

**Farm Fresh Berhad**

Registration Number: 201001010221 (894851-U)  
(Incorporated in Malaysia)

**Interim Financial Report  
Fourth quarter ended 31 March 2024**

## Farm Fresh Berhad

Registration Number: 201001010221 (894851-U)  
(Incorporated in Malaysia)

### Condensed consolidated statement of financial position as at 31 March 2024

	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>Assets</b>		
Property, plant and equipment	494,633	413,861
Right-of-use assets	33,124	19,379
Biological assets	133,284	115,194
Intangible assets	112,826	19,317
Trade and other receivables	563	1,130
Deferred tax assets	8,926	7,673
<b>Total non-current assets</b>	<u>783,356</u>	<u>576,554</u>
Inventories	156,299	173,675
Trade and other receivables	176,433	131,421
Current tax assets	4,509	1,541
Derivative financial assets	893	685
Cash and cash equivalents	58,167	22,970
Other investments	99,944	155,790
<b>Total current assets</b>	<u>496,245</u>	<u>486,082</u>
<b>Total assets</b>	<u><u>1,279,601</u></u>	<u><u>1,062,636</u></u>
<b>Equity</b>		
Share capital	399,555	381,071
Reserves	266,858	249,934
<b>Equity attributable to owners of the Company</b>	<u>666,413</u>	<u>631,005</u>
<b>Non-controlling interests</b>	<u>26,558</u>	<u>4,897</u>
<b>Total equity</b>	<u>692,971</u>	<u>635,902</u>
<b>Liabilities</b>		
Deferred tax liabilities	19,161	7,731
Deferred income	5,955	6,226
Loans and borrowings	338,365	243,318
Lease liabilities	16,742	8,124
Put option liability	36,955	--
<b>Total non-current liabilities</b>	<u>417,178</u>	<u>265,399</u>
Current tax liabilities	648	--
Deferred income	271	271
Derivative financial liabilities	--	1,695
Loans and borrowings	67,648	92,934
Lease liabilities	8,010	2,293
Trade and other payables	92,875	64,142
<b>Total current liabilities</b>	<u>169,452</u>	<u>161,335</u>
<b>Total liabilities</b>	<u>586,630</u>	<u>426,734</u>
<b>Total equity and liabilities</b>	<u><u>1,279,601</u></u>	<u><u>1,062,636</u></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<u>0.36</u>	<u>0.34</u>

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### Condensed consolidated statement of profit or loss and other comprehensive income for the fourth quarter ended 31 March 2024

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	Unaudited 31.3.2024 RM'000	Unaudited 31.3.2023 RM'000	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>Revenue</b>	215,034	161,364	810,411	629,691
Cost of sales	(149,701)	(128,603)	(594,368)	(480,038)
<b>Gross profit</b>	65,333	32,761	216,043	149,653
Other income	4,285	224	12,331	9,162
Selling and distribution expenses	(20,371)	(12,870)	(69,727)	(51,711)
Administrative expenses	(18,314)	(10,725)	(67,425)	(35,872)
Other expenses	(2,459)	(2,022)	(6,337)	(7,592)
<b>Results from operating activities</b>	28,474	7,368	84,885	63,640
Finance income	324	88	1,057	473
Finance costs	(3,954)	(2,945)	(16,877)	(11,939)
<b>Net finance costs</b>	(3,630)	(2,857)	(15,820)	(11,466)
Profit before tax	24,844	4,511	69,065	52,174
Tax expense	(829)	(23)	(5,784)	(2,240)
<b>Profit for the period/year</b>	24,015	4,488	63,281	49,934
<b>Other comprehensive (expense)/ income, net of tax</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation difference: <b>Other comprehensive (expense)/ Income for the period/year</b>	(2,485)	(1,242)	7,023	(9,571)
<b>Total comprehensive income for the period/year</b>	21,530	3,246	70,304	40,363
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	23,929	4,889	63,530	50,079
Non-controlling interests	86	(401)	(249)	(145)
<b>Profit for the period/year</b>	24,015	4,488	63,281	49,934
<b>Total comprehensive income/ (expense) attributable to:</b>				
Owners of the Company	21,534	3,686	70,350	40,836
Non-controlling interests	(4)	(440)	(46)	(473)
<b>Total comprehensive income for the period/year</b>	21,530	3,246	70,304	40,363
Basic earnings per ordinary share (sen)	1.28	0.26	3.40	2.69
Diluted earnings per ordinary share (sen)	1.28	0.26	3.40	2.69

