

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 30 September 2024

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	COMPARATIVE QUARTER	9 months TO DATE	9 months TO DATE
	30/09/24 (Unaudited) RM'000	30/09/23 (Unaudited) RM'000	30/09/24 (Unaudited) RM'000	30/09/23 (Unaudited) RM'000
Revenue	355,452	372,785	1,079,097	1,078,292
Cost of Sales	<u>(235,881)</u>	<u>(256,913)</u>	<u>(716,134)</u>	<u>(767,789)</u>
Gross Profit	119,571	115,872	362,963	310,503
Other Income	2,720	639	2,720	940
Distribution Expenses	(46,156)	(46,713)	(146,606)	(136,550)
Administrative Expenses	(10,269)	(8,722)	(29,275)	(26,731)
Other Operating Expenses	<u>(44,036)</u>	<u>(34,933)</u>	<u>(101,259)</u>	<u>(75,310)</u>
Results from Operating Activities	21,830	26,143	88,543	72,852
Interest Income	113	248	246	726
Finance Costs	<u>(2,644)</u>	<u>(1,082)</u>	<u>(5,205)</u>	<u>(3,306)</u>
Profit Before Taxation	19,299	25,309	83,584	70,272
Income Tax Expenses	<u>(2,078)</u>	<u>(8,515)</u>	<u>(17,668)</u>	<u>(20,706)</u>
Profit After Taxation	17,221	16,794	65,916	49,566
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>17,221</u>	<u>16,794</u>	<u>65,916</u>	<u>49,566</u>
Profit Attributable to:				
Equity holders of the Company	17,221	16,794	65,916	49,566
Non-controlling interest	-	-	-	-
	<u>17,221</u>	<u>16,794</u>	<u>65,916</u>	<u>49,566</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>26.90</u>	<u>26.20</u>	<u>103.00</u>	<u>77.40</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 30 September 2024

	AS AT 30/09/24 RM'000 (Unaudited)	AS AT 31/12/23 RM'000 (Audited)
ASSETS		
Property, plant and equipment	575,593	503,206
Right-of-use assets	4,398	8,473
Intangible assets	32,813	27,492
Other receivables	3,803	1,987
Deferred tax assets	-	2,220
TOTAL NON-CURRENT ASSETS	616,607	543,378
Inventories	236,985	241,098
Trade and other receivables	117,435	94,343
Prepayments	4,165	1,310
Current tax receivable	4,920	-
Cash and cash equivalents	39,142	66,152
Derivatives financial assets	354	595
CURRENT ASSETS	403,001	403,498
Assets classified as held for sale	-	-
TOTAL CURRENT ASSETS	403,001	403,498
TOTAL ASSETS	<u>1,019,608</u>	<u>946,876</u>
EQUITY		
Share capital	64,000	64,000
Retained profits	423,161	373,245
Attributable to equity holders of the Company	487,161	437,245
Non-controlling interest	-	-
TOTAL EQUITY	487,161	437,245
LIABILITIES		
Lease Liabilities	2,095	3,994
Deferred tax liabilities	4,094	-
Provision	375	375
Borrowings	72,974	-
TOTAL NON-CURRENT LIABILITIES	79,538	4,369
Trade and other payables	435,911	482,094
Provision	4,455	12,689
Current tax liabilities	-	1,123
Bank overdraft	-	-
Lease Liabilities	2,525	6,961
Derivatives financial liabilities	10,018	2,395
Borrowings	-	-
CURRENT LIABILITIES	452,909	505,262
TOTAL LIABILITIES	532,447	509,631
TOTAL EQUITY AND LIABILITIES	<u>1,019,608</u>	<u>946,876</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>7.61</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 30 September 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
9 months ended 30 September 2024					
Balance at beginning of period	64,000	373,245	437,245	-	437,245
Movements during the period	-	65,916	65,916	-	65,916
Dividend payable	-	-	-	-	-
Dividends paid	-	(16,000)	(16,000)	-	(16,000)
Balance at end of period	64,000	423,161	487,161	-	487,161
9 months ended 30 September 2023					
Balance at beginning of period	64,000	332,851	396,851	-	396,851
Movements during the period	-	49,566	49,566	-	49,566
Dividend payable	-	-	-	-	-
Dividends paid	-	(16,000)	(16,000)	-	(16,000)
Balance at end of period	64,000	366,417	430,417	-	430,417

