



For immediate release

QUARTERLY FINANCIAL REPORT

Quarter and nine months ended 30th June 2015

The Directors are pleased to release the unaudited quarterly financial report for the quarter and nine months ended 30th June 2015.

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 2014:

- 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
Wong May Fun
Joint Secretaries

Kuala Lumpur
4 August 2015

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and nine months ended 30 June 2015

RM'000	Individual 3 rd quarter			Cumulative 3 rd quarter		
	30/06/2015	30/06/2014 (Restated)	% chg	30/06/2015	30/06/2014 (Restated)	% chg
Revenue	1,076,216	971,131	10.8%	3,052,426	2,854,287	6.9%
Cost of sales	(743,015)	(696,608)		(2,126,309)	(2,010,880)	
Gross profit	333,201	274,523	21.4%	926,117	843,407	9.8%
Other income	3,408	1,352		5,781	6,234	
Operating expenses	(237,186)	(204,568)		(666,754)	(610,694)	
Operating profit	99,423	71,307	39.4%	265,144	238,947	11.0%
Interest expense	(4,392)	*(4,027)		(12,276)	*(11,482)	
Interest income	3,401	*3,125		10,077	*8,511	
Share of results of a joint venture #	(2,307)	(121)		(2,846)	(535)	
Share of results of an associate ^	2,178	928		6,002	4,667	
Profit before tax (PBT)	98,303	71,212	38.0%	266,101	240,108	10.8%
Taxation (Schedule G, Note 5)	(15,378)	(10,836)		(42,752)	(42,884)	
Profit after tax (PAT)	82,925	60,376	37.3%	223,349	197,224	13.2%
Attributable to:						
Equity holders of the Company	82,925	60,377	37.3%	223,350	197,234	13.2%
Non-controlling interests	-	(1)		(1)	(10)	
Profit after tax	82,925	60,376		223,349	197,224	
Basic earnings per share (sen) attributable to equity holders of the Company	22.7	16.5	37.6%	61.0	54.0	13.0%
Diluted earnings per share (sen) attributable to equity holders of the Company	22.6	16.5	37.0%	61.0	53.9	13.2%

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 2015.

^ The share of results of an associate for the quarter refers to Coccoland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 31 March 2015 dated 25 May 2015. The cumulative results are the sum total of its quarterly results recognised by the Group for the three quarters ended 31 March 2015.

* The comparatives for the quarter and nine months ended 30 June 2015 have been restated as disclosed in Schedule F, Note 22.

Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income

For the quarter and nine months ended 30 June 2015

RM'000	Individual 3 rd quarter			Cumulative 3 rd quarter		
	30/06/2015	30/06/2014	% chg	30/06/2015	30/06/2014	% chg
Profit after tax	82,925	60,376	37.3%	223,349	197,224	13.2%
Other comprehensive income, net of tax:						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>						
Exchange differences on translation of foreign operations	(3,765)	(6,388)		45,963	(22,602)	
Total comprehensive income	79,160	53,988	46.6%	269,312	174,622	54.2%
Total comprehensive income attributable to:						
Equity holders of the Company	79,160	53,989		269,313	174,632	
Non-controlling interests	-	(1)		(1)	(10)	
	79,160	53,988	46.6%	269,312	174,622	54.2%

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 2014.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2015

RM'000	30/06/2015	30/09/2014 (Audited)
Non-current assets		
Property, plant and equipment	1,045,884	1,028,919
Investment properties	57,084	57,084
Properties held for development	55,254	54,654
Investment in a joint venture <i>(Schedule F, Note 8)</i>	76,270	71,496
Investment in an associate <i>(Schedule F, Note 9)</i>	80,855	78,353
Intangible assets	131,053	135,437
Deferred tax assets	49,353	58,693
	1,495,753	1,484,636
Current assets		
Inventories	481,197	390,713
Receivables	666,558	492,592
Tax recoverable	48	670
Cash and cash equivalents	393,158	365,387
	1,540,961	1,249,362
Total assets	3,036,714	2,733,998
Equity		
Share capital and reserves	1,771,828	1,688,613
Non-controlling interests	205	206
Total equity	1,772,033	1,688,819
Non-current liabilities		
Borrowings	300,000	300,000
Provision for retirement benefits	38,141	36,353
Deferred tax liabilities	31,141	30,971
	369,282	367,324
Current liabilities		
Payables	776,898	609,645
Provisions	5,749	5,749
Borrowings	100,000	50,000
Provision for taxation	12,752	12,461
	895,399	677,855
Total liabilities	1,264,681	1,045,179
Total equity and liabilities	3,036,714	2,733,998
Net assets per share (RM) attributable to equity holders of the Company	4.84	4.62

