22% to 73.48% which is increase by 5.26%.

There are several reasons why debt ratio is increase. Firstly, it indicates that a greater proportion of assets are financed with debt that means higher debt ratio in Dutch Lady's creditors can claim a higher percentage of the company's assets. We can see that in the years of higher debt ratio, the asset are decreases. Next, a higher ratio makes it more difficult to obtain loans for new projects because lenders will view the company as a risky asset.

Solution

1. Firm must increase its cash flow; the firm can raise new or additional shares.
   This cash can be used to repay existing liabilities, lowering the debt burden. The debt reduction will result in a lower debt to total asset ratio.

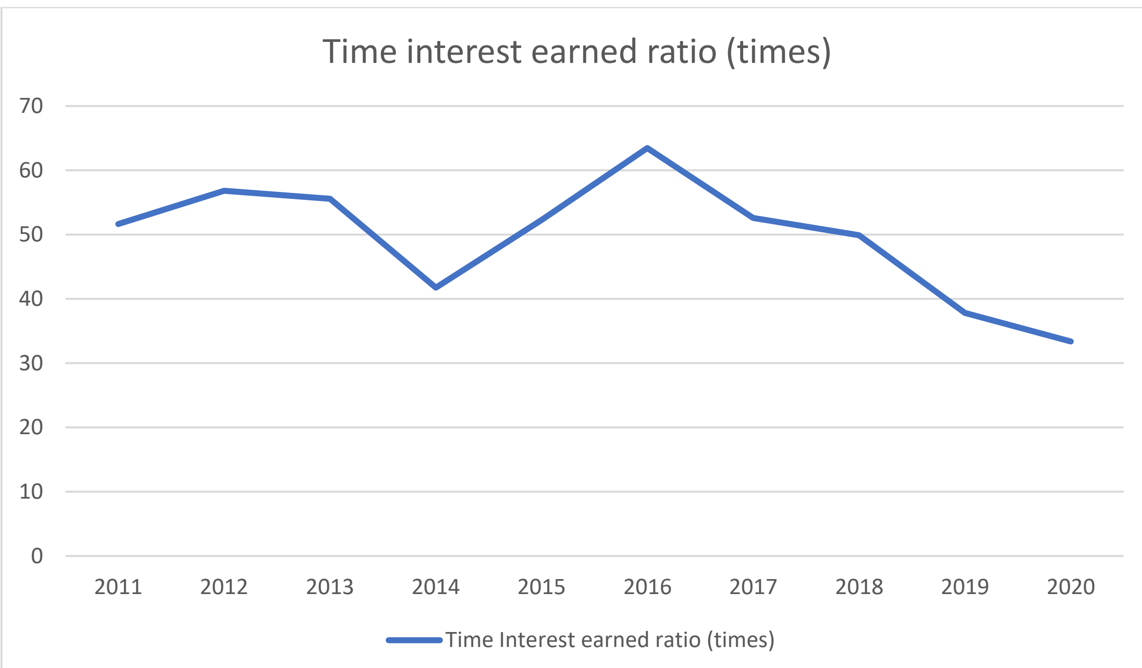
2. The firm can increase their sales
   That means the firm can focus heavily on increasing sales while maintaining or decreasing overhead expenses. Increased sales can be used to pay down debt and improve the debt to total asset ratio.

3. Increase sales revenue and that makes profit increase.
   This can be accomplished by increasing prices, increasing sales, or decreasing costs. The extra money can then be used to pay down existing debt.

5. **Time Interest earned ratio**

Time Interest earned ratio measures the ability of the firm to service its debt or repay the interest on debt.

Years	Time interest earned ratio (times)
2011	51.65
2012	56.82
2013	55.55
2014	41.74
2015	52.31
2016	63.46
2017	52.58
2018	49.92
2019	37.8
2020	33.37



2011-2012

(from 51.65 times to 56.82 times)

Dutch Lady can pay its interest expense 56.82 times its operating income. It increased for 5.17 times compared to the previous year.

2012-2013

(from 56.82 times to 55.55 times)

Dutch Lady can pay its interest expense 55.55 times its operating income. It decreased by 1.27 times compared to the previous year.

2013-2014

(From 55.55 times to 41.74 times)

Dutch Lady can pay it's interest expense 41.74 times its operating income. It decreased by 13.81 times compared to the previous year.

2014-2015

(41.74 times to 52.31 times)

Dutch Lady can pay its interest expense 52.31 times of its operating income.

2015-2016

(52.31 times to 63.46 times)

Dutch Lady can pay its interest expense 63.46 times of its operating income.

2016-2017

(63.46 times decrease to 52.58 times)

Dutch Lady can pay it's interest expense 52.58 times of it's operating income. It decreased by 10.88 times compare to the previous year.

2017-2018

(52.58 times decrease to 49.92 times)

Dutch Lady can pay it's interest expense 49.92 times of it's operating income. It decreased by 2.66 times compare to the previous year.

2018-2019

(49.92 times to 37.80 times)

Dutch Lady can pay it's interest expense 37.8 times of it's operating income. It decreased by 12.12 times compare to the previous year.

2019-2020

(37.80 times to 33.37 times)

Dutch Lady can pay it's interest expense 33.37 times of it's operating income. It decreased by 4.43 times compare to the previous year.

<u>Problem</u>

Times interest earned to show the ability of the firm to pay the interest charges applied on the debts used. Based on the graph, it shown that Dutch Lady had most decrease in time interest earned ratio between the year 2013-2014, 2016-2017, and 2018-2019. In the years 2013-2014, it decreases from 55.55 times to 41.74 times. Dutch Lady can pay its interest expense 41.74 time its operating income. It decreased by 13.81 times compared to the previous year. Next, in years 2016-2017, the time interest earned ratio decrease from 63.46 times to 52.58 times. Dutch Lady's interest expense is 52.58 times its operating income. It decreased by 10.88 times compare to the previous year. The time interest earned ratio between 2018-2019 decreases from 49.92 times to 37.80 times. Dutch Lady's interest expense is 37.80 times its operating income. It decreased by 12.12 times compare to the previous year.

There are several causes why time interest earned ratio are decrease in the firm. Firstly, this is because the revenue for firm has decrease between those years. At the same time, the interest expenses increase along those years. This is because the company not able to generate sufficient revenue so that they need to increase their loan. As a result, it leads to decrease in time interest earned. Next, this shows that the firm has a lower margin of safety. This is because a lower ratio indicates that the firm is more likely to default.

Solution

1. Increase earnings

   This ratio will improve as the firm's earnings rise. Profitably increasing sales will aid in increasing earnings before interest and taxes. As a result, the times interest earned ratio will improve.

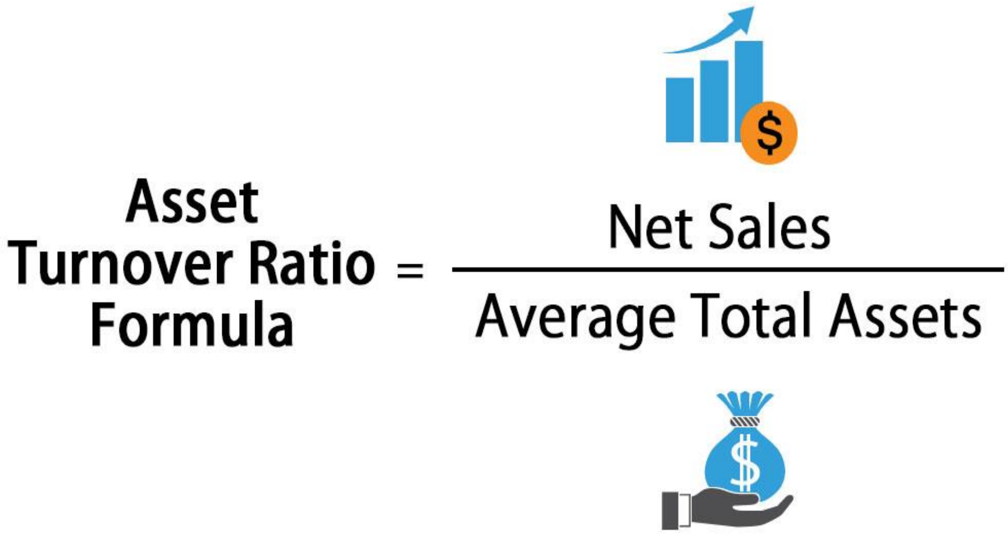
2. Cutting expenses is to boost income.

   Reducing expenses can also help the firm's bottom line. Times interest earned might be a valuable financial ratio, when combined with several other financial metrics when analyses a firm's financial health.

3. Pay down debt

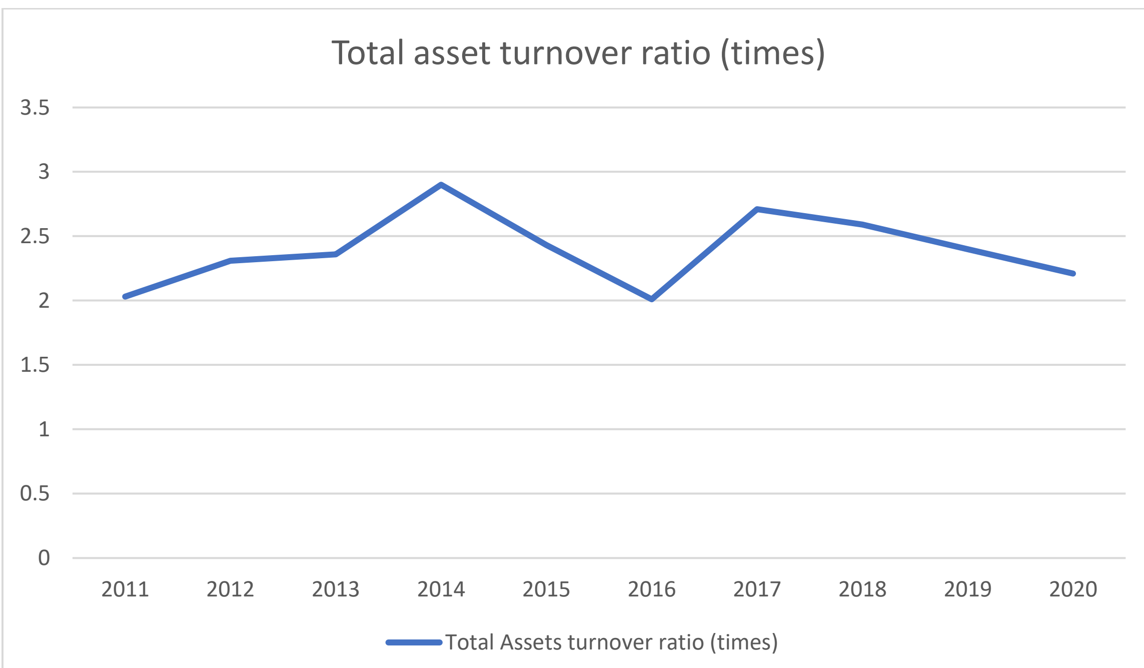
   Which means that reducing the amount of debt on the balance sheet will result in fewer interest payments. Depending on the terms and type of debt, the firm may be able to retire some of it, reducing the company's interest payments and making the ratio more suitable everything else being equal. Increase the proportion of equity in the capital structure of the company. To effectively capitalization their enterprises, companies will need to issue loans or use stock. Most businesses' balance sheets contain a combination of the two. Lowering the company's debt to equity ratio will often result in cheaper interest payments. In fact, issuing additional stock to investors could help them pay off their debt.

6. **Total Assets turnover ratio**



Total Assets Turnover Ratio represents the amount of sales generated per dollar invested in firm's assets.

Years	Total asset turnover ratio (times)
2011	2.03
2012	2.31
2013	2.36
2014	2.9
2015	2.43
2016	2.01
2017	2.71
2018	2.59
2019	2.4
2020	2.21



2011-2012

(from 2.03 times to 2.31 times)

Dutch Lady generated RM 2.31 per RM 1 invested in the firm’s assets. It increased by 0.28 times compared to the previous year.

2012-2013

(from 2.31 times to 2.36 times)

Dutch Lady generated RM 2.36 per RM 1 invested in the firm’s assets. It increased by 0.05 times compared to the previous year.

2013-2014

(From 2.36 times to 2.90 times)

Dutch Lady generated RM 2.90 per RM 1 invested in the firm’s assets. It increased by 0.54 times compared to the previous year.

