



Good food, Good life

INTERIM REPORT
NESTLÉ (MALAYSIA) BERHAD
 (198301015532 (110925-W))
 (Incorporated in Malaysia)

The Directors are pleased to present the Interim Report for the period ended 31 DECEMBER 2021 as follows:

CONDENSED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

| | 3 months ended 31 December | | | 12 months ended 31 December | | |
|---|-------------------------------------|------------------|---------------|---|------------------|--------------|
| | 2021 RM'000 | 2020 RM'000 | % | 2021 RM'000 | 2020 RM'000 | % |
| Revenue - Sales of goods | 1,466,526 | 1,369,943 | 7.1% | 5,733,816 | 5,412,180 | 5.9% |
| Cost of sales | (1,003,903) | (872,507) | | (3,775,581) | (3,446,678) | |
| Gross profit | 462,623 | 497,436 | -7.0% | 1,958,235 | 1,965,502 | -0.4% |
| Other income | 3,696 | - | | 3,696 | - | |
| Operating expenses | (308,999) | (322,759) | | (1,175,819) | (1,209,502) | |
| Operating profit | 157,320 | 174,677 | -9.9% | 786,112 | 756,000 | 4.0% |
| Finance costs | (10,168) | (8,597) | | (35,848) | (35,466) | |
| Finance income | 103 | 1,520 | | 828 | 3,538 | |
| Share of post tax profit of an associate | (441) | (205) | | 725 | 697 | |
| Profit before tax | 146,814 | 167,395 | -12.3% | 751,817 | 724,769 | 3.7% |
| Tax expense | (34,710) | (34,909) | | (182,006) | (172,056) | |
| Profit after tax | 112,104 | 132,486 | -15.4% | 569,811 | 552,713 | 3.1% |
| Minority interests | - | - | | - | - | |
| Profit after tax and minority interest | 112,104 | 132,486 | -15.4% | 569,811 | 552,713 | 3.1% |
| Profit for the period/year | 112,104 | 132,486 | -15.4% | 569,811 | 552,713 | 3.1% |
| Other comprehensive (expense)/income, net of tax | | | | | | |
| Item that is or may be reclassified subsequently to profit or loss | | | | | | |
| Cash flow hedge | 1,297 | (2,377) | | 2,790 | (2,603) | |
| Item that will not be reclassified subsequently to profit or loss | | | | | | |
| Remeasurement of defined benefit liability | (3,000) | (1,298) | | (3,000) | (1,298) | |
| Total other comprehensive expense for the period/year, net of tax | (1,703) | (3,675) | | (210) | (3,901) | |
| Total comprehensive income for the period/year | 110,401 | 128,811 | -14.3% | 569,601 | 548,812 | 3.8% |
| Basic earnings per share (sen) | 47.81 | 56.50 | | 242.99 | 235.70 | |
| Proposed/Declared dividend per share-net (sen) | 102.00 | 92.00 | | 242.00 | 232.00 | |
| | AS AT END OF CURRENT QUARTER | | | AS AT PRECEDING FINANCIAL YEAR END | | |
| Net assets per share attributable to equity holders (RM) | 2.48 | | | 2.38 | | |

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020.