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### Condensed consolidated statement of changes in equity for the fourth quarter ended 31 March 2024

Audited	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Translation reserve RM'000	Share option reserve RM'000	Distributable Retained earnings RM'000			
<b>At 1 April 2022</b>	380,607	2,609	--	222,727	605,943	5,019	610,962
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive income for the year</b>	--	(9,243)	--	--	(9,243)	(328)	(9,571)
Profit for the year	--	--	--	50,079	50,079	(145)	49,934
<b>Total comprehensive income/(expense) for the year</b>	--	(9,243)	--	50,079	40,836	(473)	40,363
<i>Contributions by and distributions to owners of the Company</i>							
Acquisition of a subsidiary	--	--	--	--	--	351	351
Dividend to owners of the Company	--	--	--	(19,880)	(19,880)	--	(19,880)
Share-based payment	--	--	3,722	--	3,722	--	3,722
Issuance of shares pursuant to ESOS	464	--	(80)	--	384	--	384
<b>Total transactions with owners of the Company</b>	464	--	3,642	(19,880)	(15,774)	351	(15,423)
<b>At 31 March 2023</b>	381,071	(6,634)	3,642	252,926	631,005	4,897	635,902

## Farm Fresh Berhad

Registration Number: 201001010221 (894851-U)  
(Incorporated in Malaysia)

### Condensed consolidated statement of changes in equity for the fourth quarter ended 31 March 2024 (continued)

Unaudited	← Attributable to owners of the Company →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Translation reserve RM'000	Share option reserve RM'000	Other reserve RM'000	Distributable Retained earnings RM'000			
<b>At 1 April 2023</b>	381,071	(6,634)	3,642	--	252,926	631,005	4,897	635,902
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive expense for the year</b>	--	6,820	--	--	--	6,820	203	7,023
Profit for the year	--	--	--	--	63,530	63,530	(249)	63,281
<b>Total comprehensive income/(expense) for the year</b>	--	6,820	--	--	63,530	70,350	(46)	70,304
<i>Contributions by and distributions to owners of the Company</i>								
Acquisition of a subsidiary	--	--	--	--	--	--	21,569	21,569
Change in ownership interests in a subsidiary	--	--	--	--	275	275	138	413
Dividend payable to owners of the Company	--	--	--	--	(18,719)	(18,719)	--	(18,719)
Issue of shares	17,632	--	--	--	--	17,632	--	17,632
Issue of shares pursuant to ESOS	852	--	(146)	--	--	706	--	706
Share-based payment	--	--	2,119	--	--	2,119	--	2,119
Put option liability over shares held by non-controlling interests	--	--	--	(34,509)	--	(34,509)	--	(34,509)
Changes in put option liability	--	--	--	(2,446)	--	(2,446)	--	(2,446)
<b>Total transactions with owners of the Company</b>	18,484	--	1,973	(36,955)	(18,444)	(34,942)	21,707	(13,235)
<b>At 31 March 2024</b>	399,555	186	5,615	(36,955)	298,012	666,413	26,558	692,971

## Farm Fresh Berhad

Registration Number: 201001010221 (894851-U)  
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### Condensed consolidated statement of cash flows for the fourth quarter ended 31 March 2024