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 2014.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the nine months ended 30 June 2015

RM'000	Cumulative 3 rd quarter 30/06/2015	30/06/2014 (Restated)
Operating activities		
Profit before tax	266,101	240,108
Add non-cash items:		
- Depreciation and amortisation	67,945	65,556
- Impairment of property, plant and equipment	1,107	-
- Impairment loss on receivables	1,633	* 6,179
- Inventories written down	6,482	* 385
- Inventories written off	6,488	* 7,429
- Bad debts recovered	(97)	* (4,809)
- Share-based payment transactions expense	7,603	* 3,180
- Interest expense	12,276	* 11,482
- Interest income	(10,077)	* (8,511)
- Share of results of a joint venture	2,846	535
- Share of results of an associate	(6,002)	(4,667)
- Others	574	* 2,029
Changes in working capital #	(111,143)	* (37,975)
Tax paid	(32,126)	(24,019)
Net cash flows generated from operating activities	213,610	256,902
Investing activities		
Interest received	5,530	* 4,405
Dividend income	3,500	3,032
Loan to a joint venture	(3,700)	* (16,500)
Proceeds from disposal of property, plant and equipment	734	760
Purchase of property, plant and equipment	(56,494)	(40,447)
Purchase of intangible assets	(218)	(2,750)
Net cash flows used in investing activities	(50,648)	(51,500)
Financing activities		
Interest paid	(12,239)	* (11,387)
Dividends paid	(201,380)	(146,199)
Net movement in borrowings	50,000	(15,000)
Proceeds from the exercise of the Executives' Share Options Scheme ("ESOS")	7,679	17,058
Net cash flows used in financing activities	(155,940)	(155,528)
Net increase in cash and cash equivalents	7,022	49,874
Effects of foreign exchange rate changes	20,749	* (8,896)
Cash and cash equivalents at beginning of year	365,387	360,711
Cash and cash equivalents at end of quarter	393,158	401,689
Cash and cash equivalents comprise:		
Cash and bank balances	228,586	214,166
Short term deposits with licensed banks	164,572	187,523
	393,158	401,689

Included the interest amounting to RM3,920,000 (2014: RM2,938,000) accrued on loan to a joint venture.

* The comparatives for the nine months ended 30 June 2015 have been restated as disclosed in Schedule F, Note 22.

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 2014.

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

For the nine months ended 30 June 2015

RM'000	<----- Attributable to equity holders of the Company ----->						Distributable		Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Foreign exchange reserve	Share-based payment reserve	Legal reserve	Retained earnings (Restated)	Total		
At 1 October 2014	366,028	438,206	(1,716)	(3,687)	8,382	9,934	871,466	1,688,613	206	1,688,819
Total comprehensive income	-	-	-	45,963	-	-	223,350	269,313	(1)	269,312
Transactions with owners:										
Issuance of shares upon exercise of ESOS	536	7,143	-	-	-	-	-	7,679	-	7,679
Employee share-based payment expense	-	-	-	-	7,603	-	-	7,603	-	7,603
Dividends paid	-	-	-	-	-	-	(201,380)	(201,380)	-	(201,380)
Total transactions with owners	536	7,143	-	-	7,603	-	(201,380)	(186,098)	-	(186,098)
At 30 June 2015	366,564	445,349	(1,716)	42,276	15,985	9,934	893,436	1,771,828	205	1,772,033
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	-	-	-	(22,602)	-	-	197,234	174,632	(10)	174,622
Transactions with owners:										
Issuance of shares upon exercise of ESOS and Share Grant Plan ("SGP")	1,294	17,165	-	-	(1,401)	-	-	17,058	-	17,058
Employee share-based payment expense	-	-	-	-	3,180	-	-	3,180	-	3,180
Dividends paid	-	-	-	-	-	-	(226,599)	(226,599)	-	(226,599)
Total transactions with owners	1,294	17,165	-	-	1,779	-	(226,599)	(206,361)	-	(206,361)
At 30 June 2014	365,952	434,474	(1,716)	(12,519)	13,944	9,934	806,642	1,616,711	217	1,616,928

* The comparatives for the nine months ended 30 June 2015 have been restated as disclosed in Schedule F, Note 22.

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134

1. Corporate information

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

These condensed consolidated interim financial statements (“interim financial statements”) were approved by the Board of Directors on 4 August 2015.

