



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

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**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

### First Quarter Ended 31 December 2016

The Directors are pleased to release the unaudited quarterly financial report for the three months ended 31 December 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 2016:

- 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

Mayeen Wong May Fun  
Secretary

Kuala Lumpur  
7 February 2017

**Schedule A : Unaudited Condensed Consolidated Income Statement**

For the three months ended 31 December 2016

| RM'000   | 1 <sup>st</sup> quarter |                | % chg         |
|--|-------------------------|----------------|---------------|
|  | 31/12/2016              | 31/12/2015     |               |
| Revenue  | 1,091,083               | * 1,069,388    | 2.0%          |
| Cost of sales  | (700,623)               | (697,847)      |               |
| Gross profit   | 390,460                 | 371,541        | 5.1%          |
| Other income   | 17,614                  | 30,167         |               |
| Operating expenses   | (266,125)               | * (231,762)    |               |
| Operating profit   | 141,949                 | 169,946        | -16.5%        |
| Finance income   | 3,775                   | 3,395          |               |
| Finance costs  | (3,893)                 | (3,112)        |               |
| Share of results of a joint venture #  | (61)                    | (174)          |               |
| Share of results of an associate ^   | 2,237                   | 1,786          |               |
| Profit before tax (PBT)  | 144,007                 | 171,841        | -16.2%        |
| Taxation ( <i>Schedule G, Note 5</i> )   | (16,732)                | (20,179)       |               |
| <b>Profit after tax (PAT)</b>  | <b>127,275</b>          | <b>151,662</b> | <b>-16.1%</b> |
| <b>Attributable to:</b>  |                         |                |               |
| Equity holders of the Company  | 127,278                 | 151,662        |               |
| Non-controlling interests  | (3)                     | -              |               |
| Profit after tax   | 127,275                 | 151,662        |               |
| Basic earnings per share (sen) attributable to equity holders of the Company   | 34.8                    | 41.4           |               |
| Diluted earnings per share (sen) attributable to equity holders of the Company | 34.6                    | 41.3           |               |

# 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 ended 31 December 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 September 2016 dated 28 November 2016.

\* The comparatives for the quarter ended 31 December 2016 have been restated as disclosed in Schedule F, Note 21.

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 2016.

**Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income**

For the three months ended 31 December 2016

| RM'000   | 1 <sup>st</sup> quarter |                | % chg        |
|--|-------------------------|----------------|--------------|
|  | 31/12/2016              | 31/12/2015     |              |
| Profit after tax   | 127,275                 | 151,662        | -16.1%       |
| <b>Other comprehensive income, net of tax:</b>                             |                         |                |              |
| <i>Item that is or may be reclassified subsequently to profit or loss:</i> |                         |                |              |
| Exchange differences on translation of foreign operations                  | 24,918                  | (18,403)       |              |
| Exchange differences on settlement of a net investment                     | -                       | (33,118)       |              |
|  | 24,918                  | (51,521)       |              |
| <b>Total comprehensive income</b>  | <b>152,193</b>          | <b>100,141</b> | <b>52.0%</b> |
| <b>Total comprehensive income attributable to:</b>                         |                         |                |              |
| Equity holders of the Company  | 152,196                 | 100,141        |              |
| Non-controlling interests  | (3)                     | -              |              |
|  | 152,193                 | 100,141        | 52.0%        |

