



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

First Quarter Ended 31 December 2021

The Directors are pleased to release the unaudited quarterly financial report for the three months ended 31 December 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 financial year ended 30 September 2021:

- 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 financial year had been followed throughout this quarterly financial report.

By Order of the Board
Kuala Lumpur
8 February 2022

Schedule A : Unaudited Condensed Consolidated Income Statement

For the three months ended 31 December 2021

RM'000	1 st quarter		% chg
	31/12/2021	31/12/2020	
Revenue	1,106,616	1,083,121	2.2%
Cost of sales	(808,472)	(741,266)	
Gross profit	298,144	341,855	-12.8%
Other income	3,096	1,717	
Net gain on impairment of financial instruments	151	123	
Operating expenses	(194,190)	(186,930)	
Operating profit	107,201	156,765	-31.6%
Finance income	894	1,023	
Finance costs	(1,011)	(778)	
Share of profit of equity-accounted associate, net of tax [^]	1,108	1,987	
Share of loss of equity-accounted joint venture, net of tax [#]	(45)	(61)	
Profit before tax	108,147	158,936	-32.0%
Tax expense (Schedule G, Note 5)	(15,201)	(22,138)	
Profit for the period	92,946	136,798	-32.1%
Profit for the period attributable to:			
Owners of the Company	92,953	136,805	
Non-controlling interests	(7)	(7)	
Profit for the period	92,946	136,798	
Basic earnings per ordinary share (sen) (Schedule G, Note 10)	25.4	37.3	
Diluted earnings per ordinary share (sen) (Schedule G, Note 10)	25.3	37.2	

[^] 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 30 September 2021 dated 29 November 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 ended 31 December 2021.

Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 December 2021

RM'000	1 st quarter		% chg
	31/12/2021	31/12/2020	
Profit for the period	92,946	136,798	-32.1%
Other comprehensive income, net of tax:			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations	6,494	16,401	
Total comprehensive income for the period	99,440	153,199	-35.1%
Total comprehensive income attributable to:			
Owners of the Company	99,447	153,206	
Non-controlling interests	(7)	(7)	
	99,440	153,199	-35.1%

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 financial year ended 30 September 2021.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position
 As at 31 December 2021

RM'000	31/12/2021	30/09/2021
Non-current assets		
Property, plant and equipment	1,397,622	1,372,249
Right-of-use assets	120,494	125,367
Investment properties	47,569	47,569
Properties held for development	54,933	54,933
Intangible assets	88,585	88,319
Investment in an associate (<i>Schedule F, Note 8</i>)	86,795	85,687
Investment in a joint venture (<i>Schedule F, Note 9</i>)	87,510	87,555
Deferred tax assets	6,730	5,240
	1,890,238	1,866,919
Current assets		
Trade and other receivables	672,791	545,932
Inventories	704,824	659,745
Current tax asset	692	3,770
Derivative financial assets (<i>Schedule F, Note 17</i>)	245	-
Cash and cash equivalents	555,758	555,380
	1,934,310	1,764,827
Total assets	3,824,548	3,631,746
Equity		
Share capital and reserves	2,919,393	2,818,965
Non-controlling interests	(202)	(195)
Total equity	2,919,191	2,818,770
Non-current liabilities		
Lease liabilities	51,943	53,904
Employee benefits	44,118	43,440
Deferred tax liabilities	60,777	59,754
	156,838	157,098
Current liabilities		
Trade and other payables	618,881	* 540,089
Contract liabilities	78,720	* 73,979
Loans and borrowings (<i>Schedule G, Note 7</i>)	1,000	1,000
Lease liabilities	8,505	10,143
Current tax liabilities	41,354	30,501
Derivative financial liabilities (<i>Schedule F, Note 17</i>)	59	166
	748,519	655,878
Total liabilities	905,357	812,976
Total equity and liabilities	3,824,548	3,631,746
Net assets per share (RM) attributable to owners of the Company	7.96	7.69