**CONDENSED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

| | As at 31.12.2021 RM'000 | As at 31.12.2020 RM'000 |
|---|-------------------------------|-------------------------------|
| Assets | | |
| Property, plant and equipment | 1,534,268 | 1,423,843 |
| Right-of-use assets | 208,232 | 238,238 |
| Intangible assets | 63,342 | 64,500 |
| Investment in an associate | 5,949 | 5,614 |
| Deferred tax assets | 23,874 | 36,238 |
| Trade and other receivables | 9,228 | 13,056 |
| Total non-current assets | 1,844,893 | 1,781,489 |
| Trade and other receivables | 377,050 | 472,705 |
| Inventories | 744,987 | 597,270 |
| Current tax assets | 11,003 | 548 |
| Cash and bank balances | 6,898 | 9,359 |
| Total current assets | 1,139,938 | 1,079,882 |
| Total assets | 2,984,831 | 2,861,371 |
| Equity | | |
| Share capital | 267,500 | 267,500 |
| Hedging reserve | (744) | (3,534) |
| Retained earnings | 315,941 | 293,170 |
| Total equity attributable to owners of the Company | 582,697 | 557,136 |
| Liabilities | | |
| Loans and borrowings | 100,000 | 100,000 |
| Lease liabilities | 141,351 | 162,846 |
| Employee benefits | 89,859 | 90,592 |
| Deferred tax liabilities | 142,496 | 133,968 |
| Total non-current liabilities | 473,706 | 487,406 |
| Trade and other payables | 1,626,072 | 1,480,838 |
| Loans and borrowings | 245,693 | 257,701 |
| Lease liabilities | 26,962 | 31,063 |
| Current tax liabilities | 29,701 | 47,227 |
| Total current liabilities | 1,928,428 | 1,816,829 |
| Total liabilities | 2,402,134 | 2,304,235 |
| Total equity and liabilities | 2,984,831 | 2,861,371 |
| Net assets per share attributable to shareholders (RM) | 2.48 | 2.38 |

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020.

**CONDENSED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Non Distributable | | Distributable | Total Equity RM'000 |
|--|-------------------|-----------------|------------------|------------------------|
| | Share capital | Hedging reserve | Retained profits | |
| | RM'000 | RM'000 | RM'000 | |
| At 1 January 2020 | 267,500 | (931) | 398,355 | 664,924 |
| Cash flow hedge | - | (2,603) | - | (2,603) |
| Remeasurement of defined benefit liability | - | - | (1,298) | (1,298) |
| Profit for the year | - | - | 552,713 | 552,713 |
| Total comprehensive income for the year | - | (2,603) | 551,415 | 548,812 |
| <u>Dividends to owners of the company</u> | | | | |
| - Interim dividend for the year 2019 | - | - | (328,300) | (328,300) |
| - Interim dividend for the year 2020 | - | - | (328,300) | (328,300) |
| At 31 December 2020 | 267,500 | (3,534) | 293,170 | 557,136 |
| At 1 January 2021 | 267,500 | (3,534) | 293,170 | 557,136 |
| Cash flow hedge | - | 2,790 | - | 2,790 |
| Remeasurement of defined benefit liability | - | - | (3,000) | (3,000) |
| Profit for the year | - | - | 569,811 | 569,811 |
| Total comprehensive income for the year | - | 2,790 | 566,811 | 569,601 |
| <u>Dividends to owners of the company</u> | | | | |
| - Interim dividend for the year 2020 | - | - | (215,740) | (215,740) |
| - Interim dividend for the year 2021 | - | - | (328,300) | (328,300) |
| At 31 December 2021 | 267,500 | (744) | 315,941 | 582,697 |

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020.

**CONDENSED AUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | 12 months ended 31.12.2021 RM'000 | 12 months ended 31.12.2020 RM'000 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 751,817 | 724,769 |
| <i>Adjustments for:</i> | | |
| Amortisation and depreciation | 194,142 | 176,466 |
| Impairment of property, plant and equipment | 150 | 5,793 |
| Impairment of rights of use asset | 1,162 | - |
| Net finance costs | 35,020 | 31,928 |
| (Gain)/Loss on disposal of property, plant and equipment | (3,696) | 322 |
| <i>Add/ Less:</i> | | |
| Movement in working capital | 83,898 | 133,039 |
| Income tax paid | (189,028) | (174,971) |
| Others | 14,042 | 11,943 |
| Net cash from operating activities | 887,507 | 909,289 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (274,758) | (294,553) |
| Proceeds from disposal of property, plant and equipment | 7,213 | 463 |
| Others | 1,218 | 3,988 |
| Net cash used in investing activities | (266,327) | (290,102) |
| Cash flows from financing activities | | |
| Finance costs paid | (35,848) | (35,466) |
| Proceeds from borrowings | 15,000 | 105,634 |
| Dividend payment | (544,040) | (656,600) |
| Payment of lease liabilities | (31,745) | (28,669) |
| Net cash used in financing activities | (596,633) | (615,101) |
| Net increase in cash and cash equivalents | 24,547 | 4,086 |
| Cash and cash equivalents at 1 January | (28,342) | (32,428) |
| Cash and cash equivalents at 31 December | (3,795) | (28,342) |

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020.

