



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 1 : Financial Year Ending 30 September 2014

The Directors are pleased to release the unaudited quarterly financial report for the three months ended 31st December 2013.

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 financial statements for the year ended 30 September 2013:

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

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

By Order of the Board


Soon Wing Chong
Company Secretary

Kuala Lumpur
10 February 2014

Schedule A : Unaudited Condensed Consolidated Income Statement

For the three months ended 31 December 2013

RM'000	1 st Quarter		% chg
	31/12/2013	31/12/2012 (Restated)	
Revenue	947,761	* 854,211	11.0%
Operating profit	85,875	* 67,608	27.0%
Interest expense	(2,928)	(3,625)	
Interest income	1,830	1,070	
Share of results of a joint venture #	(221)	* (178)	
Share of results of an associate ^	1,574	1,233	
Profit before tax (PBT)	86,130	66,108	30.3%
Taxation (<i>Schedule G, Note 4</i>)	(17,373)	* (9,286)	
Profit after tax (PAT)	68,757	56,822	21.0%
Attributable to:			
Equity holders of the Company	68,766	56,822	21.0%
Non-controlling interests	(9)	-	
	68,757	56,822	
Basic earnings per share (sen) attributable to equity holders of the Company	18.9	15.6	21.2%
Diluted earnings per share (sen) attributable to equity holders of the Company	18.8	15.6	20.5%

* The comparatives for the financial quarter ended 31 December 2013 have been restated as disclosed in Schedule F, Note 18.

The share of results of a joint venture for the quarter refers to Vacaron Company Sdn Bhd and is derived from its management accounts for the quarter ended 31 December 2013.

^ The share of results of an associate for the quarter refers to Cocoland Holdings Berhad and is derived from its quarterly announcement for the quarter ended 30 September 2013 dated 25 November 2013.

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 2013.

Schedule B : Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 December 2013

RM'000	1 st Quarter		% chg
	31/12/2013	31/12/2012 (Restated)	
Profit for the year	68,757	56,822	21.0%
Other comprehensive income, net of tax:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains on defined benefit plans	-	33	
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	(18,286)	2,529	
Total comprehensive income	50,471	59,384	-15.0%
Total comprehensive income attributable to:			
Equity holders of the Company	50,480	59,384	-15.0%
Non-controlling interests	(9)	-	
	50,471	59,384	-15.0%

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2013

RM'000	31/12/2013	30/09/2013 (Restated)	1/10/2012 (Restated)
Non-current assets			
Property, plant and equipment	1,046,828	* 1,065,773	1,074,386
Investment properties	57,084	57,084	-
Properties held for development	54,518	54,518	* 54,641
Joint venture (<i>Schedule F, Note 6</i>)	29,308	* 28,729	* 17,195
Associate	75,919	75,511	73,737
Intangible assets	135,092	136,476	134,970
Deferred tax assets	65,872	* 71,113	* 78,983
	<u>1,464,621</u>	<u>1,489,204</u>	<u>1,433,912</u>
Current assets			
Inventories	351,800	350,134	370,775
Receivables	579,982	* 517,462	* 537,758
Tax recoverable	3,453	3,948	* 4,745
Cash and cash equivalents	376,032	* 360,711	* 227,683
	<u>1,311,267</u>	<u>1,232,255</u>	<u>1,140,961</u>
Non-current assets held for sale #	-	-	55,897
	<u>1,311,267</u>	<u>1,232,255</u>	<u>1,196,858</u>
Total assets	<u>2,775,888</u>	<u>2,721,459</u>	<u>2,630,770</u>
Equity			
Share capital and reserves	1,706,241	* 1,648,440	* 1,553,585
Non-controlling interests	218	227	254
Total equity	<u>1,706,459</u>	<u>1,648,667</u>	<u>1,553,839</u>
Non-current liabilities			
Borrowings	300,000	150,000	-
Provision for retirement benefits	37,432	* 36,784	* 35,935
Deferred tax liabilities	28,114	26,833	15,047
	<u>365,546</u>	<u>213,617</u>	<u>50,982</u>
Current liabilities			
Payables	628,458	* 594,225	* 593,888
Provisions	17,934	17,934	6,000
Borrowings	50,000	240,000	423,711
Provision for taxation	7,491	7,016	2,350
	<u>703,883</u>	<u>859,175</u>	<u>1,025,949</u>
Total liabilities	<u>1,069,429</u>	<u>1,072,792</u>	<u>1,076,931</u>
Total equity and liabilities	<u>2,775,888</u>	<u>2,721,459</u>	<u>2,630,770</u>
Net assets per share (RM) attributable to equity holders of the Company	4.68	4.52	4.28

