

Farm Fresh Berhad

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

Interim Financial Report
First quarter ended 30 June 2024

Farm Fresh Berhad

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Condensed consolidated statement of financial position as at 30 June 2024

	Unaudited 30.6.2024 RM'000	Audited 31.3.2024 RM'000
Assets		
Property, plant and equipment	512,664	494,633
Right-of-use assets	32,742	33,124
Biological assets	135,481	133,284
Intangible assets	113,057	112,826
Trade and other receivables	468	563
Deferred tax assets	8,858	8,926
Total non-current assets	803,270	783,356
Inventories	177,610	156,299
Trade and other receivables	184,450	176,433
Current tax assets	4,425	4,509
Derivative financial assets	2,105	893
Other investments	116,934	99,944
Cash and cash equivalents	52,917	58,167
Total current assets	538,441	496,245
Total assets	1,341,711	1,279,601
Equity		
Share capital	400,895	399,555
Reserves	293,345	266,858
Equity attributable to owners of the Company	694,240	666,413
Non-controlling interests	27,441	26,558
Total equity	721,681	692,971
Liabilities		
Deferred tax liabilities	20,133	19,161
Deferred income	5,888	5,955
Loans and borrowings	337,074	338,365
Lease liabilities	16,891	16,742
Put option liability	37,770	36,955
Accruals	32	--
Total non-current liabilities	417,788	417,178
Deferred income	271	271
Loans and borrowings	82,292	67,648
Lease liabilities	7,629	8,010
Trade and other payables	111,362	92,875
Current tax liabilities	688	648
Total current liabilities	202,242	169,452
Total liabilities	620,030	586,630
Total equity and liabilities	1,341,711	1,279,601
Net assets per share attributable to owners of the Company (RM)	0.37	0.36

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Condensed consolidated statement of profit or loss and other comprehensive income for the first quarter ended 30 June 2024

	Individual/Cumulative quarter 3 months ended	
	Unaudited 30.6.2024 RM'000	Unaudited 30.6.2023 RM'000
Revenue	241,699	185,456
Cost of sales	(168,753)	(152,583)
Gross profit	72,946	32,873
Other income	2,807	5,020
Selling and distribution expenses	(21,318)	(13,971)
Administrative expenses	(20,229)	(13,662)
Other expenses	(1,706)	(985)
Results from operating activities	32,500	9,275
Finance income	272	140
Finance costs	(4,428)	(3,546)
Net finance costs	(4,156)	(3,406)
Profit before tax	28,344	5,869
Tax expense	(1,833)	(260)
Profit for the period	26,511	5,609
Other comprehensive income, net of tax Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences/ Other comprehensive income for the period	1,310	7,780
Total comprehensive income for the period	27,821	13,389
Profit/(Loss) attributable to:		
Owners of the Company	25,995	6,371
Non-controlling interests	516	(762)
Profit for the period	26,511	5,609
Total comprehensive income/(expense) attributable to:		
Owners of the Company	27,236	13,919
Non-controlling interests	585	(530)
Total comprehensive income for the period	27,821	13,389
Basic earnings per ordinary share (sen)	1.39	0.34
Diluted earnings per ordinary share (sen)	1.39	0.34

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**Condensed consolidated statement of changes in equity
for the first quarter ended 30 June 2024**

Unaudited	Attributable to owners of the Company					Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Translation reserve RM	Non-distributable Employee share-based reserve RM	Put option reserve RM	Retained earnings RM			
At 1 April 2023	381,071	(6,634)	3,642	--	252,926	631,005	4,897	635,902
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the period	--	7,548	--	--	--	7,548	232	7,780
Profit/(Loss) for the period	--	--	--	--	6,371	6,371	(762)	5,609
Total comprehensive income/(expense) for the period	--	7,548	--	--	6,371	13,919	(530)	13,389
<i>Contributions by and distributions to owners of the Company</i>								
Acquisition of a subsidiary	--	--	--	--	--	--	13,160	13,160
Issue of shares	20,000	--	--	--	--	20,000	--	20,000
Share-based payment	--	--	574	--	--	574	--	574
Issue of shares pursuant to ESOS	852	--	(146)	--	--	706	--	706
Put option liability over shares held by non-controlling interests	--	--	--	(34,509)	--	(34,509)	--	(34,509)
Total transactions with owners of the Company	20,852	--	428	(34,509)	--	(13,229)	13,160	(69)
At 30 June 2023	401,923	914	4,070	(34,509)	259,297	631,695	17,527	649,222