	12 months ended	
	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	69,065	52,174
Adjustments for:		
Depreciation and amortisation:		
- property, plant and equipment	40,165	31,064
- right-of-use assets	8,158	1,928
- intangible assets	263	235
Finance income	(1,057)	(473)
Finance costs	16,877	11,939
Equity settled share based payment	2,070	3,653
Impairment loss on trade receivables	1,195	269
Bad debts written off	398	--
(Reversal)/Write off of:		
- property, plant and equipment	509	8
- obsolete and slow-moving inventories	(614)	(175)
Gain on disposal of property, plant and equipment	(867)	(299)
Gain from a bargain purchase	--	(134)
Amortisation of deferred income	(271)	(271)
(Gain)/Loss arising from changes in fair value of:		
- dairy cows and goats	(502)	(110)
- derivatives financial instruments	(1,922)	2,486
- other investments	1,124	(2,457)
Gain on disposal of money market investments	(3,491)	--
Distribution income from money market investments	(2,787)	(3,738)
Unrealised (gain)/loss on foreign exchange	(13)	(488)
<b>Operating profit before changes in working capital</b>	128,300	95,611
Change in inventories	20,810	(53,314)
Change in trade and other receivables	(36,792)	(29,321)
Change in trade and other payables	25,291	(31,289)
<b>Cash generated from operations</b>	137,609	(18,313)
Interest received	1,057	473
Tax paid	(3,644)	(2,089)
<b>Net cash from/(used in) operating activities</b>	135,022	(19,929)
<b>Cash flows from investing activities</b>		
Acquisition of:		
- property, plant and equipment	(105,972)	(111,512)
- biological assets	(23,538)	(29,658)
- right-of-use assets	(2,626)	(1,964)
- intangible assets	(1,124)	(324)
- subsidiary, net of cash and cash equivalents acquired	(64,143)	(3,239)
Net withdrawal from other investments	61,000	131,000
Proceeds from disposal of:		
- property, plant and equipment	3,757	9,052
- biological assets	5,787	8,209
<b>Net cash (used in)/from investing activities</b>	(126,859)	1,564

**Condensed consolidated statement of cash flows for the fourth quarter ended 31 March 2024**  
(continued)

	12 months ended	
	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>Cash flows from financing activities</b>		
Interest paid	(14,800)	(11,588)
Dividend paid	(18,719)	(19,880)
Proceeds from shares issued	706	384
Drawdown of sukuk	100,000	--
Drawdown of term loans	--	13,759
Repayment of term loans	(563)	(696)
Net (payment)/proceeds from:		
- bankers' acceptances	(12,995)	26,350
- revolving credits	(14,760)	14,760
- short-term financing	380	70
Repayment of hire purchase liabilities	(6,810)	(6,837)
Repayment of lease liabilities	(8,128)	(1,335)
Capital contributed by a minority shareholder	413	351
<b>Net cash from financing activities</b>	<u>24,724</u>	<u>15,338</u>
Exchange difference on translation of the financial statements of foreign operation	<u>2,310</u>	<u>(2,106)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	35,197	(5,133)
<b>Cash and cash equivalents at 1 April</b>	<u>22,970</u>	<u>28,103</u>
<b>Cash and cash equivalents at 31 March</b>	<u><u>58,167</u></u>	<u><u>22,970</u></u>

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts from the condensed consolidated statement of financial position:

	12 months ended	
	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
Cash and cash equivalents:		
- cash and bank balances	56,826	22,920
- deposits with licensed banks	1,341	50
	<u><u>58,167</u></u>	<u><u>22,970</u></u>

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### Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 and International Accounting Standards (“IAS”) 34 Interim Financial Reporting

#### A1. Basis of preparation

This condensed consolidated interim financial report is unaudited and has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), Malaysia Financial Reporting Standards (MFRS) 134: *Interim Financial Reporting* and International Accounting Standard (IAS) 34: *Interim Financial Reporting*.

This condensed consolidated interim financial report should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2023 and the accompanying notes attached to the interim financial report.

#### A2. Significant accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 March 2023.

***The following MFRS, interpretations and amendments will become effective for annual periods beginning on or after 1 January 2024:***

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

***The following MFRS, interpretations and amendments will become effective for annual periods beginning on or after a date yet to be determined:***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group upon its first adoption.



## **Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)**

### **A3. Auditors' report**

The audited consolidated financial statements for the financial year ended 31 March 2023 was not subject to any qualifications.

### **A4. Seasonal or cyclical factors**

The nature of the Group's business was not subject to any significant seasonal or cyclical factors.

### **A5. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group for the financial period under review.

### **A6. Changes in estimates**

There were no material changes in estimates for the financial period under review.

### **A7. Debt and equity securities**

There were no debt and equity securities issued during the financial period under review.

### **A8. Dividends paid**

There were no dividends paid during the current quarter and financial year under review.

### **A9. Property, plant and equipment**

The Group acquired property, plant and equipment amounting to RM106.0 million during the financial period under review.

There were no material disposals of property, plant and equipment during the current quarter and financial period under review.