**Schedule C : Unaudited Condensed Consolidated Statement of Financial Position**

As at 31 December 2016

| RM'000   | 31/12/2016 | 30/09/2016 |
|--|------------|------------|
| <b>Non-current assets</b>  |            |            |
| Property, plant and equipment  | 1,144,934  | 1,112,752  |
| Investment properties  | 49,286     | 49,286     |
| Properties held for development  | 55,317     | 55,317     |
| Investment in a joint venture <i>(Schedule F, Note 8)</i>                  | 87,643     | 84,303     |
| Investment in an associate <i>(Schedule F, Note 9)</i>                     | 80,967     | 78,730     |
| Intangible assets  | 123,691    | 125,111    |
| Deferred tax assets  | 25,645     | 32,034     |
|  | 1,567,483  | 1,537,533  |
| <b>Current assets</b>  |            |            |
| Inventories  | 474,702    | 517,329    |
| Receivables  | 697,402    | 542,949    |
| Tax recoverable  | 16,315     | 14,248     |
| Derivative financial assets  | 574        | 260        |
| Cash and short term deposits   | 568,923    | 593,554    |
|  | 1,757,916  | 1,668,340  |
| <b>Total assets</b>  | 3,325,399  | 3,205,873  |
| <b>Equity</b>  |            |            |
| Share capital and reserves   | 2,142,577  | 1,988,960  |
| Non-controlling interests  | 199        | 202        |
| <b>Total equity</b>  | 2,142,776  | 1,989,162  |
| <b>Non-current liabilities</b>   |            |            |
| Borrowings   | 362,694    | 374,712    |
| Provision for retirement benefits  | 43,199     | 41,937     |
| Deferred tax liabilities   | 31,674     | 32,638     |
|  | 437,567    | 449,287    |
| <b>Current liabilities</b>   |            |            |
| Payables   | 706,482    | 723,440    |
| Provisions   | -          | 7,454      |
| Borrowings   | 31,347     | 29,885     |
| Provision for taxation   | 7,157      | 6,555      |
| Derivative financial liabilities   | 70         | 90         |
|  | 745,056    | 767,424    |
| <b>Total liabilities</b>   | 1,182,623  | 1,216,711  |
| <b>Total equity and liabilities</b>  | 3,325,399  | 3,205,873  |
| Net assets per share (RM)<br>attributable to equity holders of the Company | 5.85       | 5.43       |

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 2016.

**Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows**

For the three months ended 31 December 2016

| RM'000  | 1 <sup>st</sup> quarter |                 |
|---|-------------------------|-----------------|
|   | 31/12/2016              | 31/12/2015      |
| <b>Operating activities</b>   |                         |                 |
| Profit before tax   | 144,007                 | 171,841         |
| Add non-cash items:   |                         |                 |
| - Depreciation and amortisation   | 24,246                  | 24,005          |
| - Impairment of property, plant and equipment                               | -                       | 6               |
| - Impairment loss on receivables  | 1                       | 6               |
| - Inventories written down  | 14                      | 1,385           |
| - Inventories written off   | 2,352                   | 2,327           |
| - Bad debts recovered   | (1)                     | (21)            |
| - Share-based payment transactions expense                                  | 1,421                   | 1,524           |
| - Property, plant and equipment written off                                 | 184                     | 90              |
| - Reversal of provision for litigation claims                               | (7,454)                 | -               |
| - Net loss on disposal of property, plant and equipment                     | 128                     | 99              |
| - Net fair value (gain)/loss on derivatives                                 | (337)                   | 4,169           |
| - Finance costs   | 3,893                   | 3,112           |
| - Finance income  | (3,775)                 | (3,395)         |
| - Share of results of a joint venture                                       | 61                      | 174             |
| - Share of results of an associate  | (2,237)                 | (1,786)         |
| - Others  | 357                     | (1,085)         |
| Changes in working capital #  | (131,019)               | * (79,396)      |
| Insurance claim received  | -                       | 954             |
| Tax paid  | (12,648)                | (11,556)        |
| <b>Net cash flows generated from operating activities</b>                   | <b>19,193</b>           | <b>112,453</b>  |
| <b>Investing activities</b>   |                         |                 |
| Interest received   | 2,375                   | 1,430           |
| Dividend received   | -                       | * 12,053        |
| Loan to a joint venture   | (2,000)                 | -               |
| Proceeds from disposal of property, plant and equipment                     | 59                      | 49              |
| Purchase of property, plant and equipment                                   | (39,735)                | (38,571)        |
| Purchase of intangible assets   | (130)                   | (132)           |
| <b>Net cash flows used in investing activities</b>                          | <b>(39,431)</b>         | <b>(25,171)</b> |
| <b>Financing activities</b>   |                         |                 |
| Interest paid   | (3,893)                 | (2,930)         |
| (Repayment)/proceeds of borrowings  | (10,556)                | 117,536         |
| Purchase of shares by Share Grant Plan ("SGP") Trust                        | -                       | (633)           |
| Proceeds from the exercise of the Executives' Share Options Scheme ("ESOS") | -                       | 1,913           |
| <b>Net cash flows (used in)/generated from financing activities</b>         | <b>(14,449)</b>         | <b>115,886</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                 | <b>(34,687)</b>         | <b>203,168</b>  |
| <b>Effects of foreign exchange rate changes</b>                             | <b>10,056</b>           | <b>(37,069)</b> |
| <b>Cash and cash equivalents at beginning of quarter</b>                    | <b>593,554</b>          | <b>409,143</b>  |
| <b>Cash and cash equivalents at end of quarter</b>                          | <b>568,923</b>          | <b>575,242</b>  |

# Included the interest amounting to RM1,400,000 (2016: RM1,464,000) accrued on loan to a joint venture.

\* The comparatives for the quarter ended 31 December 2016 have been restated as disclosed in Schedule F, Note 21.