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**Condensed consolidated statement of changes in equity
for the first quarter ended 30 June 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	Translation reserve RM'000	Employee share-based reserve RM'000	Put option reserve RM'000	Retained earnings RM'000			
At 1 April 2024	399,555	186	5,615	(36,955)	298,012	666,413	26,558	692,971
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the period	--	1,241	--	--	--	1,241	69	1,310
Profit for the period	--	--	--	--	25,995	25,995	516	26,511
Total comprehensive income for the period	--	1,241	--	--	25,995	27,236	585	27,821
<i>Contributions by and distributions to owners of the Company</i>								
Issue of shares pursuant to ESOS	1,340	--	(230)	--	--	1,110	--	1,110
Share-based payment	--	--	261	--	--	261	--	261
Changes in put option liability	--	--	--	(815)	--	(815)	--	(815)
Change in ownership interests in a subsidiary	--	--	--	--	35	35	298	333
Total transactions with owners of the Company	1,340	--	31	(815)	35	591	298	889
At 30 June 2024	400,895	1,427	5,646	(37,770)	324,042	694,240	27,441	721,681

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Condensed consolidated statement of cash flows for the first quarter ended 30 June 2024

	3 months ended	
	Unaudited 30.6.2024 RM'000	Unaudited 30.6.2023 RM'000
Cash flows from operating activities		
Profit before tax	28,344	5,869
Adjustments for:		
Depreciation and amortisation:		
- Property, plant and equipment	11,120	8,901
- Right-of-use assets	2,344	1,236
- Intangible assets	67	77
Finance income	(272)	(140)
Finance costs	4,428	3,546
Equity settled share based payment	243	534
Impairment loss on trade receivables	386	55
Property, plant and equipment written off	46	--
Write down/(Reversal) of obsolete and slow-moving inventories	112	(62)
Loss on disposal of property, plant and equipment	56	2
Amortisation of deferred income	(68)	(68)
Loss/(Gain) arising from changes in fair value of dairy cows and goats	550	(338)
Fair value gain of:		
- Derivative financial instruments	(1,142)	(2,235)
- Other investments	(565)	(508)
Distribution income from money market investments	(425)	(705)
Unrealised gain on foreign exchange	(56)	(153)
Operating profit before changes in working capital	45,168	16,011
Change in inventories	(21,125)	32,407
Change in trade and other receivables	(8,308)	(25,047)
Change in trade and other payables	18,529	13,482
Cash generated from operations	34,264	36,853
Interest received	272	140
Tax paid	(772)	(358)
Net cash from operating activities	33,764	36,635
Cash flows from investing activities		
Acquisition of:		
- Property, plant and equipment	(28,444)	(19,118)
- Biological assets	(3,915)	(3,734)
- Intangible assets	(33)	--
- Subsidiary, net of cash and cash equivalents acquired	--	(37,409)
Proceeds from disposal of:		
- Property, plant and equipment	216	91
- Biological assets	1,500	1,740
Net investment in other investments	(16,000)	(6,000)
Net cash used in investing activities	(46,676)	(64,430)

Condensed consolidated statement of cash flows for the first quarter ended 30 June 2024
(continued)

	3 months ended	
	Unaudited 30.6.2024 RM'000	Unaudited 30.6.2023 RM'000
Cash flows from financing activities		
Interest paid	(7,074)	(5,537)
Proceeds from shares issued	1,110	706
Drawdown of sukuk	--	100,000
Repayment of term loans	(156)	(114)
Net proceeds from/(payment):		
- Bankers' acceptances	17,973	(19,941)
- Revolving credits	--	(14,760)
- Short-term financing	(544)	(484)
Repayment of hire purchase liabilities	(1,846)	(1,755)
Repayment of lease liabilities	(2,499)	(1,269)
Capital contributed by non-controlling shareholders	333	--
Net cash from financing activities	7,297	56,846
Exchange difference on translation of the financial statements of foreign operation	365	2,281
Net (decrease)/increase in cash and cash equivalents	(5,250)	31,332
Cash and cash equivalents at 1 April	58,167	22,970
Cash and cash equivalents at 30 June	52,917	54,302

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:

	3 months ended	
	Unaudited 30.6.2024 RM'000	Unaudited 30.6.2023 RM'000
Cash and cash equivalents:		
- cash and bank balances	51,568	52,986
- deposits with licensed banks	1,349	1,316
	52,917	54,302

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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 Standards (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 2024 and the accompanying notes attached to the interim financial report.