Comprises Car Park and Techno Centre which have been reclassified to "Property, plant and equipment" and "Investment Properties" in the previous financial year ended 30 September 2013 as the criteria under MFRS 5: Non-current Assets Held for Sale and Discontinued Operations are no longer met.

* The comparatives for the financial quarter ended 31 December 2013 have been restated as disclosed in Schedule F, Note 18.

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 2013.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows
 For the three months ended 31 December 2013

RM'000	1 st Quarter	
	31/12/2013	31/12/2012 (Restated)
Operating activities		
Profit before tax	86,130	66,108
Add non-cash items:		
- Depreciation and amortisation	21,684	24,059
- Others	(5,243)	1,466
Interest income	(1,830)	(1,070)
Interest expense	2,928	3,625
Share of results of a joint venture	221	178
Share of results of an associate	(1,574)	(1,233)
Changes in working capital	(30,836)	(7,138)
Tax paid	(9,814)	(2,720)
Net cash flows generated from operating activities	61,666	83,275
Investing activities		
Interest income	1,830	1,070
Dividend income	1,167	1,167
Proceeds from disposal of property, plant and equipment	178	487
Purchase of property, plant and equipment	(12,525)	(15,687)
Purchase of intangible assets	(36)	-
Net cash flows used in investing activities	(9,386)	(12,963)
Financing activities		
Interest expenses	(2,928)	(3,625)
Net movement in borrowings	(40,000)	(24,211)
Proceeds from the exercise of the Executives' Share Options Scheme ("ESOS") and Share Grant Plan ("SGP")	5,969	5,990
Net cash flows used in financing activities	(36,959)	(21,846)
Net change in cash and cash equivalents	15,321	48,466
Cash and cash equivalents at beginning of quarter	360,711	227,683
Cash and cash equivalents at end of quarter	376,032	276,149

Note:
 () denotes cash outflow

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

For the three months ended 31 December 2013

RM'000	Attributable to equity holders of the Company		Share-based payment				Legal reserve	Retained earnings (Restated)	Total equity	
	Share capital	Share premium	Treasury shares	Foreign exchange reserve	Share-based payment reserve	Non-controlling interests				
At 1 October 2013	364,658	417,309	(1,716)	10,083	12,165	9,934	* 836,007	1,648,440	227	1,648,667
Total comprehensive income	-	-	-	(18,286)	-	-	68,766	50,480	(9)	50,471
Transactions with owners:										
Issuance of shares upon exercise of ESOS and SGP	501	6,869	-	-	(1,401)	-	-	5,969	-	5,969
Employee share-based payment expense	-	-	-	-	1,352	-	-	1,352	-	1,352
Total transactions with owners	501	6,869	-	-	(49)	-	-	7,321	-	7,321
At 31 December 2013	365,159	424,178	(1,716)	(8,203)	12,116	9,934	904,773	1,706,241	218	1,706,459
At 1 October 2012	362,997	395,810	(1,716)	(9,268)	8,552	9,934	* 787,276	1,553,585	254	1,553,839
Total comprehensive income	-	-	-	2,529	-	-	56,855	59,384	-	59,384
Transactions with owners:										
Issuance of shares upon exercise of ESOS	574	5,416	-	-	-	-	-	5,990	-	5,990
Employee share-based payment expense	-	-	-	-	1,274	-	-	1,274	-	1,274
Total transactions with owners	574	5,416	-	-	1,274	-	-	7,264	-	7,264
At 31 December 2012	363,571	401,226	(1,716)	(6,739)	9,826	9,934	844,131	1,620,233	254	1,620,487

* The comparatives for the financial quarter ended 31 December 2013 have been restated as disclosed in Schedule F, Note 18.

