



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Third quarter and nine months ended 30 June 2017

The Directors are pleased to release the unaudited quarterly financial report for the quarter and nine months ended 30 June 2017.

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
3 August 2017

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and nine months ended 30 June 2017

RM'000	Individual 3 rd quarter			Cumulative 3 rd quarter		
	30/06/2017	30/06/2016	% chg	30/06/2017	30/06/2016	% chg
Revenue	1,041,277	* 1,108,588	-6.1%	3,125,099	* 3,191,067	-2.1%
Cost of sales	(704,505)	(700,863)		(2,047,725)	(2,045,912)	
Gross profit	336,772	407,725	-17.4%	1,077,374	1,145,155	-5.9%
Other (expense)/income	(512)	3,711		15,572	33,348	
Operating expenses	(264,961)	* (301,262)		(767,185)	* (794,249)	
Operating profit	71,299	110,174	-35.3%	325,761	384,254	α -15.2%
Finance income	3,605	3,908		11,069	11,906	
Finance costs	(3,773)	(3,734)		(11,479)	(10,564)	
Share of results of a joint venture #	(47)	(710)		(304)	(1,170)	
Share of results of an associate ^	2,444	2,139		9,276	6,804	
Profit before tax (PBT)	73,528	111,777	-34.2%	334,323	391,230	α -14.5%
Taxation (Schedule G, Note 5)	(4,164)	(18,226)		(30,611)	(55,448)	
Profit after tax (PAT)	69,364	93,551	-25.9%	303,712	335,782	-9.6%
Attributable to:						
Equity holders of the Company	69,372	93,551		303,729	335,783	
Non-controlling interests	(8)	-		(17)	(1)	
Profit after tax	69,364	93,551		303,712	335,782	
Basic earnings per share (sen) attributable to equity holders of the Company	18.9	25.5		82.9	91.7	
Diluted earnings per share (sen) attributable to equity holders of the Company	18.9	25.4		82.6	91.3	

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 and nine months ended 30 June 2017.

^ The share of results of an associate for the quarter refers to Coccoland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 31 March 2017 dated 29 May 2017. The cumulative results are the sum total of its quarterly results recognised by the Group for the nine months ended 31 March 2017.

* The comparatives for the quarter and nine months ended 30 June 2017 have been restated as disclosed in Schedule F, Note 21.

α Excluding the following one-offs, operating profit and profit before tax declined by 11.0% and 10.4% respectively:
- the reversal of provisions for litigation claims in the nine months ended 30 June 2017;
- the realisation of the foreign exchange gain on the early redemption of the zero-coupon bond by F&N Dairies (Thailand) Limited and recovery of withholding tax on royalties paid, in the corresponding period last year.

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 quarter and nine months ended 30 June 2017

RM'000	Individual 3 rd quarter			Cumulative 3 rd quarter		
	30/06/2017	30/06/2016	% chg	30/06/2017	30/06/2016	% chg
Profit after tax	69,364	93,551	-25.9%	303,712	335,782	-9.6%
Other comprehensive income, net of tax:						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	(11,317)	15,280		29,643	(33,190)	
Exchange differences on settlement of a net investment	-	-		-	(33,118)	
	(11,317)	15,280		29,643	(66,308)	
Total comprehensive income	58,047	108,831	-46.7%	333,355	269,474	23.7%
Total comprehensive income attributable to:						
Equity holders of the Company	58,055	108,831		333,372	269,475	
Non-controlling interests	(8)	-		(17)	(1)	
	58,047	108,831	-46.7%	333,355	269,474	23.7%

