



FRASER & NEAVE HOLDINGS BHD.
(Company No: 004205-V, Incorporated in Malaysia)

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For immediate release

QUARTERLY FINANCIAL REPORT

Financial year ended 30 September 2016

The Directors are pleased to release the unaudited quarterly financial report for the quarter and financial year ended 30 September 2016.

The contents of the financial report comprise the following attached unaudited condensed consolidated financial statements, explanatory notes and additional disclosures and these must be read in conjunction with the Group's audited financial statements for the year ended 30 September 2015:

- Schedule A : Unaudited Condensed Consolidated Income Statement
- Schedule B : Unaudited Condensed Consolidated Statement of Comprehensive Income
- Schedule C : Unaudited Condensed Consolidated Statement of Financial Position
- Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows
- Schedule E : Unaudited Condensed Consolidated Statement of Changes in Equity
- Schedule F : Selected Explanatory Notes
- Schedule G : Additional Disclosures

The unaudited quarterly financial report has been prepared in accordance with the accounting standards on interim financial reporting issued by the Malaysian Accounting Standards Board and contains additional disclosures prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Unless specified otherwise, the same accounting policies and methods of computation applied to the Group's financial statements for the previous year had been followed throughout this quarterly financial report.

By Order of the Board

Soon Wing Chong
Mayeen Wong May Fun
Joint Secretaries

Kuala Lumpur
3 November 2016

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and year ended 30 September 2016

RM'000	Individual 4 th quarter			Cumulative 4 th quarter		
	30/09/2016	30/09/2015	% chg	30/09/2016	30/09/2015	% chg
Revenue	976,500	* 1,019,169	-4.2%	4,167,567	* 4,107,606	1.5%
Cost of sales	(637,641)	(676,199)		(2,683,553)	(2,802,508)	
Gross profit	338,859	342,970	-1.2%	1,484,014	1,305,098	13.7%
Other income	5,486	7,071		38,834	12,852	
Operating expenses	(295,225)	* (283,197)		(1,089,474)	* (985,962)	
Operating profit	49,120	66,844	-26.5%	433,374	331,988	30.5%
Finance income	3,885	3,312		15,791	13,389	
Finance costs	(3,792)	(3,965)		(14,356)	(16,241)	
Share of results of a joint venture #	(444)	(516)		(1,614)	(3,362)	
Share of results of an associate ^	2,938	2,053		9,742	8,055	
Profit before tax (PBT)	51,707	67,728	-23.7%	442,937	333,829	32.7%
Taxation (Schedule G, Note 5)	(2,119)	(11,005)		(57,567)	(53,757)	
Profit after tax (PAT)	49,588	56,723	-12.6%	385,370	280,072	37.6%
Attributable to:						
Equity holders of the Company	49,589	56,724		385,372	280,074	
Non-controlling interests	(1)	(1)		(2)	(2)	
Profit after tax	49,588	56,723		385,370	280,072	
Basic earnings per share (sen) attributable to equity holders of the Company	13.6	15.5		105.3	76.5	
Diluted earnings per share (sen) attributable to equity holders of the Company	13.5	15.5		104.8	76.4	

The share of results of a joint venture for the quarter refers to Vacaron Company Sdn Bhd and is derived from its unaudited management accounts for the quarter and year ended 30 September 2016.

^ The share of results of an associate for the quarter refers to Cocoland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 30 June 2016 dated 29 August 2016. The cumulative results are the sum total of its quarterly results recognised by the Group for the four quarters ended 30 June 2016.

* The comparatives for the quarter and year ended 30 September 2016 have been restated as disclosed in Schedule F, Note 22.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2015.

Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income

For the quarter and year ended 30 September 2016

RM'000	Individual 4 th quarter		%chg	Cumulative 4 th quarter		% chg
	30/09/2016	30/09/2015		30/09/2016	30/09/2015	
Profit after tax	49,588	56,723	-12.6%	385,370	280,072	37.6%
Other comprehensive income, net of tax:						
<i>Item that is not to be reclassified subsequently to profit or loss</i>						
Remeasurement (losses)/gains on defined benefit plans	(1,514)	748		(1,514)	748	
<i>Item that is or may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	24,279	55,487		(8,912)	101,450	
Exchange differences on settlement of a net investment		-		(33,117)	-	
	22,765	56,235		(43,543)	102,198	
Total comprehensive income	72,353	112,958	-35.9%	341,827	382,270	-10.6%
Total comprehensive income attributable to:						
Equity holders of the Company	72,354	112,959		341,829	382,272	
Non-controlling interests	(1)	(1)		(2)	(2)	
	72,353	112,958	-35.9%	341,827	382,270	-10.6%

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2015.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2016