2014-2015

(2.90 times to 2.43 times)

Dutch Lady generated RM 2.43 per RM 1 invested in the firm’s assets.

2015-2016

(2.43 times to 2.01 times)

Dutch Lady generated RM 2.01 per RM 1 invested in the firm’s assets.

2016-2017

(2.01 times increase to 2.71 times)

Dutch Lady generated RM 2.71 per RM 1 invested in the firm's assets. It increased by 0.7 times compare to the previous year.

2017-2018

(2.71 times decrease to 2.59 times)

Dutch Lady generated RM 2.59 per RM 1 invested in the firm's assets. It decreased by 0.12 times compare to the previous year.

2018-2019

(2.59 times to 2.40 times)

Dutch Lady generated RM 2.40 per RM 1 invested in the firm's assets. It decreased by 0.19 times compare to the previous year.

2019-2020

(2.40 times to 2.21 times)

Dutch Lady generated RM 2.21 per RM 1 invested in the firm's assets. It decreased by 0.19 times compare to the previous year.

Problem

Total assets turnover ratio measures the overall investment efficiency by totaling the joint impact of both short-term and long-term assets. All else equal, higher is this figure; the better is the management of the company.

Based on the graph, it shown that Dutch Lady had decreased in total asset ratio between the year 2014-2015,2015-2016,2017-2018,2018-2019, and 2019-2020.

In the years 2014-2015, it decreases from 2.90 times to 2.43 times. For every RM 1 that the company invests in assets, it generates sales of RM2.43, it fell by 0.47 times compared to the previous year. In the years 2015-2016, it decreases from 2.43 times to 2.01 times. For every RM 1 that the company invests in assets, it generates sales of RM2.01, it decreased by 0.42 times compared to the previous year. In the years 2017-2018, it decreases from 2.71 times to 2.59 times. For every RM 1 that the company invests in assets, it generates sales of RM2.59. It decreased by 0.12 times compared to the previous year. In the years 2018-2019, it decreases from 2.59 times to 2.40 times. For every RM 1 that the company invests in assets, it generates sales of RM2.40， It decreased by 0.19 times compared to the previous year. In the years 2019-2020, it decreases from 2.40 times to 2.21 times. For every RM 1 that the company invests in assets, it generates sales of RM2.21 It decreased by 0.20 times compared to the previous year.

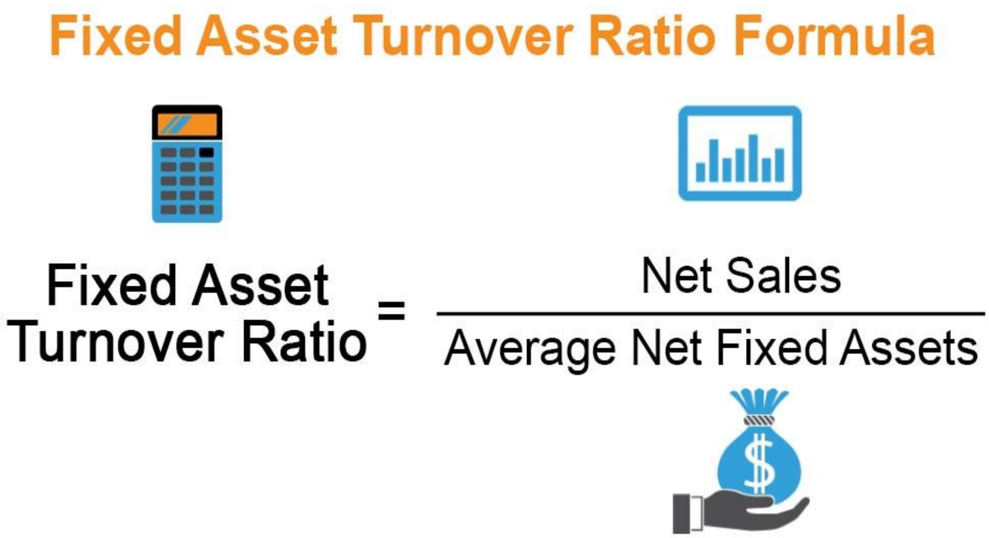
There are several reasons why total asset turnover ratio is decreased.

Firstly, when the sales capacity of an enterprise decreases, the sales revenue decreases, and the capital return speed of the enterprise slows down, the turnover rate naturally decreases. This is also the most common reason for the decline in turnover rate. Secondly, an enterprise has a large amount of inventory. The lower the quality of the enterprise, the lower the inventory turnover rate. To maintain the needs of production and sales, the more additional investment will be made in the inventory, and the lower the total asset turnover rate. Thirdly, there are too many idle funds, and some enterprises have many long-term loans and non-performing assets. With the increase of assets of similar nature, the total asset turnover rate will naturally decline.

Solution

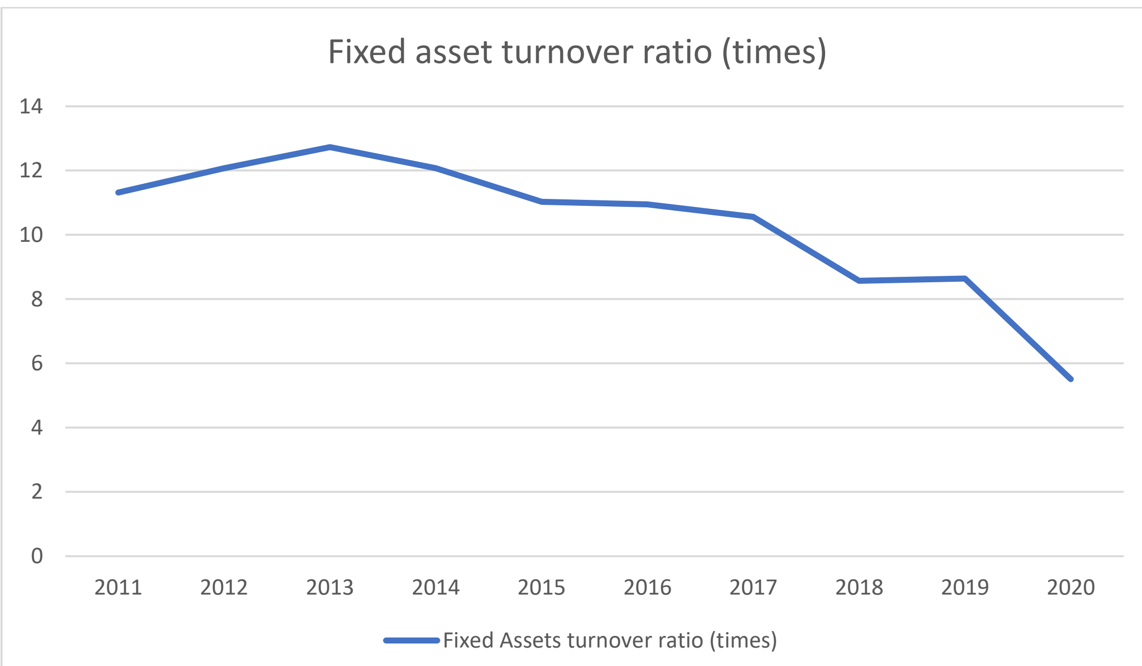
When arranging the occupation of funds, the enterprise should reasonably allocate the structure of assets in combination with the characteristics of current assets, ensure sufficient asset ratio in daily operation, and improve the turnover rate of total assets.

7. <u>Fixed Asset Turnover Ratio</u>



Fixed Asset Turnover Ratio measures firm’s efficiency in utilizing its fixed assets.

Years	Fixed asset turnover ratio (times)
2011	11.32
2012	12.07
2013	12.73
2014	12.07
2015	11.03
2016	10.95
2017	10.56
2018	8.57
2019	8.64
2020	5.51



2011-2012

(from 11.32 times to 12.07 times)

This shows that Dutch Lady had increased by 0.75 times compared to the previous year.

2012-2013

(from 12.07 times to 12.73 times)

This shows that Dutch Lady had increased by 0.66 times compared to the previous year.

2013-2014

(From 12.73 times to 12.07 times)

This shows that Dutch Lady had decreased by 0.66 times compared to the previous year.

2014-2015

(12.07 times to 11.03 times)

Dutch Lady’s Fixed Asset Turnover Ratio decreased from 12.07 times to 11.03 times.

2015-2016

(11.03 times to 10.95 times)

Dutch Lady’s Fixed Asset Turnover Ratio decreased from 11.03 times to 10.95 times

2016-2017

(10.95 times decrease to 10.56 times)

Dutch Lady’s Fixed Asset Turnover Ratio decreased from 10.95 times to 10.56 times and decreased by 0.39 times.

2017-2018

(10.56 times decrease to 8.57 times)

Dutch Lady’s Fixed Asset Turnover Ratio decreased from 10.56 times to 8.57 times and decreased by 1.99 times.

2018-2019

(8.57 times to 8.64 times)

Dutch Lady’s Fixed Asset Turnover Ratio increased from 8.57 times to 8.64 times (increased by 0.07 times) from 2018 to 2019.

2019-2020

(8.64 times to 5.51 times)

Dutch Lady’s Fixed Asset Turnover Ratio decreased from 8.64 times to 5.51 times (decreased by 3.13 times) from 2019 to 2020.

Problem

The fixed asset turnover is a measure of the efficiency of a company by taking into account the average sales of its fixed assets. It helps analysts determine the effective utilization of the company's resources. This is also used to determine the productivity of the company's management.

Based on the graph, it shown that Dutch Lady had decreased in fixed asset ratio between the year 2013-2014, 2014-2015,2015-2016,2017-2018, and 2019-2020.

The fixed asset turnover of a company decreased from 12.73 times in the years 2013 to 12.08 times in 2014. It also decreased from 11.83 times in the years 2014-2015 to 10.95 times in the following year.The fixed asset turnover of a company decreased by 0.07 times in the previous year. In the years 2016-2017, it decreased by 0.39 times, and in 2017-2018, it went down by 1.99 times. The fixed asset turnover of a company decreased from 8.64 times in the years 2019-2020 to 5.51 times in the following year.

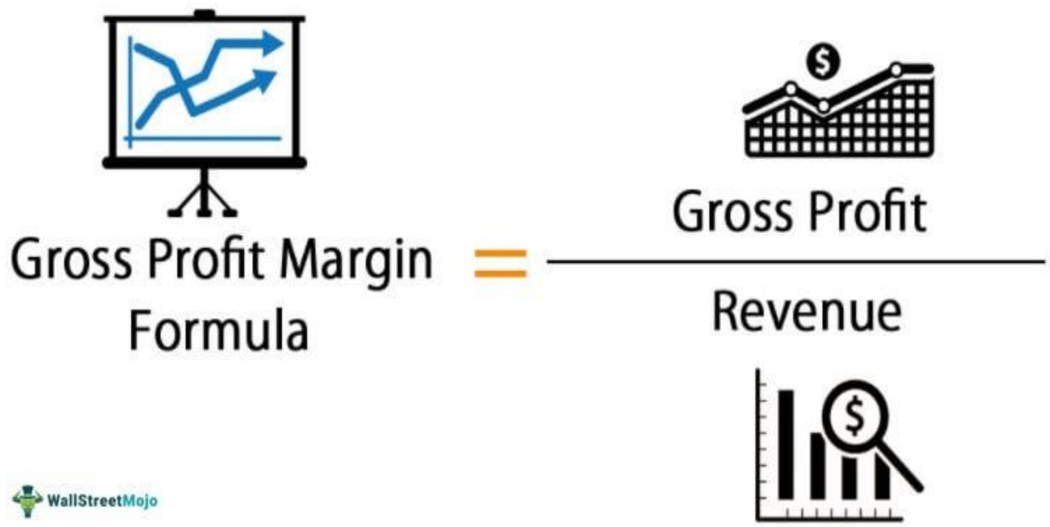
There are several reasons why fixed asset turnover ratio is decreased. This ratio is affected by many circumstances such as the company's life cycle, the life cycle of a product, initial plant capacity, & relative sales. Also, factors such as asset valuation (accounting of depreciation), the timing of firm's asset purchase, etc., affect this ratio.

The low ratio of the fixed asset turnover to the company's total assets shows that the company is not efficiently using its resources. If the management does not take the necessary steps to improve the efficiency of the company, it could cause it to enter losses. A low ratio could indicate that the company has made a heavy investment in order to expand its operations. It could also mean that the company is not able to fully utilize its assets due to the lack of new capacities or projects.