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2017

RM'000	30/06/2017	30/09/2016
Non-current assets		
Property, plant and equipment	1,160,199	1,112,752
Investment properties	49,286	49,286
Properties held for development	56,047	55,317
Investment in a joint venture <i>(Schedule F, Note 8)</i>	90,185	84,303
Investment in an associate <i>(Schedule F, Note 9)</i>	81,785	78,730
Intangible assets	121,453	125,111
Deferred tax assets	24,373	32,034
	1,583,328	1,537,533
Current assets		
Inventories	526,393	517,329
Receivables	673,175	542,949
Tax recoverable	16,644	14,248
Derivative financial assets	560	260
Cash and short term deposits	403,381	593,554
	1,620,153	1,668,340
Total assets	3,203,481	3,205,873
Equity		
Share capital and reserves	2,112,758	1,988,960
Non-controlling interests	185	202
Total equity	2,112,943	1,989,162
Non-current liabilities		
Borrowings	331,582	374,712
Provision for retirement benefits	44,543	41,937
Deferred tax liabilities	25,567	32,638
	401,692	449,287
Current liabilities		
Payables	628,339	723,440
Provisions	-	7,454
Borrowings	47,372	29,885
Provision for taxation	12,032	6,555
Derivative financial liabilities	1,103	90
	688,846	767,424
Total liabilities	1,090,538	1,216,711
Total equity and liabilities	3,203,481	3,205,873
Net assets per share (RM) attributable to equity holders of the Company	5.76	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 nine months ended 30 June 2017

RM'000	Cumulative 3 rd quarter	
	30/06/2017	30/06/2016
Operating activities		
Profit before tax	334,323	391,230
Add non-cash items:		
- Depreciation and amortisation	68,643	71,469
- Impairment of property, plant and equipment	-	6
- Impairment loss on receivables	-	288
- Inventories written down	771	1,724
- Inventories written off	3,934	8,752
- Bad debts recovered	(23)	(51)
- Share-based payment transactions expense	6,370	6,950
- Property, plant and equipment written off	1,120	850
- Reversal of provisions for litigation claims	(7,454)	-
- Net loss on disposal of property, plant and equipment	781	48
- Net fair value loss on derivatives	713	5,843
- Finance costs	11,479	10,564
- Finance income	(11,069)	(11,906)
- Share of results of a joint venture	304	1,170
- Share of results of an associate	(9,276)	(6,804)
- Others	1,089	316
Changes in working capital #	(239,671)	* (134,188)
Tax paid	(26,757)	(46,336)
Net cash flows generated from operating activities	135,277	299,925
Investing activities		
Interest received	7,804	9,091
Dividend received	6,221	* 13,919
Loan to a joint venture	(2,000)	-
Proceeds from disposal of property, plant and equipment	500	490
Purchase of property, plant and equipment	(96,166)	(92,950)
Purchase of intangible assets	(159)	(142)
Net cash flows used in investing activities	(83,800)	(69,592)
Financing activities		
Dividend paid	(210,761)	(229,088)
Interest paid	(12,401)	(10,264)
(Repayment)/proceeds of borrowings	(25,643)	99,000
Purchase of shares by Share Grant Plan ("SGP") Trust	(5,183)	(9,337)
Proceeds from the exercise of the Executives' Share Options Scheme ("ESOS")	-	1,912
Net cash flows used in financing activities	(253,988)	(147,777)
Net (decrease)/increase in cash and cash equivalents	(202,511)	82,556
Effects of foreign exchange rate changes	12,338	(38,477)
Cash and cash equivalents at 1 October	593,554	409,143
Cash and cash equivalents at 30 June	403,381	453,222

* The comparatives for the nine months ended 30 June 2017 have been restated as disclosed in Schedule F, note 21.

Included the interest amounting to RM4,186,000 (2016: RM4,336,000) 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 2016.

