

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 31 March 2024

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	3 months TO DATE	3 months TO DATE
	31/03/24 (Unaudited) RM'000	31/03/23 (Unaudited) RM'000	31/03/24 (Unaudited) RM'000	31/03/23 (Unaudited) RM'000
Revenue	362,773	354,314	362,773	354,314
Cost of Sales	<u>(236,092)</u>	<u>(266,958)</u>	<u>(236,092)</u>	<u>(266,958)</u>
Gross Profit	126,681	87,356	126,681	87,356
Other Income	-	(2,401)	-	(2,401)
Distribution Expenses	(50,964)	(45,027)	(50,964)	(45,027)
Administrative Expenses	(9,976)	(9,374)	(9,976)	(9,374)
Other Operating Expenses	<u>(29,484)</u>	<u>(17,762)</u>	<u>(29,484)</u>	<u>(17,762)</u>
Results from Operating Activities	36,257	12,792	36,257	12,792
Interest Income	62	267	62	267
Finance Costs	<u>(1,078)</u>	<u>(1,074)</u>	<u>(1,078)</u>	<u>(1,074)</u>
Profit Before Taxation	35,241	11,985	35,241	11,985
Income Tax Expenses	<u>(8,583)</u>	<u>(3,466)</u>	<u>(8,583)</u>	<u>(3,466)</u>
Profit After Taxation	26,658	8,519	26,658	8,519
Other Comprehensive Income	-	-	-	-
Changes in fair value of cash flow hedge				
Deferred tax on fair value of cash flow hedge				
Profit for the period/Total comprehensive income for the period	<u>26,658</u>	<u>8,519</u>	<u>26,658</u>	<u>8,519</u>
Profit Attributable to:				
Equity holders of the Company	26,658	8,519	26,658	8,519
Non-controlling interest	-	-	-	-
	<u>26,658</u>	<u>8,519</u>	<u>26,658</u>	<u>8,519</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>41.70</u>	<u>13.30</u>	<u>41.70</u>	<u>13.30</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 31 March 2024

	AS AT 31/03/24 RM'000 (Unaudited)	AS AT 31/12/23 RM'000 (Audited)
ASSETS		
Property, plant and equipment	524,573	503,206
Right-of-use assets	7,096	8,473
Intangible assets	28,226	27,492
Other receivables	3,819	1,987
Deferred tax assets	3,614	2,220
TOTAL NON-CURRENT ASSETS	567,328	543,378
Inventories	232,799	241,098
Trade and other receivables	126,123	94,343
Prepayments	2,301	1,310
Current tax receivable	-	-
Cash and cash equivalents	48,162	66,152
Derivatives financial assets	1,094	595
CURRENT ASSETS	410,479	403,498
Assets classified as held for sale	-	-
TOTAL CURRENT ASSETS	410,479	403,498
TOTAL ASSETS	<u>977,807</u>	<u>946,876</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	399,903	373,245
Attributable to equity holders of the Company	463,903	437,245
Non-controlling interest	-	-
TOTAL EQUITY	463,903	437,245
LIABILITIES		
Lease Liabilities	3,363	3,994
Deferred tax liabilities	-	-
Provision	375	375
TOTAL NON-CURRENT LIABILITIES	3,738	4,369
Trade and other payables	484,944	482,094
Provision	11,068	12,689
Current tax liabilities	8,287	1,123
Bank overdraft	-	-
Lease Liabilities	5,484	6,961
Derivatives financial liabilities	383	2,395
CURRENT LIABILITIES	510,166	505,262
TOTAL LIABILITIES	513,904	509,631
TOTAL EQUITY AND LIABILITIES	<u>977,807</u>	<u>946,876</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>7.25</u>	<u>6.83</u>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITYFor the financial quarter ended 31 March 2024
(The figures have not been audited)

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Non- Controlling Interest RM'000	Total RM'000
3 months ended 31 March 2024					
Balance at beginning of period	64,000	373,245	437,245	-	437,245
Movements during the period	-	26,658	26,658	-	26,658
Dividend payable	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at end of period	64,000	399,903	463,903	-	463,903
3 months ended 31 March 2023					
Balance at beginning of period	64,000	332,851	396,851	-	396,851
Movements during the period	-	8,519	8,519	-	8,519
Dividend payable	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at end of period	64,000	341,370	405,370	-	405,370