Solution

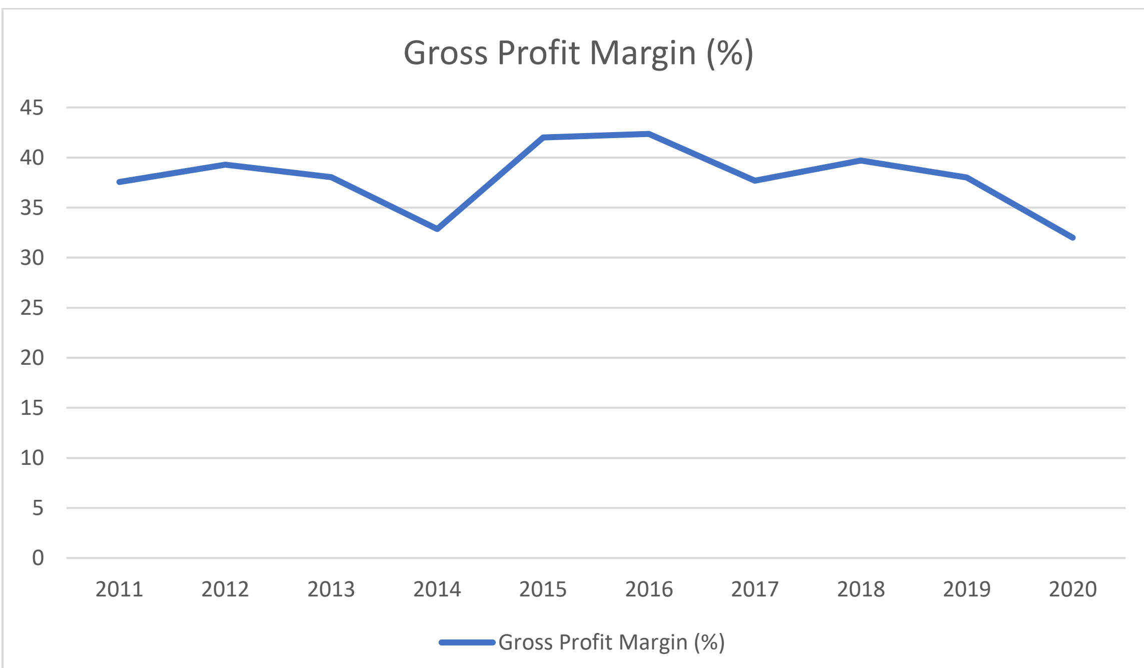
Firstly, the management of fixed assets should be strengthened to ensure that the investment scale of fixed assets is appropriate, and the structure is reasonable. Secondly, reduce excessive investment in nonproductive fixed assets, such as high-end office buildings, high-end cars, etc. Thirdly, the fixed assets shall be maintained, maintained, and updated in time. The fixed assets with backward technical performance, high consumption and low efficiency shall be disposed of with determination. The fixed assets with high technical level, strong production capacity and high production quality shall be introduced.

8. <u>Gross Profit Margin</u>



Gross Profit Margin shows how well the firm's management controls its expenses to generate profits.

Years	Gross profit margin (%)
2011	37.56
2012	39.3
2013	38.05
2014	32.85
2015	42
2016	42.36
2017	37.68
2018	39.7
2019	38
2020	32



2011-2012

(from 37.56% to 39.30%)

Dutch Lady spend RM0.607 for the cost of goods sold and thus RM0.3930 out of each ringgit of sales went towards gross profit. Dutch Lady had an increase in gross profit by 1.74%.

2012-2013

(from 39.30% to 38.05%)

Dutch Lady spend RM0.6195 for the cost of goods sold and thus RM0.3805 out of each ringgit of sales went towards gross profit. Dutch Lady had a decrease in gross profit by 1.25%.

2013-2014

(From 38.05% to 32.85%)

Dutch Lady spend RM0.6718 for the cost of goods sold and thus RM0.3282 out of each ringgit of sales went towards gross profit. Dutch Lady had a decrease in gross profit by 5.2%.

2014-2015

(32.85% to 42.00%)

Dutch Lady spend RM0.58 for cost of goods sold and thus RM0.42 out of each ringgit of sales went towards gross profit. Gross Profit Margin increased from 32.85% to 42%, the changes is 9.15%.

2015-2016

(42% to 42.36%)

Dutch Lady spend RM0.58 for cost of goods sold and thus RM0.42 out of each ringgit of sales went towards gross profit. Gross Profit Margin increased from 42% to 42.36%, the changes is 0.36%.

2016-2017

(42.36% decrease to 37.68%)

Dutch Lady spend RM0.62 for cost of goods sold and thus RM0.38 out of each ringgit of sales went towards gross profit. Gross Profit Margin decreased from 42.36% to 37.68%, the changes is 4.68%.

2017-2018

(37.68% increase to 39.70%)

Dutch Lady spend RM0.603 for cost of goods sold and thus RM0.40 out of each ringgit of sales went towards gross profit. Gross Profit Margin increased from 37.68% to 39.70%, the changes is 2.02%.

2018-2019

(39.70% to 38%)

Dutch Lady spend RM0.62 for cost of goods sold and thus RM0.38 out of each ringgit of sales went towards gross profit. Gross Profit Margin decreased from 39.70% to 38%, the changes is 1.7%.

2019-2020

(38% to 32%)

Dutch Lady spend RM0.68 for cost of goods sold and thus RM0.32 out of each ringgit of sales went towards gross profit. Gross Profit Margin decreased from 38% to 32%, the changes is 6%.

Problem

Based on the gross profit margin graph, a large downward change can be seen between 2013- 2014,2016-2017 and 2019-2020.The gross profit margin between 2013-2014 is decreases from 38.05% to 32.85 %. Dutch Lady spent RM0.6718 for the cost of goods sold and thus RM0.3282 out of each ringgit of sales went towards gross profit. Dutch Lady had a decrease in gross profit by 5.2%. The gross profit margin between 2016-2017 is decreases from 42.36% to 37.68%. Dutch Lady spent RM0.62 for cost of goods sold and thus RM0.38 out of each ringgit of sales went towards gross profit. Dutch Lady had a decrease in gross profit by 4.68%. The gross profit between 2019-2020 decreases from 38% to 32%. Dutch Lady spent RM0.68 for cost of goods sold and thus RM0.32 out of each ringgit of sales went towards gross profit. Dutch Lady had a decrease in gross profit by 6%. There are several causes of a decrease in gross profit margin. Firstly, lowering price of product. When firm routinely offer the discount and promotion, firm may get a sale but large price cuts minimize the gross profit. Secondly, increasing number of competitor will affect the gross profit. Competitors will attract customers by offering affordable prices but the same product quality. due to competitors, firms need to spend capital for advertising and increase product quality by using better goods or equipment. Lastly, the change of technology also affects the gross profit margin of firm. When a new technology or system is introduced, the firm needs to issue capital to acquire the technology. This is to prevent the firm from losing customers and overcoming competitors. For example, when product packaging technology is introduced to speed up production, the firm needs to buy or acquire it. Due to that, firm have to consider the cost and profit.

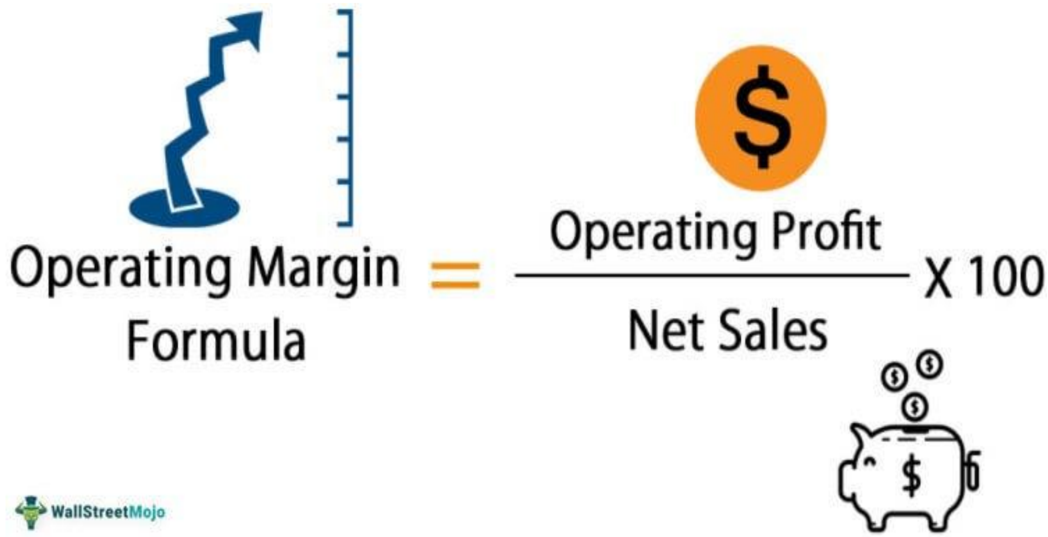
Solution

1. Measure the gross profit by calculate the gross profit margin.

   Measurements allow firm to compare the changes and problem when firm did something new. Calculate gross profit margin by divide gross profit with sales. The figure will show how well the firm's management controls its expenses to generate profit.

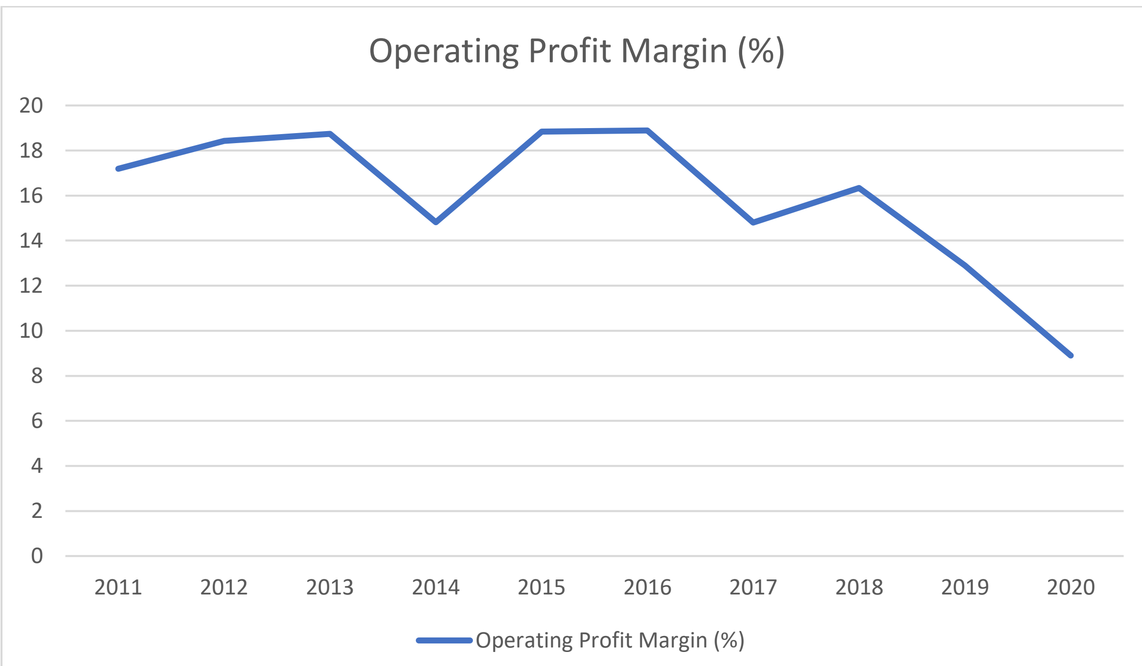
2. Increase the product price without increase the cost of goods sold by raising the price of the product without changing any factor, the firm can get an increase in gross profit. After changing the price of the product, compare the gross profit before and after the change in price. This shows that gross profit increases.
3. Increase the volume of sales. Increasing the number of sales without increasing the cost of goods sold per unit. Production of products will become bigger without any change of any factor, and it can the gross profit become greater. This is because the cost of manufacturing does not change and can attract more customers. This can satisfy customers to buy in bulk.
4. Reduce the cost of goods sold without changing the product price. Firms need to find low prices suppliers, cheap material prices and use the labour technology. By converting workers to technology that can helps process products, it can reduce the expenses in terms of employee salaries. In addition.it can increase the volume of product.