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

For the nine months ended 30 June 2017

RM'000	Cumulative 3 rd quarter	
	30/06/2017	30/06/2016
Cash and cash equivalents comprise:		
Cash and bank balances	216,012	245,101
Short term deposits with licensed banks with a maturity period of 3 months or less	187,369	208,121
Cash and short term deposits	403,381	453,222

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

For the nine months ended 30 June 2017

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

RM'000	Share capital	Share premium	Treasury shares	Shares held by SGP Trust (Note b)	Loss on purchase of shares for SGP (Note c)	Foreign exchange reserve	Share-based payment reserve	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
At 1 October 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
Total comprehensive income	-	-	-	-	-	29,643	-	-	303,729	333,372	(17)	333,355
Transactions with owners:												
Issuance of shares upon exercise of ESOS and SGP	-	-	-	8,987	(1,295)	-	(7,692)	-	-	-	-	-
Purchase of shares by SGP Trust	-	-	-	(5,183)	-	-	-	-	-	(5,183)	-	(5,183)
Employee share-based payment expense	-	-	-	-	-	-	6,370	-	-	6,370	-	6,370
Dividends paid	-	-	-	-	-	-	-	-	(210,761)	(210,761)	-	(210,761)
Transition to no-par value regime on 31 Jan 2017 (Note a)	449,991	(449,991)	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	449,991	(449,991)	-	3,804	(1,295)	-	(1,322)	-	(210,761)	(209,574)	-	(209,574)
At 30 June 2017	816,770	-	(1,716)	(8,256)	(2,092)	85,377	14,094	9,934	1,198,647	2,112,758	185	2,112,943
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	-	-	-	-	-	(66,308)	-	-	335,783	269,475	(1)	269,474
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	-	-	-	(9,337)	-	-	-	-	-	(9,337)	-	(9,337)
Employee share-based payment expense	-	-	-	-	-	-	6,950	-	-	6,950	-	6,950
Dividends paid	-	-	-	-	-	-	-	-	(229,088)	(229,088)	-	(229,088)
Total transactions with owners	132	2,087	-	(1,592)	(607)	-	(495)	-	(229,088)	(229,563)	-	(229,563)
At 30 June 2016	366,779	449,991	(1,716)	(9,325)	(797)	31,455	12,790	9,934	1,057,604	1,916,715	203	1,916,918

Note a: In accordance with section 74 of the Companies Act, 2016, the Company's shares no longer have a par or nominal value with effect from 31 January 2017. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. In accordance with the transitional provisions set out in section 618 of the Companies Act, 2016, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have twenty-four months upon the commencement of Companies Act, 2016 to utilise the credit. During the financial period, the Company has utilised none of the credit of the share premium account which have now become part of the share capital.

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

Note c: 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.

The condensed consolidated interim financial statements of the Group (“interim financial statements”) as at and for the nine months ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the Group) and the Group’s interest in an associate and a joint venture.

These interim financial statements were approved by the Board of Directors on 3 August 2017.

2. Basis of preparation

These interim financial statements are unaudited and have been prepared in accordance with applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2016.

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 applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and 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

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

3. Basis of preparation (cont'd)

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

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 that may arise from the adoption of 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 quarter ended 30 June 2017.
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	30/06/2017	30/09/2016
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	(7,062)	(6,758)
	<u>(6,562)</u>	<u>(6,258)</u>
Shareholder's loan	126,820	124,820
Interest on shareholder's loan	25,219	21,033
	<u>145,477</u>	<u>139,595</u>
Less: Unrealised profit	(55,292)	(55,292)
	<u><u>90,185</u></u>	<u><u>84,303</u></u>

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

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Total assets	291,880		291,880	280,647
Total liabilities	(305,023)		(305,023)	(293,181)
	<u> </u>		<u> </u>	<u> </u>
Revenue	-	-	-	-
Loss	<u>(94)</u>	<u>(1,421)</u>	<u>(608)</u>	<u>(2,341)</u>

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

9. Investment in an associate

RM'000	<u>30/06/2017</u>	<u>30/09/2016</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	45,602	36,326
Dividend received	<u>(32,544)</u>	<u>(26,323)</u>
	<u>81,785</u>	<u>78,730</u>
Fair value of investment in an associate for which there is published price quotation	<u>189,745</u>	<u>120,690</u>

The summarised financial information of the associate is as follows:

RM'000	<u>30/06/2017</u>	<u>30/09/2016</u>
Total assets	293,187	272,646
Total liabilities	<u>(59,179)</u>	<u>(49,873)</u>

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	<u>30/06/2017</u>	<u>30/06/2016</u>	<u>30/06/2017</u>	<u>30/06/2016</u>
Revenue	63,734	62,531	206,481	194,766
Profit	<u>8,988</u>	<u>7,868</u>	<u>34,115</u>	<u>25,028</u>

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

The following dividends were declared and paid by the Company:

	<u>Date of payment</u>	<u>Sen per share</u>	<u>Total amount RM'000</u>
<u>Nine months ended 30 June 2017</u>			
Final 2016 ordinary dividends	6 February 2017	30.5	111,795
Interim 2017 ordinary dividends	15 June 2017	27.0	<u>98,966</u>
			<u>210,761</u>
<u>Nine months ended 30 June 2016</u>			
Final 2015 ordinary dividends	4 February 2016	35.5	130,122
Interim 2016 ordinary dividends	15 June 2016	27.0	<u>98,966</u>
			<u>229,088</u>

Please refer to Schedule G, Note 9 for dividend declared in this quarter.

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

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				Total
	F&B Malaysia	F&B Thailand	Property	Others	
<u>3rd quarter - 30/06/2017</u>					
Total revenue	592,454	451,227	1,234	29,862	1,074,777
Inter-segment	(3)	(2,677)	(1,056)	(29,764)	(33,500)
External	592,451	448,550	178	98	1,041,277
<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>2nd quarter - 31/03/2017</u>					
Total revenue	543,938	452,411	1,198	29,252	1,026,799
Inter-segment	(2)	(3,908)	(1,017)	(29,133)	(34,060)
External	543,936	448,503	181	119	992,739
<u>Cumulative 3rd quarter - 30/06/2017</u>					
Total revenue	1,783,474	1,349,727	3,522	91,087	3,227,810
Inter-segment	(5)	(8,973)	(2,980)	(90,753)	(102,711)
External	1,783,469	1,340,754	542	334	3,125,099
<u>Cumulative 3rd quarter - 30/06/2016</u>					
Total revenue	1,964,167	1,237,415	3,115	82,878	3,287,575
Inter-segment	(3,660)	(7,736)	(2,586)	(82,526)	(96,508)
External	1,960,507	1,229,679	529	352	3,191,067

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 Malaysia	F&B Thailand	Property	Others	Adjustments and eliminations	
<u>3rd quarter - 30/06/2017</u>						
Operating profit	24,217	51,548	237	2,248	(6,951)	71,299
Finance income	-	-	-	-	-	3,605
Finance costs	-	-	-	-	-	(3,773)
Share of results of a joint venture	-	-	-	-	-	(47)
Share of results of an associate	-	-	-	-	-	2,444
Profit before tax	-	-	-	-	-	<u>73,528</u>
<u>3rd quarter - 30/06/2016</u>						
Operating profit/(loss)	62,585	52,817	(761)	(4,467)	-	110,174
Finance income	-	-	-	-	-	3,908
Finance costs	-	-	-	-	-	(3,734)
Share of results of a joint venture	-	-	-	-	-	(710)
Share of results of an associate	-	-	-	-	-	2,139
Profit before tax	-	-	-	-	-	<u>111,777</u>
<u>2nd quarter - 31/03/2017</u>						
Operating profit/(loss)	47,606	66,761	276	(85)	(2,045)	112,513
Finance income	-	-	-	-	-	3,689
Finance costs	-	-	-	-	-	(3,813)
Share of results of a joint venture	-	-	-	-	-	(196)
Share of results of an associate	-	-	-	-	-	4,595
Profit before tax	-	-	-	-	-	<u>116,788</u>