* The comparatives for the financial year ended 30 September 2021 have been restated as disclosed in Schedule F, Note 21.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the financial year ended 30 September 2021.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the three months ended 31 December 2021

RM'000	1 st quarter	
	31/12/2021	31/12/2020
Cash flows from operating activities		
Profit before tax	108,147	158,936
Add/(less) non-cash items:		
- Depreciation of property, plant and equipment and amortisation of intangible assets	26,343	27,264
- Depreciation of right-of-use assets	5,109	6,788
- Finance costs	1,011	778
- Finance income	(894)	(1,023)
- Net impairment loss/(reversal of impairment loss) on property, plant and equipment	20,006	(9)
- Net (gain)/loss on disposal of property, plant and equipment	(78)	47
- Property, plant and equipment written off	286	75
- Employee share-based expense	1,513	2,503
- Share of profit of equity-accounted associate, net of tax	(1,108)	(1,987)
- Share of loss of equity-accounted joint venture, net of tax	45	61
- Others	499	222
Changes in working capital	(88,623)	21,031
Tax paid	(1,836)	(5,080)
Net cash from operating activities	70,420	209,606
Cash flows from investing activities		
Acquisition of intangible assets	(855)	(708)
Acquisition of property, plant and equipment	(68,656)	(14,673)
Dividends received	-	4,977
Interest received	685	705
Proceeds from disposal of property, plant and equipment	353	129
Net cash used in investing activities	(68,473)	(9,570)
Cash flows from financing activities		
Interest paid	(952)	(1,718)
Payment of lease liabilities	(3,795)	(6,456)
Purchase of shares by Share Grant Plan ("SGP") Trust	(516)	(3,185)
Repayment of loans and borrowings	-	(13,433)
Net cash used in financing activities	(5,263)	(24,792)
Net (decrease)/increase in cash and cash equivalents	(3,316)	175,244
Effects of exchange rate fluctuations on cash and cash equivalents	3,694	11,120
Cash and cash equivalents at 1 October 2021/2020	555,380	493,615
Cash and cash equivalents at 31 December	555,758	679,979
Cash and bank balances	464,130	383,155
Short term deposits with licensed banks with a maturity period of 3 months or less	91,628	296,824
Cash and cash equivalents at 31 December	555,758	679,979

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 financial year ended 30 September 2021.

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

For the three months ended 31 December 2021

	-----> Attributable to owners of the Company <----->							Total	Non-controlling interests	Total equity
	<-----> Non-distributable ----->				Distributable					
RM'000	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 2021	816,770	(4,626)	(9,275)	48,002	12,926	9,934	1,945,234	2,818,965	(195)	2,818,770
Total comprehensive income	-	-	-	6,494	-	-	92,953	99,447	(7)	99,440
Transactions with owners:										
Purchase of shares by SGP Trust	-	(516)	-	-	-	-	-	(516)	-	(516)
Employee share-based expense	-	-	-	-	1,497	-	-	1,497	-	1,497
Total transactions with owners	-	(516)	-	-	1,497	-	-	981	-	981
At 31 December 2021	816,770	(5,142)	(9,275)	54,496	14,423	9,934	2,038,187	2,919,393	(202)	2,919,191
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	-	-	-	16,401	-	-	136,805	153,206	(7)	153,199
Transactions with owners:										
Purchase of shares by SGP trust	-	(3,185)	-	-	-	-	-	(3,185)	-	(3,185)
Employee share-based expense	-	-	-	-	2,212	-	-	2,212	-	2,212
Total transactions with owners	-	(3,185)	-	-	2,212	-	-	(973)	-	(973)
At 31 December 2020	816,770	(7,873)	(7,733)	110,685	16,646	9,934	1,904,405	2,842,834	(168)	2,842,666

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 three months ended 31 December 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 8 February 2022.

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 financial year ended 30 September 2021.

