

**Independent Market Research (“IMR”) report  
on the Malaysian Integrated Dairy Industry**

**January 2022**

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**8. INDUSTRY OVERVIEW (Cont'd)**

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The Board of Directors  
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Dear Sirs,

**Independent Market Research on the Malaysian Integrated Dairy Industry for Farm Fresh Berhad (“Farm Fresh” or the “Company”)**


We, Frost & Sullivan GIC Malaysia Sdn Bhd (“**Frost & Sullivan**”), have prepared this Independent Market Report on the Malaysian Integrated Dairy Industry (“**IMR Report**”) for inclusion in Farm Fresh’s prospectus, in relation to the listing of and quotation on the Main Market of Bursa Malaysia Securities Berhad (“**Prospectus**”).

We are aware that this IMR Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007.

We acknowledge that if we are aware of any significant changes affecting the content of this IMR Report between the date hereof and the issue date of the Prospectus, we have an ongoing obligation to either cause this IMR Report to be updated for the changes and, where applicable, cause Farm Fresh to issue a supplementary prospectus, or withdraw our consent to the inclusion of this IMR Report in the Prospectus.

Frost & Sullivan has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this IMR Report. We believe that this IMR Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this IMR Report. This IMR Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this IMR Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:



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**June Liang Pui San**  
 Country Head, Malaysia

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**Methodology**

*For the purpose of preparing this Report, Frost & Sullivan has conducted primary research encompassing interviews with industry experts and industry players, and secondary research, which included reviews of company reports, official websites/social media pages, independent research reports, information from industry associations/authorities/international organisations, and information from Frost & Sullivan research database. Unless being made available in the publicly available sources, projected data was derived by Frost & Sullivan using historical data analysis with the consideration of the social, economic, and political environments in the relevant markets for the forecasted period.*

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**Profile of the IMR signee, June Liang Pui San**

*June Liang is the Country Head for Frost & Sullivan GIC Malaysia Sdn Bhd. June Liang possesses over 23 years of experience in market research and consulting, including over 14 years in independent market research and due diligence exercises for capital markets across the Asia Pacific region. June Liang holds a LLB (hons) from University of Wales, Cardiff and MBA from Imperial College.*

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**1 INTRODUCTION**

The dairy industry in Malaysia is growing driven by both demand and supply dynamics. On the demand side, Malaysians are becoming more health-conscious and are adopting a more balanced diet rich in nutrients and proteins, which leads to a growing interest in fresh and organic food & beverage (“F&B”) products. In addition, there is a growing demand for fortified products, including milk, with extra vitamins and minerals due to lifestyle (e.g., muscle building) and health (e.g., fragile bones) needs by consumers. Additionally, the growth of the population and household income enable consumers to spend more on F&B products, including dairy products. Urbanisation also drives the demand for packaged dairy products as city dwellers are generally becoming more accustomed to Western dietary styles and are enjoying the convenience of purchasing and consuming products on the go. On the supply side, dairy companies are innovating their product offerings to suit consumers’ needs, such as providing new pack sizes to fit the different lifestyles of consumers (e.g., 100ml for kids, 200ml for adults while on the go, 1,000ml for home consumption, etc.), new packaging designs to make the products more visually attractive, and new flavours to tailor to local preferences and dietary requirements. Furthermore, dairy companies now can also reach consumers through multiple distribution channels, including physical stores, online channels, stockists and home dealers.

**2 MACROECONOMIC OVERVIEW**

Malaysia is the third wealthiest country in Southeast Asia (“SEA”).<sup>1</sup> The Malaysian economy grew at a compound annual growth rate (“CAGR”) of 4.9% over the period from 2015 to 2019, despite global headwinds. The country’s economy declined by -5.6% in 2020 compared to 2019, partly due to the initial uncertainty caused by the political crisis at the beginning of the year, but mostly due to the economic impact of the Coronavirus Disease (“COVID-19”) pandemic, which caused a decline in global and domestic demand as well as economic activity. Following the economic contraction in 2020, the economic activity gradually picked up in the months of February and March 2021 as well as at the start of the second quarter of 2021, due to the lifting of some movement restrictions imposed to contain the spread of the COVID-19 virus. The economic activity slowed down again in June and in July 2021 under Phase 1 of the National Recovery Plan (NRP), but subsequently recovered later in the third quarter as more states transitioned into Phase 2 with less restrictive containment measures. In line with the higher vaccination rate achieved in the later part of the third quarter of 2021, more sectors were then allowed to re-open. The latest forecasts as at November 2021 project the Malaysian economy to **recover in 2021** compared to the 2020 levels, and register a yearly growth rate of between 3.0% and 4.0%.<sup>2</sup> The economic growth is expected to accelerate further in 2022, supported by a gradual normalisation of economic activities and global economic developments.

The **Malaysian population** grew at a CAGR of 1.1% from 2015 to 2020, from 31.2 million people in 2015 to 32.9 million people in 2020. The population is forecasted to reach 35.0 million by 2025.<sup>3</sup> With the population of Malaysia set to increase, the dairy industry will also expand further due to the increased base of consumers.

The positive economic situation in Malaysia in the past years contributed to the **growth of household income**. The average household disposable income per capita grew from RM20,015.6 in 2015 to RM24,071.3 in 2020 at a CAGR of 3.8%, and it is expected to reach RM31,742.6 by 2025, contributing to higher expenditure by households, including on consumer food products such as dairy products. With the higher household income, the country’s **monthly household expenditure** has also followed suit, growing from RM3,577.6 in 2014 to RM4,533.5 in 2019 at a CAGR of 4.9%. Specifically, the monthly household expenditure on milk products grew from RM48.2 in 2014 to RM55.4 in 2019, recording a CAGR of 2.8%. Among other reasons, this growth was driven by the higher consumption of fresh milk as a

<sup>1</sup> Southeast Asia in this report is defined as including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam

<sup>2</sup> Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Third Quarter of 2021, November 2021

<sup>3</sup> International Monetary Fund, World Economic Outlook October 2021

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more nutritional option than reconstituted/recombined milk, the higher health awareness among consumers, and the increasing quality and affordability of fresh milk in Malaysia.

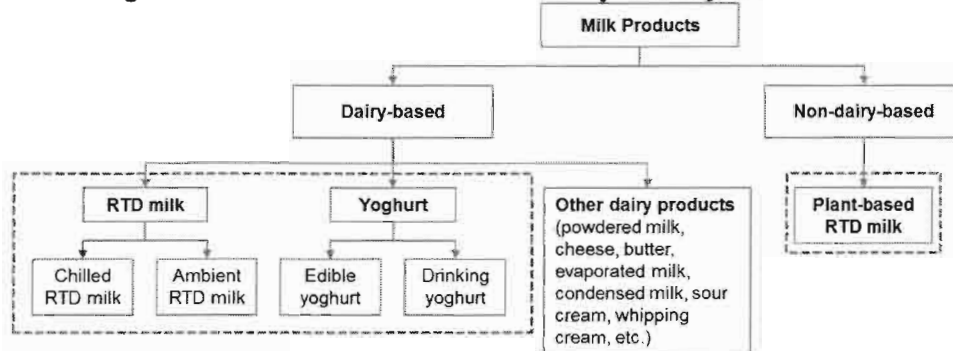
## 3 THE INTEGRATED DAIRY INDUSTRY

## 3.1 DEFINITIONS AND VALUE CHAIN

The **integrated dairy industry** can be divided into three main stages: (1) upstream; (2) midstream; and (3) downstream. An integrated dairy company has operations in every stage of the value chain. By operating a dairy farm, a dairy company can have a competitive advantage, ensuring a stable supply of fresh raw milk<sup>4</sup> at a lower cost, avoiding the fluctuation of fresh raw milk prices. **Farm Fresh is integrated in the value chain.**<sup>5</sup>

## 3.2 INDUSTRY SEGMENTATION

Figure 3-1: Segmentation of the Milk Products Industry in Malaysia



Note:   refers to the focus of this report, as the company operates mainly in these areas.

Source: Frost & Sullivan

Milk products can be split into dairy-based and non-dairy-based. **Dairy-based** milk products are F&B products made from the milk of mammals such as cows or goats, including ready-to-drink (“RTD”) milk, yoghurt, butter, and cheese (coagulation of milk protein), among others. **Non-dairy-based** milk products are F&B products made from plants including beans or nuts such as soybeans, almonds, cashew and oat, among others. This report will focus on dairy-based RTD milk and yoghurt, and plant-based RTD milk.

## 4 INDUSTRY SIZE AND GROWTH

## 4.1 SALES

Table 4-1: Retail Sales of Selected Milk Products in Malaysia by Segments (RM Million), 2015–2025F

	RTD Milk		Yoghurt		RTD Milk
	Chilled	Ambient	Drinking	Edible	Plant-based
2015	317.2	797.2	155.3	158.4	252.2
2019	456.6	1,186.6	195.3	201.3	295.1
2020	539.5	1,547.0	210.6	228.3	315.1
2021F	533.1	1,530.6	209.9	225.0	316.9
2025F	780.6	2,103.4	272.8	294.6	392.5
CAGR 2015-2019	9.5%	10.5%	5.9%	6.2%	4.0%
CAGR 2021F-2025F	10.0%	8.3%	6.8%	7.0%	5.5%

Note: Retail sales value at current prices. Drinking yoghurt does not include cultured yoghurt drink.<sup>6</sup> The market forecasts are based on the latest data available as at October 2021.

Source: Frost & Sullivan

The retail sales of selected milk products grew between 2015 and 2019. In 2020, the market recorded strong growth, driven by consumer panic buying and stocking up during the early part

<sup>4</sup> Raw milk is defined by the European Food Safety Authority as milk produced by farmed animals that has not been heat treated to more than 40°C, nor had any equivalent treatment

<sup>5</sup> Refer to the competitive landscape section of this report for more information

<sup>6</sup> Cultured yoghurt drink refers to fermented yoghurt drink

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of the first nationwide movement restrictions being introduced by the Malaysian Government. In the first nine months of 2021, sales stabilised, declining slightly compared with the strong performance achieved in 2020 during the same period. Based on the latest data available as at October 2021, in the full year of 2021 the market is estimated to remain subdued compared to 2020, but higher compared with the 2019 levels, and it is estimated to grow in the following years starting 2022 towards the forecasted period up to 2025.

**Size of the RTD milk industry:** **Chilled segment** refers to milk that needs to be stored under chilled conditions (below 5°C) along the supply chain, from production to consumer. **Ambient segment** refers to milk that does not need to be stored under chilled conditions, such as the ultra-high temperature (“UHT”) milk and sterilised milk. The ambient segment was the largest RTD milk segment in 2020, contributing 74.1% in terms of value, mainly due to its longer shelf life, which allows consumers to stock up UHT and sterilised milk for a longer time. Ambient RTD milk is also a preferred choice due to its lower price compared with chilled RTD milk, as the ambient RTD milk does not require a cold chain distribution and storage. In the forecasted period up to 2025 the chilled segment is expected to drive the growth of the RTD milk category.

Meanwhile, the retail market of powdered milk was estimated at RM2.3 billion in 2020. Powdered milk is expected to have a steady growth in the following years, driven by specialty milk for infants, kids and the elderly, who need calcium intake for healthy bones. As the age groups of 0 to 14 years old and 50 years old and above are forecasted to grow at a CAGR of 0.6% and 4.4% between 2020 and 2025 respectively, the demand for powdered milk is expected to follow suit.

**Size of the yoghurt industry:** **Edible yoghurt** refers to thick yoghurt that is obtained by fermenting milk with various live bacteria cultures, usually in spoonable form. **Drinking yoghurt** refers to dairy beverages that are produced in a very similar method to traditional yoghurt, usually in bottle form. Edible yoghurt and drinking yoghurt had similar market share in terms of value in 2020, while drinking yoghurt had a higher volume share. This was mainly due to edible yoghurt's higher average selling price compared to drinking yoghurt. The higher health awareness among Malaysians helped the industry grow, as yoghurt is increasingly seen as an ideal choice for on-the-go consumption. Additionally, industry players' innovations regarding flavours have helped boost yoghurt consumption. The retail market of yoghurt is expected to grow from RM434.8 million in 2021 to RM567.4 million in 2025 at a CAGR of 6.9%.

**Plant-based RTD milk products** can be defined as milk beverages containing or made from plants such as soy milk and almond milk. The market of plant-based RTD milk is poised to grow driven by the growing local vegan population in Malaysia. Additionally, the demand for plant-based RTD milk is also expected to be driven by the large lactose intolerant population in the country; more than 90% of the Malaysian population is lactose intolerant.<sup>7</sup> Further, plant-based RTD milk also caters to consumers with dietary restriction due to medical reasons. Moving forward, the market is expected to grow, driven by the introduction of new high-value varieties.

#### 4.2 COUNTRIES COMPARISON

The Malaysian consumption of milk and milk products per capita grew from 53.3 kg per person in 2015 to 54.3 kg per person in 2020, at a CAGR of 0.4%. The consumption per capita recorded in Western developed countries in 2020 (e.g., Australia 297.3 kg, United States 276.2 kg) was higher in general when compared to developing countries in Southeast Asia (e.g., Philippines 23.1 kg and Indonesia 17.2 kg). However, **the consumption of milk and milk products in SEA countries is projected to grow at a robust rate** in the future due to factors including: (i) dietary habits of consumers are becoming more globalised; (ii) consumers are increasingly aware of health topics and nutrient-rich milk products are in demand; and (iii) the growth of disposable income allows consumers to spend more on quality products. The consumption of milk and milk products is forecasted to increase across all segments. The RTD milk segment in Indonesia and the Philippines is expected to grow at a CAGR of 9.3% and 6.5% respectively during the period from 2020 to 2025.

<sup>7</sup> The Star, Easing lactose intolerance woes, May 2019

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## 4.3 LOCAL PRODUCTION VS IMPORTED PRODUCTS

The Malaysian dairy industry does not produce a sufficient quantity of milk to keep up with the **increasing domestic demand**. Malaysia's net import (import - exports) of milk and milk products increased between 2015 and 2020 at a CAGR of 2.0%.

There were 801 dairy farms in Malaysia in 2020, out of which 615 were small-scale dairy farms, 97 were medium-scale dairy farms and 89 were large-scale dairy farms.<sup>8&9</sup> Through its National Dairy Industry Development Strategic Plan 2021-2025 that was launched in July 2021, the Malaysia Agriculture and Food Industry Ministry is committed in **boosting the country's dairy sector** to achieve a 100% self-sufficiency level<sup>10</sup> ("**SSL**") for fresh raw milk by 2025. The development of dairy valleys that was outlined under the 12th Malaysia Plan would be continued at several new areas such as the South Dairy Valley (Melaka and Johor), the Borneo Dairy Valley (Sabah and Sarawak) and the East Coast Dairy Valley (Kelantan and Terengganu). As of January 2022, there are five dairy valleys that are operational (Muadzam Shah dairy valley, Ulu Bernam dairy valley, Mualim dairy valley, Larut Matang Selama dairy valley and Northern dairy valley).<sup>11</sup> Among the five dairy valleys, the Muadzam Shah dairy valley is the largest fresh raw milk-producing valley nationwide.<sup>12</sup> It is also where Farm Fresh has both a farm and a processing facility.

The local fresh raw milk production in Malaysia grew from 36.5 million litres in 2015 to 43.3 million litres in 2020<sup>13</sup> at a CAGR of 3.5%, in part supporting the **fast growth of the local consumption**. The higher local production is expected to contribute to the greater affordability of milk products in Malaysia. Notwithstanding the lower population of dairy cattle in Malaysia in the period from 2015 to 2020, the growth of local fresh raw milk production was supported by better milk yields, higher efficiency and productivity of local Malaysian dairy farms, particularly by companies adopting good farm management practices.

**Breeds performance:** Farmers across different geographies increasingly shift to crossbred cows to benefit from the efficiencies of hybrid vigour and get the best traits from each breed<sup>14</sup> for the respective climate and operational conditions. Additionally, the milk yield may vary significantly between different operations, due to factors such as climate and herd management, among other factors. In addition, in a given geography, the average annual yield by dairy cows increases over time, due to the improved herd genetics and feed management, among other factors. For example, the average milk yield per lactation cycle in Malaysia increased from 2,497 litres in 2016 to 3,174 litres in 2020<sup>15</sup> at a CAGR of 6.2%.

Farm Fresh in its Malaysian operations owns the Australian Friesian Sahiwal ("**AFS**") and the Jersey-Friesian **crossbreeds**. Due to the availability of these crossbreeds, and due to the improvements in farm management achieved over years of operations, Farm Fresh is able to obtain a superior milk yield of approximately 5,479 and 5,718 litres/lactation cycle<sup>16</sup> respectively in 2019<sup>17</sup> from these breeds in its farms in Malaysia, even in the tropical environment of Malaysia. Overall, the AFS breed combines the genotypes of the temperate Holstein and the tropical Sahiwal breeds, resulting in one of the most resilient and economically viable tropical cattle breeds globally.<sup>18</sup> AFS cattle are also proven to have high resistance to heat, ticks and

<sup>8</sup> Small-scale dairy farms refer to dairy farms with 1-39 dairy cows; medium-scale dairy farms refer to dairy farms with 30-49 dairy cows; and large-scale dairy farms refer to dairy farms with 50 or more dairy cows

<sup>9</sup> Based on data from Department of Veterinary Services ("**DVS**") that was shared with F&S

<sup>10</sup> Defined as of Local Fresh Raw Milk Production (million litres) out of the total Consumption of Fresh Milk & Imported Liquid Milk (million litres) in Malaysia

<sup>11</sup> Based on data from DVS that was shared with Frost & Sullivan

<sup>12</sup> Based on data from DVS that was shared with Frost & Sullivan

<sup>13</sup> DVS, "Perangkaan Ternakan Malaysia 2019-20", December 2020

<sup>14</sup> LIC & Dairy NZ, "New Zealand Dairy Statistics, 2019-2020", December 2020

<sup>15</sup> Based on data from DVS that was shared with Frost & Sullivan

<sup>16</sup> Based on average lactation length of 333 and 361 days respectively

<sup>17</sup> Milk yield as reported by Farm Fresh

<sup>18</sup> Development of models for the genetic improvement of dairy cattle under cooperative dairying conditions, Md. Kabirul Islam Khan, 2009; Milk and beef production in tropical environments, Indian Veterinary Research Institute



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blood parasites, good tolerance to humidity and benefit from a robust fertility rate.<sup>19</sup> As at December 2021, Farm Fresh is estimated to have one of the largest remaining gene banks of the original AFS cattle globally, and the largest herd of AFS breed cattle among vertically integrated dairy players in Malaysia.<sup>20</sup>

For reference, in its Australian operations, the pure Holstein breed at Farm Fresh's farm offers approximately 10,000 litres of milk per lactation cycle<sup>21</sup> compared with the average of 7,500 litres of milk per lactation cycle recorded in Australia by the Holstein breed.<sup>22</sup> The Holstein dairy cattle are generally believed to be among the highest yielding dairy breed globally.

#### 4.4 MARKET DRIVERS AND RESTRAINTS

##### 4.4.1 Market Drivers

**Growing attention to nutrients, fresh and quality products:** Malaysians are placing a greater importance on fresh and natural food products, which have more nutrients than preserved food products. Malaysians are also demanding for quality products that are prepared following hygienic practices and that are safe to be consumed. The total plate count ("TPC") test has been used to indicate the bacteria colonies formed from live and viable bacteria. The acceptable limit for fresh milk of high quality is 1,000,000 colony-forming units per millilitre ("CFU/ml") or lower.<sup>23</sup> Approximately 30% to 40% of dairy farmers recorded a TPC of more than 1,000,000 CFU/ml at DVS milk collection centre in 2020.<sup>24</sup> Farm Fresh's TPC was below 100,000 CFU/ml<sup>25</sup> during the same year, a value comparable to the limit of 100,000 CFU/ml imposed by the European Union,<sup>26</sup> which has among the world's highest industrial standards for milk and other dairies. It is important for milk to have a TPC of 1,000,000 CFU/ml or lower as having a TPC above the acceptable limit can cause acute diarrhea and haemolytic uremic syndrome, among others.

**Convenient packaging sizes:** Malaysia's urbanisation rate increased from 74.2% in 2015 to 77.2% in 2020;<sup>27</sup> this led to changes in the lifestyle of consumers. City dwellers generally enjoy the convenience of purchasing and consuming products on the go. Multiple packaging sizes offer consumers the possibility to select the most suitable sizes for their consumption habits.

**Innovation on milk dairy products:** The preferences of society are constantly evolving. The demand for sophisticated flavours (e.g., flavours to suit the local market) is growing. For example, the **kurma flavour** option for RTD milk by Farm Fresh has gained popularity among Malaysians, as it accommodates the local taste pallet. Kurma (palm dates) RTD milk, first introduced in Malaysia by Farm Fresh locally in 2016, was later introduced by various competitors. Dairy products also have different variations to suit the different dietary needs of consumers, such as low fat, full cream, organic milk, among others, catering to a wider base of consumers. **Plant-based RTD milk** has gained increasing popularity among the vegan community, as well as with consumers who are lactose intolerant. Farm Fresh was also the first to locally introduce lactose-free RTD milk in 2018, catering to lactose intolerant consumers.

**Multiple distribution formats:** With the increasing penetration and availability of many retail formats within Malaysia (e.g., large format retailers, stockists, dealers, convenience stores, among others), dairy products are becoming more accessible to consumers, including in rural areas. The greater distribution capabilities (e.g., refrigerated vehicles and warehouses) are also driving the market for dairy products, as dairy products can reach consumers faster, and therefore being consumed fresher from the processing facility. In addition, the growth of e-

<sup>19</sup> Bangladesh Agricultural University: Reproductive performances of different genetic groups of dairy cows under ideal management condition; LiveStockLibrary.com.au: Continuing development of a tropical dairy breed; Australian Friesian Sahiwal Dairy Society: species; Oklahoma State University: Breeds of Livestock, Department of Animal Science: AFS

<sup>20</sup> Frost & Sullivan: based on findings from primary interviews

<sup>21</sup> Based on average lactation length of 305 days

<sup>22</sup> Holstein Australia - About Us, accessed on 10 February 2021

<sup>23</sup> DVS, Microbiological quality of local milk submitted to regional Veterinary Laboratories in 2017, November 2018

<sup>24</sup> Based on data from DVS that was shared with Frost & Sullivan

<sup>25</sup> TPC value as reported by Farm Fresh

<sup>26</sup> Regulation (EC) No 853/2004 of the European Parliament and of the council

<sup>27</sup> United Nations, "2018 Revision of World Urbanization Prospects", May 2018

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commerce allows consumers to conveniently purchase food products (including dairy products) from the comfort of their homes.

### 4.4.2 Market Restraints

**Product substitutes:** Consumers may switch to milk in powdered forms, which can be stored longer. Powdered milk is generally cheaper than RTD milk by 35%,<sup>28</sup> albeit it has lower nutrient content. It is often a popular choice among Malaysians, especially among consumers within the lower income brackets. Overall, to a broader extent, non-alcoholic beverages (e.g., tea, coffee, energy drinks) can also be considered as substitutes to fulfil the basic need of a drink.

**Pricing:** The price of milk in Malaysia is generally more expensive when compared to milk prices in other countries. This is mainly due to the demand for milk being greater than the supply within Malaysia, resulting in Malaysia being a net importer. The additional cost is ultimately passed down to consumers.

## 5 COMPETITIVE LANDSCAPE

The market is fragmented and highly competitive. However, most of the largest dairy brands in Malaysia are not produced by locally integrated dairy companies, since they do not operate a dairy farm locally, but rather own only processing facilities and instead purchase their milk from external parties. Farm Fresh is Malaysia's largest integrated producer of dairy products made from fresh raw milk in 2020. Farm Fresh has the highest number of dairy cattle and the largest production of fresh raw milk among dairy farmers in Malaysia in 2020. Additionally, in 2021, Farm Fresh was the first dairy farm operator in Asia who has earned the internationally recognised Certified Humane® certification by Humane Farm Animal Care for its on-farm operations.<sup>29</sup> Of the Malaysian integrated dairy companies, Farm Fresh has the widest portfolio of locally-manufactured dairy products (RTD milk, yoghurt and plant-based RTD milk) as at January 2022. Farm Fresh distributes its products through various channels, including large format retailers, stockists and home dealers. On top of the retail channel, hotels, restaurants and catering services industry ("HORECA") is an important sales channel due to the large volume and value purchased. Farm Fresh is a vertically integrated dairy company in Malaysia with the largest home dealer network, exclusive to the company, for the distribution of its products.

**Pricing analysis:** Based on the pricing analysis of comparable RTD milk products as at 28<sup>th</sup> January 2022, Farm Fresh's pricing was relatively lower as compared to that of other brands in the chilled RTD milk segment. However, within the ambient RTD milk segment, Farm Fresh's pricing was higher than its competitors. Farm Fresh's lower price for RTD milk within the chilled segment compared to other brands may indicate the company's capabilities of running efficient operations locally in Malaysia, allowing it to contain costs while providing healthy profits regardless of the lower price point. Vice versa, in the ambient segment, Farm Fresh may command a higher price due to the lower competition from other brands capable of selling UHT RTD milk made from fresh raw milk.

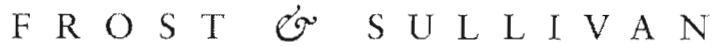
**Critical success factors:** Among the critical success factors in the Malaysian integrated dairy are (i) ownership of bio asset; (ii) advancement in dairy farm operations; (iii) scale of operations; (iv) technological innovation in milk processing; (v) integrated business model; (vi) extensive distribution network; (vii) diversified product portfolio and flavours; and (viii) consistency in delivering quality products.

**Barriers to entry** for the upstream players include (i) high capital requirements; (ii) dairy farming management and knowledge, (iii) scarcity of land; and (iv) rules and regulations related to imports of dairy cattle. For midstream and downstream players, the barriers to entry include (i) the need to adhere to food safety and quality standards; (ii) the continuous R&D to meet ever-changing consumer preferences; and (iii) a highly competitive market.

<sup>28</sup> Frost & Sullivan analysis

<sup>29</sup> Certified Humane, Farm Fresh – Malaysia : FIRST CERTIFIED HUMANE® DAIRY COMPANY IN ASIA, accessed in July 2021

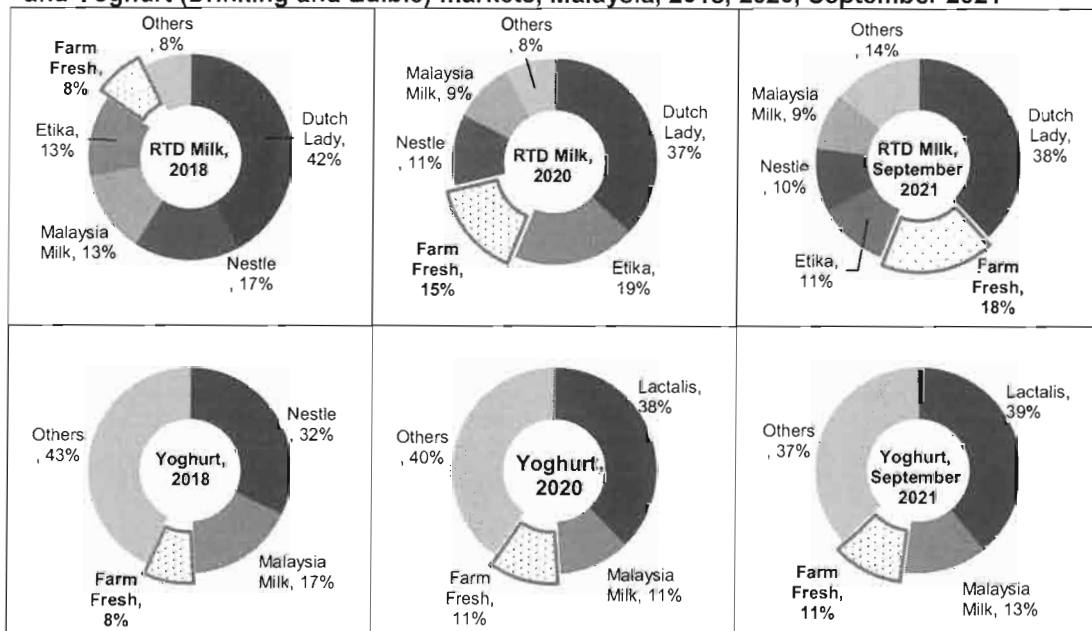
8. INDUSTRY OVERVIEW (Cont'd)



5.1 MARKET SHARE

Farm Fresh is among the top three players in both RTD milk and yoghurt categories. Its market share and ranking has increased over the years, and continued to increase compared to other players even up to September 2021, when it still recorded sales growth despite the market recording a slight decline compared to the same period in 2020. Farm Fresh is estimated to be the second largest player in the RTD milk category and the third largest player in the yoghurt category in Malaysia in the first nine months of 2021. Within the same period, Farm Fresh is also estimated to be the market leader in Malaysia in the chilled RTD milk segment.

Chart 5-1: Indicative Market Share of Key Players in the RTD Milk (Chilled and Ambient) and Yoghurt (Drinking and Edible) markets, Malaysia, 2018, 2020, September 2021



Note:

- (1) Lactalis acquired Nestle's drinking yoghurt and edible yoghurt businesses in Malaysia in 2018.
- (2) Market share is indicative only and according to best efforts based on primary interviews and publicly available information.
- (3) The total may not add up to 100% due to rounding.

Source: Frost & Sullivan

Table 5-1: Indicative Market Share of the Farm Fresh Berhad in the RTD Milk and Yoghurt Segments, Malaysia, 2015–2020 and September 2021

Product	Type	2015	2016	2017	2018	2019	2020	September 2021
RTD Milk	Chilled	12%	15%	21%	25%	29%	36%	42%
	Ambient	-	-	-	1%	5%	8%	10%
	<b>Total (Chilled &amp; Ambient)</b>	3%	4%	8%	8%	12%	15%	18%
Yoghurt	Drinking	7%	9%	10%	11%	13%	16%	16%
	Edible	3%	3%	3%	5%	6%	6%	6%
	<b>Total (Drinking &amp; Edible)</b>	5%	6%	6%	8%	9%	11%	11%

Source: Frost & Sullivan

5.2 FRESH VS RECONSTITUTED/RECOMBINED MILK

**Ingredients for RTD milk production:** RTD milk products in the chilled and ambient segments are either made with fresh raw milk or reconstituted milk<sup>30</sup>/recombined milk.<sup>31</sup> For the production of 100% fresh milk, the raw milk is pasteurised and homogenised then sold as

<sup>30</sup> Reconstituted milk is the liquid milk obtained by adding water to skim milk powder, whole milk powder, or the mix of both skim milk powder and whole milk powder.

<sup>31</sup> Recombined milk is the milk obtained by adding water to the skim milk powder and adding of milk fat separately to achieve the desired fat and total solids content.

## 8. INDUSTRY OVERVIEW (Cont'd)

## F R O S T &amp; S U L L I V A N

chilled, pasteurised fresh milk to retail consumers or as sterilised fresh milk within the ambient segment. For reconstituted milk/recombined milk, fresh milk is replaced partly or fully by different types of milk powders and processed to produce RTD milk products. In Malaysia, companies are required to state the source of milk (e.g., fresh milk, milk powder, milk solids) in the list of ingredients.

**Difference between pasteurised milk vs reconstituted/recombined milk:** Farm Fresh is the only integrated dairy company of scale in Malaysia that produces (i) chilled RTD milk, (ii) ambient RTD milk, (iii) edible yoghurt, and (iv) drinking yoghurt without using reconstituted / recombined milk and milk from powder sources for its own Farm Fresh branded products. Other companies either do not cover all four of these product categories or use reconstituted / recombined milk or milk powder for the production of some of their own-branded products.

Within the RTD milk segment, the 2020 sale percentage of products made using fresh raw milk is estimated at 29%. The percentage increased over the years as the preference of consumers switched towards better quality and fresh products. The percentage is estimated to grow to reach between 35% and 39% of total by 2025, which translates to a CAGR of between 11% and 14% in the period between 2020 and 2025.

Specifically, within the chilled RTD milk segment, the percentage of products made using fresh raw milk is estimated at 66% in 2020. Within this category, Farm Fresh is estimated to have a market share of 54%. The percentage of products in the chilled segment that are made using fresh raw milk is estimated to reach between 73% and 77% of total by 2025.

Additionally, within the ambient RTD milk segment, the percentage of products made using fresh raw milk is estimated at 16% in 2020, and Farm Fresh is estimated to have a market share of 48%. The percentage of products in the ambient segment that are made using fresh raw milk is estimated to reach between 20% and 24% of total by 2025.

Within the growing fresh milk segment, the market share of Farm Fresh has been growing in the period from 2015 to 2020. Farm Fresh is one of the drivers of this change in the Malaysian market with its growing local production of fresh raw milk.

**Table 5-2: Market Share of Farm Fresh Berhad among RTD Milk Products Manufactured with Fresh Milk, Malaysia, 2015–2020**

Product	Type	Ingredient	2015	2016	2017	2018	2019	2020
RTD Milk	Chilled & Ambient	Fresh Milk	16%	21%	28%	34%	44%	52%
	Chilled	Fresh Milk	23%	30%	38%	43%	47%	54%
	Ambient	Fresh Milk	-	-	-	11%	38%	48%

Source: Frost & Sullivan

## 6 OVERVIEW OF THE MARKET IN SINGAPORE

Being a land-scarce nation with limited land for agriculture, local farms in Singapore produce only three agricultural products – vegetables, fish, and eggs. Even these products are produced in small quantities, not sufficient to meet in full the demand by the population of Singapore. Hence, the country imports over 90% of its food supply, including dairy products. Singapore's imports of dairy products reached 452.9 million kg in 2020.<sup>32</sup> Singaporeans consumption per capita of dairy products grew from 41.9 kg in 2015 to 65.4 kg in 2020. The growing consumption per capita was driven by the higher recognition from Singaporeans of dairy products as healthy food, rich in calcium, and good for bones. However, the consumption was in part hindered by the perception of dairy products as a cause of weight gain and gastrointestinal side effects.<sup>33</sup> Nevertheless, Singapore remains an important market for dairy products, due to its multicultural population being accustomed to the international cuisines and varieties of flavours.

Singapore also has a growing market for plant-based RTD milk, driven by its vegan population, the lactose intolerant population, and the ageing population that develops lactose intolerance when getting older due to declining lactase levels.

<sup>32</sup> UN Comtrade, <https://comtrade.un.org/data/> accessed on 23 July 2021

<sup>33</sup> Temasek Polytechnic, Milk Perceptions - A Study of Milk Consumption Patterns in Singapore, November 2017

## 8. INDUSTRY OVERVIEW (Cont'd)

## F R O S T &amp; S U L L I V A N

Table 6-1: Market Size of RTD Milk, Yoghurt and Plant-based RTD Milk in Singapore, in SGD Million, 2015–2025F

Country	2015	2020	2025F	CAGR 2015–2020	CAGR 2020–2025F
RTD Milk	191.9	213.0	240.6	2.1%	2.5%
Yoghurt	63.4	78.9	99.9	4.5%	4.8%
Plant-based RTD milk	14.9	19.4	28.8	5.4%	8.3%

Source: Frost &amp; Sullivan

## 7 OVERVIEW OF THE MARKET IN INDONESIA AND THE PHILIPPINES

With 270.2 million and 108.8 million people in 2020, Indonesia and the Philippines are the two most populous countries in Southeast Asia. The large population represents a huge domestic market for dairy products. With the rising income, growing middle class, and more consumers being conscious of health issues, milk is being looked upon as an important source of protein along with other nutrients. In addition, a larger variety of packaging sizes allow consumers to purchase milk products at different price points based on their needs and affordability. Within the RTD milk segment in Indonesia and the Philippines, **ambient** RTD milk has been more popular than **chilled** RTD milk<sup>34 & 35</sup> due to the logistical challenges created by the vast geographical segregation of both countries. Ambient RTD milk is seen as a more viable option due to its longer shelf life. However, chilled RTD milk is expected to grow due to increased awareness of its nutritional benefits and higher willingness to spend on better quality of content within milk products, especially within the millennial population and in major cities which are better equipped with cold storage facilities.

Indonesia has many cultural similarities with Malaysia, including food culture, and consumers in both countries have similar taste preferences. Accordingly, there is a significant opportunity in the Indonesian market for the growth of flavoured RTD milk products that have been well received in Malaysia, such as kurma milk. The growing number of flavoured RTD milk products is expected to drive consumption of RTD milk in Indonesia. Additionally, similarly to Malaysia, there is high demand for halal products in Indonesia due to its Muslim predominant population. Accordingly, a Malaysian company complying with the Halal requirements is well positioned to effectively penetrate the Indonesian market with innovative Halal-compliant products.

**Yoghurt** consumption has risen due to increasing health consciousness and product availability. The demand for yoghurt is surging in urban areas as locals adapt to more Western tastes and products. In response, manufacturers are beginning to develop new flavours to suit local tastes. Sales in urban centres are growing due to the greater availability of refrigerated distribution and storage capabilities. More foreign brands set up their production facilities in the country and existing brands introduced new additions to their yoghurt flavour range.

Apart from soy milk, **plant-based milk** is still not popular in Indonesia and the Philippines. Nonetheless, the plant-based milk industry is poised for growth as it caters to vegan consumers and the lactose intolerant population in both countries.

Table 7-1: Market Size of RTD Milk, Yoghurt and Plant-based RTD Milk in Indonesia, in IDR Billion, 2015–2025F

Country	2015	2020	2025F	CAGR 2015–2020	CAGR 2020–2025F
RTD Milk	14,841.5	22,466.4	35,107.2	8.6%	9.3%
Yoghurt	1,583.9	2,326.5	3,745.4	8.0%	10.0%
Plant-based RTD milk	874.5	1,139.6	1,634.0	5.4%	7.5%

Source: Frost &amp; Sullivan

Table 7-2: Market Size of RTD Milk, Yoghurt and Plant-based RTD Milk in the Philippines, in PHP Million, 2015–2025F

Country	2015	2020	2025F	CAGR 2015–2020	CAGR 2020–2025F
RTD Milk	6,067.9	10,092.0	13,815.2	10.7%	6.5%
Yoghurt	2,711.8	4,639.9	6,496.0	11.3%	7.0%
Plant-based RTD milk	1,213.9	2,765.3	3,683.1	17.9%	5.9%

Source: Frost &amp; Sullivan

<sup>34</sup> Indonesia Investments - Ultrajaya Milk Industry, accessed on 11 January 2021<sup>35</sup> USDA Foreign Agricultural Services, Philippines Dairy and Products Annual, October 2020

## 8. INDUSTRY OVERVIEW (Cont'd)

## F R O S T &amp; S U L L I V A N

## 8 AUSTRALIA: A KEY PRODUCER OF MILK AND DAIRY PRODUCTS FOR ASIA

Dairy is the fourth largest rural industry in Australia, producing 8,776.0 million litres of milk in 2019/20. Milk production in Australia dropped from 9,805.0 million litres in 2014/15 due to the major widespread 'Millennium drought' in 2002/03, which resulted in consolidation in the industry, with falling cow numbers and dry seasonal conditions constraining the country's milk production. The Australian Dairy Plan was launched in September 2020, which may **increase the national milk production** to 9.6 billion litres by 2025.<sup>36</sup>

Australia is **the fourth largest dairy exporter in the world** as the country's milk production exceeds the volume needed for local consumption, thus creating a marketable surplus for the export markets. Nearly 29% of Australia's milk production in 2019/20 was exported; China, Japan, Singapore, Malaysia, and Indonesia, were the major export markets for Australian milk products. The Australian dairy industry has room to grow further serving the needs of the neighbouring Southeast Asian countries. The ASEAN-6 nations' (Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam) combined dairy trade deficit is expected to reach 19.0 billion litres (liquid milk equivalent) by 2030, creating opportunities for Australia.

**Table 8-1: Australia's Top Five Export Partners for Milk Products, 2014/15 – 2019/20**

tonnes	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	CAGR 2014/15 – 2019/20
<b>China</b>	136,400	178,000	191,500	230,364	244,828	244,460	<b>12.4%</b>
<b>Japan</b>	103,900	103,100	96,000	107,271	98,816	86,269	<b>-3.7%</b>
<b>Singapore</b>	86,600	82,800	81,600	77,443	70,119	73,984	<b>-3.1%</b>
<b>Malaysia</b>	59,400	58,150	61,800	60,113	61,184	61,858	<b>0.8%</b>
<b>Indonesia</b>	51,100	61,000	62,500	56,400	56,647	51,843	<b>0.3%</b>

Source: Dairy Australia

The Australian dairy industry has the opportunity to further grow its exports in the Asian region since Australian dairy products are perceived to be of **high quality**.<sup>37</sup>

## 9 SUMMARY OF PROSPECTS AND OUTLOOK FOR FARM FRESH

In the period between April 2015 and March 2021 Farm Fresh's revenue grew at a CAGR of 55.0%, which is almost 20x the CAGR of 2.8% registered by the expenditure on milk products by Malaysians between 2014 and 2019. Notwithstanding the fast growth achieved in past years, Farm Fresh has the potential to penetrate the Malaysian dairy industry further, and to expand across the region. The company benefits from its integration across the industry's value chain.

The company's dairy farming operations ensure a stable supply of quality fresh raw milk, at a lower cost, making the company less affected by the fluctuation in fresh raw milk prices. Additionally, while the inadaptability of the imported dairy cattle to the local climate has been a challenge to local dairy farmers in Malaysia, leveraging on the AFS breed, a breed primed for tropical dairy farming, Farm Fresh is able to obtain superior milk yields in Malaysia, ensuring a fresh stable supply locally. In addition, the dairy farms operations in Australia provide the company with another source of quality milk for the Malaysian market and to penetrate new markets across the region.

In the midstream segment, Farm Fresh has been continuously innovating, and it was the first in Malaysia to introduce products such as the kurma RTD milk and the lactose-free RTD milk. This enabled the company to continuously capture a greater share of the local market. Over the years, the company has leveraged on the greater attention that Malaysians are placing in maintaining a healthy lifestyle, and it provided them with products made from fresh raw milk, creating a strong foothold in that segment. In addition, leveraging on the wide distribution network via multiple sales channels, Farm Fresh is able to reach a broad range of consumers across different regions in Malaysia. Besides Malaysia, by leveraging on its dairy farming operations in Australia, Farm Fresh has the potential to further expand across the Asia-Pacific region, specifically Indonesia and the Philippines, where the retail environment for RTD milk, yoghurt, and plant-based RTD milk is expected to continue to grow between 2020 and 2025.

<sup>36</sup> Australia Dairy Plan, Dairy organisations launch bold plan to transform industry profitability, confidence and unity over next five years, November 2020

<sup>37</sup> The limit for high quality milk in Australia is 20,000 CFU/ml

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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### 9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 9.1.1 Profiles of our Promoters

##### (i) Loi Tuan Ee

Loi Tuan Ee, a Malaysian aged 59, is our Non-Independent Executive Director, Group Managing Director, Group Chief Executive Officer and one of the co-founders of our Group. He was appointed to our Board on 24 March 2010 and has over 15 years of experience in the dairy industry.

He attended Sekolah Menengah Jenis Kebangsaan Ayer Tawar, Sitiawan, Perak for his secondary education until 1980. He commenced his career with Ayer Hitam Oil Mill Sdn Bhd as a supervisor in 1982. He subsequently joined Kartika Machinery Sdn Bhd in 1984 as a sales representative and was involved in the sales and marketing of industrial products.

He left Kartika Machinery Sdn Bhd to establish Ready Chemical (M) Sdn Bhd and Multiview Enterprise Sdn Bhd in 1984, companies which were principally involved in the sale of household care products and the sale of packaging materials respectively. In 1991, he joined Century Bond Berhad as a director before being redesignated as Deputy Managing Director in 2002 where he was responsible for, amongst others, developing and managing strategic plans for the group.

In 2005, he left Century Bond Berhad to venture into the farming business through the establishment of Rainforest Capital where he was the Managing Director. In 2010, he co-founded The Holstein Milk Company Sdn Bhd and was instrumental in expanding our Group's operations in the dairy business since.

As our Group Managing Director, he is primarily responsible for the business development and direction, strategic corporate planning and the overall operations and management of our Group.

Under Loi Tuan Ee's leadership, our Group was awarded "Best Dairy Farm" by Asia Livestock in 2015 and in 2020, our Group received the ASEAN Inclusive Business Award. In his personal capacity, his notable achievements include being selected as an "Endeavour Entrepreneur" at the 65th Endeavour International Selection Panel in Bali in July 2016 as well as being nominated for Ernst & Young's Malaysia Entrepreneur of the Year in 2016.

Loi Tuan Ee was appointed as a permanent executive committee member of the National Food Security Council on 17 June 2020. He was also appointed as a committee member of the Program Review Committee of Universiti Putra Malaysia's faculty of educational studies on 22 July 2021.

He is the brother to both Loi Tuan Kin and Loi Foon Kion.

Loi Tuan Ee currently holds directorships in other private limited companies.



**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(ii) Rainforest Capital**

Rainforest Capital was incorporated in Malaysia under the Companies Act, 1965 on 12 September 2005 as a private limited company under its present name and deemed registered under the Act. The principal activity of Rainforest Capital is investment holding. Apart from its shareholding in our Company, Rainforest Capital also holds investments in the form of ordinary shares in Rainforest Arowana Sdn Bhd and Rainforest Produce Sdn Bhd, companies which are principally involved in the rearing, farming and commercial captive breeding of Asian arowana and the cultivation of oil palm, as at the LPD.

As at the LPD, the issued share capital of Rainforest Capital is RM43,100,001 comprising 15,100,001 ordinary shares of RM15,100,001 and 28,000,000 irredeemable convertible preference shares ("ICPS 1") of RM28,000,000. The conversion rights of the ICPS 1 will extinguish upon our Listing.

The shareholders of Rainforest Capital and their respective shareholdings in the ordinary shares and the ICPS 1 in Rainforest Capital are as follows:

Shareholder	Ordinary shares				ICPS 1			
	Direct		Indirect		Direct		Indirect	
	No.	%	No.	%	No.	%	No.	%
Loi Tuan Ee	7,565,001	50.10	-	-	-	-	-	-
Loi Tuan Kin	1,510,000	10.00	-	-	-	-	-	-
Loi Foon Kion	6,024,999	39.90	-	-	-	-	-	-
Cahaya Bintang	1	*	-	-	28,000,000	100.00	-	-
Cahaya Bintang Holdings Ltd	-	-	(3)1	*	-	-	(3)28,000,000	100.00
Diamond GP Holdings II Ltd	-	-	(4)1	*	-	-	(4)28,000,000	100.00
Dymon Asia Private Equity (S.E. Asia) II Ltd ("DAPE (S.E.A.)")	-	-	(5)1	*	-	-	(5)28,000,000	100.00
DAPE Ltd	-	-	(6)1	*	-	-	(6)28,000,000	100.00
Dymon Asia Capital Ltd	-	-	(7)1	*	-	-	(7)28,000,000	100.00
Tan Keng Soon <sup>(1)</sup>	-	-	(7)1	*	-	-	(7)28,000,000	100.00
Yong Ming Chong <sup>(2)</sup>	-	-	(8)1	*	-	-	(8)28,000,000	100.00
<b>Total</b>	<b>15,100,001</b>	<b>100.00</b>			<b>28,000,000</b>	<b>100.00</b>		



**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**Notes:**

- \* Less than 0.01%.
- (1) Tan Keng Soon is the co-founder of Dymon Asia Capital Ltd.
- (2) Yong Ming Chong is the co-founder, Chief Executive Officer and the Chief Investment Officer of Dymon Asia Capital Ltd.
- (3) Deemed interested through Cahaya Bintang pursuant to Section 8 of the Act.
- (4) Deemed interested through Cahaya Bintang Holdings Ltd pursuant to Section 8 of the Act.
- (5) Deemed interested through Diamond GP Holdings II Ltd pursuant to Section 8 of the Act.
- (6) Deemed interested through DAPE (S.E.A.) pursuant to Section 8 of the Act.
- (7) Deemed interested through DAPE Ltd pursuant to Section 8 of the Act.
- (8) Deemed interested through Dymon Asia Capital Ltd pursuant to Section 8 of the Act.

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**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(iii) Farmchoice Foods**

Farmchoice Foods was incorporated in Malaysia under the Companies Act, 1965 on 13 July 2011 as a private limited company under its present name and deemed registered under the Act. The principal activity of Farmchoice Foods is investment holding. Apart from its shareholding in our Company, Farmchoice Foods does not hold any other investments, as at the LPD.

As at the LPD, the issued share capital of Farmchoice Foods is RM19,010,002 comprising 5,010,002 ordinary shares of RM5,010,002 and 14,000,000 irredeemable convertible preference shares ("ICPS 2") of RM14,000,000. The conversion rights of the ICPS 2 will extinguish upon our Listing.