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 2013.

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134

1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2013. 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 2013.

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2013, except for the adoption of the following new and amended MFRS, and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 October 2013.

- MFRS 3 *Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*
- MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)*
- MFRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*
- MFRS 128 *Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)*
- Amendments to MFRS 1 *First-time Adoption of MFRS - Government Loans **
- Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 10, MFRS 11 and MFRS 12: *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
- Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine **
- Annual Improvements 2009-2011 Cycle

* not applicable

The adoption of the above pronouncements did not have any significant effect on the financial performance, position or presentation of financials of the Group, except for those described below:

MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 *Interests in Joint Ventures* and IC Interpretation 113 *Jointly-Controlled Entities – Non-monetary Contributions by Venturers*.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

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

1. Basis of preparation (cont'd)

MFRS 11 Joint Arrangements (cont'd)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard affected the financial position of the Group. This is due to the cessation of proportionate consolidation of Vacaron Company Sdn Bhd. Under MFRS 11, Vacaron Company Sdn Bhd is treated as a joint venture and is accounted for using the equity method.

MFRS 11 has been applied in accordance with the relevant transitional provisions set out in MFRS 11. The initial investment as at 1 October 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

The above change in accounting policy has affected the amounts reported in the Group's consolidated financial statements, as shown in Schedule F, Note 18.

The accounting policies for joint ventures have been revised as follows:

"A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture.

Under the equity method, on initial recognition the investment in a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

The interest in a joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investment in the joint venture. When the Group's share of losses in a joint venture equal or exceeds its interest in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

1. Basis of preparation (cont'd)

MFRS 11 Joint Arrangements (cont'd)

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 *Financial Instruments: Recognition and Measurement* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investment in joint venture is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurement of the Group.

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 requires entities to group items presented in "Other Comprehensive Income" in the Statement of Comprehensive Income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

The adoption of this amendment affects presentation only and has no financial impact on the Group's financial statements.

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

1. Basis of preparation (cont'd)

MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)

The Group applied MFRS 119 (revised) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented (1 October 2012) and the comparative figures have been accordingly restated.

The amendments to MFRS 119 revised the accounting for defined benefit plans and termination benefits. The significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the previous version of MFRS 119 as well as accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statements of financial position to reflect the full value of the plan deficit or surplus.

The Group has adopted MFRS 119 and applied this standard retrospectively during the current period. The financial effects on initial adoption of MFRS 119, together with certain reclassification made to conform with current period's presentation are shown in Schedule F, Note 18.

Accordingly, the accounting policy for the defined benefit plan has been revised as follows:

"Certain subsidiaries of the Group operate unfunded defined benefit plan for its employees. The plan pays a lump sum amount (instead of a pension) at retirement.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The liability recognised in the balance sheet is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised immediately in profit or loss."

2. Auditors' report

The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.

3. 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 group products such as soft drinks and evaporated milk may be skewed towards major festivities and weather pattern.

4. 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.

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

5. 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.

6. Investment in joint venture

RM'000	31/12/2013	30/09/2013 (Restated)	1/10/2012 (Restated)
Unquoted shares, at cost	500	500	500
Share of post-acquisition reserves	(1,100)	(879)	(248)
	(600)	(379)	252
Shareholder's loan	85,200	84,400	72,235
	84,600	84,021	72,487
Less: Unrealised profit	(55,292)	(55,292)	(55,292)
	<u>29,308</u>	<u>28,729</u>	<u>17,195</u>

The summarised financial information of the joint venture, not adjusted for the proportion of ownership interest held by the Group, is as follows:

RM'000	31/12/2013	30/09/2013	1/10/2012
Total assets	169,096	167,884	144,462
Total liabilities	(170,314)	(168,660)	(143,976)
	1 st quarter		
RM'000	31/12/2013	31/12/2012	
Revenue	-	-	
Loss for the quarter	(221)	(178)	

7. Issuance or repayments of debt/equity securities

There have been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial quarter except for the issuance of:

- (i) 46,700 and 377,400 ordinary shares pursuant to its Executives' Share Option Scheme at the exercise price of RM10.47 and RM14.52 each respectively; and
- (ii) 76,900 ordinary shares pursuant to its Share Grant Plan at the exercise price of RM18.22.

8. Dividends paid

At the last Annual General Meeting held on 23 January 2014, shareholders approved a final single tier dividend of 30 sen per share (2012: 23 sen) together with a special single tier dividend of 10 sen per share (2012: 15 sen) in respect of the financial year ended 30 September 2013. These are payable on 26 February 2014.

There was no dividend paid in this quarter.

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

9. Segmental information

Segment Results

For management purposes, the Group's operating businesses are organised according to products and services, namely Soft Drinks, Dairies Malaysia, Dairies 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 are as follows:

RM'000	Revenue		
	1 st quarter		Individual
	2014	2013	4 th quarter 2013
Soft drinks	377,624	* 352,775	365,369
Dairies Malaysia	272,758	253,423	243,980
Dairies Thailand	297,233	247,865	287,968
Property	96	119	141
Others	50	29	70
	<u>947,761</u>	<u>854,211</u>	<u>897,528</u>
RM'000	Operating profit		
	1 st quarter		Individual
	2014	2013	4 th quarter 2013
Soft drinks	43,412	* 36,455	* 25,100
Dairies Malaysia	20,322	^(a) * 14,856	* 19,766
Dairies Thailand	19,303	16,603	14,408
Property	248	* (2,268)	^(b) * 9,127
Others	2,590	1,962	^(c) (12,113)
	<u>85,875</u>	<u>67,608</u>	<u>56,288</u>
Provisional excess claims ^(d)	-	-	30,998
Operating profit	<u>85,875</u>	<u>67,608</u>	<u>87,286</u>
Finance cost	(1,098)	(2,555)	* (989)
Share of results of a joint venture	(221)	* (178)	* (207)
Share of results of an associate	1,574	1,233	1,142
Profit before tax	<u>86,130</u>	<u>66,108</u>	<u>87,232</u>

(a) Included expenses relating to the shift from Section 13, Petaling Jaya to Pulau Indah along with the crating and storage of useable manufacturing machineries (RMNil vs LY RM1 million) as explained in Q1 FY 2013's announcement.

(b) Included the net gain from fair value adjustment of investment properties of RM9.4 million.

(c) Included provision for litigation claims amounting to RM11.9 million.

(d) Provisional excess claims relate to excess of interim claims over assets and inventories written-off and one-off Thailand flood expenses and form part of the segment results of Dairies Thailand. For Q4 FY2013, the amount recognised represented the final insurance claim.

* The comparatives for the financial quarter ended 31 December 2013 have been restated as disclosed in Schedule F, Note 18.

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

9. Segmental information (cont'd)

Segment assets

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

RM'000	Assets	
	31/12/2013	30/9/2013
Soft drinks	786,581	731,048
Dairies Malaysia	672,111	658,355
Dairies Thailand	525,724	551,744
Property	188,049	* 188,162
Others	56,292	56,086
	<u>2,228,757</u>	<u>2,185,395</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	Liabilities	
	31/12/2013	30/09/2013
Soft drinks	294,918	* 301,067
Dairies Malaysia	212,262	* 163,533
Dairies Thailand	139,840	* 148,146
Property	9,281	* 9,737
Others	27,523	26,460
	<u>683,824</u>	<u>648,943</u>

* The comparatives for the financial quarter ended 31 December 2013 have been restated as disclosed in Schedule F, Note 18.