RM'000	30/09/2016	30/09/2015
Non-current assets		
Property, plant and equipment	1,112,752	1,064,821
Investment properties	49,286	50,763
Properties held for development	55,317	55,291
Investment in a joint venture <i>(Schedule F, Note 8)</i>	84,303	80,196
Investment in an associate <i>(Schedule F, Note 9)</i>	78,730	72,410
Intangible assets	125,111	131,155
Deferred tax assets	32,034	49,330
	1,537,533	1,503,966
Current assets		
Inventories	517,329	542,775
Receivables	542,949	* 557,892
Tax recoverable	14,248	14
Derivative financial assets	260	* 5,713
Cash and short term deposits	593,554	412,209
	1,668,340	1,518,603
Total assets	3,205,873	3,022,569
Equity		
Share capital and reserves	1,988,960	1,876,803
Non-controlling interests	202	204
Total equity	1,989,162	1,877,007
Non-current liabilities		
Borrowings	374,712	300,000
Provision for retirement benefits	41,937	37,937
Deferred tax liabilities	32,638	32,682
	449,287	370,619
Current liabilities		
Payables	723,440	* 754,854
Provisions	7,454	7,925
Borrowings	29,885	-
Provision for taxation	6,555	12,164
Derivative financial liabilities	90	-
	767,424	774,943
Total liabilities	1,216,711	1,145,562
Total equity and liabilities	3,205,873	3,022,569
Net assets per share (RM) attributable to equity holders of the Company	5.43	5.12

* The comparatives for the year ended 30 September 2016 have been restated as disclosed in Schedule F, Note 22.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the year ended 30 September 2016

RM'000	30/09/2016	30/09/2015
Operating activities		
Profit before tax	442,937	333,829
Add non-cash items:		
- Depreciation and amortisation	96,875	93,108
- Impairment of property, plant and equipment	1,901	1,991
- Impairment loss on receivables	758	1,493
- Inventories written down	6,683	6,624
- Inventories written off	10,525	12,813
- Bad debts recovered	(53)	(526)
- Share-based payment transactions expense	9,576	10,340
- Property, plant and equipment written off	1,190	1,685
- Intangible assets written off	17	-
- Change in fair value of investment properties	(108)	6,321
- Net loss on disposal of property, plant and equipment	161	602
- Net fair value loss/(gain) on derivatives	5,531	(4,408)
- Finance costs	14,356	16,241
- Finance income	(15,791)	(13,389)
- Share of results of a joint venture	1,614	3,362
- Share of results of an associate	(9,742)	(8,055)
- Others	(2,919)	187
Changes in working capital #	(15,694)	(82,370)
Tax paid	(59,411)	(42,097)
Net cash flows generated from operating activities	488,406	337,751
Investing activities		
Interest received	9,298	7,788
Dividend received	13,920	3,500
Loan to a joint venture	-	(6,700)
Placement of deposits with licensed bank	-	(3,066)
Proceeds from disposal of property, plant and equipment	541	906
Purchase of property, plant and equipment	(149,675)	(72,280)
Purchase of intangible assets	(163)	(258)
Net cash flows used in investing activities	(126,079)	(70,110)
Financing activities		
Interest paid	(13,610)	(16,260)
Dividend paid	(229,088)	(201,379)
Proceeds/(Repayment) of borrowings	104,597	(50,000)
Purchase of shares by Share Grant Plan ("SGP") Trust	(12,072)	(11,933)
Proceeds from the exercise of the Executives' Share Options Scheme ("ESOS")	1,912	8,890
Net cash flows used in financing activities	(148,261)	(270,682)
Net increase/(decrease) in cash and cash equivalents	214,066	(3,041)
Effects of foreign exchange rate changes	(29,655)	46,797
Cash and cash equivalents at beginning of year	409,143	365,387
Cash and cash equivalents at end of year	593,554	409,143

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows (cont'd)

For the year ended 30 September 2016

RM'000	30/09/2016	30/09/2015
Cash and cash equivalents comprise:		
Cash and bank balances	286,808	252,813
Short term deposits with licensed banks	306,746	159,396
Cash and short term deposits	593,554	412,209
Deposits with a licensed bank with a maturity period of more than 3 months	-	(3,066)
	593,554	409,143

Included the interest amounting to RM5,721,000 (2015: RM5,362,000) accrued on loan to a joint venture.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2015.

Schedule E : Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the year ended 30 September 2016

<----- Attributable to equity holders of the Company ----->
<----- Non-distributable -----> Distributable