### **A10. Impairment losses**

Save as disclosed in Note B13, there were no other significant impairment losses arising from property, plant and equipment, financial assets, assets arising from contracts with customers or other assets during the current quarter and financial period under review.

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A11. Segment information

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are in different geographies, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group Managing Director and Group Chief Executive Officer) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Malaysia's operation Includes rearing of dairy cows and goats, production and marketing and sale of cow's and goat's milk, yogurt, plant-based, ice cream and other products and agrotourism.
- Australia's operation Includes rearing of dairy cows, production and marketing and sale of cow's milk, jam, sauces, butter and yogurt.

Performance is measured based on segment profit before tax, finance income, finance costs, depreciation and amortisation, as included in the internal management reports that are reviewed by CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment profit/(loss) before tax at each reportable segment is arrived after eliminating all inter-segment profits originating from that reporting segment. Segmental information is presented in respect of the Group's business segments as follows:

Individual quarter (3 months)	Malaysia's Operation RM'000	Australia's Operation RM'000	Total RM'000
<b>Unaudited</b>			
<b>1.1.2024 to 31.3.2024</b>			
<b>Segment profit/(loss) before tax</b>	<u>27,940</u>	<u>(3,096)</u>	<u>24,844</u>
<i>Included in the measure of segment profit are:</i>			
Revenue from external customers	194,296	20,738	215,034
Inter-segment revenue	33,892	22,391	56,283
Depreciation and amortisation	(11,209)	(2,239)	(13,448)
Finance costs	(3,113)	(841)	(3,954)
Finance income	<u>324</u>	<u>--</u>	<u>324</u>
<b>1.1.2023 to 31.3.2023</b>			
<b>Segment profit/(loss)</b>	<u>7,113</u>	<u>(2,602)</u>	<u>4,511</u>
<i>Included in the measure of segment profit are:</i>			
Revenue from external customers	138,989	22,375	161,364
Inter-segment revenue	25,259	39,424	64,683
Depreciation and amortisation	(6,254)	(2,259)	(8,513)
Finance costs	(2,079)	(866)	(2,945)
Finance income	<u>85</u>	<u>3</u>	<u>88</u>

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A11. Segment information (continued)

Cumulative quarter (12 months)	Malaysia's Operation RM'000	Australia's Operation RM'000	Total RM'000
<b>Unaudited</b>			
<b>1.4.2023 to 31.3.2024</b>			
<b>Segment profit/(loss)</b>	<u>77,927</u>	<u>(8,862)</u>	<u>69,065</u>
<i>Included in the measure of segment profit are:</i>			
Revenue from external customers	700,576	109,835	810,411
Inter-segment revenue	122,690	112,697	235,387
Depreciation and amortisation	(39,747)	(8,839)	(48,586)
Finance costs	(13,626)	(3,251)	(16,877)
Finance income	<u>1,057</u>	<u>--</u>	<u>1,057</u>
<b>Audited</b>			
<b>1.4.2022 to 31.3.2023</b>			
<b>Segment profit/(loss)</b>	<u>56,372</u>	<u>(4,198)</u>	<u>52,174</u>
<i>Included in the measure of segment profit are:</i>			
Revenue from external customers	537,930	91,761	629,691
Inter-segment revenue	91,605	162,672	254,277
Depreciation and amortisation	(25,043)	(8,184)	(33,227)
Finance costs	(9,527)	(2,412)	(11,939)
Finance income	<u>281</u>	<u>192</u>	<u>473</u>

### A12. Material events subsequent to the statement of financial position date

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements.

### A13. Changes in the composition of the Group

On 31 January 2024, the Group's equity interest in Farm Fresh Milk Incorporated ("FFI"), decreased from 100% to 70% following the issuance of 4,912,800 ordinary shares by FFI to its new shareholder, Strong Alliance Holdings Limited Corporation.

The dilution above did not have material impact to the Group during the financial year to date.

