

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the financial quarter ended 30 June 2025

	INDIVIDUAL QUARTER CURRENT QUARTER	COMPARATIVE QUARTER	CUMULATIVE QUARTER 6 months TO DATE	6 months TO DATE
	30/06/25 (Unaudited) RM'000	30/06/24 (Unaudited) RM'000	30/06/25 (Unaudited) RM'000	30/06/24 (Unaudited) RM'000
Revenue	375,606	360,872	749,003	723,645
Cost of Sales	<u>(239,399)</u>	<u>(244,161)</u>	<u>(481,023)</u>	<u>(480,253)</u>
Gross Profit	136,207	116,711	267,980	243,392
Distribution Expenses	(55,196)	(49,486)	(104,588)	(100,450)
Administrative Expenses	(11,842)	(9,029)	(23,666)	(19,005)
Other Operating Expenses	<u>(35,229)</u>	<u>(27,737)</u>	<u>(71,014)</u>	<u>(57,221)</u>
Results from Operating Activities	33,940	30,459	68,712	66,716
Interest Income	86	71	186	133
Finance Costs	<u>(2,050)</u>	<u>(1,484)</u>	<u>(3,990)</u>	<u>(2,562)</u>
Profit Before Taxation	31,976	29,046	64,908	64,287
Income Tax Expenses	<u>(8,580)</u>	<u>(7,007)</u>	<u>(16,480)</u>	<u>(15,590)</u>
Profit After Taxation	<u>23,396</u>	<u>22,039</u>	<u>48,428</u>	<u>48,697</u>
Profit for the period/Total comprehensive income for the period	<u>23,396</u>	<u>22,039</u>	<u>48,428</u>	<u>48,697</u>
Profit Attributable to: Equity holders of the Company	<u>23,396</u>	<u>22,039</u>	<u>48,428</u>	<u>48,697</u>
	<u>23,396</u>	<u>22,039</u>	<u>48,428</u>	<u>48,697</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>36.60</u>	<u>34.40</u>	<u>75.70</u>	<u>76.10</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2024)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

For the financial quarter ended 30 June 2025

	AS AT 30/06/25 RM'000 (Unaudited)	AS AT 31/12/24 RM'000 (Audited)
ASSETS		
Property, plant and equipment	633,172	620,135
Right-of-use assets	2,555	3,782
Intangible assets	24,878	25,032
Other receivables	3,715	2,029
Deferred tax assets	-	3,426
TOTAL NON-CURRENT ASSETS	664,320	654,404
Inventories	213,545	236,756
Trade and other receivables	126,142	122,682
Prepayments	1,864	1,147
Cash and cash equivalents	48,275	47,796
Derivatives financial assets	1,059	10,947
TOTAL CURRENT ASSETS	390,885	419,328
TOTAL ASSETS	1,055,205	1,073,732
EQUITY		
Share capital	64,000	64,000
Retained profits	470,320	437,892
Attributable to equity holders of the Company	534,320	501,892
TOTAL EQUITY	534,320	501,892
LIABILITIES		
Lease Liabilities	716	1,456
Deferred tax liabilities	6,236	-
Borrowings	-	70,205
TOTAL NON-CURRENT LIABILITIES	6,952	71,661
Trade and other payables	408,926	488,158
Provision	1,599	2,185
Current tax liabilities	1,093	6,239
Lease Liabilities	2,012	2,538
Derivatives financial liabilities	6,762	-
Borrowings	93,541	1,059
CURRENT LIABILITIES	513,933	500,179
TOTAL LIABILITIES	520,885	571,840
TOTAL EQUITY AND LIABILITIES	1,055,205	1,073,732
Net assets per share attributable to ordinary equity holders of the Company (RM)	8.35	7.84

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2024)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the financial quarter ended 30 June 2025
(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
6 months ended 30 June 2025					
Balance at beginning of period	64,000	437,892	501,892	-	501,892
Movements during the period	-	48,428	48,428	-	48,428
Dividend payable	-	-	-	-	-
Dividends paid	-	(16,000)	(16,000)	-	(16,000)
Balance at end of period	64,000	470,320	534,320	-	534,320
6 months ended 30 June 2024					
Balance at beginning of period	64,000	373,245	437,245	-	437,245
Movements during the period	-	48,697	48,697	-	48,697
Dividend payable	-	-	-	-	-
Dividends paid	-	(16,000)	(16,000)	-	(16,000)
Balance at end of period	64,000	405,942	469,942	-	469,942