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 Malaysia	F&B Thailand	Property	Others	Adjustments and eliminations	
<u>Cumulative 3rd quarter - 30/06/2017</u>						
Operating profit	132,174	196,359	784	6,272	(9,828)	325,761
Finance income	-	-	-	-	-	11,069
Finance costs	-	-	-	-	-	(11,479)
Share of results of a joint venture	-	-	-	-	-	(304)
Share of results of an associate	-	-	-	-	-	9,276
Profit before tax	-	-	-	-	-	<u>334,323</u>
<u>Cumulative 3rd quarter - 30/06/2016</u>						
Operating profit/(loss)	208,480	160,577	(547)	(17,373)	33,117	384,254
Finance income	-	-	-	-	-	11,906
Finance costs	-	-	-	-	-	(10,564)
Share of results of a joint venture	-	-	-	-	-	(1,170)
Share of results of an associate	-	-	-	-	-	6,804
Profit before tax	-	-	-	-	-	<u>391,230</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>30/06/2017</u>	<u>30/09/2016</u>
F&B Malaysia	1,678,043	1,562,850
F&B Thailand	786,478	684,636
Property	118,029	117,447
Others	21,207	52,319
	<u>2,603,757</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>30/06/2017</u>	<u>30/09/2016</u>
F&B Malaysia	385,110	464,084
F&B Thailand	282,201	264,834
Property	822	2,030
Others	5,852	41,973
	<u>673,985</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'000	Fair value	
	<u>30/06/2017</u>	<u>30/09/2016</u>
Derivative financial assets	560	260
Derivative financial liabilities	1,103	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	<u>30/06/2017</u>	<u>30/09/2016</u>
<u>Property, plant and equipment</u>		
Contracted but not provided for	140,867	51,910
Authorised but not contracted for	<u>255,610</u>	<u>286,137</u>
	<u>396,477</u>	<u>338,047</u>

Lease commitments

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

RM'000	<u>30/06/2017</u>	<u>30/09/2016</u>
<u>Non-cancellable operating lease commitments - Group as lessee</u>		
Future minimum rentals payable:		
- Not later than 1 year	13,976	12,276
- Later than 1 year and not later than 5 years	25,691	23,797
- Later than 5 years	<u>1,069</u>	<u>1,063</u>
	<u>40,736</u>	<u>37,136</u>

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	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
<u>Fraser and Neave, Limited ("F&N Limited") Group</u>				
Sales	(72,205)	(64,496)	(207,847)	(184,763)
Receipt of corporate service fees	-	(24)	(62)	(24)
Rental income	(81)	(110)	(270)	(328)
Purchases	42,584	62,119	138,611	185,497
Royalties paid	13,384	15,687	39,834	44,617
Corporate charges paid	-	274	-	1,477
Internal audit fees paid	835	880	2,438	880
Other expenses paid	-	-	-	1
<u>Vacaron Company Sdn Bhd</u>				
Sales	-	(2)	(2)	(4)
Receipt of corporate service fees	7	(123)	(162)	(413)
Finance income	(1,401)	-	(4,186)	(2,902)
Shareholder's loan granted	-	-	2,000	-
<u>Cocoaland Holdings Berhad Group</u>				
Purchases	603	1,275	3,977	4,843
<u>Thai Beverage Public Company Limited Group</u>				
Sales	(265)	(133)	(751)	(475)
Receipt of consultation fee	(109)	-	(271)	-
Purchases	1,705	2,220	6,518	6,369
Marketing expenses	16,427	42	35,746	48
<u>Berli Jucker Public Company Limited Group</u>				
Sales	(13,931)	(19)	(35,845)	(309)
Purchases	4,449	4,466	23,083	40,973
Other expenses	68	59	211	189
<u>Other related parties of TCC Group</u>				
Sales	(89)	(1,227)	(818)	(1,965)
Purchases	8,587	56	22,024	56
Management fees	499	402	1,984	1,561
Insurance premium paid	107	(25)	2,745	3,365
Other expenses	38	5	240	18
<u>Permodalan Nasional Berhad ("PNB") Group *</u>				
Sales	(15,500)	(19,495)	(48,949)	(57,350)
Purchases	12,088	5,328	32,079	32,155
Rental of equipment paid	631	784	1,928	2,013
Other expenses	73	65	228	204
<u>Compensation</u>				
Compensation of key management personnel of the Group	2,095	1,366	9,542	5,270
Directors' fees	340	313	936	936