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A14. Fair value information

The following table analyses financial instruments carried at fair value by valuation method. The different levels in a fair value hierarchy based on the input used in the valuation technique have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 2 RM'000	Level 3 RM'000	Level 3 RM'000	RM'000	RM'000
<b>31.3.2024</b>					
<b>Financial assets</b>					
Commodity future contracts	426	--	--	426	426
Forward exchange contracts	7	--	--	7	7
Interest rate swap	460	--	--	460	460
Other investments	99,944	--	--	99,944	99,944
	<u>100,837</u>	<u>--</u>	<u>--</u>	<u>100,837</u>	<u>100,837</u>
<b>Financial liabilities</b>					
Hire purchase liabilities	--	--	(14,916)	(14,916)	(14,706)
Term loans	--	--	(31,734)	(31,734)	(31,553)
Sukuk	--	--	(303,367)	(303,367)	(303,367)
Put option liability	--	(36,955)	--	(36,955)	(36,955)
	<u>--</u>	<u>(36,955)</u>	<u>(350,017)</u>	<u>(386,972)</u>	<u>(386,581)</u>
<b>31.3.2023</b>					
<b>Financial assets</b>					
Interest rate swap	685	--	--	685	685
Other investments	155,790	--	--	155,790	155,790
	<u>156,475</u>	<u>--</u>	<u>--</u>	<u>156,475</u>	<u>156,475</u>
<b>Financial liabilities</b>					
Forward exchange contracts	(1,695)	--	--	(1,695)	(1,695)
Hire purchase liabilities	--	--	(19,204)	(19,204)	(20,183)
Term loans	--	--	(30,777)	(30,777)	(30,436)
Sukuk	--	--	(202,487)	(202,487)	(202,487)
	<u>(1,695)</u>	<u>--</u>	<u>(252,468)</u>	<u>(254,163)</u>	<u>(254,801)</u>

### A15. Contingent liabilities

There were no material changes in contingent liabilities arising since the last audited consolidated financial statements for the financial year ended 31 March 2023.

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A16. Capital commitments

	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>Contracted but not provided for:</b>		
Plant and equipment	7,044	22,243
Intangible assets	288	163
	<u>7,332</u>	<u>22,406</u>

### A17. Significant related party transactions

The significant related party transactions of the Group are shown below.

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>A. Minority shareholder in a subsidiary</b>				
Purchase of biological assets and other animal health related products	--	6,110	--	13,970
<b>B. Companies connected to Directors</b>				
Short-term lease	3	3	12	12

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements

### B1. Review of performance

#### Current quarter against corresponding quarter (Q4'24 vs Q4'23)

	Individual quarter 3 months ended		Changes %
	31.3.2024 RM'000	31.3.2023 RM'000	
Revenue	215,034	161,364	33.3
Gross profit	65,333	32,761	99.4
Operating profit	28,474	7,368	>100
Profit before tax	24,844	4,511	>100
Profit after tax	24,015	4,488	>100
Profit attributable to owners of the Company	<u>23,929</u>	<u>4,889</u>	<u>&gt;100</u>

The Group's revenue increased by 33.3% or RM53.7 million as compared to the corresponding period, mainly attributable to the higher HORECA (hotels, restaurants and cafes) and commercial UHT sales, positive impact from launching of new products and revenue contribution from the recently acquired The Inside Scoop Sdn. Bhd. ("Inside Scoop") and Sin Wah Ice Cream Sdn Bhd ("Sin Wah").

The Group's gross profit has doubled from the corresponding period, increasing by RM32.6 million while the gross profit margin surged from 20.3% to 30.4% which in line with higher topline, mainly driven by significantly lower cost of dairy raw materials as well as impact of increase in prices for chilled RTD products and certain UHT products in Malaysia effective mid-July 2023, coupled with contribution from Inside Scoop and Sin Wah.

Consequently, the Group's operating profit and profit before tax margin improved by 8.6% and 8.8% respectively, mainly due to the aforementioned increase in gross margin, which was partially offset by higher administrative costs, including salary and depreciation costs with the acquisition of Inside Scoop and Sin Wah. Additionally, the Group incurred higher sales and distribution costs in line with higher sales and higher marketing spend on new product launches.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B1. Review of performance (continued)

#### Current financial period against corresponding financial period (FY'24 vs FY'23)

	Cumulative quarter 12 months ended		Changes %
	31.3.2024 RM'000	31.3.2023 RM'000	
Revenue	810,411	629,691	28.7
Gross profit	216,043	149,653	44.4
Operating profit	84,885	63,640	33.4
Profit before tax	69,065	52,174	32.4
Profit after tax	63,281	49,934	26.7
Profit attributable to owners of the Company ("PATAMI")	<u>63,530</u>	<u>50,079</u>	<u>26.9</u>

The Group's revenue of RM810.4 million represents a significant increase of RM180.7 million or 28.7% from the corresponding financial period. The increase was mainly attributable to the increase in Malaysian revenue by 30.2% or RM162.6 million due to the higher HORECA and commercial UHT sales, positive impact from launching of new products as well as revenue contribution from Inside Scoop and Sin Wah. Australian revenue also increased by 19.7% or RM18.1 million mainly driven by full year revenue contribution by St David Dairy Pty Ltd which was acquired in the previous financial period and higher external sales from Goulburn Valley Creamery Pty Ltd.