INTERIM FINANCIAL REPORT

Notes:

1 Basis of preparation

This interim financial report is based on the audited financial statements for the year ended 31 December 2021 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 International Financial Reporting Standards. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

2 There was no qualification made on the preceding audited financial statements.

3 The Group's operations are affected by economic cycles and festive seasons.

4 Items affecting assets, liabilities, equity, net income or cash flow

Besides the COVID-19 situation as elaborated in the Additional Information section, there were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group.

a. Property, plant and equipment

As at the end of this quarter, the Group has acquired / disposed the following assets:

| | 3 months ended 31 Dec 2021 | | 12 months ended 31 Dec 2021 | |
|--|----------------------------|---------------------------------------|-----------------------------|---------------------------------------|
| | Assets acquired RM'000 | Assets disposed / write-off RM'000 | Assets acquired RM'000 | Assets disposed / write-off RM'000 |
| Building (improvements and additions) | 12,916 | 1,294 | 17,602 | 1,307 |
| Plant and machinery, tools, furniture and equipment (include Asset Under Construction) | 134,462 | 3,441 | 245,537 | 4,185 |
| Motor vehicles | 393 | 143 | 3,831 | 515 |
| Information systems | 4,358 | 3 | 7,788 | 185 |
| | 152,129 | 4,881 | 274,758 | 6,192 |

b. Right-of-use

As at the end of this quarter, the movement in the right-of-use assets are as follow:

| | 3 months ended 31 Dec 2021 | | 12 months ended 31 Dec 2021 | |
|---------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
| | Addition & modification RM'000 | Derecognition RM'000 | Addition & modification RM'000 | Derecognition RM'000 |
| Building | 124 | - | 2,855 | - |
| Tools and equipment | 2 | - | 541 | 114 |
| Information systems | 2,867 | - | 2,867 | - |
| | 2,993 | - | 6,263 | 114 |

5 Changes in estimates

There were no significant changes in estimates for prior periods that have materially affected the results of this quarter.

6 Debts and equity security

There was no issuance of debts and equity security in this quarter.

7 Dividends paid

Dividends paid during the reporting period are as follows:

| | 3 months ended 31.12.2021 RM'000 | 12 months ended 31.12.2021 RM'000 |
|--|--|---|
| Interim dividend for the financial year ended 31 December 2021 | | |
| 1st interim: 70.00 sen per share (single-tier) | 164,150 | 164,150 |
| 2nd interim: 70.00 sen per share (single-tier) | 164,150 | 164,150 |
| Interim dividend for the financial year ended 31 December 2020 | | |
| 3rd interim: 92.00 sen per share (single-tier) | - | 215,740 |
| Total | 328,300 | 544,040 |

8 Operating segment

MFRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision maker, which is defined as the Executive Board. The Group is focused in two areas of activity, Food & Beverages and Others which include Nutrition, Nestlé Professional, Nestlé Health Science and NESPRESSO.

Segment revenue and results

Revenue
Operating Profit

| 12 months ended 31 Dec 2021 | | |
|-----------------------------|------------------|-----------------|
| Food & Beverages RM'000 | Others RM'000 | Total RM'000 |
| 4,773,462 | 960,354 | 5,733,816 |
| 717,313 | 70,252 | 787,565 |

Segment revenue and results

Revenue
Operating Profit

| 12 months ended 31 Dec 2020 | | |
|-----------------------------|------------------|-----------------|
| Food & Beverages RM'000 | Others RM'000 | Total RM'000 |
| 4,491,451 | 920,729 | 5,412,180 |
| 699,666 | 57,021 | 756,687 |

The comments on page 6 apply to both segments Food & Beverages (83% of total sales) and Others (17% of total sales).