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 2016.

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

For the three months ended 31 December 2016

| RM'000  | 1 <sup>st</sup> quarter |            |
|---|-------------------------|------------|
|   | 31/12/2016              | 31/12/2015 |
| Cash and cash equivalents comprise:   |                         |            |
| Cash and bank balances  | 300,212                 | 238,021    |
| Short term deposits with licensed banks                                       | 268,711                 | 340,137    |
| Cash and short term deposits  | 568,923                 | 578,158    |
| Deposits with a licensed bank with a<br>maturity period of more than 3 months | -                       | (2,916)    |
|   | 568,923                 | 575,242    |

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

For the three months ended 31 December 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 |
|--|---------------|---------------|-----------------|-----------------------------------|---|--------------------------|-----------------------------|---------------|-------------------|-----------|---------------------------|--------------|
| <b>At 1 October 2016</b>                 | 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    |
| <b>Total comprehensive income</b>        | -             | -             | -               | -                                 | -   | 24,918                   | -                           | -             | 127,278           | 152,196   | (3)                       | 152,193      |
| <b>Transactions with owners:</b>         |               |               |                 |                                   |   |                          |                             |               |                   |           |                           |              |
| Employee share-based payment expense     | -             | -             | -               | -                                 | -   | -                        | 1,421                       | -             | -                 | 1,421     | -                         | 1,421        |
| <b>Total transactions with owners</b>    | -             | -             | -               | -                                 | -   | -                        | 1,421                       | -             | -                 | 1,421     | -                         | 1,421        |
| <b>At 31 December 2016</b>               | 366,779       | 449,991       | (1,716)         | (12,060)                          | (797)                                       | 80,652                   | 16,837                      | 9,934         | 1,232,957         | 2,142,577 | 199                       | 2,142,776    |
| <b>At 1 October 2015</b>                 | 366,647       | 447,904       | (1,716)         | (7,733)                           | (190)                                       | 97,763                   | 13,285                      | 9,934         | 950,909           | 1,876,803 | 204                       | 1,877,007    |
| <b>Total comprehensive income</b>        | -             | -             | -               | -                                 | -   | (51,521)                 | -                           | -             | 151,662           | 100,141   | -                         | 100,141      |
| <b>Transactions with owners:</b>         |               |               |                 |                                   |   |                          |                             |               |                   |           |                           |              |
| Issuance of shares upon exercise of ESOS | 132           | 1,781         | -               | -                                 | -   | -                        | -                           | -             | -                 | 1,913     | -                         | 1,913        |
| Purchase of shares by SGP Trust          | -             | -             | -               | (633)                             | -   | -                        | -                           | -             | -                 | (633)     | -                         | (633)        |
| Employee share-based payment expense     | -             | -             | -               | -                                 | -   | -                        | 1,524                       | -             | -                 | 1,524     | -                         | 1,524        |
| <b>Total transactions with owners</b>    | 132           | 1,781         | -               | (633)                             | -   | -                        | 1,524                       | -             | -                 | 2,804     | -                         | 2,804        |
| <b>At 31 December 2015</b>               | 366,779       | 449,685       | (1,716)         | (8,366)                           | (190)                                       | 46,242                   | 14,809                      | 9,934         | 1,102,571         | 1,979,748 | 204                       | 1,979,952    |

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.

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 2016.

## 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 7 February 2017.

### 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 2016 are available upon request from the Company's registered office at Level 3A, 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 2016. 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 2016.

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 2016.

### 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 2017

- Amendments to MFRS 107 *Disclosure Initiative*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Annual Improvements to MFRSs 2014-2016 Cycle

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

- MFRS 9 *Financial Instruments*
- 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 2 *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 140 *Transfer of Investment Property*
- Annual Improvements to MFRSs 2014-2016 Cycle



## 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 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 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

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*.

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.

### 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 quarter ended 31 December 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.

