



FRASER & NEAVE HOLDINGS BHD
(Company No: 196101000155 (4205-V))
(Incorporated in Malaysia)

Level 3A, F&N Point,
No. 3, Jalan Metro Pudu 1,
Fraser Business Park, Off Jalan Yew,
55100 Kuala Lumpur, Malaysia
Tel: 03-92352288 Fax: 03-92227878

For immediate release

QUARTERLY FINANCIAL REPORT

3rd Quarter Ended 30 June 2021

The Directors are pleased to release the unaudited quarterly financial report for the quarter and nine months ended 30 June 2021.

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 2020:

- 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 standard 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
Kuala Lumpur
4 August 2021

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and nine months ended 30 June 2021

RM'000	Individual 3 rd quarter			Cumulative 3 rd quarter		
	30/06/2021	30/06/2020	% chg	30/06/2021	30/06/2020	% chg
Revenue	1,059,642	918,072	15.4%	3,234,612	3,034,810	6.6%
Cost of sales	(751,600)	(639,836)		(2,264,577)	(2,090,157)	
Gross profit	308,042	278,236	10.7%	970,035	944,653	2.7%
Other income	2,707	97		11,793	14,961	
Operating expenses	(193,592)	(159,342)		(569,956)	(552,304)	
Operating profit	117,157	118,991	-1.5%	411,872	407,310	1.1%
Finance income	1,234	824		3,404	4,513	
Finance costs	(674)	(1,117)		(2,339)	(3,826)	
Share of profit of equity-accounted associate, net of tax [^]	1,547	1,394		4,738	6,867	
Share of loss of equity-accounted joint venture, net of tax [#]	(73)	(94)		(204)	(216)	
Profit before tax	119,191	119,998	-0.7%	417,471	414,648	0.7%
Tax expense (Schedule G, Note 5)	(23,049)	(26,152)		(81,025)	(90,281)	
Profit for the period	96,142	93,846	2.4%	336,446	324,367	3.7%
Profit for the period attributable to:						
Owners of the Company	96,156	93,853		336,473	324,391	
Non-controlling interests	(14)	(7)		(27)	(24)	
Profit for the period	96,142	93,846		336,446	324,367	
Basic earnings per ordinary share (sen) (Schedule G, Note 10)	26.2	25.6		91.8	88.5	
Diluted earnings per ordinary share (sen) (Schedule G, Note 10)	26.2	25.5		91.5	88.2	

[^] 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 31 March 2021 dated 31 May 2021. The cumulative results are the sum total of its quarterly result recognised by the Group for the nine months ended 31 March 2021.

[#] 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 2021.

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 2020.

Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income

For the quarter and nine months ended 30 June 2021

RM'000	Individual 3 rd quarter			Cumulative 3 rd quarter		
	30/06/2021	30/06/2020	% chg	30/06/2021	30/06/2020	% chg
Profit for the period	96,142	93,846	2.4%	336,446	324,367	3.7%
Other comprehensive (expense)/income, net of tax: Item that is or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(21,083)	25,646		(9,776)	9,000	
Total comprehensive income for the period	75,059	119,492	-37.2%	326,670	333,367	-2.0%
Total comprehensive income attributable to:						
Owners of the Company	75,073	119,499		326,697	333,391	
Non-controlling interests	(14)	(7)		(27)	(24)	
	75,059	119,492	-37.2%	326,670	333,367	-2.0%

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 2020.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2021