RM'000	Share capital	Share premium	Treasury shares	Shares held by SGP Trust (Note a)	Loss on purchase of shares for SGP (Note b)	Foreign exchange reserve	Share-based payment reserve	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
At 1 October 2015	366,647	447,904	(1,716)	(7,733)	(190)	97,763	13,285	9,934	950,909	1,876,803	204	1,877,007
Total comprehensive income	-	-	-	-	-	(42,029)	-	-	383,858	341,829	(2)	341,827
Transactions with owners:												
Issuance of shares upon exercise of ESOS and SGP	132	2,087	-	7,745	(607)	-	(7,445)	-	-	1,912	-	1,912
Purchase of shares by SGP Trust	-	-	-	(12,072)	-	-	-	-	-	(12,072)	-	(12,072)
Employee share-based payment expense	-	-	-	-	-	-	9,576	-	-	9,576	-	9,576
Dividend paid	-	-	-	-	-	-	-	-	(229,088)	(229,088)	-	(229,088)
Total transactions with owners	132	2,087	-	(4,327)	(607)	-	2,131	-	(229,088)	(229,672)	-	(229,672)
At 30 September 2016	366,779	449,991	(1,716)	(12,060)	(797)	55,734	15,416	9,934	1,105,679	1,988,960	202	1,989,162
At 1 October 2014	366,028	438,206	(1,716)	-	-	(3,687)	8,382	9,934	871,466	1,688,613	206	1,688,819
Total comprehensive income	-	-	-	-	-	101,450	-	-	280,822	382,272	(2)	382,270
Transactions with owners:												
Issuance of shares upon exercise of ESOS and SGP	619	9,698	-	4,200	(190)	-	(5,437)	-	-	8,890	-	8,890
Purchase of shares by SGP Trust	-	-	-	(11,933)	-	-	-	-	-	(11,933)	-	(11,933)
Employee share-based payment expense	-	-	-	-	-	-	10,340	-	-	10,340	-	10,340
Dividend paid	-	-	-	-	-	-	-	-	(201,379)	(201,379)	-	(201,379)
Total transactions with owners	619	9,698	-	(7,733)	(190)	-	4,903	-	(201,379)	(194,082)	-	(194,082)
At 30 September 2015	366,647	447,904	(1,716)	(7,733)	(190)	97,763	13,285	9,934	950,909	1,876,803	204	1,877,007

Note a: The "Shares held by SGP Trust" relates to shares purchased by the Company for the SGP.

Note b: Upon vesting of share awards, there will be a difference between total purchase price paid by SGP Trust to acquire the shares from the open market and the fair value of the share awards granted to employees of subsidiaries. This difference will be consolidated into Group's consolidated financial statements as a deduction from equity and classified as "loss on purchase of shares for SGP" reserve.

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134

1. Corporate information

Fraser & Neave Holdings Bhd ("F&NHB" or "the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements ("interim financial statements") were approved by the Board of Directors on 3 November 2016.

2. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The audited consolidated financial statements of the Group for the year ended 30 September 2015 are available upon request from the Company's registered office at Level 8, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur, Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2015. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 September 2015.

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2015.

3. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14 *Regulatory Deferral Accounts* *
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception* *
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* *
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants* *
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Annual Improvements to MFRSs 2012-2014 Cycle

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107 *Disclosure Initiative*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- MFRS 9 *Financial Instruments*

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

3. Standards issued but not yet effective (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2018 (cont'd)

- MFRS 15 *Revenue from Contracts with Customers*
- Clarifications to MFRS 15 *Revenue from Contracts with Customers*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16 *Leases*

MFRSs, interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* not applicable

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 *Financial Instruments*

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9 *Mandatory Effective Date of MFRS 9 and Transition Disclosures*, issued in March 2012, moved the mandatory effective date to 1 January 2015. On 24 July 2014, the IASB issued the final version of MFRS 9 which will come into effect on 1 January 2018, with early application permitted. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 16 *Leases*

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*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

4. Auditors' report
 The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.
5. Comment on seasonality or cyclicity of operation
 The Group's performance is normally not affected by seasonal or cyclical events on a year to year basis. However, on a quarter to quarter basis, the demand for certain products such as soft drinks and evaporated milk may be skewed towards major festivities and weather pattern.
6. Unusual items affecting assets, liabilities, equity, net income or cash flows
 There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the year ended 30 September 2016.
7. Significant estimates and changes in estimates
 There were no significant estimates or changes in estimates that have had any material effect on the results of the current quarter.
8. Investment in a joint venture

RM'000	30/09/2016	30/09/2015
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	(6,758)	(5,144)
	(6,258)	(4,644)
Shareholder's loan	124,820	124,820
Interest on shareholder's loan	21,033	15,312
	139,595	135,488
Less: Unrealised profit	(55,292)	(55,292)
	84,303	80,196

The summarised financial information of the joint venture is as follows:

RM'000	30/09/2016	30/09/2015
Total assets	280,647	273,595
Total liabilities	(293,181)	(282,902)

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Revenue	-	-	-	-
Loss	(886)	(1,031)	(3,227)	(6,724)
	(886)	(1,031)	(3,227)	(6,724)

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

9. Investment in an associate

RM'000	30/09/2016	30/09/2015
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	36,326	26,584
Dividend received	(26,323)	(22,901)
	78,730	72,410
 Fair value of investment in an associate for which there is published price quotation	 120,690	 114,314

The summarised financial information of the associate is as follows:

RM'000	30/09/2016	30/09/2015
Total assets ^	264,496	279,221
Total liabilities ^	(49,873)	(49,517)

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Revenue ^	67,360	61,668	262,126	265,842
Profit ^	10,805	7,549	35,833	29,626

^ The share of results of an associate for the quarter refers to Cocoland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 30 June 2016 dated 29 August 2016.

10. Issuance or repayments of debt/equity securities

There has been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the cumulative 4th quarter except for the issuance of 131,700 ordinary shares pursuant to the ESOS Scheme at the exercise price of RM14.52 each.