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

8. Investment in a joint venture

| RM'000                             | 31/12/2016    | 30/09/2016    |
|------------------------------------|---------------|---------------|
| Unquoted shares, at cost           | 500           | 500           |
| Share of post-acquisition reserves | (6,819)       | (6,758)       |
|                                    | (6,319)       | (6,258)       |
| Shareholder's loan                 | 126,820       | 124,820       |
| Interest on shareholder's loan     | 22,434        | 21,033        |
|                                    | 142,935       | 139,595       |
| Less: Unrealised profit            | (55,292)      | (55,292)      |
|                                    | <u>87,643</u> | <u>84,303</u> |

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

| RM'000            | 31/12/2016       | 30/09/2016       |
|-------------------|------------------|------------------|
| Total assets      | 286,812          | 280,647          |
| Total liabilities | <u>(299,469)</u> | <u>(293,181)</u> |

| RM'000  | 31/12/2016              | 31/12/2015   |
|---------|-------------------------|--------------|
|         | 1 <sup>st</sup> quarter |              |
| Revenue | -                       | -            |
| Loss    | <u>(123)</u>            | <u>(348)</u> |

9. Investment in an associate

| RM'000                             | 31/12/2016    | 30/09/2016    |
|------------------------------------|---------------|---------------|
| Quoted shares at cost              | 68,727        | 68,727        |
| Share of post-acquisition reserves | 38,563        | 36,326        |
| Dividend received                  | (26,323)      | (26,323)      |
|                                    | <u>80,967</u> | <u>78,730</u> |

|   |                |                |
|---|----------------|----------------|
| Fair value of investment in an associate for which there is published price quotation | <u>125,045</u> | <u>120,690</u> |
|---|----------------|----------------|

The summarised financial information of the associate is as follows:

| RM'000              | 31/12/2016      | 30/09/2016      |
|---------------------|-----------------|-----------------|
| Total assets ^      | 267,108         | 264,496         |
| Total liabilities ^ | <u>(44,289)</u> | <u>(49,873)</u> |

| RM'000    | 31/12/2016              | 31/12/2015   |
|-----------|-------------------------|--------------|
|           | 1 <sup>st</sup> quarter |              |
| Revenue ^ | 65,060                  | 58,916       |
| Profit ^  | <u>8,227</u>            | <u>6,570</u> |

^ 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 September 2016 dated 28 November 2016.

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

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 current quarter.
11. Dividends paid  
 At the Annual General Meeting held on 19 January 2017, shareholders approved a final single tier dividend of 30.5 sen per share (2016: 35.5 sen per share) in respect of year ended 30 September 2016. This dividend is paid on 6 February 2017.
12. Segmental information

**Segment results**

For management purposes, the Group's operating businesses are organised according to products and services, namely Food and Beverages Malaysia ("F&B Malaysia"), Food and Beverages Thailand ("F&B Thailand"), 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.

| RM'000                                     | Revenue         |                 |          |          |           |
|--|-----------------|-----------------|----------|----------|-----------|
|  | F&B<br>Malaysia | F&B<br>Thailand | Property | Others   | Total     |
| <u>1<sup>st</sup> quarter - 31/12/2016</u> |                 |                 |          |          |           |
| Total revenue                              | 681,489         | 446,089         | 1,090    | 31,973   | 1,160,641 |
| Inter-segment                              | (34,407)        | (2,388)         | (907)    | (31,856) | (69,558)  |
| External                                   | 647,082         | 443,701         | 183      | 117      | 1,091,083 |
| <u>1<sup>st</sup> quarter - 31/12/2015</u> |                 |                 |          |          |           |
| Total revenue                              | 643,857         | 430,952         | 1,095    | 25,791   | 1,101,695 |
| Inter-segment                              | (3,604)         | (2,740)         | (842)    | (25,121) | (32,307)  |
| External                                   | 640,253         | 428,212         | 253      | 670      | 1,069,388 |
| <u>4<sup>th</sup> 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   |