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>30/06/2017</u>	<u>30/09/2016</u>
<u>Amount due from related parties</u>		
F&N Limited Group	101,723	67,203
Vacaron Company Sdn Bhd	152,051	145,958
Thai Beverage Public Company Limited Group	437	888
Berli Jucker Public Company Limited Group	12,186	-
Other related parties of TCC Group	249	1,016
PNB Group	11,925	9,870
<u>Amount due to related parties</u>		
F&N Limited Group	(35,981)	(50,728)
Cocoaland Holdings Berhad Group	(1,002)	(393)
Thai Beverage Public Company Limited Group	(13,223)	(647)
Berli Jucker Public Company Limited Group	(1,594)	(2,417)
Other related parties of TCC Group	(2,863)	(1,651)
PNB Group	(8,216)	(16,836)

* Permodalan Nasional Berhad ("PNB") is deemed a related party to F&NHB by virtue of PNB holding 34,394,000 shares as of 30 June 2017 through Amanahraya Trustees Berhad, representing 9.38% 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 and nine months ended 30 June 2017 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 June 2016</u>			
Revenue	1,095,805	12,783	1,108,588
Operating expenses	(288,479)	(12,783)	(301,262)
<u>For the nine months ended</u>			
<u>30 June 2016</u>			
Revenue	3,148,273	42,794	3,191,067
Operating expenses	(751,455)	(42,794)	(794,249)
<u>Statement of cash flows:</u>			
<u>For the nine months ended</u>			
<u>30 June 2016</u>			
Dividend received	3,421	10,498	13,919
Changes in working capital	(123,690)	(10,498)	(134,188)

(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 June 2017 vs corresponding quarter ended 30 June 2016

Current quarter Group revenue and profit before tax declined by 6.1% (from RM1,108.6 million to RM1,041.3 million) and 34.2% (from RM111.8 million to RM73.5 million) respectively.

F&B Malaysia revenue decreased by 14.0% from RM688.7 million to RM592.5 million compared with the corresponding quarter impacted by continuing weak consumer sentiment during the Hari Raya festive season coupled with intense pricing pressure from competitors. Growth in F&B Malaysia exports mitigated the decline in domestic sales.

F&B Malaysia operating profit declined by 61.3% from RM62.6 million to RM24.2 million due to lower revenue, higher input costs, particularly sugar, and restructuring costs. The reduction was partly offset by lower trade spending and higher profit from export sales this quarter.

F&B Thailand revenue grew by 6.9% from RM419.7 million to RM448.6 million, despite lower domestic volumes, aided by favourable Ringgit Malaysia/Thai Baht translation and higher exports.

However, F&B Thailand operating profit declined by 2.4% from RM52.8 million to RM51.5 million as a result of higher raw material costs; partially mitigated by cautious trade spending.

Cumulative three quarters vs corresponding period last year

Year to date Group revenue and profit before tax declined by 2.1% (from RM3,191.1 million to RM3,125.1 million) and 14.5% (from RM391.2 million to RM334.3 million) respectively. Excluding one-offs in the current and corresponding period last year, profit before tax declined by 10.4%. (Schedule A : Unaudited Condensed Consolidated Income Statement, note α).

F&B Malaysia revenue declined by 9.0% from RM1,960.5 million to RM1,783.5 million compared with the corresponding period last year mainly due to subdued Chinese New Year and Hari Raya festive sales, amidst an increasingly challenging competitive landscape. Consumer sentiment remained weak and higher inflation affected consumer purchasing power. The strong double digit growth in export sales mitigated the decline in domestic sales.