The shareholders of Farmchoice Foods and their respective shareholdings in the ordinary shares and the ICPS 2 in Farmchoice Foods are as follows:

Shareholder	Ordinary shares						ICPS 2					
	Direct			Indirect			Direct			Indirect		
	No.	%	%	No.	%	%	No.	%	%	No.	%	%
Loi Tuan Ee	3,181,353	63.50	12.39	(4)620,739	12.39	-	-	-	-	-	-	-
Loi Tuan Kin	251,001	5.01	-	-	-	-	-	-	-	-	-	-
Azmi Bin Zainal	251,000	5.01	-	-	-	-	-	-	-	-	-	-
Adam Graeme Pretty	85,170	1.70	-	-	-	-	-	-	-	-	-	-
Mawai Capital	620,739	12.39	-	-	-	-	-	-	-	-	-	-
Loh Yong Huat <sup>(1)</sup>	-	-	12.39	(4)620,739	12.39	-	-	-	-	-	-	-
Cahaya Bintang	620,739	12.39	-	-	-	14,000,000	100.00	-	-	-	-	-
Cahaya Bintang Holdings Ltd	-	-	12.39	(5)620,739	12.39	-	-	-	-	(5)14,000,000	100.00	-
Diamond GP Holdings II Ltd	-	-	12.39	(6)620,739	12.39	-	-	-	-	(6)14,000,000	100.00	-
DAPE (S.E.A.)	-	-	12.39	(7)620,739	12.39	-	-	-	-	(7)14,000,000	100.00	-
DAPE Ltd	-	-	12.39	(8)620,739	12.39	-	-	-	-	(8)14,000,000	100.00	-
Dymon Asia Capital Ltd	-	-	12.39	(9)620,739	12.39	-	-	-	-	(9)14,000,000	100.00	-
Tan Keng Soon <sup>(2)</sup>	-	-	12.39	(9)620,739	12.39	-	-	-	-	(9)14,000,000	100.00	-
Yong Ming Chong <sup>(3)</sup>	-	-	12.39	(10)620,739	12.39	-	-	-	-	(10)14,000,000	100.00	-
<b>Total</b>	<b>5,010,002</b>	<b>100.00</b>				<b>14,000,000</b>	<b>100.00</b>			<b>14,000,000</b>	<b>100.00</b>	

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**Notes:**

- (1) *Loh Yong Huat is a third party individual and has no association or family relationship with the Promoters, Directors and key senior management of our Company.*
- (2) *Tan Keng Soon is the co-founder of Dymon Asia Capital Ltd.*
- (3) *Yong Ming Chong is the co-founder, Chief Executive Officer and the Chief Investment Officer of Dymon Asia Capital Ltd.*
- (4) *Deemed interested through Mawai Capital pursuant to Section 8 of the Act.*
- (5) *Deemed interested through Cahaya Bintang pursuant to Section 8 of the Act.*
- (6) *Deemed interested through Cahaya Bintang Holdings Ltd pursuant to Section 8 of the Act.*
- (7) *Deemed interested through Diamond GP Holdings II Ltd pursuant to Section 8 of the Act.*
- (8) *Deemed interested through DAPE (S.E.A.) pursuant to Section 8 of the Act.*
- (9) *Deemed interested through DAPE Ltd pursuant to Section 8 of the Act.*
- (10) *Deemed interested through Dymon Asia Capital Ltd pursuant to Section 8 of the Act.*

**9.1.2 Profiles of our Substantial Shareholders**

Save for the profiles of Loi Tuan Ee, Rainforest Capital and Farmchoice Foods which are set out in Section 9.1.1 of this Prospectus, the profiles of our other Substantial Shareholders are as follows:

**(i) Agrifood Resources**

Agrifood Resources was incorporated in Malaysia under the Companies Act, 1965 on 30 December 2011 as a private limited company under the name of Mount Danum Ventures Sdn Bhd and is deemed registered under the Act. On 6 April 2012, it changed its name to Agrifood Resources Holdings Sdn Bhd. The principal activities of Agrifood Resources are that of a strategic investment holding company, holding directly or indirectly, all individual investments in the agrifood sector, including horticulture, aquaculture, herbal ingredients and dairy products and cold chain logistics and the provision of management services, advisories and corporate shared services.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

As at the LPD, the issued share capital of Agrifood Resources is RM692,164,372 comprising 69,104,935 ordinary shares and 623,059,437 preference shares. The shareholders of Agrifood Resources and their respective shareholdings are as follows:

Shareholder	Registration no.	Country of incorporation	Ordinary shares				Preference shares			
			Direct		Indirect		Direct		Indirect	
			No.	%	No.	%	No.	%	No.	%
Khazanah <sup>(1)</sup>	199301020767 (275505-K)	Malaysia	69,104,935	100.00	-	-	623,059,437	100.00	-	-

**Note:**

(1) A sovereign wealth fund formed under the laws of Malaysia.

**(ii) Khazanah**

Khazanah was incorporated under the Companies Act, 1965 on 3 September 1993 as a public limited company and began operations a year later. Except for one share owned by the Federal Land Commissioner, all of the share capital of Khazanah is owned by the Minister of Finance Incorporated.

**(iii) Loi Foon Kion**

Loi Foon Kion, a Malaysian aged 55, is our Substantial Shareholder and Non-Independent Non-Executive Director. For details on Loi Foon Kion's profile, please see Section 9.2.1(ii) of this Prospectus.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.1.3 Background and details of Cahaya Bintang**

Cahaya Bintang (as a general partner for Cahaya Bintang, L.P.) is a special purpose vehicle incorporated under the laws of the Cayman Islands on 19 April 2018, which is wholly-owned indirectly by DAPE (S.E.A.) (as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P.) (collectively, "**Dymon Asia**"). Dymon Asia is managed by Dymon Asia Private Equity (Singapore) Pte Ltd, a Singapore-based fund manager which is regulated by the Monetary Authority of Singapore and holds a capital markets services licence to conduct business in fund management.

Dymon Asia is focused on making private equity investments in companies in the lower mid-market space, or small and medium enterprises, in Southeast Asia. In August 2018, Cahaya Bintang invested into our Company by subscribing for and purchasing the following securities in Rainforest Capital and Farmchoice Foods:

- (i) subscribed for 1 ordinary share and 28,000,000 ICPS 1 in Rainforest Capital ("**RC Subscription Shares**") for a total consideration of RM28,000,001; and
- (ii) purchased 1,241,478 ordinary shares in Farmchoice Foods from Loi Tuan Ee and Loi Tuan Kin and subscribed for 14,000,000 ICPS 2 in Farmchoice Foods for a total consideration of RM29,000,000,

which proceeds were injected into our Company and used by our Group to expand our production capacity in our Larkin Facility and Muadzam Shah Facility as well as invest in farm barns, buildings and equipment in our UPM Farm, Desaru Farm and Greater Shepparton Farm.

On 24 March 2021, Loi Tuan Ee, through Mawai Capital, had exercised a call option granted by Cahaya Bintang where it has been agreed between Loi Tuan Ee and Cahaya Bintang that Loi Tuan Ee's right to the call option be assigned to Mawai Capital which in turn resulted in Mawai Capital acquiring 620,739 ordinary shares in Farmchoice Foods held by Cahaya Bintang for a total cash consideration of RM16 million. Following the completion of the acquisition by Mawai Capital under the said call option, Cahaya Bintang holds 620,739 ordinary shares and 14,000,000 ICPS 2 in Farmchoice Foods as at the LPD.

On 25 September 2021, Loi Tuan Ee and Cahaya Bintang agreed that Loi Tuan Ee shall acquire the (i) RC Subscription Shares; (ii) 310,370 ordinary shares in Farmchoice Foods; and (iii) 14,000,000 ICPS 2 in Farmchoice Foods ("**FF Shares**") (collectively, the "**Sale Securities**") from Cahaya Bintang for cash.

The purchase consideration for the Sale Securities is set out below:

<b>Target company</b>	<b>Sale Securities</b>	<b>Purchase consideration (RM)</b>
Rainforest Capital	1 ordinary share	1.00
	28,000,000 ICPS 1	48,695,652.17 <sup>(1)</sup>
Farmchoice Foods	FF Shares	Please see Note 2
	14,000,000 ICPS 2	24,347,826.09 <sup>(1)</sup>

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**Notes:**

(1) Calculated based on the conversion discount of 42.5% (if the date of our Listing takes place on or prior to 30 June 2022) as per the terms of the ICPS 1 in Rainforest Capital and ICPS 2 in Farmchoice Foods, respectively as follows:

<u>Sale Securities</u>	<u>Purchase consideration (RM)</u>
28,000,000 ICPS 1	$\begin{aligned} & \text{ICPS 1 subscription price} / (1-0.425) \\ & = \text{RM}28,000,000 / (1-0.425) \\ & = \text{RM}48,695,652.17 \end{aligned}$
14,000,000 ICPS 2	$\begin{aligned} & \text{ICPS 2 subscription price} / (1-0.425) \\ & = \text{RM}14,000,000 / (1-0.425) \\ & = \text{RM}24,347,826.09 \end{aligned}$

(2) The purchase consideration for the FF Shares is calculated based on the following formula:

$$\begin{aligned} & \text{Effective interest of Cahaya Bintang in our} && \text{Pre-money valuation of our Company or the} \\ & \text{Company prior to our IPO (based on its} && \text{value of our Company prior to the issuance of} \\ & \text{holding of FF Shares)} = 1.45\% && \text{any new shares pursuant to our IPO} \end{aligned}$$

For illustrative purposes, based on a pre-money valuation of our Company of RM2.2 billion (or an expected market capitalisation of RM2.5 billion), the purchase consideration for the FF Shares is estimated to be RM31.9 million.

On the date of our Listing, the following events will take place:

(i) **Cash dividend:** Rainforest Capital and Farmchoice Foods will declare a cash dividend (subject to available reserves) up to the amount of their respective net proceeds to be received pursuant to the offer for sale under our IPO to be paid to their respective shareholders after the date of our Listing but in any event not later than the Completion Date ("**Dividend Payment**").

"**Completion Date**" means the date falling 3 business days after the date of our Listing, subject to Bursa Depository's approval for the transfer of the Shares from Farmchoice Foods to Cahaya Bintang ("**Bursa Approval**") being obtained. If Bursa Approval is not obtained within 3 business days after the date of our Listing, completion of the sale and purchase of the Sale Securities will take place on the next business day when Bursa Approval is obtained and no later than 7 business days from the date of our Listing or such other date as Cahaya Bintang and Loi Tuan Ee may agree.

Cahaya Bintang will renounce its rights to receive its entitlement of the Dividend Payment in favour of Loi Tuan Ee, subject to the completion of the sale and purchase of the Sale Securities.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

On the Completion Date, Loi Tuan Ee will complete the purchase of the Sale Securities from Cahaya Bintang using his entitlement of the cash dividend following the Dividend Payment.

(ii) **Dividend-in-specie:** Specifically, in respect of Cahaya Bintang's remaining shareholdings of 310,369 ordinary shares in Farmchoice Foods ("Remaining FF Shares"), Farmchoice Foods will declare a dividend-in-specie ("**Dividend-in-Specie**") to the shareholders of Farmchoice Foods, which shall be renounced by the other shareholders of Farmchoice Foods in favour of Cahaya Bintang. Pursuant to such declaration of Dividend-in-Specie and renunciation, subject to Bursa Approval, Farmchoice Foods will transfer 23,633,900 Shares, representing about 1.272% of the issued share capital of our Company from Farmchoice Foods to Cahaya Bintang on the Completion Date ("**Dividend-in-Specie Payment**"), calculated based on the formula below ("**Farm Fresh Shares Percentage**"):

$$\text{Farm Fresh Shares Percentage} = A \times B = 1.272\%$$

Where:

	Formula
A =	$\frac{\text{Remaining FF Shares}}{\text{Farmchoice Foods}} \div \text{Total number of ordinary shares in Farmchoice Foods}$
B =	$\frac{\text{Total number of Shares owned by Farmchoice Foods before our IPO}}{\text{Total number of Shares after our IPO}}$

Loi Tuan Ee and the other shareholders of Farmchoice Foods will renounce their entitlement of the Dividend-in-Specie in favour of Cahaya Bintang. Upon completion of the Dividend-in-Specie Payment on the Completion Date, Cahaya Bintang will transfer the Remaining FF Shares to Loi Tuan Ee for a nominal purchase consideration of RM1.00.

Accordingly, upon the receipt of Bursa Approval for the abovementioned transfer, Cahaya Bintang will hold 23,633,900 Shares (or about 1.272% equity interest in our Company) and will no longer hold any securities in Rainforest Capital and Farmchoice Foods. On the other hand, Loi Tuan Ee will hold directly and indirectly, 7,565,002 ordinary shares (or 50.10% equity interest) in Rainforest Capital and 4,422,831 ordinary shares in Farmchoice Foods (or 88.28% equity interest). As such, Loi Tuan Ee will remain as the controlling shareholder of Rainforest Capital and Farmchoice Foods.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

However, if Bursa Approval is not obtained by the seventh business day after the date of our Listing (or such other date as Cahaya Bintang and Loi Tuan Ee may agree) (“**Approval Date**”), Loi Tuan Ee shall grant Cahaya Bintang the right to require Loi Tuan Ee to purchase all (or any part) of the Remaining FF Shares (“**Put Option**”) at a consideration calculated based on the following formula:

$$23,633,900 \text{ Shares} \quad \times \quad \text{Farm Fresh 5-day VWAP}^{(1)}$$

**Note:**

- (1) *Farm Fresh 5-Day VWAP means the 5-day volume weighted average price of the Shares as traded on the Main Market of Bursa Securities up to and including the market day immediately prior to the date a written notice is served on Loi Tuan Ee setting out Cahaya Bintang’s intention to require Loi Tuan Ee to purchase all (or any part of) the Remaining FF Shares (excluding the date of such notice).*

The Put Option is only exercisable by Cahaya Bintang at any time during a three-month period after the expiry of the moratorium period of six months from the date of our Listing or such other time frame as may be imposed by the SC on Shares held by Farmchoice Foods. In such an event, Cahaya Bintang will continue to hold the Remaining FF Shares until such time the Put Option is exercised by Cahaya Bintang.

*[The rest of this page has been intentionally left blank]*



## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 9.1.4 Shareholdings of our Promoters and Substantial Shareholders

The following table sets out the direct and indirect shareholdings of our Promoters and Substantial Shareholders in our Company before and after our IPO:

Name	Nationality/ Country of Incorporation	Shareholding after the Pre-IPO Exercise <sup>(1)</sup>						After our IPO											
		Direct			Indirect			Assuming the Over-allotment Option is not exercised <sup>(2)</sup>			Assuming the Over-allotment Option is fully exercised <sup>(2)</sup>			Upon Listing and assuming exercise of the ESOS Options <sup>(3)</sup>					
		No. of Shares	%	No. of Shares	%	No. of Shares	%	Direct	No. of Shares	%	Indirect	No. of Shares	%	Direct	No. of Shares	%	Indirect	No. of Shares	%
<b>Promoters and Substantial Shareholders</b>																			
Loi Tuan Ee	Malaysian	1	*	<sup>(4)</sup> 1,144,500,135	70.00	1	*	<sup>(4)</sup> 849,604,935	45.73	1	*	<sup>(4)</sup> 827,309,535	44.52	5,000,001	0.26	<sup>(4)</sup> 827,309,535	43.65		
Rainforest Capital	Malaysia	763,000,115	46.67	-	-	582,159,215	31.33	-	-	571,011,515	30.73	-	-	571,011,515	30.13	-	-	-	-
Famchoice Foods	Malaysia	381,500,020	23.33	-	-	<sup>(7)</sup> 267,445,720	14.39	-	-	<sup>(7)</sup> 256,298,020	13.79	-	-	<sup>(7)</sup> 256,298,020	13.52	-	-	-	-
<b>Substantial Shareholders</b>																			
AgriFood Resources	Malaysia	490,500,000	30.00	-	-	241,534,100	13.00	-	-	219,238,600	11.80	-	-	219,238,600	11.57	-	-	-	-
Khazanah	Malaysia	-	-	<sup>(5)</sup> 490,500,000	30.00	-	-	<sup>(5)</sup> 241,534,100	13.00	-	-	<sup>(5)</sup> 219,238,600	11.80	-	-	<sup>(5)</sup> 219,238,600	11.57	-	-
Loi Foon Kion	Malaysian	-	-	<sup>(6)</sup> 763,000,115	46.67	-	-	<sup>(6)</sup> 582,159,215	31.33	-	-	<sup>(6)</sup> 571,011,515	30.73	-	-	<sup>(6)</sup> 571,011,515	30.13	-	-

**Notes:**

\* Less than 0.01%.

(1) Based on our issued share capital of 1,635,000,137 Shares after the Pre-IPO Exercise.

(2) Based on our enlarged issued share capital of 1,857,954,837 Shares upon Listing and assuming full subscription of our Issue Shares allocated under the Pink Form Allocations.

(3) Based on our enlarged issued share capital of 1,895,113,837 Shares after assuming full exercise of the 37,159,000 ESOS Options intended to be offered as described in Section 4.2.6 of this Prospectus.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (4) *Deemed interested through Rainforest Capital and Farmchoice Foods pursuant to Section 8 of the Act.*
- (5) *Deemed interested through Agrifood Resources pursuant to Section 8 of the Act.*
- (6) *Deemed interested through Rainforest Capital pursuant to Section 8 of the Act.*
- (7) *Excluding 23,633,900 Shares, representing 1.27% equity interest in our Company, to be declared as a dividend-in-specie by Farmchoice Foods to Cahaya Bintang as described in Section 9.1.3 of this Prospectus.*

Our Promoters and Substantial Shareholders do not have different voting rights from other shareholders of our Company as all our Shares before and after our IPO are of the same class.

Save as disclosed above, we are not aware of any person who, directly or indirectly, jointly or severally, exercise control over our Company. There is no arrangement between our Company and our shareholders with any third parties, the operation of which may result in the change in control of our Company.

**9.1.5 Changes in our Promoters' and Substantial Shareholders' shareholdings in our Company for the past three years**

Save for the issuance of Shares to our Promoters and the Substantial Shareholders pursuant to the Pre-IPO Exercise and the allotment of our Shares as detailed in Sections 4.2.1 and 6.1.2 of this Prospectus, there has been no change in our Promoters' and Substantial Shareholders' shareholdings in our Company for the past three years preceding the LPD.

**9.1.6 Benefits paid or intended to be paid or given to our Promoters and Substantial Shareholders**

Save as disclosed in Section 9.2.5 of this Prospectus, there are no other amounts or benefits paid or intended to be paid or given to any of our Promoters and Substantial Shareholders by our Company within the two years preceding the date of this Prospectus.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.2 BOARD OF DIRECTORS

Our Board acknowledges and takes cognisance of the MCCG which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and culture of such companies.

Our Company has adopted the recommendations under the MCCG to have a Board comprising a majority of Independent Non-Executive Directors.

With that, our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern our Group effectively. Our Board is also committed to achieving and sustaining high standards of corporate governance.

Within the limits set by our Constitution, our Board is responsible for the governance and management of our Group. To ensure the effective discharge of its functions, our Board has set out the following key responsibilities in the board charter, which serves as a reference source and guidance to assist our Board in performing their fiduciary duties:

- (i) Setting the corporate values and promoting together with the senior management, good corporate governance culture within our Group, which reinforces ethical, prudent and professional behaviour and ensuring that its obligations to shareholders and other stakeholders are met.
- (ii) Reviewing and adopting a strategic plan for our Group:
  - (a) Review, challenge and decide on the management's proposal on a strategic plan for our Group by bringing objectivity and breadth of judgment to the strategic planning process;
  - (b) Review and oversee the implementation of the strategic business plan for our Group to ensure that it supports long-term value creation and includes strategies on economic, environmental, safety and health, social and governance considerations underpinning sustainability;
  - (c) Together with management, take responsibility for the governance of sustainability in our Group including setting our Group's sustainability strategies, priorities and targets; and
  - (d) Monitor the implementation of the strategic plan by the management.
- (iii) Overseeing the conduct of our Group's business:
  - (a) Oversee the conduct of our Group's business, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;
  - (b) Approve and monitor progress of major capital expenditure, fund-raising, acquisitions and divestitures;
  - (c) Supervise and assess the performance of the management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which the management's performance can be assessed;
  - (d) Review, challenge and decide on the management's proposals for our Group and monitor its implementation by the management; and
  - (e) Monitor compliance with established policies and procedures.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

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- (iv) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures:
  - (a) Understand the principal risks of our Group's business and recognise that business decisions involve the taking of appropriate risks;
  - (b) Fulfil statutory and fiduciary responsibilities by monitoring the operational, financial and risk management processes of our Group and ensuring that internal control procedures are in place;
  - (c) Set the risk appetite within which our Board expects the management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and
  - (d) Complying with environment, safety and health legislation by understanding the operations being carried out by employees and the hazards and risks associated with such operations.
- (v) Succession Planning:
  - (a) Ensure the senior management has the necessary skills and experience; and
  - (b) Ensure measures are in place to provide for orderly succession planning of our Board and senior management, including appointing, training, fixing the compensation of and, where appropriate, replacing the senior management.
- (vi) Overseeing the development and implementation of a stakeholder communications policy for our Group:
  - (a) Ensure that our Group has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from our stakeholders is considered by our Group when making business and other decisions; and
  - (b) Ensure that our Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.
- (vii) Reviewing the adequacy and the integrity of the management information and internal control systems of our Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines:
  - (a) Ensure that there is a sound framework of reporting on internal controls and regulatory compliance;
  - (b) Review the efficiency and quality of our Group's financial reporting process and systems of accounting and internal controls; and
  - (c) Ensuring the integrity of our Group's financial and non-financial reporting and ensure that all our directors are able to understand financial statements and form a view on the information presented.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

In addition, the roles and responsibilities of our Independent Non-Executive Chairman ("**Board Chairman**") are clearly segregated to further enhance and preserve a balance of authority and accountability. Our Board Chairman is primarily responsible for the following:

- (i) providing leadership for our Board so that our Board can perform its responsibilities effectively;
- (ii) taking a leading role in establishing an effective corporate governance system and practices, including the board charter and the terms of references for the board committees, a committee structure and ensuring that induction as well as on-going education programmes for our Directors are in place;
- (iii) setting the agenda for each board meeting, together with our company secretaries and our Group Chief Executive Officer;
- (iv) ensuring the provision of accurate, complete, timely and clear information to the our Directors;
- (v) managing the boardroom dynamics by promoting a culture of openness and debate, encouraging active participation and allowing dissenting views to be freely expressed;
- (vi) leading Board meetings and discussions;
- (vii) ensuring that our Directors are properly briefed on issues arising at Board meetings in a timely manner;
- (viii) ensuring adequate time is allocated for discussion of issues tabled to our Board for deliberation;
- (ix) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to our Board as a whole;
- (x) arranging for regular evaluation of the performance of our Board, board committees and individual directors, including discussing the performance assessment with individual directors and the board committees' chairmen;
- (xi) ensuring that prior to any new appointments to our Board, an assessment is undertaken on the candidate which may include a competency and behavioural analysis of the candidate; and
- (xii) ensuring that our Board and senior management succession planning is considered on an ongoing basis.

On the other hand, our Group Managing Director and Group Chief Executive Officer is primarily responsible for the execution of business plans in line with our Board's direction and drives the business and performance towards achieving our Group's vision and goals as well as the day-to-day management of our Group, within the authorities as delegated by our Board.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

The details of the members of our Board and the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office as at the LPD are as follows:

Director	Designation	Age	Date of appointment	Date of expiration of the current term of office at AGM	No. of years and months in office
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	Independent Non-Executive Chairman	78	25 September 2021	Subject to retirement by rotation at the AGM in 2022	4 months
Loi Tuan Ee	Non- Independent Executive Director, Group Managing Director and Group Chief Executive Officer	59	24 March 2010	Subject to retirement by rotation at the AGM in 2022	11 years and 10 months
Loi Foon Kion	Non- Independent Non-Executive Director	55	25 September 2021	Subject to retirement by rotation at the AGM in 2022	4 months
Tan Mei Shwen Serena	Non-Independent Non-Executive Director	44	2 April 2020	Subject to retirement by rotation at the AGM in 2022	1 year and 10 months
Sukanta Kumar Dutt	Independent Non-Executive Director	64	25 September 2021	Subject to retirement by rotation at the AGM in 2022	4 months
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	Independent Non-Executive Director	62	25 September 2021	Subject to retirement by rotation at the AGM in 2022	4 months
Jocelyn Ng Lai Leng	Independent Non-Executive Director	58	25 September 2021	Subject to retirement by rotation at the AGM in 2022	4 months

None of our other Directors represents any corporate shareholder on our Board except for (a) Loi Tuan Ee, who is a representative of Rainforest Capital and Farmchoice Foods; and (b) Tan Mei Shwen Serena who is a representative of Agrifood Resources. For details on family relationships between our Directors, please see Section 9.5 of this Prospectus.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.2.1 Profiles of our Directors

Save for the profile of Loi Tuan Ee which is set out in Section 9.1.1 of this Prospectus, the profiles of our other Directors are as follows:

(i) **Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas**

Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas, a Malaysian aged 78, is our Independent Non-Executive Chairman. He was appointed to our Board on 25 September 2021.

He graduated with an Honours Degree in Law from the University of Singapore in 1970. Upon graduation, he commenced his career as an Executive Trainee with First National City Bank (now Citibank) for 2 years until 1972. Thereafter, he commenced legal practice and practiced at a leading law firm in Kuala Lumpur for another 2 years, after which he went on to establish his own law firm, Megat Najmuddin, Leong & Co.

He retired from legal practice in 1986 and went into politics. He was also once the UMNO Chief of Petaling Jaya.

He was elected as the State Assemblyman of Kelana Jaya for two terms, from 1986 until 1990 and from 1990 until 1995. He was also a municipal councillor for Majlis Perbandaran Petaling Jaya and Majlis Perbandaran Subang Jaya for 20 years. He had a stint as the Chairman of the Public Accounts Committee of the Selangor State Assembly and was once a director of the Selangor Agricultural Development Corporation and the Selangor Industrial Corporation, respectively. He left active politics in 1995.

In the late 1990s, he was appointed as member of the National Economic Consultative Council 2 (NECC 2) by the then Prime Minister of Malaysia, where he was involved in human resource development. In September 1999, he was also appointed to the Capital Market Strategic Committee by the then Finance Minister of Malaysia and in August 2001, he was appointed as member of the Corporate Debt Restructuring Committee (CDRC) of Bank Negara Malaysia ("BNM").

He was elected as an Executive Committee Member of the Federation of Public Listed Companies ("FPLC") in August 1994 and was appointed as its President in October 1997. He represented the FPLC to the High Level Finance Committee of the Ministry of Finance Malaysia until 2000.

He was a member of BNM's Financial Directors' Education Steering Committee (FIDE). He was also one of the first members of the Malaysian Anti-Corruption Commission (MACC) when it was established to replace the Anti-Corruption Agency (ACA). He also served as an Independent Non-Executive Director of Petroliam Nasional Berhad (PETRONAS) from April 2010 until April 2017. He retired as the Chairman of Omesti Berhad (formerly known as Formis Resources Berhad) and as Advisor of Tradewinds Corporation Berhad in January 2018 whilst in June 2018, he retired as Chairman of Majuperak Holdings Berhad. He is currently the Chairman of Asian Pac Holdings Berhad and SEG International Berhad. On 1 July 2020, he was recently appointed as Chairman of Sime Darby Plantations Berhad.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Presently, he is the Honorary Patron of the Malaysian Institute of Corporate Governance (MICG), of which he was its first President and founder from April 1998 until 2015. He is also a member of Transparency International Malaysia (TIM) and holds chairmanships in a number of non-listed companies namely, the Malaysian Institute of Management (MIM), Ulink Ascot Sdn Bhd and Kuber Venture Berhad. Recently in February 2021, he was appointed as Advisor of Dialog Corporate Sdn Bhd whilst in March 2021, he was appointed as Chairman of MYSJ Sdn Bhd (MySejahtera).

On the social front, he is the current President of Persatuan Darul Ridzuan in Wilayah Persekutuan Kuala Lumpur and Selangor (a welfare organisation). He was the President of Kelab Golf Negara Subang for 6 years and is the Advisor and Trustee of the Tan Sri Muhiyiddin Charity Golf Foundation.

He is also a Trustee of MyKasih (Charity) Foundation and the Vijayaratnam Foundation, as well as a council member of Quest International University in Perak, Malaysia.

He has no family relationship with our Promoters, Substantial Shareholders, other Directors and key senior management of our Group.

### (ii) **Loi Foon Kion**

Loi Foon Kion, a Malaysian aged 55, is our Non-Independent Non-Executive Director and Substantial Shareholder. She was appointed to our Board on 25 September 2021.

She graduated with a Bachelor of Science (First Class Honours) in Food Science and Nutrition from Universiti Kebangsaan Malaysia in 1991. She commenced her career with Wattie Food Services Sdn Bhd in 1991 as a food technologist and was subsequently promoted to quality assurance officer, where she was primarily responsible in setting up the company's quality assurance program and food safety standards.

In 1994, she joined T.A.S. Leisure Sdn Bhd ("T.A.S. Leisure") as Special Projects and Administration Manager where she was involved in procurement, quality assurance and finance matters. She was also a member of the pioneer team of T.A.S. Leisure which was instrumental in the establishment of the first two Chilli's Grill & Bar outlets in Kuala Lumpur, Malaysia.

She left T.A.S Leisure in 1997 to join Interni Asia Sdn Bhd ("**Interni Asia**"), a company principally involved in interior furnishing as a General Manager. She left Interni Asia in 1999 and was on a seven-year sabbatical to pursue her personal interests. In 2006, she joined Rainforest Capital (as an Executive Director, which is an investment holding company founded by her brother, Loi Tuan Ee). Loi Foon Kion currently holds directorships in other private limited companies.

She also holds a Certified Diploma in Accounting and Finance from The Chartered Association of Certified Accountants since 1996.

She is the sister to both Loi Tuan Ee and Loi Tuan Kin.



**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

**(iii) Tan Mei Shwen Serena**

Tan Mei Shwen Serena, a Malaysian aged 44, is our Non-Independent Non-Executive Director. She was appointed to our Board on 2 April 2020.

She graduated from Macquarie University, Australia in 1999 with a Bachelor of Commerce, Accounting and Finance and subsequently obtained a Master of Business Administration from the Massachusetts Institute of Technology (MIT) Sloan School of Management, USA in 2013.

She commenced her career with Bell Securities in Australia, as an equity research assistant from 1998 to 1999. Upon her return to Malaysia in 2000, she joined OSK Research, Malaysia as an equity investment analyst. She then joined McKinsey & Company as a senior analyst in 2001 and subsequently the Boston Consulting Group in 2003 as an associate.

In 2005, she joined Khazanah where she is currently the Executive Director of Investments, and Head of Private Markets and Financial Institutions Group. During her time in Khazanah, she has been seconded to several Khazanah investee companies, including, Lippo Bank (now known as PT Bank CIMB Niaga Tbk) in Indonesia.

She has served on the boards of CIMB Bank Berhad and CIMB Group Holdings Berhad as a non-independent non-executive director since 2017 and 2020, respectively. She was also appointed as an independent non-executive director to the Board of Aviva Singlife Holdings Pte. Ltd., where she has served since 2020.

She has no family relationship with our Promoters, Substantial Shareholders, other Directors and key senior management of our Group.

**(iv) Sukanta Kumar Dutt**

Sukanta Kumar Dutt, a Malaysian aged 64, is our Independent Non-Executive Director.

He was appointed to our Board on 25 September 2021 and has extensive experience in the fields of governance, financial reporting and risk management, having worked for 42 years at Messrs. Ernst & Young ("EY").

He commenced his career with EY as a trainee in 1977 and rose to admission as an audit partner in 1991. His work experience spanned supporting and leading roles on audit engagements and corporate exercises such as mergers and acquisitions, initial public offerings and debt offerings.

He subsequently held positions in EY as Professional Practice Director (Malaysia and Far East), Managing Partner, Quality & Risk Management (Far East and Asia Pacific) as well as Managing Partner, Global Risk Management Infrastructure. His responsibilities included the integration, execution and monitoring of risk processes, methodology and professional standards.

In 2015, he was appointed as Global Risk Management Leader, a position he held until his retirement in 2019. During his tenure as Global Risk Management Leader, he chaired the Global Risk Management Executive Committee, Audit Committee of EY global entities as well as the Insurance Oversight Committee. As Global Risk Management Leader, he was closely involved in areas such as enterprise risk management, ethics, compliance, internal audit, business continuity, independence and conflicts of interest.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

He was previously a board member of the Malaysian Accounting Standards Board, the Malaysian Auditing and Assurance Standards Board and a two-term board member of the International Auditing and Assurance Standards Board. He has been an independent director of CIMB Bank Berhad since October 2019 and assumed the Chair of CIMB Bank Berhad's Board Risk and Compliance Committee in January 2021.

He has been a member of the Malaysian Institute of Certified Public Accountants since 1984 and the Malaysian Institute of Accountants since 1990.

He has no family relationship with our Promoters, Substantial Shareholders, other Directors and key senior management of our Group.

**(v) Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam**

Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam, a Malaysian aged 62, is our Independent Non-Executive Director.

He was appointed to our Board on 25 September 2021 and has over 36 years of experience in the field of veterinary medicine and livestock production.

He graduated with a Doctor of Veterinary Medicine from Universiti Pertanian Malaysia in 1984 and subsequently obtained a Master of Science in Epidemiology and Preventive Veterinary Medicine from Free University of Berlin, Germany in 1994. He commenced his career with the Department of Veterinary Services ("DVS") as a Veterinary Officer in Negeri Sembilan from 1984 to 1989 where he was involved in managing beef cattle at the Jelai Gemas Farm. In 1989, he was re-assigned to the DVS' headquarters in Kuala Lumpur where he worked as a Veterinary Officer (Farm Division) until 1993.

He left the DVS to pursue his Masters in Germany in 1993 and upon returning to Malaysia in 1995, he worked as a Veterinary Officer involved in educating undergraduates, farmers and DVS personnel and managing the dairy farm at the Veterinary Institute in Kluang, Johor until 2000. He was subsequently promoted to become the State Director of the DVS in the state of Kedah from 2000 until 2007 and the state of Perak from 2008 until 2011. During his stint as State Director, he was instrumental in amongst others, developing the livestock industry, raising the income of farmers and ensuring overall animal health status, including preventing zoonotic diseases.

Throughout his career, he has held various positions within the DVS, including as Director of the Livestock Technology Resources Development division from 2011 until 2015 and as Deputy Director-General of the DVS for Development and Veterinary Health from 2015 until 2017.

He was appointed as the Director-General of the DVS in 2017, a position which he has held until his retirement in 2020. His notable achievements throughout his 36-year career with the DVS include being involved in establishing rules and regulations under the Feed Act 2009, the formulation of the Animal Welfare Act 2015 in Malaysia and preparing and implementing strategic plans for dairy and beef development programs for Malaysia. He was also involved in overseeing effective disease control programs, implementing standards and certification for farms and processing plants and negotiating for exports of livestock and its products to other countries.

He is currently a board member of Lembaga Totalisator Malaysia and a director of the Malaysian Equine Council. He also holds directorships in other private limited companies.

He has no family relationship with our Promoters, Substantial Shareholders, other Directors and key senior management of our Group.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)***(vi) Jocelyn Ng Lai Leng**

Jocelyn Ng Lai Leng, a Malaysian aged 58, is our Independent Non-Executive Director.

She was appointed to our Board on 25 September 2021 and has over 20 years of experience in the fields of marketing, business development, and management.

She graduated with a Bachelor of Arts majoring in General Psychology from the University of Waterloo, Canada in 1985 and subsequently obtained a Master of Arts in Psychology from Duquesne University, United States of America in 1986. She commenced her career with Rima College as a Psychology and Sociology lecturer under the American Degree Program in 1987. At the end of 1987, she joined the Stamford College Group where she continued her stint as a Psychology and Philosophy lecturer until September 1988.

From September 1988 until January 1994, she held the positions of Brand and Market Research Manager of Malaysian Tobacco Company Bhd. As Market Research Manager, she was tasked with providing analysis and information on market trends and consumer demands. Subsequently, she was promoted to Brand Manager, where she was primarily involved in promoting the company's brands. Thereafter, she joined Quality Bakers (M) Sdn Bhd in July 1994 as a Marketing Manager.

She left Quality Bakers (M) Sdn Bhd in August 1996 to join JT International as Group Product Manager and was responsible for promoting the company's brands. Subsequently, she joined Danone Marketing (Malaysia) Sdn Bhd in March 2001 as a Marketing Manager in the Snacks Division and thereafter, the Marketing Director of Biscuits and Snacks where she oversaw the marketing team in the promotion of the company's products.

In August 2004, she embarked on a two-year sabbatical to pursue her personal interests in art and fitness. She returned from her sabbatical in January 2007 to join Danone Dumex Sdn Bhd as the Marketing Director and subsequently also assumed the role of Medical Marketing Director. She was responsible for the promotion of brands in both the consumer and medical sectors until July 2010.

She was appointed as the Head of Marketing (Foods & Beverages) of PepsiCo Malaysia Sdn Bhd in November 2010. In March 2012, whilst in her capacity as Head of Marketing (Foods & Beverages), she was further entrusted with the portfolio of Head of Commercial (Foods). In June 2013, she was promoted to the position of General Manager of Malaysia, Singapore, Brunei, Mongolia, and Pacific Islands, where she was responsible for various functions, including amongst others, managing business relationships with food and beverage distributors.

She joined Uniqlo Malaysia Sdn Bhd as the Senior Director of Operations in March 2015 and was promoted to Chief Operating Officer in September 2015, a position she held until 2017. Currently, she is the sole proprietor of her own consulting firm, where she provides consulting services in respect of management and marketing matters. She also holds a directorship in a private limited company.

She has no family relationship with our Promoters, Substantial Shareholders, other Directors and key senior management of our Group.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.2.2 Shareholdings of our Directors**

Save for the shareholdings of Loi Tuan Ee and Loi Foon Kion which is set out in Section 9.1.4 of this Prospectus, the following table sets out the direct and indirect shareholdings of our Directors in our Company before and after our IPO:

Name	Nationality	Shareholding after the Pre-IPO Exercise <sup>(1)</sup>						After our IPO									
		Direct		Indirect		Option is not exercised <sup>(2)</sup>		Direct		Indirect		Option is fully exercised <sup>(2)</sup>		Upon Listing and assuming exercise of the ESOS Options <sup>(3)</sup>			
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	Malaysian	-	-	-	-	500,000	0.03	-	-	500,000	0.03	-	-	500,000	0.03	-	-
Tan Mei Shwen Serena	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sukanta Kumar Dutt	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam	Malaysian	-	-	-	-	500,000	0.03	-	-	500,000	0.03	-	-	500,000	0.03	-	-
Jocelyn Ng Lai Leng	Malaysian	-	-	-	-	500,000	0.03	-	-	500,000	0.03	-	-	500,000	0.03	-	-

**Notes:**

- (1) Based on our issued share capital of 1,635,000, 137 after the Pre-IPO Exercise.
- (2) Based on our enlarged issued share capital of 1,857,954,837 Shares upon Listing and assuming full subscription of our Issue Shares allocated under the Pink Form Allocations.
- (3) Based on our enlarged issued share capital of 1,895,113,837 Shares after assuming full exercise of the 37,159,000 ESOS Options intended to be offered as described in Section 4.2.6 of this Prospectus.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.2.3 Principal business activities performed by our Directors outside our Group in the past five years

The principal business activities performed by our Directors outside of our Group as at the LPD or otherwise specifically mentioned, and the directorships held by our Directors outside of our Group at present and in the past five years preceding the LPD or otherwise specifically mentioned are as follows:

#### (i) Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas

Name of Company	Principal activities	Involvement in business activities
<i>Present directorships:</i>		
• Kuber Venture Berhad	• Investment holdings company investing in business opportunities across various industries with an emphasis on ESG	• Director
• Sime Darby Plantation Berhad <i>(formerly known as Sime Plantations Sdn Bhd)</i>	• Production, processing, refining and sales of palm oil, palm kernel oil, manufacturing and marketing of specialty fats and edible oils, rubber and other palm oil and rubber related products and investment holding	• Director
• Harmoni Bumiria Sdn Bhd	• Property investment and development	• Director
• Everest Pioneer Sdn Bhd	• Real property and housing development	• Director
• Superboom Projects Sdn Bhd	• Property development and investment holding	• Director
• Federation of Public Listed Companies	• Promote and encourage the healthy development of the capital market in Malaysia	• Director
• Megat Properties Sdn Bhd	• Investment holdings company (previously involved in real property but has ceased business operations since 1995)	• Director • Shareholder holding direct interest of 38.29%
• MyKasih Foundation	• To receive and administer funds for social, education and economic programmes for relief of poverty and upgrading of economic, social and educational status of the poor and needy who are Malaysian citizens irrespective of race, religion and descent	• Trustee

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Name of Company</b>	<b>Principal activities</b>	<b>Involvement in business activities</b>
• Lembah Bumimoden Sdn Bhd	• Activities of holding companies (the company has not commenced business operations)	• Director
• Segi University Sdn Bhd ( <i>formerly known as Segi University College (M) Sdn Bhd</i> )	• Provision of educational and training services	• Director
• Yayasan Pendidikan Bistari	<ul style="list-style-type: none"> <li>• To subscribe and grant donations to any cause, person, corporation, institution/ organisation and to provide scholarships, grants and/or subsidies to students and trainees to pursue in higher education and/or other training programmes</li> <li>• To contribute towards research, teaching, training and other related services to an individual for educational purposes</li> <li>• To subscribe to any local/other charities and to grant donations for any charity purposes and to support any other associations/ corporations for charitable purposes</li> </ul>	• Director
• SEG International Bhd	• Investment holding and the provision of consultancy services, property management, rental of premises, business advisory services, educational and training services	• Director
• Wangsa Masyhur Sdn Bhd	• Property investment and development	• Director
• Taman Bestari Sdn Bhd	• Property development	• Director
• Syarikat Kapasi Sdn Bhd	• Property investment and development, renting out of retail units	• Director
• Quality Trend Sdn Bhd	• Property investment and development	• Director

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Name of Company</b>	<b>Principal activities</b>	<b>Involvement in business activities</b>
• Primadana Utama Sdn Bhd	• Investment holding, property investment and development	• Director
• Pinus Park Sdn Bhd	• Renting out bungalow	• Director
• Multizone Parking Sdn Bhd ( <i>formerly known as Asian Pac Parksafe Sdn Bhd</i> )	• Car park management and operations	• Director
• Pristine Property Management Sdn Bhd ( <i>formerly known as Changkat Fajar Sdn Bhd</i> )	• Property management	• Director
• BH Realty Sdn Bhd	• Property investment and development and car park operation	• Director
• BH Builders Sdn Bhd ( <i>formerly known as Kin Khoon &amp; Co. Sdn Bhd</i> )	• Investment holding, property investment and development	• Director
• Asian Pac Property Management Sdn Bhd ( <i>formerly known as Asian Pac Asset Management Sdn Bhd</i> )	• Property management	• Director
• AGB Properties Sdn Bhd	• Investment holding and renting out of office and retail properties	• Director
• Asian Pac Holdings Berhad ( <i>formerly known as Pegi Malaysia Berhad</i> )	• Investment holding, provision of management services and trading of building materials	• Director
• Institut Pengurusan Malaysia ( <i>formerly known as Yayasan Pengurusan Malaysia</i> )	• Provide membership administrative services, promote membership and associated training activities to enhance management leadership and excellence in Malaysia	• Director
• MNK Holdings Sdn Bhd ( <i>formerly known as Starbright Links Sdn Bhd</i> )	• Property investment	• Director • Shareholder holding direct interest of 90.00%

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Name of Company</b>	<b>Principal activities</b>	<b>Involvement in business activities</b>
<ul style="list-style-type: none"> <li>• Yayasan Vijayaratnam</li> </ul>	<ul style="list-style-type: none"> <li>• To provide leadership, guidance and financial assistance to help potential leaders and forward-thinking individuals in their pursuit of academic excellence</li> </ul>	<ul style="list-style-type: none"> <li>• Trustee</li> </ul>
<ul style="list-style-type: none"> <li>• TSM Charity Golf Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• To receive and administer funds and other non-pecuniary forms of assistance for the needs</li> <li>• To receive, provide and utilise funds to sponsor education and sports projects</li> <li>• To organise, carry out and support schemes for the relief of human suffering, improvement of human standard of living and treatment of sickness and diseases</li> </ul>	<ul style="list-style-type: none"> <li>• Advisor and Trustee</li> </ul>
<ul style="list-style-type: none"> <li>• Qnet (M) Sdn Bhd (formerly known as Questnet (M) Sdn Bhd)</li> </ul>	<ul style="list-style-type: none"> <li>• Direct selling / multi-level marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
<ul style="list-style-type: none"> <li>• QI Services (M) Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of strategic services, business services and shared services</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
<ul style="list-style-type: none"> <li>• Ulink Ascot Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Tourism and hospitality education providers</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
<ul style="list-style-type: none"> <li>• Solid Component Manufacturing Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Traders of motor vehicle parts, electrical parts and mechanical engineering spring</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interest of 6.20%</li> </ul>
<ul style="list-style-type: none"> <li>• Kelana Resorts Sdn Bhd (in the process of winding-up)</li> </ul>	<ul style="list-style-type: none"> <li>• Development and management of recreational facilities and amenities</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interest of 10.00%</li> </ul>
<ul style="list-style-type: none"> <li>• Kawai Metal (M) Sdn Bhd (in the process of winding-up)</li> </ul>	<ul style="list-style-type: none"> <li>• Trading in building materials</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interest of 29.40%</li> </ul>



## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Company	Principal activities	Involvement in business activities
• MY Properties Sdn Bhd (formerly known as United Asia Industries Sdn Bhd)	• Manufacturers of and dealers in automotive component parts, plastic products, nylon products, rubber products, wearing apparel, electrical appliances, machinery apparatus and appliances, chemical products, metal products and non ferrous metal products of all kinds and descriptions	• Director
• Hisa Corporation Sdn Bhd (formerly known as Faal Angkut Sdn Bhd)	• Consultancy services	• Director • Shareholder holding direct interest of 99.99%
• Terawis Corporation Sdn Bhd	• Property investment	• Director • Shareholder holding direct interest of 60.00%
• Atlas Development Sdn Bhd	• Advertising, contracts, agents and designers, publicity and marketing specialists, dealers in agents for or importers or exporters of printed matter and advertising material of all kinds whatsoever	• Director
• North South Properties Sdn Bhd (in the process of winding-up)	• Dormant	• Director • Shareholder holding direct interest of 55.00%
• Collections Hotels & Resorts Sdn Bhd	• Hotels and resort hotels and tour operator activities	• Director • Shareholder holding direct interest of 45.00%
• Anafield International Sdn Bhd	• Engaged as consultant for military and other related products	• Director • Shareholder holding direct interest of 48.99%
• MySJ Sdn Bhd	• Other service activities N.E.C, other information service activities N.E.C.	• Director

### Previous directorships in the past 5 years preceding the LPD:

• Greentrend Builder Sdn Bhd (formerly known as Teknik CS Engineering Sdn Bhd)	• Contractor for the provision of civil, mechanical, and other works to palm oil mills	• Director (resigned 25 June 2020) • Shareholder holding direct interest of 51.00%
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## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Company	Principal activities	Involvement in business activities
<ul style="list-style-type: none"> <li>Majuperak Holdings Berhad (formerly known as Majuperak Holdings Sdn Bhd)</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding company with its subsidiaries principally involved in property development, management services, contract management and merchandise sourcing and supply business</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 25 June 2018)</li> </ul>
<ul style="list-style-type: none"> <li>Park Rite Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Provision of parking management services</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 4 December 2019)</li> </ul>
<ul style="list-style-type: none"> <li>Primuda Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Hire purchase</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 9 June 2020)</li> </ul>
<ul style="list-style-type: none"> <li>The Haven Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Property developer</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 27 September 2017)</li> </ul>
<ul style="list-style-type: none"> <li>Zurah Permai Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding company with its subsidiaries principally involved in retail, property development, car park and hotel</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 1 January 2018)</li> </ul>
<ul style="list-style-type: none"> <li>Pan Asia Logistics PTP Malaysia Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Warehousing activities, freight forwarding and holding industrial properties</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 30 June 2019)</li> </ul>
<ul style="list-style-type: none"> <li>Peninsula Education (Setia Alam) Sdn Bhd (formerly known as Segi International Learning Alliance Sdn Bhd)</li> </ul>	<ul style="list-style-type: none"> <li>Provision of training and educational services</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 1 April 2016)</li> </ul>
<ul style="list-style-type: none"> <li>Imperial Education (Ipoh) Sdn Bhd (formerly known as Peninsula Education (Ipoh) Sdn Bhd)</li> </ul>	<ul style="list-style-type: none"> <li>Provision of educational training services</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 30 June 2016)</li> </ul>
<ul style="list-style-type: none"> <li>Asian World Summit Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Provide forum, conference and training services, project management and consultation service provider</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 3 February 2016)</li> </ul>
<ul style="list-style-type: none"> <li>Petroleum Nasional Berhad (Petronas)</li> </ul>	<ul style="list-style-type: none"> <li>Exploitation of oil and gas, marketing of petroleum and petroleum products and investment holding</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 25 April 2017)</li> </ul>
<ul style="list-style-type: none"> <li>Blondal Sales &amp; Service Sdn Bhd (formerly known as Lux Appliances (Mal.) Sdn Bhd)</li> </ul>	<ul style="list-style-type: none"> <li>Retailing of electrical household appliances through direct selling</li> </ul>	<ul style="list-style-type: none"> <li>Director (resigned 31 January 2020)</li> </ul>