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

12. Segmental information (cont'd)

**Segment results (cont'd)**

| RM'000                                     | Profit before tax |                 |          |        |                                 | Total          |
|--|-------------------|-----------------|----------|--------|---------------------------------|----------------|
|  | F&B<br>Malaysia   | F&B<br>Thailand | Property | Others | Adjustments<br>and eliminations |                |
| <u>1<sup>st</sup> quarter - 31/12/2016</u> |                   |                 |          |        |                                 |                |
| Operating profit/(loss)                    | 60,351            | 78,050          | 271      | 4,109  | (832)                           | 141,949        |
| Finance income                             | -                 | -               | -        | -      | -                               | 3,775          |
| Finance costs                              | -                 | -               | -        | -      | -                               | (3,893)        |
| Share of results of a joint venture        | -                 | -               | -        | -      | -                               | (61)           |
| Share of results of an associate           | -                 | -               | -        | -      | -                               | 2,237          |
| Profit before tax                          |                   |                 |          |        |                                 | <u>144,007</u> |
| <u>1<sup>st</sup> quarter - 31/12/2015</u> |                   |                 |          |        |                                 |                |
| Operating profit                           | 81,619            | 66,538          | 209      | 397    | 21,183                          | 169,946        |
| Finance income                             | -                 | -               | -        | -      | -                               | 3,395          |
| Finance costs                              | -                 | -               | -        | -      | -                               | (3,112)        |
| Share of results of a joint venture        | -                 | -               | -        | -      | -                               | (174)          |
| Share of results of an associate           | -                 | -               | -        | -      | -                               | 1,786          |
| Profit before tax                          |                   |                 |          |        |                                 | <u>171,841</u> |
| <u>4<sup>th</sup> quarter - 30/09/2016</u> |                   |                 |          |        |                                 |                |
| Operating profit/(loss)                    | 10,285            | 38,954          | 545      | (739)  | 75                              | 49,120         |
| Finance income                             | -                 | -               | -        | -      | -                               | 3,885          |
| Finance costs                              | -                 | -               | -        | -      | -                               | (3,792)        |
| Share of results of a joint venture        | -                 | -               | -        | -      | -                               | (444)          |
| Share of results of an associate           | -                 | -               | -        | -      | -                               | 2,938          |
| Profit before tax                          |                   |                 |          |        |                                 | <u>51,707</u>  |

**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>31/12/2016</u> | <u>30/09/2016</u> |
|--------------|-------------------|-------------------|
| F&B Malaysia | 1,700,170         | 1,562,850         |
| F&B Thailand | 723,123           | 684,636           |
| Property     | 117,167           | 117,447           |
| Others       | 21,761            | 52,319            |
|              | <u>2,562,221</u>  | <u>2,417,252</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>30/12/2016</u> | <u>30/09/2016</u> |
|--------------|-------------------|-------------------|
| F&B Malaysia | 488,787           | 464,084           |
| F&B Thailand | 254,118           | 264,834           |
| Property     | 859               | 2,030             |
| Others       | 5,987             | 41,973            |
|              | <u>749,751</u>    | <u>772,921</u>    |

13. Significant events

There were no significant events during the quarter.

14. Subsequent events

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

15. Changes in the composition of the Group

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

16. Contingent liabilities

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

17. Contingent assets

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

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

18. Fair value hierarchy

The Group held foreign currency forward contracts carried at fair value based on Level 2: significant observable inputs for identical assets or liabilities as follows:

| RM                               | Fair value |            |
|----------------------------------|------------|------------|
|                                  | 31/12/2016 | 30/09/2016 |
| Derivative financial assets      | 574        | 260        |
| Derivative financial liabilities | 70         | 90         |

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 2016: RM49,286,000) carried at Level 3: significant unobservable inputs.

19. Capital and lease commitments

**Capital commitments**

The outstanding capital commitments are as follows:

| RM'000                               | 31/12/2016 | 30/09/2016 |
|--------------------------------------|------------|------------|
| <u>Property, plant and equipment</u> |            |            |
| Contracted but not provided for:     |            |            |
| - Building                           | 136        | -          |
| - Machinery and equipment            | 37,062     | 48,495     |
| - Others                             | 3,545      | 3,415      |
|                                      | 40,743     | 51,910     |
| Authorised but not contracted for:   |            |            |
| - Land                               | 650        | 650        |
| - Building                           | 62,164     | 119,304    |
| - Machinery and equipment            | 166,360    | 162,515    |
| - Others                             | 1,843      | 3,668      |
|                                      | 231,017    | 286,137    |
|                                      | 271,760    | 338,047    |

**Lease commitments**

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

| RM'000   | 31/12/2016 | 30/09/2016 |
|--|------------|------------|
| <u>Non-cancellable operating lease commitments - Group as lessee</u> |            |            |
| Future minimum rentals payable:                                      |            |            |
| - Not later than 1 year  | 12,837     | 12,276     |
| - Later than 1 year and not later than 5 years                       | 22,300     | 23,797     |
| - Later than 5 years   | 1,097      | 1,063      |
|  | 36,234     | 37,136     |