10. Acquisitions and disposals of property, plant and equipment and intangible assets

RM'000	1 st quarter	
	31/12/2013	31/12/2012
Acquisitions (cost)	12,561	15,687
Disposals/write offs (net carrying amount)	1,007	1,146
Net loss on disposals/write offs	<u>829</u>	<u>659</u>

11. Subsequent events

There were no material events subsequent to the end of the quarter that have not been reflected in the current financial quarter other than as disclosed in Schedule G, Note 7.

12. Changes in the composition of the Group

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

13. Contingent liabilities

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

14. 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)

15. Capital commitment

The outstanding capital commitments are as follows:

RM'000	31/12/2013	30/09/2013
Property, plant and equipment		
- Approved and contracted for	17,675	9,674
- Approved and not contracted for	37,466	29,814
	<u>55,141</u>	<u>39,488</u>

16. Significant related party transactions

The following are significant related party transactions:

RM'000	1 st quarter	
	2014	2013
<u>Fraser and Neave, Limited ("F&N Limited") Group</u>		
Sales	41,411	33,821
Rental income	75	75
Purchases	57,290	52,516
Royalties paid	13,495	12,886
Corporate charges paid	747	1,090
<u>Vacaron Company Sdn Bhd</u>		
Receipt of corporate service fees and staff costs	365	433
Rental income	27	27
Interest income	835	797
<u>Thai Beverage Public Company Limited Group</u>		
Sales	165	78
Purchases	194	-
Management fees paid	262	-
<u>Berli Jucker Public Company Limited Group</u>		
Sales	1,053	470
Purchases	11,497	9,619
Logistic cost	3	-
<u>Permodalan Nasional Berhad ("PNB") Group *</u>		
Sales	15,971	17,192
Purchases	11,767	4,833
Repair and maintenance of motor vehicle paid	-	7
Rental of equipment paid	502	524
Other expenses paid	5	10
Compensation of key management personnel of the Group	2,060	3,070
Directors fees	286	195

The above transactions had been entered into in the ordinary course of business on normal commercial terms.

* Permodalan Nasional Berhad ("PNB") is deemed a related party to Fraser & Neave Holdings Bhd ("FNHB") by virtue of PNB holding 69,067,600 shares as of 31 December 2013 through Amanahraya Trustees Berhad, representing 18.93% equity interest in FNHB and having two nominee directors on the Board of FNHB.

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

17. Fair value hierarchy

As at 31 December 2013, the Group held foreign currency forward contracts carried at fair value of approximately RM285,103 (30 September 2013: RM306,410) based on level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities. There was no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset during the financial quarter.

18. Change in comparatives

The comparatives for the financial quarter ended 31 December 2013 have been restated as follows:

	As previously stated	Adjustments			As restated
		(a)	(b)	(c)	
<u>Income statement:</u>					
<u>For the quarter ended 31</u>					
<u>December 2012</u>					
Revenue	873,703	-	-	⁽ⁱ⁾ (19,492)	854,211
Operating profit	67,663	237	(292)	-	67,608
Share of results of a joint venture	-	(178)	-	-	(178)
Taxation	(9,227)	(59)	-	-	(9,286)
 <u>Statement of financial position:</u>					
<u>As at 30 September 2013</u>					
Property, plant and equipment	1,065,776	(3)	-	-	1,065,773
Joint venture	-	28,729	-	-	28,729
Deferred tax assets	71,404	(291)	-	-	71,113
Property development costs	26,834	(26,834)	-	-	-
Receivables	559,722	(42,260)	-	-	517,462
Cash and cash equivalents	362,172	(1,461)	-	-	360,711
Provision for retirement benefits	35,042	-	1,742	-	36,784
Payables	636,354	(42,129)	-	-	594,225
Share capital and reserves	1,650,173	9	(1,742)	-	1,648,440
 <u>As at 1 October 2012</u>					
Properties held for development	62,276	(7,635)	-	-	54,641
Joint venture	-	17,195	-	-	17,195
Deferred tax assets	79,050	(67)	-	-	78,983
Property development costs	9,047	(9,047)	-	-	-
Receivables	518,315	(24,359)	-	⁽ⁱⁱ⁾ 43,802	537,758
Tax recoverable	-	-	-	⁽ⁱⁱ⁾ 4,745	4,745
Cash and cash equivalents	227,873	(190)	-	-	227,683
Provision for retirement benefits	35,227	-	708	-	35,935
Payables	569,454	(24,113)	-	⁽ⁱⁱⁱ⁾ 48,547	593,888
Share capital and reserves	1,554,283	10	(708)	-	1,553,585
 <u>Statement of changes in equity:</u>					
<u>As at 1 October 2013</u>					
Share capital and reserves	1,650,173	9	(1,742)	-	1,648,440
Retained earnings	837,740	9	(1,742)	-	836,007
 <u>As at 1 October 2012</u>					
Share capital and reserves	1,554,283	10	(708)	-	1,553,585
Retained earnings	787,974	10	(708)	-	787,276