(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 30 September 2024

	9 months TO DATE	9 months TO DATE
	30/09/24 (Unaudited) RM'000	30/09/23 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	1,054,430	1,042,343
* Cash paid to suppliers and employees	(1,007,337)	(851,306)
	<hr/>	<hr/>
Cash generated from operations	47,093	191,037
Income tax paid	(17,397)	(15,719)
Penalty paid	-	-
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	29,696	175,318
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
* Additions of property, plant and equipment	(98,996)	(124,788)
* Additions of intangible assets	(3,390)	(12,878)
Assets classified as held for sale	-	(380)
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from disposal of asset classified as held for sale	-	-
Interest received	246	726
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(102,140)	(137,320)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(4,972)	(3,051)
Dividends paid	(16,000)	(16,000)
Payment of principal portion of lease liabilities	(6,568)	(6,352)
Increase/(Repayment) of borrowings	72,974	-
	<hr/>	<hr/>
Net cash used in financing activities	45,434	(25,403)
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Net increase/(decrease) in cash and cash equivalents	(27,010)	12,595
Cash and cash equivalents brought forward	66,152	104,941
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Cash and cash equivalents carried forward	39,142	117,536
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Cash and cash equivalents consist of:		
Cash and bank balances	39,142	117,536
Bank overdraft	-	-
Deposits placed with licensed banks	-	-
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	39,142	117,536
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*During the financial year, the Company has reclassified non-cash items relating to purchase of property, plant and equipment.

(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 30/09/24 RM'000	Quarter ended 30/09/23 RM'000
Segment profit		
Revenue	355,452	372,785
Profit/(loss) After Taxation	17,221	16,794

8. Capital Commitments

	As at 30/09/24 RM'000	As at 30/09/23 RM'000
Property, plant and equipment		
Authorised but not contracted for	38,395	207,202
Contracted but not provided for	92,243	94,134

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 30/09/24 RM'000	Quarter ended 30/09/23 RM'000
Sales to related parties	573	443
Purchases from related parties	173,398	149,525
Know-how, Trademark License and Management Support fees	9,429	6,638
Interest payment to related parties	1,129	-
Shared services from related parties	4,991	4,533
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	9 months To Date	9 months To Date	Changes TY vs LY
	30/09/24	30/09/23	%	30/09/24	30/09/23	%
Revenue	355,452	372,785	-4.6%	1,079,097	1,078,292	0.1%
Operating Profit (exclude Accelerated Depreciation and one-offs)	35,042	44,442	-21.2%	126,113	100,049	26.1%
Operating Profit	21,830	26,143	-16.5%	88,543	72,852	21.5%
Profit Before Interest and Tax	19,186	25,061	-23.4%	83,338	69,546	19.8%
Profit Before Taxation	19,299	25,309	-23.7%	83,584	70,272	18.9%
Profit After Taxation	17,221	16,794	2.5%	65,916	49,566	33.0%
Attributable to Ordinary Equity Holders of the parent	17,221	16,794	2.5%	65,916	49,566	33.0%

*Accelerated depreciation and transition-related one-off costs in Q3 2024: RM13.2 million; Q3 2023: RM18.3 million

In the third quarter of 2024, DLMI reported revenue of RM355.5 million, a 4.6% decrease compared the same period last year. In Q3 the company successfully completed the transition from the factory in Petaling Jaya to the new facility in Bandar Enstek as per plan. This planned transition temporarily affected the availability of products for sales to our customers, whereas promotional campaigns drove higher sales in the same period last year. This had no impact on availability of our core range of products for consumers in stores. As part of the transition DLMI discontinued the production and distribution of some of our non-core Dutch Lady range of products. We will continue to collaborate with all our business partners to provide our consumers with high-quality, sustainable and Halal dairy nutrition in line with our purpose of Nourishing Our Planet and People in Every Stage of Life.

On a year-to-date basis revenue is flat versus prior year, where selective price increases on one of the product ranges and positive mix management offset the transitional effects of Q3 2024.