The audited consolidated financial statements of the Group for the year ended 30 September 2021 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 financial year ended 30 September 2021. 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 financial year ended 30 September 2021.

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 financial year ended 30 September 2021, 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 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*
- Amendments to MFRS16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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 17, *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- 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*

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.

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.

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

6. Unusual items due to their nature, size and incidence

The financial statements have been impacted by the recognition of flood related property damage losses and the associated interim insurance claims receivable in relation to the Group's manufacturing facilities in Shah Alam, Malaysia.

Unusual items related to flood affecting net income for the quarter are summarised below:

RM'000	<u>31/12/2021</u>
Impairment loss on plant and machinery (<i>Schedule G, Note 11</i>)	20,009
Inventories written down (<i>Schedule G, Note 11</i>)	20,611
Provision for repairs and other flood related expenses	<u>911</u>
Estimated loss from flood	41,531
Interim insurance claim receivable in respect of inventories	<u>(18,002)</u>
	<u>23,529</u>

Losses recognised in Q1 only reflect damages that had been quantified to-date. Assessment of damages for plant and machinery, for example, is still in progress at the time of this report and subject to availability and lead time for obtaining replacement parts/components and repairs. The full extent of the property damage will only be known after restoration/repair works has been completed.

Please refer to Schedule F, Note 13 for disclosure on flood.

Other than as disclosed, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter.

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>31/12/2021</u>	<u>30/09/2021</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	79,851	78,743
Dividends received	<u>(61,783)</u>	<u>(61,783)</u>
	<u>86,795</u>	<u>85,687</u>
Market value of investment in an associate for which there is published price quotation	<u>129,400</u>	<u>120,068</u>

The summarised financial information of the associate is as follows:

RM'000	<u>31/12/2021</u>	<u>30/09/2021</u>
Total assets	275,770	274,310
Total liabilities	<u>(23,337)</u>	<u>(25,952)</u>
	<u>252,433</u>	<u>248,358</u>
	1 st quarter	
RM'000	<u>31/12/2021</u>	<u>31/12/2020</u>
Revenue	46,014	56,127
Profit	<u>4,076</u>	<u>7,306</u>

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

9. Investment in a joint venture

RM'000	31/12/2021	30/09/2021
Unquoted shares, at cost	127,820	127,820
Share of post-acquisition reserves	(23,312)	(23,267)
	104,508	104,553
Interest on shareholder's loan	38,294	38,294
	142,802	142,847
Less: Unrealised profit	(55,292)	(55,292)
	87,510	87,555

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

RM'000	31/12/2021	30/09/2021
Total assets	285,915	286,027
Total liabilities	(76,917)	(76,939)

RM'000	1 st quarter	
	31/12/2021	31/12/2020
Revenue	-	-
Loss	(90)	(122)

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. Dividend paid

No dividend has been paid 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>1st quarter - 31/12/2021</u>					
Total revenue	575,585	535,659	812	18,886	1,130,942
Inter-segment	-	(5,816)	(660)	(17,850)	(24,326)
External	575,585	529,843	152	1,036	1,106,616
<u>1st quarter - 31/12/2020</u>					
Total revenue	568,183	524,257	874	22,600	1,115,914
Inter-segment	-	(9,850)	(645)	(22,298)	(32,793)
External	568,183	514,407	229	302	1,083,121
<u>4th quarter - 30/09/2021</u>					
Total revenue	457,928	445,707	569	13,582	917,786
Inter-segment	-	(9,516)	(569)	(11,441)	(21,526)
External	457,928	436,191	-	2,141	896,260

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

12. Segmental information (cont'd)

Segment results (cont'd)