RM'000	30/06/2021	30/09/2020
Non-current assets		
Property, plant and equipment	1,365,424	1,359,893
Right-of-use assets	87,371	87,183
Investment properties	47,569	47,569
Properties held for development	54,933	54,958
Intangible assets (Schedule F, Note 21)	84,480	45,921
Investment in an associate (Schedule F, Note 8)	91,022	91,261
Investment in a joint venture (Schedule F, Note 9)	87,641	87,845
Deferred tax assets	5,439	5,970
	1,823,879	1,780,600
Current assets		
Trade and other receivables	603,755	589,661
Inventories	613,183	655,981
Current tax asset	734	200
Derivative financial assets (Schedule F, Note 18)	244	4
Cash and cash equivalents	579,428	493,615
	1,797,344	1,739,461
Total assets	3,621,223	3,520,061
Equity		
Share capital and reserves	2,798,009	2,690,601
Non-controlling interests	(188)	(161)
Total equity	2,797,821	2,690,440
Non-current liabilities		
Lease liabilities	14,101	10,785
Employee benefits	50,814	51,304
Deferred tax liabilities	57,382	48,073
	122,297	110,162
Current liabilities		
Trade and other payables	604,143	516,654
Contract liabilities	60,226	57,787
Loans and borrowings (Schedule G, Note 7)	-	91,868
Lease liabilities	11,686	13,672
Current tax liabilities	24,991	39,111
Derivative financial liabilities (Schedule F, Note 18)	59	367
	701,105	719,459
Total liabilities	823,402	829,621
Total equity and liabilities	3,621,223	3,520,061
Net assets per share (RM) attributable to owners of the Company	7.63	7.34

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 2020.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the nine months ended 30 June 2021

RM'000	Cumulative 3rd quarter	
	30/06/2021	30/06/2020
Cash flows from operating activities		
Profit before tax	417,471	414,648
Add/(less) non-cash items:		
- Depreciation of property, plant and equipment and amortisation of intangible assets	82,691	80,062
- Depreciation of right-of-use assets	19,527	18,723
- Finance costs	2,339	3,826
- Finance income	(3,404)	(4,513)
- Net loss on disposal of property, plant and equipment	55	86
- Net reversal of impairment loss on property, plant and equipment	(25)	(26)
- Property, plant and equipment written off	345	398
- Property development costs written off	25	-
- Share-based payment transactions expense	6,928	7,922
- Share of profit of equity-accounted associate, net of tax	(4,738)	(6,867)
- Share of loss of equity-accounted joint venture, net of tax	204	216
- Others	(337)	193
Changes in working capital	129,151	(289,915)
Tax paid	(84,602)	(101,906)
Net cash from operating activities	565,630	122,847
Cash flows from investing activities		
Acquisition of intangible assets	(1,435)	(1,039)
Acquisition of property, plant and equipment	(90,987)	(172,064)
Acquisition of subsidiaries	(49,868)	-
Dividends received	4,977	6,221
Interest received	3,285	4,433
Investment in a joint venture	-	(500)
Proceeds from disposal of property, plant and equipment	280	212
Net cash used in investing activities	(133,748)	(162,737)
Cash flows from financing activities		
Dividend paid to owners of the Company	(220,067)	(220,067)
Interest paid	(3,299)	(4,360)
Payment of lease liabilities	(18,154)	(18,025)
Purchase of shares by Share Grant Plan ("SGP") Trust	(5,794)	(3,808)
Repayment of loans and borrowings	(90,775)	(27,752)
Net cash used in financing activities	(338,089)	(274,012)
Net increase/(decrease) in cash and cash equivalents	93,793	(313,902)
Effects of exchange rate fluctuations on cash and cash equivalents	(7,980)	7,562
Cash and cash equivalents at 1 October 2020/2019	493,615	569,719
Cash and cash equivalents at 30 June	579,428	263,379
Cash and bank balances	453,993	226,028
Short term deposits with licensed banks with a maturity period of 3 months or less	125,435	37,351
Cash and cash equivalents at 30 June	579,428	263,379

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 2020.