11. Dividends paid during the financial year

A final single tier dividend of 35.5 sen per share amounting to RM130.1 million (2014: 33 sen per share amounting to RM120.8 million) in respect of the year ended 30 September 2015 was paid on 4 February 2016.

An interim single tier dividend of 27 sen per share (2015: 22 sen) was declared for the financial year ended 30 September 2016 on 5 May 2016. This dividend amounting to RM98.9 million (2015: RM80.6 million) was paid on 15 June 2016.

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

12. Segmental information

Segment results

Pursuant to the internal reorganisation of the Group undertaken in phases to align the Group's operations and management structure, the Group's operating businesses are now organised according to products and services, namely Food and Beverages Malaysia (Soft Drinks and Dairies Malaysia segments have now been combined into a single segment), Food and Beverages Thailand (previously named as Dairies Thailand segment), Property and Others segments. Segment performance is evaluated based on operating profit. Inter-segment transactions and pricing arrangements, where applicable, are determined on a commercial basis. The results by segments for the quarter, preceding and previous quarter are as follows. The results by segments for the preceding and previous quarter have been restated according to the new organisational structure.

RM'000	Revenue				
	Food and Beverages Malaysia ("F&B Malaysia")	Food and Beverages Thailand ("F&B Thailand")	Property	Others	Total
<u>4th quarter - 30/09/2016</u>					
Total revenue	566,660	412,628	2,350	33,740	1,015,378
Inter-segment	(14)	(3,074)	(2,167)	(33,623)	(38,878)
External	566,646	409,554	183	117	976,500
<u>4th quarter - 30/09/2015</u>					
Total revenue	638,463	387,017	1,363	17,627	1,044,470
Inter-segment	(2,204)	(4,546)	(1,138)	(17,413)	(25,301)
External	636,259	382,471	225	214	1,019,169
<u>3rd quarter - 30/06/2016</u>					
Total revenue	688,749	422,312	820	28,506	1,140,387
Inter-segment	(21)	(2,634)	(756)	(28,388)	(31,799)
External	688,728	419,678	64	118	1,108,588
<u>Cumulative 4th quarter - 30/09/2016</u>					
Total revenue	2,530,827	1,650,043	5,465	116,618	4,302,953
Inter-segment	(3,674)	(10,810)	(4,753)	(116,149)	(135,386)
External	2,527,153	1,639,233	712	469	4,167,567
<u>Cumulative 4th quarter - 30/09/2015</u>					
Total revenue	2,602,455	1,538,598	4,773	73,075	4,218,901
Inter-segment	(8,347)	(27,122)	(3,444)	(72,382)	(111,295)
External	2,594,108	1,511,476	1,329	693	4,107,606

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

12. Segmental information (cont'd)

Segment assets

The total of segment assets is measured based on all assets excluding deferred tax assets, cash and short term deposits, joint venture and associate.

RM'000	<u>30/09/2016</u>	<u>30/09/2015</u>
F&B Malaysia	1,562,850	1,540,089
F&B Thailand	684,636	688,347
Property	117,447	118,255
Others	<u>52,319</u>	<u>61,733</u>
	<u>2,417,252</u>	<u>2,408,424</u>

Segment liabilities

The total of segment liabilities is measured based on all liabilities excluding deferred tax liabilities, provision for taxation and bank borrowings.

RM'000	<u>30/09/2016</u>	<u>30/09/2015</u>
F&B Malaysia	464,084	517,524
F&B Thailand	264,834	258,938
Property	2,030	1,417
Others	<u>41,973</u>	<u>22,837</u>
	<u>772,921</u>	<u>800,716</u>

13. Acquisitions and disposals/write-offs of property, plant and equipment and intangible assets

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	<u>30/09/2016</u>	<u>30/09/2015</u>	<u>30/09/2016</u>	<u>30/09/2015</u>
Acquisitions (cost)	56,746	15,826	149,838	72,538
Disposals/write-offs (net carrying amount)	521	353	1,909	3,193
Net loss on disposals/write-offs	<u>470</u>	<u>181</u>	<u>1,368</u>	<u>2,287</u>

14. Significant events

There were no significant events during the quarter.

15. Subsequent events

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

16. Changes in the composition of the Group

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

17. Contingent liabilities

There were no contingent liabilities of a material nature since the last annual reporting date.

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

18. Contingent assets

There were no contingent assets of a material nature since the last annual reporting date.

19. Fair value hierarchy

As at 30 September 2016, the Group held foreign currency forward contracts carried at fair value of approximately RM170,485 (30 September 2015: RM5,713,000) based on Level 2: significant observable inputs for identical assets or liabilities. There was no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset during the quarter.

The Group held investment properties amounting to RM49,286,000 (30 September 2015: RM50,763,000) carried at Level 3: significant unobservable inputs.