RM'000	Operating profit/(loss)					Total
	F&B Malaysia	F&B Thailand	Property	Others	Adjustments and eliminations	
<u>1st quarter - 31/12/2021</u>						
Operating profit	22,633	80,395	235	4,030	(92)	107,201
Finance income						894
Finance costs						(1,011)
Share of results of an associate						1,108
Share of results of a joint venture						(45)
Profit before tax						<u>108,147</u>
<u>1st quarter - 31/12/2020</u>						
Operating profit	44,916	109,478	235	2,136	-	156,765
Finance income						1,023
Finance costs						(778)
Share of results of an associate						1,987
Share of results of a joint venture						(61)
Profit before tax						<u>158,936</u>
<u>4th quarter - 30/09/2021</u>						
Operating profit/(loss)	9,306	49,086	(520)	164	2,378	60,414
Finance income						1,566
Finance costs						(840)
Share of results of an associate						886
Share of results of a joint venture						(86)
Profit before tax						<u>61,940</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 cash and cash equivalents.

RM'000	<u>31/12/2021</u>	<u>30/09/2021</u>
F&B Malaysia	1,962,036	1,848,805
F&B Thailand	1,010,258	931,861
Property	201,131	201,536
Others	95,365	94,164
	<u>3,268,790</u>	<u>3,076,366</u>

Segment liabilities

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

RM'000	<u>31/12/2021</u>	<u>30/09/2021</u>
F&B Malaysia	455,191	408,148
F&B Thailand	443,288	398,264
Property	1,667	1,985
Others	4,211	3,579
	<u>904,357</u>	<u>811,976</u>

13. Significant events

There were no significant events that have not been reflected in the current quarter other than as disclosed below:

Flood related damages

The operations at Shah Alam plant were adversely affected by the recent flash floods from 18 to 19 December 2021. The Group has in place property damage and business interruption insurance cover in respect of the operations affected by flood.

At the recent Annual General Meeting, the Group has informed the shareholders that the recent flood damages amounted to about RM40 million. Based on management's assessment to-date, the estimated losses amounted to RM41.5 million, covering inventories and property damage, repairs and other flood related costs. Losses recognised in Q1 only reflect damages that had been quantified to-date. Assessment of damages for plant and machinery, for example, is still in progress at the time of this report and subject to availability and lead time for obtaining replacement parts/components and repairs. The full extent of the property damage will only be known after restoration/repair works has been completed.

After discussion with stakeholders, we have recognised preliminarily RM18.0 million as interim insurance claim receivable for finished goods, raw material and packaging materials. We will continue to engage our insurers to ascertain the quantum of damages and further insurance receivables would be recognised in due course.

Please refer to Schedule F, Note 6 for further details.

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

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 other than as disclosed in Schedule F, Note 13.

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>31/12/2021</u>	<u>30/09/2021</u>
Derivative financial assets	245	-
Derivative financial liabilities	<u>59</u>	<u>166</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 (2021: 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>31/12/2021</u>	<u>30/09/2021</u>
<u>Property, plant and equipment</u>		
Contracted but not provided for	<u>139,250</u>	<u>175,991</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	1 st quarter	
	31/12/2021	31/12/2020
<u>Fraser and Neave, Limited Group</u>		
Sales	74,297	66,424
Purchases	(39,099)	(55,898)
Royalties paid	(15,807)	(16,303)
Receipt of corporate service fees	1,071	340
<u>Cocoaland Holdings Berhad Group</u>		
Dividend income	-	4,977
<u>Thai Beverage Public Company Limited Group</u>		
Sales	1,592	1,485
Purchases	(1,221)	(1,230)
Marketing expenses	(2,473)	(5,636)
Purchase of property, plant and equipment	(2,179)	-
<u>Berli Jucker Public Company Limited Group</u>		
Sales	17,119	16,089
Purchases	(1,751)	(3,085)
Transportation expenses	-	(2,297)
<u>Frasers Property Limited Group</u>		
Rental of warehouse	(1,450)	-
<u>Other related parties of TCC Assets Limited Group</u>		
Purchases	(12,291)	(15,775)
<u>Compensation</u>		
Compensation of key management personnel of the Group	(4,149)	(3,911)
Directors' fees and remuneration	(331)	(319)