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

For the nine months ended 30 June 2021

RM'000	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Non-distributable				Distributable					
	Share capital	Shares held by SGP Trust (Note a)	Loss on purchase of shares for SGP (Note b)	Translation reserve	Share-based payment reserve	Legal reserve	Retained earnings			
At 1 October 2020	816,770	(4,688)	(7,733)	94,284	14,434	9,934	1,767,600	2,690,601	(161)	2,690,440
Total comprehensive income	-	-	-	(9,776)	-	-	336,473	326,697	(27)	326,670
Transactions with owners:										
Shares vested under SGP	-	6,627	(1,542)	-	(5,085)	-	-	-	-	-
Purchase of shares by SGP Trust	-	(5,794)	-	-	-	-	-	(5,794)	-	(5,794)
Employee share-based payment expense	-	-	-	-	6,572	-	-	6,572	-	6,572
Dividend to owners of the Company	-	-	-	-	-	-	(220,067)	(220,067)	-	(220,067)
Total transactions with owners	-	833	(1,542)	-	1,487	-	(220,067)	(219,289)	-	(219,289)
At 30 June 2021	816,770	(3,855)	(9,275)	84,508	15,921	9,934	1,884,006	2,798,009	(188)	2,797,821
At 1 October 2019	816,770	(3,904)	(7,251)	122,570	12,691	9,934	1,578,514	2,529,324	99	2,529,423
Total comprehensive income	-	-	-	9,000	-	-	324,391	333,391	(24)	333,367
Transactions with owners:										
Shares vested under SGP	-	6,400	(482)	-	(5,918)	-	-	-	-	-
Purchase of shares by SGP trust	-	(3,808)	-	-	-	-	-	(3,808)	-	(3,808)
Employee share-based payment expense	-	-	-	-	7,698	-	-	7,698	-	7,698
Dividend to owners of the Company	-	-	-	-	-	-	(220,067)	(220,067)	-	(220,067)
Total transactions with owners	-	2,592	(482)	-	1,780	-	(220,067)	(216,177)	-	(216,177)
At 30 June 2020	816,770	(1,312)	(7,733)	131,570	14,471	9,934	1,682,838	2,646,538	75	2,646,613

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

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

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134

1. Corporate information

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

The condensed consolidated interim financial statements of the Group (“interim financial statements”) as at and for the nine months ended 30 June 2021 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 4 August 2021.

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 2020.

The audited consolidated financial statements of the Group for the year ended 30 September 2020 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 2020. 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 2020.

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 2020, except for the adoption of the following new and amended MFRSs, and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 October 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

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

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 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* *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.

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 2021.

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 an associate

RM'000	<u>30/06/2021</u>	<u>30/09/2020</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	77,857	73,119
Dividends received	<u>(55,562)</u>	<u>(50,585)</u>
	<u>91,022</u>	<u>91,261</u>
Market value of investment in an associate for which there is published price quotation	<u>115,091</u>	<u>107,626</u>

The summarised financial information of the associate is as follows:

RM'000	<u>30/06/2021</u>	<u>30/09/2020</u>
Total assets	292,192	303,092
Total liabilities	<u>(24,213)</u>	<u>(34,231)</u>

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	<u>30/06/2021</u>	<u>30/06/2020</u>	<u>30/06/2021</u>	<u>30/06/2020</u>
Revenue	54,118	61,025	160,718	190,738
Profit	<u>5,688</u>	<u>5,127</u>	<u>17,422</u>	<u>25,255</u>

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

9. Investment in a joint venture

RM'000	30/06/2021	30/09/2020
Unquoted shares, at cost	127,820	127,820
Share of post-acquisition reserves	(23,181)	(22,977)
	104,639	104,843
Interest on shareholder's loan	38,294	38,294
	142,933	143,137
Less: Unrealised profit	(55,292)	(55,292)
	87,641	87,845

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

RM'000	30/06/2021	30/09/2020
Total assets	286,217	288,606
Total liabilities	(76,959)	(76,939)

RM'000	Individual 3 rd quarter		Individual 3 rd quarter	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Revenue	-	-	-	-
Loss	(146)	(188)	(409)	(432)

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:

RM'000	Date of payment	Sen per share	Total amount
<u>Nine months ended 30 June 2021</u>			
Final 2020 ordinary	5 February 2021	33.0	121,037
Interim 2021 ordinary	16 June 2021	27.0	99,030
			220,067
<u>Nine months ended 30 June 2020</u>			
Final 2019 ordinary	13 February 2020	33.0	121,037
Interim 2020 ordinary	12 June 2020	27.0	99,030
			220,067

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 current, preceding and last year same quarter are as follows:

RM'000	Revenue				Total
	F&B Malaysia	F&B Thailand	Property	Others	
<u>3rd quarter - 30/06/2021</u>					
Total revenue	540,175	528,593	867	19,167	1,088,802
Inter-segment	-	(10,648)	(670)	(17,842)	(29,160)
External	540,175	517,945	197	1,325	1,059,642
<u>3rd quarter - 30/06/2020</u>					
Total revenue	461,445	463,652	686	21,970	947,753
Inter-segment	-	(7,900)	(562)	(21,219)	(29,681)
External	461,445	455,752	124	751	918,072
<u>2nd quarter - 31/03/2021</u>					
Total revenue	564,169	536,150	808	15,759	1,116,886
Inter-segment	-	(10,337)	(641)	(14,059)	(25,037)
External	564,169	525,813	167	1,700	1,091,849
<u>Cumulative 3rd quarter - 30/06/2021</u>					
Total revenue	1,672,527	1,589,000	2,549	57,526	3,321,602
Inter-segment	-	(30,835)	(1,956)	(54,199)	(86,990)
External	1,672,527	1,558,165	593	3,327	3,234,612
<u>Cumulative 3rd quarter - 30/06/2020</u>					
Total revenue	1,545,602	1,504,525	2,372	66,493	3,118,992
Inter-segment	-	(18,726)	(1,683)	(63,773)	(84,182)
External	1,545,602	1,485,799	689	2,720	3,034,810

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 cash and cash equivalents.

RM'000	<u>30/06/2021</u>	<u>30/09/2020</u>
F&B Malaysia	1,833,363	1,879,276
F&B Thailand	906,409	842,670
Property	202,051	202,140
Others	99,972	102,360
	<u>3,041,795</u>	<u>3,026,446</u>

Segment liabilities

The total of segment liabilities is measured based on all liabilities excluding loans and borrowings.

RM'000	<u>30/06/2021</u>	<u>30/09/2020</u>
F&B Malaysia	442,115	393,634
F&B Thailand	376,473	338,944
Property	1,662	1,529
Others	3,152	3,646
	<u>823,402</u>	<u>737,753</u>

13. Significant events

There were no other significant events that have not been reflected in the current quarter, other than as disclosed in Schedule G, Note 7.

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.

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

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.

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>30/06/2021</u>	<u>30/09/2020</u>
Derivative financial assets	244	4
Derivative financial liabilities	<u>59</u>	<u>367</u>

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 RM47,569,000 (2020: RM47,569,000) carried at Level 3: significant unobservable inputs.

19. Capital commitments

Capital expenditure commitments

The outstanding capital commitments are as follows:

RM'000	<u>30/06/2021</u>	<u>30/09/2020</u>
<u>Property, plant and equipment</u> Contracted but not provided for	<u>174,509</u>	<u>109,441</u>

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

20. Related party disclosures

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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
<u>Fraser and Neave, Limited Group</u>				
Sales	63,757	59,118	198,364	202,716
Purchases	(37,637)	(32,595)	(132,170)	(140,981)
Royalties paid	(14,484)	(11,913)	(45,541)	(38,289)
Receipt of corporate service fees	1,459	799	3,733	2,769
<u>Cocoaland Holdings Berhad Group</u>				
Dividend income	-	-	4,977	6,221
<u>Thai Beverage Public Company Limited Group</u>				
Sales	1,197	207	4,014	1,320
Purchases	(1,218)	(762)	(3,916)	(5,336)
Marketing expenses	(4,686)	(3,205)	(15,783)	(16,505)
Corporate service fees paid	(567)	(582)	(1,708)	(1,693)
Purchase of plant and machinery	-	(4,023)	-	(4,023)
Other income/(expenses)	59	(209)	185	1,774
<u>Berli Jucker Public Company Limited Group</u>				
Sales	16,304	9,030	46,446	53,169
Purchases	(540)	(1,145)	(4,776)	(17,760)
Transportation expenses	(2,121)	(2,117)	(6,652)	(8,121)
<u>Other related parties of TCC Assets Limited Group</u>				
Purchases	(16,473)	(14,068)	(48,713)	(42,368)
Insurance premium paid	(817)	(787)	(2,549)	(2,411)
<u>Compensation</u>				
Compensation of key management personnel of the Group	(3,531)	(3,280)	(10,454)	(11,309)
Directors' fees and remuneration	(319)	(325)	(980)	(969)

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

20. Related party disclosures (cont'd)

Related party balances

The related party balances are shown below:

RM'000	30/06/2021	30/09/2020
<u>Amount due from related parties</u>		
Fraser and Neave, Limited Group	53,367	73,814
Vacaron Company Sdn Bhd	38,306	38,305
Cocoaland Holdings Berhad Group	-	4
Thai Beverage Public Company Limited Group	628	2,090
Berli Jucker Public Company Limited Group	13,645	12,675
Other related parties of TCC Assets Limited Group	1	11
<u>Amount due to related parties</u>		
Fraser and Neave, Limited Group	(28,973)	(29,637)
Frasers Property Limited Group	-	(2)
Thai Beverage Public Company Limited Group	(2,892)	(4,386)
Berli Jucker Public Company Limited Group	(1,945)	(2,013)
Other related parties of TCC Assets Limited Group	(6,249)	(4,967)

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

21. Intangible assets

Included in intangible assets is goodwill amounting to RM38,467,000 arising from the acquisition of new subsidiaries during the period.

The Group via its wholly owned subsidiary, Awana Citra Sdn Bhd completed the acquisition of the entire equity interest in the Sri Nona Companies on 15 January 2021. The acquisition of Sri Nona Companies has further helped the Group establish Halal Food Pillar as a new pillar of growth. These subsidiaries are included in the F&B Malaysia segment.

The goodwill was provisionally recognised pending the finalisation of the Completion accounts and adjustment to purchase consideration in accordance with the terms of the Share Sale Agreement and completion of the purchase price allocation. As allowed under MFRS 3 *Business Combinations*, the Group shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect the fair values of the identifiable assets acquired and liabilities assumed, within a period not exceeding one year from the acquisition date.

The following summarised the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities determined provisionally at the acquisition date:

RM'000	<u>30/06/2021</u>
Fair value of consideration transferred	
Cash and cash equivalents	<u>59,498</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,051
Inventories	8,122
Trade and other receivables	10,083
Current tax asset	233
Cash and cash equivalents	9,630
Trade and other payables	(7,882)
Current tax liability	(137)
Deferred taxation	<u>(69)</u>
Total identifiable net assets determined provisionally	<u>21,031</u>

The fair values of assets and liabilities was provisionally determined pending the finalisation of the Completion accounts in accordance with the terms of the Share Sale Agreement and purchase price allocation.

Net cash outflow arising from acquisition of subsidiaries

RM'000	<u>30/06/2021</u>
Purchase consideration settled in cash and cash equivalents *	(59,498)
Cash and cash equivalents acquired	<u>9,630</u>
	<u>(49,868)</u>

* Subject to adjustment to purchase consideration in accordance with the terms of the Share Sale agreement.

Goodwill

Goodwill was determined provisionally as a result of the acquisition as follows:

RM'000	<u>30/06/2021</u>
Total consideration transferred	(59,498)
Fair value of identifiable net assets determined provisionally	<u>21,031</u>
Provisional goodwill	<u>(38,467)</u>

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

1. Operations review

Current quarter ("Q3") ended 30 June 2021 vs corresponding quarter ended 30 June 2020

The Group recorded improvement in revenue for Q3 FY2021, with Group revenue growing 15.4% to RM1,059.6 million (Q3 FY2020: RM918.1 million) compared to a low base last year and maiden contribution from Food business (Sri Nona).

However, the Group's profit before tax was marginally lower by 0.7%, at RM119.2 million (Q3 FY2020: RM120.0 million) due to commodity price pressures, restructuring costs and lower export margins. Excluding restructuring costs (RM8.9 million), profit before tax increased by 6.8%.

- F&B Malaysia

F&B Malaysia revenue for the quarter increased by 17.1% to RM540.2 million (Q3 FY2020: RM461.4 million). The improvement in revenue was mainly due to:

- Revenue for the domestic market grew from ramp up in sales in the run up to Hari Raya Puasa (HRP) and Harvest festive season and Ramadan Bazaars in operation, compared to a more muted HRP festive season with cancellation of bazaars last year. The HRP festive season sales trended better than last year for both beverages and dairies. However, positive sales momentum was disrupted in the month of June amidst Full MCO lockdown.
- Export business recorded high double digit revenue growth in Q3 attributed to spill-over of fulfilment of orders from Q2 due to earlier capacity constraints and improvement over last year where export sales were gradually recovering in certain markets.
- Food business (Sri Nona) also contributed to the growth for the HRP season from the sale of rice cakes (ketupat) and other products with increase of in-home consumption.