A2. Material 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 2024.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRS Accounting Standards, 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*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures- Classification and Measurement of Financial Instruments*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

The following MFRS Accounting Standards, 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 2024 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 current quarter and financial period under review.

A6. Changes in estimates

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

A7. Debt and equity securities

There were no dividends paid during the current quarter and financial period under review,

A8. Dividends paid

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

A9. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM28.4 million during the current quarter and 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 or reversal of 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 products, 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/Cumulative quarter (3 months)	Malaysia's Operation RM'000	Australia's Operation RM'000	Total RM'000
Unaudited			
1.4.2024 to 30.6.2024			
Segment profit/(loss) before tax	<u>28,606</u>	<u>(262)</u>	<u>28,344</u>
<i>Included in the measure of segment profit are:</i>			
Revenue from external customers	203,511	38,188	241,699
Inter-segment revenue	35,448	24,228	59,676
Depreciation and amortisation	(11,303)	(2,228)	(13,531)
Finance costs	(3,616)	(812)	(4,428)
Finance income	<u>191</u>	<u>81</u>	<u>272</u>
Unaudited			
1.4.2023 to 30.6.2023			
Segment profit/(loss) before tax	<u>9,075</u>	<u>(3,206)</u>	<u>5,869</u>
<i>Included in the measure of segment profit are:</i>			
Revenue from external customers	149,847	35,609	185,456
Inter segment revenue	25,709	28,228	53,937
Depreciation and amortisation	(8,055)	(2,159)	(10,214)
Finance costs	(2,756)	(790)	(3,546)
Finance income	<u>140</u>	<u>--</u>	<u>140</u>

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

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

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

A13. Changes in the composition of the Group

On 31 May 2024, the Company completed a shareholders agreement with the additional allotment of 49% of the equity interest in Farm Fresh Digital Sdn. Bhd. ("FFD") to two shareholders for a total consideration of RM333,000. The Group recognised an increase in non-controlling interests of RM298,000 and an increase in retained earnings of RM35,000.

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
30.6.2024					
Financial assets					
Commodity future contracts	1,699	--	--	1,699	1,699
Forward exchange contracts	28	--	--	28	28
Interest rate swap	378	--	--	378	378
Other investments	116,934	--	--	116,934	116,934
	<u>119,039</u>	<u>--</u>	<u>--</u>	<u>119,039</u>	<u>119,039</u>
Financial liabilities					
Hire purchase liabilities	--	--	(13,655)	(13,655)	(13,018)
Term loans	--	--	(32,053)	(32,053)	(31,855)
Sukuk	--	--	(300,425)	(300,425)	(300,425)
Put option liability	--	(37,770)	--	(37,770)	(37,770)
	<u>--</u>	<u>(37,770)</u>	<u>(346,133)</u>	<u>(383,903)</u>	<u>(383,068)</u>

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

A14. Fair value information (continued)

	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
31.3.2024					
Financial assets					
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
	100,837	--	--	100,837	100,837
Financial liabilities					
Hire purchase liabilities	--	--	(14,916)	(14,916)	(14,706)
Term loans	--	--	(31,734)	(31,734)	(31,553)
Sukuk	--	--	(303,366)	(303,366)	(303,366)
Put option liability	--	(36,955)	--	(36,955)	(36,955)
	--	(36,955)	(350,016)	(386,971)	(386,580)

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 2024.

A16. Capital commitments

	Unaudited 30.6.2024 RM'000	Audited 31.3.2024 RM'000
Contracted but not provided for:		
Plant and equipment	6,270	7,044
Intangible assets	439	288
	6,709	7,332

A17. Significant related party transactions

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

	Cumulative quarter 3 months ended	
	Unaudited 30.6.2024 RM'000	Unaudited 30.6.2023 RM'000
A. Companies connected to Directors		
Rental expenses	3	3

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

B1. Review of performance

Current quarter against corresponding quarter (Q1'25 vs Q1'24)