9. Operating Profit Margin



Operating Profit Margin measures how much profit generated from each dollar of sales after accounting for costs of goods sold and operating expenses.

Years	Operating Profit Margin (%)
2011	17.19
2012	18.43
2013	18.74
2014	14.82
2015	18.84
2016	18.89
2017	14.8
2018	16.34
2019	12.9
2020	8.9



2011-2012

(from 17.19% to 18.43%)

Dutch Lady generated RM1.18 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is an increase of 1.24% compared to the previous year.

2012-2013

(from 18.43% to 18.74%)

Dutch Lady generated RM1.19 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is an increase of 0.31% compared to the previous year.

2013-2014

(From 18.74% to 14.82%)

Dutch Lady generated RM1.01 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is a decrease of 3.92% compared to the previous year.

2014-2015

(14.82% to 18.84%)

Dutch Lady generated RM1.19 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is a increase for 4.02% compare to the previous year (2014)

2015-2016

(18.84% to 18.89%)

Dutch Lady generated RM1.19 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is a increase for 0.05% compare to the previous year (2015).

2016-2017

(18.89% decrease to 14.80%)

Dutch Lady generated RM1.15 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is a decrease for 4.09% compare to the previous year (2016).

2017-2018

(14.80% increase to 16.34%)

Dutch Lady generated RM1.16 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is a increase for 1.54% compare to the previous year (2017).

2018-2019

(16.34% to 12.90%)

Dutch Lady generated RM1.13 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is a decrease for 3.44% compare to the previous year (2018).

2019-2020

(12.90% to 8.90%)

Dutch Lady generated RM1.09 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There is a decrease for 4% compare to the previous year (2019). This is the lowest rate between year of 2011 to 2020.

Problem

Based on the operating profit margin graph, a large downward change can be seen between 2013-2014,2016-2017 and 2019-2020.The operating profit margin between 2013-2014 decreases from 18.74% to 14.82%. There is a decrease of 3.92% compared to the previous year (2013). Dutch Lady generated RM1.15 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. The operating profit margin between 2016-2017 decreases from 18.89% to 14.80%. There is a decrease for 4.09% compare to the previous year (2016). Dutch Lady generated RM1.15 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. The operating profit margin between 2019-2020 decreases from 12.90% to 8.90%. There is a decrease for 4% compare to the previous year (2019). This is the lowest rate between year of 2011 to 2020. Dutch Lady generated RM1.09 profit from each ringgit of sales after accounting for both costs of goods sold and operating expenses. There are 2 main reasons for a decline in operating profit margin. Firstly, it was because the firm have a decreases in sales/revenue. The reason for this decline is due to high sales for low profit margin products and low sales for high profit margin products. In addition, this can happen because the firm loses customers. Secondly, it was because the increases in expenses. It can happen because of supplier raises prices on raw materials or products and firm have to increase the price of product. The increases of product price will make firm loss the customers because customers can't afford the new price and they will buy a substitutes product. In fact, the increase in expenses is due to the increase in salaries of workers and utilities.

Solution

After accounting for both COGS and operational expenses, the operating profit margin measures how much profit is earned from each ringgit of sales. It also shows how successfully a company manages its income statement. There are several solutions to increase the operating profit margin.

1. Reduce expenses in physical marketing.

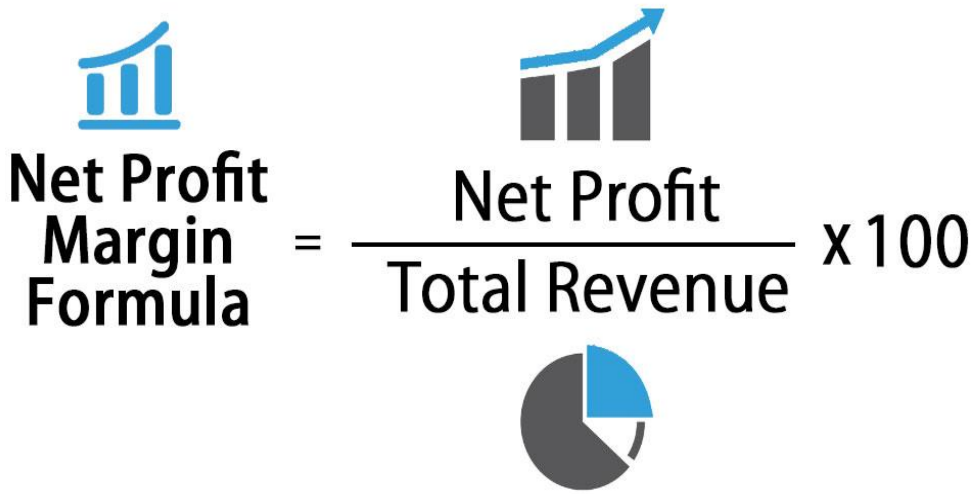
Nowadays, most customers often using social media. So firms can do alternatives in marketing by doing ads using social media. In this way, the cost of marketing expenses is reduced. For example, if firm want to create promotion using voucher, firm just have to produce e-voucher and customer just have to scan at supermarket.

2. Improve the management.

   Change the old way of management to the new way. Now, various new systems for the management sector have been introduced. For example, software that has a system that automatically calculates incoming and outgoing stock, daily sales and product quality. It can reduce waste of paper, reduced working time and guaranteed product quality.

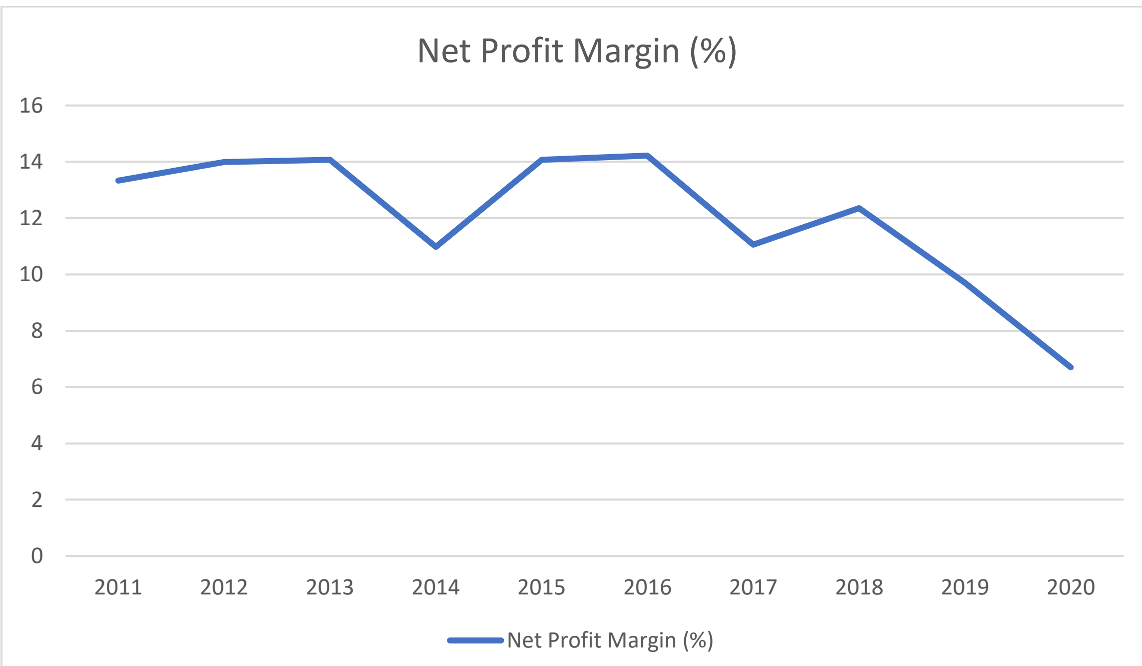
3. Do reforms in working time. Reduce working time such as 4 days a week, 8 hours a day. Reduce working time can reduce salary expenses and increase employee productivity. Reduce working time can also reduce utilities expenses because it can save electricity, water and internet.

10. <u>Net Profit Margin</u>



Net Profit Margin measures how much income is generated from each dollar of sales after adjusting all expenses.

Years	Net Profit Margin (%)
2011	13.33
2012	13.99
2013	14.07
2014	10.98
2015	14.07
2016	14.22
2017	11.06
2018	12.35
2019	9.7
2020	6.7



2011-2012

(from 13.33% to 14%)

Dutch Lady generated RM0.1400 for each ringgit of sales after paying all of the firm's expenses. It increased by 0.67% compared to the previous year.

2012-2013

(from 14% to 14.07%)

Dutch Lady generated RM0.141 for each ringgit of sales after paying all of the firm's expenses. It increased by 0.07% compared to the previous year.

2013-2014

(From 14.07% to 10.98%)

Dutch Lady generated RM0.1098 for each ringgit of sales after paying all of the firm's expenses. It decreased by 3.09% compared to the previous year.

2014-2015

(10.98% to 14.07%)

Dutch Lady generated RM0.141 for each ringgit of sales after paying all of the firm's expenses. It increased by 3.09% compare to year 2014.

2015-2016

(14.07% to 14.22%)

Dutch Lady generated RM0.142 for each ringgit of sales after paying all of the firm's expenses. It increased by 0.15% compare to year 2015.

2016-2017

(14.22% decrease to 11.06%)

Dutch Lady generated RM0.1106 for each ringgit of sales after paying all of the firm's expenses. It decreased by 3.16% compare to year 2016.

2017-2018

(11.06% increase to 12.35%)

Dutch Lady generated RM0.1235 for each ringgit of sales after paying all of the firm's expenses. It increased by 1.29% compare to year 2017.

2018-2019

(12.35% to 9.70%)

Dutch Lady generated RM0.097 for each ringgit of sales after paying all of the firm's expenses. It decreased by 2.65% compare to year 2018.

2019-2020

(9.70% to 6.70%)

Dutch Lady generated RM0.067 for each ringgit of sales after paying all of the firm's expenses. It decreased by 3% compare to year 2019. This is the lowest rate between year of 2011 to 2020.

Problem

Why does net profit margin decrease?

Net profit margin measures how much the company generated net income as a percentage of revenue received. Net profit margin also is the most important indicator that shows the financial status of a certain company.

Based on the analysis, it shows that Dutch Lady had a decrease in net profit margin between the year 2013-2014, 2016-2017, 2018-2019, and 2019-2020. In the years 2013-2014, it decreases from 14.07% to 10.98%, and this number decreased by 3.09% Dutch Lady only generated RM0.1098 for this year. In 2016-2017, Dutch Lady developed RM0.1106 and the percentage also decreased from 14.22% decrease to 11.06% and decreased by 3.16%. In 2018-2019, the percentage of net profit margin for Dutch Lady decreased from 12.35% to 9.70%. This company generated RM0.097 for that year and the percentage decreased by 2.65%. The year 2019-2020 is the lowest rate because Dutch Lady only generated RM0.067. The percentage decreased from 9.70% to 6.70% and decreased by 3% compared to the year 2018.

There are several reasons why net profit margin decreases,

1. Low revenues

   When sales decrease below the total cost of expenses and cost of goods sold, the company will get a loss. Not good in marketing, too many competitors, the company cannot catch up with market changes are the cause of decreasing in revenue.

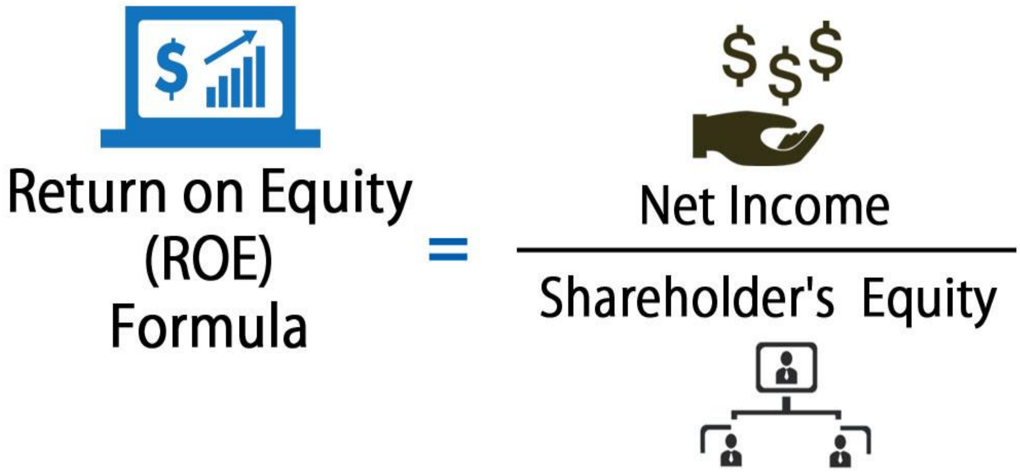
2. The changes in the cost of goods sold

   A company with high purchases like materials, direct labor, and machines can lead to inadequate funds to cover expenses. This COGS is deducted by sales and the amount left, will be used to pay for business expenses and generate profit. When the COGS increases and the company do not have enough money left to support the expenses for a certain time, a loss will occur. If the company gets higher COGS, its net profit margin becomes lower.