2. Basis of preparation

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

The audited consolidated financial statements of the Group for the year ended 30 September 2014 are available upon request from the Company’s registered office at Level 8, 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 2014. 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 2014.

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 2014, 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 2014.

- Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*
- Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*
- Annual Improvements to MFRSs 2010–2012 Cycle
- Annual Improvements to MFRSs 2011–2013 Cycle
- IC Interpretation 21 *Levies*

The adoption of the above standards and interpretations did not have any significant effect on the financial performance, position or presentation of financials of the Group.

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.

Effective for annual periods beginning on or after 1 January 2016

- MFRS 14 *Regulatory Deferral Accounts* *
- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception* *
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* *
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants**
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Annual Improvements to MFRSs 2012-2014 Cycle

Effective for annual periods beginning on or after 1 January 2017

- MFRS 15 *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*

* not applicable

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9 *Mandatory Effective Date of MFRS 9 and Transition Disclosures*, issued in March 2012, moved the mandatory effective date to 1 January 2015. On 24 July 2014, the IASB issued the final version of MFRS 9 which will come into effect on 1 January 2018, with early application permitted. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

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 group 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 2015.
7. Significant estimates and changes in estimates
 There were no significant estimates or changes in estimates that have had any material effect on the results of the current quarter.
8. Investment in a joint venture

RM'000	30/06/2015	30/09/2014
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	(4,628)	(1,782)
	<u>(4,128)</u>	<u>(1,282)</u>
Shareholder's loan	121,820	118,120
Interest on shareholder's loan	13,870	9,950
	<u>131,562</u>	<u>126,788</u>
Less: Unrealised profit	(55,292)	(55,292)
	<u><u>76,270</u></u>	<u><u>71,496</u></u>

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

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Total assets	265,690		265,690	253,588
Total liabilities	(273,966)		(273,966)	(256,171)
Revenue	-	-	-	-
Loss	<u>(4,616)</u>	<u>(242)</u>	<u>(5,693)</u>	<u>(1,070)</u>

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

9. Investment in an associate

RM'000	30/06/2015	30/09/2014
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	24,531	18,529
Dividend received	(12,403)	(8,903)
	<u>80,855</u>	<u>78,353</u>
Fair value of investment in an associate for which there is published price quotation	<u>114,314</u>	<u>78,386</u>

The summarised financial information of the associate is as follows:

RM'000	30/06/2015	30/09/2014
Total assets	273,119	257,416
Total liabilities	(46,677)	(44,573)

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Revenue	67,742	59,254	204,174	186,144
Profit	<u>8,011</u>	<u>3,413</u>	<u>22,077</u>	<u>17,163</u>

10. Issuance or repayments of debt/equity securities

There have been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the cumulative 3rd quarter except for the issuance of 25,300 and 510,600 ordinary shares pursuant to the ESOS Scheme at the exercise price of RM10.47 and RM14.52 each respectively.

11. Dividends

A final single tier dividend of 33 sen per share amounting to RM120.8 million (2013: final single tier dividend of 30 sen per share amounting to RM109.6 million together with a special single tier dividend of 10 sen per share amounting to RM36.6 million) in respect of the financial year ended 30 September 2014 was paid on 26 February 2015.

An interim single tier dividend of 22 sen per share (2014: 22 sen) was declared for the financial year ending 30 September 2015 on 5 May 2015. This dividend amounting to RM80.6 million (2014: RM80.4 million) was paid on 12 June 2015.

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 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, preceding quarter and cumulative 3rd quarter are as follows:

RM'000	Revenue					Total
	Soft Drinks	Dairies Malaysia	Dairies Thailand	Property	Others	
<u>3rd quarter - 30/06/2015</u>						
Total revenue	444,289	259,249	386,658	1,165	19,584	1,110,945
Inter-segment	(53)	(6,025)	(8,375)	(847)	(19,429)	(34,729)
External	444,236	253,224	378,283	318	155	1,076,216
<u>3rd quarter - 30/06/2014</u>						
Total revenue	390,386	268,561	319,128	975	17,712	996,762
Inter-segment	(19)	-	(7,108)	(831)	(17,673)	(25,631)
External	390,367	268,561	312,020	144	39	971,131
<u>2nd quarter - 31/03/2015</u>						
Total revenue	322,298	260,477	364,525	1,110	17,553	965,963
Inter-segment	(36)	-	(8,293)	(487)	(17,262)	(26,078)
External	322,262	260,477	356,232	623	291	939,885
<u>Cumulative 3rd quarter - 30/06/2015</u>						
Total revenue	1,145,971	818,021	1,115,570	3,410	55,448	3,138,420
Inter-segment	(116)	(6,027)	(22,576)	(2,306)	(54,969)	(85,994)
External	1,145,855	811,994	1,092,994	1,104	479	3,052,426
<u>Cumulative 3rd quarter - 30/06/2014</u>						
Total revenue	1,133,603	802,833	934,993	2,988	52,088	2,926,505
Inter-segment	(54)	-	(17,636)	(2,579)	(51,949)	(72,218)
External	1,133,549	802,833	917,357	409	139	2,854,287