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Company	Principal activities	Involvement in business activities
• Malaysian Institute of Corporate Governance	• To promote and encourage corporate governance development, education, and training for the benefit of its members in Malaysia	• Director (resigned 24 May 2016)
• Blondal Sdn Bhd	• Investment holding company with its subsidiaries principally involved in sales of household products and appliances, sales of commercial cleaning appliances and water filtration systems, and water treatment plants activity and related service	• Director (resigned 31 January 2020)
• Blondal Hydroguard (M) Sdn Bhd (formerly known as Blondal-Crosslink Sdn Bhd)	• Trading of water filtration systems	• Director (resigned 31 January 2020)
• Dermaga Suasa Sdn Bhd	• Property developer	• Director (resigned 2 April 2018) • Shareholder holding direct interest of 20.00%
• Malaysia Land Ventures Bhd	• Dormant	• Director (resigned 24 September 2018)
• Corporate Attire Sdn Bhd (formerly known as Spark Manshop Corporate Attire Sdn Bhd) (in the process of winding-up)	• Operating tailoring shops	• Director (resigned 1 January 2018)
• ICT Zone Ventures Berhad	• Information and communication technology, investment schemes, leasing and factoring facilities services	• Director (resigned 21 August 2019)
• Superboom (Ipoh) Sdn Bhd	• Property investment	• Director (resigned 16 July 2018)
• Spark Manshop Holdings Sdn Bhd (formerly known as Spark Enterprise Sdn Bhd)	• Investment holding company with its subsidiaries principally involved in garments manufacturing, operating tailoring shops, and investment and letting of properties	• Director (resigned 3 May 2018)

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Company	Principal activities	Involvement in business activities
• Omesti Berhad (formerly known as Formis Resources Berhad)	• Investment holding activities and provision of management services	• Director (resigned 2 January 2018)
• Tradewinds Corporation Berhad (formerly known as Pemas International Holdings Berhad)	• Investment holding, provision of management services and commercial property investment and property development	• Advisor (resigned 1 January 2018)
• Blondal Natural Cosmetics Sdn Bhd (formerly known as Ultra Spectrum Sdn Bhd)	• Other manufacturing N.E.C.	• Director (resigned 9 June 2020)
• Green Venture Capital Sdn Bhd	• Property development and investment company	• Director (resigned 9 June 2021)

**Involvement in business activities other than as a director:**

• Panji Rehana Sdn Bhd	• Investment and letting of properties	• Shareholder holding direct interest of 50.00%
• Master Resources Consortium Sdn Bhd	• Providing management and consultancy services	• Shareholder holding direct interest of 30.00%
• Guardian Mint (M) Sdn Bhd	• Fabrication and welding works and investment holding	• Shareholder holding direct interest of 69.50%
• ICT Zone Asia Berhad	• Other business support service activities N.E.C and activities of holding companies	• Shareholder holding direct interest of 2.16%
• Belang Rimau Sdn Bhd (in the process of winding-up)	• Investment holding (the company does not have any active business operations and is currently in the process of winding-up)	• Shareholder holding direct interest of 50.00%
• Mema Holdings Sdn Bhd	• Activities of holding companies (the company has not commenced business operations)	• Shareholder holding direct interest of 0.33%
• Sharikat Perniagaan Dan Lumbong Melayu Sdn Bhd	• Investment holding company with its associate principally involved in bus service operators	• Shareholder holding direct interest of 0.27%
• Maycom Advisory Sdn Bhd	• Providing management and professional services	• Shareholder holding direct interest of 0.25%

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### (ii) Loi Tuan Ee

Name of Company	Principal activities	Involvement in business activities
<b>Present directorships:</b>		
• Rainforest Capital	• Investment holding company with its subsidiaries principally involved in commercial captive breeding of Asian arowana and cultivation of oil palm	• Director • Shareholder holding direct interest of 50.10%
• Farmchoice Foods	• Investment holding company with its subsidiary principally involved in dairy cows and the sale of dairy cow's milk	• Director • Shareholder holding direct interest of 63.50%
• Mawai Capital	• Activities of holding companies (company with no investments save for its investment in Farmchoice Foods, as at the LPD)	• Director • Shareholder holding direct interest of 50.00%
• Rainforest Arowana Sdn Bhd	• Commercial captive breeding of Asian arowana	• Director • Shareholder holding direct interest of 35.00% and indirect interest of 51.00% through Rainforest Capital
• Rainforest Produce Sdn Bhd <i>(formerly known as Fleksi Jaya Sdn Bhd)</i>	• Cultivation of oil palm	• Director • Shareholder holding direct interest of 0.0001% and indirect interest of 99.99% through Rainforest Capital
<b>Previous directorships in the past 5 years preceding the LPD:</b>		
• SP Aquaculture Sdn Bhd	• Hatchery and grow up of fish fry	• Director (resigned 22 February 2016)
• Daebak Tea Sdn Bhd <i>(formerly known as Farm Fresh Holdings Sdn Bhd)</i>	• Investment holding company with no investments, as at the LPD	• Director (resigned 2 September 2021)

### (iii) Loi Foon Kion

Name of Company	Principal activities	Involvement in business activities
<b>Present directorship:</b>		
• Rainforest Capital	• Investment holding company with its subsidiaries principally involved in commercial captive breeding of Asian arowana and cultivation of oil palm	• Director • Shareholder holding direct interest of 39.90%

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Name of Company	Principal activities	Involvement in business activities
<i>Involvement in business activities other than as a director:</i>		
• Rainforest Arowana Sdn Bhd	• Commercial captive breeding of Asian arowana	• Shareholder holding indirect interest of 51.00% through Rainforest Capital
• Rainforest Produce Sdn Bhd (formerly known as <i>Fleksi Jaya Sdn Bhd</i> )	• Cultivation of oil palm	• Shareholder holding indirect interest of 99.99% through Rainforest Capital

**(iv) Tan Mei Shwen Serena**

Name of Company	Principal activities	Involvement in business activities
<i>Present directorships:</i>		
• Agrifood Resources Holdings Sdn Bhd (formerly known as <i>Mount Danum Ventures Sdn Bhd</i> )	• Strategic investment holding company holding directly or indirectly, all individual investments in the agrifood sector including horticulture, aquaculture, herbal ingredients and daily products and cold chain logistics and the provision of management services, advisories and corporate shared services	• Director
• Cenviro Sdn Bhd (formerly known as <i>UEM Environment Sdn Bhd</i> )	• Investment holding and provision of management services	• Director
• Monoluxury Sdn Bhd	• Integrated horticultural business which is engaged in the cultivation and processing of vegetables and trading in vegetables and related products	• Director
• CIMB Group Holdings Berhad (formerly known as <i>Bumiputra-Commerce Holdings Berhad</i> )	• Investment holding company with its subsidiaries principally involved in commercial banking and related financial services, financial and corporate advisory, promotion of sporting events, real estate property investments for rental to related companies and nominee services	• Director

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
• CIMB Bank Berhad <i>(formerly known as Bumiputra-Commerce Bank Berhad)</i>	• Commercial banking and related financial services	• Director  • Member of Audit Committee and Risk and Compliance Committee
• Khazanah Turkey Regional Office Dan. Hiz. A.S.	• Providing investment advisory services	• Director
• Khazanah India Advisors Private Limited	• Providing investment advisory services	• Director
• Khazanah Americas Incorporated	• Providing investment advisory services	• Director
• Khazanah Nasional Business Consulting (Shanghai) Co. Ltd	• Commercial information consulting, market economy information consulting and corporation management consulting services for North Asia	• Director

***Previous directorships in the past 5 years preceding the LPD:***

• Kuala Perlis Ventures Sdn Bhd <i>(in the process of liquidation)</i>	• Investment holding company with its investments principally in financial services	• Director (resigned 2 November 2017)
• Santubong Ventures Sdn Bhd <i>(formerly known as Hidro Gemilang Sdn Bhd) (in the process of liquidation)</i>	• Investment holding company with its investments principally in financial services	• Director (resigned 2 November 2017)
• Tulai Beach Ventures Sdn Bhd	• Investment holding company with its investments principally in insurance	• Director (resigned 2 November 2017)
• CIMB Thai Bank Public Company Limited	• Commercial banking and related financial services	• Director (resigned 30 July 2020)
• Kuala Selangor Ventures Sdn Bhd	• Investment holding company with its investments principally in insurance	• Director (resigned 2 November 2017)
• Aviva Singlife Holdings Pte Ltd	• Insurance	• Director (resigned 30 November 2021)
• Aviva Ltd	• Insurance	• Director (resigned 30 November 2021)
• Singapore Life Pte Ltd	• Insurance	• Director (resigned 30 November 2021)

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Name of Company</b>	<b>Principal activities</b>	<b>Involvement in business activities</b>
• Acibadem Saglik ve Hayat Sigorta A.S	• Health insurance	• Director (resigned 11 September 2017)
• Greatville Pte Ltd	• Investment holding company with its investments principally in financial services	• Director (resigned 9 March 2017)
• Pantai Juara Investments Limited	• Investment holding company with its investments principally in financial services	• Director (resigned 2 November 2017)
• Pulau Kaca Investments Limited	• Investment holding company with its investments principally in financial services	• Director (resigned 2 November 2017)
• Pulau Kendi Investments Limited	• Investment holding company with its investments principally in financial services	• Director (resigned 2 November 2017)
• Bukit Galla Investments Limited	• Investment holding company with its investments principally in financial services	• Director (resigned 2 November 2017)
• Bukit Bendera Investments Limited	• Investment holding company involved in private equity fund investment	• Director (resigned 2 November 2017)
• Mount Terra Investments Limited	• Investment holding company involved in private equity fund investment	• Director (resigned 2 November 2017)
• Teluk Senangin Investments Limited	• Investment holding company with its investments principally in financial services	• Director (resigned 2 November 2017)
• Redang Investment Ltd	• Investment holding company with its investments principally in insurance	• Director (resigned 2 November 2017)
• Satang Investments Ltd	• Investment holding company involved in private equity fund investment	• Director (resigned 2 November 2017)
• Tanjung Jara Investments Ltd	• Investment holding company involved in private equity fund investment	• Director (resigned 2 November 2017)
• PT Pantai Damai	• Investment holding company with its investments principally in financial services	• Director (resigned 30 June 2017)



## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Company	Principal activities	Involvement in business activities
• ACR Capital Holdings Pte. Ltd.	• Insurance	• Director (resigned 31 March 2020)
• Asia Capital Reinsurance Group	• Insurance	• Director (resigned 31 March 2020)

### (v) Sukanta Kumar Dutt

Name of Company	Principal activities	Involvement in business activities
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#### *Present directorship:*

• CIMB Bank Berhad	• Commercial banking and related financial services	• Director • Chairman of Board Risk and Compliance Committee
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#### *Previous directorships in the past 5 years preceding the LPD:*

• EY GDS (CS) Limited	• Activities of a holding company with its subsidiaries principally involved in the coordination and provision of global delivery services to member firms of the Ernst & Young network	• Director (resigned 1 July 2019)
• EY GDS Holdings Coöperatief U.A.	• To meet certain material needs of its members based upon agreements	• Director (resigned 1 July 2019)
• EY Global Services Limited (formerly known as EYGBS Limited)	• Accounting and auditing activities and other business support service activities	• Director (resigned 30 June 2019)
• EY Law Limited (formerly known as EY Law (Newco) Limited)	• Non-trading company	• Director (resigned 30 June 2019)
• EYG Limited (formerly known as Hackremco (No. 2067) Limited)	• Non-trading company	• Director (resigned 30 June 2019)
• EYGP LLP	• Limited liability partnership	• Director (resigned 28 June 2019)

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(vi) Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam**

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
<b>Present directorships:</b>		
• Jimat Jaya Sdn Bhd (formerly known as Jen Jen Enterprise Sdn Bhd)	• Processing and marketing of chicken, transport agent	• Director
• Farm's Best Food Industries Sdn Bhd (formerly known as Sinmah Food Industries Sdn Bhd)	• Poultry hatcheries, contract farming, poultry processing, marketing and distribution of poultry products	• Director
• Majlis Ekuin Malaysia	• Dormant	• Director
• Lembaga Totalisator Malaysia	• Regulation of horse racing industry	• Member
• Pet World International Sdn Bhd	• Activities of holding companies, other management consultancy activities not elsewhere classified, real estate activities with own or leased property not elsewhere classified	• Director
• Silver Land Pets Care and Surgery	• Carrying out treatment, immunisation, surgery, sale of pet food, additional food, boarding, grooming, import and export documentation, sale of parent breeds, laboratory, and x-ray services	• Partner
<b>Previous directorships in the past 5 years preceding the LPD:</b>		
• Risda Livestock Sdn Bhd	• Livestock breeders	• Director (resigned 15 December 2020)
• Vam Incorporated (M) Sdn Bhd	• Consultancy services and organiser of all kinds of veterinary business	• Director (resigned 28 May 2021)

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### (vii) Jocelyn Ng Lai Leng

Name of Company	Principal activities	Involvement in business activities
<b>Present directorship:</b>		
• Boh Plantations Sdn Bhd	• Growing and production of tea, packing of tea for the retail trade, growing of oil palm	• Director
<b>Previous directorships in the past 5 years preceding the LPD:</b>		
• Uniqlo (Malaysia) Sdn Bhd	• Retailing of garments	• Director (resigned 31 July 2017)

The involvement of our Directors mentioned above in other principal business activities outside of our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Directors, as:

- (a) our Non-Executive Directors are not involved in the day-to-day operations of our Group. Their involvement in other business activities outside our Company will not affect their contributions to our Group as the principal activities of those companies are not similar to our Group's business; and
- (b) our Executive Director is not actively involved in any business activities outside our Group. His involvement will not affect his ability to perform his roles and responsibilities as our Non-Independent Executive Director, Group Managing Director and Group Chief Executive Officer as well as his contributions to our Group.

#### 9.2.4 Service contracts with our Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and us which provide for benefits upon termination of employment.

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**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.2.5 Remuneration and material benefits in-kind of our Directors**

The aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our Directors for services rendered or to be rendered to us in all capacities to our Group for FYE 31 March 2021 and 2022 are as follows:

	Salaries (RM'000)	Directors' Fees (RM'000)	Bonus (RM'000)	Contributions to EPF and Social Security Organisation (RM'000)	Allowances (RM'000)	Benefits- in-kind (RM'000)	Total (RM'000)
<b>FYE 31 March 2021 (Paid)</b>							
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	-	-	-	-	-	-	-
Loi Tuan Ee	690	-	400	132	246	-	1,468
Loi Foon Kion	-	-	-	-	-	-	-
Tan Mei Shwen Serena	-	-	-	-	-	-	-
Sukanta Kumar Dutt	-	-	-	-	-	-	-
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	-	-	-	-	-	-	-
Jocelyn Ng Lai Leng	-	-	-	-	-	-	-
<b>FYE 31 March 2022 (Proposed)</b>							
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	-	150	-	-	Note 1	-	150
Loi Tuan Ee	1,200	-	400	192	246 <sup>(2)</sup>	-	2,038
Loi Foon Kion	-	100	-	-	Note 2	-	100
Tan Mei Shwen Serena	-	-	-	-	-	-	-
Sukanta Kumar Dutt	-	100	-	-	Note 2	-	100
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	-	100	-	-	Note 2	-	100
Jocelyn Ng Lai Leng	-	100	-	-	Note 2	-	100

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**Notes:**

- (1) *Meeting allowance of RM1,500 per meeting.*
- (2) *Meeting allowance of RM1,000 per meeting.*

The remuneration of our Directors, which includes salaries, Directors' fees, bonus and such other allowances as well as other benefits-in-kind, must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

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## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.2.6 Audit and Risk Management Committee

Our Audit and Risk Management Committee was formed by our Board on 27 September 2021. Our Audit and Risk Management Committee currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Sukanta Kumar Dutt	Chairman	Independent Non-Executive Director
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	Member	Independent Non-Executive Director
Jocelyn Ng Lai Leng	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee undertakes, amongst others, the following functions:

#### (i) Internal audit

- (a) to ensure that the internal audit function reports directly to our Audit and Risk Management Committee;
- (b) to review and report to our Board on the adequacy of the scope, plan, functions, competency, resources and budget of the internal audit function, and whether it has the necessary authority to carry out its work;
- (c) to review and report to our Board on the internal audit plan, processes, the results of the internal audit assessments, investigations undertaken and whether or not appropriate action is taken on the recommendations;
- (d) to evaluate the effectiveness and independence of the internal audit function;
- (e) to review and approve the internal audit charter which defines the purpose, authority and responsibilities of the Head of Audit and Risk and the internal audit function;
- (f) to perform any appraisals or assessments of the performance of the internal audit function, including the Head of Audit and Risk and the internal audit manager(s);
- (g) to decide on the appointment or termination of as well as the remuneration of those in the internal audit function including the Head of Audit and Risk and the internal audit manager(s);
- (h) to take cognisance of resignations of internal audit staff members and provide the resigning member an opportunity to submit the reasons for resigning; and
- (i) to direct any special investigations to be carried out by the internal audit function as and when necessary and consider the major findings of the internal investigations and management's response;

#### (ii) External audit

- (a) to review with the external auditors the following: (i) the audit plan; (ii) external auditor's evaluation of our Group's system of internal controls; and (iii) the external auditor's audit report, and report the same to our Board, including any significant audit findings, difficulties encountered or material weaknesses reported by the external auditors;

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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- (b) to review and report to our Board on the assistance given by the employees of our Company to the external auditor;
- (c) to evaluate the nature and scope of the external auditor's audits, including the terms as detailed in the external auditor's engagement letter and any changes to the audit plan and to ensure an effective coordination of audit where more than one audit firm is involved;
- (d) to evaluate the performance of external auditors, the audit fee and any question of resignation or dismissal including any written explanations before making recommendations to our Board;
- (e) to review and report to our Board on any letter of resignation from the external auditors and whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment;
- (f) to recommend the nomination of a person or persons as external auditors; and
- (g) to establish proper policies and procedures to assess the suitability, objectivity and independence of external auditors, that includes, amongst others:
  - obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with all relevant professional and regulatory requirements;
  - taking into consideration the competence, audit quality and resource capacity of the external auditors in relation to the audit; and
  - assessing the nature and extent of non-audit services rendered by the external auditors and their affiliated companies or firms, and the appropriateness of the level of fees;

**(iii) Financial Reporting**

- (a) to review the quarterly results and the year-end financial statements of our Company and our Group for recommendation to our Board for approval, focusing particularly on:
  - changes in or implementation of accounting policies and practices;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - significant adjustments arising from the external audit;
  - the appropriateness of the going concern assumption used in preparation of the financial statements; and
  - compliance with accounting standards and other legal requirements;
- (b) to review the Audit and Risk Management Committee's report and statement on risk management and internal control for publication in our Company's annual report; and
- (c) To ensure that the finance function is equipped with adequate resources and the right infrastructure to support the financial reporting process;

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

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### (iv) **Related party transactions**

- (a) to assess and report to our Board on any related party transactions and conflict of interest situation that may arise within our Company or our Group, including any transactions, procedures or course of conduct that raises questions of management integrity and might not be in compliance with applicable laws and regulations;
- (b) in reviewing related party transactions, to consider, amongst others, the following factors:
  - the rationale and the cost / benefit to our Company;
  - comparative quotes, where possible;
  - whether such related party transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arms' length basis; and
  - that such related party transactions are not detrimental to our Company's minority shareholders;
- (c) to determine how to address conflict of interest situations and monitor compliance with related party transaction policy and/or mandate, including transactions or situations that warrant timely internal and regulatory disclosures and appropriate review and reporting and ensure that management establishes a comprehensive framework for the purposes of identifying, evaluating, approving, reporting and monitoring such situations and transactions; and
- (d) to review the draft circular with respect to obtaining shareholders' mandate on any recurrent related party transactions of a revenue or trading nature before submission to our Board;

### (v) **Allocation under ESOS**

- (a) to verify that the allocation of shares or options under an employees' share option scheme complies with the criteria for allocation under the share scheme for employees of our Group, if any;

### (vi) **Whistleblowing**

- (a) to oversee the implementation of a whistleblowing policy and procedures of our Group as well as review major findings of any internal investigations and management responses thereon;
- (b) to report to our Board of any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which comes to its attention and are of sufficient importance to warrant the attention of our Board;
- (c) to review the effectiveness of the system for monitoring compliance with applicable laws, regulations, rules, directives and guidelines, and the results of management's investigation and follow-up (including disciplinary action) or any instances of non-compliance; and
- (d) to review the findings of any examinations by regulatory authorities and obtain updates from the management and the legal counsel regarding regulatory compliance matters;



**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**(vii) Other functions**

- (a) to perform such other functions as the Audit and Risk Management Committee considers appropriate or as authorised by our Board;

**(viii) Risk management and internal control**

- (a) to ensure the adequacy and effectiveness of the internal control and governance systems instituted in our Company and our Group;
- (b) to assess the quality, effectiveness and efficiency of the internal control in systems and processes of our Group's operations, particularly those relating to areas of significant risk;
- (c) to review the evaluation by the Head of Audit and Risk (of the internal audit function within our Group) and external auditors of our Group's system of internal control and management's responses, and ensure that appropriate action is taken and thereafter report the same to our Board;
- (d) to approve and oversee the implementation of appropriate risk management framework and measurement methodologies across our Group and ensuring effectiveness of the same;
- (e) to review the risk management framework and processes to ensure that they remain relevant for use and monitor the effectiveness of risk treatment / mitigation action plans for the management and control of the key risks;
- (f) to advise our Board on the adequacy and effectiveness of our Group's risk management framework;
- (g) to provide advice to our Board on risk strategies and coordinate the activities of various standing board committees for risk oversight;
- (h) to identify, assess and monitor key business risks and review the extent to which these key business risks are being managed;
- (i) to ensure infrastructure, resources and systems are in place and are adequate for purposes of risk management;
- (j) to review management's periodic reports on risk exposure, risk portfolio composition and risk management activities;
- (k) to provide timely input to the management on critical risk issues;
- (l) to review and monitor our Group's enterprise risk assessment and identify critical risks to be escalated to our Board on a quarterly basis; and
- (m) to work with our Group Chief Financial Officer and internal audit function and contribute to the preparation of the statement on risk management and internal control for inclusion in our Company's Annual Report and recommending the same for the approval of our Board.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.2.7 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established by our Board on 27 September 2021. Our Nomination and Remuneration Committee currently comprises the following members, of which a majority of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Sukanta Kumar Dutt	Chairman	Independent Non-Executive Director
Loi Foon Kion	Member	Non-Independent Non-Executive Director
Tan Mei Shwen Serena	Member	Non-Independent Non-Executive Director
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	Member	Independent Non-Executive Director
Jocelyn Ng Lai Leng	Member	Independent Non-Executive Director

Our Nomination and Remuneration Committee undertakes, amongst others, the following functions:

#### (i) Nomination

- (a) to regularly review the structure, size, balance and composition (including the skills, knowledge, independence, diversity (including gender diversity) and experience) required of our Board to ensure that our Board has the appropriate mix of skills, experience and other qualities including core competencies to function effectively and efficiently and is in compliance with the Listing Requirements, compared to its current position and make recommendations to our Board with regard to any changes;
- (b) to give full consideration to succession planning for Directors and other senior executives of our Company (including the Chairman, members of the board committees and the Chief Executive Officer) in the course of its work, taking into account the challenges and opportunities faced by our Company, and what skills and expertise are therefore needed on our Board in the future;
- (c) to be responsible for identifying and nominating for the approval of our Board, suitable candidates to fill our Board vacancies as and when they arise, including, proposing the membership and chairmanship of board committees;
- (d) before making an appointment, to evaluate the balance of skills, knowledge, independence, diversity and experience on our Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination and Remuneration Committee shall:
  - use open advertising or the services of external advisers to facilitate the search;
  - consider candidates from a wide range of backgrounds; and
  - consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- (e) to keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

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- (f) to keep up to date and be fully informed about strategic issues and commercial changes affecting our Company and the market in which it operates;
- (g) to review annually the time required from Non-Executive Directors. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties;
- (h) to review and recommend to our Board, the terms of employment and key performance indicators (“KPIs”) of executive directors and assess the performance of the executive directors against their respective KPIs;
- (i) to ensure that all Directors undergo appropriate induction and continuous training programmes to enhance their performance; and
- (j) The Nomination and Remuneration Committee will also make recommendations to our Board concerning:
- plans for succession for both Executive Directors and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive Officer;
  - suitable candidates for the role of senior independent Director;
  - membership of the Audit and Risk Management Committee, in consultation with the chairman of the Audit and Risk Management Committee;
  - the re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to our Board in light of the knowledge, skills, independence, diversity (including gender diversity) and experience required;
  - the re-election by our shareholders of any Director under the “retirement by rotation” provisions in our Company’s Constitution having due regard to their performance and ability to continue to contribute to our Board in light of the knowledge, skills, independence, diversity (including gender diversity) and experience required;
  - any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of our Company subject to the provisions of the law and their service contract;
  - the appointment of any Director to executive or other office other than to the positions of Chairman and Chief Executive Officer, the recommendation for which would be considered at a meeting of our Board;
  - the assessment of the effectiveness of our Board and the performance and contribution of individual Directors;
  - the making of whatever recommendations to our Board it deems appropriate on any area within its remit where action or improvement is needed;

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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- the inclusion of a statement in our Company's annual report about its activities in discharge of its duties for the financial year, including the process used to make appointments, provide explanations if external advice or open advertising has not been used and how the requirements under the Listing Requirements are met as well as the following information:
  - (aa) the policy on our Board and senior management composition having regard to the mix of knowledge, skills, independence and diversity (including gender diversity) required to meet the needs of our Company;
  - (bb) our Board nomination and election process of Directors and the criteria used by the Nomination and Remuneration Committee in the selection process; and
  - (cc) the assessment undertaken by the Nomination and Remuneration Committee in respect of our Board, its committees and individual Directors together with the criteria used for such assessment; and
- at least once a year, the Nomination and Remuneration Committee shall carry out a review of its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to our Board for approval;

**(ii) Remuneration**

- (a) to determine and recommend to our Board the general remuneration policy for Executive Directors, Non-Executive Directors, including Non-Executive Chairman and senior management of our Company with the objective of attracting, retaining and motivating executive management of the quality required;
- (b) to review and recommend to our Board in relation to the remuneration structures of the Executive Directors, Non-Executive Directors, and senior management of our Company in all forms;
- (c) to review and recommend to our Board the total individual remuneration package for the Executive Directors and senior management of our Company including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance, relative to their respective KPIs;
- (d) in respect of our Executive Directors, to ensure that the remuneration package commensurate with the skills and responsibility expected of the Director concerned and is sufficient to attract and retain Directors needed to run our Company successfully;
- (e) in respect of our Non-Executive Directors, to ensure via our Board as a whole that the remuneration payable reflects the experience, level of expertise, and the time demanded of the Directors to discharge their duties and responsibilities undertaken;
- (f) in respect of the senior management of our Company, to ensure that the remuneration package commensurate with the individual's performance, skills and experience, level of responsibility as well as the market benchmarks;

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (g) to engage external professional advisers to assist and/or advise the Nomination and Remuneration Committee, on remuneration matters, where necessary;
- (h) to review the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of Director or former Director before presenting to our shareholders for approval;
- (i) to provide clarification to our shareholders during general meetings on matters pertaining to remuneration of the Directors and senior management of our Company as well as the overall remuneration framework of our Company. The Directors who are shareholders of our Company should abstain from voting at the general meetings to approve their fees;
- (j) to oversee the qualitative and quantitative disclosures of remuneration made in our Company's Annual Report and notice to general meetings;
- (k) To oversee and monitor the administration of the ESOS to ensure that it is in compliance with the By-Laws as approved by our shareholders including:
  - to recommend to our Board, as it deems fit, such Directors and/or senior management personnel to be appointed or replaced as members of the ESOS Committee;
  - to recommend to our Board, where it deems necessary, any amendment, modification, addition or deletion to the terms of reference of the ESOS Committee, if applicable; and
  - to do all acts and things and in such manner as it, in its discretion, deems fit and enter into any transaction, agreement, deed, document or arrangement and make such rules and regulations, imposed such terms and conditions, which are to be done by our Board pursuant to the By-Laws;

### (iii) **Other matters**

- (a) to act in line with the directions of our Board; and
- (b) to consider and examine such other matters as the Nomination and Remuneration Committee considers appropriate or as authorised by our Board.

## 9.3 KEY SENIOR MANAGEMENT

Our key senior management is responsible for the day-to-day management and operations of our Group. The members of our key senior management as at the date of this Prospectus are as follows:

<b>Name</b>	<b>Age</b>	<b>Designation</b>
Loi Tuan Ee	59	Non-Independent Executive Director, Group Managing Director and Group Chief Executive Officer
Azmi Bin Zainal	56	Group Chief Operating Officer
Loi Tuan Kin	58	Plant Operations Director
Mohd Khairul Bin Mat Hassan	43	Group Chief Financial Officer
Adam Graeme Pretty	49	Managing Director of the Australian Business
Jacob a/l Mathan	32	Group Senior Farm Manager

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.3.1 Profiles of our key senior management

Save for the profile of Loi Tuan Ee which is set out in Section 9.1.1 of this Prospectus, the profiles of our other key senior management are as follows:

#### (i) Azmi Bin Zainal

Azmi Bin Zainal, a Malaysian aged 56, is our Group Chief Operating Officer.

He attended Sekolah Teknik Tuanku Jaafar, Ampangan Seremban for his secondary education until 1983.

He began his career with the Federal Land Development Authority ("FELDA") in 1989 as a land planning officer for Felda Lok Heng Barat where he was responsible for managing FELDA settlers' farming and social matters. Subsequent to leaving FELDA in 1997, he founded his own business, Gemilang Packaging Sdn Bhd, where he was involved in, amongst others, the trading and supply of industrial packaging.

From 2006 to 2008, he was on a two-year sabbatical where he pursued his personal interests. In 2008, he joined Nu Moto Sdn Bhd, a company involved in the trading and supply of motorcycles to FELDA and Army co-operatives as a sales representative.

He was appointed as the Chief Operating Officer of The Holstein Milk Company in 2010 and is responsible for managing the operations and sales of our Group. He is also actively involved in the distribution and marketing of our Group's products.

He has no family relationship with our Promoters, Substantial Shareholders, Directors and other key senior management of our Group.

He currently holds directorships in other private limited companies.

#### (ii) Loi Tuan Kin

Loi Tuan Kin, a Malaysian aged 58, is our Plant Operations Director and one of the co-founders of our Group. He has over 12 years' experience in the dairy industry.

He attended Sekolah Menengah Rendah Jalan Tok Perdana, Sitiawan, Perak for his secondary education until 1981. Upon completing his secondary education, he was on a two-year sabbatical from 1982 until 1984 to pursue his personal interests.

He began his career as a production supervisor at Century Bond Berhad in 1985. He was subsequently promoted to production manager and was responsible for overseeing plant operations. In 2005, he left Century Bond Berhad to join Rainforest Capital as an Executive Director and was tasked with overseeing the farming operations of the company.

In 2010, he co-founded The Holstein Milk Company Sdn Bhd together with Loi Tuan Ee and was instrumental in establishing our Mawai Farm in that same year. He currently oversees and manages all operational matters at both our Mawai Farm and Larkin Facility, which includes, amongst others, daily milk transfers from farm to factory, the processing of raw materials to finished goods, and the logistics coordination and distribution of our products within Malaysia and Singapore.

He is the brother to both Loi Tuan Ee and Loi Foon Kion.

Loi Tuan Kin currently holds directorships in other private limited companies.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(iii) Mohd Khairul Bin Mat Hassan**

Mohd Khairul Bin Mat Hassan, a Malaysian aged 43, is our Group Chief Financial Officer.

He graduated from the University of Queensland, Australia in 2001 with a Bachelor of Commerce and subsequently obtained a Master of Commerce from the University of New South Wales, Australia in 2002. He commenced his career with Pricewaterhouse Coopers (Malaysia) as an Associate in 2002 and subsequently assumed the role of Senior Associate, where he was involved in assurance, audit and business advisory assignments until 2005. In 2006, he joined Pricewaterhouse Coopers Americas (Bermuda) as a Senior Associate before being promoted to the position of Manager, where he continued to be involved in assurance, audit and business advisory assignments.

He returned to Malaysia in 2007 and worked with UEM World Berhad from 2007 to 2008 as a Manager in the corporate finance department of the group. He was subsequently reassigned to UEM Sunrise Berhad (formerly known as UEM Land Holdings Berhad) in 2008 as a Deputy Senior Manager in the corporate planning and business development department before leaving the group at the end of 2011 to pursue a full-time one-year Masters in Business Administration (MBA) programme in 2012 with the INSEAD Business School ("INSEAD").

After completing his masters studies, he worked with A.T. Kearney, Inc. (Malaysia) from February 2013 to April 2014 as a management consultant. He then joined NUR Power Sdn Bhd ("NUR Power") as the Senior General Manager, Finance before being promoted to become the Chief Financial Officer of NUR Power group in May 2014. He left the NUR Power group in May 2020 and joined our Group as the Group Chief Financial Officer in June 2020. He brings with him over 17 years of experience in the field of accounting and finance.

He is responsible for the overall finance function, strategic and corporate finance matters, and general management of our Group.

He also holds a MBA from INSEAD since 2012 and has been a member of the Institute of Chartered Accountants in Australia since 2005 and the Malaysian Institute of Accountants since 2016.

He has no family relationship with our Promoters, Substantial Shareholders, Directors and other key senior management of our Group.

**(iv) Adam Graeme Pretty**

Adam Graeme Pretty, an Australian aged 49, is the Managing Director of the Australian Business.

He has over 27 years of experience as a livestock manager with Greenham in Victoria, Australia. Prior to joining our Group in 2017, he established Dairy Livestock Exports Pty Ltd, an Australian based company which is principally involved in the export of cows to Malaysia, Singapore, Taiwan, UAE, China and Indonesia.

He currently oversees our Group's Australia farming operations and is actively involved in the day-to-day operations of our Australian business.

He has no family relationship with our Promoters, Substantial Shareholders, Directors and other key senior management of our Group.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**(v) Jacob a/l Mathan**

Jacob a/l Mathan, a Malaysian aged 32, is our Group Senior Farm Manager.

He graduated with a Bachelor of Agricultural Science (Hons) in livestock production from Universiti Malaysia Sabah in 2014 and has been with our Group since. He commenced his career as a Farm Executive at our Mawai Farm in 2014 and was instrumental in the setup and development of our Muadzam Shah Cattle Research and Innovation Centre in Pahang. He was subsequently promoted to lead our Muadzam Shah Farm in 2015 and was appointed as Group Senior Farm Manager in 2018. He currently oversees the development and management of all our farming operations across Malaysia.

He has no family relationship with our Promoters, Substantial Shareholders, Directors and other key senior management of our Group.

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**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.3.2 Shareholdings of our key senior management**

Save for the shareholdings of Loi Tuan Ee which is set out in Section 9.1.4 of this Prospectus, the following table sets out the direct and indirect shareholdings of each of our key senior management in our Company before and after our IPO:

Name	Nationality	After our IPO															
		Shareholding after the Pre-IPO Exercise <sup>(1)</sup>				Assuming the Over-allotment Option is not exercised <sup>(2)</sup>				Assuming the Over-allotment Option is fully exercised <sup>(2)</sup>				Upon Listing and assuming exercise of the ESOS Options <sup>(3)</sup>			
		Direct	Indirect	No. of Shares	%	Direct	Indirect	No. of Shares	%	Direct	Indirect	No. of Shares	%	Direct	Indirect	No. of Shares	%
Azmi Bin Zainal	Malaysian	-	-	-	-	500,000	0.03	-	-	500,000	0.03	-	-	4,000,000	0.21	-	-
Loi Tuan Kin	Malaysian	1	*	-	-	1	*	-	-	1	*	-	-	2,000,001	0.11	-	-
Mohd Khairul Bin Mat Hassan	Malaysian	-	-	-	-	500,000	0.03	-	-	500,000	0.03	-	-	2,500,000	0.13	-	-
Adam Graeme Pretty	Australian	-	-	-	-	500,000	0.03	-	-	500,000	0.03	-	-	3,500,000	0.18	-	-
Jacob a/l Mathan	Malaysian	-	-	-	-	500,000	0.03	-	-	500,000	0.03	-	-	2,000,000	0.11	-	-

**Notes:**

- \* Less than 0.01%.
- (1) Based on our issued share capital of 1,635,000,137 Shares after the Pre-IPO Exercise.
- (2) Based on our enlarged issued share capital of 1,857,954,837 Shares upon Listing and assuming full subscription of our Issue Shares allocated under the Pink Form Allocations.
- (3) Based on our enlarged issued share capital of 1,895,113,837 Shares after assuming full exercise of the 37,159,000 ESOS Options intended to be offered as described in Section 4.2.6 of this Prospectus.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.3.3 Principal business activities performed by our key senior management outside our Group in the past five years

Save as disclosed below, none of our key senior management (other than Loi Tuan Ee who is also part of our key senior management which is disclosed in Section 9.2.3 of this Prospectus) are involved in business activities outside our Group as at the LPD or hold directorships in other companies outside our Group, at present and in the past five years preceding the LPD:

#### (i) Azmi Bin Zainal

Name of Company	Principal activities	Involvement in business activities
<i>Present directorship:</i>		
• Rumah Sembelih Hj Adam Sdn Bhd	• Operation of slaughterhouses engaged in killing, dressing or packing meat	• Director • Shareholder holding direct interest of 50.00%
<i>Involvement in business activities other than as a director:</i>		
• Farmchoice Foods	• Investment holding company with its subsidiary principally involved in dairy cows and the sale of dairy cow's milk	• Shareholder holding direct interest of 5.01%

#### (ii) Loi Tuan Kin

Name of Company	Principal activities	Involvement in business activities
<i>Present directorships:</i>		
• Rainforest Capital	• Investment holding company with its subsidiaries principally involved in commercial captive breeding of Asian arowana and cultivation of oil palm	• Director • Shareholder holding direct interest of 10.00%
• Farmchoice Foods	• Investment holding company with its subsidiary principally involved in dairy cows and the sale of dairy cow's milk	• Director • Shareholder holding direct interest of 5.01%
• Rainforest Arowana Sdn Bhd	• Commercial captive breeding of Asian arowana	• Director • Shareholder holding direct interest of 14.00% and indirect interest of 51.00% through Rainforest Capital

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
• Rainforest Produce Sdn Bhd <i>(formerly known as Fleksi Jaya Sdn Bhd)</i>	• Cultivation of oil palm	• Director  • Shareholder holding direct interest of 0.0001% and indirect interest of 99.99% through Rainforest Capital

***Previous directorships in the past 5 years preceding the LPD:***

• Daebak Tea Sdn Bhd <i>(formerly known as Farm Fresh Holdings Sdn Bhd)</i>	• Investment holding company with no investments, as at the LPD	• Director (resigned 2 September 2021)
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**(iii) Adam Graeme Pretty**

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
<b><i>Present directorships:</i></b>		
• Dairy Livestock Exports Pty Ltd	• Agriculture	• Director  • Shareholder holding direct interest of 100%

***Involvement in business activities other than as a director:***

• Farmchoice Foods	• Investment holding company with its subsidiary principally involved in dairy cows and the sale of dairy cow's milk	• Shareholder holding direct interest of 1.70%
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The involvement of Azmi Bin Zainal, Loi Tuan Kin and Adam Graeme Pretty in other business activities outside our Group will not affect their contributions to our Group and would not be expected to affect the operations of our Group as the day-to-day management and operations of these businesses or corporations are managed by the other shareholders or have their own independent management team.

### 9.3.4 Service contracts with our key senior management

As at the date of this Prospectus, there are no existing or proposed service contracts between our key senior management and us which provide for benefits upon termination of employment.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.3.5 Remuneration and material benefits-in-kind of our key senior management

The remuneration and material benefits-in-kind of Loi Tuan Ee who is also part of our key senior management are set out in Section 9.2.5 of this Prospectus. The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our other key senior management, for services rendered or to be rendered to us in all capacities to our Group for the FYE 31 March 2021 and 2022 are as follows:

	Remuneration Band (FYE 31 March)	
	2021 (Paid)	2022 (Proposed)
Key senior management	RM'000	RM'000
Azmi Bin Zainal	300 to 350	750 to 800
Loi Tuan Kin	700 to 750	800 to 850
Mohd Khairul Bin Mat Hassan	800 to 850	1,050 to 1,100
Adam Graeme Pretty	-	650 to 700
Jacob a/l Mathan	250 to 300	250 to 300

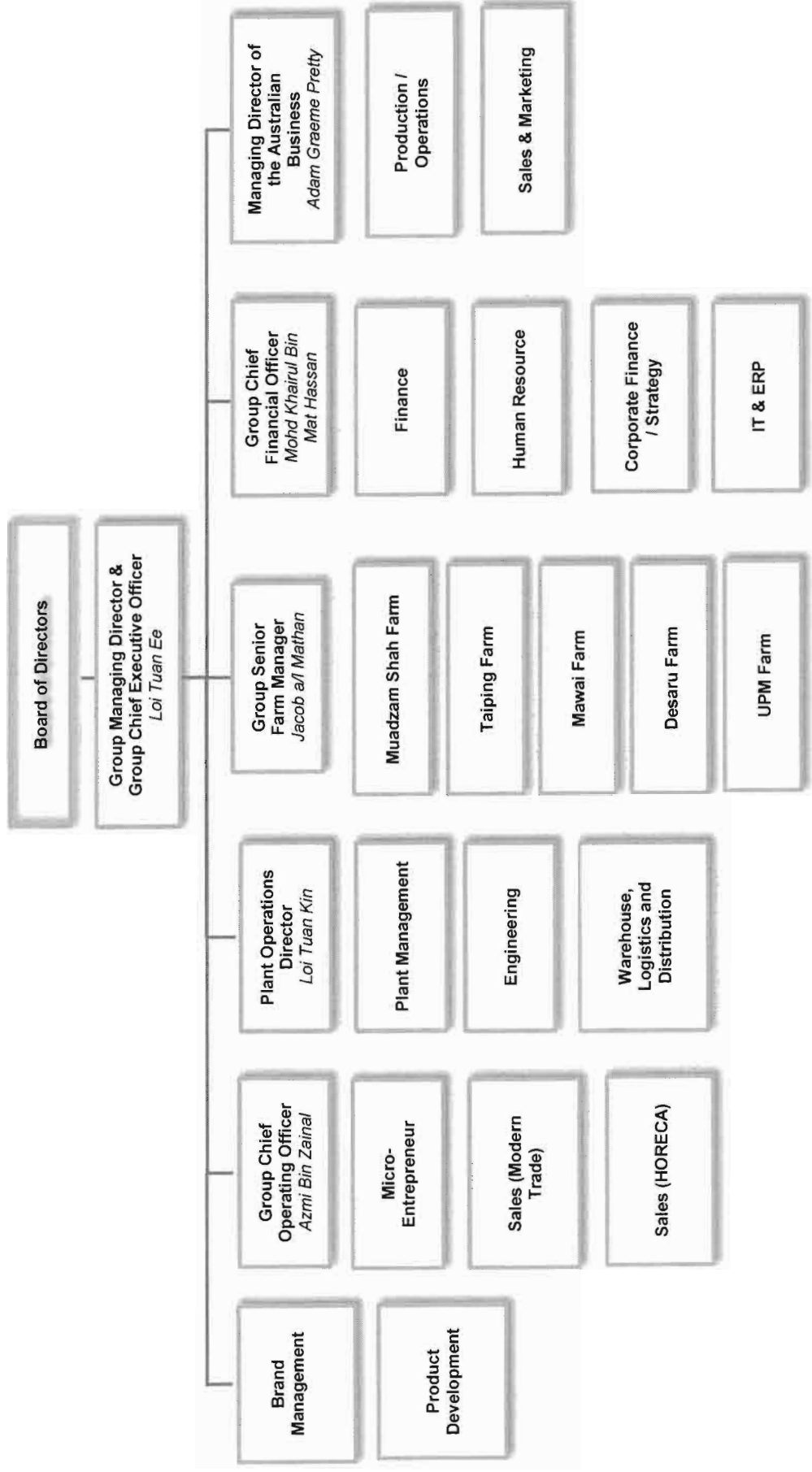
The remuneration of our key senior management, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by our Nomination and Remuneration Committee and subsequently approved by our Board.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.4 MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.5 ASSOCIATIONS OR FAMILY RELATIONSHIP BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no associations or family relationships between our Promoters, Substantial Shareholders, Directors and key senior management:

- (i) Loi Tuan Ee, who is our Promoter, Substantial Shareholder, Non-Independent Executive Director, Group Managing Director and Group Chief Executive Officer, is:
  - the brother of Loi Tuan Kin and Loi Foon Kion; and
  - a representative of Rainforest Capital and Farmchoice Foods on our Board;
- (ii) Loi Tuan Kin, who is our Plant Operations Director is:
  - the brother of Loi Tuan Ee and Loi Foon Kion;
- (iii) Loi Foon Kion, who is our Substantial Shareholder and Non-Independent Non-Executive Director is:
  - the sister of Loi Tuan Ee and Loi Tuan Kin; and
- (iv) Tan Mei Shwen Serena, who is our Non-Independent Non-Executive Director, is:
  - a representative of Agrifood Resources on our Board.

### 9.6 DECLARATION BY OUR PROMOTERS, DIRECTORS, AND KEY SENIOR MANAGEMENT

Save as disclosed below, as at the LPD, none of our Promoters, Directors, or key senior management is and has been involved in any of following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;
- (vii) the subject of any current investigation or disciplinary proceeding, or in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) any unsatisfied judgment against such person.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

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In 2019 and 2020, our Independent Non-Executive Chairman, Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas ("**Tan Sri Megat**") was ordered by each of the Kuala Lumpur Sessions Court, Kuala Lumpur Magistrates Court, Shah Alam Sessions Court and the Shah Alam Magistrates Court ("**Courts**"), respectively, to pay to EPF, outstanding employee contributions in respect of certain private companies of which Tan Sri Megat was a director, for the period between December 2018 and January 2020 together with dividends and late payment charges at a rate determined by EPF ("**Outstanding Contributions**") ("**Court Cases**"). Tan Sri Megat was implicated in the Court Cases based solely on his directorships in those private companies, of which he was neither a shareholder of nor was he involved in the day-to-day operations or part of the management team.

As at the LPD, all Court Cases and Outstanding Contributions have since been settled and no further action had been taken against him by the Courts. Tan Sri Megat has also since resigned as a director of those private companies in 2020.

Our Directors are of the view that the past Court Cases will not affect the discharge of his duties and obligations as our Independent Non-Executive Chairman.