The Group's gross profit rose 44.4% to RM216.0 million, reflecting the higher sales. The gross profit margin has increased to 26.7% in the current financial period as compared to 23.8% in the corresponding financial period. The increase in profitability was mainly driven by reduction in input costs of dairy raw materials and positive impact of price increase on chilled RTD products and certain UHT products in Malaysia effective mid-July 2023 as well as contribution from Inside Scoop and Sin Wah.

Consequently, the Group's operating profit and profit before tax grew by 33.4% and 32.4% respectively, mainly driven by higher revenues and gross profits, while being partially offset by higher administrative costs, particularly salary and depreciation costs, with the acquisition of Inside Scoop and Sin Wah. Additionally, the Group incurred higher sales and distribution costs in line with higher sales and higher marketing spend on new product launches. The Group also incurred higher finance cost arising from the higher amount of borrowings to fund the Group's expansion, and higher tax expenses mainly due to the higher taxation by Inside Scoop and Sin Wah which do not enjoy any tax incentives.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B2. Comparison with immediate preceding quarter (Q4'24 vs Q3'24)

	Current quarter 31.3.2024 RM'000	Preceding quarter 31.12.2023 RM'000	Changes %
Revenue	215,034	211,621	1.6
Gross profit	65,333	65,631	(0.5)
Operating profit	28,474	28,518	(0.2)
Profit before tax	24,844	24,033	3.4
Profit after tax	24,015	20,562	16.8
Profit attributable to owners of the Company	<u>23,929</u>	<u>20,441</u>	<u>17.1</u>

The Group's revenue increased by 1.6% or RM3.4 million as compared to the preceding quarter, mainly attributable to the increase in Malaysian revenue by 5.6% or RM10.3 million driven by heightened seasonal demand during Ramadhan which partially offset by the decline in Australian revenue by 25.1% or RM6.9 million due to lower external sales from Goulburn Valley Creamery Pty Ltd which in part is due to a week-long planned production shutdown for annual major maintenance in February 2024.

The Group's gross profit has remained constant as compared to the preceding period while the gross profit margin has dipped from 31.0% to 30.4%, mainly attributable to the decrease in Australian operation's margin due to lower production volume caused by major maintenance.

The Group recorded higher sales and distribution costs of RM1.5 million in line with higher sales and higher marketing spend on new product launches. The Group also recorded a higher impairment loss on trade receivables of RM0.7 million. The increase in costs was offset by a higher fair value gain on valuation of biological assets of RM1.9 million as opposed to RM0.5 million fair value loss in the preceding quarter. As a result, the Group's operating profit remained constant.

The Group's profit after tax increased mainly attributable to the recognition of higher deferred tax income in the current financial period, in line with the higher business losses incurred by Australian operations.



## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B3. Prospects for the Group

#### Prospects

The Group has recorded further improvements in growth and profitability driven by sales growth and lowering of costs, continuing the trajectory of strong results posted in the previous quarter. We expect to continue our growth trajectory with several important developments consisting of both category expansion of our products and regional expansion.

Our Farm Fresh Grow powder format launched in December 2023, made from pure dairy with rich fortification of vitamins, minerals, prebiotics and probiotics, has been doing very well in the first few months of launching with a great reception from consumers and good sales growth.

We are also in the final stages of launching our consumer-packaged goods (CPG) ice cream. We are looking to launch our CPG ice cream by June 2024 from our Taiping plant, while waiting for the Enstek plant to be completed in the second half of 2025. Other categories we are entering this year are butter, which will be produced in the Taiping plant, focusing on both HORECA and modern trade, and cultured milk, to be produced from our Larkin plant.