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

12. Segmental information (cont'd)

Segment assets

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

RM'000	<u>30/06/2015</u>	<u>30/09/2014</u>
Soft Drinks	828,097	747,985
Dairies Malaysia	785,947	718,608
Dairies Thailand	630,645	506,833
Property	126,192	125,651
Others	66,197	60,992
	<u>2,437,078</u>	<u>2,160,069</u>

Segment liabilities

The total of segment liabilities is measured based on all liabilities excluding deferred tax liabilities, provision for taxation and bank borrowings.

RM'000	<u>30/06/2015</u>	<u>30/09/2014</u>
Soft Drinks	340,460	270,771
Dairies Malaysia	230,619	188,241
Dairies Thailand	230,706	169,706
Property	2,490	3,209
Others	16,513	19,820
	<u>820,788</u>	<u>651,747</u>

13. Acquisitions and disposals/write-offs of property, plant and equipment and intangible assets

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	<u>30/06/2015</u>	<u>30/06/2014</u>	<u>30/06/2015</u>	<u>30/06/2014</u>
Acquisitions (cost)	12,511	16,650	56,712	43,197
Disposals/write-offs (net carrying amount)	699	856	2,840	2,251
Net loss on disposals/write-offs	<u>455</u>	<u>515</u>	<u>2,106</u>	<u>1,491</u>

14. Significant events

There were no significant events during the quarter.

15. Subsequent events

Fraser & Neave Holdings Bhd ("F&NHB" or "Company") announced that its wholly owned subsidiaries, Four Eights Sdn Bhd ("Four Eights") and F&N Foods Sdn Bhd ("F&N Foods") have on 8 July 2015 respectively commenced member's voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965 ("Winding Up"). In relation thereto, Mr. Andrew Lai Tsun Khiong and Mr. Lai Can Yiew of Deloitte Corporate Solutions Sdn Bhd, Level 16, Menara LGB, 1 Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur have on the same day been appointed as the joint and several liquidators for Four Eights and F&N Foods respectively.

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

16. Changes in the composition of the Group

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

17. Contingent liabilities

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

18. Contingent assets

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

19. Fair value hierarchy

As at 30 June 2015, the Group held foreign currency forward contracts carried at fair value of approximately RM1,063,000 (30 September 2014: RM1,305,000) based on Level 2: significant observable inputs 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 quarter.

The Group held investment properties amounting to RM57,084,000 (30 September 2014: RM57,084,000) carried at Level 3: significant unobservable inputs.

20. Capital and lease commitments

Capital commitments

The outstanding capital commitments are as follows:

RM'000	<u>30/06/2015</u>	<u>30/09/2014</u>
<u>Property, plant and equipment</u>		
Approved and contracted for:		
- Building	354	-
- Machinery and equipment	19,498	19,536
- Others	535	4,043
	<u>20,387</u>	<u>23,579</u>
Approved and not contracted for:		
- Building	3,863	3,950
- Machinery and equipment	44,776	43,910
- Others	1,770	4,697
	<u>50,409</u>	<u>52,557</u>
	<u>70,796</u>	<u>76,136</u>

Lease commitments

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

RM'000	<u>30/06/2015</u>	<u>30/09/2014</u>
<u>Non-cancellable operating lease commitments - Group as lessee</u>		
Future minimum rentals payable:		
- Not later than 1 year	9,337	11,224
- Later than 1 year and not later than 5 years	22,376	1,310
- Later than 5 years	1,075	1,017
	<u>32,788</u>	<u>13,551</u>

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

21. Related party disclosure

Significant related party transactions

Related party transactions had been entered into in the ordinary course of business on normal commercial terms. The following are significant related party transactions:

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
<u>Fraser and Neave, Limited ("F&N Limited") Group</u>				
Sales	48,332	45,243	138,672	119,157
Rental income	92	92	276	243
Purchases	52,143	50,052	156,144	151,202
Royalties paid	16,149	13,805	42,063	39,788
Corporate charges paid	374	298	1,211	1,235
Other expenses	-	-	57	65
<u>Vacaron Company Sdn Bhd</u>				
Sales	4	-	8	-
Receipt of corporate service fees	240	214	864	812
Rental income	26	26	80	80
Interest income	1,409	1,043	4,152	2,752
Shareholder's loan granted	3,700	15,000	3,700	16,500
<u>Cocoaland Holdings Berhad Group</u>				
Purchases	1,221	1,040	3,449	2,471
<u>Thai Beverage Public Company Limited Group</u>				
Sales	133	121	327	416
Purchases	2,412	97	4,003	839
<u>Berli Jucker Public Company Limited Group</u>				
Sales	83	1,479	382	2,929
Purchases	20,888	8,563	50,036	31,817
Other expenses	114	3	257	9
<u>Other related parties of TCC Group</u>				
Sales	114	-	478	-
Management fees	309	261	1,284	878
Insurance premium paid	-	-	2,891	2,433
Other expenses	15	126	17	126
<u>Permodalan Nasional Berhad ("PNB") Group *</u>				
Sales	18,682	16,876	57,446	50,780
Purchases	10,817	16,863	36,134	41,671
Purchase of office equipment	-	-	-	974
Repair and maintenance of motor vehicle	-	4	-	30
Rental of equipment paid	498	607	1,434	1,466
Other expenses	240	238	298	288
<u>Compensation</u>				
Compensation of key management personnel of the Group	1,273	1,076	5,121	4,238
Directors' fees	346	208	956	705

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

21. Related party disclosure (cont'd)

Related party balances

The related party balances are shown below:

RM'000	<u>30/06/2015</u>	<u>30/09/2014</u>
<u>Amount due from related parties</u>		
F&N Limited Group	32,732	31,367
Vacaron Company Sdn Bhd	135,788	128,070
Cocoaland Holdings Berhad Group	-	7
Thai Beverage Public Company Limited Group	1,294	143
Berli Jucker Public Company Limited Group	-	1,092
Other related parties of TCC Group	72	-
PNB Group	14,324	10,536
<u>Amount due to related parties</u>		
F&N Limited Group	44,802	30,133
Cocoaland Holdings Berhad Group	765	925
Thai Beverage Public Company Limited Group	1	581
Berli Jucker Public Company Limited Group	11,981	3,643
Other related parties of TCC Group	171	141
PNB Group	5,596	5,103

* Permodalan Nasional Berhad ("PNB") is deemed a related party to FNHB by virtue of PNB holding 66,448,500 shares as of 30 June 2015 through Amanahraya Trustees Berhad, representing 18.14% equity interest in FNHB and having two nominee directors on the Board of FNHB.

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

22. Change in comparatives

The comparatives for the quarter and nine months ended 30 June 2015 have been restated as follows:

RM'000	As previously stated	Adjustments (a)	(b)	(c)	As restated
<u>Income statement:</u>					
<u>For the quarter ended</u>					
<u>30 June 2014</u>					
Interest expense	(2,983)	(1,044)	-	-	(4,027)
Interest income	2,081	1,044	-	-	3,125
 <u>For the nine months ended</u>					
<u>30 June 2014</u>					
Interest expense	(8,729)	(2,753)	-	-	(11,482)
Interest income	5,758	2,753	-	-	8,511
 <u>Statement of cash flows:</u>					
<u>For the nine months ended</u>					
<u>30 June 2014</u>					
Impairment loss on receivables	-	-	-	6,179	6,179
Inventories written down	-	-	-	385	385
Inventories written off	-	-	-	7,429	7,429
Bad debts recovered	-	-	-	(4,809)	(4,809)
Share-based payment transaction expenses	-	-	-	3,180	3,180
Interest expense	8,729	2,753	-	-	11,482
Interest income	(5,758)	(2,753)	-	-	(8,511)
Others	(3,687)	-	-	5,716	2,029
Changes in working capital	(49,302)	-	-	11,327	(37,975)
Interest received	5,758	2,753	-	(4,106)	4,405
Loan to a joint venture	-	-	-	(16,500)	(16,500)
Interest paid	(8,729)	(2,753)	-	95	(11,387)
Effects of foreign exchange rate changes	-	-	-	(8,896)	(8,896)
 <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

- (a) Adjustments pursuant to the adoption of MFRS 11 Joint Arrangements.
 (b) Adjustments pursuant to the adoption of MFRS 119 Employee Benefits.
 (c) 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's current quarter turnover increased from RM971.1 million to RM1,076.2 million (+10.8% or RM105.1 million), whilst profit before tax rose from RM71.2 million to RM98.3 million (+38.0% or RM27.1 million). Higher turnover was contributed by Soft Drinks and Dairies Thailand, whilst all three operating units recorded improved profit.