20. Capital and lease commitments

Capital commitments

The outstanding capital commitments are as follows:

RM'000	<u>30/09/2016</u>	<u>30/09/2015</u>
<u>Property, plant and equipment</u>		
Contracted but not provided for:		
- Land	650	-
- Building	-	4,005
- Machinery and equipment	48,495	39,548
- Others	3,415	887
	<u>52,560</u>	<u>44,440</u>
Authorised but not contracted for:		
- Building	119,304	58
- Machinery and equipment	162,515	37,809
- Others	3,668	1,724
	<u>285,487</u>	<u>39,591</u>
	<u>338,047</u>	<u>84,031</u>

Lease commitments

The balances of the non-cancellable operating lease rentals payable under rental agreements are as follows:

RM'000	<u>30/09/2016</u>	<u>30/09/2015</u>
<u>Non-cancellable operating lease commitments - Group as lessee</u>		
Future minimum rentals payable:		
- Not later than 1 year	12,276	11,617
- Later than 1 year and not later than 5 years	23,797	27,647
- Later than 5 years	1,063	1,170
	<u>37,136</u>	<u>40,434</u>

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

21. Related party disclosure

Significant related party transactions

Related party transactions had been entered into in the ordinary course of business on normal commercial terms. The following are significant related party transactions:

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
<u>Fraser and Neave, Limited ("F&N Limited") Group</u>				
Sales	(64,432)	(54,583)	(249,195)	(193,255)
Receipt of corporate service fees	-	(187)	-	(187)
Rental income	(108)	(92)	(436)	(368)
Purchases	62,937	58,925	248,434	215,069
Royalties paid	12,452	12,741	57,069	54,804
Corporate charges paid	743	654	2,220	1,865
Internal audit fees paid	679	-	1,559	-
Other expenses	-	-	1	57
<u>Vacaron Company Sdn Bhd</u>				
Sales	-	(4)	(4)	(12)
Receipt of corporate service fees	(134)	(132)	(547)	(996)
Rental income	-	(9)	-	(89)
Finance income	(2,819)	(1,210)	(5,721)	(5,362)
Shareholder's loan granted	-	3,000	-	6,700
<u>Cocoaland Holdings Berhad Group</u>				
Purchases	2,105	2,279	6,948	5,728
<u>Thai Beverage Public Company Limited Group</u>				
Sales	(153)	(183)	(628)	(510)
Purchases	1,294	2,061	7,663	6,064
Other expenses	38	103	86	103
<u>Berli Jucker Public Company Limited Group</u>				
Sales	(18)	(186)	(327)	(568)
Receipt of corporate service fees	-	(41)	-	(41)
Purchases	8,493	20,982	49,466	71,018
Other expenses	129	129	318	386
<u>Other related parties of TCC Group</u>				
Sales	(2,148)	(109)	(4,113)	(587)
Purchases	1,406	-	1,462	-
Management fees	450	330	2,011	1,614
Insurance premium paid	58	77	3,423	2,968
Other expenses	8	15	26	32
<u>Permodalan Nasional Berhad ("PNB") Group *</u>				
Sales	(12,900)	(15,823)	(70,250)	(73,269)
Purchases	32,871	15,782	54,342	51,916
Rental of equipment paid	547	471	2,181	1,905
Other expenses	69	90	273	388
<u>Compensation</u>				
Compensation of key management personnel of the Group	2,043	2,593	7,313	7,714
Directors' fees	627	336	1,250	1,292

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

21. Related party disclosure (cont'd)

Related party balances

The related party balances are shown below:

RM'000	<u>30/09/2016</u>	<u>30/09/2015</u>
<u>Amount due from related parties</u>		
F&N Limited Group	67,203	39,757
Vacaron Company Sdn Bhd	145,958	140,206
Cocoaland Holdings Berhad Group	-	10,502
Thai Beverage Public Company Limited Group	888	185
Berli Jucker Public Company Limited Group	-	210
Other related parties of TCC Group	1,016	35
PNB Group	9,870	13,877
<u>Amount due to related parties</u>		
F&N Limited Group	(50,728)	(41,973)
Cocoaland Holdings Berhad Group	(393)	(1,159)
Thai Beverage Public Company Limited Group	(647)	(1,556)
Berli Jucker Public Company Limited Group	(2,417)	(8,668)
Other related parties of TCC Group	(1,651)	(127)
PNB Group	(16,836)	(9,487)

* Permodalan Nasional Berhad ("PNB") is deemed a related party to F&NHB by virtue of PNB holding 39,500,000 shares as of 30 September 2016 through Amanahraya Trustees Berhad, representing 10.78% equity interest in F&NHB and having two nominee directors on the Board of F&NHB.

22. Change in comparatives

The comparatives for the quarter and year ended 30 September 2016 have been restated as follows:

RM'000	<u>As previously stated</u>	<u>Adjustment (a)</u>	<u>As restated</u>
<u>Income statement:</u>			
<u>For the quarter ended</u>			
<u>30 September 2015</u>			
Revenue	1,007,813	11,356	1,019,169
Operating expenses	(271,841)	(11,356)	(283,197)
<u>For the year ended</u>			
<u>30 September 2015</u>			
Revenue	4,060,239	47,367	4,107,606
Operating expenses	(938,595)	(47,367)	(985,962)
<u>Statement of Financial Position</u>			
<u>As at 30 September 2015</u>			
Receivables	562,042	(4,150)	557,892
Derivative financial assets	-	5,713	5,713
Payables	753,291	1,563	754,854

(a) Being reclassification to conform with current year's presentation.