Our plans to expand regionally are also taking shape in the Philippines, where we expect to have our factory operational by July 2024. We are planning to have our chilled products, UHT products and growing up milk powder sold in the Philippines, focusing first on the Greater Manila market.

As for Australia, with the continuing expected softening of farmgate milk prices and incremental volume of exports to the Middle East market, we expect our Australian results to improve beginning April 2024.

We will also continue to drive our ESG agenda in the coming year. Our biogas plant has been completed and commissioned in April 2024, and once fully operational, is targeted to have a reduction of 9,800 tonnes carbon dioxide equivalent (tCO<sub>2</sub>e) per annum and a targeted displacement or reduction of diesel usage of 670,000 litres per annum. Our Milk on Tap initiative, selling fresh milk sold in reusable glass bottles has been successfully expanded to eleven locations in Jaya Grocer and Jom Cha outlets across Peninsular Malaysia.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B4. Profit forecast

Not applicable as the Group did not issue any profit forecast during the financial period under review.

### B5. Tax expense

Income tax expenses on continuing operations comprise the following:

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
Tax expense	7	218	1,215	941
Deferred tax expense/(income)	822	(195)	4,569	1,299
	<u>829</u>	<u>23</u>	<u>5,784</u>	<u>2,240</u>

### B6. Status of corporate proposals

There were no corporate proposals pending completion as at date of this report.

Registration Number: 201001010221 (894851-U)
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## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B7. Utilisation of proceeds from the Public Issue

We expect to use the gross proceeds from our Public Issue amounting to RM301.0 million in the following manner:

Details of use of proceeds	Estimated timeframe for the use of proceeds	Proposed utilization as disclosed in IPO prospectus RM'000	Variation <sup>(1)</sup> RM'000	Proposed utilization as varied by 15.2.2023 RM'000	Actual utilization to 31.3.2024 RM'000
1. Capital expenditure of our Group					
- <i>Establishment of a new manufacturing hub, a new dairy farm and integrated processing facility in Malaysia</i>	Within 24 months	140,000	(8,763)	131,237	(19,843)
- <i>Expansion of our production facility in Australia</i>	Within 18 months	60,000	(55,149)	4,851	(11,301)
- <i>Regional expansion outside of Malaysia</i>	Within 24 months	40,000	-	40,000	(22,733)
2. Working capital	Within 12 months	40,789	-	40,789	(40,789)
3. Estimated listing expenses	Within 3 months	20,200	-	20,200	(18,982)
4. Acquisition of TISSB	On the date of completion of the SSA and SPA (as defined herein)	-	63,912	63,912	(63,912)
		<b>300,989</b>	<b>-</b>	<b>300,989</b>	<b>(177,560)</b>

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.

(1) The variation was announced on 15 February 2023.

Registration Number: 201001010221 (894851-U)
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## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B8. Loans and borrowings

	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>Non-current</b>		
<b>Secured</b>		
Term loans	30,913	30,034
Hire purchase liabilities	7,452	13,284
	38,365	43,318
<b>Unsecured</b>		
Sukuk	300,000	200,000
	<u>338,365</u>	<u>243,318</u>
<b>Current</b>		
<b>Unsecured</b>		
Sukuk	3,366	2,487
<b>Secured</b>		
Term loans	640	403
Hire purchase liabilities	7,254	6,899
Bankers' acceptances	54,983	67,404
Revolving credits	--	14,760
Short term financing	1,405	981
	<u>64,282</u>	<u>90,447</u>
	<u>67,648</u>	<u>92,934</u>
	<u><u>406,013</u></u>	<u><u>336,252</u></u>

The loans and borrowings of the Group are denominated in MYR, except for term loans of RM29.25 million (31.3.2023: RM28.14 million), hire purchase liabilities of RM10.71 million (31.3.2023: RM15.63 million), bankers' acceptances of RM14.47 million (31.3.2023: RM14.81 million) and short term financing of RM1.40 million (31.3.2023: RM0.98 million) which are denominated in AUD.

### B9. Material litigations

On 31 March 2021, the Group has filed a legal action in Australia against Shepparton Partners Collective Group for various misrepresentations to The Holsten Milk Company (Australia) Pty Ltd during the course of due diligence of a business acquisition.

As at 31 March 2024, the case is still ongoing, and in the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B10. Dividends

The Board of Directors has not recommended any dividend for the current financial period under review.