Solution

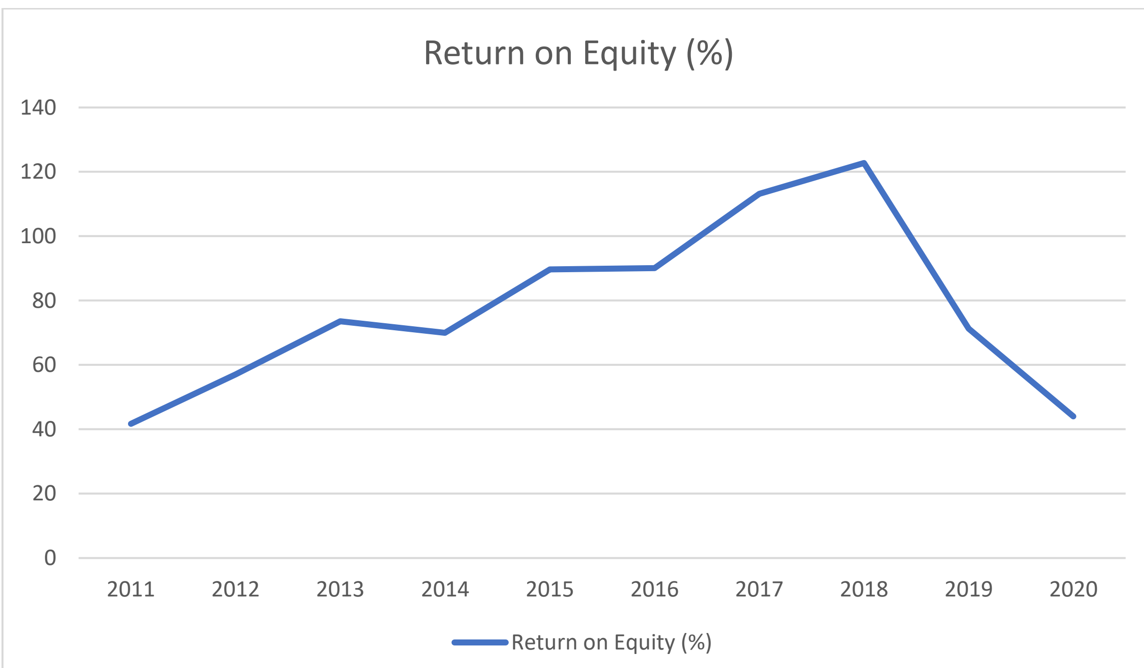
The company must increase the sales and reduce the expenses if can. In this situation, the manager of the company need to think carefully about whether it is worth cutting down the cost of materials, and machine or reducing the marketing strategies like, advertising, promotion, and others. If the company reduces these two things too much, it affects the company's performance. Therefore, the economy of scale is the choice that a company can use to maximize its profit. This economy of scale is about the company producing the products in a mass with a low cost is used.

11. Return on Equity (ROE)



Return on Equity ratio measures the accounting return on the common stockholders' investment

Years	Return on equity (%)
2011	41.71
2012	57.09
2013	73.55
2014	69.94
2015	89.67
2016	90.07
2017	113.18
2018	122.75
2019	71.3
2020	44



2011-2012

(from 41.71% to 57.09%)

The shareholders earned 57.09% on their investments. For every RM1 contributed by common stockholders, Dutch Lady could contribute 57.09 cents

2012-2013

(from 57.09% to 73.55%)

The shareholders earned 73.55% on their investments. For every RM1 contributed by common stockholders, Dutch Lady could contribute 73.55 cents

2013-2014

(From 73.55% to 69.94%)

The shareholders earned 69.94% on their investments. For every RM1 contributed by common stockholders, Dutch Lady could contribute 69.94 cents

2014-2015

(69.94% to 89.67%)

The shareholders earned 89.67% on their investments. Every RM1 contributed by common stockholders, Dutch Lady could contribute 89.76 cents.

2015-2016

(89.67% to 90.07%)

The shareholders earned 90.07% on their investments. Every RM1 contributed by common stockholders, Dutch Lady could contribute 90.07 cents.

2016-2017

(90.07% increase to 113.18%)

The shareholders earned 113.18% on their investments. Every RM1 contributed by common stockholders, Dutch Lady could contribute 113.18 cents.

2017-2018

(113.18% increase to 122.75%)

The shareholders earned 122.75% on their investments. Every RM1 contributed by common stockholders, Dutch Lady could contribute 122.75 cents. This is the highest rate between year of 2011 to 2020.

2018-2019

(122.75% to 71.30%)

The shareholders earned 71.30% on their investments. Every RM1 contributed by common stockholders, Dutch Lady could contribute 71.3 cents.

2019-2020

(71.30% to 44%)

The shareholders earned 44% on their investments. Every RM1 contributed by common stockholders, Dutch Lady could contribute 44 cents. This is the lowest rate between year of 2011 to 2020.

Problem

ROE is measures the profitability of a company and how good the company to give return to its stakeholders.

Based on the analysis, the lowest return on equity for Dutch Lady is between the years 2019-2020. The shareholders can be earned 44% on their investments and Dutch Lady could contribute 44 cents. This is bad for Dutch Lady because the rate is too low.

There are many reasons why ROE can decrease,

1. Revenue and profits are low
   The company having a hard time growing.

2. Carry out a high-priced acquisition and buying purchases with a big number of shares.
   Current earnings may not benefit from this acquisition, but it may pay off in the future. That is why some of the companies explain what they do and the consequences to ROE because of their actions.

3. Depreciation
   High depreciation will decrease net income and also decrease ROE.

Solution

How to Increase or Decrease the Return on Equity Ratio?

1. Improve the profit margin.
   The company needs to produce more products but with a low cost like low cost of materials, use of high technology, and others.

2. Tax expenses
   If the company can reduce the tax, it will not give burden to the business and can generate more profit. To reduce the tax, maybe the company can move the factory

that provides a good tax incentive and hire a professional firm that is good at consulting about the tax.

3. Improve asset turnover

   If the asset turnover for a certain company is good, the company will produce the products with a high amount. High asset turnover also can reduce the cost of the product because the company is producing the best quality of the product.

4. Buy back its own stock

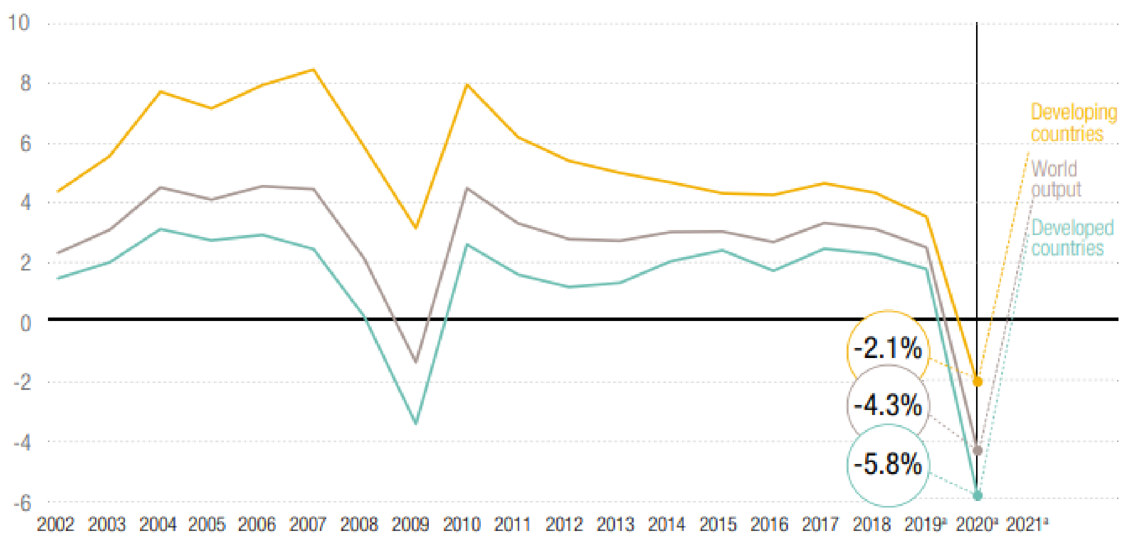
This action will reduce the amount of common equity in the firm and even if the profit is still the same, the ROE still can go high.

5.0 Financial Sustainability – Covid-19

Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus. Covid-19 first informed on 31 December 2019 by World Health Organization (WHO), an pneumonia of unknown cause in China. Infected people mostly experience respiratory illness. However, some will face a serious ill and require medical help to survive. In fact, Covid-19 can lead to death.

Covid-19 seriously hit the economy condition of every country in the world.

Trends in global economic growth
(Annual percentage change)

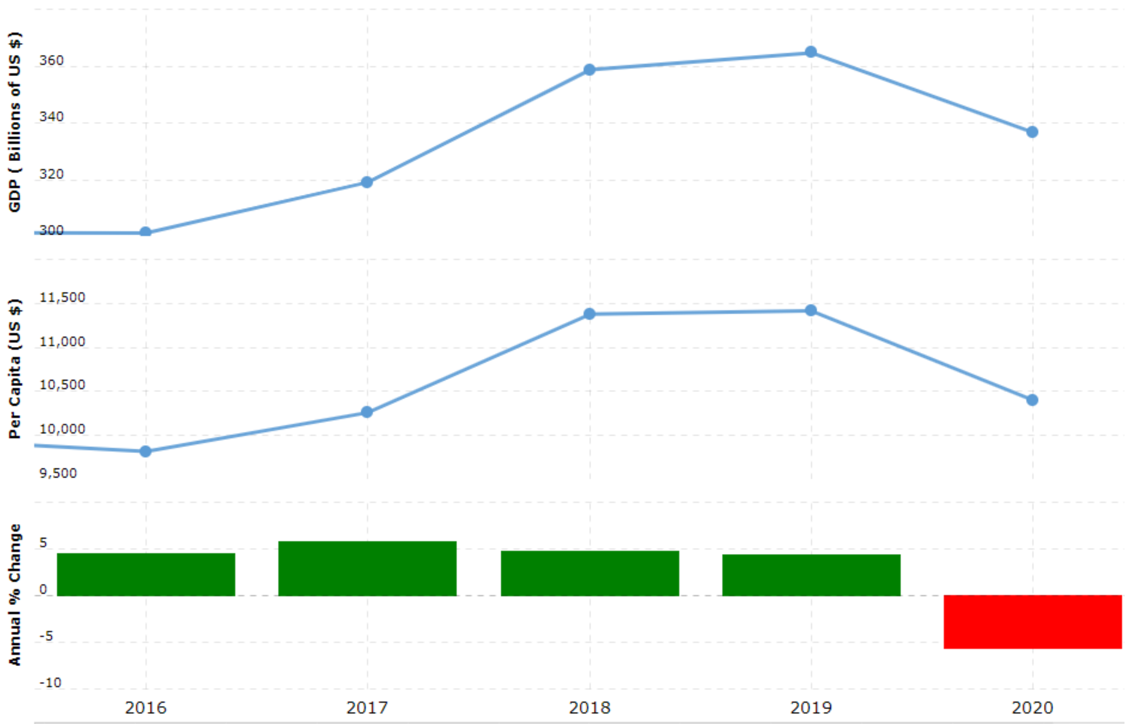


Source: UNCTAD (2020).

UNCTAD expects gross domestic product (GDP) to fall by around 4.3 per cent in 2020. Developed economies are expected to be more affected in 2020 than developing countries, at -5.8 per cent and -2.1 per cent.

Unlike the global financial crisis of 2008/09, developing countries are expected to experience negative growth in 2020, and developed economies are expected to experience a much deeper fall in output, at -3.4 per cent in 2009 compared with -5.8 per cent in 2020.