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	31/12/2021	30/09/2021
<u>Amount due from related parties</u>		
Fraser and Neave, Limited Group	51,285	55,466
Vacaron Company Sdn Bhd	38,306	38,306
Cocoaland Holdings Berhad Group	-	-
Thai Beverage Public Company Limited Group	845	559
Berli Jucker Public Company Limited Group	13,459	13,882
Other related parties of TCC Assets Limited Group	48	51
<u>Amount due to related parties</u>		
Fraser and Neave, Limited Group	(38,138)	(25,238)
Frasers Property Limited Group	(495)	(491)
Thai Beverage Public Company Limited Group	(2,223)	(2,050)
Berli Jucker Public Company Limited Group	(1,737)	(700)
Other related parties of TCC Assets Limited Group	(5,208)	(5,929)

21. Change in comparatives

The comparatives for the financial year ended 30 September 2021 have been restated as follows:

RM'000	As previously stated	Adjustment (Note a)	As restated
<u>Statement of Financial Position</u>			
<u>As at 30 September 2021</u>			
Trade and other payables	558,253	(18,164)	540,089
Contract liabilities	55,815	18,164	73,979

Note a: Being reclassification to conform with current year's presentation.

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

1. Operations review

Current quarter ended 31 December 2021 vs corresponding quarter ended 31 December 2020

The Group managed to deliver an increase in revenue of 2.2% for Q1 FY2022 to RM1,106.6 million (Q1 FY2021: RM1,083.1 million), amidst recovery of economic activities in our core markets, although the positive momentum was disrupted when the recent floods inundated our manufacturing facilities in Shah Alam.

Despite higher sales, the Group's profit before tax declined by 32.0%, at RM108.1 million (Q1 FY2021: RM158.9 million), moderated by commodity price pressures, impact from the flood and forex translation loss from a weaker Thai Baht. Excluding the impact from the flood, group profit before tax declined by 17.2% to RM131.7 million. (Please refer to Schedule F, Note 13).

- F&B Malaysia

F&B Malaysia revenue for the quarter grew by 1.3% to RM575.6 million (Q1 FY2021: RM568.2 million), with revenue from food pillar cushioning the impact due to floods and shipping disruption to both domestic and export business.

In Malaysia, positive momentum was building up to Chinese New Year ("CNY") for festive sell-in. Out-of-home consumption improved with the gradual easing/ lifting of movement control restrictions in states during the quarter nationwide. However, from the 4th week of December, domestic sales were impacted by the floods in Selangor and other states and transportation disruption. Exports from Malaysia continued to grow in the weeks before flash floods inundated Port Klang, resulting in postponement of some shipments to next quarter.

The operations at Shah Alam plant were affected by the recent flash floods from 18 to 19 December 2021. The crisis management team has ensured the continued safety of employees, a quick recovery turnaround and minimised operational disruption to business, with the Shah Alam plant resuming operations in stages by mid-January. The Group has in place property damage and business interruption insurance cover in respect of the operations affected by flood.

Given that it has built up inventories to prepare for the upcoming festive season, impact to business has been partly mitigated. Nonetheless, the flood has resulted in delays to the listing of CNY stocks in the modern trade, especially 100PLUS CNY Gold Cans, and shortages of products due to damaged stocks meant for East Malaysia.

Operating profit excluding flood impact grew by 2.8% during the quarter due to contribution from food pillar and higher revenue from exports, offset by unfavourable impact from higher input costs. With the flood related damages of RM41.5 million and interim insurance claim receivable of RM18.0 million taken into consideration, operating profit declined by 49.6% to RM22.6 million (Q1 FY2021: RM44.9 million).

Please refer to Schedule F, Note 6 and 13, and Schedule G, Note 11 for disclosures on flood impact.