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

20. 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   | 1 <sup>st</sup> quarter |            |
|--|-------------------------|------------|
|  | 31/12/2016              | 31/12/2015 |
| <u>Fraser and Neave, Limited ("F&amp;N Limited") Group</u> |                         |            |
| Sales  | (70,963)                | (59,595)   |
| Receipt of corporate service fees                          | (62)                    | -          |
| Rental income  | (110)                   | (110)      |
| Purchases  | 47,761                  | 62,010     |
| Royalties paid   | 14,419                  | 15,016     |
| Corporate charges paid                                     | -                       | 787        |
| Internal audit fees paid                                   | 466                     | -          |
| <u>Vacaron Company Sdn Bhd</u>                             |                         |            |
| Sales  | (2)                     | (2)        |
| Receipt of corporate service fees                          | (84)                    | (168)      |
| Finance income   | (1,400)                 | (1,464)    |
| <u>Cocoaland Holdings Berhad Group</u>                     |                         |            |
| Purchases  | 1,444                   | 1,796      |
| <u>Thai Beverage Public Company Limited Group</u>          |                         |            |
| Sales  | (237)                   | (196)      |
| Receipt of consultation fee                                | (79)                    | -          |
| Purchases  | 2,803                   | 2,038      |
| Marketing expenses   | 7,141                   | -          |
| <u>Berli Jucker Public Company Limited Group</u>           |                         |            |
| Sales  | (9,629)                 | (286)      |
| Purchases  | 13,457                  | 24,055     |
| Other expenses   | 44                      | 52         |
| <u>Other related parties of TCC Group</u>                  |                         |            |
| Sales  | (623)                   | (303)      |
| Purchases  | 4,391                   | -          |
| Management fees  | 1,017                   | 334        |
| Insurance premium paid                                     | -                       | 1,483      |
| Other expenses   | 165                     | 6          |
| <u>Permodalan Nasional Berhad ("PNB") Group *</u>          |                         |            |
| Sales  | (23,524)                | (18,074)   |
| Purchases  | 9,585                   | 13,607     |
| Rental of equipment paid                                   | 440                     | 623        |
| Other expenses   | 72                      | 46         |
| <u>Compensation</u>  |                         |            |
| Compensation of key management personnel of the Group      | 4,812                   | 2,570      |
| Directors' fees  | -                       | 14         |

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

20. Related party disclosure (cont'd)

**Related party balances**

The related party balances are shown below:

| RM'000                                     | <u>31/12/2016</u> | <u>30/09/2016</u> |
|--|-------------------|-------------------|
| <u>Amount due from related parties</u>     |                   |                   |
| F&N Limited Group                          | 76,454            | 67,203            |
| Vacaron Company Sdn Bhd                    | 149,314           | 145,958           |
| Thai Beverage Public Company Limited Group | 1,982             | 888               |
| Other related parties of TCC Group         | 202               | 1,016             |
| PNB Group                                  | 23,397            | 9,870             |
| <u>Amount due to related parties</u>       |                   |                   |
| F&N Limited Group                          | (44,377)          | (50,728)          |
| Cocoaland Holdings Berhad Group            | (549)             | (393)             |
| Thai Beverage Public Company Limited Group | (7,245)           | (647)             |
| Berli Jucker Public Company Limited Group  | (5,399)           | (2,417)           |
| Other related parties of TCC Group         | (2,089)           | (1,651)           |
| PNB Group                                  | (2,354)           | (16,836)          |

\* Permodalan Nasional Berhad ("PNB") is deemed a related party to F&NHB by virtue of PNB holding 26,085,400 shares as of 31 December 2016 through Amanahraya Trustees Berhad, representing 7.12% equity interest in F&NHB and having two nominee directors on the Board of F&NHB.

21. Change in comparatives

The comparatives for the quarter ended 31 December 2016 have been restated as follows:

| RM'000  | <u>As previously<br/>stated</u> | <u>Adjustment (a)</u> | <u>As restated</u> |
|---|---------------------------------|-----------------------|--------------------|
| <u>Income statement:</u>                          |                                 |                       |                    |
| <u>For the quarter ended<br/>31 December 2015</u> |                                 |                       |                    |
| Revenue   | 1,053,301                       | 16,087                | 1,069,388          |
| Operating expenses                                | (215,675)                       | (16,087)              | (231,762)          |
| <u>Statement of cash flows:</u>                   |                                 |                       |                    |
| <u>For the quarter ended<br/>31 December 2015</u> |                                 |                       |                    |
| Changes in working capital                        | (68,898)                        | (10,498)              | (79,396)           |
| Dividend received                                 | 1,555                           | 10,498                | 12,053             |

(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 31 December 2016 vs corresponding quarter ended 31 December 2015

Group current quarter turnover grew by 2.0% from RM1,069.4 million to RM1,091.1 million contributed by both F&B Malaysia and F&B Thailand. Group profit before tax decreased by 16.2% from RM171.8 million to RM144.0 million mainly due to organisational restructuring costs incurred in the quarter and the 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 corresponding quarter.