F&B Malaysia operating profit declined by 36.6% from RM208.5 million to RM132.2 million mainly due to lower domestic revenue, higher input costs, particularly sugar, and restructuring costs. The decline was partly offset by lower trade spending and higher profit from export sales.

F&B Thailand revenue grew by 9.0% from RM1,229.7 million to RM1,340.8 million from favourable Ringgit Malaysia/Thai Baht translation. F&B Thailand exports grew by double digits with the expansion of brand visibility in Indochina markets.

F&B Thailand operating profit increased significantly by 22.3% from RM160.6 million to RM196.4 million, aided by favourable input costs. There was also the recovery of withholding tax on royalties paid (RM8.5 million), in the corresponding period last year.

Others segment operating loss of RM17.4 million last year turned into an operating income of RM6.3 million in the current year to date mainly due to the release of provisions for litigation claims no longer needed, offset by restructuring costs. Additionally, an adjustment on the realisation of the foreign exchange gain on the early redemption of the zero-coupon bond by F&N Dairies (Thailand) Limited was made in the corresponding period last year.

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

2. Comment on material change in Group profit before tax for the quarter ended 30 June 2017 vs preceding 2nd quarter ended 31 March 2017

Group revenue for the quarter increased by 4.9% from RM992.7 million to RM1,041.3 million. However, Group profit before tax decreased by 37.0% from RM116.8 million to RM73.5 million.

F&B Malaysia revenue increased by 8.9% from RM543.9 million to RM592.5 million compared to the preceding quarter mainly contributed by Hari Raya festive sales and exports in the current quarter. However, operating profit decreased by 49.1% from RM47.6 million to RM24.2 million due to higher discounting from competitive pricing, rising input costs, higher restructuring costs and lower export profits arising from strengthening Ringgit in the quarter.

F&B Thailand revenue was flat whilst operating profit decreased by 22.8% from RM66.8 million to RM51.5 million, impacted by rising input costs and higher trade spend.

3. Prospects

The business environment in Malaysia is expected to remain challenging, with continuing weak consumer sentiment and intense price competition. Management also remains cautious on the state of consumer sentiment in Thailand.

Input costs in the near to mid term for F&B Thailand and F&B Malaysia are expected to increase following the uptrends in packaging cost, milk powder and sugar prices.

Despite these challenges, management will continue to be vigilant and responsive to changes in the external environment and take necessary action, including reviewing our cost structure, to maintain long term sustainable growth and continuously grow the export pillar.

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.

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

5. Taxation

The details of the tax expense are as follows:

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Current income tax	7,688	14,141	30,708	44,524
Deferred tax – origination and reversal of temporary differences	(1,342)	4,895	2,181	12,224
Over provision in respect of previous years				
- Income tax	(863)	-	(863)	(566)
- Deferred tax	(1,319)	(810)	(1,415)	(734)
	<u>4,164</u>	<u>18,226</u>	<u>30,611</u>	<u>55,448</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	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Profit before tax	<u>73,528</u>	<u>111,777</u>	<u>334,323</u>	<u>391,230</u>
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	17,647	26,826	80,238	93,895
Different tax rates in other countries	(2,454)	(2,522)	(9,121)	(7,573)
Income not subject to tax	(11,720)	(9,402)	(46,571)	(44,247)
Expenses not deductible for tax purposes	1,904	(897)	7,510	8,101
Utilisation of previously unrecognised tax losses	-	170	-	(1)
Recognition of previously unrecognised tax losses	(3)	-	(5,404)	-
Deferred tax assets not recognised	1,542	1,257	5,882	3,810
Over provision in respect of previous years				
- Income tax	(863)	-	(863)	(566)
- Deferred tax	(1,319)	(810)	(1,415)	(734)
Share of results of a joint venture	11	171	73	281
Share of results of an associate	(586)	(513)	(2,226)	(1,633)
Others	5	3,946	2,508	4,115
Total income tax expense	<u>4,164</u>	<u>18,226</u>	<u>30,611</u>	<u>55,448</u>
Effective income tax rate	<u>5.7%</u>	<u>16.3%</u>	<u>9.2%</u>	<u>14.2%</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	30/06/2017	30/09/2016
<u>Current</u>			
Term loan	THB	47,372	29,885
<u>Non-current</u>			
Medium term notes ("MTN")	RM	300,000	300,000
Term loan	THB	31,582	74,712
		331,582	374,712
		378,954	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 these interim financial statements.