Soft Drinks's revenue improved from RM390.4 million to RM444.2 million (+13.8% or RM53.8 million) compared with the corresponding quarter, mainly due to re-stocking of trade stocks by both distributors and retailers post Goods and Services Tax (GST) implementation and effective execution of pre-Hari Raya promotion. This was also aided by a nationwide consumer and branding campaign for 100PLUS (backed by two famous global footballing personalities). During the current quarter, estCola and Cocolife were launched to expand its consumer product offerings. Soft Drinks had also changed to a slimmer can format for its 100PLUS and F&N Fun Flavours range, as part of its packaging innovation and rejuvenation strategy, which was favourably received by end consumers. With significantly higher sales revenue and lower advertising and promotions expenditure this quarter, Soft Drinks recorded a higher increase in operating profit from RM32.3 million to RM42.9 million (+33.1% or RM10.6 million).

Dairies Malaysia benefitted from higher sales volume for this quarter although revenue slipped from RM268.6 million to RM253.2 million (-5.7% or RM15.4 million) in the corresponding quarter as it priced its products competitively in view of the favourable global milk-based commodity costs. Operating profit however, improved from RM18.2 million to RM20.0 million (+9.8% or RM1.8 million) on lower cost of raw materials.

Dairies Thailand's revenue grew significantly from RM312.0 million to RM378.3 million (+21.2% or RM66.3 million) building on the preceding quarters' momentum with increased consumer off-take backed by increased outlets penetration, higher trade and consumer programs, higher level of promotions along with continuous improvement in its trade distribution service performance. During the quarter, Dairies Thailand expanded its product offering with the introduction of a function-based UHT milk offering. Operating profit improved from RM18.2 million to RM34.0 million (+87.2% or RM15.8 million), on higher sales revenue and favourable milk-based commodity costs.

The Others segment recorded higher operating loss this quarter due to forex loss on dividend income and higher corporate office expenses.

Cumulative three quarters vs corresponding period last year

Group's turnover increased from RM2,854.3 million to RM3,052.4 million (+6.9% or RM198.1 million) supported mainly by strong growth in revenue from Dairies Thailand of 19.1%. Consequently profit before tax for the Group increased from RM240.1 million to RM266.1 million (+10.8% or RM26.0 million).

Soft Drinks's revenue remained relatively unchanged, growing marginally from RM1,133.5 million to RM1,145.9 million (+1.1% or RM12.4 million), mainly due to higher festivity trade discounts extended, slower growth of certain F&N products and lost sales on December 2014 East Coast flood. The stronger performance of Soft Drinks in the third quarter (+13.8%) countered the 5.6% decline in the first half to deliver overall growth year-to-date of 1.1% over the corresponding period last year. Operating profit decreased by 12.2% or RM13.9 million from RM114.2 million to RM100.3 million on lower gross margin contribution from a less favourable sales mix and higher operating costs.

Dairies Malaysia's revenue grew marginally from RM802.8 million to RM812.0 million (+1.1% or RM9.2 million) on continuing growth of its core products i.e. sweetened condensed milk and evaporated milk. Operating profit improved from RM57.8 million to RM67.3 million (+16.4% or RM9.5 million) with improved gross margin from favourable milk-based commodity costs.

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

1. Operations review (cont'd)

Cumulative three quarters vs corresponding period last year (cont'd)

Dairies Thailand recorded strong revenue growth, growing from RM917.4 million to RM1,093.0 million (+19.1% or RM175.6 million) on the back of higher off-take from increased outlets penetration and coverage, higher trade and consumer off-take supported by effective promotional and trade management activities. Operating profit rose significantly by 53.3% or RM31.3 million on higher sales revenue and improved gross margin from lower milk-based commodity costs.

The Others segment's operating loss was consistent with preceding quarter.

2. Comment on material change in Group's profit before tax vs preceding 2nd quarter

Group's profit before tax increased from RM86.6 million to RM98.3 million (+13.6% or RM11.7 million), on significantly higher growth in revenue (+14.5% or RM136.3 million) compared to the preceding quarter.