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

18. Change in comparatives (cont'd)

	As previously stated	Adjustments			As restated
		(a)	(b)	(c)	
<u>Segment revenue:</u>					
<u>For the quarter ended 31</u>					
<u>December 2012</u>					
Soft drinks	372,267	-	-	⁽ⁱ⁾ (19,492)	352,775
<u>Segment operating profit:</u>					
<u>For the quarter ended 30</u>					
<u>September 2013</u>					
Soft drinks	25,289	-	(189)	-	25,100
Dairies Malaysia	19,869	-	(103)	-	19,766
Property	8,822	305	-	-	9,127
Finance cost	(1,015)	26	-	-	(989)
Share of results of a joint venture	-	(207)	-	-	(207)
<u>For the quarter ended 31</u>					
<u>December 2012</u>					
Soft drinks	36,644	-	(189)	-	36,455
Dairies Malaysia	14,959	-	(103)	-	14,856
Property	(2,505)	237	-	-	(2,268)
<u>Segment assets:</u>					
<u>As at 30 September 2013</u>					
Property	257,259	(69,097)	-	-	188,162
<u>Segment liabilities:</u>					
<u>As at 30 September 2013</u>					
Soft drinks	301,871	-	(804)	-	301,067
Dairies Malaysia	159,978	-	3,555	-	163,533
Dairies Thailand	149,155	-	(1,009)	-	148,146
Property	51,866	(42,129)	-	-	9,737

(a) Adjustments pursuant to the adoption of MFRS 11 Joint Arrangements (See Schedule F, Note 1)

(b) Adjustments pursuant to the adoption of MFRS 119 Employee Benefits (See Schedule F, Note 1)

(c)(i) Being adjustment for the elimination of sales tax. The adjustment has no impact on the results of the quarter ended 31 December 2012.

(c)(ii) 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 vs corresponding quarter

Group revenue for the quarter rose by 11% to RM948 million from RM854 million with all its three business units reporting higher sales growth. Soft drinks revenue grew by 7% on the back of high consumer demand along with stronger sell-in on an earlier Chinese New Year festive promotional program. Dairies Malaysia grew by 7.6% as the various brand awareness, promotional and effective trade management efforts yielded higher consumer off-take, particularly in its main stream and value category. Additionally, there has been better outlet penetration by Dairies Malaysia. In Thailand, effective marketing and trade activations, along with a correspondingly softer quarter have enabled Thailand to record a 19.9% growth.

Group operating profit improved by 27%, contributed by Soft drinks, Dairies Malaysia and Dairies Thailand. Soft drinks' operating profit grew by 19% due to higher volume, favourable product mix and favourable commodity prices. Dairies Malaysia's operating profit grew significantly by 37% due to debt recovery in the current quarter and the absence of relocation costs relating to the shift of its manufacturing operation from Section 13, Petaling Jaya to Pulau Indah. Excluding these one-off items, Dairies Malaysia's operating profit grew by 6% mainly due to higher volume, better trade management and realised cost improvement initiatives from its Pulau Indah operations. Dairies Thailand's operating profit also grew by 16% despite being impacted by unfavourable commodity prices, mainly due to higher volume and reduced advertising and promotion costs in the current quarter. The Property division has recently obtained its land conversion and lease extension in respect of the Section 13 integrated property development project in the current quarter.