Despite the improvement in revenue, operating profit however decreased by 43.4% to RM17.1 million (Q3 FY2020: RM30.3 million) during the quarter due to:

- unfavourable input costs;
 - higher freight costs for export business;
 - restructuring costs incurred (RM7.2 million);
 - absence of one-off advertising and promotion (A&P) support fund received from brand owner last year;
 - COVID-19 related unplanned operating expenses; and
 - partially offset by the contribution from Food business.
- Excluding restructuring costs, operating profit declined by 19.5%.

- F&B Thailand

Despite a challenging period, F&B Thailand pulled in a very encouraging performance recording a 13.6% revenue growth (+18.7% in Thai Baht terms) for Q3 FY2021 to RM517.9 million (Q3 FY2020: RM455.8 million); partly offset by unfavourable THB/MYR translation.

Domestic market recorded double digit revenue growth from continued efforts to drive off-take in-store for modern trade and in traditional trade via premiums, promotions and loyalty program. Exports to Cambodia and Laos also grew by double digit through promotion campaigns to drive off-take in the trade and in provinces, despite lock down in both countries.

Operating profit increased 7.8% (+12.9% in Thai Baht terms) to RM98.7 million (Q3 FY2020: RM91.6 million) mainly due to higher sales, phasing of A&P and partially offset by higher input costs and royalty expenses.

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

1. Operations review (cont'd)

Cumulative three quarters vs corresponding period last year

Positive revenue contribution from both F&B Malaysia and F&B Thailand as well as maiden contribution from Food business contributed to growth of 6.6% in Group revenue to RM3,234.6 million (YTD FY2020: RM3,034.8 million).

Group profit before tax grew marginally by 0.7% to RM417.5 million (YTD FY2020: RM414.6 million), impacted by higher commodity prices, lower export margins, restructuring costs and lower share of profit from an associate. Excluding restructuring costs (RM10.2 million), profit before tax increased by 3.1%.

Group profit for the period grew by 3.7% to RM336.4 million (YTD FY2020: RM324.4 million) due to investment tax incentives at the Thai subsidiary.

• F&B Malaysia

Amidst a challenging and uncertain market due to the pandemic, F&B Malaysia achieved revenue growth of 8.2% for the period to RM1,672.5 million (YTD FY2020: RM1,545.6 million). The revenue growth is contributed by:

- (i) continued growth for canned milk; driven by food business and in-home application;
- (ii) marginal improvement in beverages,
- (iii) double digit growth in export sales, with halal markets generating over RM130 million revenue; and
- (iv) contribution from Food business.

During the movement restrictions, we continued to strengthen in store presence and worked closely with our F&B merchants to introduce combo meals and delivery tie-ups. We also helped our distributors to set up e-selling/e-delivery platforms and also pushed for sales to households /consumers in targeted areas. Having scaled up F&N Life our online platform, we continue to build the momentum gained to leverage the potential of online sales and consumer engagement.

However, F&B Malaysia's operating profit declined by 14.4% to RM88.4 million (YTD FY2020: RM103.3 million) mainly due to:

- (i) unfavourable input costs;
- (ii) higher freight costs for export business;
- (iii) restructuring costs incurred (RM8.5 million);
- (iv) absence of one-off A&P support fund received from brand owner last year;
- (v) COVID-19 related unplanned operating expenses; and
- (vi) partially mitigated by contribution from Food business.

Excluding restructuring costs, operating profit declined by 6.2%.

• F&B Thailand

F&B Thailand revenue for the period grew by 4.9% (7.2% increase in Thai Baht terms) to RM1,558.2 million (YTD FY2020: RM1,485.8 million), partly negated by unfavourable THB/MYR forex translation. Against a challenging backdrop, growth was sustained in both domestic and Indochina markets supported by active promotions and premium programmes to drive offtake at stores and in-home consumption; as well as incentive programs for distributors and on-going effort to expand coverage to new outlets, café and bakeries.