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2024)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOW

For the financial quarter ended 30 June 2025

	6 months TO DATE 30/06/25 (Unaudited) RM'000	6 months TO DATE 30/06/24 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	753,745	697,918
Cash paid to suppliers and employees	(707,543)	(649,994)
	<hr/>	<hr/>
Cash generated from operations	46,202	47,924
Income tax paid	(8,914)	(7,275)
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Net cash generated from/(used in) operating activities	37,288	40,649
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(40,247)	(50,570)
Additions of intangible assets	(1,413)	(2,716)
Interest received	186	133
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	(41,474)	(53,153)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings raised	24,933	28,627
Finance costs paid	(1,233)	-
Interest paid	(1,696)	(2,386)
Dividends paid	(16,000)	(16,000)
Payment of principal portion of lease liabilities	(1,339)	(4,397)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	4,665	5,844
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	479	(6,660)
Cash and cash equivalents brought forward	47,796	66,152
	<hr/>	<hr/>
Cash and cash equivalents carried forward	48,275	59,492
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Cash and cash equivalents consist of:		
Cash and bank balances	48,275	59,492
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	48,275	59,492
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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 2024)

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 2024.

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 2024.

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 2024 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.

During the financial year 2024, the Company has revised the useful lives of its assets. Effective 1 September 2024, the revised useful lives apply to new assets acquired as part of the transition to the new facility in Bandar Baru Enstek. Furthermore, the Company re-assessed the useful lives of plant and machinery as well as furniture and equipment in its existing facilities to align with their estimated economic useful lives, taking into account their transferability to the new facility.

The estimated useful lives for the current and comparative periods are as follows:

Description	Effective 1/9/2024	2023
Buildings	10 – 30 years	10 – 25 years
Plant and machinery	5 – 33 years	5 – 33 years
Furniture and equipment	5 – 15 years	5 – 10 years
Motor vehicles	5 years	5 years

Assuming that the assets are held until the end of their estimated useful lives, depreciation in the future years in relation to these assets will be decreased by the following amounts:

Year ending 31 December:	RM'000
2025	1,586
2026	1,586
2027	1,557
2028	<u>1,525</u>

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

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 30/06/25 RM'000	Quarter ended 30/06/24 RM'000
Segment profit		
Revenue	375,606	360,872
Profit/(loss) After Taxation	23,396	22,039

8. Capital Commitments

	As at 30/06/25 RM'000	As at 30/06/24 RM'000
Property, plant and equipment		
Authorised but not contracted for	27,040	110,761
Contracted but not provided for	20,750	61,686

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 30/06/25 RM'000	Quarter ended 30/06/24 RM'000
Sales to related parties	362	230
Purchases from related parties	133,890	180,194
Know-how, Trademark License and Management Support fees	10,706	10,867
Interest payment to related parties	119	-
Shared services from related parties	6,885	4,891
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	6 months To Date	6 months To Date	Changes TY vs LY
	30/06/25	30/06/24	%	30/06/25	30/06/24	%
Revenue	375,606	360,872	4.1%	749,003	723,645	3.5%
Operating Profit (exclude Accelerated Depreciation and one-offs)	39,566	45,187	-12.4%	82,639	91,074	-9.3%
Operating Profit	33,940	30,459	11.4%	68,712	66,716	3.0%
Profit Before Interest and Tax	31,890	28,975	10.1%	64,722	64,154	0.9%
Profit Before Taxation	31,976	29,046	10.1%	64,908	64,287	1.0%
Profit After Taxation	23,396	22,039	6.2%	48,428	48,697	-0.6%
Attributable to Ordinary Equity Holders of the parent	23,396	22,039	6.2%	48,428	48,697	-0.6%

*Q2 2025: RM5.6 million (transition-related one-off costs); Q2 2024: RM14.7 million (accelerated depreciation and transition-related one-off costs)

In the second quarter of 2025, DLMI reported revenue of RM375.6 million, an increase of 4.1% compared to the same period last year. Revenue growth was primarily driven by strong sales in the core Dutch Lady liquid milk range, continued momentum in the professional channel and increasing contribution from newly launched products. As part of the transition to the new manufacturing facility in Enstek, DLMI discontinued the production and distribution of some of our non-core Dutch Lady products in Q3 2024, which partly offset the growth in the core range compared to the same quarter last year. While innovating our portfolio, we remain committed to working closely with our business partners to deliver high-quality, sustainable, and Halal dairy nutrition in line with our purpose of Nourishing Our Planet and People in Every Stage of Life.