DLMI remains steadfast and committed in ensuring that we provide the best nutrition offerings and the right portfolio to our business partners to achieve profitable growth and maintain a sustainable business. 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 for the quarter was RM21.8 million, down 16.5% from RM26.1 million in the same quarter last year. The reported operating profit includes RM13.3 million in costs for accelerated depreciation and one-off expenses, down from RM18.3 million in Q3 2023. The production transfer to new state-of-the-art IR4.0 facility in Bandar Enstek was successfully completed in Q3 2024. Accelerated depreciation of assets, tied to the exit from the Petaling Jaya facility, stopped at the end of Q2 2024 as operations in the factory ceased in Q3 2024. Other transition costs remained with the ramp-up of production in the new facility and the ongoing construction of the dedicated Distribution Center at Bandar Enstek.

On a like-for-like basis, excluding these adjustments, the adjusted operating profit amounted to RM35.0 million, reflecting a 21.2% decline compared to the same period in 2023. This decline was primarily driven by lower top-line performance and the mix of products sold, whereas lower dairy raw material prices were offset by negative revaluation of currency hedges due to the strong and fast appreciation of the MYR against the USD in Q3 2024.

Profit Before Taxation for the quarter amounted to RM19.3 million this quarter, compared to RM25.3 million in Q3 2023 as a result of the above-mentioned drivers. Profit After Taxation increased by RM0.4 million to RM17.2 million due to lower tax expense in Q3 2024 following a positive correction on costs initially disallowed for tax deduction.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q2 vs Q3
	30/09/2024	30/06/24	%
Revenue	355,452	360,872	-1.5%
Operating Profit (exclude Accelerated Depreciation and one-offs)	35,042	45,187	-22.5%
Operating Profit	21,830	30,459	-28.3%
Profit Before Interest and Tax	19,186	28,975	-33.8%
Profit Before Taxation	19,299	29,046	-33.6%
Profit After Taxation	17,221	22,039	-21.9%
Attributable to Ordinary Equity Holders of the parent	17,221	22,039	-21.9%

*Accelerated depreciation and transition-related one-off costs in Q3 2024: RM13.2 million; Q2 2024: RM14.7 million

The company's revenue for the current period was RM355.5 million, slightly lower by 1.5% compared to Q2 2024. The company successfully transitioned the production of its liquid milk portfolio to Bandar Enstek in Q3 2024. The reduction in revenue is largely attributable to this planned transition to the new manufacturing facility in Bandar Enstek. This had no impact on availability of our core range of products for consumers in stores. As part of the transition DLMI discontinued the production and distribution of some of our non-core Dutch Lady range of products. We will continue to collaborate with all our business partners to provide our consumers with high-quality, sustainable and Halal dairy nutrition in line with our purpose of Nourishing Our Planet and People in Every Stage of Life. DLMI remains steadfast and committed in ensuring that we provide the best nutrition offerings and the right portfolio to our business partners to achieve profitable growth and maintain a sustainable

Operating profit for this quarter was RM21.8 million, a decrease of 28.3% compared to the previous quarter. In line with the announced investment in our future manufacturing activities, DLMI applied accelerated depreciation of its assets in the Petaling Jaya factory that cannot be transitioned to the new site. The accelerated depreciation ceased at the end of Q2 2024, while other one-off operating costs related to activities for the construction and transition towards the new site have been incurred in Q3 2024. The reported operating profit includes costs for accelerated depreciation and one-off costs amounting to RM13.2 million in Q3 2024, compared to RM14.7 million in Q2 2024.

Excluding one-off costs operating profit for the quarter landed at RM35.0 million, a decrease of 22.5% compared to Q2 2024. This decline is primarily attributed to lower revenue, higher cost of sales and negative revaluation of currency hedges. The company remains focused on optimizing operational efficiencies and implementing cost-control measures to mitigate negative impacts in its P&L.

Profit Before Taxation for the quarter decreased by RM9.7 million to RM19.3 million as a result of the above-mentioned drivers, whereas Profit After Taxation decreased by RM4.8 million to RM17.2 million.