Reconciliations of reportable segment operating profit:

Total operating profit for reported segments
Other unallocated expense
Consolidated operating profit

| 12 months ended 31.12.2021 RM'000 | 12 months ended 31.12.2020 RM'000 |
|---|---|
| 787,565 | 756,687 |
| (1,453) | (687) |
| 786,112 | 756,000 |

9 Valuation of property, plant and equipment

There were no changes or amendments to the valuation of property, plant and equipment from the previous annual financial statements.

10 Events subsequent to balance sheet date

There were no material subsequent events to the balance sheet date.

11 Changes in the composition of the Group

There were no changes in the composition of the Group in this quarter.

12 Changes in contingent liabilities

As of the date of this report, there were no other contingent liabilities to the Group except for material litigation as disclosed in Note 12 on page 8.

13 Related party transactions

Transactions related to Nestlé S.A. and companies owned by Nestlé S.A. and other affiliates are as follows:

Sales of finished goods
Rendering of services
Purchases of goods and services
Royalty expenses
IT shared service expenses
Finance costs

| 3 months ended 31.12.2021 RM'000 | 12 months ended 31.12.2021 RM'000 |
|--|---|
| 325,129 | 1,039,599 |
| 5,893 | 31,832 |
| 405,591 | 1,361,144 |
| 69,922 | 283,164 |
| 10,800 | 45,082 |
| 848 | 3,358 |

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

1 Review of performance (Quarter 4, 2021 vs Quarter 4, 2020)

For the fourth quarter ended 31 December 2021, total turnover for the Group increased by 7.1% to RM1.47 billion from RM1.37 billion in the same quarter of 2020, driven by higher domestic and export sales, which grew by 6.0% and 10.8% respectively. The Group's F&B business was a key driver, recording a strong growth of 6.4%, while Out-of-Home (OOH) channels maintained a positive trajectory following the easing of restrictions, even though still well behind pre-COVID levels.

We continued to keep our people and business partners safe, maintain operational continuity and fulfill the solid demand for our brands, adapting our offerings to meet the evolving needs and expectations of Malaysians. We continued to put every effort to ensure employee safety and supply continuity in a year of multiple enduring COVID related disruptions. The dedicated efforts by our teams enabled us to record another quarter of solid growth amid disruptions created by the unprecedented floods in December 2021.

During this time, the Group provided various relief efforts, including donating ready-to-eat products to more than 10,000 flood victims around the country, contributing food aid to Malaysian Red Crescent Society, Majlis Bandaraya Shah Alam and the Malaysian Relief Agency, amongst other organisations, and extending financial assistance to our own employees impacted by the floods. This is part of the Group's commitment to supporting Malaysians and caring for our communities to make a positive difference.

The Group recorded Profit Before Tax and Profit After Tax of RM146.8 million and RM112.1 million respectively in Q4 2021, slightly below Q4 2020. This was mainly due to the impact of higher commodity prices and COVID-19 related expenses, which remained sizeable in Q4 2021 (COVID testing, provision of personal protective equipment for employees and other COVID-19 safety measures to ensure infection prevention and containment on-site). Profit was also somewhat impacted by one-off costs incurred due to the floods, including financial assistance to affected employees, costs for repair or write-offs of damaged vehicles and trade assets as well as donations to the communities impacted in Klang Valley.

The overall solid results in the quarter, combined with the Group's commitment to deliver value to shareholders allowed the Board to declare a third interim dividend of RM1.02 per share for the financial year ended 31 December 2021, 10 sen higher than the third interim dividend of 2020.

2 Review of performance (Year-to-date, 2021 vs Year-to-date, 2020)

For the full year ended 31 December 2021, the Group's turnover increased by 5.9% to RM5.73 billion, on the back of higher domestic and export sales which increased by 6.2% and 5.0% respectively. This was driven by the Group's core F&B business, recording a growth of 6.3%.

Our performance for 2021 reflects the validity of our strategies in a context of multiple challenges. First and foremost, we ensured a stable supply of high-quality products that meet the needs and expectations of Malaysians, supported by effective innovation, communication and demand generation activities. All this was done while supporting vulnerable communities via relief efforts during the year. Particularly commendable is the work done by our teams to further future-proof Nestlé Malaysia, such as the execution of important capital investment projects and the entrance into new high potential segments such as those of plant-based foods and drinks.