Operating profit for the quarter landed at RM33.9 million, an increase of 11.4% compared to RM30.5 million in Q2 2024. The reported operating profit includes RM5.6 million in one-off costs largely related to transition to Enstek, down from RM14.7 million in Q2 2024. Following the successful transition to the new manufacturing facility in Enstek, DLMI stopped operations at the Petaling Jaya factory in October 2024. Accordingly, accelerated depreciation expenses were no longer incurred. In 2025 other transition-related costs were still incurred during the production ramp-up at the new facility and due to the construction and commissioning of new Distribution Centre in Bandar Enstek. In May 2025 the Distribution Center adjacent to the Enstek production facility was inaugurated, while it is fully operational since July.

On a like-for-like basis, operating profit excluding one-offs and accelerated depreciation amounted to RM39.6 million in Q2 2025 compared to RM45.2 million in Q2 2024 (-12.4%). Higher revenue was offset by higher costs of dairy raw materials following elevated commodity prices. While the strengthened MYR vs. the USD helped mitigate some of the cost pressure on dairy purchases, the quarter also saw negative effects of currency derivative revaluations. In addition, the company increased investments in advertising and promotion to further strengthen its brand equity.

Profit Before Taxation amounted to RM32.0 million for the quarter, compared to RM29.0 million in Q2 2024, following the increased operating profit. Profit After Taxation stood at RM23.4 million compared to RM22.0 million in the same quarter last year, an increase of 6.2%.

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

RM '000	Current Quarter	Preceding Quarter	Changes Q2 vs Q1
	30/06/25	31/03/25	%
Revenue	375,606	373,397	0.6%
Operating Profit (exclude Accelerated Depreciation and one-offs)	39,566	43,072	-8.1%
Operating Profit	33,940	34,772	-2.4%
Profit Before Interest and Tax	31,890	32,832	-2.9%
Profit Before Taxation	31,976	32,932	-2.9%
Profit After Taxation	23,396	25,032	-6.5%
Attributable to Ordinary Equity Holders of the parent	23,396	25,032	-6.5%

*Q2 2025: RM5.6 million (transition related one-off costs); Q1 2025: RM8.3 million (accelerated depreciation and transition-related one-off costs)

DLMI recorded revenue of RM375.6 million in Q2 2025, reflecting a 0.6% growth compared to Q1 2025. The increase was mainly supported by stronger sales from the core range of Dutch Lady liquid milk products and growing sales of new product launches. In addition, the company has made selective price adjustments to offset higher commodity prices. 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 for Q2 2025 stood at RM33.9 million, a decline of 2.4% compared to RM34.8 million in the preceding quarter. Following the successful transition to the new manufacturing facility in Enstek, DLMI stopped operations at the Petaling Jaya factory in October 2024. Accordingly, accelerated depreciation expenses were no longer incurred. In 2025 other transition-related costs were still incurred during the production ramp-up at the new facility and related to the construction and commissioning of the new Distribution Centre in Bandar Enstek. In May 2025 the Distribution Center adjacent to the Enstek production facility was inaugurated, while it is fully operational since July. The reported operating profit includes one-off costs of RM5.6 million in Q2 2025, compared to RM8.3 million in Q1 2025.

Excluding one-off transition-related costs, adjusted operating profit was RM39.6 million, down 8.1% from RM43.1 million in Q1 2025. The decline was largely attributable to higher dairy raw material costs amid continued commodity price pressures. Favorable exchange rates somewhat offset the increased costs of commodity purchases, yet the quarter also saw negative effects from currency derivative revaluations.

Profit Before Taxation for the quarter decreased by RM0.9 million from RM32.9 million to RM32.0million (-2.9%) as a result of the above-mentioned drivers, whereas Profit After Taxation decreased by RM1.6 million to RM23.4 million.