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## 10. RELATED PARTY TRANSACTIONS

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### 10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

#### 10.1.1 Related party transactions

Under the Listing Requirements, a “**related party transaction**” is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A “**related party**” of a listed issuer is:

- (i) a director, having the meaning given in subsection 2(1) of the CMSA, and includes any person who is or was within the preceding six months of the date in which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder, and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:
  - (a) 10.0% or more of all the voting shares in the corporation; or
  - (b) 5.0% or more of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

**10.1.2 Material related party transactions**

Save as disclosed below, there are no other material transactions entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the past three FYE 31 March 2019, 31 March 2020, 31 March 2021, FPE 30 September 2021 and the subsequent period from 1 October 2021 up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	FPE 30 September 2021 (RM'000)	Between 1 October 2021 and the LPD (RM'000)
1.	FFMSB and Provenance Creamery	<u>Interested director</u> Loi Tuan Ee <sup>(1)</sup>	Sale of finished goods by FFMSB to Provenance Creamery for distribution to stockists in Singapore.	5,288 (3.0% of our Group's revenue)	5,211 (1.7% of our Group's revenue)	1,019 (0.2% of our Group's revenue)	-	-
		<u>Interested major shareholder</u> Loi Tuan Ee <sup>(1)</sup>	After our Listing, our Group does not intend to enter into a similar transaction with Provenance Creamery. This transaction does not contain any salient terms. We intend to exercise the call option within three months from the date of our Listing. Following the exercise of the call option, Provenance Creamery will become our wholly-owned subsidiary. Please refer to Section 11.1.1 of this Prospectus for further details on the call option.					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	FPE 30 September 2021 (RM'000)	Between 1 October 2021 and the LPD (RM'000)
2.	FFMSB Provenance Creamery	and <u>Interested director</u> Loi Tuan Ee <sup>(1)</sup>	Amounts owing by Provenance Creamery to FFMSB for advances/payments made by FFMSB to third parties for and on behalf of Provenance Creamery in respect of setting up kiosks.	3,171 (1.2% of our Group's total assets)	1,208 (0.3% of our Group's total assets)	-	-	-
			The amounts owing by Provenance Creamery have been fully repaid on 15 January 2021.					
			After our Listing, our Group does not intend to provide similar advances to/payments on behalf of Provenance Creamery. This transaction does not contain any salient terms. We intend to exercise the call option within three months from the date of our Listing. Following the exercise of the call option, Provenance Creamery will become our wholly-owned subsidiary. Please refer to Section 11.1.1 of this Prospectus for further details on the call option.					

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value		
				FYE 31 March	FPE 30 September 2021	Between 1 October 2021 and the LPD (RM'000)
			2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	
3.	Farm Fresh and Loh Ngat Mui	<u>Interested director</u> Loi Tuan Ee <sup>(1)</sup>	Call option granted by Loh Ngat Mui to Farm Fresh in respect of the entire issued share capital of Provenance Creamery held by Loh Ngat Mui.	-	-	*Negligible
		<u>Interested major shareholder</u> Loi Tuan Ee <sup>(1)</sup>	We intend to exercise the call option within three months from the date of our Listing. Please refer to Section 11.1.1 of this Prospectus for the salient terms of this transaction and further details on the call option.			
4.	FFMSB and Rainforest Produce Sdn Bhd ("Rainforest Produce")	<u>Interested director</u> Loi Tuan Ee <sup>(1)</sup> Loi Tuan Kin <sup>(2)</sup>	Rental of all that piece of freehold land held under Geran 95052, Lot 203, Mukim Ulu Sungei Sedili Besar, Daerah Kota Tinggi, Johor by FFMSB from Rainforest Produce.	3	-	4
		<u>Interested major shareholder</u> Loi Tuan Ee <sup>(1)</sup> Loi Tuan Kin <sup>(2)</sup>	After our Listing, this transaction will subsist. Please refer to Note (8) for the salient terms of this transaction.	(0.01% of our Group's cost of sales)	(0.01% of our Group's cost of sales)	(0.002% of our Group's cost of sales)
		Rainforest Capital <sup>(3)</sup>				

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	FPE 30 September 2021 (RM'000)	Between 1 October 2021 and the LPD (RM'000)
5.	FFMSB and NL Cold Chain Network (M) Sdn Bhd ("CCN")	<u>Interested director</u> Tan Mei Shwen Serena <sup>(4)</sup>	Provision of logistic services including warehouse facilities and transportation services by CCN to FFMSB <sup>(6)</sup> .	1,360 (1.1% of our Group's cost of sales)	1,615 (0.7% of our Group's cost of sales)	552 (0.2% of our Group's cost of sales)	73 (0.04% of our Group's cost of sales)	6 (0.007% of our Group's cost of sales)
		<u>Interested major shareholder</u>	The contract has expired on 30 April 2020. Notwithstanding the foregoing, FFMSB continued to obtain logistic services from CCN on an-ad-hoc basis up till the LPD.					
		Agrifood Resources <sup>(5)</sup> Khazanah <sup>(5)</sup>	After our Listing, FFMSB does not intend to enter into a similar transaction with CCN. This transaction does not contain any salient terms.					
6.	Farm Fresh and CCN	<u>Interested director</u> Tan Mei Shwen Serena <sup>(4)</sup>	Provision of logistic services including warehouse facilities and transportation services by CCN to Farm Fresh on an ad-hoc basis.	-	-	48 (0.01% of our Group's cost of sales)	18 (0.01% of our Group's cost of sales)	7 (0.008% of our Group's cost of sales)
		<u>Interested major shareholder</u> Agrifood Resources <sup>(5)</sup> Khazanah <sup>(5)</sup>	After our Listing, this transaction will subsist. This transaction does not contain any salient terms.					

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 March		FPE 30	Between 1
				2019 (RM'000)	2020 (RM'000)	September 2021 (RM'000)	October 2021 and the LPD (RM'000)
7.	Farm Fresh and Biotropics Malaysia Berhad	<u>Interested director</u> Tan Mei Shwen Serena <sup>(4)</sup>	Supply of ingredients used to make Tongkat Ali flavoured milk.	-	-	345	60
			After our Listing, this transaction will subsist. This transaction does not contain any salient terms.			(0.1% of our Group's cost of sales)	(0.02% of our Group's cost of sales)
8.	Farm Fresh and Agrifood Resources	<u>Interested major shareholder</u> Agrifood Resources <sup>(5)</sup> Khazanah <sup>(5)</sup>	Provision of a shareholders' loan by Agrifood Resources to Farm Fresh.	-	31,000 (inclusive of RM1,000,000 in interest)	3,013 (interest)	552 (interest)
					(14.4% of our Group's total liabilities)-	(0.8% of our Group's total liabilities)	(0.1% of our Group's total liabilities)
9.	Goulburn Valley Creamery and Dairy Livestock Exports Pty Ltd ("DLE")	<u>Interested director</u> Adam Graeme Pretty <sup>(6)</sup>	Purchase of fodder and water by Goulburn Valley Creamery from DLE on an ad-hoc basis.	2,032	638	186	-
			After our Listing, this transaction will subsist. This transaction does not contain any salient terms.	(1.6% of our Group's cost of sales)	(0.3% of our Group's cost of sales)	(0.1% of our Group's cost of sales)	
		<u>Interested major shareholder</u> DLE <sup>(7)</sup>					

## 10. RELATED PARTY TRANSACTIONS (Cont'd)

**Notes:**

- \* SGD1.00 paid by Fann Fresh to Loh Ngat Mui on 20 August 2021 in consideration for the call option and the exercise price for the option shares is SGD1.00. As at the LPD, the issued and paid up share capital of Provenance Creamery is SGD1.00. Please refer to Section 11.1.1 of this Prospectus for further details.
- (1) Loi Tuan Ee is a director of our Company, FFMSB, Rainforest Produce and Rainforest Capital. Loi Tuan Ee is also a major shareholder of our Company, Rainforest Produce and Rainforest Capital. He was the former shareholder of Provenance Creamery and he disposed of his shareholdings in Provenance Creamery on 19 January 2021 to Loh Ngat Mui, a person connected to Loi Tuan Ee.
  - (2) Loi Tuan Kin is a director of FFMSB and Rainforest Produce and is a shareholder of Rainforest Capital. He is the brother of Loi Tuan Ee and the brother-in-law of Loh Lee Mui.
  - (3) Rainforest Capital is our major shareholder and holds 100% of the issued share capital in Rainforest Produce.
  - (4) Tan Mei Shwen Serena is a Director of our Company and is a person connected to Agrifood Resources.
  - (5) Agrifood Resources and Khazanah are major shareholders of our Company. CCN and Biotropics Malaysia Berhad are subsidiaries of Agrifood Resources. As such, Agrifood Resources and Khazanah are common major shareholders of our Group, CCN and Biotropics Malaysia Berhad.
  - (6) Adam Graeme Pretty is a director of each of the Australian subsidiaries and is the sole shareholder of DLE.
  - (7) DLE holds 20% of the issued share capital of THMC (Australia) and is a trustee of the Adam Pretty Family Trust.
  - (8) The salient terms of the transaction with Rainforest Produce are as follows:
    - (a) the tenancy is for a term of up to three years from 1 April 2021 to 31 March 2024 with an option to renew for a year (on the same terms other than the option to renew) at a monthly rental of RM1,000; and
    - (b) unless Rainforest Produce defaults in the performance of any of its obligations under the tenancy agreement and fails to remedy within the prescribed time, FFMSB is not allowed to terminate the tenancy before the expiry of the tenancy.

Our Audit and Risk Management Committee have reviewed the salient terms of the above material transactions which will subsist after our Listing (namely, the transactions referred to under items 3 and 4 in the table above) and are of the opinion that the salient terms are not detrimental to our Group's minority shareholders.

## 10. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors confirm that the above material transactions were transacted on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to third parties and accordingly were not detrimental or unfavourable to our non-interested shareholders, save for the following:

(i) Call option granted by Loh Ngat Mui

The call option is not considered by our Directors to be on an arm's length basis as it was provided on terms favourable to us at a nominal consideration of SGD1.00 and grants our Company a call option over all the shares in Provenance Creamery at the exercise price of SGD1.00. Please refer to Section 11.1.1 of this Prospectus for further details. Therefore, our Directors are of the view that the terms of the call option are not detrimental to our Group and our non-interested shareholders.

Our Company intends to exercise the call option within three months from the date of our Listing and in doing so will ensure compliance with the Listing Requirements. Following the exercise of the call option, our Group does not intend to enter into a similar arrangement with Loh Ngat Mui.

(ii) Provision of a shareholders' loan by Agrifood Resources

The shareholders' loan extended by Agrifood Resources to our Company is not considered by our Directors to be on arm's length basis as it was not provided on normal commercial terms. The terms and conditions of the shareholders' loan were less favourable to our Company as the interest rate charged by Agrifood Resources is higher than that charged by other third party financiers. However, our Directors are of the view that the shareholders' loan is beneficial and not detrimental to our Group and our non-interested shareholders as the monies were required at that time to purchase the business and certain business assets in Australia, including the IXL and Taylor's brands and the Kyabram processing facility. As at the LPD, all outstanding amounts owing by our Company to Agrifood Resources under the shareholders' loan have been repaid using proceeds from the Sukuk issuance.

Following our Listing, our Group does not intend to enter into a similar transaction with Agrifood Resources.

(iii) Rental of all that piece of freehold land held under Geran 95052, Lot 203, Mukim Ulu Sungei Sedili Besar, Daerah Kota Tinggi, Johor ("**Lot 203**") by FFMSB from Rainforest Produce

The rental rate payable for Lot 203 to Rainforest Produce is not considered by our Directors to be on an arm's length basis as it was provided on terms favourable to us. The rental rate payable to Rainforest Produce is below the market rate for lands of a similar size. Please refer to Annexure B for further details on Lot 203. Our Directors are of the view that the rental rate payable to Rainforest Produce is beneficial and not detrimental to our Group and our non-interested shareholders.

Following our Listing, the Directors of the Company will ensure that future transactions with Rainforest Produce (if any) will be in compliance with the Listing Requirements.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Save for the Master Cornerstone Placement Agreement and the individual cornerstone placement agreements entered into by our Company as described in Section 4.2.2 of this Prospectus, our Directors also confirm that there are no other material transactions that have been entered into by our Group that involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them but not yet effected up to the date of this Prospectus.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if such related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, monitor and oversee related party transactions and the terms thereof and report to our Board for further action. Where necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transactions entered into by us.

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## 10. RELATED PARTY TRANSACTIONS *(Cont'd)*

### 10.1.3 Transactions entered into that are unusual in their nature or conditions

Our Board has confirmed that there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which our Company and any of our subsidiaries were a party in respect of the past three FYEs 31 March 2019, 31 March 2020, 31 March 2021, FPE 30 September 2021 and the subsequent period from 1 October 2021 up to the LPD.

### 10.1.4 Outstanding loans and/or financial assistance made to or for the benefit of related parties

Our Board has confirmed that there are no outstanding loans (including guarantees of any kind) and/or financial assistance made by our Group to or for the benefit of any related party for the past three FYEs 31 March 2019, 31 March 2020, 31 March 2021, FPE 30 September 2021 and the subsequent period from 1 October 2021 up to the LPD.

## 10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

### 10.2.1 Audit and Risk Management Committee review

The Audit and Risk Management Committee reviews related party transactions and conflicts of interest situations that may arise within our Company, our Group and any related parties outside our Group. The Audit and Risk Management Committee also reviews any transaction, procedure or course of conduct that raises questions of management integrity, including our related party transactions. In reviewing the related party transactions, the following, amongst other things will be considered:

- (i) the rationale and the cost/benefit to our Company is first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (iv) that the transactions are not detrimental to our Company's minority shareholders.

All reviews by the Audit and Risk Management Committee are reported to our Board for its further action.

### 10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the Directors of our Group are also directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing at arm's length with our Group and are not to the detriment of our minority shareholders.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework includes, amongst other things, the following:

- (i) our Board will undertake an annual assessment of our Independent Directors;
- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

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## 11. CONFLICT OF INTEREST

### 11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

Save as disclosed below, our Directors and Substantial Shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as that of our Group or who are our customers and/or suppliers.

#### 11.1.1 Substantial Shareholder's and Director's interest in Provenance Creamery

Prior to 19 January 2021, our Substantial Shareholder and Director, Loi Tuan Ee was the sole shareholder of Provenance Creamery, a company incorporated in Singapore which is primarily involved in the wholesale of a general line (wide range) of groceries (such as cereals, sugar, edible oils, sauces and dairy products) and distribution and retail of dairy product ("**Business**"). Provenance Creamery was previously known as Farm Fresh Milk Pte Ltd until its change of name on 11 November 2021.

Loi Tuan Ee had, on 19 January 2021, disposed of one ordinary share in Provenance Creamery ("**Provenance Creamery Share**") (being the entire issued and paid-up share capital of Provenance Creamery) to Loh Ngat Mui ("**Disposal**"), the sister of Loi Tuan Ee's wife. Presently, Loh Ngat Mui is also the sole director of Provenance Creamery. Our Board notes that following the Disposal, Loi Tuan Ee continues to have an interest outside our Group in Singapore (through Loh Ngat Mui) which previously shared the "Farm Fresh" name.

Our Board is of the view that any potential conflict of interest situation which may arise through the involvement of our Substantial Shareholder and Director as described above in Provenance Creamery has been mitigated on the basis that:

- (a) Provenance Creamery no longer shares the "Farm Fresh" name with effect from 11 November 2021 following its change of name from Farm Fresh Milk Pte Ltd to Provenance Creamery Pte Ltd;
- (b) Provenance Creamery has provided an undertaking to our Company that:
  - (i) it will not undertake any activities or operations whatsoever, business or otherwise other than the Business or otherwise provided in the undertaking without our prior written approval; and
  - (ii) in undertaking the Business, it shall not without our prior written approval purchase or sell any products other than our Group's UHT products.

Loh Ngat Mui has provided an undertaking to our Company that she shall:

- (i) procure that Provenance Creamery shall not undertake any activities or operations whatsoever, business or otherwise other than the Business or otherwise provided in the undertaking, without our prior written approval;
- (ii) not pledge, mortgage, charge or encumber the Provenance Creamery Share, sell, transfer or dispose of or grant any option over the Provenance Creamery Share or any interest in the Provenance Creamery Share or enter into any agreement in respect of the voting and such other rights attached to the Provenance Creamery Share without our prior written approval; and

## 11. CONFLICT OF INTEREST (Cont'd)

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- (iii) procure that Provenance Creamery, in undertaking the Business, shall not without our prior written approval purchase or sell any products other than our Group's UHT products.

As such, there will not be any change in ownership of the Provenance Creamery Share such that Provenance Creamery may operate any business outside our Group in Singapore other than as stated in the undertakings above. The name change further ensures that Provenance Creamery's conduct and Business will not be mistaken as that of our Group's;

- (c) the purchase of UHT products from our Group by Provenance Creamery will be a related party transaction and accordingly, will be subject to compliance of the requirements under the Listing Requirements, including our Board ensuring that any such transaction will be carried out on an arm's length basis and based on normal commercial terms which will not be more favourable to Provenance Creamery than those generally available to third parties; and
- (d) Loh Ngat Mui had, on 20 August 2021, granted us a call option over the Provenance Creamery Share held by her (representing the entire issued and paid up share capital of Provenance Creamery) ("**Call Option**") which enables us to acquire Provenance Creamery by exercising the Call Option.

As at the LPD, the arrangement described in Sections 11.1.1(b) and (c) above and the terms of the Call Option have not changed.

Barring any unforeseen circumstances, we intend to exercise the Call Option within three months from the date of our Listing. The timing for the exercise of the Call Option takes into consideration our Group's strategy for continued expansion in Singapore. Notwithstanding our plan currently is to leverage on our existing and potential distributors for the distribution of our products in Singapore, Provenance Creamery provides another avenue for us to potentially deepen our presence in the market. By making Provenance Creamery our wholly-owned subsidiary, we would have the option to utilise Provenance Creamery to distribute our products in Singapore, if necessary, and develop a base for local resources and localised decision-making to connect better with the market.

Further, we intend to apply for trademark registrations for the rest of our brand names under which our products are or will be marketed and sold in Singapore for the protection of our brand names, where possible. This exercise has become more relevant with our growing and expanding businesses and business activities in Singapore, and with Provenance Creamery subsequently becoming part of our Group as a result of our exercise of the Call Option to deepen our market presence in Singapore.

## 11. CONFLICT OF INTEREST *(Cont'd)*

### 11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

#### 11.2.1 Declaration by CIMB

CIMB, its related and associated companies, as well as its holding company CIMB Group Holdings Berhad, and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and fund management and credit transaction services businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Group.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the business of the CIMB Group generally acting independently of each other, and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interests or take actions that may conflict with the interests of our Company and/or our affiliates.

As at the LPD, CIMB Islamic Bank Berhad has extended credit facilities of about RM41.8 million (in the form of term loan, Islamic financing and trade lines) as well as foreign exchange and derivatives facilities of about RM0.8 million to our Group as part of its ordinary course of business. In addition, CIMB Bank Berhad has subscribed to fixed income securities issued by our Group and is one of the holders of the Sukuk Wakalah Programme issued by our Company, both of which amounts to a total of about RM11.4 million.

Tan Mei Shwen Serena, our Non-Independent Non-Executive Director is also a non-independent non-executive director of CIMB Bank Berhad and CIMB Group Holdings Berhad. In addition, Sukanta Kumar Dutt, our Independent Non-Executive Director is an independent director of CIMB Bank Berhad.

CIMB is of the view that the abovementioned do not result in a conflict of interest in respect of its capacity as Sole Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO due to the following:

- (i) CIMB Islamic Bank Berhad is a licensed commercial bank and the extension of credit facilities as well as foreign exchange and derivatives facilities to our Group arose in the ordinary course of business of CIMB Islamic Bank Berhad;
- (ii) the total credit facilities and the foreign exchange and derivatives facilities granted by CIMB Islamic Bank Berhad to our Group as well as CIMB Bank Berhad's subscription of fixed income securities and the holding of the Sukuk Wakalah Programme issued by our Company are not material when compared to the audited NA of the CIMB Group as at 31 December 2020 of RM57.2 billion.
- (iii) Tan Mei Shwen Serena and Sukanta Kumar Dutt are not involved in the day-to-day management and operations in their respective capacities in the CIMB Group including any decision making process in connection with our IPO.

## 11. CONFLICT OF INTEREST (Cont'd)

### 11.2.2 Declaration by Maybank IB

Maybank IB, being Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO, and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage service, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Maybank Group has not extended any credit facility to our Group.

Maybank IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter as the conduct of the Maybank Group in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and the Maybank Group's own internal controls and checks.

Maybank IB confirms that there is no conflict of interest situation in its capacity as Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO.

### 11.2.3 Declaration by Credit Suisse

Credit Suisse, together with its affiliates, branches and subsidiaries (together, the "**Credit Suisse Group**"), comprise a full service financial services provider engaged in securities trading, brokerage activities as well as investment banking and financial advisory services. In the ordinary course of trading and brokerage activities, members of the Credit Suisse Group may hold positions for its own account or to the accounts of its customers, in equity, debt or other securities of members of our Group.

The Credit Suisse Group may engage in transactions, with, and perform services for our Group in the ordinary course of business and has engaged, and may in the future engage, in commercial banking and investment banking transactions, including providing loans or entering into other financing arrangements, with our Group, for which the Credit Suisse Group has received, or may in the future receive, customary compensation.

Having regard to the foregoing, Credit Suisse confirms that there is no conflict of interest in its capacity as the Joint Global Coordinator and Joint Bookrunner for our IPO as the Credit Suisse Group has not made any loan to our Company (to the knowledge of Credit Suisse) and Credit Suisse will not receive any proceeds from our IPO, except with respect to the fees payable to, and expenses incurred by Credit Suisse in connection with its roles as the Joint Global Coordinator and the Joint Bookrunner for our IPO.

## 11. CONFLICT OF INTEREST *(Cont'd)*

### 11.2.4 Affin Hwang Investment Bank Berhad

Affin Hwang IB confirms that there is no conflict of interest in its capacity as the Joint Underwriter in relation to our IPO.

### 11.2.5 AmInvestment Bank Berhad

AmIB, is a wholly-owned subsidiary of AMMB Holdings Berhad ("**AMMB**"). AMMB, AmInvestment Bank Berhad, its subsidiaries ("**AmBank Group**") and its related and associated companies are a diversified financial group and are involved in a wide range of businesses relating to amongst others, retail banking, investment banking, commercial banking, brokerage, securities trading, asset and funds management and credit transaction services. The AmBank Group may in the future be engaged in transactions with and/or perform services for our Group and our affiliates, in addition to AmIB's role as the Joint Underwriter for our IPO.

In addition, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our affiliates, and/or any other entity or person, hold long or short positions in securities issued by our Group, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Group and our affiliates. This is a result of the business of the AmBank Group generally acting independent of each other and accordingly, there may be situations where parts of the AmBank Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, the AmBank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities, and Chinese wall between different business divisions.

As at the LPD, the AmBank Group has not extended any credit facilities to our Group. AmIB confirms that there is no existing or potential conflict of interest in its capacity as the Joint Underwriter in relation to our IPO.

### 11.2.6 Hong Leong Investment Bank Berhad

HLIB and its related and associated companies, as well as its holding company Hong Leong Financial Group Berhad and the subsidiaries and associated companies of its holding company ("**Hong Leong Group**") form a diverse range of industries and businesses including banking and financial services, manufacturing and distribution, property development and investments, hospitality and leisure, and principal investments amongst others.

In addition, in the ordinary course of business, HLIB and any member of the Hong Leong Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group and/or our affiliates, and/or any other entity or person hold long or short positions in securities issued by us and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Group and/or its affiliates. This is a result of the businesses of the Hong Leong Group, and accordingly there may be situations where HLIB or parts of the Hong Leong Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

As at the LPD, HLIB has not extended any credit facilities to our Group. HLIB confirms that there is no conflict of interest in its capacity as the Joint Underwriter in relation to our IPO.

**11. CONFLICT OF INTEREST (Cont'd)****11.2.7 RHB Investment Bank Berhad**

RHB IB and its related and associated companies (“**RHB Banking Group**”) form a diversified financial group and engage in private banking, commercial banking and investment banking transactions which include, among others, brokerage, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or its affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group. The related companies of RHB IB may also bid for our Shares to be offered under the Institutional Offering.

RHB IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as the Joint Underwriter for our IPO due to the following:

- (i) RHB IB is a licensed investment bank and its appointment as the Joint Underwriter for our IPO is in the ordinary course of its business and RHB IB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Joint Underwriter for our IPO;
- (ii) RHB IB is also required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and BNM governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;
- (iii) The conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the CMSA and RHB Banking Group’s own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

RHB IB confirms that it is not aware of any circumstance that exists or is likely to exist to give rise to a conflict of interest situation in its capacity as the Joint Underwriter for our IPO.

**11.2.8 Declaration by KPMG PLT**

KPMG PLT confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants to our Company in relation to our IPO.

**11.2.9 Declaration by Adnan Sundra & Low**

Adnan Sundra & Low confirms that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to Malaysian law in relation to our IPO.



**11. CONFLICT OF INTEREST (Cont'd)**

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**11.2.10 Declaration by Clifford Chance Pte Ltd**

Clifford Chance Pte Ltd confirms that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to United States federal securities law and English law in relation to our IPO.

**11.2.11 Declaration by PricewaterhouseCoopers (Legal)**

PricewaterhouseCoopers (Legal) confirms that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to Australian law in relation to our IPO.

**11.2.12 Declaration by Kadir, Andri & Partners**

Kadir, Andri & Partners confirms that there is no conflict of interest in its capacity as the Legal Adviser to the Joint Global Coordinators, Joint Bookrunners, Managing Underwriter and Joint Underwriters as to Malaysian law in relation to our IPO.

**11.2.13 Declaration by Allen & Overy LLP**

Allen & Overy LLP confirms that there is no conflict of interest in its capacity as the Legal Adviser to the Joint Global Coordinators, Joint Bookrunners, Managing Underwriter and Joint Underwriters as to United States federal securities law and English law in relation to our IPO.

**11.2.14 Declaration by Frost & Sullivan**

Frost & Sullivan confirms that there is no conflict of interest in its capacity as the IMR in relation to our IPO.

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## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

#### 12.1.1 Selected historical consolidated financial data

The following selected historical consolidated financial data for FYE 31 March 2019, 31 March 2020 and 31 March 2021 and FPE 30 September 2020 and 30 September 2021 have been extracted from the Accountants' Report included in Section 13 of this Prospectus. The historical results for any prior financial years or interim periods are not necessarily indicative of results to be expected for a full financial year or interim period or for any future financial year or interim period.

The following selected historical consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Section 12.2 of this Prospectus and the Accountants' Report in Section 13 of this Prospectus.

#### Selected consolidated statement of profit and loss data

	FYE 31 March			FPE 30 September	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	178,227	303,067	490,498	234,423	257,187
Cost of sales	(123,833)	(223,013)	(349,612)	(167,341)	(191,731)
<b>Gross profit</b>	<b>54,394</b>	<b>80,054</b>	<b>140,886</b>	<b>67,082</b>	<b>65,456</b>
Other income	4,724	2,763	9,021	3,414	11,665
Selling and distribution expenses	(11,578)	(19,782)	(37,522)	(18,739)	(14,730)
Administrative expenses	(14,423)	(20,230)	(27,060)	(10,294)	(15,719)
Other expenses	(653)	(194)	(7,980)	(40)	(6,210)
<b>Results from operating activities</b>	<b>32,464</b>	<b>42,611</b>	<b>77,345</b>	<b>41,423</b>	<b>40,462</b>
Finance income	213	46	228	142	395
Finance costs	(4,496)	(6,481)	(9,984)	(4,050)	(5,650)
<b>Net finance costs</b>	<b>(4,283)</b>	<b>(6,435)</b>	<b>(9,756)</b>	<b>(3,908)</b>	<b>(5,255)</b>
<b>PBT</b>	<b>28,181</b>	<b>36,176</b>	<b>67,589</b>	<b>37,515</b>	<b>35,207</b>
<b>Tax expense</b>					
- (Current tax and deferred tax) / income	(804)	(1,794)	(9,052)	(3,176)	3,788
- Additional tax for prior years/periods	-	-	(25,709)	(25,709)	-
- Reversal of tax	-	-	-	-	10,490
<b>Total tax (expense) / income</b>	<b>(804)</b>	<b>(1,794)</b>	<b>(34,761)</b>	<b>(28,885)</b>	<b>14,278</b>
<b>PAT</b>	<b>27,377</b>	<b>34,382</b>	<b>32,828</b>	<b>8,630</b>	<b>49,485</b>
<b>PAT attributable to:</b>					
- Owners of our Company	27,436	35,220	36,228	9,384	50,742
- Non-controlling interests	(59)	(838)	(3,400)	(754)	(1,257)

**12. FINANCIAL INFORMATION (Cont'd)****Other selected financial data:**

	FYE 31 March			FPE 30 September	
	2019	2020	2021	2020	2021
% change in revenue <sup>(1)</sup>	-	70.0	61.8	-	9.7
Gross profit margin (%) <sup>(2)</sup>	30.5	26.4	28.7	28.6	25.5
Depreciation and amortisation (RM'000) <sup>(3)</sup>	8,291	13,943	21,414	8,591	13,935
EBITDA (RM'000) <sup>(4)</sup>	40,755	56,554	98,759	50,014	54,397
EBITDA margin (%) <sup>(5)</sup>	22.9	18.7	20.1	21.3	21.2
PBT margin (%) <sup>(6)</sup>	15.8	11.9	13.8	16.0	13.7
PAT margin (%) <sup>(7)</sup>	15.4	11.3	6.7	3.7	19.2
Basic EPS (sen) <sup>(8)</sup>	2.6	2.2	2.2	0.6	3.1
Diluted EPS (sen) <sup>(9)</sup>	2.6	2.1	2.2	0.6	3.1

**Notes:**

- (1) This reflects the percentage change in revenue compared to the prior financial year/period.
- (2) Computed based on gross profit divided by revenue.
- (3) Comprises depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.
- (4) EBITDA is calculated as profit before tax plus net finance costs and depreciation and amortisation. See below for details of computation as well as information regarding the use of non-MFRS measures.
- (5) Computed based on EBITDA divided by revenue.
- (6) Computed based on PBT divided by revenue.
- (7) Computed based on PAT divided by revenue.
- (8) Computed based on profit for the year attributable to owners of our Company divided by the weighted average number of ordinary shares in each of the respective financial year/period, after adjusting the effect of Bonus Issue on 27 December 2021.
- (9) Computed based on profit for the year attributable to owners (diluted) of our Company divided by the weighted average number of ordinary shares (diluted) in each of the respective financial year/period, after adjusting the effects of the Bonus Issue on 27 December 2021.

EBITDA and EBITDA margin are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the MFRS or IFRS. EBITDA and EBITDA margin are not measures of our financial performance or liquidity under the MFRS or IFRS and should not be considered as alternatives to net income or any other performance measures derived in accordance with the MFRS or IFRS or as alternatives to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA and EBITDA margin are not standardised terms, and hence, a direct comparison of similarly titled measures between companies may not be possible. Other companies may calculate EBITDA and EBITDA margin differently from us, limiting its usefulness as a comparative measure.

**12. FINANCIAL INFORMATION (Cont'd)**

The table below reconciles our PBT to EBITDA for the financial years/periods indicated:

	FYE 31 March			FPE 30 September	
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	28,181	36,176	67,589	37,515	35,207
Add:					
Net finance cost	4,283	6,435	9,756	3,908	5,255
Depreciation of property, plant and equipment	7,365	12,813	19,974	8,016	13,043
Depreciation of right-of-use assets	926	1,130	1,237	573	774
Amortisation of intangible assets	-	-	203	2	118
<b>EBITDA</b>	<b>40,755</b>	<b>56,554</b>	<b>98,759</b>	<b>50,014</b>	<b>54,397</b>

As stated in Section 12.2.2(xi) of this Prospectus, we have benefited from several tax incentives granted by the Malaysian authorities, including the Agricultural Tax Incentive (as defined below). Due to the Tax Issue (as defined below), we have recognised an additional tax payable and penalty of RM25,708,582 ("**Additional Tax Liability**") as a tax expense for FYE 31 March 2021, in respect of the three non-approved locations (being our Larkin Facility). See Section 12.2.2(xi) of this Prospectus for more details on the Tax Issue.

For illustration purposes only, assuming the Additional Tax Liability of RM25,708,582 and the Larkin Facility Tax Incentive (as defined below) of RM10,490,033 is allocated to the respective financial year/periods, our adjusted consolidated PAT and PAT margin for the financial years/periods indicated would be as follows:

	FYE 31 March			FPE 30 September	
	2019	2020	2021	2020	2021
Consolidated PAT (RM'000)	27,377	34,382	32,828	8,630	49,485
Reallocation of Additional Tax Liability (RM'000) <sup>(1)</sup>	(5,139)	(5,870)	25,709	25,709	-
Reallocation of tax reversal (RM'000) <sup>(2)</sup>	-	-	10,490	5,973	(10,490)
<b>Adjusted PAT (RM'000)</b>	<b>22,238</b>	<b>28,512</b>	<b>69,027</b>	<b>40,312</b>	<b>38,995</b>
<b>Adjusted PAT margin (%)</b>	<b>12.5</b>	<b>9.4</b>	<b>14.1</b>	<b>17.2</b>	<b>15.2</b>

**Notes:**

- (1) Relates to the reallocation of Additional Tax Liability to the respective financial years, for illustration purpose. Out of the Additional Tax Liability of RM25,708,582, RM5,870,334 relates to YA 2020; RM5,139,424 relates to YA 2019 and RM14,698,824 relates to YA 2014 to YA 2018.
- (2) Relates to the reallocation of the Larkin Facility Tax Incentive amounting to RM10,490,033, which relates to YA 2021. For FPE 30 September 2020, the amount pertains to the tax exemption that would have been applicable for the first six months of YA 2021.

**12. FINANCIAL INFORMATION (Cont'd)****Selected consolidated statement of financial position data**

	As at 31 March			As at 30 September
	Audited			Audited
	2019	2020	2021	2021
	RM'000	RM'000	RM'000	RM'000
Total non-current assets	198,661	284,364	416,673	445,904
Total current assets	75,809	128,672	205,585	243,727
<b>Total assets</b>	<b>274,470</b>	<b>413,036</b>	<b>622,258</b>	<b>689,631</b>
Share capital	87,780	87,780	87,780	87,780
Reserves	69,900	101,510	146,863	190,162
Non-controlling interests	6,131	8,475	6,387	4,900
<b>Total equity</b>	<b>163,811</b>	<b>197,765</b>	<b>241,030</b>	<b>282,842</b>
Total non-current liabilities	54,228	106,010	119,744	262,466
Total current liabilities	56,431	109,261	261,484	144,323
<b>Total liabilities</b>	<b>110,659</b>	<b>215,271</b>	<b>381,228</b>	<b>406,789</b>

	As at 31 March			As at 30 September
	2019	2020	2021	2021
<b>Other selected financial data</b>				
Total loans and borrowings (including lease liabilities) (RM'000)	64,477	153,714	248,957	284,176
Net debt (RM'000) <sup>(1)</sup>	60,990	146,235	237,233	224,548
Gearing ratio (times) <sup>(2)</sup>	0.39	0.78	1.03	1.00
Net gearing ratio (times) <sup>(3)</sup>	0.37	0.74	0.98	0.79

**Notes:**

- (1) Computed based on total loans and borrowings (including lease liabilities) less cash and bank balances and deposits placed with licensed banks as at the end of the year/period.
- (2) Computed based on total loans and borrowings (including lease liabilities) over total equity as at the end of the year/period.
- (3) Computed based on total loans and borrowings (including lease liabilities), net of cash and cash equivalents, over total equity as at the end of the year/period.

**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus.

**12.2.1 Overview**

We are a fast-growing, vertically integrated dairy group engaged in the business of farming, manufacturing and distributing various dairy products and plant-based products. As at the LPD, we operate five dairy farms in Malaysia and one dairy farm in Australia, across an aggregate of about 5,400 acres of land, with a total herd size of around 9,960 dairy cows and bulls.

## 12. FINANCIAL INFORMATION (Cont'd)

We also own and operate two processing facilities in Malaysia, with the capacity to produce around 137.0 million litres of finished goods annually, and one processing facility in Australia, with the capacity to produce around 84.0 million litres of processed milk annually.

We have a diverse product portfolio, with 135 SKUs as at the LPD, spanning multiple product segments such as chilled RTD milk products, UHT/ambient RTD products, plant-based products, yoghurt products, and fruit jam and sauces. We distribute our products across our multi-channel distribution network.

See Section 7 of this Prospectus for further information on our business.

From FYE 31 March 2019 to FYE 31 March 2021, our revenue increased by a CAGR of 65.9% from RM178.2 million to RM490.5 million, our EBITDA increased by a CAGR of 55.6% from RM40.8 million to RM98.8 million, our gross profit increased by a CAGR of 60.9% from RM54.4 million to RM140.9 million and our PAT attributable to owners of the Company increased by a CAGR of 14.9% from RM27.4 million to RM36.2 million.

From FPE 30 September 2020 to FPE 30 September 2021, our revenue increased by a CAGR of 9.7% from RM234.4 million to RM257.2 million, our EBITDA increased by a CAGR of 8.8% from RM50.0 million to RM54.4 million, our gross profit decreased by a 2.4% from RM67.1 million to RM65.5 million and our PAT attributable to owners of the Company increased by a CAGR of 439.4% from RM9.4 million to RM50.7 million.

### 12.2.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been and are expected to be, affected by a number of factors, including those set out below:

#### (i) Demand for our products

Our revenues and profitability depend on demand for our products. Demand for dairy products in general, including our products, is heavily influenced by several factors including consumer preferences, macroeconomic conditions and demographic factors.

Changes in consumer preferences affect demand for our products, and our results of operations depend on our ability to anticipate, identify, interpret and react to the evolving preferences, dietary habits and nutritional needs of consumers and to offer products that appeal to them. Consumer trends constantly change, and consumer preferences may shift due to a variety of factors, including social trends, changes in market perception of brands, and the industry, negative publicity, consumer health concerns, specific product attributes or ingredients. Malaysians are placing a greater importance on fresh and natural food products, and plant-based RTD milk has also gained increasing popularity to accommodate vegan and lactose intolerant consumers. We expect these trends to continue for the foreseeable future and expect that such shifts in consumer preferences and behaviour will continue to be a significant factor affecting our results of operations.

Demand for our products may also be affected by macroeconomic factors and demographic factors, including factors relating to discretionary consumer spending, general levels of consumer confidence and seasonal factors such as festivities and holidays. Malaysia is our core market and as its population grows and levels of household disposable income per capita increases, we expect demand for food products, including dairy products, to increase as well. According to Frost & Sullivan, the growth of disposable income allows consumers to spend more on quality products, leading to the growth of the dairy industry. We expect macroeconomic and demographic factors to continue to drive general consumer demand for our products, with demand increasing as these factors improve and demand potentially decreasing if economic growth should slow or decline.

**12. FINANCIAL INFORMATION (Cont'd)****(ii) Prices and availability of raw materials**

Our results of operations may be affected by the availability and pricing of raw materials, including raw milk, packaging materials, animal feed and ingredients we use in the manufacture of our products. Our cost of raw materials accounted for 75.5%, 77.2%, 74.9% and 70.0% of our total cost of sales in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively.

Raw milk constituted the largest component of the raw materials that we require for the production of our products, accounting for 51.4%, 50.9%, 48.5% and 44.7% of our total cost of raw materials in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively. Although we use internally-sourced raw milk for our operations, we also purchase a majority of the raw milk we require for our operations from third parties in Australia and Malaysia. In Malaysia, we purchase raw milk from local farmers as part of our work with local communities and partner-farmers to promote the sustainable growth of the dairy industry at the grassroots level. See Section 7.15.2 of this Prospectus for more details. For FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, 73.7%, 82.1%, 87.4% and 85.7%, respectively, of our raw milk was sourced from external parties. See Section 7.10 of this Prospectus for more details.

Packaging materials constituted the second largest component of the raw materials we require for the production of our products, accounting for 23.4%, 22.0%, 23.6% and 24.2% of our total cost of raw materials in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively. Since FYE 31 March 2020, Tetra Pak has been our key supplier of production equipment and product packaging materials. See Section 7.8.2 of this Prospectus for more details.

Any increase in the prices of our raw materials or change in the availability of raw materials may increase our operating costs and have a significant impact on our cost of sales and profit margins. Also, see Section 5.1.11 of this Prospectus.

The prices and availability of raw materials may be affected by a number of factors including global price fluctuations in raw materials, global freight or shipping issues such as delays, weather conditions, global and regional economic conditions (such as the COVID-19 pandemic) and negotiations with our suppliers. Our feed costs may be affected as a result of global price fluctuations of certain commodities such as alfalfa and maize. For example, prolonged drought-like conditions in Australia from 2018 to mid-2020 led to significantly higher feed costs in the market. Consequently, our animal feed and herd health cost increased by 54.4% from RM17.1 million in FYE 31 March 2019 to RM26.4 million in FYE 31 March 2020, increased by 6.8% to RM28.2 million in FYE 31 March 2021 compared to FYE 31 March 2020 and increased by 17.1% from RM14.0 million in FPE 30 September 2020 to RM16.4 million in FPE 30 September 2021. In addition, as we purchase some of our raw materials from international suppliers in Australia, Argentina, Brazil, USA, New Zealand and other Asian countries, global freight or shipping issues such as delays or interruptions to transportation processes may lead to delays and/or shortages in raw materials, and consequently, an increase in prices of raw materials and container tariffs. For example, we experienced an increase in carriage inwards cost, a part of our cost of sales, by 441.7% from RM1.2 million in FYE 31 March 2020 to RM6.5 million in FYE 31 March 2021 and by 226.3% from RM1.9 million in FPE 30 September 2020 to RM6.2 million in FPE 30 September 2021, due to an increase in shipping rates caused by the COVID-19 pandemic.

**12. FINANCIAL INFORMATION (Cont'd)****(iii) Milk yield**

Our results are directly affected by our milk yield per cow. In general, as milk yield per cow improves, the amount of feed cost per litre of milk produced decreases. Milk yield is affected by a number of factors including a cow's stage of lactation, breed, genetics, feed and other factors.

We have taken a number of steps to increase our milk yield per milking cow. We have implemented farm management and animal husbandry practices across our farming operations. We ensure that our cows are given the right feed high in nutritional content to support the development of their immune system while optimising their milk yield. We also follow a milking schedule and use imported milking systems which are highly automated.

We house our cows in purpose-built barns with easy access to food and water, and have built certain features such as insulated roofing, industrial fans and tunnel-ventilated barns to manage heat stress and to keep our cows comfortable. We strongly believe that our ownership of the AFS and the Jersey-Friesian crossbreeds and notable farm management and animal husbandry practices have benefitted us greatly through industry leading milk yields. See Section 7.5 of this Prospectus further details on our farm management and husbandry practices.

In addition, milk yield is directly affected by a cow's lactation cycle. A cow typically has between three to four lactation cycles with its milk yield increasing each lactation cycle before reaching peak levels typically during the third lactation cycle. As at the LPD, approximately 75.9% of our milking cows were aged less than four years, 17.1% were aged four years or five years, and 7.0% were aged over five years. Our milking cows that are aged four years are typically in their third lactation and cows aged five years are typically in their fourth lactation cycle. We expect that our average milk yield will be positively affected in the next few years as a larger portion of our cows reach their third and fourth lactation cycles.

An increased milk yield per cow will result in more milk produced at our farms and reduce purchases of raw milk from third parties. Our average annual milk yield per milking cow increased from 22.8 litres in FYE 31 March 2019 to 23.3 litres in FYE 31 March 2020 but reduced to 20.7 litres in FYE 31 March 2021. The reduction in average annual milk yield in FYE 31 March 2021 was mainly due to the drought in Australia which took place from 2018 to mid-2020 that led to higher feed costs. This resulted in us adjusting the diet formulation of our cows in Australia in order to maximise our returns taking into consideration the income from milk and feed costs incurred. The adjusted diet formulation affected milk yield and consequently, our average annual milk yield in FYE 31 March 2021 decreased. Our average milk yield per milking cow also decreased from 20.9 litres in FPE 30 September 2020 to 19.9 litres in FPE 30 September 2021. The reduction in average milk yield per milking cow in FYE 30 September 2021 was mainly due to the increase in our feed costs as a result of global price fluctuations of alfalfa and maize. We sought to minimise the impact of this price increase by adjusting the diet formulation of our milking cows which led to a reduction in average milk yield.

**(iv) Size and expansion of our dairy herd**

Our results of operations have been significantly affected by the expansion of our dairy herd during FYE 31 March 2019, 2020 and 2021 and FPE 30 September 2020 and 2021. The table below sets out the total number and breakdown of the herd size on the dates indicated.



## 12. FINANCIAL INFORMATION (Cont'd)

	Non-dairy herd	Dairy herd <sup>(2)</sup>			Total herd size
	Bulls <sup>(1)</sup>	Non-milking female cattle <sup>(3)</sup>	Milking cows	Dairy herd total	Dairy herd and non-dairy herd total
<b>As of 31 March</b>					
2019	768	3,993	2,435	6,428	7,196
2020	846	4,221	3,163	7,384	8,230
2021	1,144	4,551	3,371	7,922	9,066
<b>As of 30 September</b>					
2020	981	3,920	3,122	7,042	8,023
2021	1,248	4,200	3,730	7,930	9,178

**Notes:**

- (1) Bulls consist of mature male cattle (more than 2 years old), and younger male cattle (heifers, yearlings, weaners, and calves).
- (2) Our dairy herd does not include any male cattle.
- (3) Non-milking female cattle comprises female heifers (above 21 months), yearlings (14-21 months), weaners (7-13 months), calves (0-6 months) and dry cows.

The herd size of our dairy farming business has been primarily affected by the following factors:

- **importation from overseas.** As part of our dairy business and operations, we import dairy cows from Australia for our Malaysian dairy farms. For FYE 31 March 2019, 2020 and 2021 and FPE 30 September 2021, we imported 686, 1,662, 1,196, and 368 dairy cows to expand our herd size, respectively;
- **new births of female calves.** Female calves born by our milking cows at our dairy farms increase our herd size. With our artificial insemination and utilisation of IVF technology, we aim not to only increase the reproduction success of our dairy herd by breeding a sufficient number of milking cows and increasing our herd size to support our operations, but to also breed and produce quality AFS-Holstein cows with superior milk yields; and
- **sale of reproduced heifers/calves.** Our dairy herd size could decrease because of the sale of dairy cows which have become non-milking cows due to an inability to get pregnant or the sale of dairy cows with very low milk yield.

During FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, the growth in our herd size has been primarily due to the purchase of additional heifers as we look to continue expanding our herd size. We expect the growth in our herd size to have a positive impact on our results of operations as these heifers become milking cows. As of 30 September 2021, around 17% of heifers and calves were aged less than one year and around 87% were aged over one year.

**12. FINANCIAL INFORMATION (Cont'd)**

As the number of milking cows and consequently, our dairy herd, in our Malaysian farms, has increased from FYE 31 March 2019 to FYE 31 March 2021 and to FPE 30 September 2021, our annual milk output has increased. This in turn increased our sales of dairy products from FYE 31 March 2019 to FYE 31 March 2021, and from FPE 30 September 2020 to FPE 30 September 2021. However, there was a decrease in the number of milking cows in our Australia farms from FYE 31 March 2020 to FYE 31 March 2021 primarily due to the higher number of old cows being culled during the year and the adverse effects of the drought on milk yield. Consequently, milk output in Australia decreased in FYE 31 March 2021. The number of Australia milking cows also decreased from FPE 30 September 2020 to 30 September 2021 primarily due to the higher number of old cows being culled during the period. The table below sets out our total number of milking cows, annual raw milk output and total revenue from sales of raw milk and dairy products for the financial years/periods indicated.

	FYE 31 March				
	2019	2020	2021	2020 vs. 2019	2021 vs 2020
				% change	% change
<b>Milking cows<sup>(1)</sup></b>	<b>2,227</b>	<b>2,799</b>	<b>3,009</b>	<b>25.7</b>	<b>7.5</b>
- Malaysia	1,226	1,503	1,767	22.6	17.6
- Australia	1,001	1,296	1,242	29.5	(4.2)
<b>Annual raw milk output (million litres)</b>	<b>18.5</b>	<b>23.8</b>	<b>22.7</b>	<b>28.6</b>	<b>(4.6)</b>
- Malaysia	6.8	7.9	8.9	16.2	12.7
- Australia	11.7	15.9	13.8	35.9	(13.2)
<b>Revenue from sales of raw milk (RM million)</b>	<b>15.8</b>	<b>22.6</b>	<b>23.7</b>	<b>43.0</b>	<b>4.9</b>
<b>Revenue from sales of dairy products (RM million)</b>	<b>161.3</b>	<b>270.5</b>	<b>423.8</b>	<b>67.7</b>	<b>56.7</b>

	FPE 30 September		
	2020	2021	2021 vs 2020
			% change
<b>Milking cows<sup>(1)</sup></b>	2,957	3,314	12.1
- Malaysia	1,698	2,105	24.0
- Australia	1,259	1,209	(4.0)
<b>Annual raw milk output (million litres)</b>	11.3	12.1	7.1
- Malaysia	4.2	5.4	28.6
- Australia	7.1	6.7	(5.6)
<b>Revenue from sales of raw milk (RM million)</b>	10.9	13.8	26.6
<b>Revenue from sales of dairy products (RM million)</b>	204.4	218.9	7.1

**Note:**

(1) Milking cows represent the average number of milking cows over 12 months.