### B11. Earnings per share (“EPS”)

The basic and diluted EPS for the current financial quarter under review and financial year is computed as follows:

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	Unaudited 31.3.2024	Unaudited 31.3.2023	Unaudited 31.3.2024	Audited 31.3.2023
Net profit attributable to the owners of the Company (RM'000)	23,929	4,889	63,530	50,079
Weighted average number of ordinary shares in issue <sup>(i) (ii)</sup>	<u>1,871,920,037</u>	<u>1,858,239,837</u>	<u>1,869,694,570</u>	<u>1,858,239,837</u>
Basic EPS (sen)	<u>1.28</u>	<u>0.26</u>	<u>3.40</u>	<u>2.69</u>

(i) For individual and cumulative quarter ended 31 March 2023, based on the weighted average number of ordinary shares in issue of 1,858,239,837 ordinary shares after the completion of initial public offering.

(ii) For individual and cumulative quarter ended 31 March 2024, based on the weighted average number of ordinary shares in issue of 1,871,920,037 and 1,869,694,570 ordinary shares after the completion of initial public offering and issuance of shares for acquisition of subsidiary.

### Diluted earnings per ordinary share

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The diluted EPS for the current financial quarter under review is computed as follows:

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	Unaudited 31.3.2024	Unaudited 31.3.2023	Unaudited 31.3.2024	Audited 31.3.2023
Net profit attributable to the owners of the Company (RM'000)	23,929	4,889	63,530	50,079
Weighted average number of ordinary shares in issue <sup>(i) (ii)</sup>	1,871,920,037	1,858,239,237	1,869,694,570	1,858,239,237
Effect of share option in issue <sup>(iii)</sup>	768,243	3,672,267	--	3,672,267
Total weighted average number of ordinary shares	<u>1,872,688,280</u>	<u>1,861,911,504</u>	<u>1,869,694,570</u>	<u>1,861,911,504</u>
Diluted EPS (sen)	<u>1.28</u>	<u>0.26</u>	<u>3.40</u>	<u>2.69</u>

(iii) For individual and cumulative quarter ended 31 March 2023, adjusted for Employees' Share Option Scheme (“ESOS”).

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B12. Revenue

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	Unaudited 31.3.2024 RM'000	Unaudited 31.3.2023 RM'000	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>Revenue from contracts with customers</b>				
- At a point in time	215,034	161,364	810,411	629,691

### B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	Unaudited 31.3.2024 RM'000	Unaudited 31.3.2023 RM'000	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
<b>Profit for the year is arrived at after charging/(crediting)</b>				
Depreciation and amortisation:				
- property, plant and equipment	10,999	7,700	40,165	31,064
- right-of-use assets	2,388	755	8,158	1,928
- intangible assets	61	58	263	235
Expenses relating to short-term leases	1,036	1,283	4,018	4,486
Expenses relating to leases of low-value assets	74	98	420	130
Equity settled share-based payment	552	1,443	2,070	3,653
Impairment loss of trade receivables	617	64	1,195	269
Bad debts written off	398	--	398	--
(Reversal)/Write off of:				
- property, plant and equipment	341	--	509	8
- obsolete and slow-moving inventories	(455)	(221)	(614)	(175)
(Gain)/Loss on disposal of property, plant and equipment	(234)	(14)	(867)	(299)
Gain from a bargain purchase	--	--	--	(134)
(Gain)/Loss arising from changes in fair value of:				
- derivative financial instruments	260	276	(1,922)	2,486
- other investments	2,970	(844)	1,124	(2,457)
Gain on disposal of money market investments	(3,491)	--	(3,491)	--
Distribution income from money market investments	(580)	(732)	(2,787)	(3,738)
Personnel expenses (including key management personnel):				
- Contribution to state plans	1,671	1,510	6,510	4,729
- Wages, salaries and others	24,117	17,054	82,864	57,722
Rental income from subleasing of property	(426)	(459)	(1,714)	(1,347)
Amortisation of deferred income	(68)	(68)	(271)	(271)
Net foreign exchange (gain)/ loss	(182)	418	(318)	(580)
(Gain)/Loss arising from changes in fair value of dairy cows and goats:				
- Malaysian Farm	(1,443)	1,009	388	717
- Australian Farm	(470)	331	(890)	(827)