F&B Malaysia revenue increased by 1.1% from RM640.3 million to RM647.1 million compared with the corresponding quarter despite continuing competitive price pressure coupled with weak consumer sentiment.

Operating profit from F&B Malaysia decreased by 26.1% from RM81.6 million to RM60.4 million, as a result of higher raw material costs particularly sugar, organisational restructuring costs and higher trade and consumer promotion spending.

F&B Thailand revenue grew by 3.6% from RM428.2 million to RM443.7 million aided by favourable Ringgit Malaysia/Thai Baht translation despite flat volume.

F&B Thailand operating profit increased by 17.3% from RM66.5 million to RM78.1 million aided by favourable milk-based commodity costs. There was also the recovery of withholding tax on royalties paid in previous years in the corresponding quarter.

Others segment operating profit increased from RM0.4 million to RM4.1 million mainly due to the reversal of provision of litigation claims (RM7.5 million) relating to the disposal of the glass containers business, which claims are now time-barred.

2. Comment on material change in Group profit before tax for the quarter ended 31 December 2016 vs preceding 4<sup>th</sup> quarter ended 30 September 2016

Group revenue for the quarter rose by 11.7% from RM976.5 million to RM1,091.1 million contributed by both F&B Malaysia and F&B Thailand operations and Group profit before tax increased significantly from RM51.7 million to RM144.0 million from higher festive season sales volume and aided by favourable milk-based commodity costs.

F&B Malaysia revenue grew by 14.2% from RM566.6 million to RM647.1 million compared to the preceding quarter mainly contributed by Chinese New Year selling activities and higher exports.

F&B Malaysia operating profit increased significantly from RM10.3 million to RM60.4 million compared with the preceding quarter due to higher revenue from festive sales. There were also higher professional fees relating to the commercial realignment and higher marketing and sales related expenses in the preceding quarter.

F&B Thailand revenue increased by 8.3% from RM409.6 million to RM443.7 million, with higher on-premise sell-in and favourable product sales mix. Correspondingly, operating profit increased from RM39.0 million to RM78.1 million, in line with higher revenue and aided by lower advertising and promotional costs, and favourable milk-based commodity prices.

Others segment operating loss of RM0.7 million in the preceding quarter improved to an operating profit of RM4.1 million in the current quarter mainly due to the reversal of provision of litigation claims (RM7.5 million).

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

3. Prospects

Both the economic environment in Malaysia and Thailand are expected to remain soft.

Malaysian business conditions continued to be challenging and consumer sentiments remained weak. Price inflation of essential goods has affected the purchasing power especially on discretionary spending. This has led to intense competitive price pressure.

Input costs in subsequent quarters are expected to increase following the uptrends in commodity prices and further compounded by weaker Malaysian Ringgit and Thai Baht as key commodities like milk and whey powder, aluminium and soya beans are denominated in US Dollar.

Despite facing challenges, management will continue to be vigilant and responsive to changes in the external environment and take necessary action to maintain sustainable growth in revenue and profitability.

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  | 1 <sup>st</sup> quarter |               |
|---|-------------------------|---------------|
|   | 31/12/2016              | 31/12/2015    |
| Current income tax  | 11,184                  | 17,645        |
| Deferred tax – origination and reversal of temporary differences<br>(Over)/under provision in respect of previous years | 5,617                   | 2,328         |
| - Deferred tax  | (69)                    | 206           |
|   | <u>16,732</u>           | <u>20,179</u> |

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   | 1 <sup>st</sup> quarter |                |
|--|-------------------------|----------------|
|  | 31/12/2016              | 31/12/2015     |
| Profit before tax                                      | <u>144,007</u>          | <u>171,841</u> |
| Tax at Malaysian statutory tax rate of 24% (2016: 24%) | 34,562                  | 41,242         |
| Different tax rates in other countries                 | (3,553)                 | (3,079)        |
| Income not subject to tax                              | (19,184)                | (19,293)       |
| Expenses not deductible for tax purposes               | 3,683                   | 342            |
| Utilisation of previously unrecognised tax losses      | -                       | (510)          |
| Deferred tax assets not recognised                     | 1,872                   | 1,464          |
| (Over)/under provision in respect of previous years    |                         |                |
| - Deferred tax   | (69)                    | 206            |
| Share of results of a joint venture                    | 15                      | 42             |
| Share of results of an associate                       | (537)                   | (429)          |
| Others   | (57)                    | 194            |
| <b>Total income tax expense</b>                        | <u>16,732</u>           | <u>20,179</u>  |
| <b>Effective income tax rate</b>                       | <u>11.6%</u>            | <u>11.7%</u>   |