In Malaysia, the lockdown had heavily impacted the GDP of the country.

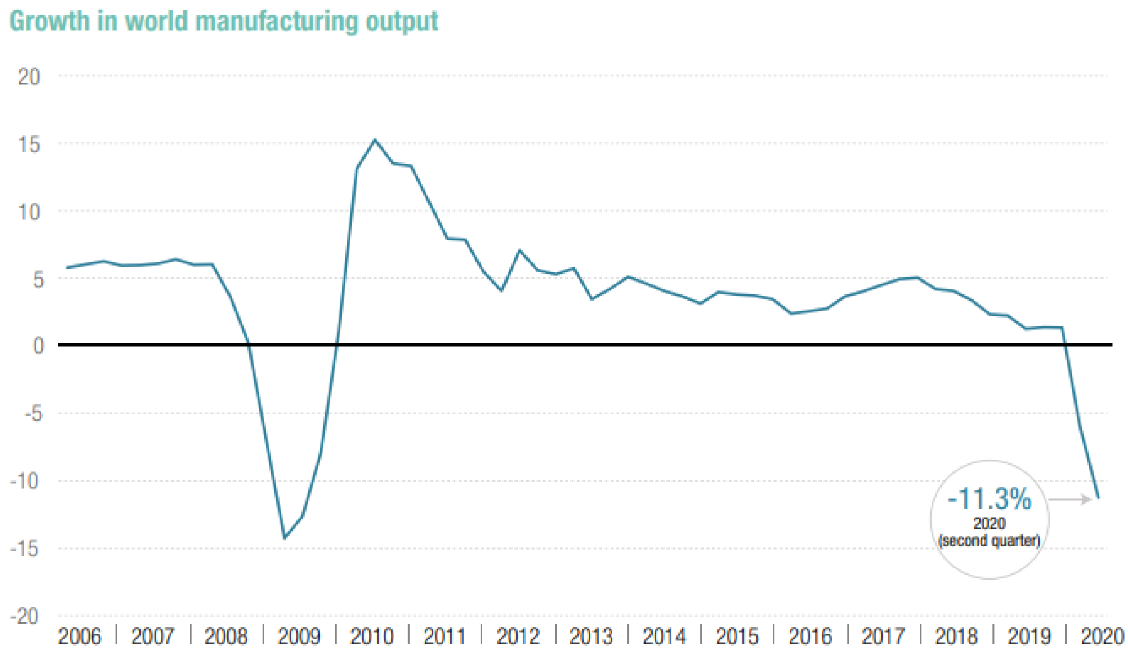


(GDP Malaysia, GDP per Capita Malaysia, Annual % Change of GDP Malaysia)

The GDP of Malaysia was steadily increasing and improving, until the Covid-19 first hit on the beginning of 2020 in Malaysia, the GDP started to drop dramatically, from $364.68 billion of US dollar in 2019, to $336.66 billion of US dollar (-5.59%).

On 18 March 2020, Malaysia Government have ordered a lockdown (Movement Control Order). MCO limits the movement in the country and international travel. In fact, lockdowns were enforced in most of the country in the world to control the spread of the Covid-19. It forced the changes in consumer behavior and this situation gave a big impact to the supply and value chain in the food and beverages industry. Food accessibility was a main concern because the obstructions of logistics and delivery system heavily limited the food supply chain.

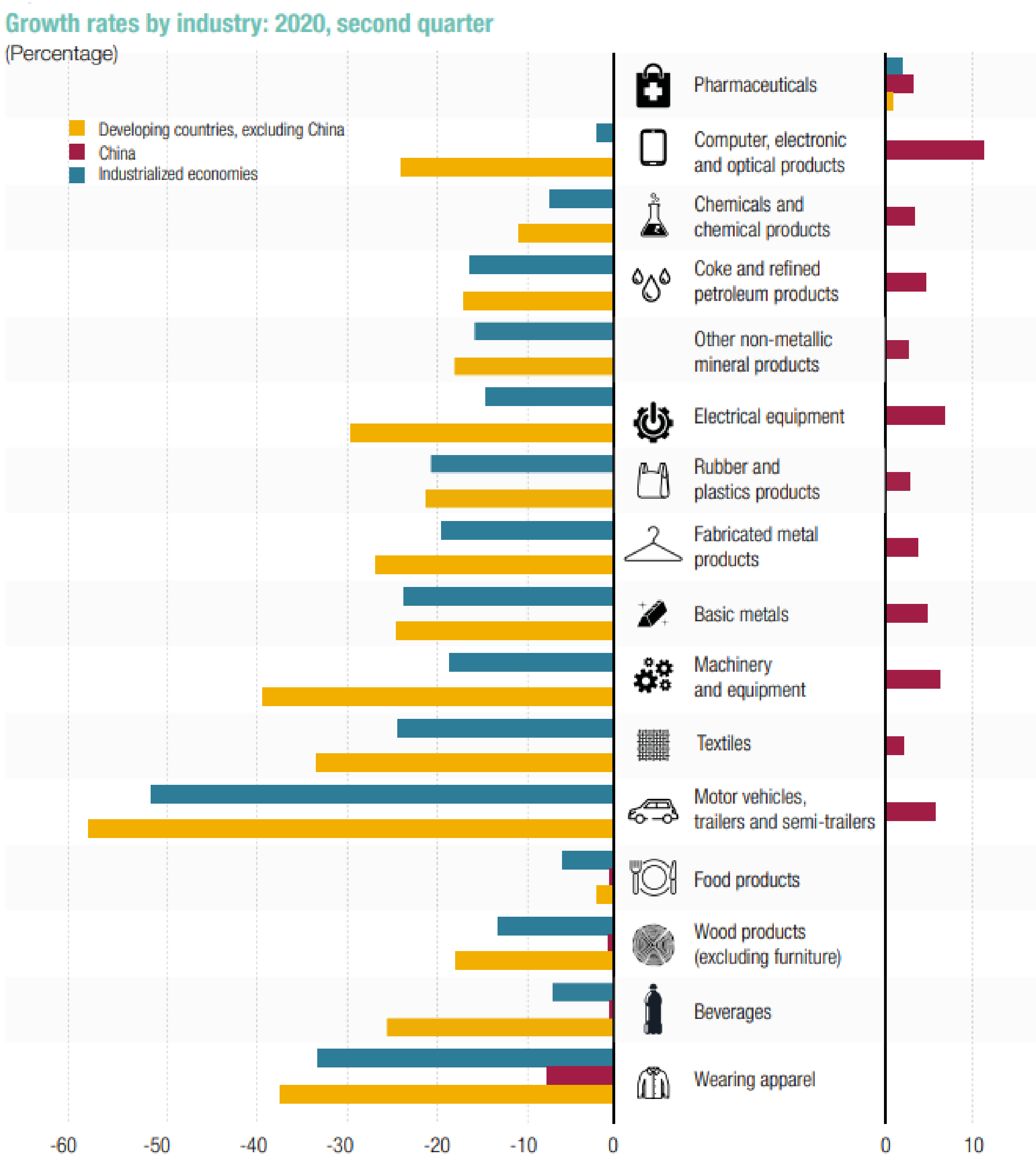
Food supply chain was impacted due to the shortage of labor and caused an impact on production productivity. Government's policy have limited the total numbers of workers in the production line. Many have lost their jobs including those who are working in food and beverages industry. The decrease of productivity in food and beverages industry can directly influence the performance of the industry.



(source : United Nations Industrial Development Organization 2020)

In the first quarter of 2020, global manufacturing productivity fell by almost 6 per cent compare to the previous year. For second quarter of 2020, the decline went even more deeper of more than 11%. This was the biggest fall in world manufacturing output since the financial crisis of 2008.

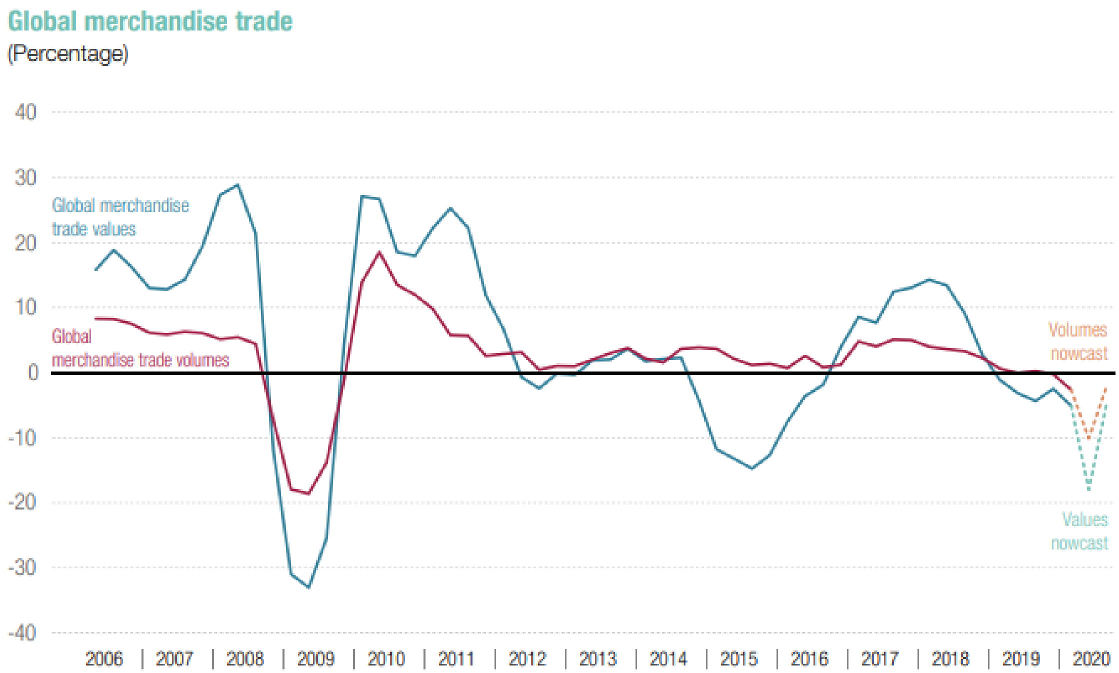
Although that food and beverages industry get affected by the pandemic Covid-19, but it's not the worst when comparing to the other industries.



(Source : UNIDO 2020)

Other industries, such as, Computer, electronic and optical products industry, machinery and equipment industry, coke and refined petroleum products industry, rubber and plastics products industry, fabricated metal products industry, motor vehicles, trailers and semitrailers industry, Food and beverages industry was affected the least compare to the other industries.

The food and beverages industry also get affected in terms of import and export.



As shown in the figure, growth in trade in goods have started to get affected in the first quarter of 2020. However, the situation did not get recover, in fact, the second quarter have experienced a much more dramatic decline compare to the first quarter of 2020.

Post-Covid

The global food and beverages market size is expected to grow from $5,817.4 billion in 2021 to $6,383.49 billion in 2022 at a compound annual growth rate (CAGR) of 9.7%. The food and beverage market size is expected to grow to $8,905.5 billion in 2026 at a CAGR of 8.7%.

Dutch Lady Financial Sustainability (impacted by Covid-19)

Current Ratio

2019-2020

(from 1.08 times to 0.89 times)

From the year of 2019 until the 2020, the Current Ratio has decreased for 0.19, from 1.08 to 0.89. This is due to the rise in current liability, from 2019 to 2020, the current liability for Dutch Lady has increased for 32138, from 292043 to 324181. The increasing of current liability is due to that Dutch Lady had to borrow more money to keep the operations. Other than that, Dutch Lady have invested in technology to adapt to the situation that required social distancing and limitation of workers in industry and develop in remote work. Last but not least, Dutch Lady also needed to borrow more to expand the size of the goods.

To overcome this situation that the liquidity of the company is bad, Dutch Lady should look if any term of loans can be re-amortized. They should lower their debt by arranging the loans that is unrequired. Then, they should also reduce personal draw on the business because this can be harmful for the liquidity of the company. Lastly, they should try to attract more investors by coming out with new products or innovate their products to increase the assets of the company.

Acid Test Ratio

2019-2020

(from 0.61 times to 0.42 times)

From the year of 2019 until the 2020, the Acid Test Ratio has decreased for 0.19, from 0.61 to 0.42. This is due to that Dutch Lady have too much inventories as their assets. In 2019, the total of inventories was 135024, and it increased for 15992, to the spot of 151016.