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

1. Operations review (cont'd)

Current quarter ended 31 December 2021 vs corresponding quarter ended 31 December 2020 (cont'd)

- F&B Thailand

F&B Thailand revenue for the quarter grew 10.3% (in Thai Baht terms) from higher domestic sales and exports. However, unfavourable RM/THB translation led to the lower percentage growth for revenue in RM terms, an increase of 3.0% to RM529.8 million (Q1 FY2021: RM514.4 million).

Domestic revenue improved with easing of lockdown restrictions and re-opened borders via 'test and go travel' schemes and 'Sandbox concept' (welcoming travellers who are fully vaccinated to enter Thailand without quarantine). However, the quarantine-free travel scheme was suspended from 22 December 2021 due to threat of Omicron variant. F&B Thailand continued to drive promotions, expand distribution coverage for its products, and recruit new users with hawker decorations and loyalty campaigns. It also launched F&N Full Cream Evaporated Milk, first full cream evaporated milk (made from fresh milk) in Thailand. Nevertheless, HORECA outlets are still impacted to a certain extent with lower tourists.

Exports have grown by double digit for Indochina and other exports markets, spurred by a weaker Thai Baht, competitor's out-of-stock situation in Indochina as well as new products for OEM export customer and new export customer.

Operating profit declined by 26.6% (21.4% in Thai Baht terms) to RM80.4 million (Q1 FY2021: RM109.5 million) mainly due to higher input costs and phasing of advertising and promotion activities.

2. Comment on material change in Group profit before tax for the quarter ended 31 December 2021 vs preceding 4th quarter ("Q4") ended 30 September 2021

For the current quarter, Group revenue grew by 23.5% to RM1,106.6 million (Q4 FY2021: RM896.3 million) due to higher sales contribution from F&B Thailand and F&B Malaysia from higher export revenue and sell-in activities for the festive season ahead in comparison to an off peak Q4.

Group profit before tax improved by 74.6% to RM108.1 million (Q4 FY2021: RM61.9 million) mainly due to improvement in margins from price adjustments to moderate the impact of higher raw and packaging material costs and partially offset by flood related damages.

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

3. Prospects

Following the recent floods in December 2021, our manufacturing facilities in Shah Alam resumed operations in stages by mid-January. There are certain out-of-stock ("OOS") situations for some products which had to be sacrificed to give priority to CNY products such as 100PLUS. The OOS situation continues to be experienced in January and could only be resolved fully by end of Q2 FY2022. Meanwhile, we will continue to engage our insurers to ascertain the quantum of reimbursement for property damage and loss of income under our business interruption policy.

We expect that the environment will remain challenging moving forward due to continuing high prices of key raw and packaging materials and uncertainties arising from the Omicron variant of Covid-19. As a very last resort, we may adjust product pricing gradually to ease margin pressures due to further increase in commodity prices and other input materials.

Despite the headwinds, with the encouraging momentum of recovery of economic activities in both Malaysia and Thailand, we will continue to drive sales for the coming festive seasons and for the rest of the year, particularly for beverages and ready-to-drink dairy business, and out-of-home channels. Exports and the halal packaged food pillar will remain a key focus for the Group.

Forging ahead on our PASSION 2025 road map, we look forward to implementing our Reimagine 2.0 Initiatives centering on *Building* new capabilities, *Strengthening* our leadership in core markets, and *Unlocking* our potential to enhance shareholder value. We will continue to focus on process improvements and digitalisation, and pursue opportunities as we evolve and build a stronger, more sustainable organisation.