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

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 | 31/12/2016 | 30/09/2016 |
|---------------------------|----------|------------|------------|
| <u>Current</u>            |          |            |            |
| Term loan                 | THB      | 31,347     | 29,885     |
| <u>Non-current</u>        |          |            |            |
| Medium term notes ("MTN") | RM       | 300,000    | 300,000    |
| Term loan                 | THB      | 62,694     | 74,712     |
|                           |          | 362,694    | 374,712    |
|                           |          | 394,041    | 404,597    |

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 issue 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) Limited, was 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.

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

9. Dividend declared in this quarter  
 No dividend has been declared in this quarter.

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).

|   | 1 <sup>st</sup> quarter |            |
|---|-------------------------|------------|
|   | 31/12/2016              | 31/12/2015 |
| Group attributable profit to shareholders of the Company (RM'000)                                     | 127,278                 | 151,662    |
| Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000) | 365,961                 | 366,076    |
| Basic earnings per share (sen)  | 34.8                    | 41.4       |

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

10. Earnings per share (EPS) (cont'd.)

(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.

|   | 1 <sup>st</sup> quarter |                   |
|---|-------------------------|-------------------|
|   | <u>31/12/2016</u>       | <u>31/12/2015</u> |
| Group attributable profit to shareholders of the Company (RM'000)                                     | <u>127,278</u>          | <u>151,662</u>    |
| Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000) | 365,961                 | 366,076           |
| Adjustments pursuant to the ESOS/SGP ('000)   | <u>2,005</u>            | <u>1,335</u>      |
| Adjusted weighted average number of ordinary shares net of treasury shares ('000)                     | <u>367,966</u>          | <u>367,411</u>    |
| Diluted earnings per share (sen)  | 34.6                    | 41.3              |

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>31/12/2016</u> | <u>30/09/2016</u> |
|---|-------------------|-------------------|
| Total retained earnings of the Company and its subsidiaries |                   |                   |
| - Realised  | 1,228,574         | 1,066,563         |
| - Unrealised  | <u>(4,702)</u>    | <u>96</u>         |
|   | 1,223,872         | 1,066,659         |
| Total share of retained earnings of a joint venture         |                   |                   |
| - Realised  | <u>(7,931)</u>    | <u>(7,852)</u>    |
| - Unrealised  | 1,112             | 1,094             |
|   | (6,819)           | (6,758)           |
| Total share of retained earnings of an associate            |                   |                   |
| - Realised  | <u>14,927</u>     | <u>12,590</u>     |
| - Unrealised  | <u>(2,687)</u>    | <u>(2,587)</u>    |
|   | 12,240            | 10,003            |
| Consolidation adjustments                                   | <u>3,664</u>      | <u>35,775</u>     |
| Total Group retained earnings as per financial statements   | <u>1,232,957</u>  | <u>1,105,679</u>  |

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

12. Notes to the Condensed Consolidated Income Statement

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

| RM'000   | 1 <sup>st</sup> quarter |            |
|--|-------------------------|------------|
|  | 31/12/2016              | 31/12/2015 |
| (a) Depreciation and amortisation  | 24,246                  | 24,005     |
| (b) Reversal of impairment loss on property, plant and equipment                       | (416)                   | (329)      |
| (c) Impairment loss/(reversal of impairment loss) on receivables                       | 1                       | (52)       |
| (d) Bad debts recovered  | (1)                     | (21)       |
| (e) Inventories written down   | 14                      | 1,385      |
| (f) Reversal of inventories written down   | (129)                   | (3,795)    |
| (g) Inventories written off  | 2,352                   | 2,327      |
| (h) Net loss on disposal/write offs of property, plant and equipment/intangible assets | 312                     | 189        |
| (i) Foreign exchange gain  | (4,503)                 | (20,746)   |
| (j) (Gain)/Loss on forward foreign exchange contracts                                  | (337)                   | 4,169      |

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  | 31/12/2016 | 30/09/2016 |
|---|------------|------------|
| Forward foreign exchange contracts (Less than 1 year) |            |            |
| - Notional value                                      | 31,028     | 25,798     |
| - Fair value  | 504        | 170        |

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2016:

- (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 current quarter, the Group recognised a total net gain of RM337,000 (2016: net loss of RM4,169,000) in the consolidated income statement arising from the fair value changes on the foreign exchange contracts which are marked-to-market as at 31 December 2016.