We also further ramped up our sustainability agenda, particularly action against plastic waste. We expanded our community recycling programme with our partners the Majlis Bandaraya Petaling Jaya, Majlis Bandaraya Subang Jaya and Majlis Bandaraya Shah Alam. Our reforestation programme Project RELeaf also made good progress. Despite difficulties to access planting sites amidst lockdowns, we used this time to nurture seedlings in preparation for upcoming planting activities, to realise our objective of three million trees by 2023 and we partnered with other like-minded manufacturers to establish MAREA (Malaysian Recycling Alliance Berhad), the first voluntary EPR (Extended Producer Responsibility) in Malaysia.

The Group registered a higher Profit Before Tax of RM751.8 million for the full year, up by 3.7% from the same period last year, while Profit After Tax grew by 3.1% to RM569.8 million. This was primarily due to the higher sales achieved and marketing spend efficiencies, offset slightly by increased commodity prices as well as the significant COVID-19 related expenses, which amounted to approximately RM93 million.

3 Variation of results against previous quarter (Quarter 4, 2021 vs. Quarter 3, 2021)

For the fourth quarter ended 31 December 2021, the Group registered a turnover of RM1.47 billion, an increase of 1.9% compared to the third quarter of 2021. This was mainly driven by an increase in export sales.

Profit Before Tax was lower at RM146.8 million mainly due to the impact from higher commodity prices as well as higher operating expenses. Higher operating expenses were driven by higher marketing spend, which were lower in Q3 2021 due to the EMCO restrictions at the time, as well as expenses incurred due to the flood situation in December 2021.

4 Current year prospects

Moving forward, continued volatility is expected as the pandemic transitions towards an endemic phase while new variants remain a global short term risk factor and global supply chains remain highly disrupted. Against this backdrop, we are committed to continue delivering high-quality, nutritious, great-tasting products that resonate well with Malaysians of all walks of life.

Without a doubt, challenges will persist in the year ahead, including rising food commodity costs, that in some cases could translate into price increases.

Our sustainability agenda will make further progress in 2022. As an example, we kickstarted the year transitioning to 100% renewable electricity for all our operations in Malaysia, allowing us to reduce emissions by 75,000 tonnes of CO2 equivalent every year. We have also accelerated our planting activities for Project RELeaf. In December 2021 we joined hands with Sime Darby Plantation Berhad, which will see the planting of one million trees to contribute to our target of three million trees by 2023. We will also continue to expand our Door-to-door recycling programme to reach out to more communities and we will also pioneer the implementation of environmentally friendlier packaging solutions allowing to reduce the use of virgin plastics.

As always, we remain committed to serving the needs of Malaysians while maintaining a strategic long-term focus to ensure sustainable growth and resilient results year in and year out.

5 Profit forecast

We do not issue any profit forecast.

12 Material litigation

Nestlé Products Sdn. Bhd. ("NPSB"), the wholly owned subsidiary of Nestlé (Malaysia) Berhad ("the Company") was served with a sealed Writ of Summons and Statement of Claim dated 6 March 2019, filed by Mad Labs Sdn. Bhd. ("Mad Labs"). The claim by Mad Labs against NPSB is for amongst others, the sum of RM139,344,262.25. An amended Writ of Summons dated 21 March 2019 was further filed by Mad Labs and served subsequently on 25 March 2019.

In the Statement of Claim, Mad Labs is alleging inter alia, the unauthorised and/or unlawful use of Mad Lab's QR Code, breach of an implied contract between Mad Labs and NPSB by reason of NPSB's continued use of the QR Code, unjust enrichment of NPSB by the use of the QR Code, compensation for the services which Mad Labs has rendered to NPSB and NPSB's negligence in using Mad Labs's QR Code on its products/packaging. NPSB has filed and served its Statement of Defence dated 22 April 2019 to dispute the claims made by Mad Labs. In addition to filing the Statement of Defence, NPSB has separately filed an action at the Intellectual Property Court ("IP Court") against Mad Labs and its sole director and shareholder, Chow Kien Loon ("CKL") for amongst others, to challenge the ownership of Mad Labs in the QR Code, negligence, unlawful interference with trade as well as defamation and trade libel. Mad Labs and CKL have been served the sealed Writ of Summons and Statement of Claim dated 23 April 2019 filed by NPSB through its solicitors.