14. Business Prospects

A. 2025 Prospects

As we move into the second half of 2025, the operating environment in Malaysia remains challenging, shaped by ongoing global uncertainties, geopolitical developments, and continued foreign exchange volatility. Elevated commodity and dairy raw material (DRM) prices, along with regulatory changes, are expected to put further pressure on cost structures and supply chains. Although the products sold by DLMI are not impacted by recent SST increases, increased and extended scope on services cause increased costs. These factors are anticipated to drive input costs and margin pressures in the months ahead. The Malaysian Ringgit has strengthened against the USD, which offsets some of the cost pressure. DLMI remains focused on enhancing operational efficiency, optimising its product portfolio, and executing selective pricing and cost management strategies to navigate these challenges and sustain long-term growth.

DLMI will stay committed to its purpose of 'Nourishing Our Planet and People in Every Stage of Life' and will continue to invest behind its brands and people to drive penetration of milk among Malaysian households and remain an employer of choice.

In late 2024, DLMI successfully completed the full transition of its production operations to the new IR4.0 manufacturing facility in Bandar Enstek, marking the end of manufacturing activities at the legacy Petaling Jaya site, which has since been handed over to the new owner. In 2025, the focus shifted to the new Distribution Centre in Enstek, which was inaugurated on 30 May 2025 and is fully operational since July 2025. This final phase of infrastructure development reinforces DLMI's long-term commitment to operational excellence, supply chain resilience, and readiness to innovate in response to evolving consumer needs. The 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.

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 internal financing for 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. As of Q2 2025, DLMI has cumulatively drawn down USD22.1 million (RM92.6 million) from the available USD35 million (RM151.6 million) intercompany loan facility to support capital investments, including the completion of the new Distribution Centre and enhancements to the Bandar Enstek manufacturing site.

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 30/06/25 RM'000	Quarter ended 30/06/24 RM'000
Income tax for current period	(1,191)	6,358
Income tax for prior period	-	-
Deferred tax for current period	9,713	649
Penalty	58	-
Total taxation	<u>8,580</u>	<u>7,007</u>

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

18. Deferred Tax Liabilities/(Assets)

	As At 30/06/25 RM'000	As At 30/06/24 RM'000
At 1 January	(3,426)	(2,220)
Recognised in the statement of comprehensive income	<u>9,662</u>	<u>(745)</u>
At period end	<u>6,236</u>	<u>(2,965)</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 June 2025 is as follows:

	As at 30/06/25		As at 30/06/24	
	USD'000	RM'000	USD'000	RM'000
<u>Unsecured</u>				
Current borrowings – group companies	22,100	92,553	-	-

The borrowings are secured through revolving intercompany credit facilities for business working capital purposes. As of Q2 2025, the Company has drawn down USD22.1 million (RM92.6 million) from the intercompany loan facility, leaving a balance of USD12.9 million (RM59.0million) as at Q2 2025.

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 30/06/25 RM'000	As At 30/06/24 RM'000
Derivatives held for trading at fair value through profit or loss for US Dollar		
Nominal Value	261,682	210,407
Assets	1,059	362
Liabilities	6,762	694

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's 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 30/06/25	Quarter ended 30/06/24
Basic earnings per share		
Profit for the period (RM'000)	23,396	22,039
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	36.60	34.40

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. Notes to the Condensed Statement of Comprehensive Income

	Year to-date 30/06/25 RM'000	Year to-date 30/06/24 RM'000
Interest income	186	133
Finance costs		
- Interest expense	(1,749)	(2,059)
- Finance charge from lease	(73)	(176)
- Finance cost arising from borrowings	(2,169)	-
Depreciation of property, plant and equipment	(12,224)	(4,653)
Accelerated depreciation of property, plant and equipment	-	(6,756)
Depreciation of rights-of-use assets	(1,227)	(2,730)
Amortisation of intangible assets	(2,584)	(149)
Write (down)/back of inventories	(111)	(2,546)
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	(16,651)	1,468
Net foreign exchange gain/(loss)		
- Realized	3,573	1,450
- Unrealized	5,693	491

By Order of the Board
Katina Nurani Abd Rahim
Company Secretary
21st Aug 2025