2. Comment on material change in profit before taxation vs preceding 4th quarter

Profit before taxation in the current quarter was RM86.1 million compared with RM87.2 million in the preceding 4th quarter. In the preceding quarter, the final Thailand flood insurance claim (RM31 million), net gain from fair value adjustment of investment properties (RM9.4 million) and provision made for litigation claims (RM11.9 million) were accounted for. Excluding these one-off items, current quarter profit before taxation will be significantly higher, driven by a higher sales growth performance (5.6% quarter on quarter increase) and aided by a favourable sales and product mix, effective trade and consumer management and realised cost improvement initiatives.

Soft Drinks operating profit improved significantly against the preceding quarter by 73% mainly due to the higher volume and favourable product mix and the absence of one-time costs of RM3.1 million. Excluding debt recovery in the current quarter, Dairies Malaysia's operating profit declined by 15% due to higher advertising and promotion costs in the current quarter. Dairies Thailand also performed better by 34% mainly due to higher volume and reduced advertising and promotion costs in the current quarter. Property and others were impacted by the net gain from fair value adjustment of investment properties (RM9.4 million) and provision made for litigation claims (RM11.9 million) accounted for in the preceding quarter.

3. Prospects

Prospects for the current financial year remain challenging. The various Malaysian budget rationalisation efforts implemented by the Government are widely expected to have an impact on consumer disposable income and this is closely monitored by management, with a view of timely and effective realignments to address market and business dynamics. Internally, total cost of doing business stemming from fuel subsidy reduction and electricity tariff increase will inevitably increase. In addition, global commodity prices especially milk based products will remain volatile whilst the Ringgit and Thai Baht are projected to remain weak in the mid-term. Furthermore, the current uncertainties surrounding the political turmoil in Thailand may affect consumer sentiments.

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

3. Prospects (cont'd.)

Accordingly, the Board and management will remain alert and responsive to the operating environment and continue to work towards sustaining the operating performance of the Group.

4. Tax expense

The details of the tax expense are as follows:

RM'000	1 st quarter	
	2014	2013
Current income tax	10,952	9,266
Deferred tax – origination and reversal of temporary differences	6,267	1,872
(Over)/under provision in respect of previous years		
- Income tax	6	(2,421)
- Deferred tax	148	569
	<u>17,373</u>	<u>9,286</u>

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

RM'000	1 st quarter	
	2014	2013
Profit before tax	86,130	66,108
Tax at Malaysian statutory tax rate of 25%	21,533	16,527
Different tax rates in other countries	(1,214)	(616)
Effect of reduction in income tax rate	353	-
Income not subject to tax (tax incentives/exemption)	(4,413)	(5,935)
Expenses not deductible for tax purposes	985	1,580
Utilisation of previously unrecognised tax losses	(221)	-
(Over)/under provision in respect of previous years		
- Income tax	6	(2,421)
- Deferred tax	148	569
Share of results of a joint venture	55	45
Share of results of an associate	(394)	(308)
Others	535	(155)
Total income tax expense	<u>17,373</u>	<u>9,286</u>
Effective income tax rate	<u>20.2%</u>	<u>14.0%</u>

5. Status of corporate proposals

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

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

6. Group borrowings and debt securities

The details of the Group's borrowings as at 31 December 2013 are as follows:

RM'000 CP/MTN – RM1.5 billion	Currency	Current	Non-current
Medium term notes ("MTN")	RM	50,000	300,000

On 26 September 2013 and 7 October 2013, its subsidiary F&N Capital Sdn Bhd ("the Issuer") has issued MTN of RM150 million each with the tenure of five (5) years from the issued date and payable semi-annually in arrears. These MTN bear interest rate of 4.38% and 4.24% per annum respectively. On 14 October 2013, the Issuer has drawn down RM50 million of the CP with the tenure of three (3) months and interest rate of 3.45% per annum.