Schedule G : Additional Disclosures in Compliance with Main Market Listing Requirements

1. Operations review

Current quarter ended 30 September 2016 vs corresponding quarter ended 30 September 2015

Group current quarter turnover decreased by 4.2% from RM1,019.2 million to RM976.5 million, whilst profit before tax decreased by 23.7% from RM67.7 million to RM51.7 million.

F&B Malaysia revenue declined by 10.9% from RM636.3 million to RM566.6 million compared with the corresponding quarter commensurating with the softer market conditions and consumer confidence post Hari Raya and timing of Hari Raya sell-in period year-on-year. The softer market conditions have also resulted in cautious stocking levels at all trade levels, thus impacting sell-in. Additionally, increasing end-consumer pricing pressures for both soft drinks and dairy products were noted.

F&B Malaysia operating profit reduced significantly from RM58.8 million to RM10.3 million (-82.5%), on lower revenue, less favourable sales mix, higher trade discounts and higher consumer trade marketing expenses. F&B Malaysia benefitted from favourable impact from milk based commodity purchases although this was partially offset by staff restructuring costs, higher manufacturing repairs and maintenance costs, higher warehousing costs, inventory write-off (discontinued consumer program) along with professional fees related to the commercial realignment.

F&B Thailand revenue grew by 7.1% from RM382.5 million to RM409.6 million, building upon its preceding quarter's momentum and 9th Anniversary Celebration nationwide campaign. Revenue growth was further aided by its continuing well-executed hawker branding exercise, backed by increasing network and distribution reach presence and strong branding programs. During the quarter, F&B Thailand launched Magnolia UHT for Kids and Squeeze Tube Sweetened Beverage Creamer, further extending its products portfolio and offering.

F&B Thailand operating profit increased significantly by 85.4% from RM21.0 million to RM39.0 million, on better pricing margins and continuing favourable milk-based commodity costs.

Property segment recorded an operating profit of RM0.5 million in the current quarter as compared to the operating loss of RM6.2 million in the corresponding quarter. There was a change in fair value of investment properties amounting to RM6.3 million (loss) recorded in the corresponding quarter.

Others segment operating profit of RM13.9 million in the corresponding quarter turned into an operating loss of RM0.7 million in this quarter as there was an unrealised (cumulative) foreign exchange gain amounting to RM19.3 million in respect of the zero coupon bond recognised in the corresponding quarter and higher management fee recovery in the current quarter.

Cumulative full financial year vs corresponding last financial year

Group turnover grew by 1.5% from RM4,107.6 million to RM4,167.6 million (despite the absence of Red Bull contribution from the termination of the exclusive marketing, distribution and sale of Red Bull energy drink in September 2015) and its profit before tax increased significantly by 32.7% from RM333.8 million to RM442.9 million.

F&B Malaysia revenue decreased marginally by 2.6% (from RM2,594.1 million to RM2,527.2 million) compared to last year. However, excluding the absence of revenue contribution from Red Bull, its carbonated soft drinks brands registered year-on-year growth stemming from increased focus on sales, distribution and branding efforts, supported by effective trade and consumer promotions and campaigns. F&B Malaysia has also maintained the market leadership for its dairies brands from continuing effective sales and marketing efforts and initiatives, along with new introductions like F&N Magnolia UHT and F&N Magnolia Barista.

Schedule G : Additional Disclosures in Compliance with Main Market Listing Requirements

1. Operations review (cont'd)

Cumulative full financial year vs corresponding last financial year (cont'd)

F&B Malaysia operating profit decreased by 3.3% from RM226.3 million to RM218.8 million. Excluding the absence of contribution from Red Bull, operating profit grew by 11.8% aided by a favourable product portfolio mix and margin contribution, favourable milk-based global commodity prices for its canned milk products and realisation of manufacturing efficiencies, offset by higher professional fees incurred for the commercial realignment, higher warehousing costs and staff restructuring costs.

F&B Thailand revenue grew by 8.5% from RM1,511.5 million to RM1,639.2 million, aided by strong consumer response to its year-long 9th Anniversary Celebration campaign, new product launches and year-on-year growth of its major brands supported by effective branding and consumer trade programs.

F&B Thailand operating profit increased substantially by 79.7% from RM111.1 million to RM199.5 million, on higher revenue and product margin contributions, effective advertisement and contribution margin returns, favourable milk-based commodity prices, recovery of withholding tax royalties paid in previous years (equivalent to RM8.5 million) and continuing realised manufacturing efficiencies.

Property segment recorded an operating loss of RM0.1 million in the current year as compared to the operating loss of RM5.6 million in the previous year. There was a fair value loss on investment properties amounting to RM6.3 million recorded in previous year.

Others segment recorded an operating loss of RM15.7 million in the current year (previous year: operating profit of RM39.6 million) as there were reversal of (cumulative) unrealised foreign exchange gain in respect of the zero coupon bond and realisation of the foreign exchange gain amounting to RM18.2 million on the early redemption of the zero coupon bond by F&N Dairies (Thailand) Limited in the current year.