We are constructing a new 828 acre farm in Taiping, Perak with a capacity to house up to 3,100 dairy cows upon full completion. See Section 7.3.1 of this Prospectus for more details.

**12. FINANCIAL INFORMATION (Cont'd)****(v) COVID-19 pandemic**

The COVID-19 pandemic has had and continues to have adverse repercussions across local, regional and global economies, financial markets, industries and businesses. To control the spread of COVID-19, the governments in Malaysia and Australia implemented and continue to implement countermeasures such as lockdowns, quarantines, travel restrictions and business shutdowns, resulting in sometimes significant slow-downs of business activities and operations.

Notwithstanding the COVID-19 pandemic, we continued operating our business and manufacturing facilities during the various lockdowns in Malaysia as our operations are considered an "essential service". We have implemented additional health and safety protocols at all our farms and manufacturing facilities to ensure strict compliance by our employees and visitors. See Section 7.19 of this Prospectus for more details.

The COVID-19 pandemic has resulted in a general increase in logistical and transportation costs and a corresponding increase in the price of imported raw materials and shipping rates. Our carriage inwards cost increased by 441.7% from RM1.2 million in FYE 31 March 2020 to RM6.5 million in FYE 31 March 2021, and increased by 226.3% from RM1.9 million in FPE 30 September 2020 to RM6.2 million in FPE 30 September 2021, contributing to the increased in our cost of sales for the same period. Carriage inwards costs constituted 1.4%, 0.7%, 2.5% and 4.6% of our total cost of raw materials for FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively. We expect logistical and transportation costs to continue to increase, for as long as the COVID-19 pandemic continues to persist, which may cause our raw materials cost and cost of sales to increase. See Section 5.1.11 of this Prospectus for more details.

The various MCOs implemented by the Malaysian government have also impacted our sales through our various distribution channels. The sales under our HORECA channel decreased as hotels, restaurants and cafes were shut during the various lockdowns. However, we saw an increase in sales in our large format retailers and convenience stores due to higher consumption of our products within consumer homes and as modern trade outlets remained opened during the lockdowns.

We also saw an increase in revenue from sales under our stockists and home dealer network due to an increase in online sales through our website, which provides customers with the option of purchasing our products online from a home dealer or agent who then delivers and fulfils the customers' orders. See Section 12.2.2(vii) below for a breakdown of our revenue by distribution channel in Malaysia for FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021, FPE 30 September 2020 and FPE 30 September 2021. Also, see Section 7.7.1 of this Prospectus for further details on our distribution channels.

In addition, in Australia, we received a one-off grant of RM2.5 million from the Australia government in FYE 31 March 2021 under the JobKeeper Payment scheme, which was introduced by the Australian government to support businesses affected by COVID-19. This contributed to an increase in our other income in FYE 31 March 2021. See Section 12.2.5(iii) of this Prospectus for more details.

**12. FINANCIAL INFORMATION (Cont'd)**

A prolonged COVID-19 pandemic is likely to affect our results of operations in the mid to long-term. For example, the COVID-19 pandemic situation in Malaysia deteriorated after 31 March 2021, with a record number of 24,599 new daily cases recorded on 26 August 2021. The negative impact of the deteriorating COVID-19 pandemic on local economies and financial markets, coupled with political uncertainty in Malaysia, has led to a material adverse impact on economic activity in general and on consumer confidence and levels of household income in Malaysia. See Section 7.19 of this Prospectus for details. This has ultimately resulted in a decrease in consumer spending in general and could ultimately result in a change in consumer preferences for cheaper alternatives to fresh milk such as powdered milk products. Malaysia has taken significant countermeasures to combat the deteriorating COVID-19 pandemic situation in Malaysia, including prolonged lockdowns and closures of schools and businesses. The Malaysian Government announced the Third MCO Period with effect from 12 May 2021 to 7 June 2021, and following an increase in the number of new COVID-19 cases, the Full MCO Period with effect from 1 June 2021 to 14 June 2021. While certain schools were allowed to reopen from January 2021, schools were again closed nationwide from 1 June 2021 and only reopened in stages beginning 3 October 2021. Non-essential services in shopping malls in Malaysia were also ordered to close from 18 March 2020 to 12 May 2020, 13 January 2021 to 4 March 2021, 7 May to 7 Jun 2021, 1 June 2021 to 14 June 2021 and throughout Phase 1 of the National Recovery Plan period commencing from 15 June 2021. The resultant fall in footfall at shopping malls has impacted the sales of our products carried at supermarkets and convenience stores located in these shopping malls. In addition, while supermarket and convenient stores (including those located in shopping malls) have been allowed to operate throughout the MCO and National Recovery Plan period, the business operating hours are restricted to 8 a.m. to 8 p.m. during Phase 1 of the National Recovery Plan. These countermeasures have affected our sales and operations in Malaysia. For example, the sales of our stockists and home dealers network and their direct sales of milk products to schools in Malaysia has been and will continue to be affected for as long as schools in Malaysia are closed. We are also unable to carry out any of the agritourism activities at our UPM Farm for the promotion of fresh milk and our products to students and visitors in Malaysia.

Our surge in sales in FYE 31 March 2021 was mainly due to the panic buying and stocking up by consumers of food and beverage items in 2020. In particular, in the quarter post-implementation of the first MCO in Malaysia on 18 March 2020, there was also a surge in ambient category sales in Malaysia due to panic buying and stocking up of ambient or UHT products which has a longer useful or shelf life. In particular, the ambient category volume sales from April to June 2020 increased by 50.5% as compared to the same period in 2019.

This heightened sales level corrected itself in 2021 with our sales volumes in January to June 2021 for the liquid milk category decreasing by 5.1%. The decrease in sales volumes for the ambient category from April to June 2021 was more significant, as it decreased by 13% as compared to the corresponding period in 2020. Notwithstanding the decline in the overall market in the first nine months of 2021 as compared to the same period in 2020, our revenue and market share increased from FYE 31 March 2020 to 31 March 2021. Our market share for the RTD milk segment increased from 15% for 2020 to 18% for the first nine months of 2021, and our market share for the chilled RTD milk segment increased from 36% for 2020 to 42% for 2021. According to Frost & Sullivan, we are the second largest player in the RTD milk category in Malaysia for the first nine months of 2021.

**12. FINANCIAL INFORMATION (Cont'd)**

We expect an improvement in the COVID-19 pandemic situation in Malaysia in the longer term to have a positive impact on our growth. In particular, Malaysia has introduced the National Recovery Plan as a roadmap to control the COVID-19 pandemic and enable progressive reopening of society. As at the LPD, all states and federal territories in Malaysia are in Phase 4 of the National Recovery Plan. The animal rearing sector has not been restricted to any workforce capacity restrictions throughout the National Recovery Plan.

We have seen a positive impact on our business as a result of the relaxation of the countermeasures in Malaysia. Revenue contribution from our HORECA segment increased from 15.0% in FPE 30 September 2020 and 14.8% in FYE 31 March 2021 to 16.0% in FPE 30 September 2021. The general return of crowds in shopping malls and retail outlets has also increased footfall at our large format retailers. Revenue contribution from our large format retailers modern trade increased from 44.2% in FPE 30 September 2020 and 44.1% in FYE 31 March 2021 to 46.5% in FPE 30 September 2021.

See Section 5.1.5 of this Prospectus for more details on the impact of the COVID-19 pandemic on our business, financial condition and results of operations.

**(vi) Product mix and average selling prices**

The sales volume of our products has been growing due to our ability to continuously innovate and diversify our product portfolio and flavours.

We have introduced localised flavours and new products into the Malaysian market, such as the Kurma RTD milk and the lactose-free RTD milk. Our Kurma RTD milk has proven to be one of our most successful products with total sales amounting to RM89.1 million in FYE 31 March 2021 and RM35.9 million in FPE 30 September 2021, accounting for 18.2% of our total sales in FYE 31 March 2021 and 14.0% of our total sales in FPE 30 September 2021. We have leveraged on the greater attention that we believe our customers are placing in maintaining a healthy lifestyle, and provided them with products made from fresh milk, creating a strong foothold in that segment. In June 2018, we also commenced the production and sale of fresh milk-based UHT milk products which generally carry a better margin than RTD chilled milk products. Sales of chilled RTD milk in Malaysia and Singapore accounted for 65.6%, 51.7%, 45.7% and 48.3% of our total dairy products sales for FYE 31 March 2019, 2020 and 2021 and FPE 30 September 2021, respectively. As our business continues to grow, we expect UHT/ambient products and yoghurt to contribute an increasingly larger portion of our total sale of dairy products. See Section 12.2.5(i) of this Prospectus for more details.

We constantly adjust and grow our product mix to cater to changing consumer tastes and preferences. For example, we recognise the growing demand in plant-based products and in 2020, we expanded our portfolio of plant-based products to include oat milk, almond milk and chocolate soy products. We believe that our revenues and margins will increase due to the ability to sell these products at a premium as we tap on the growing demand of plant-based products and increase the proportion of such plant-based products in our product portfolio.

Pricing of our products affects our results of operations. Our historical average selling prices are generated from dividing the revenue of each year by the sales volume in the same year. The following table sets out the average selling prices of our dairy products, plant-based products, and fruit jam and sauces to external customers for the financial years/periods indicated:

**12. FINANCIAL INFORMATION (Cont'd)**

	FYE 31 March			FPE 30 September	
	2019	2020	2021	2020	2021
<b>Malaysia</b>					
Dairy products per litre (RM)	6.39	6.30	6.10	6.16	6.11
Plant-based products per litre (RM)	4.96	5.08	6.79	6.75	7.23
<b>Australia</b>					
Raw milk per litre (AUD) <sup>(1)</sup>	0.45	0.50	0.58	0.61	0.62
Fruit jam and sauces per kg (AUD) <sup>(2)</sup>	-	4.50	4.74	4.88	4.36
<b>Singapore</b>					
Dairy products per litre (SGD)	2.00	2.00	1.82	1.85	1.75
Plant-based products per litre (SGD) <sup>(3)</sup>	-	-	3.62	-	1.66

**Notes:**

- (1) We have ceased the sale of raw milk we produce to third parties since end September 2021 (save for instances where we have raw milk in excess of our processed milk requirements).
- (2) We started selling fruit jam and sauces in December 2019 but due to the rationalisation plan to downsize IXL fruit jam operations, we expect sales of fruit jams to reduce over time.
- (3) We started selling plant-based products in Singapore in October 2020.

When determining the selling prices for our products, we consider a number of factors including general market conditions, our costs, the prices of our competitors, the expected margins (including margins of our distributors). We have increased the prices of our chilled RTD milk products by an average of 5% effective 1 September 2021.

The average selling prices of our dairy products in Singapore and Malaysia have generally decreased from FYE 31 March 2019 to FYE 31 March 2021, and from FPE 30 September 2020 to FPE 30 September 2021, largely due to the increasing sales mix of lower priced products such as full cream fresh milk, chocolate milk and private label products. We have increased the price of our chilled RTD dairy products by an average of 5% in September 2021 which has resulted in a slight increase in average selling prices of dairy products in Malaysia from FYE 31 March 2021 to FPE 30 September 2021. We expect the average selling prices of our dairy products to further increase following a price increase for our UHT/ambient products by an average of 5% which we have implemented in December 2021.

Any price increases that we do implement may increase our overall revenues and margins but could also result in decreased demand and an erosion of our market share.

**(vii) Products sales channel and distribution**

We rely on our distribution network to sell our dairy products, plant-based products, fruit jam and sauces through a multi-channel distribution model which allows us to reach end consumers. The effectiveness and geographic reach of our distribution directly impact our sales. We operate through a multi-channel distribution model that is structured to facilitate the sales of different products to address different customer markets, and our distribution model comprises large format retailers, stockists and home dealers, HORECA, export markets and convenience stores. To further promote our products across the nation, we also promote our products to school students through the Farm2School Project and Rancangan Makanan Tambahan programmes.

**12. FINANCIAL INFORMATION (Cont'd)**

The table below sets out the breakdown of our revenue by distribution channel in Malaysia for the financial years/periods indicated:

	FYE 31 March			FPE 30 September	
	2019	2020	2021	2020	2021
<b>Revenue by distribution channel – Malaysia</b>	%	%	%	%	%
Large format retailers	59.2	44.7	44.1	44.2	46.5
Stockist / Dealers	19.2	29.6	34.5	33.7	30.5
HORECA market	16.9	19.2	14.8	15.0	16.0
Export markets <sup>(1)</sup>	4.2	3.5	3.8	4.3	4.2
Convenience stores	0.5	3.0	2.8	2.8	2.8

**Note:**

(1) Includes revenue from Singapore and Brunei.

In Australia, for our fruit jam and sauces business which we acquired in FYE 31 March 2020, our distribution channels comprise large format retailers, HORECA and exports markets. The table below sets out the breakdown of our revenue by distribution channel in Australia for the years/periods indicated:

	FYE 31 March			FPE 30 September	
	2019	2020	2020	2020	2021
<b>Revenue by distribution channel – Australia (Fruit jam &amp; sauces)</b>	%	%	%	%	%
Large format retailers	-	66.2	53.3	54.5	63.2
HORECA market	-	17.1	25.9	26.0	23.6
Export markets <sup>(1)</sup>	-	16.8	20.8	19.5	13.2

**Note:**

(1) Primarily includes revenue from Malaysia, Singapore and Hong Kong.

All of the raw milk we produced in Australia in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021 were sold to industrial dairy companies. We have stopped selling raw milk we produce to third parties since end September 2021 (save for instances where we have raw milk in excess of our processed milk requirements).

We plan on expanding our distribution network, in particular, our stockists and home dealer network to increase our reach and penetration, with a view of ultimately increasing sales. We also intend to expand into new markets within the Asia-Pacific region such as Hong Kong, Indonesia and the Philippines. See Section 7.3 of this Prospectus for more details on our future plans and strategies.

We may not be able to successfully execute these future plans and strategies, and the level of success we experience in implementing these strategies will affect our revenue growth and results of operations. For more details, see Section 5.1.14 of this Prospectus.

**12. FINANCIAL INFORMATION (Cont'd)****(viii) Capacity and utilisation**

Our production volumes and results of operations are affected by the capacity and utilisation of our processing facilities for the production of finished products and processing of raw milk. As at the LPD, we own and operate two processing facilities in Malaysia and one processing facility in Australia with the capacity to produce around 137.0 million litres of finished goods and 84.0 million litres of processed milk annually, respectively. Any reduction in our production capacities and utilisation rates, whether due to scheduled maintenance or unforeseen events, may impact our ability to meet customer demand and could potentially reduce our total sales. For example, our Muadzam Shah Farm has historically experienced disruptions to its electricity supply. See Section 5.1.6 of this Prospectus for more details.

The extent and rate of growth in our operations are also dependent on the levels of existing capacity and utilisation of our facilities at the relevant time. Headroom in capacity and utilisation levels may serve as an indication of growth potential and expansion in our operations to meet rising customer demand. We plan to expand our product capacity over the next three years. See Section 7.3.1 of this Prospectus for further details. We believe that any expansion in production capacity needs to be managed carefully in tandem with the growth in demand for our products. If our expansion in production capacity outpaces the growth in demand, or demand for our products decrease, our results of operations and utilisation rates of our manufacturing facilities may be affected.

**(ix) Changes in fair value of biological assets**

Our results of operations have been, and we expect will continue to be, affected by changes in the fair value of our biological assets. For FYE 31 March 2019, 2020 and 2021 and FPE 30 September 2020 and 2021, our results of operations were positively affected by gains arising from changes in fair value less costs to sell of biological assets of RM2.9 million, RM1.4 million, RM4.3 million, RM1.1 million and RM10.2 million, respectively.

The fair value of our biological assets is dependent on whether there is an active market of our assets benchmarked against.

For our biological assets in Malaysia, as there is no active market for these biological assets, a cost approach is used under which fair value is referenced to expected cost of purchase of cows or goats by other farms in Malaysia and overseas, adjusted for differences in breed, weight and age group. Any changes in price per head of comparable breed and age group, taking into account foreign exchange rate movements if applicable, would be recognised as an increase or decrease in the fair value of biological assets.

For our biological assets in Australia, as there is a relatively more active and mature market for dairy herd in Australia, a market approach is used under which fair value is referenced to sales price of comparable dairy cows in close proximity, adjusted for differences in key attributes such as breed and age.

Any changes in price per head of comparable breed and age group, would be recognised as an increase or decrease in the fair value of biological assets.

We expect that our results of operations will continue to be affected by changes in the fair value of our cow herd. Please also see Note 5 of the Accountants' Report included in Section 13 of this Prospectus.



**12. FINANCIAL INFORMATION (Cont'd)****(x) Regulatory environment in the countries where we operate**

Our business activities and results of operations are affected by the regulatory environment in the countries where we operate. In particular, we are significantly affected by government regulations applicable to the dairy industry and the food and beverage industry. These generally include:

- food hygiene and safety regulations and restrictions;
- halal certification regulations; and
- environmental laws and regulations, for example governing emissions and waste disposal.

See Annexure F of this Prospectus for further details on the laws and regulations that affect our business. Changes in regulations and government policies relating to our industry could significantly impact our sales and cost of sales.

**(xi) Taxes and tax incentives**

We have benefited from several tax incentives granted by the Malaysian authorities. For example, we were granted the Agricultural Tax Incentive by the MOA which allows us to claim a 100% tax exemption on statutory income arising from the rearing of cattle and goat, and milk processing activities on two specific locations in Kota Tinggi, Malaysia (the "**Agricultural Tax Incentive**"). We also enjoy a 100% income tax exemption under the East Coast Economic Region Incentive for income earned from dairy milk processing activities.

The table below sets out the tax incentives we benefit from:

Name of entity	Applicable Farm/Facility	Year	Details of tax incentive	Business activity	Awarding Ministry/ Agency	Expiry
FFMSB	Larkin Facility	5 + 5 years commencing YA2021	100% income tax exemption for qualifying activities under Section 127(3A), Income Tax Act 1967	Production, marketing and sale of goat's and cow's milk	MOF	YA 2025, extendable to YA 2030
Farm Fresh	Muadzam Shah Facility	5 + 5 years commencing from the first year the Company generates profit (YA2020)	100% income tax exemption for qualifying activities under Special ECER Incentive Programme. This is subject to and upon the fulfilment of certain conditions and requirements as specified in the approval letter	Rearing of dairy cows and the production, marketing, sale of cow's milk and plant-based related products	MIDA	YA 2024, extendable to YA 2029
FFMSB	Mawai Farm Larkin Facility	10 years commencing from the first year the Company generates profit (YA2014)	100% income tax exemption for qualifying activities under Section 127, Income Tax Act 1967	Rearing of dairy goats and cows and the production, marketing and sale of goat's and cow's milk	MOA (presently known as MAFI)	YA 2023

**12. FINANCIAL INFORMATION (Cont'd)**

These incentives have led to us incurring effective tax rates in Malaysia of 5.1% in FYE 31 March 2019, 5.8% in FYE 31 March 2020 and 8.5% (excluding impact of the tax reversal of RM10,490,033) in FPE 30 September 2021, respectively, which were lower than the Malaysian statutory tax rate of 24.0% for each of FYE 31 March 2019, FYE 31 March 2020 and FPE 30 September 2021.

Any adverse rulings from the relevant authorities, any adverse changes to the relevant laws and regulations and tax policies, or a revocation, modification or non-renewal of the tax incentives we currently enjoy may increase our effective tax rate and negatively impact our net profit margin and financial condition. See Section 5.1.8(i) of this Prospectus for more details.

*Tax Issue*

The Agricultural Tax Incentive is subject to certain conditions including the Expansion Notification Requirement, being a requirement that we provide prior notification to the MOA of any additional investment to expand the area in which we carry out our goat or cow farming and milk processing activities.

After we were granted the Agricultural Tax Incentive, we carried out certain milk processing activities temporarily at two rented locations before we established our Larkin Facility where we carried out milk processing activities. We believed that we had continuously updated the DVS under the MOA on the expansion of our business via the Larkin Facility, and the Larkin Facility was itself officiated by the Minister of MOA in March 2016.

However, when we voluntarily sought clarification on 5 October 2020 from the MOA on the tax exemption status of our Larkin facility, we were informed that we were in breach of the Expansion Notification Requirement.

As at the LPD:

- the MOF has informed us that the Agricultural Tax Incentive remains valid up till the expiry of the tax incentive period in YA 2023;
- based on a resolution with the IRB on 9 September 2021, we have recognised the Additional Tax Liability of RM25,708,582, in respect of our Larkin Facility, as a tax expense in the profit or loss for FYE 31 March 2021. Out of this Additional Tax Liability of RM25,708,582, (i) RM5,870,334 relates to YA 2020, (ii) RM5,139,424 relates to YA 2019, and (iii) RM14,698,824 relates to YA 2014 to YA 2018; and
- we have written to the MOF to seek its approval for our Larkin Facility to be included in the scope of the Agricultural Tax Incentive, in line with the Expansion Notification Requirement ("**Approval for Expansion Notification Requirement**"). The MOF has on 9 September 2021 approved our application to include our Larkin Facility in the scope of the Agricultural Tax Incentive starting from YA 2022 onwards. Accordingly, we have provided for a tax payable amount of RM10,490,033 for YA 2021 and have recognised this amount during FYE 31 March 2021.
- upon a subsequent application to the MOF, we have received approval on 24 December 2021 that the Larkin Facility is approved for a new Tax Incentive under Section 127 (3A) of Income Tax Act, 1967 ("**Larkin Facility Tax Incentive**"). Under the incentive, we are allowed to claim income tax exemption on the statutory income arising from qualifying projects conducted in the Larkin Facility for 10 (5+5) years commencing from YA 2021. Accordingly, we have reversed the tax payable amount of RM10,490,033 for YA 2021 previously recorded in the FYE 31 March 2021.

**12. FINANCIAL INFORMATION (Cont'd)**

Largely as a result of the above, our tax expense increased by 1,833.3% from RM1.8 million in FYE 31 March 2020 to RM34.8 million in FYE 31 March 2021. Our effective tax rate also increased from 5.0% in FYE 31 March 2020 to 51.4% in FYE 31 March 2021. However, excluding the impact of the Additional Tax Liability of RM25,708,582, the effective tax rate for FYE 31 March 2021 is 13.4%, which takes into account the taxes for the milk processing facilities of our subsidiary for FYE 31 March 2021 only.

For illustration purposes only, assuming the Additional Tax Liability of RM25,708,582 and the Larkin Facility Tax Incentive of RM10,490,033 is allocated to the respective financial year/periods, our adjusted consolidated PAT and PAT margin for the financial years/periods indicated would be as follows:

	FYE 31 March			FPE 30 September	
	2019	2020	2021	2020	2021
Consolidated PAT (RM'000)	27,377	34,382	32,828	8,630	49,485
Reallocation of Additional Tax Liability (RM'000) <sup>(1)</sup>	(5,139)	(5,870)	25,709	25,709	-
Reallocation of tax reversal (RM'000) <sup>(2)</sup>	-	-	10,490	5,973	(10,490)
<b>Adjusted PAT (RM'000)</b>	<b>22,238</b>	<b>28,512</b>	<b>69,027</b>	<b>40,312</b>	<b>38,995</b>
<b>Adjusted PAT margin (%)</b>	<b>12.5</b>	<b>9.4</b>	<b>14.1</b>	<b>17.2</b>	<b>15.2</b>

**Notes:**

- (1) *Relates to the reallocation of Additional Tax Liability to the respective financial years, for illustration purpose. Out of the Additional Tax Liability of RM25,708,582, RM5,870,334 relates to YA 2020; RM5,139,424 relates to YA 2019 and RM14,698,824 relates to YA 2014 to YA 2018.*
- (2) *Relates to the reallocation of the Larkin Facility Tax Incentive amounting to RM10,490,033, which relates to YA 2021. For FPE 30 September 2020, the amount pertains to the tax exemption that would have been applicable for the first six months of YA 2021.*

See Section 5.1.8(i) of this Prospectus and Note 19.1. of the Accountants' Report included in Section 13 of this Prospectus for further details.

**(xii) Foreign currency fluctuations and translation of financial statement of foreign entities**

Fluctuations in foreign currencies may directly impact our business and results of operations as income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions. We are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of our Group entities. The currencies giving rise to this risk are primarily USD, SGD, EUR, AUD and NZD.

**12. FINANCIAL INFORMATION (Cont'd)**

The table below sets out the percentage exposure of our revenue denominated in the indicated foreign currencies as a proportion of our total revenue for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
SGD	7,329	4.1	10,208	3.4	17,817	3.6
AUD	15,840	8.9	30,189	10.0	51,715	10.5

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
SGD	9,386	4.0	9,858	3.8
AUD	26,181	11.2	29,537	11.5

The table below sets out the percentage exposure of our trade and other payables denominated in the indicated foreign currencies based on carrying amounts as at the end of the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
USD	472	1.3	777	1.6	564	0.7
SGD	-	-	55	0.1	35	0.1
EUR	1,041	2.9	1,260	2.5	301	0.4
AUD	923	2.6	1,627	3.3	1,059	1.3
NZD	-	-	-	-	1,285	1.5

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
USD	659	1.0	289	0.4
SGD	38	0.1	47	0.1
EUR	585	0.9	162	0.2
AUD	-	-	1,043	1.3
NZD	-	-	-	-

See Section 12.2.15(i) below and Note 23.6 of the Accountants' Report included in Section 13 of this Prospectus for the sensitivity of our PAT to a 10% strengthening of the RM against the above currencies, with all other variables assumed to be constant.

**12.2.3 Critical accounting estimates and judgements**

The preparation of our financial statements in accordance with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. We review on an ongoing basis our estimates and underlying assumptions. We recognise revisions to accounting estimates in the period in which the estimates are revised and in any future periods affected. However, actual results may differ from these estimates. Uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of an asset or liability affected in the future.

**12. FINANCIAL INFORMATION (Cont'd)**

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**Right-of-use assets**

We assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. We consider all facts and circumstances including our past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help us determine the lease term.

We also applied judgement and assumptions in determining the incremental borrowing rate of the respective lease. We first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

See Note 4 to the Accountants' Report included in Section 13 of this Prospectus for further information on our right-of-use assets.

**Biological assets**

The fair value of semen and embryos cannot be measured reliably as there is no active market and transaction data available. The semen and embryos were bought for our own use to improve the genetic quality of our dairy herd and transferred to dairy cows based on the consumption.

There is no amortisation for the semen and embryos as there is no expiration date on frozen semen and embryos as these are properly stored.

Our Directors monitor the key factors in determining the fair value such as comparable sales price and foreign exchange rate affecting import price as part of their financial risk management on biological assets.

See Note 5 to the Accountants' Report included in Section 13 of this Prospectus for further information on our biological assets.

**Intangible assets**

We recognise the amortisation of our intangible assets as administrative expenses in the consolidated statement of profit or loss and other comprehensive income

**Water-use license**

Water-use license is an entitlement to irrigate a specific parcel or parcels of land. The useful lives of the water-use license are estimated to be indefinite as the water-use license is always attached to the owner of the land.

The recoverable amount of water-use license was determined based on the fair value less to costs of disposal. The fair value of water-use license is based on market comparison technique within Level 2. The valuation model is based on market transaction prices published on the relevant authority website. For the purpose of impairment testing, the management has compared the carrying amount against the transaction price published on the relevant authority website as at the financial year end.

Based on management assessment, no impairment is required as the recoverable amount was higher than carrying amount.

**Goodwill**

For the purpose of impairment testing, goodwill is allocated to our operating divisions which represent the lowest level within our Group at which the intangible asset is monitored for internal management purpose.

**12. FINANCIAL INFORMATION (Cont'd)**

The aggregate carrying amount of goodwill allocated to our Kyabram Facility and fruit jam and sauces division is RM4.2 million, RM5.0 million and RM4.7 million for FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively.

The recoverable amount of a Cash Generating Unit ("CGU") is determined based on value in use calculations. These calculations used cash flow projections based on financial budgets approved by our management for periods covering a five-year period. Our management has considered and determined the factors applied in the financial budgets which include budgeted gross margins, pre-tax discount rates and estimated growth rates. The budgeted gross margins are based on past performance and the average growth rates and discount rates used are based on our management's best estimate.

The key assumptions used in the value in use calculations are as follows:

- Cash flows were projected based on a 5-year business plan.
- Gross margins are projected based on the historical profit margin achieved or predetermined profit margin for the products.
- A pre-tax discount rate of 8% has been applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on weighted average cost of capital of the Australian food and beverage industry.
- The subsidiary will continue its operation indefinitely.

Based on management assessment, no impairment is required as the recoverable amount was higher than the carrying amount.

**Deferred tax assets/(liabilities)**Recognised deferred tax assets/(liabilities)

We have been granted approval of the East Coast Economic Region Incentive ("**ECER Incentive**") under Income Tax Act, 1967 for milk and cheese processing projects at our Muadzam Shah facility. Under the ECER Incentive, we are allowed to claim income tax exemption on our statutory income arising from qualifying projects for 10 (5+5) years commencing from the first year we derive statutory income, i.e. YA 2020. The ECER Incentive is subject to and upon fulfilment of the necessary conditions and requirements as specified in the approval letter. Losses incurred before the exemption period and during the exemption period are allowed to be carried forward for utilisation during the post exemption period.

In addition, our subsidiary, FFMSB, has been granted the Agricultural Tax Incentive. Under the incentive, the subsidiary is allowed to claim a 100% income tax exemption on statutory income arising from qualifying projects for 10 years commencing from the first year the subsidiary derives statutory income, i.e. from YA 2014. Losses incurred before the exemption period and during the exemption period are allowed to be carried forward for utilisation during the post exemption period.

Further, upon a subsequent application to the MOF, FFMSB has received approval on 24 December 2021 that the Larkin Facility is approved for a new Tax Incentive under Section 127 (3A) of Income Tax Act, 1967. Under the incentive, FFMSB is allowed to claim income tax exemption on the statutory income arising from qualifying projects conducted in the Larkin Facility for 10 (5+5) years commencing from YA 2021.

Accordingly, our deferred tax liabilities are recognised in the consolidated financial statements to the extent that they are expected to be reversed/utilised after the 10 year exemption period.

**12. FINANCIAL INFORMATION (Cont'd)**Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of certain items in certain subsidiaries because it is not probable that future taxable profit will be available against which we can utilise the benefits therefrom.

An amendment is made in the Finance Act 2021 that unutilised tax losses carry forwards up to the year of assessment 2018 be deductible against aggregate statutory income until the year of assessment 2028. Any unutilised tax losses for the year of assessment 2019 onwards can be carried forward for a maximum of 10 consecutive year of assessment.

The unabsorbed capital allowances do not expire under the current tax legislation.

For more information on our deferred tax assets/(liabilities), see Note 8 to the Accountants' Report included in Section 13 of this Prospectus.

**Tax expense**

As disclosed in Section 12.2.2(xi) of this Prospectus, in connection with the Tax Issue, an amount of RM25,708,582 of tax liability has been determined to be payable in respect of the non-approved locations from YA 2014 to YA 2020 and RM10,490,033 for YA 2021. These amounts have been recognised during FYE 31 March 2021. Out of the Additional Tax Liability of RM25,708,582, RM5,870,334 relates to YA 2020, RM5,139,424 relates to YA 2019, and the remaining amount of RM14,698,824 relates to YA 2014 to YA 2018.

For a breakdown of our tax expenses for FYE 31 March 2019, 31 March 2020, 31 March 2021 and FPE 30 September 2021, see Note 19 to the Accountants' Report included in Section 13 of this Prospectus.

**Credit risk**

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Our exposure to credit risk arises principally from our receivables from customers. There are no significant changes as compared to the prior period.

Trade receivables*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. At each reporting date, we assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when we determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to the prior period.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, there was no significant concentrations of credit risk and maximum exposure to credit risk arising from trade receivables, amounts due from subsidiaries are represented by the carrying amounts in the consolidated statement of financial position.

**12. FINANCIAL INFORMATION (Cont'd)***Recognition and measurement of impairment loss*

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with us. We use ageing analysis to monitor the credit quality of the receivables. We grant credit period ranging from 7 – 75 days from invoice date or month-end date.

Hence, any receivables having significant balances past due more than 90 days, shall be considered as credit impaired and monitored individually.

We use an allowance matrix to measure expected credit losses (“ECLs”) of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a “roll rate” method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. We also consider differences between (i) economic conditions during the period over which the historic data has been collected, (ii) current conditions and (iii) our view of economic conditions over the expected lives of the receivables. Nevertheless, we believe that these factors are immaterial for the purpose of impairment calculation for the year.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the consolidated statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, we are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

We monitor the exposure to credit risk on individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the consolidated statement of financial position. There is no history of default on other receivables and there is no indicator these other receivables may default.

We also consider differences between (i) economic conditions during the period over which the historic data has been collected, (ii) current conditions and (iii) our view of economic conditions over the expected lives of the receivables. Nevertheless, we are of the view that the loss allowance is not material and hence, it is not provided for.

Net investment in a lease*Risk management objectives, policies and processes for managing the risk*

We manage credit risk on net investment in a lease together with our leasing arrangements. At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the consolidated statement of financial position.

There is no history of default on the investment in lease and there is no indicator this lease may default. We also consider differences between (i) economic conditions during the period over which the historic data has been collected, (ii) current conditions and (iii) our view of economic conditions over the expected lives of the receivables. Nevertheless, we are of the view that the loss allowance is not material and hence, it is not provided for.



## 12. FINANCIAL INFORMATION (Cont'd)

For more information, see Note 23.4 to the Accountants' Report included in Section 13 of this Prospectus.

### 12.2.4 New accounting pronouncement applicable in the preparation of the financial statements

#### FYE 31 March 2019

We adopted the following new standards and amendments to standards and interpretations in FYE 31 March 2019:

- MFRS 9, Financial Instruments (2014);
- MFRS 15, Revenue from Contracts with Customers;
- Clarifications to MFRS 15, Revenue from Contracts with Customers;
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration;
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle);
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions;
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts;
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle); and
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property.

The adoption of these standards, interpretations and amendments did not have any impact on FYE 31 March 2019 except for MFRS 15, Revenue from Contracts with Customers.

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

We applied the requirements of the MFRS 15, *Revenue from Contracts with Customers* retrospectively with practical expedients and transitional exemptions as allowed by the standards. There is no financial impact to our Group except for reclassification of certain advertising and promotional expenses to offset against the revenue.

#### FYE 31 March 2020

We adopted the following new standards and amendments to standards and interpretations in FYE 31 March 2020:

- MFRS 16, *Leases*;
- IC Interpretation 23, Uncertainty over Income Tax Treatments;
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle);

**12. FINANCIAL INFORMATION (Cont'd)**

- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation;
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle);
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle);
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – *Long-term Interests in Associates and Joint Ventures*

The adoption of these standards, interpretations and amendments did not have any impact on FYE 31 March 2020 except for MFRS 16, *Lease*. MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

We applied the requirements of the MFRS 16, *Lease* retrospectively.

**FYE 31 March 2021**

We adopted the following new standards and amendments to standards and interpretations in FYE 31 March 2021:

- Amendments to MFRS 3, Business Combinations – Definition of a Business;
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material; and
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform.

The adoption of these standards, interpretations and amendments did not have any impact on FYE 31 March 2021.

**FPE 30 September 2021**

We adopted the following new standards and amendments to standards and interpretations in FPE 30 September 2021:

- Amendment to MFRS 16, *Leases* – COVID-19-Related Rent Concessions

**12. FINANCIAL INFORMATION (Cont'd)**

- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2
- Amendment to MFRS 16, Leases – COVID-19-Related Rent Concessions beyond 30 June 2021

The adoption of these standards, interpretations and amendments did not have any impact on FPE 30 September 2021.

We have not adopted in advance the following accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”), but are not yet effective for FYE 31 March 2022:

- (i) Effective for annual periods beginning on or after 1 January 2022:
  - (a) Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*;
  - (b) Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*;
  - (c) Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*;
  - (d) Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*;
  - (e) Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*;
  - (f) Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*; and
  - (g) Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*;
- (ii) Effective for annual periods beginning on or after 1 January 2023:
  - (a) MFRS 17, *Insurance Contracts*;
  - (b) Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*;
  - (c) Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*;
  - (d) Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*; and
  - (e) Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
- (iii) 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*, effective for annual periods beginning on or after a date yet to be confirmed.

## 12. FINANCIAL INFORMATION (Cont'd)

We plan 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 application of the accounting standards, interpretations and amendments is expected to have no material financial impact on our consolidated financial statements for the current financial period and other prior years upon their first adoption.

See Note 1(a) of the Accountants' Report included in Section 13 of this Prospectus for a description of accounting standards issued by not yet effective and not early adopted.

### 12.2.5 Results of operations

The components of our results of operations are as follows:

#### (i) Revenue

We generate most of our revenue from the sale of dairy products to consumers through our distribution network in Malaysia. The dairy products we sell comprise several core product categories such as chilled RTD milk, UHT/ambient products and yoghurt products, which collectively contributed to 90.5%, 89.3% and 86.4% of our total revenue for FYE 31 March 2019, 2020 and 2021, respectively, and 87.2% and 85.1% of our total revenue for FPE 30 September 2020 and 2021, respectively. Revenue for dairy products (a) increased from RM161.3 million in FYE 31 March 2019 to RM423.7 million in FYE 31 March 2021, representing a CAGR of 62.1%, and (b) increased from RM204.4 million in FPE 30 September 2020 to RM218.9 million in FPE 30 September 2021, representing an increase of 7.1%.

Sales of chilled RTD milk in Malaysia, Singapore and Brunei accounted for 65.6%, 51.7%, 45.7%, 47.1% and 48.3% of our total dairy products sales for FYE 31 March 2019, 2020 and 2021 and FPE 30 September 2020 and 2021, respectively.

In addition, we sell other products such as plant-based products and fruit jams and sauces and generate revenue from other sources (such as the sale of raw milk to third parties). For FYE 31 March 2019, 2020 and 2021 and FPE 30 September 2020 and 2021, our aggregate revenue from the sale of plant-based products and fruit jams and sauces was RM1.1 million, RM9.5 million, RM39.9 million, RM17.9 million and RM20.9 million, respectively, accounting for 0.6%, 3.1%, 8.1%, 7.6% and 8.1%, respectively, of our total revenue for the financial years/periods indicated. Our revenue from the sale of raw milk in Australia was RM15.8 million, RM22.6 million, RM23.7 million, RM10.9 million and RM13.8 million for FYE 31 March 2019, 2020 and 2021 and FPE 30 September 2020 and 2021, respectively, accounting for 8.9%, 7.5%, 4.8%, 4.7% and 5.4% of our total revenue for the financial years/periods indicated.

Since end September 2021, we have ceased the sales of raw milk to third parties (save for instances where we have raw milk in excess of our processed milk requirements). From October 2021, raw milk produced from our Greater Shepparton Farm in Australia will primarily be supplied to our Kyabram Facility instead for processing and onward export to Malaysia for the production of our dairy products. While we expect the revenue from sales of raw milk to decrease from FYE 31 March 2021 to FYE 31 March 2022, we expect such decrease in revenue to be largely offset by (i) the decrease in our raw milk purchase cost, and (ii) an increase in revenue from sales of dairy products in Malaysia as the raw milk produced from our Greater Shepparton Farm, which was previously sold to third parties, will instead be used for the production of our dairy products in Malaysia.

**12. FINANCIAL INFORMATION (Cont'd)**

The following tables set out the breakdown of our revenue by product categories and the percentage these revenues represent as a proportion of our total revenue for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
<b>Dairy products</b>						
Chilled RTD milk	116,939	65.6	156,757	51.7	224,379	45.7
UHT/ambient products	12,680	7.1	73,887	24.4	150,760	30.7
Yoghurt products	31,693	17.8	39,871	13.2	48,623	10.0
	<b>161,312</b>	<b>90.5</b>	<b>270,515</b>	<b>89.3</b>	<b>423,762</b>	<b>86.4</b>
Plant-based products	1,075	0.6	1,949	0.6	11,889	2.4
Fruit jam and sauces	-	-	7,540	2.5	27,984	5.7
Raw milk	15,840	8.9	22,649	7.5	23,731	4.8
Others <sup>(1)</sup>	-	-	414	0.1	3,132	0.7
<b>Total revenue</b>	<b>178,227</b>	<b>100.0</b>	<b>303,067</b>	<b>100.0</b>	<b>490,498</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
<b>Dairy products</b>				
Chilled RTD milk	110,528	47.1	124,250	48.3
UHT/ambient products	69,475	29.7	71,519	27.8
Yoghurt products	24,427	10.4	23,083	9.0
	<b>204,430</b>	<b>87.2</b>	<b>218,852</b>	<b>85.1</b>
Plant-based products	2,694	1.1	5,114	2.0
Fruit jam and sauces	15,250	6.5	15,771	6.1
Raw milk	10,931	4.7	13,788	5.4
Others <sup>(1)</sup>	1,118	0.5	3,662	1.4
<b>Total revenue</b>	<b>234,423</b>	<b>100.0</b>	<b>257,187</b>	<b>100.0</b>

**Note:**

(1) Represents products including beef, kurma dates, and coconut milk.

In respect of the sale of dairy products, plant based-products, fruit jam and sauces and raw milk, we recognise revenue net of discounts, rebates, ullages, returns, other charges by modern trade outlets and applicable taxes when (or as) control of the product has been transferred to the customer and this is typically when the goods are delivered and accepted by the customer.

**12. FINANCIAL INFORMATION (Cont'd)**

The following tables set out the breakdown of our revenue by geographical markets and the percentage these revenues represent as a proportion of our total revenue for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	155,058	87.0	262,670	86.7	420,072	85.6
Australia	15,840	8.9	30,189	10.0	51,715	10.5
Singapore	7,329	4.1	10,208	3.3	17,817	3.7
Brunei	-	-	-	-	894	0.2
<b>Total revenue</b>	<b>178,227</b>	<b>100.0</b>	<b>303,067</b>	<b>100.0</b>	<b>490,498</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Malaysia	198,856	84.8	217,453	84.6
Australia	26,181	11.2	29,537	11.5
Singapore	9,386	4.0	9,858	3.8
Brunei	-	-	339	0.1
<b>Total revenue</b>	<b>234,423</b>	<b>100.0</b>	<b>257,187</b>	<b>100.0</b>

**(ii) Cost of sales**

Our cost of sales consists primarily of the cost raw materials, direct labour and overheads, and trading costs.

The following table sets out the components of our cost of sales in absolute terms and as a proportion of our cost of sales for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Costs of raw materials	93,436	75.5	172,261	77.2	261,704	74.9
Direct labour and overheads	30,397	24.5	50,752	22.8	86,805	24.8
Trading cost <sup>(1)</sup>	-	-	-	-	1,103	0.3
<b>Total cost of sales</b>	<b>123,833</b>	<b>100.0</b>	<b>223,013</b>	<b>100.0</b>	<b>349,613</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Costs of raw materials	131,733	78.7	134,269	70.0
Direct labour and overheads	35,608	21.3	55,224	28.8
Trading cost <sup>(1)</sup>	-	-	2,238	1.2
<b>Total cost of sales</b>	<b>167,341</b>	<b>100.0</b>	<b>191,731</b>	<b>100.0</b>

**Note:**

(1) Primarily comprises purchase cost of kurma dates and coconut milk.

**12. FINANCIAL INFORMATION (Cont'd)**Cost of raw materials

Our cost of raw materials consists mainly of milk, packaging materials, animal feed and herd health cost, product ingredients, carriage inwards and other items.

The table below sets out the components of our cost of raw materials in absolute terms and as a proportion of our cost of raw materials for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Milk	48,040	51.4	87,637	50.9	126,866	48.5
Packaging materials	21,813	23.4	37,867	22.0	61,767	23.6
Product ingredients	4,948	5.3	18,677	10.8	36,721	14.0
Animal feed and herd health cost	17,128	18.3	26,372	15.3	28,187	10.8
Carriage inwards	1,326	1.4	1,225	0.7	6,466	2.5
Others <sup>(1)</sup>	-	-	483	0.3	1,338	0.5
Provision for obsolescence	180	0.2	-	-	360	0.1
<b>Total cost of raw materials</b>	<b>93,436</b>	<b>100.0</b>	<b>172,261</b>	<b>100.0</b>	<b>261,704</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Milk	71,814	54.5	60,025	44.7
Packaging materials	28,857	21.9	32,529	24.2
Product ingredients	14,289	10.9	18,427	13.7
Animal feed and herd health cost	13,990	10.6	16,378	12.2
Carriage inwards	1,945	1.5	6,191	4.6
Others <sup>(1)</sup>	838	0.6	511	0.4
Provision for obsolescence	-	-	208	0.2
<b>Total cost of raw materials</b>	<b>131,733</b>	<b>100.0</b>	<b>134,269</b>	<b>100.0</b>

**Note:**

(1) Primarily comprises purchase cost of beef.

Direct labour and overheads

Direct labour and overheads consists mainly of direct labour costs such as employees' salaries, wages and bonuses, and overheads which comprise depreciation of property, plant and equipment, amortisation of land use rights, utilities costs, rental expenses as well as repair and maintenance.

The table below sets out the components of our direct labour and overheads in absolute terms and as a proportion of our direct labour and overheads for the financial years/periods indicated:

**12. FINANCIAL INFORMATION (Cont'd)**

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Overhead	14,056	46.2	20,628	40.6	37,373	43.1
Direct labour	9,629	31.7	17,852	35.2	29,859	34.4
Depreciation and amortisation	6,712	22.1	12,272	24.2	19,573	22.5
<b>Total direct labour and overheads</b>	<b>30,397</b>	<b>100.0</b>	<b>50,752</b>	<b>100.0</b>	<b>86,805</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Overhead	14,083	39.6	23,665	42.9
Direct labour	13,860	38.9	18,590	33.7
Depreciation and amortisation	7,665	21.5	12,969	23.4
<b>Total direct labour and overheads</b>	<b>35,608</b>	<b>100.0</b>	<b>55,224</b>	<b>100.0</b>

**(iii) Other income**

Other income mainly comprises changes in fair value of biological asset less cost to sell, gains from disposal of property, plant and equipment, concession income, insurance claim, marketing support income, rental income, government grant income and other income. For the FYE 31 March 2019, 2020 and 2021 and FPE 30 September 2020 and 2021, we recorded gains arising from the fair value less cost to sell of our biological assets in the amount of RM2,942,515, RM1,359,529, RM4,409,944, RM1,065,934 and RM10,223,890 respectively. Costs to sell include incremental selling costs and estimated costs of transport but excludes finance costs and income taxes.

The table below sets out the components of our other income in absolute terms and as a proportion of our other income for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Changes in fair value of biological assets	2,943	62.3	1,360	49.2	4,410	48.9
Government grant income <sup>(1)</sup>	-	-	-	-	2,463	27.3
Rental income	50	1.0	215	7.8	1,035	11.5
Amortisation of deferred income <sup>(2)</sup>	251	5.3	270	9.8	267	3.0
Gains from disposal of property plant and equipment	83	1.8	545	19.7	250	2.8
Concession income <sup>(3)</sup>	-	-	-	-	225	2.5
Management fee income <sup>(4)</sup>	-	-	44	1.6	186	2.1
Foreign exchange	23	0.5	256	9.3	106	1.2
Insurance claim <sup>(5)</sup>	785	16.6	42	1.5	-	-
Marketing support income <sup>(6)</sup>	400	8.5	-	-	-	-
Compensation received	172 <sup>(7)</sup>	3.6	-	-	-	-
Other miscellaneous income <sup>(8)</sup>	17	0.4	32	1.1	79	0.9
<b>Total other income</b>	<b>4,724</b>	<b>100.0</b>	<b>2,763</b>	<b>100.0</b>	<b>9,021</b>	<b>100.0</b>



**12. FINANCIAL INFORMATION (Cont'd)**

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Changes in fair value of biological assets	1,066	31.2	10,224	87.6
Government grant income <sup>(1)</sup>	1,527	44.7	-	-
Rental income	413	12.1	839	7.2
Amortisation of deferred income <sup>(2)</sup>	131	3.8	135	1.2
Gains from disposal of property plant and equipment	-	-	50	0.4
Concession income <sup>(3)</sup>	-	-	110	1.0
Management fee income <sup>(4)</sup>	130	3.8	-	-
Foreign exchange	114	3.4	94	0.8
Insurance claim <sup>(5)</sup>	-	-	97	0.8
Reversal of impairment loss on trade and other receivables	-	-	89	0.8
Other miscellaneous income <sup>(6)</sup>	33	1.0	27	0.2
<b>Total other income</b>	<b>3,414</b>	<b>100.0</b>	<b>11,665</b>	<b>100.0</b>

**Notes:**

- (1) In FYE 31 March 2021, we received a one-off grant from the Australian government under the JobKeeper Payment scheme and Cash Flow Boost scheme introduced due to the COVID-19 pandemic.
- (2) We were awarded an income grant from the Malaysian government in 2014 in respect of our Muadzam Shah Farm. This government grant income is recognised over the lease term of our Muadzam Shah Farm i.e. 33 years.
- (3) This represents the income received as a result of the (i) waiver of rental payable to Ketua Pengarah Jabatan Perkhidmatan Veterinar at our Taiping Farm for nine months from April 2020 to December 2020 and 50% waiver of rental payable for nine months from January 2021 to September 2021. This waiver was granted to us by the DVS, and (ii) 50% waiver of rental payable to Malaysian Agricultural Research and Development institute (MARDI) at our Muadzam Shah Farm for nine months from January 2021 to September 2021.
- (4) We entered into an agreement in relation to the contract manufacturing and packaging of various Fruit Preparation with Shepparton Partners Collective Operation Pty Ltd ("SPC"). Under the terms of our agreement with SPC, we are entitled to charge SPC a management fee for additional costs incurred that are not specified under the agreement. The agreement was terminated in FYE 31 March 2021.
- (5) This represents the amounts which we successfully claimed from our insurance, mainly in connection with the fire that broke out in 2018 at our Muadzam Shah Farm and Greater Shepparton Farm and loss of truck due to theft and equipment breakdown at our Greater Shepparton Farm.
- (6) Under our existing arrangements with Tetra Pak, Tetra Pak provides us with an annual marketing support in connection with the marketing of our UHT/ambient products that are manufactured using Tetra Pak-supplied packaging. Such amount was recognised under Other Income in FYE 31 March 2019 but subsequently offset against our marketing expense in FYE 31 March 2020 and FYE 31 March 2021.
- (7) We received a one-off compensation for loss and damages of goods held in third party warehouse from Cold Chain Network (M) Sdn Bhd ("CCN") in connection with the fire incident which took place in 2015 at CCN's warehouse.
- (8) Primarily comprises sales of scrap materials including wooden pallets, high-density polyethylene (HDPE) drums, carboys and metals.