Having too many inventories as current assets is not good for the liquidity of the company because inventory is toe most least illiquid asset, which means it is difficult to change to cash.

To overcome this situation, Dutch Lady should pay off liabilities quickly. Secondly, they should try to increase the inventory turnover to make sure the inventory can be sold frequently. Then, they should start reducing the account receivables collection period to get more cash in hand to increase the liquidity of the company. Other than that, they should sell the capital assets that are not generating a return. Lastly, they should delay any capital purchases that requires cash payment, since the cash in hand is so limited, it should be consider before spending.

Inventory Turnover Ratio

2019-2020

(from 4.90times to 4.92times)

From the year of 2019 to 2020, the Inventory Turnover Ratio has slightly increased from 4.90 to 4.92. This ratio did not get affected that much because beverages industry are the least affected industry during the pandemic. But, the inventory turnover ratio can be better to increase the stability of the company.

To achieve the increasing of Inventory Turnover Ratio, they should do proper forecasting on the trends. Then, effective marketing should be done, especially during the Covid, advertisement should be done through social media instead of physical to reach more people. Other than that, they have to encourage sales of old stock, do smart pricing and encourage pre-order to increase the inventory turnover ratio.

Debt Ratio

2019-2020

(from 67.40% to 66.60%)

From the year of 2019 to 2020, the Debt Ratio has decreased for 0.8%, from 67.40% to 66.6%. Although that the debt ratio have slightly decreased, but it is still consider as high in general. A higher ratio can make it more difficult to obtain loans for new projects because lenders will view the company as a risky asset.

To overcome this situation during Covid-19 pandemic, firm must increase its cash flow, increase the sales, and increase the profit.

Time Interest earned ratio

2019-2020

(37.80 times to 33.37 times)

From the year of 2019 to 2020, the Time Interest earned ratio has decreased for 4.43, from 37.8 to 33.37. The main reason of decreasing in Time Interest earned ratio is the decrease of revenue during the pandemic, people are not going out to buy goods. At the same time, the interest expenses increased during the pandemic.

To overcome this situation during the pandemic, Dutch Lady should try to increase their earnings, cut some expenses to boost income, and pay down the debts.

Total Assets turnover ratio

2019-2020

(2.40 times to 2.21 times)

From the year of 2019 to 2020, the total assets turnover ratio has decreased for 0.19, from 2.4 to 2.21. During the pandemic of Covid-19, the sales capacity of Dutch Lady decreased, as well as sales revenue, and the capital return speed slowed down, and results in turnover rate decreases.

To increase the total assets turnover ratio, Dutch Lady should try to do proper marketing for the goods through social media, because it's the most efficient media of advertising during the lockdown, to increase to sales of the company.

Fixed Asset Turnover Ratio

2019-2020

(8.64 times to 5.51 times)

From the year of 2019 to 2020, the fixed asset turnover ratio decreased for 3.13, from 8.64 to 5.51. It's a huge decrease, since the Covid-19 pandemic and the government policies have influenced their plan on utilizing their fixed assets.

There are some ways to overcome this situation. Firstly, the management of fixed assets should be strengthened to ensure that the investment scale of fixed assets is appropriate. Secondly, reduce excessive investment in nonproductive fixed assets. Thirdly, the fixed assets shall be maintained and updated in time.

Gross Profit Margin

2019-2020

(38% to 32%)

From the year of 2019 to 2020, gross profit margin have decreased for 6%, from 38% to 32%. There are several causes of a decrease in gross profit margin. Firstly, lowering price of product during the pandemic Covid-19. Secondly, increasing number of competitor. Lastly, the change of technology also affects the gross profit margin of firm.

There are several ways to overcome this situation, first, increase the product price, increase the volume of sales, and reduce the cost of goods sold.

Operating Profit Margin

2019-2020

(12.90% to 8.90%)

From the year of 2019 to 2020, operating profit margin have decreased for 4%, from 12.90% to 8.90%. There are 2 main reasons for a decline in operating profit margin. Firstly, decreases in sales/revenue, affected by the pandemic of Covid-19. People rarely going out for shopping during the lockdown and less people reach Dutch Lady's goods. Secondly, increases in expenses during the lockdown due to the government policy.

There are ways to overcome this situation, Dutch Lady should reforms working time to cut cost, improve the management team, and reduce expenses in physical marketing.

Net Profit Margin

2019-2020

(9.70% to 6.70%)

From the year of 2019 to 2020, net profit margin have decreased for 3%, from 9.70% to 6.70%. There are several reasons why net profit margin decreases during the pandemic of Covid-19, first, low revenues when the lockdown happened in Malaysia. Then, The changes in the cost of goods sold also affected the net profit margin.

There are some ways to overcome this situation, Dutch Lady must increase the sales and reduce the expenses whether it is worth cutting down the cost of materials, and machine or reducing the marketing strategies like, advertising, promotion, and others.

Return on Equity (ROE)

2019-2020

(71.30% to 44%)

From the year of 2019 to 2020, return on equity have decreased from 71.3% to 44%. There are many reasons why ROE can decrease, decreasing in revenue and profits, high depreciation, and carry out a high-priced acquisition and buying purchases with a big amount of shares.

There are several ways to overcome this situation during the pandemic, firstly, improve the profit margins. Then, reduce the tax expenses. Moreover, improve the assets turnover, and lastly, buy back its own stock.

6.0 Conclusion

In conclusion, there were no significantly improvements in the 10 years time (2011-2020) after analyze all the financial ratios of Dutch Lady. Covid-19 pandemic made the financial status of the company become even worse. Dutch Lady should start taking actions on marketing, technology advance, finance, and production to make sure that they keep keep on being competitive in the market, since globalization brought a lot of brands get into the Malaysia food and beverages market.

Every financial ratios should be consider time to time to identify the current financial situation of the company and make sure that each of the performance of ratios are above average compare to the competitors in the market.

Other than that, one thing to mention is how Covid-19 and the lockdown affected all the industries in the world. Although that the food and beverages industry is the least negatively affected industry, but we can clearly see how it impacted the industry after analyzing the financial ratios of Dutch Lady.

Since the Covid-19 is starting get away from the sight of the Malaysian, Dutch Lady should try to adjust their strategies to increase their sales and profit to increase the current investors' confident in their company and attract more investors to invest in them. In this moment, a significantly increase in sales would definitely catch the eyes of the investors, since the stock price is below average right now.

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Dutch Lady Financial Statement (Reference)

Statement of Financial Position

Statement of Comprehensive Income

2011

SOFP

	Note	2011 RM'000	2010 RM'000
ASSETS			
Property, plant and equipment	3	71,602	69,803
Intangible assets	4	2,446	3,443
TOTAL NON-CURRENT ASSETS		74,048	73,246
Inventories	5	93,448	72,722
Trade and other receivables	6	36,714	75,176
Prepayments		1,161	689
Cash and cash equivalents	7	193,143	85,657
TOTAL CURRENT ASSETS		324,466	234,244
TOTAL ASSETS		398,514	307,490
EQUITY			
Share capital	8	64,000	64,000
Retained earnings	8	195,154	133,472
TOTAL EQUITY		259,154	197,472
LIABILITIES			
Deferred tax liabilities	9	4,051	3,757
TOTAL NON-CURRENT LIABILITIES		4,051	3,757
Trade and other payables	10	121,832	99,638
Provision	11	375	348
Current tax liabilities		13,102	6,275
TOTAL CURRENT LIABILITIES		135,309	106,261
TOTAL LIABILITIES		139,360	110,018
TOTAL EQUITY AND LIABILITIES		398,514	307,490

SOCI

	Note	2011 RM'000	2010 RM'000 restated
Revenue		810,647	696,625
Cost of sales		(506,175)	(447,961)
GROSS PROFIT		304,472	248,664
Other income		2,057	1,147
Distribution expenses		(106,180)	(92,128)
Administrative expenses		(26,134)	(22,657)
Other expenses		(34,847)	(45,805)
RESULT FROM OPERATING ACTIVITIES		139,368	89,221
Interest income		3,104	883
Finance costs		(919)	-
PROFIT BEFORE TAX	12	141,553	90,104
Income tax expenses	14	(33,471)	(26,217)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		108,082	63,887
BASIC EARNINGS PER ORDINARY SHARE (SEN)	15	168.90	99.80

2012

SOFP

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
Property, plant and equipment	3	73,073	71,602	69,803
Intangible assets	4	1,191	2,446	3,443
TOTAL NON-CURRENT ASSETS		74,264	74,048	73,246
Inventories	5	86,781	93,448	72,722
Trade and other receivables	6	16,176	36,714	75,176
Prepayments		709	1,161	689
Cash and cash equivalents	7	204,844	193,143	85,657
TOTAL CURRENT ASSETS		308,510	324,466	234,244
TOTAL ASSETS		382,774	398,514	307,490
EQUITY				
Share capital	8	64,000	64,000	64,000
Retained earnings	8	152,134	195,154	133,472
TOTAL EQUITY		216,134	259,154	197,472
LIABILITIES				
Deferred tax liabilities	9	4,854	4,051	3,757
TOTAL NON-CURRENT LIABILITIES		4,854	4,051	3,757
Trade and other payables	10	146,538	121,832	99,638
Provision	11	168	375	348
Current tax liabilities		15,080	13,102	6,275
TOTAL CURRENT LIABILITIES		161,786	135,309	106,261
TOTAL LIABILITIES		166,640	139,360	110,018
TOTAL EQUITY AND LIABILITIES		382,774	398,514	307,490

SOCI

	Note	2012 RM'000	2011 RM'000
Revenue		882,179	810,647
Cost of sales		(535,475)	(506,175)
GROSS PROFIT		346,704	304,472
Other income		864	2,057
Distribution expenses		(120,676)	(106,180)
Administrative expenses		(27,472)	(26,134)
Other expenses		(36,813)	(34,847)
RESULTS FROM OPERATING ACTIVITIES		162,607	139,368
Interest income		6,056	3,104
Finance costs		(2,862)	(919)
PROFIT BEFORE TAX	12	165,801	141,553
Income tax expense	14	(42,421)	(33,471)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		123,380	108,082
BASIC EARNINGS PER ORDINARY SHARE (SEN)	15	192.80	168.90

2013

SOFP

	Note	2013 RM'000	2012 RM'000 restated
ASSETS			
Property, plant and equipment	3	77,176	73,073
Intangible assets	4	1,557	1,191
TOTAL NON-CURRENT ASSETS		78,733	74,264
Inventories	5	113,208	86,781
Trade and other receivables	6	35,482	36,865
Prepayments		583	709
Derivative financial assets	7	185	-
Cash and cash equivalents	8	187,641	204,844
		337,099	329,199
Assets classified as held for sale	9	629	-
TOTAL CURRENT ASSETS		337,728	329,199
TOTAL ASSETS		416,461	403,463
EQUITY			
Share capital	10	64,000	64,000
Retained earnings	10	123,998	152,134
TOTAL EQUITY		187,998	216,134
LIABILITIES			
Deferred tax liabilities	11	5,695	4,854
TOTAL NON-CURRENT LIABILITIES		5,695	4,854
Trade and other payables	12	206,785	167,227
Provision	13	173	168
Current tax liabilities		15,702	15,080
Derivative financial liabilities	7	108	-
TOTAL CURRENT LIABILITIES		222,768	182,475
TOTAL LIABILITIES		228,463	187,329
TOTAL EQUITY AND LIABILITIES		416,461	403,463

SOCI

	Note	2013 RM'000	2012 RM'000
Revenue		982,686	882,179
Cost of sales		(608,738)	(535,475)
GROSS PROFIT		373,948	346,704
Other income		765	864
Distribution expenses		(121,475)	(120,676)
Administrative expenses		(25,254)	(27,472)
Other expenses		(43,782)	(36,813)
RESULTS FROM OPERATING ACTIVITIES		184,202	162,607
Interest income		5,788	6,056
Finance costs		(3,316)	(2,862)
PROFIT BEFORE TAX	14	186,674	165,801
Tax expense	16	(48,410)	(42,421)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		138,264	123,380
BASIC EARNINGS PER ORDINARY SHARE (SEN)	17	216.00	192.80