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 31 March 2024

	3 months TO DATE	3 months TO DATE
	31/03/24 (Unaudited) RM'000	31/03/23 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	328,662	331,298
Cash paid to suppliers and employees	(313,113)	(277,162)
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Cash generated from operations	15,549	54,136
Income tax paid	(2,813)	(5,443)
Penalty paid	-	-
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	12,736	48,693
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(26,795)	(24,917)
Additions of intangible assets	(807)	(2,217)
Assets classified as held for sale	-	-
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from disposal of asset classified as held for sale	-	-
Interest received	62	267
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(27,540)	(26,867)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(980)	(820)
Dividends paid	-	-
Payment of principal portion of lease liabilities	(2,206)	(2,221)
	<hr/>	<hr/>
Net cash used in financing activities	(3,186)	(3,041)
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Net increase/(decrease) in cash and cash equivalents	(17,990)	18,785
Cash and cash equivalents brought forward	66,152	104,941
	<hr/>	<hr/>
Cash and cash equivalents carried forward	48,162	123,726
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	48,162	123,726
Bank overdraft	-	-
Deposits placed with licensed banks	-	-
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	48,162	123,726
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(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023)

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

NOTES

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, 'Interim Financial Reporting' in Malaysia and with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited financial statements of the Company as at and for the year ended 31 December 2023.

The accounting policies and methods of computation are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2023.

2. Auditors' Report of Preceding Annual Financial Statements

The auditors' report of the Company in respect of the annual audited financial statements for the year ended 31 December 2023 was not subject to any audit qualification.

3. Seasonal and Cyclical Factors

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

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

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

5. Changes in Estimates

Pursuant to the Company's announced investment in our future manufacturing activities, DLMI has identified assets in its Petaling Jaya factory that will not be transitioned to the new site. In light of this, DLMI has implemented accelerated depreciation for the mentioned assets at the start of 2021 financial year, continuing into 2022, 2023 and 2024.

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

6. Changes in Debt and Equity

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

7. **Segmental Analysis**

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

	Quarter ended 31/03/24 RM'000	Quarter ended 31/03/23 RM'000
Segment profit		
Revenue	362,773	354,314
Profit/(loss) After Taxation	26,658	8,519

8. **Capital Commitments**

	As at 31/03/24 RM'000	As at 31/03/23 RM'000
Property, plant and equipment		
Authorised but not contracted for	121,090	171,545
Contracted but not provided for	72,551	177,970

9. **Subsequent Events**

There were no material subsequent events that will affect the financial results of the financial period under review.

10. **Changes in Composition of the Company**

There were no changes in the composition of the Company during the financial period under review.

11. **Related Party Transactions**

The following are significant related party transactions: -

	Quarter ended 31/03/24 RM'000	Quarter ended 31/03/23 RM'000
Sales to related parties	429	3,160
Purchases from related parties	134,763	122,264
Know-how, Trademark License and Management Support fees	10,004	13,309
Shared services from related parties	5,296	4,047
Advance payment to related parties	-	-

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

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

RM '000	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter	Comparative Quarter	Changes TY vs LY	3 months To Date	3 months To Date	Changes TY vs LY
	31/03/24	31/03/23	%	31/03/24	31/03/23	%
Revenue	362,773	354,314	2.4%	362,773	354,314	2.4%
Operating Profit (exclude Accelerated Depreciation and one-offs)	45,887	17,859	156.9%	45,887	17,859	156.9%
Operating Profit	36,257	12,792	183.4%	36,257	12,792	183.4%
Profit Before Interest and Tax	35,179	11,718	200.2%	35,179	11,718	200.2%
Profit Before Taxation	35,241	11,985	194.0%	35,241	11,985	194.0%
Profit After Taxation	26,658	8,519	212.9%	26,658	8,519	212.9%
Attributable to Ordinary Equity Holders of the parent	26,658	8,519	212.9%	26,658	8,519	212.9%

*Accelerated depreciation and transition-related one-off costs in Q1 2024: RM9.6 million; Q1 2023: RM5.1 million

In the first quarter of 2024, DLMI reported a revenue of RM362.8 million, marking a growth of 2.4% compared to the same period in the previous year. This revenue increase is primarily driven by carry-over effect of price increases implemented in 2023, as well as specific price increase on one of the product ranges in Q1 2024. Additionally, DLMI implemented various revenue growth management initiatives focused on enhancing the product and channel mix. As a market leader, DLMI continues its investments in the Dairy Market and stays committed to its purpose of Nourishing Our Planet and People in Every Stage of Life. In line with this commitment, DLMI strategically prices its products to balance affordability with profitability to always meet consumer needs effectively while maintaining a strong market presence.