Soft Drinks's operating profit grew from RM29.9 million to RM42.9 million (+43.9% or RM13.0 million) due to higher sales volumes post-GST restocking by its distributors and retailers and higher sales of Soft Drink's festival-based F&N products. There were various targeted nationwide consumer and branding campaigns rolled-out, along with introduction of slimmer cans and new products.

Dairies Malaysia's operating profit decreased from RM21.0 million to RM20.0 million (-4.7% or RM1.0 million) with revenue lower by 2.8% or RM7.3 million (from RM260.5 million to RM253.2 million). The lower operating profit was mainly due to higher tactical discounts extended to the trade.

Although Dairies Thailand's revenue grew from RM356.2 million to RM378.3 million (+6.2% or RM22.1 million), aided by availability of higher inventories level to meet continuing higher sales demand, however operating profit was marginally lower by 0.2% or RM0.1 million (RM34.1 to RM34.0 million) mainly due to higher advertising and promotions expenditure.

3. Prospects

The cumulative revenue year-to-date surpassed the corresponding period's revenue by RM198.1million (+6.9%), mainly driven by the strong performance from Dairies Thailand and contributed significantly to the Group's profit before tax, which increased by 10.8% or RM26.0 million. Looking ahead, the trading conditions of the final quarter of the financial year, especially in Malaysia, is expected to stay challenging amidst softer domestic private consumption and other macro-economic factors which adversely impacted the Malaysian Ringgit. Additionally, operating costs for Dairies Thailand are expected to increase for the next quarter to support brand building and new product launches in line with the Group's strategy to realign the business contribution amongst its current total brand portfolio.

Against this backdrop, the Board and management will continue to remain vigilant and respond proactively to market dynamics in order to safeguard the performance of the Group.

4. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter in a public document.

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

5. Tax expense

The details of the tax expense are as follows:

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	2015	2014	2015	2014
Current income tax	9,517	8,698	33,076	29,565
Deferred tax – origination and reversal of temporary differences	6,516	4,172	9,955	16,221
Over provision in respect of previous years				
- Income tax	-	-	(24)	(1,192)
- Deferred tax	(655)	(2,034)	(255)	(1,710)
	<u>15,378</u>	<u>10,836</u>	<u>42,752</u>	<u>42,884</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	
	2015	2014	2015	2014
Profit before tax	<u>98,303</u>	<u>71,212</u>	<u>266,101</u>	<u>240,108</u>
Tax at Malaysian statutory tax rate of 25%	24,575	17,803	66,525	60,027
Different tax rates in other countries	(2,040)	(1,120)	(5,414)	(3,617)
Effect of reduction in income tax rate on deferred tax	(435)	-	686	-
Income not subject to tax	(6,912)	(5,364)	(19,132)	(14,295)
Expenses not deductible for tax purposes	2,021	1,956	5,651	5,136
Utilisation of previously unrecognised tax losses	(2,516)	(364)	(3,270)	(916)
Deferred tax assets recognised	1,074	-	(1,826)	-
Over provision in respect of previous years				
- Income tax	-	-	(24)	(1,192)
- Deferred tax	(655)	(2,034)	(255)	(1,710)
Share of results of a joint venture	577	30	712	134
Share of results of an associate	(545)	(232)	(1,501)	(1,167)
Others	234	161	600	484
Total income tax expense	<u>15,378</u>	<u>10,836</u>	<u>42,752</u>	<u>42,884</u>
Effective income tax rate	<u>15.6%</u>	<u>15.2%</u>	<u>16.1%</u>	<u>17.9%</u>

6. Status of corporate proposals

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

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

7. Group borrowings and debt securities
 The details of the Group's borrowings are as follows:

<u>CP/MTN – RM1.5 billion</u>	<u>Currency</u>	<u>30/06/2015</u>	<u>30/09/2014</u>
Commercial Papers ("CP") – Current	RM'000	100,000	50,000
Medium term notes ("MTN") – Non-current	RM'000	300,000	300,000
		<u>400,000</u>	<u>350,000</u>

On 18 February 2015, its subsidiary F&N Capital Sdn Bhd ("the Issuer") utilised RM100 million of the CP facility with the tenure of six (6) months and interest rate of 4.05% per annum.

On 26 September 2013 and 7 October 2013, the Issuer issued MTN of RM150 million each with the tenure of five (5) years from the issued date. These MTN bear interest at rates of 4.38% and 4.24% per annum respectively and payable semi-annually in arrears.