2. Comment on material change in Group profit before tax for the quarter ended 30 September 2016 vs preceding 3rd quarter ended 30 June 2016

Group revenue for the quarter of RM976.5 million was lower (-11.9%) than the RM1,108.6 million recorded in the preceding quarter and Group profit before tax decreased by 53.7% from RM111.8 million to RM51.7 million partly on lower revenue and lower contribution from F&B Malaysia.

F&B Malaysia revenue for the current quarter decreased by RM122.1 million in light of softer market condition post Hari Raya. Operating profit decreased from RM62.6 million to RM10.3 million mainly due to lower revenue, less favourable product portfolio mix, higher consumer trade marketing expenses, staff restructuring and realignment and benefit costs, higher manufacturing maintenance costs, inventory write-off (discontinued consumer program) along with professional fees related to the commercial realignment.

F&B Thailand revenue decreased marginally by 2.4% from RM419.7 million to RM409.6 million. The higher prior quarter higher revenue was due to higher inventory sell-in to capitalise on Thailand's summer peak beverage consumption demand, whilst in the current quarter, higher focus was on trade inventory management and branding commercials. Correspondingly, operating profit decreased from RM52.8 million to RM39.0 million, in line with lower revenue and also higher advertising and promotion spent on its new product launches.

Schedule G : Additional Disclosures in Compliance with Main Market Listing Requirements

3. Prospects

Both Malaysia and Thailand economic environment are expected to remain soft. Economic challenges on stagnating purchasing power and disposable income level remain for both economies and competitors' actions, particularly consumer campaigns and trade price discounting to increase share of consumers' discretionary spending pattern, will intensify.

Global prices of commodities, particularly sugar and milk powder appear to be on the uptrend, as the global balance between supply and demand tightened. The sugar supply demand imbalance was further compounded by weaker than expected harvest by the major producing countries. In addition, there were reports of falling milk production output in both New Zealand and Australia.

In the immediate term, the softer domestic and global economic environment and escalating commodity prices do pose a challenge to sustain the pace of growth. In the longer term, the various transformation initiatives will put the Group on a stronger platform for sustainable growth in both revenue and profit.

4. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter in a public document.

5. Taxation

The details of the tax expense are as follows:

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Current income tax	74	9,480	44,598	42,556
Deferred tax – origination and reversal of temporary differences	6,804	2,986	19,028	12,941
Under-provision in respect of previous years				
- Income tax	(4,479)	(58)	(5,045)	(82)
- Deferred tax	(280)	(1,403)	(1,014)	(1,658)
	<u>2,119</u>	<u>11,005</u>	<u>57,567</u>	<u>53,757</u>

Schedule G : Additional Disclosures in Compliance with Main Market Listing Requirements

5. Taxation (cont'd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Profit before tax	51,707	67,728	442,937	333,829
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	12,410	16,932	106,305	83,457
Different tax rates in other countries	(1,934)	(1,313)	(9,507)	(6,727)
Effect of reduction in income tax rate on deferred tax	-	(98)	-	588
Income not subject to tax	(4,412)	(11,655)	(48,659)	(30,787)
Expenses not deductible for tax purposes	688	4,974	8,789	10,625
Utilisation of previously unrecognised tax losses	-	1,543	(1)	(1,727)
Deferred tax assets recognised at different tax rates	-	1,132	-	(694)
Deferred tax assets not recognised	748	1,142	4,558	1,142
Over provision in respect of previous years				
- Income tax	(4,479)	(58)	(5,045)	(82)
- Deferred tax	(280)	(1,403)	(1,014)	(1,658)
Share of results of a joint venture	106	129	387	841
Share of results of an associate	(705)	(513)	(2,338)	(2,014)
Others	(23)	193	4,092	793
Total income tax expense	2,119	11,005	57,567	53,757
Effective income tax rate	4.1%	16.2%	13.0%	16.1%

6. Status of corporate proposals

There were no outstanding corporate proposals or announcements made in the current quarter.

7. Group borrowings and debt securities

The details of the Group's borrowings are as follows:

RM'000	Currency	30/09/2016	30/09/2015
<u>Current</u>			
Term loan	THB	29,885	-
<u>Non-current</u>			
Medium term notes ("MTN")	RM	300,000	300,000
Term loan	THB	74,712	-
		374,712	300,000
		404,597	300,000

On 26 September 2013 and 7 October 2013, a subsidiary of the Company, F&N Capital Sdn Bhd issued MTN of RM150 million each with the tenure of five (5) years from the issued date. These MTN bear interest at rates of 4.38% and 4.24% per annum respectively and payable semi-annually in arrears.

On 1 December 2015, a subsidiary of the Company, F&N Dairies (Thailand) Ltd., has been granted a term loan facility of Baht 1,000,000,000. This term loan bears interest at rate of 2.35% per annum and payable semi-annually in six instalments over three (3) years.

Schedule G : Additional Disclosures in Compliance with Main Market Listing Requirements (cont'd)

8. Material litigation

There is no material litigation to be disclosed in this interim financial statements.