**(iv) Selling and distribution expenses**

Our selling and distribution expenses comprises transportation and logistics expenses, marketing and business development expenses and other items and is the largest contributor to our operating expenses.

**12. FINANCIAL INFORMATION (Cont'd)**

The table below sets out the components of our selling and distribution expenses in absolute terms and as a proportion of our selling and distribution expenses for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Transportation and logistics expenses	9,579	82.7	15,399	77.8	24,519	65.3
Marketing and business development	943	8.2	2,919	14.8	11,310	30.2
Others <sup>(1)</sup>	1,056	9.1	1,465	7.4	1,693	4.5
<b>Total selling and distribution expenses</b>	<b>11,578</b>	<b>100.0</b>	<b>19,782</b>	<b>100.0</b>	<b>37,522</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Transportation and logistics expenses	12,283	65.5	11,569	78.5
Marketing and business development	5,801	31.0	2,681	18.2
Others <sup>(1)</sup>	655	3.5	480	3.3
<b>Total selling and distribution expenses</b>	<b>18,739</b>	<b>100.0</b>	<b>14,730</b>	<b>100.0</b>

**Note:**

(1) Comprises primarily merchandiser fee and commission.

Transportation and logistics expenses

Our transportation and logistics expenses consist mainly of storage and handling expenses, transportation charges, upkeep of motor vehicles, fuel, road tax and insurance. Those expenses are broken down below into external costs, for which we outsource to transportation companies and internal costs, which consists of our own fleet of trucks.

The table below sets out the breakdown between internal and external transportation and logistics expenses in absolute terms and as a proportion of our transportation and logistics expenses for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
External	8,489	88.6	13,398	87.0	21,726	88.6
Internal	1,090	11.4	2,001	13.0	2,793	11.4
<b>Total transportation and logistics expenses</b>	<b>9,579</b>	<b>100.0</b>	<b>15,399</b>	<b>100.0</b>	<b>24,519</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)**

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
External	10,852	88.3	10,416	90.0
Internal	1,431	11.7	1,153	10.0
<b>Total transportation and logistics expenses</b>	<b>12,283</b>	<b>100.0</b>	<b>11,569</b>	<b>100.0</b>

**Marketing and business development**

Our marketing and business development expenses mainly comprise advertising and promotion expenses, merchandising and marketing fee and research and development expenses.

The table below sets out the components of our marketing and business development expenses in absolute terms and as a proportion of our marketing and business development expenses for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
<b>Marketing and business development</b>						
Advertising and promotion	943	100.0	2,737	93.8	8,435	74.6
Merchandising and marketing fee	-	-	137	4.7	1,553	13.7
Research and development	-	-	45	1.5	1,322	11.7
<b>Total marketing and business development</b>	<b>943</b>	<b>100.0</b>	<b>2,919</b>	<b>100.0</b>	<b>11,310</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
<b>Marketing and business development</b>				
Advertising and promotion	4,087	70.4	1,582	59.0
Merchandising and marketing fee	856	14.8	908	33.9
Research and development	858	14.8	191	7.1
<b>Total marketing and business development</b>	<b>5,801</b>	<b>100.0</b>	<b>2,681</b>	<b>100.0</b>

**(v) Administrative expenses**

Administrative expenses comprise employee benefits costs (including directors' remuneration), corporate services and professional fees, depreciation of items including our office equipment and motor vehicles, office expenses, and travelling expenses.

The table below sets out the components of our administrative expenses in absolute terms and as a proportion of our administrative expenses for the financial years/periods indicated:

**12. FINANCIAL INFORMATION (Cont'd)**

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Employee benefit costs including Directors' remuneration	9,593	66.5	12,459	61.6	13,496	49.9
Corporate service and professional fee	1,807	12.5	3,982	19.7	8,546	31.6
Office expenses	961	6.7	1,453	7.2	2,740	10.1
Depreciation	1,383	9.6	1,503	7.4	1,783	6.6
Travelling expenses	679	4.7	834	4.1	496	1.8
<b>Total administrative expenses</b>	<b>14,423</b>	<b>100.0</b>	<b>20,230</b>	<b>100.0</b>	<b>27,060</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Employee benefit costs including Directors' remuneration	6,239	60.6	8,796	56.0
Corporate service and professional fee	1,466	14.2	4,218	26.8
Office expenses	1,480	14.4	1,508	9.6
Depreciation	867	8.4	967	6.2
Travelling expenses	242	2.4	230	1.4
<b>Total administrative expenses</b>	<b>10,294</b>	<b>100.0</b>	<b>15,719</b>	<b>100.0</b>

**(vi) Other expenses**

Other expenses mainly comprises impairment losses on property, plant and equipment for certain plant machinery and equipment for the manufacture of our fruit jam and sauces in Australia, redundancy costs due to certain redundancies we made as part of the restructuring of our fruit jam and sauces operations in Australia, write-offs in property, plant and equipment, impairment loss on trade and other receivables, changes in fair value of biological assets and losses on foreign exchange.

The table below sets out the components of our other expenses in absolute terms and as a proportion of our other expenses for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Impairment loss on property, plant and equipment	-	-	-	-	4,212	52.8
Redundancy cost	-	-	-	-	3,099	38.8
Impairment loss on trade and other receivables	180	27.6	-	-	479	6.0
Foreign exchange	87	13.3	154	79.0	100	1.3
Changes in fair value of biological assets	-	-	-	-	89	1.1
Written off property, plant and equipment	386	59.1	41	21.0	-	-
<b>Total other expenses</b>	<b>653</b>	<b>100.0</b>	<b>195</b>	<b>100</b>	<b>7,980</b>	<b>100</b>

**12. FINANCIAL INFORMATION (Cont'd)**

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Impairment loss on property, plant and equipment	-	-	80	1.3
Redundancy cost	-	-	4,930	79.4
Impairment loss on trade and other receivables	-	-	16	0.3
Foreign exchange	38	95.0	55	0.9
Loss from disposal of property plant and equipment	2	5.0	47	0.8
Reversal of government grant income	-	-	628	10.1
Other operating loss	-	-	454	7.2
<b>Total other expenses</b>	<b>40</b>	<b>100.0</b>	<b>6,210</b>	<b>100.0</b>

**(vii) Finance income**

Our finance income comprises interest income derived from net investment in lease where we collect income from leasing our trucks to certain distributors, fixed deposits placed financial institutions as well as interest earned from current account.

The table below sets out the components of our finance income in absolute terms and as a proportion of our finance income for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
<b>Finance income from:</b>						
Current account	13.6	6.4	14.2	31.0	110.0	48.2
Fixed deposits with financial institutions	199.2	93.6	13.1	28.5	67.0	29.4
Net investment in lease	-	-	18.6	40.5	51.0	22.4
<b>Total finance income</b>	<b>212.8</b>	<b>100.0</b>	<b>45.9</b>	<b>100.0</b>	<b>228.0</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
<b>Finance income from:</b>				
Current account	50.0	35.3	92.1	23.3
Fixed deposits with financial institutions	67.0	47.3	209.6	53.0
Net investment in lease	24.6	17.4	33.2	8.4
Derivatives financial liabilities	-	-	60.2	15.3
<b>Total finance income</b>	<b>141.6</b>	<b>100.0</b>	<b>395.1</b>	<b>100.0</b>

**(viii) Finance costs**

Finance costs primarily comprise interest expenses incurred on our term loans, a shareholder loan, bankers' acceptances interest, revolving credit charges, trust receipts, hire purchase liabilities, lease liabilities, derivative financial liabilities, bank overdrafts and redeemable convertible preference share.

**12. FINANCIAL INFORMATION (Cont'd)**

The table below sets out the components of our finance costs in absolute terms and as a proportion of our finance costs for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
<b>Finance costs due to:</b>						
Term loans	2,499.3	55.6	2,361.7	36.4	3,235.2	32.4
Shareholder loan	-	-	1,000.0	15.4	3,012.6	30.2
Trade finance (bankers' acceptances interest, revolving credit charges, trust receipts)	363.1	8.1	1,319.5	20.4	1,651.6	16.5
Hire purchase liabilities	671.3	14.9	1,468.4	22.7	1,420.2	14.2
Derivatives financial liabilities	-	-	-	-	263.4	2.7
Lease liabilities	266.8	5.9	234.0	3.6	249.1	2.5
Bank overdrafts	36.5	0.8	97.1	1.5	152.2	1.5
Redeemable convertible preference shares	659.4	14.7	-	-	-	-
<b>Total finance costs</b>	<b>4,496.4</b>	<b>100.0</b>	<b>6,480.7</b>	<b>100.0</b>	<b>9,984.3</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
<b>Finance costs due to:</b>				
Sukuk	-	-	2,548.0	45.1
Term loans	826.9	20.4	800.8	14.1
Shareholder loan	1,432.9	35.4	551.5	9.8
Trade finance (bankers' acceptances interest, trust receipts)	1,012.5	25.0	699.1	12.4
Hire purchase liabilities	647.8	16.0	834.8	14.8
Lease liabilities	106.1	2.6	166.4	2.9
Bank overdrafts	23.8	0.6	49.5	0.9
<b>Total finance costs</b>	<b>4,050.0</b>	<b>100.0</b>	<b>5,650.1</b>	<b>100.0</b>

**(ix) Tax expense**

Tax expense comprises current and deferred tax. We calculate current tax at the statutory tax rate of the estimated assessable profit for the year in the prevailing jurisdiction.

Our deferred tax expense primarily relates to origination and reversal of temporary differences, which primarily arise from the property, plant and equipment.

Please also see Note 19 of the Accountants' Report included in Section 13 of this Prospectus.

**12. FINANCIAL INFORMATION (Cont'd)**

The table below sets out the components of our tax expense in absolute terms and as a proportion of our tax expense for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Current tax expense	78.9	9.8	2.5	0.1	10,671.0	30.7
Deferred tax expense/income	725.2	90.2	1,791.4	99.9	(1,618.8)	(4.7)
Additional tax for prior years	-	-	-	-	25,708.6	74.0
<b>Total tax charge for the year</b>	<b>804.1</b>	<b>100.0</b>	<b>1,793.9</b>	<b>100.0</b>	<b>34,760.8</b>	<b>100.0</b>

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Current tax expense	3,822.9	13.2	859.2	(6.1)
Deferred tax income	(646.9)	(2.2)	(4,647.9)	32.6
Additional tax for prior years	25,708.6	89.0	-	-
Reversal of tax	-	-	(10,490.0)	73.5
<b>Total tax charge for the year</b>	<b>28,884.6</b>	<b>100.0</b>	<b>(14,278.7)</b>	<b>100.0</b>

Effective tax rates are derived by dividing total tax charge for the relevant year by PBT for that year. Our effective tax rate is mainly affected by, amongst other things, the statutory tax rate, non-deductive expenses and non-taxable income.

The table below sets out a comparison between our effective and statutory tax rates for the years/periods indicated.

	FYE 31 March			FPE 30 September	
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia tax expense	1,475.9	2,200.3	37,515.2	31,034.6	(6,390.8)
Australia tax income	(671.8)	(406.4)	(2,754.4)	(2,150.0)	(7,887.9)
Group income tax expense / (income) recognised in consolidated statements of profit or loss and other comprehensive income	804.1	1,793.9	34,760.8	28,884.6	(14,278.7)
Malaysia tax rate (%)	24.0	24.0	24.0	24.0	24.0
Australia tax rate (%)	30.0	30.0	30.0	30.0	30.0
Malaysia effective tax rate (%)	5.1	5.8	42.5	76.0	(13.3)
Australia effective tax rate (%)	(65.1)	(21.7)	(13.4)	(64.8)	(59.2)
Group effective tax rate (%)	2.9	5.0	51.4	77.0	(40.6)

In FYE 31 March 2019, our effective tax rate was lower than the statutory tax rate due to the Agricultural Tax Incentive granted by the MOA to our subsidiary, FFMSB. Under the incentive, our subsidiary is allowed to claim 100% tax exemption on its statutory income derived from the rearing of cows/goats and cows/goats milk processing projects.

**12. FINANCIAL INFORMATION (Cont'd)**

In FYE 31 March 2020, our effective tax rate was lower than the statutory tax rate mainly due to the income grant under the ECER which provides a 100% income tax exemption on income derived by our Company from dairy milk processing activities in respect of our Muadzam Shah Facility. We also continued to enjoy the Agricultural Tax Incentive granted by MOA in FYE 31 March 2020.

In FYE 31 March 2021, notwithstanding that we continued to enjoy the ECER and the Agricultural Tax Incentive granted by MOA, our effective tax rate was higher than the statutory tax rate mainly due to the Additional Tax Liability. See Section 12.2.2(xi) of this Prospectus for further details.

In FPE 30 September 2020, our effective tax rate was higher than the statutory tax rate mainly due to the Additional Tax Liability. See Section 12.2.2(xi) of this Prospectus for further details.

In FPE 30 September 2021, our effective tax rate was lower than the statutory tax rate mainly due to the (i) income grant under the ECER which provides a 100% income tax exemption on income derived by our Company from dairy milk processing activities in respect of our Muadzam Shah Facility, (ii) Larkin Facility Tax Incentive granted by MOF, and (iii) recognition of deferred tax income arising from the business losses incurred during the period by our Australian subsidiaries.

**12.2.6 Review of performance for FYE 31 March 2019 compared to FYE 31 March 2020**

The following table presents selected financial information from our consolidated statements of profit or loss for the years indicated:

	FYE 31 March				
	2019		2020		% change
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	178,227	100.0	303,067	100.0	70.0
Cost of sales	(123,833)	(69.5)	(223,013)	(73.6)	80.1
<b>Gross profit</b>	<b>54,394</b>	<b>30.5</b>	<b>80,054</b>	<b>26.4</b>	<b>47.2</b>
Other income	4,724	2.7	2,763	0.9	(41.5)
Selling and distribution expenses	(11,578)	(6.5)	(19,782)	(6.5)	70.9
Administrative expenses	(14,423)	(8.1)	(20,230)	(6.7)	40.3
Other expenses	(653)	(0.4)	(194)	(0.0)	(70.2)
<b>Results from operating activities</b>	<b>32,464</b>	<b>18.2</b>	<b>42,611</b>	<b>14.1</b>	<b>31.3</b>
Finance income	213	0.1	46	0.0	(78.4)
Finance costs	(4,496)	(2.5)	(6,481)	(2.1)	44.1
<b>Net finance costs</b>	<b>(4,283)</b>	<b>(2.4)</b>	<b>(6,435)</b>	<b>(2.1)</b>	<b>50.2</b>
<b>PBT</b>	<b>28,181</b>	<b>15.8</b>	<b>36,176</b>	<b>11.9</b>	<b>28.4</b>
Tax expense					
- Current tax and deferred tax	(804)	(0.5)	(1,794)	(0.6)	123.1
- Additional tax for prior years	-	-	-	-	-
<b>Total tax expense</b>	<b>(804)</b>	<b>(0.5)</b>	<b>(1,794)</b>	<b>(0.6)</b>	<b>123.1</b>
<b>PAT</b>	<b>27,377</b>	<b>15.4</b>	<b>34,382</b>	<b>11.3</b>	<b>25.6</b>



**12. FINANCIAL INFORMATION (Cont'd)****Other selected financial data:**

	FYE 31 March	
	2019	2020
Gross profit margin (%) <sup>(1)</sup>	30.5	26.4
EBITDA (RM'000) <sup>(2)</sup>	40,755	56,354
EBITDA margin (%) <sup>(3)</sup>	22.9	18.7
PBT margin (%) <sup>(4)</sup>	15.8	11.9
PAT margin (%) <sup>(5)</sup>	15.4	11.3

**Notes:**

- (1) Computed based on gross profit divided by revenue.  
(2) EBITDA is calculated as profit before tax plus net finance costs and depreciation and amortisation.  
(3) Computed based on EBITDA divided by revenue.  
(4) Computed based on PBT divided by revenue.  
(5) Computed based on PAT divided by revenue.

**(i) Revenue**

The following tables set out our revenue by type and by geographical markets as well as their percentage change for the financial years indicated:

	FYE 31 March		% change
	2019	2020	
	RM'000	RM'000	
Dairy products			
Chilled RTD milk	116,939	156,757	34.1
UHT/ambient products	12,680	73,887	482.7
Yoghurt products	31,693	39,871	25.8
	<b>161,312</b>	<b>270,515</b>	<b>67.7</b>
Plant-based products	1,075	1,949	81.3
Fruit jam and sauces	-	7,540	-
Raw milk	15,840	22,649	43.0
Others	-	414	-
<b>Total revenue</b>	<b>178,227</b>	<b>303,067</b>	<b>70.0</b>

	FYE 31 March		% change
	2019	2020	
	RM'000	RM'000	
Malaysia	155,058	262,670	69.4
Australia	15,840	30,189	90.6
Singapore	7,329	10,208	39.3
<b>Total revenue</b>	<b>178,227</b>	<b>303,067</b>	<b>70.0</b>

**12. FINANCIAL INFORMATION (Cont'd)**

The following table sets out the average selling prices of our dairy products, plant-based products, fruit jam and sauces, and raw milk to external customers and their percentage change for the financial years indicated:

	FYE 31 March		% change
	2019	2020	
<b>Malaysia</b>			
Dairy products per litre (RM)	6.39	6.30	(1.4)
Plant-based products per litre (RM)	4.96	5.08	2.4
<b>Australia</b>			
Raw milk per litre (AUD)	0.45	0.50	11.1
Fruit jam and sauces per kg (AUD) <sup>(1)</sup>	-	4.50	N/A
<b>Singapore</b>			
Dairy products per litre (SGD)	2.00	2.00	-

**Note:**

(1) We started selling fruit jam and sauces in December 2019 but due to the rationalisation plan to downsize IXL fruit jam operations, we expect sales of fruit jams to reduce over time.

Our revenue increased by 70.0% from RM178.2 million in FYE 31 March 2019 to RM303.1 million in FYE 31 March 2020. The increase was primarily due to:

- (a) a RM107.6 million increase in revenue from Malaysia from RM155.1 million in FYE 31 March 2019 to RM262.7 million in FYE 31 March 2020 primarily due to:
- an increase in the sales volume of dairy products by 74.4% from 25.8 million litres to 45.0 million litres, which was offset by a decrease in average selling price of our dairy products in Malaysia by 0.1% from RM6.39 per litre to RM6.30 per litre; and
  - an increase in the sales volume of our plant-based products in Malaysia by 200.0% from 0.1 million litres to 0.3 million litres, and an increase in average selling price of our plant-based products in Malaysia by 2.4% from RM4.96 per litre to RM5.08 per litre due to slightly higher average selling price to our modern trade customers;
- (b) a RM14.4 million increase in revenue from Australia from RM15.8 million in FYE 31 March 2019 to RM30.2 million in FYE 31 March 2020 primarily due to:
- an increase in the average selling price of our raw milk in Australia by 11.1% from AUD0.45 per litre to AUD0.50 per litre largely due to higher prevailing market prices in Australia for raw milk;
  - an increase in the sales volume of our dairy products in Australia by 35.9% from 11.7 million litres to 15.9 million litres; and
  - the acquisition of Henry Jones Foods' products' assets and jam business, which was completed in December 2019 and accordingly contributed to a three-month revenue of RM7.5 million in FYE 31 March 2020; and
- (c) a RM2.9 million increase in revenue from Singapore from RM7.3 million in FYE 31 March 2019 to RM10.2 million in FYE 31 March 2020 primarily due to an increase in the sales volume of our dairy products by 37.8% from 3.7 million litres to 5.1 million litres.

**12. FINANCIAL INFORMATION (Cont'd)****(ii) Cost of sales**

Our cost of sales increased by 80.1% from RM123.8 million in FYE 31 March 2019 to RM223.0 million in FYE 31 March 2020. This was primarily due to:

- (a) an increase in our purchases of raw materials by 84.5% from RM93.4 million in FYE 31 March 2019 to RM172.3 million in FYE 31 March 2020, largely in line with the increase in revenue by 70.0% from RM178.2 million in FYE 31 March 2019 to RM303.1 million in FYE 31 March 2020. Such increase in our purchases of raw materials can be broken down into:
- an increase in the purchase cost of milk by 82.5% from RM48.0 million in FYE 31 March 2019 to RM87.6 million in FYE 31 March 2020;
  - an increase in the purchase cost of packaging materials by 73.9% from RM21.8 million in FYE 31 March 2019 to RM37.9 million in FYE 31 March 2020; and
  - an increase in the purchase cost of products ingredients such as sugar, chocolate powder, dates concentrate and coffee powder by 274.0% from RM5.0 million in FYE 31 March 2019 to RM18.7 million in FYE 31 March 2020, due mainly to an increase in production of our UHT/ambient milk products in FYE 31 March 2020, and our purchase of additional new ingredients for fruit jams and sauces further to the acquisition of the Henry Jones Foods' products' assets and jam business in December 2019, which contributed revenue for only three months in FYE 31 March 2020;
- (b) an increase in direct labour and overheads by 67.1% from RM30.4 million in FYE 31 March 2019 to RM50.8 million in FYE 31 March 2020 mainly due to:
- an increase in the cost of labour by 86.5% from RM9.6 million in FYE 31 March 2019 to RM17.9 million in FYE 31 March 2020, in line with the increase in workers employed to support the growth in our operations; and
  - an increase in our overheads including utilities, quality control lab expenses, CIP and cleaning materials, as well as factory upkeep and maintenance by 46.8% from RM14.1 million in FYE 31 March 2019 to RM20.7 million in FYE 31 March 2020, in line with the growth in our operations; and
- (c) an increase in animal feed and herd health cost by 54.4% from RM17.1 million in FYE 31 March 2019 to RM26.4 million in FYE 31 March 2020 mainly due to:
- an increase in our milking cow herd size by 29.9% from 2,435 heads in FYE 31 March 2019 to 3,163 heads in FYE 31 March 2020, mainly attributable to the expansion of our Mawai Farm; and
  - dry seasonal weather conditions in Australia that had driven feed and water costs up due to scarcity of water resources.

**12. FINANCIAL INFORMATION (Cont'd)****(iii) Gross profit and gross profit margin**

The following table sets out our gross profit and gross profit margin and their percentage change for the financial years indicated:

	FYE 31 March		% change
	2019	2020	
Gross profit (RM'000)	54,394	80,054	47.2
Gross profit margin (%)	30.5	26.4	(13.4)

As a result of the foregoing, our gross profit increased by 47.2% from RM54.4 million in FYE 31 March 2019 to RM80.1 million in FYE 31 March 2020. Our gross profit margin decreased from 30.5% in FYE 31 March 2019 to 26.4% in FYE 31 March 2020 primarily due to the following:

- (a) increase in product manufacturing COGS due to a significant expansion in the installation of new production lines at our Muadzam Shah Facility, resulting in higher manufacturing cost per unit due to low initial utilisation of the new manufacturing lines;
- (b) the acquisition of the IXL fruit jams and Taylors' sauces brands, which was completed in December 2019 and accordingly contributed to a three-month revenue of RM7.5 million in FYE 31 March 2020. We experienced lower gross profit margins due to initial start-up costs and could not enjoy the benefits of any operational leverage typically reaped from a full year's operations; and
- (c) an increase in our animal feed and herd health cost by 54.4% from RM17.1 million in FYE 31 March 2019 to RM26.4 million in FYE 31 March 2020 as a result of dry seasonal weather in Australia. This has resulted in higher feed and water costs, and a negative gross profit margin for the raw milk sales in Australia which increased by 43.0% from RM15.8 million in FYE 31 March 2019 to RM22.6 million in FYE 31 March 2020.

**(iv) Other income**

Our other income decreased by 40.4% from RM4.7 million in FYE 31 March 2019 to RM2.8 million in FYE 31 March 2020. This was primarily due to a lower fair value gain of biological assets by RM1.6 million due a one-off government subsidy of RM1.8 million in FYE 31 March 2019 on the import cost of dairy herds in FYE 31 March 2019.

**(v) Selling and distribution expenses**

Our selling and distribution expenses increased by 70.7% from RM11.6 million in FYE 31 March 2019 to RM19.8 million in FYE 31 March 2020. This was primarily due to:

- (a) an increase in transportation and logistics expenses from RM9.6 million in FYE 31 March 2019 to RM15.4 million in FYE 31 March 2020, which is in line with the 70% increase in sales, as the higher volume of sales required additional transportation and logistics costs;
- (b) an increase in marketing and business development expenses from RM0.9 million in FYE 31 March 2019 to RM2.9 million in FYE 31 March 2020 primarily due to an increase in advertising and promotion expenses largely due to the promotion of our products on both traditional media and online platforms.

**12. FINANCIAL INFORMATION (Cont'd)****(vi) Administrative expenses**

Our administrative expenses increased by 40.3% from RM14.4 million in FYE 31 March 2019 to RM20.2 million in FYE 31 March 2020. This was primarily due to an increase in employee benefit costs (including Directors' remuneration of RM2.9 million) arising from an increase in administrative staff to support the expansion of our operations. We also incurred a total of RM1.4 million one-off costs in connection with a proposed corporate exercise.

**(vii) Other expenses**

Our other expenses decreased by 71.4% from RM0.7 million in FYE 31 March 2019 to RM0.2 million in FYE 31 March 2020. This was primarily due to the one-off write-off cost of RM0.4 million for our property, plant and equipment in FYE 31 March 2019 due to the damages caused by a fire incident at our Muadzam Shah Farm in FYE 31 March 2019.

**(viii) Finance income**

Our finance income decreased by 75.0% from RM0.2 million in FYE 31 March 2019 to RM0.05 million in FYE 31 March 2020. This was primarily due to a lower fixed deposit income of RM0.01 million in FYE 31 March 2020 compared to RM0.2 million in FYE 31 March 2019 as a result of the lower deposits placed with banks in FYE 31 March 2020 in order to maintain a higher level of operating cash flow to support our business expansion.

**(ix) Finance costs**

Our finance costs increased by 44.4% from RM4.5 million in FYE 31 March 2019 to RM6.5 million in FYE 31 March 2020. This was primarily due to:

- (a) our drawdown of shareholder loan in FYE 31 March 2020 which contributed a RM1.0 million loan interest. The shareholder loan was for the acquisition of the IXL fruit jam and Taylor's' sauces brands and the Kyabram Facility;
- (b) an increase in trade finance facilities from RM0.4 million in FYE 31 March 2019 to RM1.3 million in FYE 31 March 2020 for the purchase of raw materials, in line with the increase in production of our UHT/ambient milk products; and
- (c) an increase in hire purchase liabilities from RM0.7 million in FYE 31 March 2019 to RM1.5 million in FYE 31 March 2020 primarily due to the expansion of our manufacturing operations in Muadzam Shah.

**(x) PBT and PBT margin**

Our PBT increased by 28.4% from RM28.2 million in FYE 31 March 2019 to RM36.2 million in FYE 31 March 2020. Our PBT margin decreased from 15.8% in FYE 31 March 2019 to 11.9% in FYE 31 March 2020 primarily due to the decrease in gross profit margin for the reasons stated in Section 12.2.6(iii) of this Prospectus.

**12. FINANCIAL INFORMATION (Cont'd)****(xi) Tax expense**

Our tax expense was RM1.8 million in FYE 31 March 2020 as compared with RM0.8 million in FYE 31 March 2019, representing an increase of RM1.0 million. This increase was primarily attributed to increase in deferred tax expense of RM1.0 million due to temporary difference arising from property, plant and equipment. Our effective tax rate increased from 2.9% to 5.0% due to under provision of tax in the prior year amounting to RM0.5 million, which was recorded in FYE 31 March 2020.

**(xii) PAT and PAT margin**

As a result of the foregoing, our PAT was RM34.4 million in FYE 31 March 2020 as compared with RM27.4 million in FYE 31 March 2019, representing an increase of RM7.0 million, or 25.5%. Our PAT margin decreased to 11.3% in FYE 31 March 2020 from 15.4% in FYE 31 March 2019. This is in line with the decrease in our gross profit and PBT margins for FYE 31 March 2020.

For illustration purposes only, assuming the Additional Tax Liability of RM25,708,582 is allocated to the respective financial years, our adjusted consolidated PAT and PAT margin for FYE 31 March 2019 and FYE 31 March 2020 would be as follows:

	FYE 31 March	
	2019	2020
	RM'000	RM'000
Consolidated PAT (RM'000)	27,377	34,382
Reallocation of Additional Tax Liability (RM'000) <sup>(1)</sup>	(5,139)	(5,870)
<b>Adjusted PAT (RM'000)</b>	<b>22,237</b>	<b>28,512</b>
<b>Adjusted PAT margin (%)</b>	<b>12.5</b>	<b>9.4</b>

**Note:**

(1) *Relates to the reallocation of Additional Tax Liability to the respective financial years, for illustration purpose. Out of the Additional Tax Liability of RM25,708,582, RM5,870,334 relates to YA 2020, RM5,139,424 relates to YA 2019 and RM14,698,824 relates to YA 2014 to YA 2018.*

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**12. FINANCIAL INFORMATION (Cont'd)****12.2.7 Review of performance for FYE 31 March 2020 compared to FYE 31 March 2021**

The following table presents selected financial information from our consolidated statements of profit or loss for the years indicated:

	FYE 31 March				
	2020		2021		% change
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	303,067	100.0	490,498	100.0	61.8
Cost of sales	(223,013)	(73.6)	(349,612)	(71.3)	56.8
<b>Gross profit</b>	<b>80,054</b>	<b>26.4</b>	<b>140,886</b>	<b>28.7</b>	<b>76.0</b>
Other income	2,763	0.9	9,021	1.8	226.5
Selling and distribution expenses	(19,782)	(6.5)	(37,522)	(7.6)	89.7
Administrative expenses	(20,230)	(6.7)	(27,060)	(5.5)	33.8
Other expenses	(194)	(0.0)	(7,980)	(1.6)	4013.4
<b>Results from operating activities</b>	<b>42,611</b>	<b>14.1</b>	<b>77,345</b>	<b>15.8</b>	<b>81.5</b>
Finance income	46	0.0	228	0.0	395.7
Finance costs	(6,481)	(2.1)	(9,984)	(2.0)	54.1
<b>Net finance costs</b>	<b>(6,435)</b>	<b>(2.1)</b>	<b>(9,756)</b>	<b>(2.0)</b>	<b>51.6</b>
<b>PBT</b>	<b>36,176</b>	<b>11.9</b>	<b>67,589</b>	<b>13.8</b>	<b>86.8</b>
Tax expense					
- Current tax and deferred tax	(1,794)	(0.6)	(9,052)	(1.8)	(404.6)
- Additional tax for prior years	-	-	(25,709)	(5.3)	(100.0)
<b>Total tax expense</b>	<b>(1,794)</b>	<b>(0.6)</b>	<b>(34,761)</b>	<b>(7.1)</b>	<b>1,837.7</b>
<b>PAT</b>	<b>34,382</b>	<b>11.3</b>	<b>32,828</b>	<b>6.7</b>	<b>(4.5)</b>

**Other selected financial data:**

	FYE 31 March	
	2020	2021
Gross profit margin (%) <sup>(1)</sup>	26.4	28.7
EBITDA (RM'000) <sup>(2)</sup>	56,354	98,759
EBITDA margin (%) <sup>(3)</sup>	18.7	20.1
PBT margin (%) <sup>(4)</sup>	11.9	13.8
PAT margin (%) <sup>(5)</sup>	11.3	6.7

**Notes:**

- (1) Computed based on gross profit divided by revenue.
- (2) EBITDA is calculated as profit before tax plus net finance costs and depreciation and amortisation.
- (3) Computed based on EBITDA divided by revenue.
- (4) Computed based on PBT divided by revenue.
- (5) Computed based on PAT divided by revenue.

**12. FINANCIAL INFORMATION (Cont'd)****(i) Revenue**

The following tables set out our revenue by type and by geographical markets as well as their percentage change for the financial years indicated:

	FYE 31 March		% change
	2020	2021	
	RM'000	RM'000	
<b>Dairy products</b>			
Chilled RTD milk	156,757	224,379	43.1
UHT/ambient products	73,887	150,760	104.0
Yoghurt products	39,871	48,623	22.0
	<b>270,515</b>	<b>423,762</b>	<b>56.7</b>
<b>Plant-based products</b>			
Fruit jam and sauces	1,949	11,889	510.0
Raw milk	7,540	27,984	271.1
Others	22,649	23,731	4.8
	414	3,132	656.5
<b>Total revenue</b>	<b>303,067</b>	<b>490,498</b>	<b>61.8</b>

	FYE 31 March		% change
	2020	2021	
	RM'000	RM'000	
Malaysia	262,670	420,072	59.9
Australia	30,189	51,715	71.3
Singapore	10,208	17,817	74.5
Brunei	-	894	100.0
<b>Total revenue</b>	<b>303,067</b>	<b>490,498</b>	<b>61.8</b>

The following table sets out the average selling prices of our dairy products, plant-based products, fruit jam and sauces, and raw milk to external customers and their percentage change for the financial years indicated:

	FYE 31 March		% change
	2020	2021	
<b>Malaysia</b>			
Dairy products per litre (RM)	6.30	6.10	(3.2)
Plant-based products per litre (RM)	5.08	6.79	33.7
<b>Australia</b>			
Raw milk per litre (AUD)	0.50	0.58	16.0
Fruit jam and sauces per kg (AUD)	4.50	4.74	5.3
<b>Singapore</b>			
Dairy products per litre (SGD)	2.00	1.82	(9.0)
Plant-based products per litre (SGD) <sup>(1)</sup>	-	3.62	-

**Note:**

(1) We started selling plant-based products in Singapore in October 2020.



**12. FINANCIAL INFORMATION (Cont'd)**

Our revenue increased by 61.8% from RM303.1 million in FYE 31 March 2020 to RM490.5 million in FYE 31 March 2021. The increase was primarily due to:

- (a) a RM157.4 million increase in revenue from Malaysia from RM262.7 million in FYE 31 March 2020 to RM420.1 million in FYE 31 March 2021 primarily due to:
- an increase in the sales volume of dairy products by 58.4% from 45.0 million litres to 71.3 million litres and a slight decrease in the average selling price of our dairy products in Malaysia by 3.2% from RM6.30 per litre to RM6.10 per litre due to a slight change in product mix towards lower priced products such as full cream fresh milk, chocolate milk and private label products; and
  - an increase in the sales volume plant-based products by 466.7% from 0.3 million litres to 1.7 million litres and an increase in the average selling price of plant-based products in Malaysia by 33.7% from RM5.08 per litre to RM6.79 per litre due to the introduction of higher-priced plant-based products such as almond milk, oat milk and chocolate soy milk;
- (b) a RM21.5 million increase in revenue from Australia from RM30.2 million in FYE 31 March 2020 to RM51.7 million in FYE 31 March 2021 primarily due to the full year contribution from Henry Jones Foods of RM28.0 million as compared to a three months contribution of RM7.5 million in FYE 31 March 2020; and
- (c) a RM7.6 million increase in revenue from Singapore from RM10.2 million in FYE 31 March 2020 to RM17.8 million in FYE 31 March 2021 primarily due to an increase in the sales volume of dairy products by 88.2% from 5.1 million litres to 9.6 million litres.
- (ii) **Cost of sales**

Our cost of sales increased by 56.8% from RM223.0 million FYE 31 March 2020 to RM349.6 million in FYE 31 March 2021. This was primarily due to:

- (a) increase in purchases of raw materials by 51.9% to RM261.7 million in FYE 31 March 2021 largely in line with the increase in revenue by 61.8% from RM303.1 million in FYE 31 March 2020 to RM490.5 million in FYE 31 March 2021. Such increase in purchases of raw materials can be broken down into:
- an increase in the purchase cost of milk by 44.9% from RM87.6 million in FYE 31 March 2020 to RM126.9 million in FYE 31 March 2021;
  - an increase in the purchase cost of packaging materials by 63.1% from RM37.9 million in FYE 31 March 2020 to RM61.8 million in FYE 31 March 2021, in line with the increase in production of UHT/ambient milk products; and
  - an increase in carriage inwards cost by 441.7% from RM1.2 million in FYE 31 March 2020 to RM6.5 million in FYE 31 March 2021, due to an increase in shipping rates caused by the COVID-19 pandemic;

**12. FINANCIAL INFORMATION (Cont'd)**

- (b) increase in direct labour and overheads by 70.9% from RM50.8 million in FYE 31 March 2020 to RM86.8 million in FYE 31 March 2021 mainly due to:
- an increase in the cost of labour by 67.0% from RM17.9 million in FYE 31 March 2020 to RM29.9 million in FYE 31 March 2021, in line with the increase in workers employed to support the growth in our operations; and
  - an increase in the cost of overheads including utilities, quality control lab expenses, CIP and cleaning materials, as well as factory upkeep and maintenance by 81.6% from RM20.6 million in FYE 31 March 2020 to RM37.4 million in FYE 31 March 2021, in line with the growth in our operations; and
- (c) an increase in animal feed and herd health cost by 6.8% from RM26.4 million in FYE 31 March 2020 to RM28.2 million in FYE 31 March 2021, in line with the growth in our milking cow herd size by 6.6% from 3,163 heads in FYE 31 March 2020 to 3,371 heads in FYE 31 March 2021.

**(iii) Gross profit and gross profit margin**

The following table sets out our gross profit and gross profit margin and their percentage change for the financial years indicated:

	FYE 31 March		% change
	2020	2021	
Gross profit (RM'000)	80,054	140,886	76.0
Gross profit margin (%)	26.4	28.7	8.8

As a result of the foregoing, our gross profit increased by 75.9% from RM80.1 million in FYE 31 March 2020 to RM140.9 million in FYE 31 March 2021.

Our gross profit margin increased from 26.4% in FYE 31 March 2020 to 28.7% in FYE 31 March 2021 primarily due to the following:

- (a) a decrease in product manufacturing COGS due to higher utilisation of our Muadzam Shah Facility; and
- (b) a higher proportion of UHT/ambient products sales such as Kurma milk and the introduction of new plant-based product SKUs which carried a higher gross profit margin such as oat milk and almond milk.

**(iv) Other income**

Our other income increased by 221.4% from RM2.8 million in FYE 31 March 2020 to RM9.0 million in FYE 31 March 2021. This was primarily due to higher fair value gain of biological assets by RM4.3 million and a one-off grant of RM2.5 million from the Australian government under the JobKeeper Payment scheme introduced due to the COVID-19 pandemic.

**12. FINANCIAL INFORMATION (Cont'd)****(v) Selling and distribution expenses**

Our selling and distribution expenses increased by 89.4% from RM19.8 million in FYE 31 March 2020 to RM37.5 million in FYE 31 March 2021. This was primarily due to:

- (a) an increase in transportation and logistics expenses from RM15.4 million in FYE 31 March 2020 to RM24.5 million in FYE 31 March 2021 which was largely due to the increase in our sales and an increase in transportation and logistics costs due to a higher volume of products being transported in line with increase in sales;
- (b) an increase in marketing and business development expenses from RM2.9 million in FYE 31 March 2020 to RM11.3 million in FYE 31 March 2021 primarily due to (aa) an increase in advertising and promotion expenses from RM2.7 million in FYE 31 March 2020 to RM8.4 million in FYE 31 March 2021 largely due to the promotion of our products on both traditional media and online platforms, (bb) an increase in merchandising and marketing fees from RM0.1 million in FYE 31 March 2020 to RM1.6 million in FYE 31 March 2021 largely due to hiring of a business and marketing consultant by Henry Jones Foods, and (cc) an increase in research and development expenses from RM0.05 million in FYE 31 March 2020 to RM1.3 million in FYE 31 March 2021 largely due to the development of our IXL 50% less sugar range of jam; and
- (c) an increase in other selling and distribution expenses from RM1.5 million in FYE 31 March 2020 to RM1.7 million in FYE 31 March 2021 primarily due to an increase in merchandiser fee arising from a higher number of merchandisers with more modern trade outlets carrying our products.

**(vi) Administrative expenses**

Our administrative expenses increased by 34.2% from RM20.2 million in FYE 31 March 2020 to RM27.1 million in FYE 31 March 2021. This was primarily due to (a) an increase in employee benefit costs including Directors' remuneration by RM1.0 million primarily due to an increase in the number of employees to support our operations in Muadzam Shah and Larkin, and our Taiping Farm which started during FYE 31 March 2021, (b) an increase in our corporate service and professional fees by RM4.6 million due to fees incurred in connection with our IPO and the establishment of the Sukuk Wakalah Programme ("**Sukuk**"), and (c) an increase in offices expenses by RM 1.3 million largely due to increased operating costs of our administrative office to support expansion of our operations in Malaysia and Australia.

**(vii) Other expenses**

Our other expenses increased by 3,900.0% from RM0.2 million in FYE 31 March 2020 to RM8.0 million in FYE 31 March 2021. This was primarily due to (a) an impairment loss of RM4.2 million recognised on the Henry Jones Foods plant and machineries arising from an assessment of the recoverable amount of the assets due to losses incurred in the fruit jam operations, (b) a redundancy cost of RM3.1 million as part of the restructuring plan for Henry Jones Foods, and (c) an impairment loss of RM0.5 million on trade and other receivables primarily due to long outstanding balance for more than five years.

**12. FINANCIAL INFORMATION (Cont'd)****(viii) Finance income**

Our finance income increased by 300.0% from RM0.05 million in FYE 31 March 2020 to RM0.2 million in FYE 31 March 2021. This was primarily due to a higher bank interest income of RM 0.1 million in FYE 31 March 2021 due to a higher cash balance placed with bank institutions in FYE 31 March 2021 compared to FYE 31 March 2020 arising from the increase in our revenue.

**(ix) Finance costs**

Our finance costs increased by 53.8% from RM6.5 million in FYE 31 March 2020 to RM10.0 million in FYE 31 March 2021. This was primarily due to the following:

- (a) an increase in shareholder loan from RM1.0 million in FYE 31 March 2020 to RM3.0 million in FYE 31 March 2021, resulting from a full-year loan period in FYE 31 March 2021 compared to the four-month loan period in FYE 31 March 2020 as the shareholder's loan was drawn down in December 2019;
- (b) the drawdown of a new term loan of RM21.0 million to part-finance the business expansion and working capital for our operations in Australia, resulting in an increase in term loan interest by 33.3% from RM2.4 million in FYE 31 March 2020 to RM3.2 million in FYE 31 March 2021;
- (c) an increase in trade finance from RM1.3 million in FYE 31 March 2020 to RM1.7 million in FYE 31 March 2021 primarily due to higher proportion of purchases of raw materials and packaging materials, being financed by trade finance facilities, to serve as a buffer for the Ramadhan season in April 2021 in Malaysia; and
- (d) an increase in bank overdrafts from RM0.1 million in FYE 31 March 2020 to RM0.2 million in FYE 31 March 2021 primarily to finance the operating cash flow of Henry Jones Foods which was loss-making.

**(x) PBT and PBT margin**

As a result of the foregoing, our PBT increased by 86.7% to RM67.6 million in FYE 31 March 2021 from RM36.2 million in FYE 31 March 2020. Our PBT margin increased to 13.8% in FYE 31 March 2021 from 11.9% in FYE 31 March 2020, primarily due to the reasons set out in Section 12.2.7(iii) of this Prospectus, higher fair value gain by RM3.0 million, and the one-off grant of RM2.5 million from the Australian government under the JobKeeper Payment scheme introduced due to COVID-19.

**(xi) Tax expense**

Our tax expense increased by 1,883.3% from RM1.8 million in FYE 31 March 2020 to RM34.8 million in FYE 31 March 2021. In connection with the Tax Issue, an aggregate of RM25,708,582 in tax liability and estimated penalty has been determined to be payable for the relevant YA from 2014 to YA 2020, and RM10,490,033 for YA 2021. Out of the Additional Tax Liability of RM25,708,582 for YA 2014 to YA 2020, RM 5,870,334 relates to YA 2020, RM5,139,424 relates to YA 2019 and the remaining amount of RM14,698,824 relates to YA 2014 to YA 2018. We have recognised these amounts in FYE 31 March 2021.

**12. FINANCIAL INFORMATION (Cont'd)**

Our effective tax rate has increased from 5.0% in FYE 31 March 2020 to 51.4% in FYE 31 March 2021 due to the aforementioned additional tax liability. However, excluding the impact of the prior year taxes of RM25,708,582, the effective tax rate for FYE 31 March 2021 is 13.4% which takes into account the taxes for the milk processing facilities of the subsidiary only for 31 March 2021 only. See Section 12.2.2(xi) of this Prospectus for further details.

**(xii) PAT and PAT margin**

As a result of the foregoing, our PAT decreased by 4.7% from RM34.4 million in FYE 31 March 2020 to RM32.8 million in FYE 31 March 2021. Our PAT margin decreased from 11.3% in FYE 31 March 2020 to 6.7% in FYE 31 March 2021.

For illustration purposes only, assuming the Additional Tax Liability of RM25,708,582 and Larkin Facility Tax Incentive of RM10,490,033 is allocated to the respective financial years, our adjusted consolidated PAT and PAT margin FYE 31 March 2020 and FYE 31 March 2021 would be as follows:

	FYE 31 March	
	2020	2021
	RM'000	RM'000
Consolidated PAT (RM'000)	34,382	32,828
Reallocation of Additional Tax Liability (RM'000) <sup>(1)</sup>	(5,870)	25,709
Reallocation of reversal of tax (RM'000) <sup>(2)</sup>	-	10,490
<b>Adjusted PAT (RM'000)</b>	<b>28,512</b>	<b>69,026</b>
<b>Adjusted PAT margin (%)</b>	<b>9.4</b>	<b>14.1</b>

**Notes:**

- (1) Relates to the reallocation of Additional Tax Liability to the respective financial years, for illustration purpose. Out of the Additional Tax Liability of RM25,708,582, RM5,870,334 relates to YA 2020, RM5,139,424 relates to YA 2019 and RM14,698,824 relates to YA 2014 to YA 2018.
- (2) Relates to the reallocation of the Larkin Facility Tax Incentive amounting to RM10,490,033, which relates to YA 2021. For FPE 30 September 2020, the amount pertains to the tax exemption that would have been applicable for the first six months of YA 2021.