9. Dividend declared in this quarter
 On 3 May 2017, the Directors have declared an interim single tier dividend of 27 sen per share (2016: 27 sen) for the financial year ending 30 September 2017. This dividend amounting to approximately RM99.0 million was paid on 15 June 2017 (entitlement date for the dividend was 23 May 2017).

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

10. Earnings per share (EPS)

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

	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Group attributable profit to equity holders of the Company (RM'000)	<u>69,372</u>	<u>93,551</u>	<u>303,729</u>	<u>335,783</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,356	366,407	366,246	366,175
Basic earnings per share (sen)	18.9	25.5	82.9	91.7

- (b) The diluted EPS were computed by dividing the Group attributable profit to equity holders 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 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Group attributable profit to equity holders of the Company (RM'000)	<u>69,372</u>	<u>93,551</u>	<u>303,729</u>	<u>335,783</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,356	366,407	366,246	366,175
Adjustments pursuant to the ESOS/SGP ('000)	<u>1,426</u>	<u>1,509</u>	<u>1,426</u>	<u>1,509</u>
Adjusted weighted average number of ordinary shares net of treasury shares ('000)	<u>367,782</u>	<u>367,916</u>	<u>367,672</u>	<u>367,684</u>
Diluted earnings per share (sen)	18.9	25.4	82.6	91.3

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>30/06/2017</u>	<u>30/09/2016</u>
Total retained earnings of the Company and its subsidiaries		
- Realised	1,187,962	1,066,563
- Unrealised	1,922	96
	<u>1,189,884</u>	<u>1,066,659</u>
Total share of retained earnings of a joint venture		
- Realised	(8,281)	(7,852)
- Unrealised	1,219	1,094
	(7,062)	(6,758)
Total share of retained earnings of an associate		
- Realised	15,363	12,590
- Unrealised	(2,305)	(2,587)
	13,058	10,003
Consolidation adjustments	2,767	35,775
Total Group retained earnings as per financial statements	<u>1,198,647</u>	<u>1,105,679</u>

12. Notes to the Condensed Consolidated Income Statement

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

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	<u>30/06/2017</u>	<u>30/06/2016</u>	<u>30/06/2017</u>	<u>30/06/2016</u>
(a) Depreciation and amortisation	21,722	23,736	68,643	71,469
(b) Reversal of impairment loss on property, plant and equipment	(124)	(272)	(968)	(1,072)
(c) Reversal of impairment loss on receivables	-	(707)	-	(804)
(d) Bad debts recovered	(1)	(29)	(23)	(51)
(e) Inventories written down	673	429	771	1,724
(f) Reversal of inventories written down	2	(16)	(131)	(3,811)
(g) Inventories written off	1,103	2,813	3,934	8,752
(h) Net loss on disposal/write offs of property, plant and equipment/intangible assets	989	421	1,901	898
(i) Foreign exchange loss/(gain)	10,797	1,656	10,131	(17,157)
(j) (Gain)/loss on forward foreign exchange contracts	(345)	(1,067)	713	5,843

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

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>30/06/2017</u>	<u>30/09/2016</u>
Forward foreign exchange contracts (Less than 1 year)		
- Notional value	135,725	25,798
- Fair value	<u>(543)</u>	<u>170</u>

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 nine months ended 30 June 2017, the Group recognised a total net loss of RM713,000 (2016: net loss of RM5,843,000) in the consolidated income statement arising from the fair value changes on the foreign exchange contracts which are marked-to-market as at 30 June 2017.