2014

SOFP

	Note	2014 RM'000	2013 RM'000
Assets			
Property, plant and equipment	3	82,811	77,176
Intangible assets	4	1,759	1,557
Total non-current assets		84,570	78,733
Inventories	5	92,545	113,208
Trade and other receivables	6	37,346	35,482
Prepayments		1,229	583
Derivative financial assets	7	5,548	185
Cash and cash equivalents	8	124,269	187,641
		260,937	337,099
Assets classified as held for sale	9	–	629
Total current assets		260,937	337,728
Total assets		345,507	416,461
Equity			
Share capital	10	64,000	64,000
Retained earnings		93,039	123,998
Total equity		157,039	187,998
Liabilities			
Deferred tax liabilities	11	6,704	5,695
Total non-current liabilities		6,704	5,695
Trade and other payables	12	176,496	206,785
Provision	13	229	173
Current tax liabilities		5,020	15,702
Derivative financial liabilities	7	19	108
Total current liabilities		181,764	222,768
Total liabilities		188,468	228,463
Total equity and liabilities		345,507	416,461

SOCI

	Note	2014 RM'000	2013 RM'000 Restated
Revenue		1,000,244	980,073
Cost of sales		(671,677)	(602,556)
Gross profit		328,567	377,517
Other income		7,193	765
Distribution expenses		(121,628)	(125,044)
Administrative expenses		(25,067)	(25,254)
Other expenses		(40,876)	(43,782)
Results from operating activities		148,189	184,202
Interest income		3,784	5,788
Finance costs		(3,550)	(3,316)
Profit before tax	14	148,423	186,674
Tax expense	16	(38,582)	(48,410)
Profit for the year/Total comprehensive income for the year		109,841	138,264
Basic earnings per ordinary share (sen)	17	171.6	216.0

2015

SOFP

	Note	2015 RM'000	2014 RM'000
Assets			
Property, plant and equipment	3	90,831	82,811
Intangible assets	4	5,099	1,759
Total non-current assets		95,930	84,570
Inventories	5	99,067	92,545
Trade and other receivables	6	55,172	37,346
Prepayments		909	1,229
Derivative financial assets	7	1,056	5,548
Cash and cash equivalents	8	160,391	124,269
Total current assets		316,595	260,937
Total assets		412,525	345,507
Equity			
Share capital	9	64,000	64,000
Retained earnings		93,219	93,039
Total equity		157,219	157,039
Liabilities			
Deferred tax liabilities	10	6,394	6,704
Total non-current liabilities		6,394	6,704
Trade and other payables	11	231,136	176,496
Provision	12	118	229
Current tax liabilities		16,657	5,020
Derivative financial liabilities	7	1,001	19
Total current liabilities		248,912	181,764
Total liabilities		255,306	188,468
Total equity and liabilities		412,525	345,507

SOCI

	Note	2015 RM'000	2014 RM'000
Revenue – sales of goods		1,001,663	1,000,244
Cost of sales		(580,947)	(671,677)
Gross profit		420,716	328,567
Other income		6,587	7,193
Distribution expenses		(157,873)	(121,628)
Administrative expenses		(24,330)	(25,067)
Other expenses		(56,609)	(40,876)
Results from operating activities		188,491	148,189
Interest income		3,854	3,784
Finance costs		(3,608)	(3,550)
Profit before tax	13	188,737	148,423
Tax expense	15	(47,757)	(38,582)
Profit for the year/Total comprehensive income for the year		140,980	109,841
Basic earnings per ordinary share (sen)	16	220.3	171.6

2016

SOFP

	Note	2016 RM'000	2015 RM'000
Assets			
Property, plant and equipment	3	95,657	90,831
Intangible assets	4	5,807	5,099
Total non-current assets		101,464	95,930
Inventories	5	112,993	99,067
Trade and other receivables	6	90,581	55,172
Prepayments		2,184	909
Derivative financial assets	7	–	1,056
Cash and cash equivalents	8	213,619	160,391
Total current assets		419,377	316,595
Total assets		520,841	412,525
Equity			
Share capital	9	64,000	64,000
Retained earnings		101,493	93,219
Total equity		165,493	157,219
Liabilities			
Deferred tax liabilities	10	6,958	6,394
Total non-current liability		6,958	6,394
Trade and other payables	11	335,360	231,136
Provision	12	155	118
Current tax liabilities		12,804	16,657
Derivative financial liabilities	7	71	1,001
Total current liabilities		348,390	248,912
Total liabilities		355,348	255,306
Total equity and liabilities		520,841	412,525

SOCI

	Note	2016 RM'000	2015 RM'000
Revenue – sales of goods		1,047,725	1,001,663
Cost of sales		(603,852)	(580,947)
Gross profit		443,873	420,716
Other income		4,909	6,587
Distribution expenses		(167,342)	(157,873)
Administrative expenses		(24,995)	(24,330)
Other expenses		(59,851)	(56,609)
Results from operating activities		196,594	188,491
Interest income		4,508	3,854
Finance costs		(3,120)	(3,608)
Profit before tax	13	197,982	188,737
Tax expense	15	(48,908)	(47,757)
Net profit for the year/Total comprehensive income for the year		149,074	140,980
Basic and diluted earnings per ordinary share (sen)	16	232.9	220.3

2017

SOFP

	Note	2017 RM'000	2016 RM'000
Assets			
Property, plant and equipment	3	100,799	95,657
Intangible assets	4	4,678	5,807
Total non-current assets		105,477	101,464
Inventories	5	115,839	112,993
Trade and other receivables	6	106,730	90,581
Prepayments		2,873	2,184
Cash and cash equivalents	7	61,339	213,619
Total current assets		286,781	419,377
Total assets		392,258	520,841
Equity			
Share capital	8	64,000	64,000
Retained earnings		40,010	101,493
Total equity		104,010	165,493
Liabilities			
Deferred tax liabilities	9	6,608	6,958
Total non-current liability		6,608	6,958
Trade and other payables	10	270,306	335,360
Provision	11	178	155
Current tax liabilities		7,975	12,804
Derivative financial liabilities	12	3,181	71
Total current liabilities		281,640	348,390
Total liabilities		288,248	355,348
Total equity and liabilities		392,258	520,841

SOCI

	Note	2017 RM'000	2016 RM'000
Revenue – sales of goods		1,064,536	1,047,725
Cost of sales		(663,372)	(603,852)
Gross profit		401,164	443,873
Other income		–	4,909
Distribution expenses		(149,930)	(167,342)
Administrative expenses		(27,389)	(24,995)
Other expenses		(66,440)	(59,851)
Results from operating activities		157,405	196,594
Interest income		3,109	4,508
Finance costs		(2,995)	(3,120)
Profit before tax	13	157,519	197,982
Tax expense	15	(39,802)	(48,908)
Net profit for the year/Total comprehensive income for the year		117,717	149,074
Basic and diluted earnings per ordinary share (sen)	16	183.9	232.9

2018

SOFP

	Note	2018 RM'000	2017 RM'000
Assets			
Property, plant and equipment	3	122,297	100,799
Intangible assets	4	2,956	4,678
Total non-current assets		125,253	105,477
Inventories	5	131,050	115,839
Trade and other receivables	6	112,381	106,730
Prepayments		3,819	2,873
Cash and bank balances	7	32,109	61,339
Derivative financial assets	12	190	-
Total current assets		279,549	286,781
Total assets		404,802	392,258
Equity			
Share capital	8	64,000	64,000
Retained earnings		41,459	40,010
Total equity		105,459	104,010
Liabilities			
Deferred tax liabilities	9	6,539	6,608
Total non-current liability		6,539	6,608
Trade and other payables	10	266,388	270,306
Provision	11	191	178
Current tax liabilities		9,994	7,975
Bank overdraft	7	15,172	-
Derivative financial liabilities	12	1,059	3,181
Total current liabilities		292,804	281,640
Total liabilities		299,343	288,248
Total equity and liabilities		404,802	392,258

SOCI

	Note	2018 RM'000	2017 RM'000
Revenue from contracts with customers - sales of goods recognised point in time		1,048,568	1,064,536
Cost of sales		(632,317)	(663,372)
Gross profit		416,251	401,164
Other income		10,494	-
Distribution expenses		(162,522)	(149,930)
Administrative expenses		(28,764)	(27,389)
Other expenses		(61,594)	(66,440)
Results from operating activities		173,865	157,405
Interest income		858	3,109
Finance costs		(3,431)	(2,995)
Profit before tax	13	171,292	157,519
Tax expense	15	(41,843)	(39,802)
Net profit for the year/Total comprehensive income for the year		129,449	117,717
Basic and diluted earnings per ordinary share (sen)	16	202.3	183.9

2019

SOFP

	Note	2019 RM'000	2018 RM'000
Assets			
Property, plant and equipment	3	123,482	122,297
Right-of-use assets	4	3,977	-
Intangible assets	5	1,675	2,956
Total non-current assets		129,134	125,253
Inventories	6	135,024	131,050
Trade and other receivables	7	112,852	112,381
Prepayments		5,052	3,819
Cash and bank balances	8	61,532	32,109
Derivative financial assets	9	-	190
Total current assets		314,460	279,549
Total assets		443,594	404,802
Equity			
Share capital	10	64,000	64,000
Retained earnings		80,417	41,459
Total equity		144,417	105,459
Liabilities			
Lease liabilities	4	340	-
Deferred tax liabilities	11	6,794	6,539
Total non-current liabilities		7,134	6,539
Trade and other payables	12	264,928	266,388
Provision	13	207	191
Current tax liabilities		7,663	9,994
Bank overdraft	8	16,724	15,172
Lease liabilities	4	634	-
Derivative financial liabilities	9	1,887	1,059
Total current liabilities		292,043	292,804
Total liabilities		299,177	299,343
Total equity and liabilities		443,594	404,802

SOCI

	Note	2019 RM'000	2018 RM'000
Revenue from contracts with customers - sales of goods recognised point in time		1,066,662	1,048,568
Cost of sales		(661,942)	(632,317)
Gross profit		404,720	416,251
Other income		3,371	10,494
Distribution expenses		(168,191)	(162,522)
Administrative expenses		(28,156)	(28,764)
Other expenses		(70,902)	(61,594)
Results from operating activities		140,842	173,865
Interest income		455	858
Finance costs		(3,697)	(3,431)
Profit before tax	14	137,600	171,292
Tax expense	16	(34,642)	(41,843)
Net profit for the financial year/Total comprehensive income for the financial year		102,958	129,449
Basic and diluted earnings per ordinary share (sen)	17	160.9	202.3

2020

SOFP

	Note	2020 RM'000	2019 RM'000
Assets			
Property, plant and equipment	3	**199,721**	123,482
Right-of-use assets	4	**9,732**	3,977
Intangible assets	5	**957**	1,675
Total non-current assets		**210,410**	129,134
Inventories	6	**151,016**	135,024
Trade and other receivables	7	**81,501**	112,852
Prepayments		**311**	5,052
Cash and bank balances	8	**55,605**	61,532
Derivative financial assets	9	**2**	-
Total current assets		**288,435**	314,460
Total assets		**498,845**	443,594
Equity			
Share capital	10	**64,000**	64,000
Retained earnings		**102,580**	80,417
Total equity		**166,580**	144,417
Liabilities			
Lease liabilities	4	**3,590**	340
Deferred tax liabilities	11	**4,494**	6,794
Total non-current liabilities		**8,084**	7,134
Trade and other payables	12	**295,492**	264,928
Provision	13	**228**	207
Current tax liabilities		**6,723**	7,663
Bank overdraft	8	**16,705**	16,724
Lease liabilities	4	**2,893**	634
Derivative financial liabilities	9	**2,140**	1,887
Total current liabilities		**324,181**	292,043
Total liabilities		**332,265**	299,177
Total equity and liabilities		**498,845**	443,594

SOCI

	Note	2020 RM'000	2019 RM'000
Revenue from contracts with customers - sales of goods recognised point in time		**1,100,659**	1,066,662
Cost of sales		**(743,582)**	(661,942)
Gross profit		**357,077**	404,720
Other income		**6,518**	3,371
Distribution expenses		**(155,875)**	(168,191)
Administrative expenses		**(30,850)**	(28,156)
Other expenses		**(76,869)**	(70,902)
Results from operating activities		**100,001**	140,842
Interest income		**683**	455
Finance costs		**(3,173)**	(3,697)
Profit before tax	14	**97,511**	137,600
Tax expense	16	**(24,148)**	(34,642)
Net profit for the financial year/Total comprehensive income for the financial year		**73,363**	102,958
Basic and diluted earnings per ordinary share (sen)	17	**114.6**	160.9