**12.2.8 Review of performance for FPE 30 September 2020 compared to FPE 30 September 2021**

The following table presents selected financial information from our consolidated statements of profit or loss for the periods indicated:

	FPE 30 September				
	2020		2021		% change
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	234,423	100.0	257,187	100.0	9.7
Cost of sales	(167,341)	(71.4)	(191,731)	(74.5)	14.6
<b>Gross profit</b>	<b>67,082</b>	<b>28.6</b>	<b>65,456</b>	<b>25.5</b>	<b>(2.4)</b>
Other income	3,414	1.5	11,665	4.5	241.7
Selling and distribution expenses	(18,739)	(8.0)	(14,730)	(5.8)	(21.4)
Administrative expenses	(10,294)	(4.4)	(15,719)	(6.1)	52.7
Other expenses	(40)	(0.0)	(6,210)	(2.4)	15425.0
<b>Results from operating activities</b>	<b>41,423</b>	<b>17.7</b>	<b>40,462</b>	<b>15.7</b>	<b>(2.3)</b>

**12. FINANCIAL INFORMATION (Cont'd)**

	FPE 30 September				
	2020		2021		% change
	RM'000	% of revenue	RM'000	% of revenue	
Finance income	142	0.0	395	0.2	178.2
Finance costs	(4,050)	(1.7)	(5,650)	(2.2)	39.5
<b>Net finance costs</b>	<b>(3,908)</b>	<b>(1.7)</b>	<b>(5,255)</b>	<b>(2.0)</b>	<b>34.5</b>
<b>PBT</b>	<b>37,515</b>	<b>16.0</b>	<b>35,207</b>	<b>13.7</b>	<b>(6.2)</b>
Tax expense					
- Current tax and deferred tax	(3,176)	(1.3)	3,788	1.5	(219.3)
- Additional tax for prior periods	(25,709)	(11.0)	-	-	(100.0)
- Reversal of tax	-	-	10,490	4.1	100.0
<b>Total tax (expense) / income</b>	<b>(28,885)</b>	<b>(12.3)</b>	<b>14,278</b>	<b>5.5</b>	<b>(149.4)</b>
<b>PAT</b>	<b>8,630</b>	<b>3.7</b>	<b>49,485</b>	<b>19.2</b>	<b>473.4</b>

**Other selected financial data:**

	FPE 30 September	
	2020	2021
Gross profit margin (%) <sup>(1)</sup>	28.6	25.5
EBITDA (RM'000) <sup>(2)</sup>	50,014	54,397
EBITDA margin (%) <sup>(3)</sup>	21.3	21.2
PBT margin (%) <sup>(4)</sup>	16.0	13.7
PAT margin (%) <sup>(5)</sup>	3.7	19.2

**Notes:**

- (1) Computed based on gross profit divided by revenue.
- (2) EBITDA is calculated as profit before tax plus net finance costs and depreciation and amortisation.
- (3) Computed based on EBITDA divided by revenue.
- (4) Computed based on PBT divided by revenue.
- (5) Computed based on PAT divided by revenue.

**(i) Revenue**

The following tables set out our revenue by type and by geographical markets as well as their percentage change for the financial periods indicated:

	FPE 30 September		
	2020	2021	% change
	RM'000	RM'000	
<b>Dairy products</b>			
Chilled RTD milk	110,528	124,250	12.4
UHT/ambient products	69,475	71,519	2.9
Yoghurt products	24,427	23,083	(5.5)
	<b>204,430</b>	<b>218,852</b>	<b>7.1</b>
<b>Plant-based products</b>			
Fruit jam and sauces	2,694	5,114	89.8
Raw milk	15,250	15,771	3.4
Others	10,931	13,788	26.1
	1,118	3,662	227.5
<b>Total revenue</b>	<b>234,423</b>	<b>257,187</b>	<b>9.7</b>

**12. FINANCIAL INFORMATION (Cont'd)**

	FPE 30 September		% change
	2020	2021	
	RM'000	RM'000	
Malaysia	198,856	217,453	9.4
Australia	26,181	29,537	12.8
Singapore	9,386	9,858	5.0
Brunei	-	339	-
<b>Total revenue</b>	<b>234,423</b>	<b>257,187</b>	<b>9.7</b>

The following table sets out the average selling prices of our dairy products, plant-based products, fruit jam and sauces, and raw milk to external customers and their percentage change for the financial periods indicated:

	FPE 30 September		% change
	2020	2021	
<b>Malaysia</b>			
Dairy products per litre (RM)	6.16	6.11	(0.8)
Plant-based products per litre (RM)	6.75	7.23	7.1
<b>Australia</b>			
Raw milk per litre (AUD)	0.61	0.62	1.6
Fruit jam and sauces per kg (AUD)	4.88	4.36	(10.7)
<b>Singapore</b>			
Dairy products per litre (SGD)	1.85	1.75	(5.4)
Plant-based products per litre (SGD) <sup>(1)</sup>	-	1.66	-

**Note:**

(1) We started selling plant-based products in Singapore in October 2020.

Our revenue increased by 9.7% from RM234.4 million in FPE 30 September 2020 to RM257.2 million in FPE 30 September 2021. The increase was primarily due to:

- (a) a RM18.6 million increase in revenue from Malaysia from RM198.9 million in FPE 30 September 2020 to RM217.5 million in FPE 30 September 2021 primarily due to:
- an increase in the sales volume of dairy products by 10.3% from 33.9 million litres to 37.4 million litres, partially offset by a decrease in the average selling price of our dairy products in Malaysia by 0.8% from RM6.16 per litre to RM6.11 per litre primarily due to a higher proportion of sales from private label products which carry a lower selling price; and
  - an increase in the sales volume of plant-based products by 75.0% from 0.4 million litres to 0.7 million litres and an increase in the average selling price of plant-based products in Malaysia by 7.1% from RM6.75 per litre to RM7.23 per litre due to higher sales of almond and oat milk products which carry a higher selling price;

**12. FINANCIAL INFORMATION (Cont'd)**

- (b) a RM3.3 million increase in revenue from Australia from RM26.2 million in FPE 30 September 2020 to RM29.5 million in FPE 30 September 2021 primarily due to an increase in the sales volume of fruit jam and sauces from 1.0 million kg in FPE 30 September 2020 to 1.4 million kg in FPE 30 September 2021, partially offset by a decrease in the average selling price of fruit jam and sauces by 10.7% from AUD4.88 per kg to AUD4.36 per kg primarily due to a higher proportion of private label products which carry a lower selling price; and
- (c) a RM0.5 million increase in revenue from Singapore from RM9.4 million in FPE 30 September 2020 to RM9.9 million in FPE 30 September 2021 primarily due to:
- an increase in the sales volume of dairy products by 5.9% from 1.7 million litres to 1.8 million litres, partially offset by a decrease in the average selling price of dairy products in Singapore by 5.4% from SGD1.85 per litre to SGD1.75 per litre primarily due to higher sales of full cream milk and skinny milk products which carry a lower selling price; and
  - the commencement of sales of plant-based products in Singapore in October 2020. The sales volume of plant-based products in Singapore in FPE 30 September 2021 was 0.02 million litres with an average selling price of SGD1.66.

**(ii) Cost of sales**

Our cost of sales increased by 14.6% from RM167.3 million FPE 30 September 2020 to RM191.7 million in FPE 30 September 2021. This was primarily due to:

- (a) increase in purchases of raw materials by 2.0% to RM134.3 million in FPE 30 September 2021 as a result of the increase in revenue by 9.7% from RM234.4 million in FPE 30 September 2020 to RM257.2 million in FPE 30 September 2021. Such increase in purchases of raw materials can be broken down into:
- an increase in the purchase cost of packaging materials by 12.5% from RM28.9 million in FPE 30 September 2020 to RM32.5 million in FPE 30 September 2021, in line with the increase in production of UHT/ambient milk products; and
  - an increase in carriage inwards cost by 226.3% from RM1.9 million in FPE 30 September 2020 to RM6.2 million in FPE 30 September 2021, primarily due to an increase in freight cost to import milk from our Kyabram Facility located in Australia and an increase in shipping rates caused by the COVID-19 pandemic;

The increase in costs of purchases of raw materials was partially offset by a decrease in the purchase cost of milk by 16.4% from RM71.8 million in FPE 30 September 2020 to RM60.0 million in FPE 30 September 2021 primarily due to the supply of milk by our Kyabram Facility starting from December 2020;



**12. FINANCIAL INFORMATION (Cont'd)**

- (b) increase in direct labour and overheads by 55.1% from RM35.6 million in FPE 30 September 2020 to RM55.2 million in FPE 30 September 2021 mainly due to:
- an increase in the cost of labour by 35.8% from RM13.7 million in FPE 30 September 2020 to RM18.6 million in FPE 30 September 2021, in line with (i) the increase in workers employed in our Kyabram Facility which commenced operations in the second half of FYE 31 March 2021, and (ii) the increase in workers employed to support the growth in our operations; and
  - an increase in the cost of overheads including utilities, quality control lab expenses, CIP and cleaning materials, as well as factory upkeep and maintenance by 68.1% from RM14.1 million in FPE 30 September 2020 to RM23.7 million in FPE 30 September 2021, in line with the growth in our operations; and
- (c) an increase in animal feed and herd health cost by 17.1% from RM14.0 million in FPE 30 September 2020 to RM16.4 million in FPE 30 September 2021, in line with (i) the growth in our milking cow herd size by 19.5% from 3,122 heads in FPE 30 September 2020 to 3,730 heads in FPE 30 September 2021, and (ii) the increase in global commodity price of animal feeds, namely alfalfa hay, maize and palm kernel expeller.

**(iii) Gross profit and gross profit margin**

The following table sets out our gross profit and gross profit margin and their percentage change for the financial periods indicated:

	FPE 30 September		% change
	2020	2021	
Gross profit (RM'000)	67,082	65,456	(2.4)
Gross profit margin (%)	28.6	25.5	(10.8)

As a result of the foregoing, our gross profit decreased by 2.4% from RM67.1 million in FPE 30 September 2020 to RM65.5 million in FPE 30 September 2021.

Our gross profit margin decreased from 28.6% in FPE 30 September 2020 to 25.5% in FPE 30 September 2021 primarily due to the following:

- (a) an overall increase in our input costs such as raw materials, direct labour and overheads and animal feed and herd health cost as mentioned in Section 12.2.8(ii) above;
- (b) an increase in negative gross margins incurred by Australia's Henry Jones IXL fruit jam operation; and
- (c) a higher proportion of private label products sales which carried a lower gross profit margin.

**(iv) Other income**

Our other income increased by 241.7% from RM3.4 million in FPE 30 September 2020 to RM11.7 million in FPE 30 September 2021. This was primarily due to higher fair value gain of biological assets by RM9.1 million.

**12. FINANCIAL INFORMATION (Cont'd)****(v) Selling and distribution expenses**

Our selling and distribution expenses decreased by 21.4% from RM18.7 million in FPE 30 September 2020 to RM14.7 million in FPE 30 September 2021. This was primarily due to:

- (a) a decrease in transportation and logistics expenses from RM12.3 million in FPE 30 September 2020 to RM11.6 million in FPE 30 September 2021 which was largely due to stricter COVID-19 containment measures in Malaysia during the Third MCO Period which limited logistic and travel activities; and
- (b) a decrease in marketing and business development expenses from RM5.8 million in FPE 30 September 2020 to RM2.7 million in FPE 30 September 2021 primarily due to a decrease in advertising and promotion expenses from RM4.1 million in FPE 30 September 2020 to RM1.6 million in FPE 30 September 2021 largely due to the fact that most of the advertising and promotion we had planned for had not taken place yet and are instead planned for the second half of FYE 31 March 2022.

**(vi) Administrative expenses**

Our administrative expenses increased by 52.4% from RM10.3 million in FPE 30 September 2020 to RM15.7 million in FPE 30 September 2021. This was primarily due to (a) an increase in our corporate service and professional fees by RM2.8 million primarily due to fees incurred in connection with our IPO, and (b) an increase in employee benefit costs by RM2.6 million including Directors' remuneration primarily due to an increase in executive director's remuneration and new hire of middle management personnel, namely Head of Audit and Risk and Head of Branding and Marketing.

**(vii) Other expenses**

Our other expenses increased significantly from RM0.04 million in FPE 30 September 2020 to RM6.2 million in FPE 30 September 2021. This was primarily due to (a) a redundancy cost of RM4.9 million as part of the plan to rationalise the existing business of Henry Jones Food which involved, among other things, downsizing the fruit jam business by discontinuing sales of our IXL brand to the modern trade channel in Australia, and (b) a RM0.6 million reversal of a one-off government grant received in FPE 30 September 2020 under the Cash Flow Boost scheme due to us not meeting certain conditions under the Cash Flow Boost scheme.

**(viii) Finance income**

Our finance income increased by 300.0% from RM0.1 million in FPE 30 September 2020 to RM0.4 million in FPE 30 September 2021. This was primarily due to a RM0.2 million increase in fixed deposits income in FPE 30 September 2021 due to a placement in the Aiiman Money Market Fund with the proceeds from the Sukuk Issue (as defined in Section 12.2.10 of this Prospectus).

**(ix) Finance costs**

Our finance costs increased by 39.0% from RM4.1 million in FPE 30 September 2020 to RM5.7 million in FPE 30 September 2021. This was primarily due to the following:

- (a) the Sukuk Issue in FPE 30 September 2021, which increased the total debt of our Group and resulted in a RM2.5 million increase in finance cost; and

**12. FINANCIAL INFORMATION (Cont'd)**

- (b) the early full settlement of Malaysian's hire purchase facilities in FPE 30 September 2021 as part of our loan refinancing using the proceeds from the Sukuk Issue, resulting in an accelerated hire purchase interest by RM0.2 million.

The increase in finance costs in FPE 30 September 2021 was partially offset by;

- (aa) a decrease in shareholder loan from RM1.4 million in FPE 30 September 2020 to RM0.6 million in FPE 30 September 2021 as a result of early full settlement in June 2021; and
- (bb) a decrease in trade finance facilities from RM1.0 million in FPE 30 September 2020 to RM0.7 million in FPE 30 September 2021, which was primarily for the purchase of raw materials, due to increased cash flow resulting from the Sukuk Issue.

**(x) PBT and PBT margin**

As a result of the foregoing, our PBT decreased by 6.2% from RM37.5 million in FPE 30 September 2020 to RM35.2 million in FPE 30 September 2021. Our PBT margin decreased from 16.0% in FPE 30 September 2020 to 13.7% in FPE 30 September 2021, primarily due to the lower gross margins for the reasons set out in Section 12.2.8(iii) of this Prospectus, in particular the negative margins incurred by Australia's Henry Jones IXL fruit jam operation, and the redundancy cost of RM4.9 million as part of the rationalisation plan to downsize IXL fruit jam operations.

**(xi) Tax expense**

Our tax income in FPE 30 September 2021 was RM14.3 million, compared to a tax expense of RM29.9 million in FPE 30 September 2020.

In connection with the Tax Issue, an aggregate of RM25,708,582 in tax liability and estimated penalty has been determined to be payable for the relevant YA from 2014 to YA 2020. Out of the Additional Tax Liability of RM25,708,582 for YA 2014 to YA 2020, RM 5,870,334 relates to YA 2020, RM5,139,424 relates to YA 2019 and the remaining amount of RM14,698,824 relates to YA 2014 to YA 2018. We have recognised these amounts in FPE 30 September 2020.

Upon a subsequent application to the MOF, we have received approval that the Larkin Facility is approved for a new Tax Incentive under Section 127 (3A) of Income Tax Act, 1967. Under the incentive, we are allowed to claim income tax exemption on the statutory income arising from qualifying projects conducted in the Larkin Facility for 10 (5+5) years commencing from YA 2021. The tax income in FPE 30 September 2021 is primarily due to (a) the reversal of the tax payable amount of RM10,490,033 for YA 2021 previously recorded in FYE 31 March 2021 and (b) the deferred tax income recognised arising from the business losses incurred during the period by the Australian subsidiaries.

Our effective tax rate has decreased from 77.0% in FPE 30 September 2020 to (40.6)% in FPE 30 September 2021 due to the aforementioned additional tax liability in FPE 30 September 2020 and reversal of tax in FPE 30 September 2021. However, excluding the impact of the prior year taxes of RM25,708,582, the effective tax rate for FPE 30 September 2020 is 8.5% which takes into account the taxes for the milk processing facilities of the subsidiary for 30 September 2020 only. See Section 12.2.2(xi) of this Prospectus for further details.

**12. FINANCIAL INFORMATION (Cont'd)****(xii) PAT and PAT margin**

As a result of the foregoing, our PAT increased by 475.6% from RM8.6 million in FPE 30 September 2020 to RM49.5 million in FPE 30 September 2021. Our PAT margin increased from 3.7% in FPE 30 September 2020 to 19.2% in FPE 30 September 2021.

For illustration purposes only, assuming the Additional Tax Liability of RM25,708,582 is allocated to the respective financial periods, our adjusted consolidated PAT and PAT margin for FPE 30 September 2020 and FPE 30 September 2021 would be as follows:

	FPE 30 September	
	2020	2021
	RM'000	RM'000
Consolidated PAT (RM'000)	8,630	49,485
Reallocation of Additional Tax Liability (RM'000) <sup>(1)</sup>	25,709	-
Reallocation of tax reversal (RM'000) <sup>(2)</sup>	5,973	(10,490)
<b>Adjusted PAT (RM'000)</b>	<b>40,312</b>	<b>38,995</b>
<b>Adjusted PAT margin (%)</b>	<b>17.2</b>	<b>15.2</b>

**Notes:**

- (1) *Relates to the reallocation of Additional Tax Liability to the respective financial years, for illustration purpose. Out of the Additional Tax Liability of RM25,708,582, RM5,870,334 relates to YA 2020, RM5,139,424 relates to YA 2019 and RM14,698,824 relates to YA 2014 to YA 2018.*
- (2) *Relates to the reallocation of the Larkin Facility Tax Incentive amounting to RM10,490,033, which relates to YA 2021. For FPE 30 September 2020, the amount pertains to the tax exemption that would have been applicable for the first six months of YA 2021.*

**12.2.9 Liquidity and capital resources****(i) Working capital**

Our principal sources of liquidity are our cash and bank balances, cash generated from our operations, borrowings from financial institutions and funding from our Sukuk issuance. Following the Listing, we expect to use the same principal sources of liquidity to fund our working capital needs, in addition to the fund raised from the IPO. Many factors including our results of operations and financial position and the conditions in the Malaysian and international financial markets could affect our ability to rely on these sources of funding.

As at 30 September 2021, we had cash and bank balances of RM59.6 million and multi-currency trade facilities comprising bankers' acceptance facilities, revolving credit facilities, overdraft facilities and other trade financings with a combined limit of RM280.2 million, of which RM74.3 million was drawn and RM205.9 million was undrawn.

As at 30 September 2021, our working capital, calculated as current assets minus current liabilities, was a net current asset of RM88.9 million. This was primarily due to the refinancing of current shareholder loan, term loans and hire purchase liabilities with the proceeds from the Sukuk Issue.

Based on the above and taking into consideration our funding requirements for our committed capital expenditure and contractual obligations, expected cash flows from operations, cash and bank balances, bank borrowings and facilities, together with the estimated proceeds that we expect to receive from our IPO, our Board believes that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

**12. FINANCIAL INFORMATION (Cont'd)****(ii) Cash flows**

The following table summarises a summary of our consolidated statements of cash flows for the financial periods indicated:

	FYE 31 March			FPE 30 September	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Net cash flows</b>					
Net cash from operating activities	13,657	24,173	59,668	33,584	51,721
Net cash used in investing activities	(48,823)	(91,967)	(85,661)	(49,897)	(33,099)
Net cash from/(used in) financing activities	40,741	64,813	24,483	12,709	45,915
Exchange difference on translation of the financial statements of foreign operation	589	3,275	(562)	27	(2,360)
<b>Net movement</b>	<b>6,164</b>	<b>294</b>	<b>(2,072)</b>	<b>(3,577)</b>	<b>62,177</b>
Cash and cash equivalents at beginning of the financial year	(6,935)	(771)	(477)	(477)	(2,549)
<b>Cash and cash equivalents at end of the financial year</b>	<b>(771)</b>	<b>(477)</b>	<b>(2,549)</b>	<b>(4,054)</b>	<b>59,628</b>

Our Board is of the opinion that there are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet our cash obligations, subject to availability of distributable reserves and/or loans or advances and compliance with legal requirements and financial covenants.

***Net cash from operating activities******FYE 31 March 2019***

For FYE 31 March 2019, our net cash from operating activities was RM13.7 million. Our PBT was RM28.2 million, which was adjusted for non-cash and other items of RM10.2 million and further adjusted for working capital changes of RM24.9 million which primarily comprised:

- (a) a RM20.9 million increase in inventories primarily to cater to the increase in sales; and
- (b) a RM11.8 million increase in trade and other receivables primarily due to overall increase in sales;

which was partially offset by:

- (i) a RM6.7 million increase in trade and other payables primarily due to higher outstanding amount from capital expenditure for our Muadzam Shah Facility and Larkin Facility, and purchases of inventories; and
- (ii) a RM1.0 million increase in deferred income primarily due to the payment of government grant which was awarded in 2014 in respect of our Muadzam Shah Farm.

**12. FINANCIAL INFORMATION (Cont'd)**FYE 31 March 2020

For FYE 31 March 2020, our net cash from operating activities was RM24.1 million. Our PBT was RM36.2 million, which was adjusted for non-cash and other items of RM18.2 million and further adjusted for working capital changes of RM30.2 million which primarily comprised:

- (a) a RM3.6 million increase in inventories primarily to cater to the increase in sales; and
- (b) a RM39.2 million increase in trade and other receivables primarily due to overall increase in sales;

which was partially offset by a RM12.6 million increase in trade and other payables primarily due to higher outstanding amount from capital expenditure for our Muadzam Shah Farm, UPM Farm and Kyabram Facility, and purchases of inventories.

FYE 31 March 2021

For FYE 31 March 2021, our net cash from operating activities was RM59.7 million. Our PBT was RM67.6 million, which was adjusted for non-cash and other items of RM31.9 million and further adjusted for working capital changes of RM40.0 million which primarily comprised:

- (a) a RM64.5 million increase in inventories primarily to cater to the increase in sales; and
- (b) a RM9.0 million increase in trade and other receivables primarily due to overall increase in sales;

which was partially offset by:

- (i) a RM33.1 million increase in trade and other payables primarily due to higher outstanding amount from capital expenditure for our Larkin expansion in our 14A plant, our Taiping Farm and our Kyabram Facility, and purchases of inventories; and
- (ii) a RM0.5 million increase in deferred income primarily due to payment of government grant which was awarded in 2014 in respect of our Muadzam Shah Farm.

FPE 30 September 2021

For FPE 30 September 2021, our net cash from operating activities was RM51.7 million. Our PBT was RM35.2 million, which was adjusted for non-cash and other items of RM14.5 million and further adjusted for working capital changes of RM1.7 million which primarily comprised:

- (a) a RM8.7 million increase in inventories primarily to cater to the increase in sales; and
- (b) a RM0.9 million increase in trade and other receivables primarily due to overall increase in sales,

which was partially offset by a RM8.0 million increase in trade and other payables primarily due to higher outstanding amount from purchases of inventories.

**12. FINANCIAL INFORMATION (Cont'd)*****Net cash used in investing activities******FYE 31 March 2019***

Net cash used in investing activities was RM48.8 million in FYE 31 March 2019, which primarily comprised:

- (a) purchases of property, plant and equipment of RM38.7 million primarily due to our building of the Muadzam Shah Facility, expansion of our Greater Shepparton Farm in Australia and expansion of our Larkin Facility;
- (b) purchases of right-of-use assets of RM1.0 million primarily due to the addition of our 14A plant in Larkin, Johor; and
- (c) purchases of biological assets of RM12.7 million primarily due to herd expansion across all farms in Malaysia and Australia,

which was partially offset by:

- (i) proceeds from disposal of property, plant and equipment of RM0.1 million, primarily in relation to our Mawai Farm and Larkin Facility; and
- (ii) proceeds from disposal of biological assets of RM3.5 million, largely comprising dry cows, across all farms in Malaysia and Australia.

***FYE 31 March 2020***

Net cash used in investing activities was RM92.0 million in FYE 31 March 2020, which primarily comprised:

- (a) purchases of property, plant and equipment of RM61.8 million primarily due to the acquisition of our Kyabram Facility, our investment in our Mawai Farm for the construction and development of the farm, our investment in our UPM Farm including the installation of equipment tunnel barns and milking stations;
- (b) purchase of our Kyabram Facility in Greater Shepparton, Australia for a consideration of RM22.8 million; and
- (c) purchases of biological assets of RM14.0 million primarily due to herd expansion across all farms in Malaysia and Australia, particularly in our Muadzam Shah Farm,

which was partially offset by:

- (i) proceeds from disposal of property, plant and equipment of RM1.3 million relating to the derecognition of assets held under the finance lease for several motor vehicles. These assets held under finance leases are recognised as receivables; and
- (ii) proceeds from disposal of biological assets of RM5.3 million, largely comprising dry cows, across all farms in Malaysia and Australia.

**12. FINANCIAL INFORMATION (Cont'd)**FYE 31 March 2021

Net cash used in investing activities was RM85.7 million in FYE 31 March 2021, which primarily comprised:

- (a) purchases of property, plant and equipment of RM75.1 million primarily due to the setting up of our Kyabram Facility, our investment in our UPM Farm (for the construction of facilities to support the agritourism activities at the farm), the expansion of processing facilities at our Muadzam Shah Farm and the construction of our Taiping Farm;
- (b) purchases of biological assets of RM15.0 million primarily due to herd expansion in Malaysia, across all farms in Malaysia, in particular our Muadzam Shah Farm and our Taiping Farm; and
- (c) purchases of intangible assets of RM3.5 million primarily due to ERP implementation in Malaysia and Australia,

which was partially offset by:

- (i) proceeds from disposal of property, plant and equipment of RM1.1 million relating to the derecognition of assets held under the finance lease for several motor vehicles. These assets held under finance leases are recognised as receivables; and
- (ii) proceeds from disposal of biological assets of RM6.8 million, largely comprising dry cows, across all farms in Malaysia and Australia.

FPE 30 September 2021

Net cash used in investing activities was RM33.1 million in FPE 30 September 2021, which primarily comprised:

- (a) purchases of property, plant and equipment of RM29.6 million primarily due to the construction of our Taiping Farm, the expansion of processing facilities at our Muadzam Shah Farm, and our investment in our UPM Farm for the construction of facilities to support the agritourism activities at the farm;
- (b) purchases of biological assets of RM8.5 million primarily due to herd expansion in both Malaysia and Australia, in particular our Taiping Farm and Greater Shepparton Farm; and
- (c) purchases of intangible assets of RM0.2 million primarily due to ERP implementation in Malaysia,

which was partially offset by:

- (i) proceeds from disposal of property, plant and equipment of RM0.5 million primarily in relation to our Kyabram Facility; and
- (ii) proceeds from disposal of biological assets of RM4.9 million, largely comprising dry cows, across all our farms in Malaysia and Australia.



**12. FINANCIAL INFORMATION (Cont'd)*****Net cash from financing activities******FYE 31 March 2019***

Net cash from financing activities was RM40.7 million in FYE 31 March 2019, which primarily comprised:

- (a) proceeds from shares issued of RM60.0 million to three of our shareholders for the expansion of our operations in our Muadzam Shah Facility;
- (b) net proceeds from bankers' acceptances of RM3.1 million primarily to finance the trade purchase of raw materials and packaging materials; and
- (c) capital contributed by a minority shareholder of RM2.1 million primarily for working capital for our operations in Australia,

which was partially offset by:

- (i) payment of interest charges of RM3.6 million;
- (ii) repayment of term loans of RM3.4 million;
- (iii) redemption of redeemable convertible cumulative preference shares of RM13.2 million from an existing shareholder of the Company;
- (iv) redemption of hire purchase liabilities of RM3.4 million;
- (v) repayment to a minority shareholder of RM0.7 million in respect of the previous contribution made by the minority shareholder; and
- (vi) repayment of lease liabilities of RM0.2 million.

***FYE 31 March 2020***

Net cash from financing activities was RM64.8 million in FYE 31 March 2020, which primarily comprised:

- (a) drawdown of term loan of RM18.7 million primarily for working capital for our operations in Australia;
- (b) net proceeds from bankers' acceptances of RM30.4 million primarily to finance the trade purchase of raw materials and packaging materials;
- (c) capital contributed by a minority shareholder of RM3.4 million for the expansion of our operations in Australia; and
- (d) loan from a shareholder of RM30.0 million for the acquisition of the IXL fruit jam and Taylors' sauces brands and our Kyabram Facility,

which was partially offset by:

- (i) payment of interest charges of RM5.3 million;
- (ii) repayment of term loans of RM5.2 million;
- (iii) repayment of hire purchase liabilities of RM6.9 million; and
- (iv) repayment of lease liabilities of RM0.3 million.

**12. FINANCIAL INFORMATION (Cont'd)**FYE 31 March 2021

Net cash from financing activities was RM24.5 million in FYE 31 March 2021, which primarily comprised:

- (a) drawdown of term loan of RM21.9 million to partially finance the expansion of our operations in Australia and for working capital for our operations in Australia;
- (b) net proceeds from bankers' acceptances of RM23.1 million primarily to finance the purchase of raw materials and packaging materials;
- (c) net proceeds from revolving credits of RM4.1 million;
- (d) net proceeds from short-term financing of RM1.0 million; and
- (e) capital contributed by a minority shareholder of RM0.4 million primarily for working capital for our Australia operations,

which was partially offset by:

- (i) payment of interest charges of RM6.8 million;
- (ii) repayment of term loans of RM8.8 million;
- (iii) repayment of hire purchase liabilities of RM9.9 million; and
- (iv) repayment of lease liabilities of RM0.5 million.

FPE 30 September 2021

Net cash from financing activities was RM45.9 million in FPE 30 September 2021, which primarily comprised the Sukuk Issue of RM200.0 million in May 2021, which was utilised to refinance the following:

- (i) payment of interest charges of RM3.1 million;
- (ii) repayment of term loans of RM43.0 million;
- (iii) repayment of shareholder loan of RM34.0 million;
- (iv) repayment of bankers' acceptances of RM34.0 million;
- (v) repayment of hire purchase liabilities of RM34.6 million;
- (vi) repayment of revolving credits of RM4.1 million;
- (vii) repayment of short-term financing of RM0.9 million; and
- (viii) repayment of lease liabilities of RM0.4 million.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.10 Borrowings**

As at 30 September 2021, we had total outstanding loans and borrowings and lease liabilities of RM284.2 million. The table below sets out our loans and borrowings and lease liabilities as at 30 September 2021.

	Contractual interest rate/ coupon/ discount rate	RM'000
<b>Non-current</b>		
<i>Unsecured:</i>		
Sukuk	3.72%	200,000
Lease liabilities	4.21% - 5.00%	6,344
<i>Secured:</i>		
Hire purchase liabilities	1.96% - 5.33%	16,943
Term loans	2.66% - 5.60%	23,506
		<b>246,793</b>
<b>Current</b>		
<i>Unsecured:</i>		
Sukuk	3.72%	2,548
Lease liabilities	4.21% - 5.00%	842
<i>Secured:</i>		
Hire purchase liabilities	1.96% - 5.33%	4,964
Short term financing	5.50%	164
Term loans	2.66% - 5.60%	1,267
Bankers' acceptances	1.74% - 3.11%	27,598
		<b>37,383</b>
<b>Total loans and borrowings and lease and liabilities</b>		<b>284,176</b>

Our secured borrowings are secured by legal charges over certain property and guaranteed by certain Directors of our Group. As at the date of this Prospectus, the relevant financial institutions have agreed to discharge these guarantees.

The maturity profile of our loans and borrowings and lease liabilities as at 30 September 2021 is set out below:

	On demand or within one year	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000
Sukuk	2,548	200,000	-	202,548
Hire purchase liabilities	4,964	16,943	-	21,907
Short term financing	164	-	-	164
Term loans	1,267	20,946	2,560	24,773
Bankers' acceptances	27,598	-	-	27,598
Lease liabilities	842	2,026	4,318	7,186
<b>Total loans and borrowings and lease and liabilities</b>	<b>37,383</b>	<b>239,915</b>	<b>6,878</b>	<b>284,176</b>

As at 30 September 2021, our outstanding loans and borrowings and lease liabilities are denominated in RM and AUD. Our outstanding loans and borrowings have floating interest rate terms, and the average effective interest rate is 3.49%. Our outstanding lease liabilities have fixed interest rate terms.

## 12. FINANCIAL INFORMATION (Cont'd)

In addition, certain of our borrowings are subject to the following covenants:

- (i) debt-to-to-equity ratio of our Group shall not exceed 1.0 time.
- (ii) debt-to-capitalisation ratio of our Australian subsidiaries shall not exceed 0.5 time; and
- (iii) EBITDA interest coverage ratio of our Australian subsidiaries shall not exceed 3.5 time.

Our Australian subsidiaries were in breach of the debt-to-capitalisation ratio covenant and we have received a waiver from the bank on 30 September 2021 in respect of this covenant.

We have established a Sukuk of RM1.0 billion in nominal value on 18 May 2021, pursuant to which we had on 28 May 2021, issued a RM 200 million Sukuk with a maturity date of 28 May 2026 (the "Sukuk Issue"), at a profit rate of 3.72% per annum and payable semi-annually.

For more information on our loans and borrowings and lease liabilities, see Notes 13 and 23.5 to the Accountants' Report in Section 13 of this Prospectus.

We have not defaulted on interest or profit rate payments or principal amounts on any of our borrowings for FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021, FPE 30 September 2021 and up to the LPD. As at the LPD, we are not in breach of any terms and conditions or covenants associated with our borrowings which can materially affect our financial position and results or business operations, or the investments in our Shares.

### 12.2.11 Key financial ratios

The following table sets out certain of our key financial ratios for the financial years/periods indicated:

	FYE 31 March			FPE 30 September
	2019	2020	2021	2021
Average trade receivables turnover (days) <sup>(1)</sup>	57	58	52	56
Average trade payables turnover (days) <sup>(2)</sup>	37	29	30	35
Average inventory turnover (days) <sup>(3)</sup>	57	57	76	96
Current ratio (times) <sup>(4)</sup>	1.34	1.18	0.79	1.69
Gearing ratio (times) <sup>(5)</sup>	0.39	0.78	1.03	1.00
Net gearing ratio (times) <sup>(6)</sup>	0.37	0.74	0.98	0.79

**Notes:**

- (1) Computed as an average of the opening and closing trade receivables for the financial year/period divided by revenue during the financial year/period, multiplied by the number of days in the financial year/period.
- (2) Computed as an average of the opening and closing trade payables for the financial year/period divided by the sum of the change in inventory and purchases of inventories during the financial year/period, multiplied by the number of days in the financial year/period.
- (3) Computed as an average of the opening and closing finished goods for the financial year/period divided by the sum of change in closing inventories and purchases of inventories during the financial year/period, multiplied by the number of days in the financial year/period.
- (4) Computed as current assets over current liabilities.
- (5) Computed based on total loans and borrowings (including lease liabilities) over total equity as at the end of the year/period.
- (6) Computed based on total loans and borrowings (including lease liabilities), net of cash and cash equivalents, over total equity as at the end of the year/period.

**12. FINANCIAL INFORMATION (Cont'd)****(i) Trade receivables**

The credit period that we typically extend to our customers ranges from seven to 75 days from the invoice date or month-end date. We assess and approve other credit terms on a case by case basis depending on, among others, the financial position and credit history of the customer. Our average trade receivables turnover for FYE 31 March 2019, 31 March 2020 and 31 March 2021 and FPE 30 September 2021 have remained within the normal credit terms that we extend to our customers.

Our average trade receivables turnover days has remained constant from 57 days for FYE 31 March 2019 to 58 days for FYE 31 March 2020.

Our average trade receivables turnover days has improved from 58 days for FYE 31 March 2020 to 52 days for FYE 31 March 2021 primarily due to better credit control with our customers and higher sales to stockists (14 day credit period).

Our average trade receivables turnover days increased from 52 days for FYE 31 March 2021 to 56 days for FPE 30 September 2021 primarily due to the lower amount of proportion of sales from stockists which carry a lower credit period of 14 days.

The aging analysis for trade receivables as at 30 September 2021 is as follows:

	Past due					Total
	Current	1-30 days	31-60 days	61-90 days	More than 90 days	
RM'000 except percentages						
Trade receivables	61,703	14,930	1,811	132	615	79,191
Impairment	-	-	-	-	(196)	(196)
<b>Trade receivables (net) as at 30 September 2021</b>	<b>61,703</b>	<b>14,930</b>	<b>1,811</b>	<b>132</b>	<b>419</b>	<b>78,995</b>
% of total trade receivables	78.1	18.9	2.3	0.2	0.5	100.0
<b>As at the LPD:</b>						
- Trade receivables collected / (% of trade receivables (net))	61,502	14,850	1,694	99	143	78,288
- Trade receivables outstanding (net)	201	80	117	33	276	707

**(ii) Trade payables**

The normal credit period given by our trade creditors is generally between 30 to 60 days and our average trade payables turnover for FYE 31 March 2019, 31 March 2020 and 31 March 2021 and FPE 30 September 2021 have remained within the normal credit period that our trade creditors extend to us.

Our average trade payables turnover decreased from 37 days for FYE 31 March 2019 to 29 days for FYE 31 March 2020 primarily due to a higher proportion of our creditors that have a 30 days credit period.

Our average trade payables turnover increased slightly from 29 days for FYE 31 March 2020 to 30 days for FYE 31 March 2021.

Our average trade payables turnover increased from 30 days for FYE 31 March 2021 to 35 days for FPE 30 September 2021 primarily due to a higher proportion of creditors that have a credit period of more than 30 days.

**12. FINANCIAL INFORMATION (Cont'd)**

The aging analysis for trade payables as at 30 September 2021 and the trade payables settled and outstanding as at the LPD are as follows:

	Past due				Total	
	Current	1-30 days	31-60 days	61-90 days		More than 90 days
RM'000, except percentages						
<b>Trade payables as at 30 September 2021</b>	22,128	7,968	3,432	1,704	397	35,629
% of total trade payables	62.1	22.4	9.6	4.8	1.1	100.0
<b>As at the LPD:</b>						
- Trade payables settled / (% of trade payables)	22,128	7,968	3,432	1,704	311	35,543
- Trade payables outstanding	-	-	-	-	86	86

**(iii) Inventories**

The table below sets out a summary breakdown of our inventories for the financial years/periods indicated:

	FYE 31 March			FPE 30 September
	2019	2020	2021	2021
	RM'000			RM'000
Opening inventory	9,145	29,700	40,156	105,035
Closing inventory	29,700	40,156	105,035	95,974
Average inventory turnover (days) <sup>(1)</sup>	57	57	76	96

**Note:**

(1) Computed as an average of the opening and closing inventory for the financial year/period divided by the cost of sales during the financial year/period, multiplied by the number of days in the financial year/period.

Our inventory consists primarily of feed, raw materials such as milk and ingredients, packaging materials and finished products.

Our average inventory turnover period remained constant at 57 days for FYE 31 March 2019 and FYE 31 March 2020.

Our average inventory turnover period increased from 57 days for FYE 31 March 2020 to 76 days for FYE 31 March 2021 primarily due to (i) higher proportion of packaging materials and ingredients kept as a buffer to take into account increased demand during the Ramadan season in Malaysia, (ii) the timing of the Ramadan season being closer to our FYE 31 March 2021 this year as compared to the previous year, and (iii) higher levels of inventory kept in Henry Jones Foods due to the higher sales.

Our average inventory turnover period increased from 76 days for FYE 31 March 2021 to 96 days for FPE 30 September 2021 primarily due to (i) higher levels of inventory kept due to higher sales, (ii) higher proportion of ingredients kept as a buffer due to the global freight uncertainties which has resulted in delays in shipments globally, and (iii) the lower opening inventory as at 1 April 2020.

**12. FINANCIAL INFORMATION (Cont'd)****(iv) Current ratio**

Our current ratio remained relatively constant at 1.34 times as at 31 March 2019 and 1.18 times as at 31 March 2020.

Our current ratio decreased from 1.18 times as at 31 March 2020 to 0.79 times as at 31 March 2021 primarily due to:

- (i) a higher proportion of borrowings (including the reclassification of loan from a shareholder of RM34,012,603 to current liabilities) falling due within 1 year. All outstanding amounts owing under the shareholder loan have subsequently been repaid using the proceeds from the Sukuk issuance after 31 March 2021; and
- (ii) the recognition in FYE 31 March 2021 of the Additional Tax Liability RM25,708,582 for YA 2014 to YA 2020, and tax liability of RM10,490,033 for YA 2021, each in relation to the Tax Issue.

Our current ratio increased from 0.79 times as at 31 March 2021 to 1.57 times as at 30 September 2021 primarily due to the Sukuk Issue and the refinancing of current shareholder loan, term loans and hire purchase liabilities with the proceeds from the Sukuk Issue.

**(v) Gearing ratio**

Our gearing ratio increased from 0.39 times as at 31 March 2019 to 0.78 times as at 31 March 2020 primarily due to the increase in borrowings incurred to fund the expansion of our farm and manufacturing operations which includes the acquisition of our Kyabram Facility, development of our Muadzam Shah Farm and Muadzam Shah Facility, including the installation of milking rotary systems, aseptic tank and Tetra Pak filling line.

Our gearing ratio increased from 0.78 times as at 31 March 2020 to 1.03 times as at 31 March 2021 primarily due to the increase in borrowings to fund the expansion of our farm and manufacturing operations which includes the setting up of our Kyabram Facility, the use of hire purchase facilities to finance the expansion of our Muadzam Shah Facility, increased utilisation of bankers' acceptances to finance the trade purchase of raw and packaging materials and utilisation of revolving credit facilities to finance the purchase of biological assets.

Our gearing ratio has decreased from 1.03 times as at 31 March 2021 to 1.00 times for FPE 30 September 2021 due to the increase in retained earnings arising from the profitability of the Group and paring down of certain borrowings including shareholder loan, term loans and hire purchase liabilities following the Sukuk Issue.

**(vi) Net gearing ratio**

Our net gearing ratio increased from 0.37 times as at 31 March 2019 to 0.74 times as at 31 March 2020 and further increased to 0.98 times as at 31 March 2021 before reducing to 0.79 times as at 30 September 2021, primarily due to significant increase in cash and cash equivalents balance by RM47.9 million resulting from the Sukuk Issue.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.12 Capital expenditure and material investments and divestments****Capital expenditure**

The following table sets out our historical capital expenditures for the financial years/periods indicated:

	FYE 31 March			FPE 30 September	
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Land and buildings	1,069	6,929	6,998	-	-
Farm barn, building and electrical installation	11,847	16,350	12,630	4,382	14,177
Milk plant, machinery, tools and equipment	26,850	30,861	82,213	12,123	6,252
Office and shop equipment	1,378	945	1,288	418	553
Motor vehicles	2,487	2,738	2,921	725	405
Capital work-in-progress	1,018	20,981	12,835	44,528	8,254
<b>Current year's addition</b>	<b>44,649</b>	<b>78,804</b>	<b>118,885</b>	<b>62,176</b>	<b>29,641</b>
Less: Property, plant and equipment acquired from hire purchase liabilities	(5,940)	(16,959)	(43,791)	(11,528)	-
<b>Total</b>	<b>38,709</b>	<b>61,845</b>	<b>75,094</b>	<b>50,648</b>	<b>29,641</b>

The majority of our capital expenditures were incurred in connection with the construction of our farms and processing facilities. Our capital expenditure increased by 76.7% from RM44.6 million for FYE 31 March 2019 to RM78.8 million for FYE 31 March 2020 primarily due to the (i) RM15.0 million to establish our Kyabram Facility, (ii) RM7.6 million for our farms in Australia, (iii) RM23.1 million for our Muadzam Farm, Mawai Farm, Desaru Farm and UPM Farm in Malaysia, (iv) RM20.65 million for our Muadzam Shah Facility including new processing lines, and (v) RM9.4 million for our Larkin Facility including new processing lines.

Our capital expenditure increased by 50.9% from RM78.8 million for FYE 31 March 2020 to RM118.9 million for FYE 31 March 2021. Our capital expenditure for FYE 31 March 2021 primarily comprised (i) RM51.4 million to establish our Kyabram Facility, (ii) RM7.4 million for our farms in Australia, (iii) RM26.7 million for the upgrade and building extension of our Muadzam Shah Facility and the addition of processing and filling lines, (iv) RM13.1 million for the expansion of our Larkin Facility including the warehouse, (v) RM11.8 million for our Muadzam Farm, Mawai Farm, Desaru Farm and UPM Farm in Malaysia, and (vi) RM8.4 million for our new Taiping Farm.

Our capital expenditure decreased by 60.5% from RM62.2 million for FPE 30 September 2020 to RM29.6 million for FPE 30 September 2021 primarily due to the setting up of our Kyabram Facility in FPE 30 September 2020.

The following table sets out our planned capital expenditures for the financial years indicated:

	FYE 31 March	
	2022	2023
	RM'000	RM'000
Land and buildings	-	55,000
Farm barn, buildings and electrical installation	14,000	18,000
Milk plant, machineries, tools and equipment	32,754	117,000
<b>Total</b>	<b>46,754</b>	<b>190,000</b>



**12. FINANCIAL INFORMATION (Cont'd)**

We have budgeted RM136.5 million, RM75.3 million, RM12.5 million and RM12.5 million for capital expenditure in Malaysia, Australia, Indonesia and Philippines respectively, in the next two years. In the next two years, we expect to allocate (a) approximately 19.0% of our capital expenditure to the establishment of a new manufacturing hub, and new dairy farm and integrated processing facility in Malaysia, (b) approximately 25.3% of our capital expenditure for the expansion of our production facility in Australia, and (c) approximately 10.6% of our capital expenditure for regional expansion outside of Malaysia.

Our planned capital expenditure comprises land and buildings, farm barn, buildings and electrical installation and milk plant, machinery, tools and equipment. For FYE 31 March 2022, we plan to spend RM12.0 million for our Taiping Farm, RM2.0 million for the establishment of a new dairy farm, RM12.0 million for the Taiping Facility, RM10.0 million for the expansion of manufacturing capacity for the production of UHT/ambient products at our Kyabram Facility, and RM5.3 million for upgrading our industrial process room to manufacture fruit prep at our Kyabram Facility to fulfil a co-manufacturing contract with a large multinational food company, RM5 million capacity expansion for the Muadzam Shah Facility, and RM0.5 million to complete the establishment of the UPM facility.

For FYE 31 March 2023, we plan to spend RM30.0 million for land acquisition, RM15.0 million for building construction, RM18.0 million and RM10.0 million for the construction of a new dairy farm and a new processing facility in East Malaysia, RM12.0 million for constructing the Taiping Facility, RM20.0 million and RM60.0 million for the expansion of manufacturing capacity for the production of UHT products at our Muadzam Shah Facility and Kyabram Facility, respectively, and RM25.0 million for the expansion of our dairy business in Indonesia and the Philippines.

Our actual capital expenditures may vary from projected amounts due to various factors, including changes in market conditions, our ability to obtain adequate financing for these planned capital expenditures, government policies regarding the industry in which we operate as well as the condition of the markets in which we operate and the global economy. In addition, our planned capital expenditures do not include any expenditure for potential acquisitions or investments that we may evaluate from time to time. We intend to fund these planned capital expenditures with cash and cash equivalents, cash generated from our operations and financing activities and, to the extent described in Section 4 of this Prospectus, the proceeds from the Public Issue.

***Material investments and divestitures***

We selectively evaluate opportunities to expand our business and to enter new markets. In addition, we may decide to divest certain entities and businesses for strategic or financial reasons.

Save as disclosed in Sections 12.2.12 and 14.6 of this Prospectus, we have not undertaken any material investments or divestitures during FYE 31 March 2019, 31 March 2020 and 31 March 2021, FPE 30 September 2021 and up to the LPD.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.13 Capital commitments and other contractual obligations*****Capital commitments***

Our capital commitments (being our contracted capital expenditures) as at 30 September 2021 and the LPD are set out below:

	30 September 2021	LPD
	RM'000	RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	7,310	446
<b>Intangible assets</b>		
Contracted but not provided for	331	142
<b>Total</b>	<b>7,641</b>	<b>588</b>

Our contracted but not provided for capital commitments as at the LPD primarily comprise RM0.1 million for a robotic palletising system, RM0.1 million for a fire alarm system and capping machine at our Larkin Facility, RM0.1 million for a wastewater treatment plant, RM0.1 million for ground water tube well drilling and construction and RM0.1 million for a new ERP system.

We expect to meet our planned capital commitments through our cash and cash equivalents, cash generated from our operations and financing activities and, to the extent described in Section 4 of this Prospectus, the proceeds from the Public Issue.

Save as disclosed above, as at the LPD, we do not have any other material capital commitments incurred or known to be incurred by us that may have a material adverse impact on our results of operations or financial position. As disclosed in Section 12.2.21 of this Prospectus, on 8 February 2022, we entered into an agreement to acquire a farm property at McEwan Road in Kyabram, Victoria, Australia with a size of approximately 300 acres for a purchase consideration of AUD3.5 million. The completion of the acquisition of the farm property is conditional on us obtaining approval from the FIRB. We do not expect to experience any interruption to our business that may cause a significant effect on our operations arising from the acquisition of the new farm and potential disposal of our Group's farm at Echuca Road (if any).