	Individual quarter 3 months ended		Changes %
	30.6.2024 RM'000	30.6.2023 RM'000	
Revenue	241,699	185,456	30.3
Gross profit	72,946	32,873	121.9
Operating profit	32,500	9,275	250.4
Profit before tax	28,344	5,869	383.0
Profit after tax	26,511	5,609	372.6
Profit attributable to owners of the Company	25,995	6,371	308.0

The Group's revenue increased by 30.3% or RM56.2 million as compared to the corresponding quarter in financial year 2024, mainly contributed by the increase in Malaysian revenue, from RM149.8 million in Q1'24 to RM203.5 million in Q1'25 underpinned by sales contribution from new products, higher sales from HORECA distribution channel as well as full quarter contribution from Inside Scoop and Sin Wah. Australian revenue also increased by 7.2% or RM2.6 million driven by increasing external sales from Goulburn Valley Creamery Pty Ltd.

The Group recorded a more than two-fold increase in gross profit to RM72.9 million and gross profit margin has improved from 17.7% to 30.2%, due to reduction in costs of dairy raw materials, impact of increase in prices for chilled RTD products and certain UHT products in Malaysia effective mid-July 2023, contribution from Inside Scoop and Sin Wah as well as improving margins from Australian operations.

Consequently, the Group posted an operating profit of RM32.5 million and profit before tax of RM28.3 million, a significant increase from the RM9.3 million and RM5.9 million respectively recorded in the corresponding quarter, mainly attributable to higher sales and lower costs as mentioned above.

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

B2. Comparison with immediate preceding quarter (Q1'25 vs Q4'24)

	Current quarter 30.6.2024 RM'000	Preceding quarter 31.3.2024 RM'000	Changes %
Revenue	241,699	215,034	12.4
Gross profit	72,946	65,333	11.7
Operating profit	32,500	28,597	13.6
Profit before tax	28,344	24,844	14.1
Profit after tax	26,511	24,015	10.4
Profit attributable to owners of the Company	25,995	23,929	8.6

The Group's revenue increased by 12.4% or RM26.7 million as compared to the preceding quarter, mainly contributed by the increase in Australian revenue, from RM20.7 million in Q4'24 to RM38.2 million in Q1'25 underpinned by increasing external sales from Goulburn Valley Creamery Pty Ltd. Malaysian revenue increased by 4.7% or RM9.2 million driven by the sales contribution from new products and higher sales from HORECA distribution channel.

The Group's gross profit rose 11.7% to RM72.9 million, resulting from the higher sales. The gross profit margin has remained constant at 30.2% in the current quarter as compared to 30.4% in the preceding quarter.

Consequently, the Group's operating profit and profit before tax grew by 13.6% and 14.1% respectively, mainly driven by higher revenues and gross profits, while being partially offset by higher distribution expenses due to implementation of 6% service tax on logistic services starting from 1st March 2024 and fair value loss on valuation of biological assets of RM0.6 million as opposed to RM1.9 million fair value gain in the preceding quarter.

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 few quarters. We expect to continue our growth trajectory with several important developments consisting of both category expansion of our products and regional expansion, as well as further improvements in profitability due to further lowering of costs.

Our Farm Fresh Grow powder format launched in December 2023, made from pure dairy with rich fortification of vitamins, minerals, prebiotics and probiotics, has continued to do well since launching with a great reception from consumers and good sales growth. We launched our chocolate malt product in July 2024, in powder format. This is a new market segment for us which will enable us to grow further our total addressable market significantly. We have formulated our chocolate malt beverage with less sugar and fat, and higher protein and fibre content, which will augur well with the increasingly health-conscious market in Malaysia

We also launched our consumer-packaged goods (CPG) ice cream in August 2024 from our Taiping plant. Other categories we are entering this year are butter, which will be produced in the Taiping plant, 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 end-August 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 incremental volume of exports to the Middle East market, we have seen our Australian results turnaround in the current quarter, and this is expected to further improve with the reduction of farmgate milk prices by about 11% beginning July 2024. This reduction in farmgate prices, coupled with our hedging of whole milk powder and foreign currency exposures are expected to lower our input costs in the next few quarters.