7. Material litigation

On 23 August 2013, an announcement was made by the Company that it had been served with a Writ of Summons and Statement of Claim (the "Suit") by BJC-OI Glass Pte Ltd claiming special damages of approximately RM43 million as well as general and consequential damages to be determined by the court.

On 9 January 2014, the Company entered into a settlement agreement (the "Settlement Agreement") with BJC-OI Glass Pte Ltd ("BJC-OI"), Berli Jucker Public Company Ltd ("BJC") and ACI International Pty Ltd ("ACI") in respect of the Suit instituted by BJC-OI against the Company pursuant to which the Company agreed to pay a total sum of USD4,973,912 (RM16 million approximately) (the "Settlement Sum") to BJC-OI and Thai Malaya Glass Co Ltd ("TMG"), without any admission as to any claims and/or liabilities.

The Settlement Sum has been paid and the Suit has been withdrawn on 20 January 2014. Further details of the Settlement Agreement have been set out in the announcement made to Bursa Malaysia Securities Berhad on 9 January 2014.

8. Proposed dividend

No dividend has been declared in this financial quarter.

9. Earnings per share (EPS)

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

	1 st quarter	
	2014	2013
Group attributable profit to shareholders of the Company (RM'000)	68,766	56,822
Weighted average number of ordinary shares net of treasury shares ('000)	364,773	363,171
Earnings per share (sen)	18.9	15.6

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

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

- (b) The diluted EPS were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue (net of treasury shares), adjusted for the dilutive effects of potential ordinary shares, i.e. share options granted pursuant to the Employees' Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP").

	1 st quarter	
	2014	2013
Group attributable profit to shareholders of the Company (RM'000)	<u>68,766</u>	<u>56,822</u>
Weighted average number of ordinary shares net of treasury shares ('000)	364,773	363,171
Adjustment for share options granted pursuant to the ESOS/RSP ('000)	<u>765</u>	<u>1,454</u>
Adjusted weighted average number of ordinary shares net of treasury shares ('000)	<u>365,538</u>	<u>364,625</u>
Earnings per share (sen)	18.8	15.6

10. Disclosure of realised and unrealised portions of the revenue reserve

The breakdown of the retained profits 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:

	31/12/2013 RM'000	30/09/2013 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	857,914	783,301
Unrealised	<u>33,868</u>	<u>46,182</u>
	891,782	829,483
Total share of retained earnings from a joint venture		
Realised	(1,100)	(879)
Total share of retained earnings from an associate		
Realised	7,191	6,784
Consolidation adjustments	<u>6,900</u>	<u>619</u>
Total Group retained profits as per financial statements	<u>904,773</u>	<u>836,007</u>

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

11. Notes to the Condensed Consolidated Income Statement
 PBT is arrived at after charging/(crediting) the following items:

RM'000	1 st quarter	
	2014	2013
(a) Other income	(1,562)	(100)
(b) Depreciation and amortisation	21,684	24,059
(c) Impairment of intangible assets	N/A	N/A
(d) Impairment of assets	N/A	N/A
(e) Impairment loss on receivables	1,063	1,272
(f) Bad debts written off	-	492
(g) Provision for inventories	339	80
(h) Inventories written off	2,154	2,457
(i) (Gain)/loss on disposal of quoted or unquoted investments	N/A	N/A
(j) Net loss on disposal/write offs of property, plant and equipment/intangible assets	829	659
(k) Impairment of other assets	N/A	N/A
(l) Foreign exchange loss	752	271
(m) (Gain)/loss on forward foreign exchange contracts	(80)	41
(n) Unusual items	N/A	N/A

12. Approval of the quarterly financial report

The quarterly financial report has been approved for issue in accordance with a resolution of the Board of Directors on 10 February 2014.