Operating Profit reached RM36.3 million in this quarter, up 183.4% from the RM12.8 million achieved in the same quarter of the previous year. In line with the earlier announced investment in our future manufacturing activities, DLMI continued the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. As the construction of the state-of-the-art IR4.0 manufacturing facility in Bandar Enstek progresses, other one-off operating costs related to activities for the construction and transition towards the new site are incurred. These costs for accelerated depreciation and one-offs, amounting to RM9.6 million in Q1 2024, are included in the reported Operating Profit. This is higher than the RM5.1 million cost adjustment reported in Q1 2023.

On a like-for-like-basis Operating Profit excluding accelerated depreciation and one-offs is RM45.9 million, marking a 156.9% increase versus the same quarter in 2023. This increase is mainly driven by growth in revenue and lower costs of dairy raw materials.

Profit Before Taxation in the quarter landed at a RM35.2 million versus RM12.0 million in 2023 as a result of the above-mentioned drivers, whereas Profit After Taxation increased from RM8.5m to RM26.7 million.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q1 vs Q4
	3/31/2024	31/12/23	%
Revenue	362,773	364,531	-0.5%
Operating Profit (exclude Accelerated Depreciation and one-offs)	45,887	59,054	-22.3%
Operating Profit	36,257	27,143	33.6%
Profit Before Interest and Tax	35,179	25,921	35.7%
Profit Before Taxation	35,241	26,219	34.4%
Profit After Taxation	26,658	22,826	16.8%
Attributable to Ordinary Equity Holders of the parent	26,658	22,826	16.8%

*Accelerated depreciation and transition-related one-off in Q1 2024: RM9.6 million; Q4 2023: RM31.9 million

The company's revenue for the current period reached RM362.8m, slightly lower (-0.5%) compared to Q4'23 due to a changing mix of products sold and seasonal promotional costs, although total volume offtake grew compared to the previous quarter.

Operating Profit landed at RM36.3 million in Q1 2024, an increase of 33.6% versus the previous quarter. In line with the announced investment in our future manufacturing activities, DLMI continued the accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. As the progress of construction of the state-of-the-art IR4.0 manufacturing facility in Bandar Enstek progresses, other one-off operating costs related to activities for the construction and transition towards the new site are incurred. These costs for accelerated depreciation and one-offs included in the Reported Operating Profit amount to RM9.6 million compared to RM31.9 million in Q4 2023.

Excluding the one-off costs, Operating profit (excluding Accelerated depreciation and one-offs) decreased by 22.3% (RM13.2 million) vs Q4 2023, mainly caused by seasonal promotional spend and unfavorable exchange rate effects as the MYR lost value against the USD, cushioned somewhat by favorable raw material pricing.

Profit Before Taxation in the quarter increased by RM9.0 million to RM35.2 million as a result of the above-mentioned drivers, whereas Profit After Taxation increased by RM3.8 million to RM26.7 million.

14. Business Prospects

A. 2024 Prospects

Under current market conditions, the market continues to experience significant volatility due to a range of domestic and international uncertainties. These include fluctuating foreign exchange rates, variable commodity prices, and potential shifts in regulatory frameworks. Although the prices of global dairy raw materials have reached a point of stability, they remain historically high and are expected to trend upwards towards the second half of the year. Ongoing geopolitical tensions are causing further fluctuations in raw material prices, which could lead to increasing costs for other commodities. The volatility of the Malaysian Ringgit (MYR), alongside these global and local uncertainties, as well as forthcoming regulatory updates and changes to the tax system, such as the increase in SST rates, present further challenges that may lead to escalated input costs in the near future.