Operating profit improved by 4.0% (6.3% increase in Thai Baht terms) to RM320.3 million (YTD FY2020: RM308.0 million) from higher revenue, phasing of A&P, partly offset by higher input costs and royalty expenses.

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

2. Comment on material change in Group profit before tax for the quarter ended 30 June 2021 vs preceding 2nd quarter ("Q2") ended 31 March 2021

Group revenue for the current quarter of RM1,059.6 million declined by 2.9% (Q2 FY2021: RM1,091.8 million) due to:

- (i) unfavourable translation with weaker THB/MYR exchange rate despite higher revenue contribution from F&B Thailand;
- (ii) lower beverages and dairies revenue, affected by the implementation of MCO 3.0 and Full MCO in May and June respectively;
- (iii) lower export revenue phasing; and
- (iv) partially offset by seasonal peak in Food revenue from the sale of rice cakes and other products during HRP.

Group profit before tax declined by 14.5% to RM119.2 million (Q2 FY2021: RM139.3 million) mainly due to lower revenue, higher commodity costs and higher restructuring costs incurred. Excluding restructuring costs amounting to RM8.9 million (Q2 FY2021: RM1.3 million) in the current quarter, operating profit is lower by 8.9%.

3. Prospects

While the performance of the Group is relatively resilient for the financial year to date, we remain cautious in our outlook given the challenging market conditions. With the escalation in COVID-19 cases in our key markets in Thailand and Malaysia, we expect consumer sentiment to remain weak amidst growing unemployment and lesser disposable income. Sales to the out-of-home channels will likely to be further impacted. Furthermore, any further uptrend for key commodities cost will put pressure on our efforts to manage profit margins.

We will continue to strengthen our fundamentals; including reengineering and simplifying processes, optimising resources, reviewing our cost structure and undertaking restructuring exercise where appropriate. We are also leveraging on technology and digitalisation to improve processes and operations, to provide insight to sharpen our market execution and gain competitive advantage. We will continue to refine our product discounts and pricing to strengthen our businesses. At the same time, we will focus on purposeful innovations in the health and wellness category.

Our new Halal Food pillar will provide us a platform to expand into more halal food segments and innovative products offerings. We are leveraging on partnerships within our Group to expand route-to-market coverage and supply chain synergies and in the near term, to expand capacity for the operations.

We are confident that our mid and longer term strategies will build a stronger and sustainable business and strengthening our resilience in this new normal.

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

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. Tax expense

The details of the tax expense are as follows:

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Current income tax	24,678	22,915	70,290	81,943
Deferred tax – origination and reversal of temporary differences	3,180	5,277	14,662	8,255
(Over)/Under provision in respect of previous years				
- Income tax	(8)	1	1,029	167
- Deferred tax	(4,801)	(2,041)	(4,956)	(84)
	<u>23,049</u>	<u>26,152</u>	<u>81,025</u>	<u>90,281</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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Profit before tax	<u>119,191</u>	<u>119,998</u>	<u>417,471</u>	<u>414,648</u>
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	28,606	28,800	100,193	99,516
Effect of tax rates in foreign jurisdictions	(4,066)	(4,100)	(13,536)	(13,997)
Tax exempt income	(6,555)	(5,638)	(23,270)	(16,909)
Non-deductible expenses	415	1,087	1,683	3,177
(Over)/Under provision of income and deferred tax in prior years	(4,809)	(2,040)	(3,927)	83
Foreign withholding tax	9,812	8,354	20,971	20,007
Others	(354)	(311)	(1,089)	(1,596)
Total income tax expense	<u>23,049</u>	<u>26,152</u>	<u>81,025</u>	<u>90,281</u>
Effective income tax rate	<u>19.3%</u>	<u>21.8%</u>	<u>19.4%</u>	<u>21.8%</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. Loans and borrowings

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

RM'000	<u>Currency</u>	<u>30/06/2021</u>	<u>30/09/2020</u>
<u>Current (unsecured)</u>			
Term loan	THB	<u>-</u>	<u>91,868</u>

Islamic Commercial Paper ("ICP")/Medium Term Note ("IMTN")

As announced on Bursa Malaysia on 7 May 2021, F&N Capital Sdn Bhd, a wholly owned subsidiary of F&NHB had established an Islamic Commercial Papers ("ICP") Programme ("ICP Programme") and an Islamic Medium Term Notes ("IMTN") Programme ("IMTN Programme") both based on the Shariah principle of Murabahah (via a Tawarruq arrangement) with a combined limit of up to RM3.0 billion in nominal value and guaranteed by the Company.