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

9. Dividend declared in this quarter
 On 5 May 2015, the Directors have declared an interim single tier dividend of 22 sen per share (2014: 22 sen) for the financial year ending 30 September 2015. This dividend amounting to approximately RM80.6 million was paid on 12 June 2015.

The entitlement date for the above dividend was 22 May 2015 and a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred to the depositor's securities account before 4.00pm on 22 May 2015 in respect of ordinary transfer; and
- (b) Shares bought on the BURSA MALAYSIA SECURITIES BERHAD on a cum entitlement basis according to the Rules of the BURSA MALAYSIA SECURITIES BERHAD.

10. Earnings per share (EPS)

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

	<u>Individual 3rd quarter</u>		<u>Cumulative 3rd quarter</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Group attributable profit to shareholders of the Company (RM'000)	<u>82,925</u>	<u>60,377</u>	<u>223,350</u>	<u>197,234</u>
Weighted average number of ordinary shares net of treasury shares ('000)	365,960	365,666	366,087	365,328
Basic earnings per share (sen)	22.7	16.5	61.0	54.0

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

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

- (b) The diluted EPS were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue (net of treasury shares), adjusted for the dilutive effects of potential ordinary shares, i.e. share options and share grants granted pursuant to the ESOS and SGP.

	Individual 3 rd quarter		Cumulative 3 rd quarter	
	2015	2014	2015	2014
Group attributable profit to shareholders of the Company (RM'000)	<u>82,925</u>	<u>60,377</u>	<u>223,350</u>	<u>197,234</u>
Weighted average number of ordinary shares net of treasury shares ('000)	365,960	365,666	366,087	365,328
Adjustments pursuant to the ESOS/SGP ('000)	<u>194</u>	<u>515</u>	<u>191</u>	<u>593</u>
Adjusted weighted average number of ordinary shares net of treasury shares ('000)	<u><u>366,154</u></u>	<u><u>366,181</u></u>	<u><u>366,278</u></u>	<u><u>365,921</u></u>
Diluted earnings per share (sen)	22.6	16.5	61.0	53.9

11. 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:

RM'000	<u>30/06/2015</u>	<u>30/09/2014</u>
Total revenue reserve of the Company and its subsidiaries		
- Realised	869,144	827,105
- Unrealised	<u>34,297</u>	<u>26,431</u>
	903,441	853,536
Total share of accumulated losses from a joint venture		
- Realised	(5,782)	(2,325)
- Unrealised	<u>1,154</u>	<u>543</u>
	(4,628)	(1,782)
Total share of retained earnings from an associate		
- Realised	<u>14,206</u>	<u>11,225</u>
- Unrealised	<u>(2,078)</u>	<u>(1,599)</u>
	12,128	9,626
Consolidation adjustments	<u>(17,505)</u>	<u>10,086</u>
Total Group retained profits as per financial statements	<u><u>893,436</u></u>	<u><u>871,466</u></u>

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

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

	RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
		2015	2014	2015	2014
(a)	Depreciation and amortisation	22,716	22,087	67,945	65,556
(b)	Impairment of intangible assets	-	-	-	-
(c)	Impairment of property, plant and equipment	68	-	1,107	-
(d)	Impairment loss on receivables	729	1,047	1,633	6,179
(e)	Bad debts written off	-	-	-	-
(f)	Bad debts recovered	(12)	(48)	(97)	(4,809)
(g)	Inventories written down	3,028	-	6,482	385
(h)	Inventories written off	1,048	2,739	6,488	7,429
(i)	(Gain)/loss on disposal of quoted or unquoted investments	-	-	-	-
(j)	Net loss on disposal/write offs of property, plant and equipment/intangible assets	455	515	2,106	1,491
(k)	Impairment of other assets	-	-	-	-
(l)	Foreign exchange loss/(gain)	1,094	(41)	952	494
(m)	(Gain)/loss on forward foreign exchange contracts	(847)	(9)	242	288

13. Outstanding derivatives

- (a) Outstanding derivatives consist of foreign exchange contracts which are measured at fair value together with their corresponding notional value amounts as follows:

RM'000	30/06/2015	30/09/2014
Forward foreign exchange contracts (Less than 1 year)		
- Notional value	84,014	50,625
- Fair value	1,063	1,305

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2014:

- (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.

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

13. Outstanding derivatives (cont'd)

(b) Disclosure of gains/loss arising from fair value changes of derivative financial instruments

During the nine months ended 30 June 2015, the Group recognised a total net loss of RM242,000 (2014: RM288,000) 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 2015.

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