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 (tCO₂e) 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/(credit)

Income tax expenses/(credit) on continuing operations comprise the following:

	Individual/Cumulative quarter 3 months ended	
	Unaudited 30.6.2024	Unaudited 30.6.2023
	RM	RM
Tax expense	896	397
Deferred tax expense/(income)	937	(137)
	<u>1,833</u>	<u>260</u>

B6. Status of corporate proposals

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

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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 ⁽¹⁾ RM'000	Proposed utilization as varied by 15.2.2023 RM'000	Actual utilization to 30.6.2024 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	(22,543)
- <i>Expansion of our production facility in Australia</i>	Within 18 months	60,000	(55,149)	4,851	(4,851)
- <i>Regional expansion outside of Malaysia</i>	Within 24 months	40,000	-	40,000	(25,635)
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)
		300,989	-	300,989	(176,712)

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.

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

B8. Loans and borrowings

	Unaudited 30.6.2024 RM'000	Audited 31.3.2024 RM'000
Non-current		
Unsecured		
Sukuk	300,000	300,000
Secured		
Hire purchase liabilities	5,869	7,452
Term loans	31,205	30,913
	<u>337,074</u>	<u>338,365</u>
Current		
Unsecured		
Sukuk	425	3,366
Secured		
Hire purchase liabilities	7,149	7,254
Short term financing	879	1,405
Term loans	650	640
Bankers' acceptances	73,189	54,983
	<u>82,292</u>	<u>67,648</u>
	<u>419,366</u>	<u>406,013</u>

The loans and borrowings of the Group are denominated in MYR, except for term loans of RM29.71 million (31.3.2024: RM29.25 million), hire purchase liabilities of RM9.47 million (31.3.2024: RM10.71 million), bankers' acceptances of RM15.61 million (31.3.2024: RM14.47 million) and short-term financing of RM0.88 million (31.3.2024: RM1.40 million) 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 30 June 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

On 25 July 2024, the Board of Directors recommended a final single-tier dividend of 1.20 sen per ordinary share totaling RM 22.5 million for the financial year ended 31 March 2024 subject to the approval of the shareholders at the forthcoming Annual General Meeting. It will be paid on 10 October 2024 to shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 30 September 2024.

B11. Earnings per share (“EPS”)

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

	Individual/Cumulative quarter 3 months ended	
	Unaudited 30.6.2024	Unaudited 30.6.2023
Net profit attributable to the owners of the Company (RM'000)	25,995	6,371
Weighted average number of ordinary shares in issue ('000)	1,872,391	1,871,920
Basic EPS (sen)	1.39	0.34

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/Cumulative quarter 3 months ended	
	Unaudited 30.6.2024 RM'000	Unaudited 30.6.2023 RM'000
Net profit attributable to the owners of the Company	25,995	6,371
	Unaudited 30.6.2024 '000	Unaudited 30.6.2023 '000
Weighted average number of ordinary shares (basic)	1,872,391	1,871,920
Effect of share options in issue	1,921	1,621
Weighted average number of ordinary shares (diluted)	1,874,312	1,873,541
Diluted EPS (sen)	1.39	0.34

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on the quoted market prices for the period during which the options are outstanding.

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

B12. Revenue

	Individual/Cumulative quarter 3 months ended	
	Unaudited 30.6.2024 RM'000	Unaudited 30.6.2023 RM'000
Revenue from contracts with customers		
- At a point in time	241,554	185,417
- Over time	145	39

B13. Profit before tax

	Individual/Cumulative quarter 3 months ended	
	Unaudited 30.6.2024 RM'000	Unaudited 30.6.2023 RM'000
Profit for the period is arrived at after charging/(crediting)		
Depreciation and amortisation:		
- Property, plant and equipment	11,120	8,901
- Right-of-use assets	2,344	1,236
- Intangible assets	67	77
Equity settled share-based payment	243	534
Impairment loss on trade receivables	386	55
Property, plant and equipment written off	46	--
Write down/(Reversal) of obsolete and slow-moving inventories	112	(62)
Loss on disposal of property, plant and equipment	56	2
Amortisation of deferred income	(68)	(68)
Loss/(Gain) arising from changes in fair value of dairy cows and goats:		
- Malaysian Farm	310	588
- Australian Farm	240	(926)
Fair value gain of:		
- Derivative financial instruments	(1,142)	(2,235)
- Other investments	(565)	(508)
Distribution income from money market investments	(425)	(705)
Net foreign exchange loss/(gain)	67	(367)
Personnel expenses (including key management personnel):		
- Contribution to state plans	1,820	1,404
- Wages, salaries and others	24,834	17,323
Rental income from subleasing of property	(326)	(416)
Expenses relating to short-term leases	1,402	917
Expenses relating to leases of low-value assets	151	186