The proceeds from the ICP Programme and the IMTN Programme shall be advanced to companies within the F&NHB Group for Shariah-compliant general corporate purposes of the Group and the refinancing of any existing borrowings/financings/corporate bonds/Sukuk issues and/or future Sukuk issues/Shariah-compliant financings of the Group. The utilisation of proceeds of these programmes shall at all times be for Shariah-compliant purposes.

As at 30 June 2021, these programmes have not been utilised.

Term loan

On 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDDT"), was granted term loan of THB1.0 billion with the tenure of three (3) years from the issued date and interest rate of 2.44% per annum. As at 30 June 2021, there is no outstanding balance for the term loan (2020: THB700,000,000).

8. Material litigation

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

9. Dividend declared in this quarter

On 4 May 2021, the Directors have declared an interim single tier dividend of 27 sen per share (2020: 27 sen) for the financial year ending 30 September 2021. This dividend amounting to approximately RM99.0 million was paid on 16 June 2021 (entitlement date for the dividend was 20 May 2021).

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

10. Earnings per ordinary share (EPS)

- (a) The calculation of basic earnings per ordinary share at 30 June 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Profit for the period attributed to owners of the Company (RM'000)	<u>96,156</u>	<u>93,853</u>	<u>336,473</u>	<u>324,391</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,540</u>	<u>366,562</u>	<u>366,640</u>	<u>366,638</u>
Basic earnings per ordinary share (sen)	<u>26.2</u>	<u>25.6</u>	<u>91.8</u>	<u>88.5</u>

- (b) The calculation of diluted earnings per ordinary share at 30 June 2021 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Profit for the period attributed to owners of the Company (RM'000)	<u>96,156</u>	<u>93,853</u>	<u>336,473</u>	<u>324,391</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,540</u>	<u>366,562</u>	<u>366,640</u>	<u>366,638</u>
Adjustments pursuant to the SGP ('000)	<u>1,053</u>	<u>1,043</u>	<u>1,053</u>	<u>1,043</u>
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>367,593</u>	<u>367,605</u>	<u>367,693</u>	<u>367,681</u>
Diluted earnings per ordinary share (sen)	<u>26.2</u>	<u>25.5</u>	<u>91.5</u>	<u>88.2</u>

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

22. 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>30/06/2021</u>	<u>30/06/2020</u>	<u>30/06/2021</u>	<u>30/06/2020</u>
(a) Bad debts recovered	(3)	-	(22)	-
(b) Bad debts written off	-	-	-	-
(c) Depreciation of property, plant and equipment and amortisation of intangible assets	28,059	26,869	82,691	80,062
(d) Depreciation of right-of-use assets	6,092	6,052	19,527	18,723
(e) Inventories written off	638	588	1,282	3,609
(f) Net fair value loss/(gain) on derivatives	409	1,897	(548)	(311)
(g) Net reversal of impairment loss on property, plant and equipment	(8)	(9)	(25)	(26)
(h) Net impairment loss on receivables	191	216	39	429
(i) Net (reversal of inventories written down)/inventories written down	(836)	(1,929)	2,033	1,901
(j) Net loss on disposal/write-offs of property, plant and equipment	100	88	400	484
(k) Net gain on foreign exchange	(1,373)	(63)	(1,435)	(1,751)
(l) Property development costs written off	25	-	25	-

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

23. 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:

	30/06/2021		30/09/2020	
	<u>Notional value</u>	<u>Fair value</u> RM'000	<u>Notional value</u>	<u>Fair value</u> RM'000
Forward foreign exchange contracts (less than 1 year)				
USD ('000)	2,642	229	4,602	(301)
AUD ('000)	822	(44)	1,706	(62)
		<u>185</u>		<u>(363)</u>

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2020:

- (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 period, the Group recognised a total net gain of RM548,000 (2020: RM311,000) 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 2021.