***Other contractual obligations***

Our non-cancellable operating leases as at 30 September 2021 and the LPD are nil.

**12.2.14 Contingent liabilities**

As at the LPD, we do not have any contingent liabilities that, upon becoming enforceable, may have a material adverse effect on our results of operations or financial position.

**12.2.15 Off-balance sheet arrangements**

We did not have any off-balance sheet arrangements during FYE 31 March 2019, 31 March 2020 and 31 March 2021 and FPE 30 September 2021.

**12.2.16 Financial risk management**

We are exposed to markets risks arising from our operations and use of financial instruments. Our overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance.

**12. FINANCIAL INFORMATION (Cont'd)****(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than RM. The currencies giving rise to this risk are primarily USD, SGD, EUR, AUD and NZD.

Transactions in foreign currencies are measured and recorded on initial recognition in RM at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

We currently hedge 50% of our fresh milk purchase from Australia using forward contracts. We also monitor foreign exchange exposure on an on-going basis and endeavour to keep net exposures to an acceptable level. If determined as necessary due to prevailing and anticipated conditions, we may enter into additional forward foreign exchange contracts to hedge foreign currency risk.

The table below demonstrates the sensitivity of our PAT to a 10% strengthening of RM against the following currencies. analysis is based on foreign currency exchange rate variances that we considered to be reasonably possible at the end of the reporting year. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted shares and purchases:

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RM'000	RM'000	RM'000	RM'000
<b>Effects on PAT</b>				
USD	33	59	(60)	(1)
SGD	(288)	(264)	(204)	(245)
EUR	79	91	23	12
AUZ	70	105	80	79
NZD	-	-	98	-

A 10% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our investments in fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in market interest rates. Our exposure to interest rate risk also arise from our variable interest-bearing borrowings.

Our fixed rate receivables, borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**12. FINANCIAL INFORMATION (Cont'd)**

Our policy is to obtain the most favourable interest rates available. We monitor interest rate exposure on an on-going basis and endeavour to keep net exposures to an acceptable level.

The table below demonstrates the sensitivity of our PAT to a 100 basis point change in interest rates as at the end of the reporting period, with all other variables, in particular foreign currency rates, held constant:

	Profit or loss	
	100 bp increase	100 bp decrease
	RM'000	RM'000
<b>FYE 31 March 2019</b>		
Floating rate instruments	(130)	130
<b>FYE 31 March 2020</b>		
Floating rate instruments	(322)	322
<b>FYE 31 March 2021</b>		
Floating rate instruments	(579)	579
<b>FPE 30 September 2021</b>		
Floating rate instruments	(339)	339

**(iii) Credit risk**

Credit risk is the risk of loss if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Our exposure to credit risk arises mainly from our receivables from customers. We have a credit policy in place and manage our exposure to credit risk by the application of credit evaluations on customers requiring credit over a certain amount, credit limits and monitoring exposure to credit risk on an ongoing basis.

As at 30 September 2021, we do not expect to incur material credit losses on our financial assets or other financial instruments.

**(iv) Liquidity risk**

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations as they fall due. Our exposure to liquidity risk arises principally from our various payables, loans and borrowings.

We practise prudent risk management by maintaining a level of cash and cash equivalents and bank facilities deemed adequate by our management to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when they fall due.

As at 30 September 2021, we had RM37.4 million in undiscounted financial liabilities due on demand or within one year. See Section 12.2.10 of this Prospectus for more details.

See Note 23.5 to the Accountants' Report included in Section 13 of this Prospectus for a summary of the maturity profile of our financial liabilities and lease liabilities as at the end of FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021 based on undiscounted contractual payments.

**12. FINANCIAL INFORMATION (Cont'd)**

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**12.2.17 Seasonality**

See Section 7.11 of this Prospectus for details on the seasonality of our business.

**12.2.18 Inflation**

Inflation has not had a material impact on our results of operations in recent years.

**12.2.19 Order book**

Due to the nature of our business, we do not maintain an order book. See Section 7 of this Prospectus for further information on the nature of our business.

**12.2.20 Trends information**

Save as disclosed in this section and in Sections 5, 7 and 8 of this Prospectus, and to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our financial condition and results of operations.

**12.2.21 Significant changes**

Save as disclosed elsewhere in this Prospectus, no significant changes have occurred which may have a material effect on our financial position and results of operations since FPE 30 September 2021.

On 8 February 2022, we entered into an agreement to acquire a farm property at McEwan Road in Kyabram, Victoria, Australia, with a size of approximately 300 acres for a purchase consideration of AUD3.5 million. The completion of the acquisition of the farm property is conditional on us obtaining approval from the FIRB. We do not expect to experience any interruption to our business that may cause a significant effect on our operations arising from the acquisition of the new farm and potential disposal of our Group's farm at Echuca Road (if any).

**12.2.22 Impact of government, economics, fiscal and monetary policies**

We are subject to the risks of government, economic, fiscal or monetary policies, where any unfavourable change may materially affect our business operations, financial performance and prospects.

For the FYE 31 March 2019, 31 March 2020 and 31 March 2021, FPE 30 September 2021 and up to the LPD, our results were not materially adversely affected by any unfavourable changes relating to government, economic, fiscal or monetary policies.

For information on any government, economic, fiscal or monetary policies or factors which could materially affect our operations, see Section 5 of this Prospectus.

**12.2.23 Accounting standards issued but not yet effective and not early adopted**

For a description of accounting standards issued but not yet effective and not early adopted, see Section 12.2.4 of this Prospectus and Note 1(a) to the Accountants' Report included in Section 13 of this Prospectus.

**12.2.24 Accounting policies which are peculiar to our Group**

We have not adopted any accounting policies which are peculiar to our Group because of the nature of our business or the industry in which we operate.

**12. FINANCIAL INFORMATION (Cont'd)**

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**12.2.25 Treasury policies and objectives**

One of the main treasury responsibilities is to ensure that we have the liquidity and cash to meet our obligations as they fall due. Our principal sources of liquidity are our cash and bank balances, cash generated from our operations and borrowings from financial institutions. Using appropriate governance and policies, it is the responsibility of treasury to identify, quantify, monitor and control the risks (liquidity, interest, currency, credit, legal and regulatory) associated with these activities, using appropriate mitigation and hedging techniques. We also endeavour to attain a relatively risk-free return from our excess cash balances by depositing our balances in certain money market funds, all of which are 100% deposit funds with high liquidity and tax exempted returns.

We are exposed to currency exchange risk on sales and purchases that are denominated in currencies other than RM. The currencies giving rise to this risk are primarily USD, SGD, EUR and AUD.

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**12. FINANCIAL INFORMATION (Cont'd)****12.3 CAPITALISATION AND INDEBTEDNESS**

The table below presents our consolidated capitalisation and indebtedness as at 31 December 2021 and on the assumption that our IPO, Listing and the use of proceeds from the Public Issue as set out in Section 4.6 of this Prospectus had occurred on 31 December 2021.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 December 2021 and is provided for illustrative purposes only.

	As at 31 December 2021		After our IPO, Listing and Use of Proceeds
	Unaudited	Adjustments	Unaudited
	RM'000	RM'000	RM'000
<b>Indebtedness</b>			
<b>Loans, borrowings and finance lease</b>			
<b>Current</b>			
<u>Unsecured and unguaranteed</u>			
Sukuk	652	-	652
Lease liabilities	1,056	-	1,056
<u>Secured and guaranteed</u>			
Bankers' acceptances <sup>(1)</sup>	5,642	-	5,642
<u>Secured and unguaranteed</u>			
Term loans	1,642	-	1,642
Hire purchase liabilities	5,052	-	5,052
Bankers' acceptances	35,611	-	35,611
Short term financing	1,402	-	1,402
<b>Non-current</b>			
<u>Unsecured and unguaranteed</u>			
Sukuk	200,000	-	200,000
Lease liabilities	5,974	-	5,974
<u>Secured and unguaranteed</u>			
Hire purchase liabilities	15,889	-	15,889
Term loans	16,879	-	16,879
<b>Total indebtedness</b>	<b>289,799</b>	<b>-</b>	<b>289,799</b>
<b>Equity attributable to owners of the Company</b>	<b>289,850</b>	<b>288,442</b>	<b>578,292</b>
<b>Non-controlling interests</b>	<b>5,206</b>	<b>-</b>	<b>5,206</b>
<b>Total equity</b>	<b>295,056</b>	<b>288,442</b>	<b>583,498</b>
<b>Total capitalisation and indebtedness</b>	<b>584,855</b>	<b>288,442</b>	<b>873,297</b>

**Note:**

(1) Joint and several guarantee by the Directors.

**12. FINANCIAL INFORMATION (Cont'd)**

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**12.4 DIVIDEND POLICY**

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

- (i) the level of our cash, gearing, debt profile, return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other growth/investment plans;
- (iv) applicable restrictive covenants under our financing documents; and
- (v) our working capital requirements.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiaries, joint ventures and associated company. Distributions by our subsidiaries will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors such as exchange controls.

We target a payout ratio of approximately 25% of our net profit of each fiscal year on a consolidated basis after taking into account working capital and maintenance capital requirements, subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Save for certain borrowing restrictive covenants which our Group is subject to, there are no dividend restrictions imposed on our subsidiaries as at the LPD.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See Section 5 of this Prospectus for the factors which may affect or restrict our ability to pay dividends.

We have not declared or paid dividends to our shareholders for the past three financial years and up to the LPD.

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**12. FINANCIAL INFORMATION (Cont'd)****12.5 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

KPMG PLT  
 (LLP0010081-LCA & AF 0758)  
 Chartered Accountants  
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 Johor Darul Takzim, Malaysia

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The Board of Directors  
**Farm Fresh Berhad**  
**(formerly known as The Holstein Milk Company Sdn. Bhd.)**  
 No. 11-1, Jalan Petaling,  
 Kawasan Perindustrian Larkin,  
 80350 Johor Bahru  
 Johor

11 February 2022

Dear Sirs

**Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") and its subsidiaries (the "Group")**

**Report on the compilation of pro forma consolidated statements of financial position for inclusion in the Company's prospectus in connection with the initial public offering of up to 222,954,700 ordinary shares in the Company in conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Prospectus") ("IPO")**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of the Group as at 30 September 2021 ("Pro Forma Financial Position") prepared by the Board of Directors of the Company (the "Directors"). The Pro Forma Financial Position and related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Position are described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Prospectus solely to illustrate the impact of the transactions as set out in the notes to the Pro Forma Financial Position in Attachment A on the Group's consolidated statement of financial position as at 30 September 2021, as if the transactions had taken place as at 30 September 2021. As part of this process, information about the Group's consolidated financial position has been extracted by the Directors from the audited consolidated financial statements for the period ended 30 September 2021, on which an audit report dated 5 January 2022 has been issued.

**12. FINANCIAL INFORMATION (Cont'd)**

*Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.)  
(the "Company") and its subsidiaries (the "Group")  
Report on the compilation of pro forma consolidated statements of financial position  
for inclusion in the Prospectus in connection with the IPO*

**Directors' Responsibility for the Pro Forma Financial Position**

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A as required by the Prospectus Guidelines.

**Reporting Accountants' Independence and Quality Control**

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the Malaysian Institute of Accountants and, accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

**12. FINANCIAL INFORMATION (Cont'd)**

*Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.)  
(the "Company") and its subsidiaries (the "Group")  
Report on the compilation of pro forma consolidated statements of financial position  
for inclusion in the Prospectus in connection with the IPO*

**Reporting Accountants' Responsibilities (continued)**

The purpose of the Pro Forma Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Pro Forma Financial Position has been compiled, in all material respects, on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

12. FINANCIAL INFORMATION (Cont'd)



*Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.)  
(the "Company") and its subsidiaries (the "Group")  
Report on the compilation of pro forma consolidated statements of financial position  
for inclusion in the Prospectus in connection with the IPO*

**Other Matters**

Our report on the Pro Forma Financial Position has been prepared for inclusion in the Prospectus in connection with the IPO and should not be relied upon for any other purposes.

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**KPMG PLT**  
LLP0010081-LCA & AF 0758  
Chartered Accountants

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**Tan Teck Eng**  
Approval Number: 02986/05/2022 J  
Chartered Accountant

## 12. FINANCIAL INFORMATION (Cont'd)

## Attachment A

Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") and its subsidiaries (the "Group")  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

## Pro Forma Consolidated Statements of Financial Position

The pro forma consolidated statements of financial position of the Group as at 30 September 2021 ("Pro Forma Financial Position") as set out below have been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 30 September 2021, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

	As at 30 September 2021* RM'000	Pro Forma I After the Pre-IPO Exercise RM'000	Pro Forma II After Pro Forma I and the IPO RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
<b>Assets</b>				
Property, plant and equipment	317,409	317,409	317,409	317,409
Right-of-use assets	15,637	15,637	15,637	15,637
Biological assets	82,045	82,045	82,045	82,045
Intangible assets	19,140	19,140	19,140	19,140
Trade and other receivables	899	899	899	899
Deferred tax assets	10,774	10,774	10,774	10,774
<b>Total non-current assets</b>	<b>445,904</b>	<b>445,904</b>	<b>445,904</b>	<b>445,904</b>
Inventories	95,974	95,974	95,974	95,974
Trade and other receivable	88,122	88,122	88,122	88,122
Current tax assets	3	3	3	3
Cash and cash equivalents	59,628	59,628	360,617	342,988
	243,727	243,727	544,716	527,087
<b>Total assets</b>	<b>689,631</b>	<b>689,631</b>	<b>990,620</b>	<b>972,991</b>

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12. FINANCIAL INFORMATION (Cont'd)

Attachment A

Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") and its subsidiaries (the "Group")  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

	As at 30 September 2021*	Pro Forma I After the Pre-IPO Exercise	Pro Forma II After Pro Forma I and the IPO	Pro Forma III After Pro Forma II and the use of proceeds
	RM'000	RM'000	RM'000	RM'000
<b>Equity</b>				
Share capital	87,780	87,780	388,769	380,742
Reserves	(3,420)	(3,420)	(3,420)	(3,420)
Retained earnings	193,582	193,582	193,582	186,190
<b>Equity attributable to owners of the Company</b>	<b>277,942</b>	<b>277,942</b>	<b>578,931</b>	<b>563,512</b>
Non-controlling interests	4,900	4,900	4,900	4,900
<b>Total equity</b>	<b>282,842</b>	<b>282,842</b>	<b>583,831</b>	<b>568,412</b>
<b>Liabilities</b>				
Loans and borrowings	240,449	240,449	240,449	240,449
Lease liabilities	6,344	6,344	6,344	6,344
Deferred income	6,632	6,632	6,632	6,632
Deferred tax liabilities	9,041	9,041	9,041	9,041
<b>Total non-current liabilities</b>	<b>262,466</b>	<b>262,466</b>	<b>262,466</b>	<b>262,466</b>
Loans and borrowings	36,541	36,541	36,541	36,541
Trade and other payables	80,012	80,012	80,012	77,802
Lease liabilities	842	842	842	842
Deferred income	271	271	271	271
Current tax liabilities	26,657	26,657	26,657	26,657
<b>Total current liabilities</b>	<b>144,323</b>	<b>144,323</b>	<b>144,323</b>	<b>142,113</b>
<b>Total liabilities</b>	<b>406,789</b>	<b>406,789</b>	<b>406,789</b>	<b>404,579</b>
<b>Total equity and liabilities</b>	<b>689,631</b>	<b>689,631</b>	<b>990,620</b>	<b>972,991</b>

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12. FINANCIAL INFORMATION (Cont'd)

Attachment A

Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") and its subsidiaries (the "Group")  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

	As at 30 September 2021* RM'000	Pro Forma I After the Pre-IPO Exercise RM'000	Pro Forma II After Pro Forma I and the IPO RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
<b>Supplementary information</b>				
Number of ordinary shares ('000)	85,000	1,635,000	1,857,955	1,857,955
Net assets per share attributable to owners of the Company (RM)	3.27	0.17	0.31	0.30

\* Extracted from the Company's audited consolidated financial statements for the financial period ended 30 September 2021.

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**12. FINANCIAL INFORMATION (Cont'd)****Attachment A****Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") and its subsidiaries (the "Group")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**Notes to the Pro Forma Consolidated Statements of Financial Position**

The pro forma consolidated statements of financial position of the Group as at 30 September 2021 ("Pro Forma Financial Position") have been prepared for inclusion in the prospectus to be issued by the Company in connection with the initial public offering of up to 743,181,900 ordinary shares in the Company ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Prospectus") ("Listing") and should not be relied upon for any other purposes.

**1. Basis of preparation**

The applicable criteria on the basis of which the Board of Directors of the Company ("Directors") have compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited consolidated financial statements of the Group for the financial period ended 30 September 2021, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and as adjusted for the events and transactions as detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 5 January 2022 on the Group's audited consolidated financial statements for the financial period ended 30 September 2021 were not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Financial Position have been prepared for illustrative purposes only.

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**12. FINANCIAL INFORMATION (Cont'd)****Attachment A****Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") and its subsidiaries (the "Group")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**2. Pro forma adjustments to the Pro Forma Financial Position**

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

**2.1 Pre-IPO Exercise**

The Pre-IPO Exercise entails a bonus issue of 1,550,000,138 new ordinary shares in the Company for the purpose of increasing the number of issued shares in the Company in order to facilitate the IPO and Listing ("Bonus Issue").

**2.2 IPO**

The IPO entails the initial public offering of up to 743,181,900 ordinary shares in the Company which comprises the following transactions:

**2.3.1 Public Issue**

The public issue of 222,954,700 new ordinary shares in the Company ("Issue Shares") at an indicative price of RM1.35 per Issue Share.

**2.3.2 Offer for Sale**

The offer for sale by Rainforest Capital Sdn. Bhd., Farmchoice Foods Sdn. Bhd. and Agrifood Resources Holdings Sdn. Bhd. (collectively referred to as "Selling Shareholders") of up to 520,227,200 ordinary shares in the Company ("Offer Shares") at an indicative price of RM1.35 per Offer Share.

**2.3 Use of proceeds**

The gross proceeds from the Public Issue of RM300.99 million is intended to be used as follows:

	<b>RM'000</b>
Capital expenditure <sup>(1)</sup> :	
- Establishment of a new manufacturing hub, a new dairy farm and integrated processing facility in Malaysia	140,000
- Expansion of our production facility in Australia	60,000
- Regional expansion outside of Malaysia	40,000
Working capital	40,789
Estimated listing expenses <sup>(2)</sup>	20,200
	<b>300,989</b>

**Notes:**

(1) As at the latest practicable date, the Company has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above capital expenditure. Accordingly, the use of proceeds earmarked for capital expenditure is not reflected in the Pro Forma Financial Position.

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**12. FINANCIAL INFORMATION (Cont'd)****Attachment A****Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") and its subsidiaries (the "Group")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**2. Pro forma adjustments to the Pro Forma Financial Position (continued)****2.3 Use of proceeds (continued)***(2) The estimated listing expenses comprise the following:*

	<b>RM'000</b>
Professional fees	9,300
Fees to authorities	1,100
Brokerage, underwriting and placement fees	6,700
Other fees and expenses such as printing, advertising, travel and roadshow expenses incurred in connection with the Public Issue	1,450
Miscellaneous expenses and contingencies	1,650
	<b>20,200</b>

The total listing expenses to be borne by the Company is estimated to be RM20.2 million. As of 30 September 2021, RM4.8 million has been charged to the profit or loss account of the Group, of which RM2.6 million has been paid.

Out of the balance estimated listing expenses of RM15.4 million, RM8.0 million will be set-off against equity and the remaining RM7.4 million will be charged out to the profit or loss account upon completion of the IPO.

The Company will not receive any proceeds from the Offer for Sale. The gross proceeds of up to RM702.3 million will accrue entirely to the Selling Shareholders.

**2.5 Employee's Share Option Scheme ("ESOS")**

In conjunction with the Listing, the Company will implement an ESOS and intends to offer up to 37,159,000 ESOS options under the first tranche of the ESOS, representing about 2.0% of the enlarged issued share capital of the Company, to the eligible directors and employees of the Group, who meet the eligibility criteria to participate in the ESOS.

The ESOS is not illustrated in the Pro Forma Financial Position as the ESOS options under the ESOS have yet to be granted as of the date of this report.

**3. Effects on the Pro Forma Financial Position****(a) Movement in cash and cash equivalents**

	<b>RM'000</b>
Balance as at 30 September 2021 / Pro Forma I	59,628
Effects of Pro Forma II:	
- Proceeds from the Public Issue	300,989
<b>Pro forma II</b>	<b>360,617</b>
Effects of Pro Forma III:	
- Estimated listing expenses	(17,629)
<b>Pro forma III</b>	<b>342,988</b>

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## 12. FINANCIAL INFORMATION (Cont'd)

## Attachment A

**Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") and its subsidiaries (the "Group")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

## 3. Effects on the Pro Forma Financial Position (continued)

## (b) Movement in share capital

	RM'000
Balance as at 30 September 2021 / Pro Forma I	87,780
Effects of Pro Forma II:	
- Shares issued under the Public Issue	300,989
<b>Pro forma II</b>	<u>388,769</u>
Effects of Pro Forma III:	
- Estimated listing expenses	(8,027)
<b>Pro forma III</b>	<u><u>380,742</u></u>

## (c) Movement in retained earnings

	RM'000
Balance as at 30 September 2021 / Pro Forma I and II	193,582
Effects of Pro Forma III:	
- Estimated listing expenses	(7,392)
<b>Pro forma III</b>	<u><u>186,190</u></u>

## (d) Movement in trade and other payables

	RM'000
Balance as at 30 September 2021 / Pro Forma I and II	80,012
Effects of Pro Forma III:	
- Estimated listing expenses	(2,210)
<b>Pro forma III</b>	<u><u>77,802</u></u>

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13. ACCOUNTANTS' REPORT

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**Farm Fresh Berhad**  
**(Formerly known as The Holstein Milk Company Sdn. Bhd.)**  
Registration Number: 201001010221 (894851-U)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Accountants' Report on the**  
**Consolidated Financial Statements**

## 13. ACCOUNTANTS' REPORT (Cont'd)



KPMG PLT  
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The Board of Directors  
**Farm Fresh Berhad**  
**(Formerly known as The Holstein Milk Company Sdn. Bhd.)**  
 No. 11-1, Jalan Petaling  
 Kawasan Perindustrian Larkin  
 80350 Johor Bahru  
 Johor

11 February 2022

Dear Sirs,

**Reporting Accountant's opinion on the consolidated financial statements of Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn. Bhd.) (the "Company") contained in the Accountants' Report**

### Opinion

We have audited the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprises the consolidated statements of financial position as at 30 September 2021, 31 March 2021, 31 March 2020 and 31 March 2019, consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the period/years then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 75. The consolidated financial statements of the Group have been prepared for inclusion in the Company's prospectus in connection with the listing of and quotation for the entire issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2021, 31 March 2021, 31 March 2020 and 31 March 2019 and of its financial performance and cash flows for the period/years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**Farm Fresh Berhad**  
 (Formerly known as *The Holstein Milk Company Sdn. Bhd.*)  
 Registration Number: 201001010221 (894851-U)  
 Reporting Accountant's opinion on the consolidated financial statements of  
 Farm Fresh Berhad (the "Company") contained in the Accountants' Report

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountant's Responsibilities for the Audit of the Consolidated Financial Statements* section of our reporting accountant's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Responsibilities of the Directors for the Consolidated Financial Statements**

The Directors of the Company (the "Directors") are responsible for the preparation of consolidated financial statements of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Reporting Accountant's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## 13. ACCOUNTANTS' REPORT (Cont'd)



**Farm Fresh Berhad**  
*(Formerly known as The Holstein Milk Company Sdn. Bhd.)*  
 Registration Number: 201001010221 (894851-U)  
 Reporting Accountant's opinion on the consolidated financial statements of  
 Farm Fresh Berhad (the "Company") contained in the Accountants' Report

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group, including the disclosures, and whether the financial statements of the Group represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. ACCOUNTANTS' REPORT (Cont'd)



*Farm Fresh Berhad*  
*(Formerly known as The Holstein Milk Company Sdn. Bhd.)*  
Registration Number: 201001010221 (894851-U)  
Reporting Accountant's opinion on the consolidated financial statements of  
Farm Fresh Berhad (the "Company") contained in the Accountants' Report

**Other matters**

The comparative information for the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and notes to the consolidated financial statements for the financial period ended 30 September 2020 has not been audited.

**Restriction on distribution and use**

This report is made solely to the Company and for inclusion in the Company's prospectus in connection with the listing of and quotation for the entire issued share capital of the Company on the Main Market of Bursa Securities and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

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**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long, diagonal line extending upwards and to the right.

**Tan Teck Eng**  
Approval Number: 02986/05/2022 J  
Chartered Accountant

Johor Bahru

Date: 11 February 2022



## 13. ACCOUNTANTS' REPORT (Cont'd)

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## Farm Fresh Berhad (Formerly known as The Holstein Milk Company Sdn. Bhd.)

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

### and its subsidiaries

### Consolidated statements of financial position

	Note	30.9.2021 Audited RM	31.3.2021 Audited RM	31.3.2020 Audited RM	31.3.2019 Audited RM
<b>Assets</b>					
Property, plant and equipment	3	317,409,245	307,068,897	198,900,911	129,029,539
Right-of-use assets	4	15,637,295	15,819,769	14,704,086	15,131,469
Biological assets	5	82,045,102	69,459,099	55,651,914	46,918,812
Intangible assets	6	19,139,651	19,894,919	13,921,401	7,580,975
Trade and other receivables	7	898,911	1,077,338	830,546	--
Deferred tax assets	8	10,773,940	3,352,750	355,350	--
<b>Total non-current assets</b>		<b>445,904,144</b>	<b>416,672,772</b>	<b>284,364,208</b>	<b>198,660,795</b>
Inventories	9	95,974,030	105,034,639	40,156,044	29,700,024
Trade and other receivables	7	88,121,830	88,796,172	81,031,503	42,616,945
Current tax assets		2,976	31,070	5,889	5,161
Cash and cash equivalents	10	59,628,447	11,723,637	7,478,507	3,486,950
<b>Total current assets</b>		<b>243,727,283</b>	<b>205,585,518</b>	<b>128,671,943</b>	<b>75,809,080</b>
<b>Total assets</b>		<b>689,631,427</b>	<b>622,258,290</b>	<b>413,036,151</b>	<b>274,469,875</b>
<b>Equity</b>					
Share capital	11	87,779,796	87,779,796	87,779,796	87,779,796
Reserves	11	190,162,114	146,863,517	101,510,090	69,900,753
<b>Equity attributable to owners of the Company</b>		<b>277,941,910</b>	<b>234,643,313</b>	<b>189,289,886</b>	<b>157,680,549</b>
<b>Non-controlling interests</b>	12	<b>4,900,162</b>	<b>6,386,645</b>	<b>8,475,424</b>	<b>6,130,637</b>
<b>Total equity</b>		<b>282,842,072</b>	<b>241,029,958</b>	<b>197,765,310</b>	<b>163,811,186</b>
<b>Liabilities</b>					
Loans and borrowings	13	240,448,960	101,014,756	90,133,850	40,352,742
Lease liabilities		6,343,773	6,159,799	4,610,942	4,148,084
Deferred income	14	6,632,078	6,768,263	6,598,723	6,848,860
Deferred tax liabilities	8	9,041,597	5,801,597	4,666,000	2,878,200
<b>Total non-current liabilities</b>		<b>262,466,408</b>	<b>119,744,415</b>	<b>106,009,515</b>	<b>54,227,886</b>
Loans and borrowings	13	36,541,167	140,927,921	58,542,239	19,691,740
Trade and other payables	15	80,012,121	83,078,535	50,033,311	36,151,813
Lease liabilities		842,373	854,653	427,074	283,527
Deferred income	14	270,697	269,861	254,196	265,865
Current tax liabilities		26,656,589	36,352,947	4,506	37,858
<b>Total current liabilities</b>		<b>144,322,947</b>	<b>261,483,917</b>	<b>109,261,326</b>	<b>56,430,803</b>
<b>Total liabilities</b>		<b>406,789,355</b>	<b>381,228,332</b>	<b>215,270,841</b>	<b>110,658,689</b>
<b>Total equity and liabilities</b>		<b>689,631,427</b>	<b>622,258,290</b>	<b>413,036,151</b>	<b>274,469,875</b>

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## Farm Fresh Berhad (Formerly known as The Holstein Milk Company Sdn. Bhd.)

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

### and its subsidiaries

### Consolidated statements of profit or loss and other comprehensive income

	Note	1.4.2021 to 30.9.2021 Audited RM	1.4.2020 to 30.9.2020 Unaudited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2019 to 31.3.2020 Audited RM	1.4.2018 to 31.3.2019 Audited RM
<b>Revenue</b>	16	257,186,523	234,423,294	490,498,015	303,067,489	178,226,605
Cost of sales		(191,730,892)	(167,341,314)	(349,612,502)	(223,013,276)	(123,832,582)
<b>Gross profit</b>		65,455,631	67,081,980	140,885,513	80,054,213	54,394,023
Other income		11,664,824	3,413,544	9,021,458	2,762,897	4,723,616
Selling and distribution expenses		(14,729,881)	(18,738,746)	(37,522,166)	(19,781,673)	(11,577,951)
Administrative expenses		(15,718,672)	(10,293,851)	(27,060,280)	(20,230,208)	(14,422,876)
Other expenses		(6,210,365)	(39,755)	(7,979,608)	(194,642)	(652,583)
<b>Results from operating activities</b>		40,461,537	41,423,172	77,344,917	42,610,587	32,464,229
Finance income	17	395,091	141,600	228,033	45,937	212,838
Finance costs	18	(5,650,107)	(4,050,050)	(9,984,341)	(6,480,705)	(4,496,356)
<b>Net finance costs</b>		(5,255,016)	(3,908,450)	(9,756,308)	(6,434,768)	(4,283,518)
<b>Profit before tax</b>		35,206,521	37,514,722	67,588,609	36,175,819	28,180,711
<b>Tax credit/(expense)</b>						
- Current tax and deferred tax		3,788,733	(3,176,023)	(9,052,257)	(1,793,888)	(804,085)
- Additional tax for prior years	19.1	--	(25,708,582)	(25,708,582)	--	--
- Reversal of tax	19.1	10,490,033	--	--	--	--
<b>Total tax credit/(expense)</b>	19	14,278,766	(28,884,605)	(34,760,839)	(1,793,888)	(804,085)
<b>Profit for the period/year</b>	20	49,485,287	8,630,117	32,827,770	34,381,931	27,376,626
<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 differences/						
<b>Other comprehensive (expense)/income for the period/year</b>		(7,673,173)	5,575,699	10,061,944	(3,842,194)	(452,213)
<b>Total comprehensive income for the period/year</b>		41,812,114	14,205,816	42,889,714	30,539,737	26,924,413

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## Consolidated statements of profit or loss and other comprehensive income

(continued)

	Note	1.4.2021 to 30.9.2021 Audited RM	1.4.2020 to 30.9.2020 Unaudited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2019 to 31.3.2020 Audited RM	1.4.2018 to 31.3.2019 Audited RM
<b>Profit/(Loss) attributable to:</b>						
Owners of the Company		50,742,660	9,384,148	36,228,078	35,219,859	27,435,359
Non-controlling interests		(1,257,373)	(754,031)	(3,400,308)	(837,928)	(58,733)
<b>Profit for the period/year</b>		<u>49,485,287</u>	<u>8,630,117</u>	<u>32,827,770</u>	<u>34,381,931</u>	<u>27,376,626</u>
<b>Total comprehensive income/(expense) attributable to:</b>						
Owners of the Company		43,298,597	14,472,622	45,353,427	31,609,337	27,029,760
Non-controlling interests		(1,486,483)	(266,806)	(2,463,713)	(1,069,600)	(105,347)
<b>Total comprehensive income for the period/year</b>		<u>41,812,114</u>	<u>14,205,816</u>	<u>42,889,714</u>	<u>30,539,737</u>	<u>26,924,413</u>
Basic earnings per ordinary share (sen)	21	<u>3.1</u>	<u>0.6</u>	<u>2.2</u>	<u>2.2</u>	<u>2.6</u>
Diluted earnings per ordinary share (sen)	21	<u>3.1</u>	<u>0.6</u>	<u>2.2</u>	<u>2.1</u>	<u>2.6</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## Farm Fresh Berhad (Formerly known as The Holstein Milk Company Sdn. Bhd.)

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

### and its subsidiaries

### Consolidated statements of changes in equity

Audited	Attributable to owners of the Company		Distributable Retained earnings RM	Non- controlling interests RM	Total equity RM
	Non-distributable Share capital RM	Translation reserve RM			
<b>At 1 April 2018</b>	27,779,796	(1,085,086)	43,956,079	4,168,147	74,818,936
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive expense for the year</b>	--	(405,599)	--	(46,614)	(452,213)
Profit/(Loss) for the year	--	--	27,435,359	(58,733)	27,376,626
<b>Total comprehensive (expense)/income for the year</b>	--	(405,599)	27,435,359	(105,347)	26,924,413
<i>Contributions by and distributions to owners of the Company</i>					
Shares issued	60,000,000	--	--	--	60,000,000
Capital contribution by non-controlling interests	--	--	--	2,067,837	2,067,837
<b>Total transactions with owners of the Company</b>	60,000,000	--	--	2,067,837	62,067,837
<b>At 31 March 2019</b>	87,779,796	(1,490,685)	71,391,438	6,130,637	163,811,186
<b>At 1 April 2019</b>	87,779,796	(1,490,685)	71,391,438	6,130,637	163,811,186
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive expense for the year</b>	--	(3,610,522)	--	(231,672)	(3,842,194)
Profit/(Loss) for the year	--	--	35,219,859	(837,928)	34,381,931
<b>Total comprehensive (expense)/income for the year</b>	--	(3,610,522)	35,219,859	(1,069,600)	30,539,737
<i>Contributions by and distributions to owners of the Company</i>					
Capital contribution by non-controlling interests/ <b>Total transactions with owners of the Company</b>	--	--	--	3,414,387	3,414,387
<b>At 31 March 2020</b>	87,779,796	(5,101,207)	106,611,297	8,475,424	197,765,310

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## Consolidated statements of changes in equity

(continued)

Audited	Attributable to owners of the Company				Total equity RM
	Non-distributable Share capital RM	Translation reserve RM	Distributable Retained earnings RM	Non- controlling interests RM	
<b>At 1 April 2020</b>	87,779,796	(5,101,207)	106,611,297	8,475,424	197,765,310
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive income for the year</b>	--	9,125,349	--	936,595	10,061,944
Profit/(Loss) for the year	--	--	36,228,078	(3,400,308)	32,827,770
<b>Total comprehensive income/ (expense) for the year</b>	--	9,125,349	36,228,078	(2,463,713)	42,889,714
<i>Contributions by and distributions to owners of the Company</i>					
Capital contribution by non-controlling interests/ <b>Total transactions with owners of the Company</b>	--	--	--	374,934	374,934
<b>At 31 March 2021</b>	<u>87,779,796</u>	<u>4,024,142</u>	<u>142,839,375</u>	<u>6,386,645</u>	<u>241,029,958</u>
<b>At 1 April 2021</b>	87,779,796	4,024,142	142,839,375	6,386,645	241,029,958
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive expenses for the period</b>	--	(7,444,063)	--	(229,110)	(7,673,173)
Profit/(Loss) for the period	--	--	50,742,660	(1,257,373)	49,485,287
<b>Total comprehensive (expenses)/income for the period</b>	--	(7,444,063)	50,742,660	(1,486,483)	41,812,114
<b>At 30 September 2021</b>	<u>87,779,796</u>	<u>(3,419,921)</u>	<u>193,582,035</u>	<u>4,900,162</u>	<u>282,842,072</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## Consolidated statements of changes in equity

(continued)

Unaudited	Attributable to owners of the Company			Non-controlling interests RM	Total equity RM
	Non-distributable Share capital RM	Translation reserve RM	Distributable Retained earnings RM		
<b>At 1 April 2020</b>	87,779,796	(5,101,207)	106,611,297	8,475,424	197,765,310
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive income for the period</b>	--	5,088,474	--	487,225	5,575,699
Profit/(Loss) for the period	--	--	9,384,148	(754,031)	8,630,117
<b>Total comprehensive income/ (expense) for the period</b>	--	5,088,474	9,384,148	(266,806)	14,205,816
<i>Contributions by and distributions to owners of the Company</i>					
Capital contribution by non-controlling interests/ <b>Total transactions with owners of the Company</b>	--	--	--	416,625	416,625
<b>At 30 September 2020</b>	87,779,796	(12,733)	115,995,445	8,625,243	212,387,751

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## Farm Fresh Berhad (Formerly known as The Holstein Milk Company Sdn. Bhd.)

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

### and its subsidiaries

#### Consolidated statements of cash flows

	1.4.2021 to 30.9.2021 Audited RM	1.4.2020 to 30.9.2020 Unaudited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2019 to 31.3.2020 Audited RM	1.4.2018 to 31.3.2019 Audited RM
<b>Cash flows from operating activities</b>					
Profit before tax	35,206,521	37,514,722	67,588,609	36,175,819	28,180,711
Adjustments for:					
Depreciation and amortisation:					
- Property, plant and equipment	13,043,050	8,015,412	19,973,666	12,813,429	7,364,711
- Intangible assets	118,327	2,060	203,309	--	--
- Right-of-use assets	774,396	573,143	1,236,926	1,129,761	926,399
Finance income	(395,091)	(141,600)	(228,033)	(45,937)	(212,838)
Finance costs	5,650,107	4,050,050	9,984,341	6,480,705	4,496,356
Impairment loss/(Reversal of impairment loss) on:					
- Property, plant and equipment	80,129	--	4,212,235	--	--
- Trade receivables	(72,282)	--	609,145	--	180,000
Written off of other receivables	--	--	411,486	--	--
Write down of obsolete and slow-moving inventories	721,657	--	614,402	--	300,000
(Gain)/Loss on disposal of property, plant and equipment	(3,170)	1,647	(462,667)	(544,700)	334,140
Amortisation of deferred income	(135,349)	(131,127)	(266,476)	(261,806)	(229,650)
Gain arising from changes in fair value of dairy cows and goats	(10,223,890)	(1,065,934)	(4,321,205)	(1,359,529)	(2,942,515)
Unrealised (gain)/loss on foreign exchange	--	--	(105,526)	(11,429)	13,431
Provision for redundancy costs	4,929,876	--	--	--	--
<b>Operating profit before changes in working capital</b>	<b>49,694,281</b>	<b>48,818,373</b>	<b>99,450,212</b>	<b>54,376,313</b>	<b>38,410,745</b>
Change in deferred income	--	451,680	451,681	--	1,001,538
Change in inventories	8,740,482	(16,850,248)	(64,524,686)	(3,591,516)	(20,855,273)
Change in trade and other receivables	925,051	(12,559,492)	(9,032,092)	(39,245,104)	(11,759,623)
Change in trade and other payables	(7,996,290)	13,598,938	33,150,750	12,621,903	6,681,261
<b>Cash generated from operations</b>	<b>51,363,524</b>	<b>33,459,251</b>	<b>59,495,865</b>	<b>24,161,596</b>	<b>13,478,648</b>
Interest received	395,091	141,600	228,033	45,937	212,838
Tax paid	(37,417)	(17,346)	(56,355)	(34,080)	(33,986)
<b>Net cash from operating activities</b>	<b>51,721,198</b>	<b>33,583,505</b>	<b>59,667,543</b>	<b>24,173,453</b>	<b>13,657,500</b>

## 13. ACCOUNTANTS' REPORT (Cont'd)

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**Consolidated statements of cash flows**

(continued)

	Note	1.4.2021 to 30.9.2021 Audited RM	1.4.2020 to 30.9.2020 Unaudited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2019 to 31.3.2020 Audited RM	1.4.2018 to 31.3.2019 Audited RM
<b>Cash flows from investing activities</b>						
Acquisition of:						
- property, plant and equipment	24	(29,640,617)	(50,648,495)	(75,093,964)	(61,844,982)	(38,709,024)
- right-of-use assets		(110,164)	--	--	--	(1,027,945)
- a business	28	--	--	--	(22,795,819)	--
- biological assets		(8,491,792)	(2,937,812)	(14,966,322)	(13,996,051)	(12,728,408)
- intangible assets		(166,028)	(82,420)	(3,470,961)	--	--
Proceeds from disposal of:						
- property, plant and equipment		457,212	148,690	1,072,950	1,341,569	121,304
- biological assets		4,851,898	3,622,790	6,797,196	5,328,076	3,520,632
<b>Net cash used in investing activities</b>		<b>(33,099,491)</b>	<b>(49,897,247)</b>	<b>(85,661,101)</b>	<b>(91,967,207)</b>	<b>(48,823,441)</b>
<b>Cash flows from financing activities</b>						
Interest paid		(3,063,613)	(2,519,196)	(6,832,257)	(5,304,050)	(3,660,545)
Proceeds from shares issued	11	--	--	--	--	60,000,000
Drawdown of term loans		--	16,370,392	21,887,430	18,695,304	--
Drawdown of sukuk	200,000,000	--	--	--	--	--
Repayment of term loans		(43,052,474)	(500,623)	(8,787,733)	(5,204,843)	(3,373,636)
Net proceeds from bankers' acceptances		(33,997,757)	3,310,684	23,144,766	30,360,320	3,139,730
Net proceeds from revolving credits		(4,074,000)	--	4,074,000	--	--
Net proceeds from short-term financing		(907,721)	--	1,020,765	--	--
Payment for redeemable convertible cumulative preference shares		--	--	--	--	(13,203,384)
Repayment of hire purchase liabilities		(34,624,270)	(4,312,754)	(9,883,070)	(6,875,793)	(3,353,146)
Capital contributed by a minority shareholder		--	414,625	374,934	3,414,387	2,067,837
Repayment to a minority shareholder		--	--	--	--	(664,880)
Repayment of lease liabilities (Repayment)/Loan from a shareholder		(352,048)	(53,822)	(515,654)	(272,628)	(211,065)
		<u>(34,012,603)</u>	<u>--</u>	<u>--</u>	<u>30,000,000</u>	<u>--</u>
<b>Net cash from financing activities</b>		<b>45,915,514</b>	<b>12,709,306</b>	<b>24,483,181</b>	<b>64,812,697</b>	<b>40,740,911</b>
Exchange difference on translation of the financial statements of foreign operation		(2,360,075)	26,976	(561,738)	3,275,025	589,716
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>62,177,146</b>	<b>(3,577,460)</b>	<b>(2,072,115)</b>	<b>293,968</b>	<b>6,164,686</b>
<b>Cash and cash equivalents at 1 April</b>		<b>(2,548,699)</b>	<b>(476,584)</b>	<b>(476,584)</b>	<b>(770,552)</b>	<b>(6,935,238)</b>
<b>Cash and cash equivalents at 30 September/31 March</b>	10	<b>59,628,447</b>	<b>(4,054,044)</b>	<b>(2,548,699)</b>	<b>(476,584)</b>	<b>(770,552)</b>



## 13. ACCOUNTANTS' REPORT (Cont'd)

13

## Consolidated statements of cash flows

(continued)

### Cash outflows for leases as a lessee

	Note	1.4.2021 to 30.9.2021 Audited RM	1.4.2020 to 30.9.2020 Unaudited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2019 to 31.3.2020 Audited RM	1.4.2018 to 31.3.2019 Audited RM
<b>Included in net cash from operating activities</b>						
Payment relating to short-term leases	20	2,614,181	654,399	2,781,426	490,057	72,814
Payment relating to leases of low-value assets	20	10,686	14,764	24,051	223,658	13,084
<b>Included in net cash from financing activities</b>						
Payment of lease liabilities		479,898	53,822	515,654	272,628	211,065
Interest paid in relation to lease liabilities	18	166,399	122,455	249,129	234,022	217,362
<b>Total cash outflows for leases</b>		<u>3,271,164</u>	<u>845,440</u>	<u>3,570,260</u>	<u>1,220,365</u>	<u>514,325</u>

### Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 April 2021 RM	Net changes from operating cash flows RM	Net changes from financing cash flows RM	Acquisition of assets RM	Derecog- -nition of lease RM	Exchange difference RM	At 30 September 2021 RM
<b>Audited</b>							
Term loans	68,667,854	--	(43,052,474)	--	--	(841,821)	24,773,559
Bankers' acceptances	62,179,558	--	(33,997,757)	--	--	(583,600)	27,598,201
Revolving credits	4,074,000	--	(4,074,000)	--	--	--	--
Hire purchase liabilities	57,650,571	--	(34,624,270)	--	--	(1,119,736)	21,906,565
Lease liabilities	7,014,452	38,549	(352,048)	500,485	--	(15,292)	7,186,146
Loan from a shareholder	34,012,603	--	(34,012,603)	--	--	--	--
Short term financing	1,085,755	--	(907,721)	--	--	(14,177)	163,857
Sukuk	--	2,547,945	200,000,000	--	--	--	202,547,945
<b>Total liabilities from financing activities</b>	<u>234,684,793</u>	<u>2,586,494</u>	<u>48,979,127</u>	<u>500,485</u>	<u>--</u>	<u>(2,574,626)</u>	<u>284,176,273</u>
<b>Unaudited</b>							
Term loans	49,775,004	--	15,869,769	--	--	3,683,195	69,327,968
Bankers' acceptances	38,277,559	--	3,310,684	--	--	--	41,588,243
Hire purchase liabilities	21,668,435	--	(4,312,754)	11,527,554	--	166,705	29,049,940
Lease liabilities	5,038,016	97,978	(53,822)	252,000	(60,791)	--	5,273,381
Loan from a shareholder	31,000,000	1,432,877	--	--	--	--	32,432,877
<b>Total liabilities from financing activities</b>	<u>145,759,014</u>	<u>1,530,855</u>	<u>14,813,877</u>	<u>11,779,554</u>	<u>(60,791)</u>	<u>3,849,900</u>	<u>177,672,409</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## Consolidated statements of cash flows (continued)

### Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

	At 1 April 2020 RM	Net changes from operating cash flows RM	Net changes from financing cash flows RM	Acquisition of assets RM	Derecog -nition of lease RM	Exchange difference RM	At 31 March 2021 RM
<b>Audited</b>							
Term loans	49,775,004	--	13,099,697	--	--	5,793,153	68,667,854
Bankers' acceptances	38,277,559	--	23,144,766	--	--	757,233	62,179,558
Revolving credits	--	--	4,074,000	--	--	--	4,074,000
Hire purchase liabilities	21,668,435	--	(9,883,070)	43,790,778	--	2,074,428	57,650,571
Lease liabilities	5,038,016	139,481	(515,654)	2,869,468	(548,975)	32,116	7,014,452
Loan from a shareholder	31,000,000	3,012,603	--	--	--	--	34,012,603
Short term financing	--	--	1,020,765	--	--	64,990	1,085,755
<b>Total liabilities from financing activities</b>	<b>145,759,014</b>	<b>3,152,084</b>	<b>30,940,504</b>	<b>46,660,246</b>	<b>(548,975)</b>	<b>8,721,920</b>	<b>234,684,793</b>

	At 1 April 2019 RM	Net changes from operating cash flows RM	Net changes from financing cash flows RM	Acquisition of assets RM	Derecog -nition of lease RM	At 31 March 2020 RM
<b>Audited</b>						
Term loans	36,284,543	--	13,490,461	--	--	49,775,004
Bankers' acceptances	7,917,239	--	30,360,320	--	--	38,277,559
Hire purchase liabilities	11,585,198	--	(6,875,793)	16,959,030	--	21,668,435
Lease liabilities	4,431,611	176,655	(272,628)	732,374	(29,996)	5,038,016
Loan from a shareholder	--	1,000,000	30,000,000	--	--	31,000,000
<b>Total liabilities from financing activities</b>	<b>60,218,591</b>	<b>1,176,655</b>	<b>66,702,360</b>	<b>17,691,404</b>	<b>(29,996)</b>	<b>145,759,014</b>

	At 1 April 2018 RM	Net changes from operating cash flows RM	Net changes from financing cash flows RM	Acquisition of assets RM	At 31 March 2019 RM
<b>Audited</b>					
Term loans	39,658,179	--	(3,373,636)	--	36,284,543
Bankers' acceptances	4,777,509	--	3,139,730	--	7,917,239
Hire purchase liabilities	8,998,128	--	(3,353,146)	5,940,216	11,585,198
Lease liabilities	4,159,436	176,426	(211,065)	306,814	4,431,611
Loan from a minority shareholder	664,880	--	(664,880)	--	--
Redeemable convertible preference shares	12,543,999	659,385	(13,203,384)	--	--
<b>Total liabilities from financing activities</b>	<b>70,802,131</b>	<b>835,811</b>	<b>(17,666,381)</b>	<b>6,247,030</b>	<b>60,218,591</b>