On 9 December 2019, the Court has allowed the consolidation and transfer of Mad Labs' claim to the IP Court to be heard together with NPSB's claim. The IP Court has recently heard and disposed of an interlocutory striking out application filed by Mad Labs and CKL to remove CKL as a named defendant in the counter suit filed by NPSB against Mad Labs and CKL. On 21 October 2020, Mad Labs and CKL have filed a Notice of Appeal against the IP Court's dismissal of CKL's striking out application and subsequently on 11 January 2022, the Court of Appeal has dismissed CKL's appeal with cost awarded to Nestlé.

The high court trial at the IP Court which commenced on 10 June 2021 remains on-going and the court has fixed 7 to 11 March 2022 and 4 to 8 April 2022 for trial continuation.

Based on the opinion rendered by solicitors representing NPSB, Messrs. Zaid Ibrahim & Co., NPSB has a reasonably strong case against Mad Labs and CKL. Accordingly, the Board is of the opinion that no provision needs to be made for this claim.

13 Dividend

The Board of Directors has proposed a third interim dividend of 102 sen per share (2020: 92 sen per share) in respect of year ended 31 December 2021 which will be paid on 19 May 2022 to shareholders whose names appear on the Record of Depositors on 20 April 2022. Under current rules, single-tier dividends are not taxable in the hand of shareholders.

A Depositor shall qualify for entitlement only in respect of:

- shares transferred into the Depositor's Securities Account before 5.00 p.m. on 20 April 2022 in respect of ordinary transfers.
- shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Total dividend year-to-date ("YTD") for the year ended 31 December 2021 is 242 sen per ordinary share (YTD 2020: 232 sen).

14 Profit for the period/year

| | 3 months ended 31 Dec | | 12 months ended 31 Dec | |
|---|-----------------------|----------------|------------------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Profit for the period/year is arrived at after charging: | | | | |
| Depreciation of property, plant and equipment | 41,567 | 36,195 | 157,991 | 140,464 |
| Depreciation of right-of-use assets | 7,318 | 9,323 | 34,993 | 34,707 |
| Amortisation of intangible assets | 289 | 290 | 1,158 | 1,295 |
| Finance cost of lease liabilities | 1,624 | 1,892 | 6,840 | 7,349 |
| Impairment loss on property, plant and equipment | 150 | 5,793 | 150 | 5,793 |
| Impairment loss on right-of-use assets | 1,162 | - | 1,162 | - |
| Property, plant and equipment written off | 2,276 | 1,305 | 2,675 | 1,529 |
| Loss on disposal of property, plant and equipment | - | - | - | 322 |
| Provision & write off of inventories | 5,474 | - | 6,137 | - |
| Net foreign exchange loss | 3,425 | 6,083 | 2,919 | 527 |
| and after crediting: | | | | |
| Gain on disposal of property, plant and equipment | 4,305 | 72 | 3,696 | - |
| Reversal of impairment loss on trade receivables | 115 | 2,281 | 504 | 553 |
| Reversal of provision of inventories | - | 7,394 | - | 2,099 |

15 Basic earnings per share**a. Basic earnings per share**

The calculation of the basic earnings per share is based on the net profit attributable to ordinary shareholders of RM569.8 million (RM552.7 million in December 2020) and the number of ordinary shares outstanding of 234.5 million (234.5 million in December 2020).

b. Diluted earnings per share

Not applicable for the Group.

BY ORDER OF THE BOARD

Tengku Ida Adura Binti Tengku Ismail, *MCCS (MACS 01686)*

Company Secretary

Date : 22 February, 2022