9. Dividend declared in this quarter

The Directors recommend a final single tier dividend of 30.5 sen per share (2015: 35.5 sen per share) for approval by shareholders at the forthcoming Annual General Meeting of the Company. If approved by shareholders, the total dividend for the year would amount to 57.5 sen per share (2015: 57.5 sen per share).

10. Earnings per share (EPS)

(a) The basic EPS were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue (net of treasury shares).

	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Group attributable profit to shareholders of the Company (RM'000)	<u>49,589</u>	<u>56,724</u>	<u>385,372</u>	<u>280,074</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	365,961	366,394	366,077	366,164
Basic earnings per share (sen)	13.6	15.5	105.3	76.5

(b) The diluted EPS were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue (net of treasury shares), adjusted for the dilutive effects of potential ordinary shares, i.e. share options and share grants granted pursuant to the ESOS and SGP.

	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Group attributable profit to shareholders of the Company (RM'000)	<u>49,589</u>	<u>56,724</u>	<u>385,372</u>	<u>280,074</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	365,961	366,394	366,077	366,164
Adjustments pursuant to the ESOS/SGP ('000)	<u>1,498</u>	<u>171</u>	<u>1,498</u>	<u>187</u>
Adjusted weighted average number of ordinary shares net of treasury shares ('000)	<u>367,459</u>	<u>366,565</u>	<u>367,575</u>	<u>366,351</u>
Diluted earnings per share (sen)	13.5	15.5	104.8	76.4

Schedule G : Additional Disclosures in Compliance with Main Market Listing Requirements (cont'd)

11. Disclosure of realised and unrealised portions of the retained earnings

The breakdown of the retained earnings of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

RM'000	<u>30/09/2016</u>	<u>30/09/2015</u>
Total retained earnings of the Company and its subsidiaries		
- Realised	1,066,563	941,135
- Unrealised	96	56,397
	<u>1,066,659</u>	<u>997,532</u>
Total share of retained earnings of a joint venture		
- Realised	(7,852)	(6,672)
- Unrealised	1,094	1,528
	<u>(6,758)</u>	<u>(5,144)</u>
Total share of retained earnings of an associate		
- Realised	12,590	6,103
- Unrealised	(2,587)	(2,420)
	<u>10,003</u>	<u>3,683</u>
Consolidation adjustments	<u>35,775</u>	<u>(45,162)</u>
Total Group retained earnings as per financial statements	<u><u>1,105,679</u></u>	<u><u>950,909</u></u>

12. Notes to the Condensed Consolidated Income Statement

Profit before tax is arrived at after charging/(crediting) the following items:

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	<u>30/09/2016</u>	<u>30/09/2015</u>	<u>30/09/2016</u>	<u>30/09/2015</u>
(a) Depreciation and amortisation	25,406	25,163	96,875	93,108
(b) Impairment loss/(reversal of impairment loss) on property, plant and equipment	2,545	160	1,383	(194)
(c) Impairment loss/(reversal of impairment loss) on receivables	913	(211)	109	1,028
(d) Bad debts written off	-	-	-	-
(e) Bad debts recovered	(2)	(429)	(53)	(526)
(f) Inventories written down	4,959	142	6,683	6,624
(g) Reversal of inventories written down	(97)	(489)	(3,908)	(907)
(h) Inventories written off	1,773	6,325	10,525	12,813
(i) Net loss on disposal/write offs of property, plant and equipment/intangible assets	470	181	1,368	2,287

Schedule G : Additional Disclosures in Compliance with Main Market Listing Requirements (cont'd)

12. Notes to the Condensed Consolidated Income Statement (cont'd)

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	<u>30/09/2016</u>	<u>30/09/2015</u>	<u>30/09/2016</u>	<u>30/09/2015</u>
(j) Foreign exchange gain	(2,056)	(1,125)	(19,213)	(173)
(k) (Gain)/Loss on forward foreign exchange contracts	(312)	(4,650)	5,531	(4,408)
(l) Change in fair value of investment properties	(108)	6,321	(108)	6,321

13. Outstanding derivatives

(a) Outstanding derivatives consist of foreign exchange contracts which are measured at fair value together with their corresponding notional value amounts as follows:

RM'000	<u>30/09/2016</u>	<u>30/09/2015</u>
Forward foreign exchange contracts (Less than 1 year)		
- Notional value	25,798	67,527
- Fair value	<u>170</u>	<u>5,713</u>

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2015:

- (i) The credit risk, market risk and liquidity risk associated with these financial derivatives;
- (ii) The cash requirements of the financial derivatives;
- (iii) The policy in place for mitigating or controlling the risks associated with these financial derivatives; and
- (iv) The related accounting policies.

(b) Disclosure of gains/loss arising from fair value changes of derivative financial instruments

During the year ended 30 September 2016, the Group recognised a total net loss of RM5,531,000 (2015: net gain of RM4,408,000) in the consolidated income statement arising from the fair value changes on the foreign exchange contracts which are marked-to-market as at 30 September 2016.