14. **Business Prospects**

A. 2024 Prospects

For the remainder of 2024, the business landscape in Malaysia is expected to face continued challenges due to a range of domestic and international uncertainties. These include geopolitical tensions, fluctuating foreign exchange rates, variable commodity prices, and potential changes in regulatory frameworks. The prices of global dairy raw materials are trending upwards, and 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 regulatory updates, changes to the tax system and other present further challenges are expected to 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 and to continue to invest behind our brands and people, healthy gross margins are essential. 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 mission is our state-of-the-art IR4.0 factory, which was successfully inaugurated at the end of May 2024. The factory in Petaling Jaya ceased production in Q3 2024 and the premise has been handed over to the new owner. The Bandar Enstek facility is now fully operational, while DLMI continues the construction of the new Distribution Center which is expected to be in use by mid-2025. This strategic expansion is a pivotal move that not only facilitates DLMI's continued growth it also opens up new opportunities to solidify our position as the leader in the Malaysian Dairy Industry with innovations aligned to changing consumer preferences, such as the recently launched Dutch Lady Sip & Seal Packs.

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 and distribution facility.

DLMI is employing cash generated from its operations and working capital to fund the Property, Plant & Equipment (PPE) investments into the new production and distribution 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. YTD Q3 2024, DLMI has drawn down USD15.6 million (RM73.3 million) of the available USD35 million (RM164.5 million) intercompany loan facility to further support these investments, ensuring we have the necessary financial resources to complete the transition to the new manufacturing facilities and the remaining construction of the Distribution Center.

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 30/09/24 RM'000	Quarter ended 30/09/23 RM'000
Income tax for current period	(4,981)	5,485
Income tax for prior period	-	3,123
Deferred tax for current period	7,059	(93)
Penalty	-	-
Total taxation	<u>2,078</u>	<u>8,515</u>

The effective tax rate for the current quarter is below with the statutory tax rate.

18. Deferred Tax Liabilities/(Assets)

	As At 30/09/24 RM'000	As At 30/09/23 RM'000
At 1 January	(2,220)	2,322
Recognised in the statement of comprehensive income	6,314	(498)
At period end	<u>4,094</u>	<u>1,824</u>

19. Corporate Proposals

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

20. **Borrowings**

The breakdown of the borrowings as at 30 September 2024 is as follows:

	As at 30/09/24		As at 30/09/23	
	USD'000	RM'000	USD'000	RM'000
<u>Unsecured</u>				
Non-current borrowings – group companies	15,600	72,974	-	-

The borrowings are obtained by a revolving intercompany credit facilities for business working capital purposes. The Company has drawn down USD15.6 million (RM73.3 million) of the available USD35.0 million (RM164.5 million) intercompany loan facility in Q3 2024.

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	As At
	30/09/24	30/09/23
	RM'000	RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	221,033	104,764
Assets	354	5,154
Liabilities	10,018	-

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 30/09/24	Quarter ended 30/09/23
Basic earnings per share		
Profit for the period (RM'000)	17,221	16,794
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	26.90	26.20

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 19 Nov 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 4 December 2024 shall be paid the above dividends on 13 December 2024.

A Depositor shall qualify for entitlement only in respect of:

- a) Securities transferred to the Depositor's Securities Account before 5.00pm on 4 December 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 30/09/24 RM'000	Year to-date 30/09/23 RM'000
Interest income	246	726
Finance costs		
- Interest expense	(3,118)	(2,937)
- Finance charge from lease	(233)	(369)
Depreciation of property, plant and equipment	(7,914)	(11,184)
Accelerated depreciation of property, plant and equipment	(6,991)	(9,149)
Depreciation of rights-of-use assets	(4,075)	(3,742)
Amortisation of intangible assets	(223)	(209)
Write (down)/back of inventories	(3,715)	38
Gain/(Loss) on disposal of property, plant & equipment	-	-
Gain/(Loss) on written off of property, plant & equipment	2,720	(317)
Impairment of property, plant & equipment	-	-
Net gain/(loss) on derivatives	(7,014)	9,965
Net foreign exchange gain/(loss)		
- Realised	(11,530)	6,328
- Unrealised	9,311	(1,093)

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
19th November 2024