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

This year marks a pivotal moment for DLMI as we embark on a new chapter aimed at sustaining our commitment to nourishing our nation for future generations. At the heart of this endeavor is the inauguration of our state-of-the-art IR4.0 factory at the end of May 2024. This strategic expansion is a pivotal move that not only facilitates DLMI's continued growth but also opens up new opportunities to solidify our position as the leader in the Malaysian dairy industry.

DLMI will continue to focus on optimizing costs and cashflow and is implementing a fit-for-purpose organization to increase effectiveness, lower its fixed cost base to battle the current inflationary and exchange rate headwinds, and secure internal financing for building and transitioning to the new manufacturing facilities.

DLMI is employing cash generated from its operations and working capital to fund the Property, Plant & Equipment (PPE) investments into the new production facility at Bandar Enstek. In the event of a shortfall in working capital, the Company has sufficient committed undrawn overdraft facilities and an inter-company credit facility that can be utilised.

The outlook for DLMI remains cautiously optimistic due to the strength of our brands, and the increasing need for and recognition of the goodness and nutritional value of milk amongst Malaysians. The Company will continue to support local dairy farmers, aiming to enhance both the quantity and quality of locally produced fresh milk.

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

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

Not applicable.

16. Financial Estimate, Forecast or Projection / Profit Guarantee

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

17. Taxation

Taxation is made up as follows: -

	Quarter ended 31/03/24 RM'000	Quarter ended 31/03/23 RM'000
Income tax for current period	9,880	8,168
Income tax for prior period	97	-
Deferred tax for current period	(1,394)	(4,702)
Penalty	-	-
Total taxation	<u>8,583</u>	<u>3,466</u>

The effective tax rate for the current quarter is same as statutory tax rate.

18. Deferred Tax Liabilities/(Assets)

	As At 31/03/24 RM'000	As At 31/03/23 RM'000
At 1 January	(2,220)	2,322
Recognised in the statement of comprehensive income	(1,394)	(443)
At period end	<u>(3,614)</u>	<u>1,879</u>

19. Corporate Proposals

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

20. Company Borrowings

	As at 31/12/23 RM'000	As at 31/12/22 RM'000
Unsecured short-term borrowing		
Bank overdraft	<u>-</u>	<u>-</u>

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

21. Material Litigation

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

22. Financial Instruments

Derivatives

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

Forward exchange contracts	As At 31/03/24 RM'000	As At 31/03/23 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	194,294	179,146
Assets	1,094	3,711
Liabilities	383	382

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's receivables and payables denominated in currencies other than the functional currencies of the Company's entity. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

23. Earnings Per Share

	Quarter ended 31/03/24	Quarter ended 31/03/23
Basic earnings per share		
Profit for the period (RM'000)	26,658	8,519
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	41.70	13.30

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

24. Proposed Dividend

On 27 May 2024, the Company has declared a standard single-tier first interim dividend of RM0.25 per share amounting to RM16 million in respect of the financial year ending 31 December 2024.

All shareholders whose names appear on the Record of Depositors on 12 June 2024 shall be paid the above dividends on 20 June 2024.

A Depositor shall qualify for entitlement only in respect of:

- a) Securities transferred to the Depositor's Securities Account before 5.00pm on 12 June 2024, in respect of ordinary transfers; and
- b) Securities bought on Bursa Malaysia Securities Berhad.

25. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 31/03/24 RM'000	Year to-date 31/03/23 RM'000
Interest income	62	267
Finance costs		
- Interest expense	(981)	(1,007)
- Finance charge from lease	(98)	(67)
Depreciation of property, plant and equipment	(2,953)	(4,210)
Accelerated depreciation of property, plant and equipment	(2,475)	(3,110)
Depreciation of rights-of-use assets	(1,377)	(932)
Amortisation of intangible assets	(73)	(77)
Write (down)/back of inventories*	(871)	(985)
Gain/(Loss) on disposal of property, plant & equipment	-	-
Gain/(Loss) on written off of property, plant & equipment	-	-
Impairment of property, plant & equipment	-	-
Net gain/(loss) on derivatives	2,511	8,140
Net foreign exchange gain/(loss)		
- Realised	551	(3,519)
- Unrealised	(50)	117

*Inventory Revaluation

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
27th May 2024