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	1 st quarter	
	<u>31/12/2021</u>	<u>31/12/2020</u>
Current income tax	15,623	14,735
Deferred tax – origination and reversal of temporary differences	(506)	7,521
Under/(Over) provision of deferred tax in respect of previous years	84	(118)
	<u>15,201</u>	<u>22,138</u>

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

5. Tax expense (cont'd)

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

RM'000	1 st quarter	
	31/12/2021	31/12/2020
Profit before tax	108,147	158,936
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	25,955	38,145
Effect of tax rates in foreign jurisdictions	(3,378)	(4,665)
Tax exempt income	(6,262)	(11,094)
Non-deductible expenses	(1,001)	130
Utilisation of previously unrecognised tax losses	(152)	-
Under/(Over) provision of income and deferred tax in prior years	84	(118)
Foreign withholding tax	210	202
Others	(255)	(462)
Total income tax expense	15,201	22,138
Effective income tax rate	14.1%	13.9%

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	Currency	31/12/2021	30/09/2021
<u>Current (unsecured)</u>			
Islamic Medium Term Notes	RM	1,000	1,000

Islamic Commercial Papers ("ICP") and Islamic Medium Term Notes ("IMTN") programmes of RM3,000,000,000

A subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), 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 RM3,000,000,000 in nominal value and guaranteed by the Company. The ICP Programme has a tenure of seven (7) years from the first issue date whilst the tenure of the IMTN Programme is perpetual.

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.

To activate the Programmes, the Issuer had on 30 August 2021 issued IMTN of RM1,000,000 with a tenure of one (1) year from the issue date. As at 31 December 2021, the outstanding IMTN with profit rate of 2.45% per annum amounted to RM1,000,000.

As at 31 December 2021, the unutilised ICP Programme and IMTN Programme available for use amounted to RM2,999,000,000.

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

8. Material litigation

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

9. Proposed dividend

A final single tier dividend of 33.0 sen per share (2020: 33.0 sen per share) for financial year ended 30 September 2021 was approved by shareholders at the Annual General Meeting of the Company on 17 January 2022. This dividend amounting to approximately RM121.0 million is payable on 9 February 2022 (entitlement date for the dividend is 21 January 2022).

10. Earnings per ordinary share (EPS)

- (a) The calculation of basic earnings per ordinary share at 31 December 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	1 st quarter	
	31/12/2021	31/12/2020
Profit for the period attributed to owners of the Company (RM'000)	92,953	136,805
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,594	366,537
Basic earnings per ordinary share (sen)	25.4	37.3

- (b) The calculation of diluted earnings per ordinary share at 31 December 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:

	1 st quarter	
	31/12/2021	31/12/2020
Profit for the period attributed to owners of the Company (RM'000)	92,953	136,805
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,594	366,537
Adjustments pursuant to the SGP ('000)	564	805
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	367,158	367,342
Diluted earnings per ordinary share (sen)	25.3	37.2

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

11. Notes to the Condensed Consolidated Income Statement

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

RM'000	1 st quarter	
	<u>31/12/2021</u>	<u>31/12/2020</u>
(a) Bad debts recovered	(10)	(9)
(b) Depreciation of property, plant and equipment and amortisation of intangible assets	26,343	27,264
(c) Depreciation of right-of-use assets	5,109	6,788
(d) Inventories written off	576	307
(e) Net fair value gain on derivatives	(352)	(248)
(f) Net impairment loss/(reversal of impairment loss) on property, plant and equipment		
- due to flood	20,009	-
- others	(3)	(9)
(g) Net reversal of impairment loss on receivables	(151)	(123)
(h) Net inventories written down		
- due to slow moving inventories	617	1,191
- due to flood	20,611	-
(i) Net loss on disposal/write-offs of property, plant and equipment	208	122
(j) Net loss on foreign exchange	101	2,676
(k) Insurance claim receivable	(18,002)	-

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

12. 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:

	31/12/2021		30/09/2021	
	<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)	7,000	241	-	-
AUD ('000)	2,327	(55)	2,356	(166)
		<u>186</u>		<u>(166)</u>

There is no significant change for the financial derivatives in respect of the following since the financial year ended 30 September 2021:

- (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 RM352,000 (2021: RM248,000) in the consolidated income statement arising from the fair value changes on the foreign exchange contracts which are marked-to-market as at 31 December 2021.