



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

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

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

### Second Quarter Ended 31 March 2018

The Directors are pleased to release the unaudited quarterly financial report for the quarter and six months ended 31 March 2018.

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 2017:

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

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

By Order of the Board  
Kuala Lumpur  
3 May 2018

**Schedule A : Unaudited Condensed Consolidated Income Statement**

For the quarter and six months ended 31 March 2018

RM'000	Individual 2 <sup>nd</sup> quarter			Cumulative 2 <sup>nd</sup> quarter		
	31/03/2018	31/03/2017	% chg	31/03/2018	31/03/2017	% chg
Revenue	1,014,542	992,739	2.2%	2,083,472	2,083,822	0%
Cost of sales	(673,958)	(642,597)		(1,390,853)	(1,343,220)	
Gross profit	340,584	350,142	-2.7%	692,619	740,602	-6.5%
Other income	5,442	(1,530)		10,586	16,084	
Operating expenses	(246,166)	(236,099)		(488,484)	(502,224)	
Operating profit	99,860	112,513	-11.2%	214,721	254,462	-15.6%
Finance income	3,298	3,689		6,514	7,464	
Finance costs	(3,774)	(3,813)		(7,523)	(7,706)	
Share of results of a joint venture #	(1,206)	(196)		(2,346)	(257)	
Share of results of an associate ^	2,733	4,595		4,677	6,832	
Profit before tax (PBT)	100,911	116,788	-13.6%	216,043	260,795	-17.2%
Taxation (Schedule G, Note 5)	(8,355)	(9,715)		(16,662)	(26,447)	
<b>Profit after tax (PAT)</b>	<b>92,556</b>	<b>107,073</b>	<b>-13.6%</b>	<b>199,381</b>	<b>234,348</b>	<b>-14.9%</b>
<b>Attributable to:</b>						
Equity holders of the Company	92,565	107,079		199,399	234,357	
Non-controlling interests	(9)	(6)		(18)	(9)	
Profit after tax	92,556	107,073		199,381	234,348	
Basic earnings per share (sen) attributable to equity holders of the Company	25.3	29.2		54.5	64.0	
Diluted earnings per share (sen) attributable to equity holders of the Company	25.2	29.1		54.2	63.7	

# 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 six months ended 31 March 2018.

^ 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 December 2017 dated 27 February 2018. The cumulative results are the sum total of its quarterly results recognised by the Group for the six months ended 31 December 2017.

**Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income**

For the quarter and six months ended 31 March 2018

RM'000	Individual 2 <sup>nd</sup> quarter			Cumulative 2 <sup>nd</sup> quarter		
	31/03/2018	31/03/2017	% chg	31/03/2018	31/03/2017	% chg
Profit after tax	92,556	107,073	-13.6%	199,381	234,348	-14.9%
<b>Other comprehensive income, net of tax:</b>						
<i>Item that is or may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	(2,191)	16,042		(13,324)	40,960	
<b>Total comprehensive income</b>	<b>90,365</b>	<b>123,115</b>	<b>-26.6%</b>	<b>186,057</b>	<b>275,308</b>	<b>-32.4%</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	90,374	123,121		186,075	275,317	
Non-controlling interests	(9)	(6)		(18)	(9)	
	<b>90,365</b>	<b>123,115</b>	<b>-26.6%</b>	<b>186,057</b>	<b>275,308</b>	<b>-32.4%</b>

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 2017.

**Schedule C : Unaudited Condensed Consolidated Statement of Financial Position**

As at 31 March 2018

RM'000	31/03/2018	30/09/2017
<b>Non-current assets</b>		
Property, plant and equipment	1,240,544	1,193,851
Investment properties	49,315	49,315
Properties held for development	56,047	56,047
Investment in a joint venture <i>(Schedule F, Note 8)</i>	90,331	89,822
Investment in an associate <i>(Schedule F, Note 9)</i>	80,358	83,768
Intangible assets	122,043	122,218
Deferred tax assets	22,594	25,726
	<u>1,661,232</u>	<u>1,620,747</u>
<b>Current assets</b>		
Inventories	494,671	540,716
Trade and other receivables	621,996	620,185
Current tax asset	17,312	25,280
Derivative financial assets	-	137
Cash and short term deposits	456,943	424,433
	<u>1,590,922</u>	<u>1,610,751</u>
<b>Total assets</b>	<b>3,252,154</b>	<b>3,231,498</b>
<b>Equity</b>		
Share capital and reserves	2,207,511	2,132,558
Non-controlling interests	154	172
<b>Total equity</b>	<b>2,207,665</b>	<b>2,132,730</b>
<b>Non-current liabilities</b>		
Loans and borrowings	-	181,639
Employee benefits	39,119	38,070
Deferred tax liabilities	30,122	29,944
	<u>69,241</u>	<u>249,653</u>
<b>Current liabilities</b>		
Trade and other payables	602,546	636,090
Loans and borrowings	361,910	197,458
Current tax liabilities	9,812	14,020
Derivative financial liabilities	980	1,547
	<u>975,248</u>	<u>849,115</u>
<b>Total liabilities</b>	<b>1,044,489</b>	<b>1,098,768</b>
<b>Total equity and liabilities</b>	<b>3,252,154</b>	<b>3,231,498</b>
Net assets per share (RM) attributable to owners of the Company	6.02	5.82

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 2017.

**Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows**

For the six months ended 31 March 2018

RM'000	Cumulative 2 <sup>nd</sup> quarter	
	31/03/2018	31/03/2017
<b>Cash flows from operating activities</b>		
Profit before tax	216,043	260,795
Add non-cash items:		
- Depreciation and amortisation	44,805	46,921
- Net impairment loss on receivables	143	-
- Inventories/(Reversal of inventories) written down	2,966	(35)
- Inventories written off	2,209	4,553
- Share-based payment transactions expense	1,383	3,524
- Property, plant and equipment written off	1,863	644
- Reversal of provisions for litigation claims	-	(5,749)
- Net loss on disposal of property, plant and equipment	50	269
- Net fair value (gain)/loss on derivatives	(430)	1,058
- Finance costs	7,523	7,706
- Finance income	(6,514)	(7,464)
- Share of results of a joint venture	2,346	257
- Share of results of an associate	(4,677)	(6,832)
- Others	1,094	(973)
Changes in working capital #	13,301	(125,684)
Tax paid	(9,746)	(22,920)
<b>Net cash from operating activities</b>	<b>272,359</b>	<b>156,070</b>
<b>Cash flows from investing activities</b>		
Interest received	3,180	5,061
Loan to a joint venture	-	(2,000)
Proceeds from disposal of property, plant and equipment	350	178
Purchase of property, plant and equipment	(100,292)	(70,750)
Purchase of intangible assets	(190)	(134)
<b>Net cash used in investing activities</b>	<b>(96,952)</b>	<b>(67,645)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(111,795)	(111,795)
Interest paid	(7,691)	(8,082)
Repayment of borrowings	(17,187)	(8,114)
Purchase of shares by Share Grant Plan ("SGP") Trust	-	(172)
<b>Net cash used in financing activities</b>	<b>(136,673)</b>	<b>(128,163)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>38,734</b>	<b>(39,738)</b>
<b>Effects of foreign exchange rate changes</b>	<b>(6,224)</b>	<b>17,747</b>
<b>Cash and cash equivalents at 1 October</b>	<b>424,433</b>	<b>593,554</b>
<b>Cash and cash equivalents at 31 March</b>	<b>456,943</b>	<b>571,563</b>
Cash and cash equivalents comprise:		
Cash and bank balances	265,567	241,381
Short term deposits with licensed banks with a maturity period of 3 months or less	191,376	330,182
<b>Cash and short term deposits</b>	<b>456,943</b>	<b>571,563</b>

# Included the interest amounting to RM2,855,000 (2017: RM2,785,000) accrued on loan to a joint venture.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2017.

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

For the six months ended 31 March 2018

<----- Attributable to owners of the Company ----->  
<----- Non-distributable -----> Distributable

RM'000	Share capital	Share premium	Treasury shares	Shares held by SGP Trust (Note b)	Loss on purchase of shares for SGP (Note c)	Foreign exchange reserve	Share-based payment reserve	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>At 1 October 2017</b>	816,770	-	(1,716)	(12,079)	(2,092)	85,910	16,940	9,934	1,218,891	2,132,558	172	2,132,730
<b>Total comprehensive income</b>	-	-	-	-	-	(13,324)	-	-	199,399	186,075	(18)	186,057
<b>Transactions with owners:</b>												
Issuance of shares upon vesting of SGP	-	-	-	10,878	(3,974)	-	(6,904)	-	-	-	-	-
Employee share-based payment expense	-	-	-	-	-	-	673	-	-	673	-	673
Dividend paid	-	-	-	-	-	-	-	-	(111,795)	(111,795)	-	(111,795)
<b>Total transactions with owners</b>	-	-	-	10,878	(3,974)	-	(6,231)	-	(111,795)	(111,122)	-	(111,122)
<b>At 31 March 2018</b>	816,770	-	(1,716)	(1,201)	(6,066)	72,586	10,709	9,934	1,306,495	2,207,511	154	2,207,665
<b>At 1 October 2016</b>	366,779	449,991	(1,716)	(12,060)	(797)	55,734	15,416	9,934	1,105,679	1,988,960	202	1,989,162
<b>Total comprehensive income</b>	-	-	-	-	-	40,960	-	-	234,357	275,317	(9)	275,308
<b>Transactions with owners:</b>												
Issuance of shares upon vesting of SGP	-	-	-	8,987	(1,295)	-	(7,692)	-	-	-	-	-
Purchase of shares by SGP Trust	-	-	-	(172)	-	-	-	-	-	(172)	-	(172)
Employee share-based payment expense	-	-	-	-	-	-	3,524	-	-	3,524	-	3,524
Dividend paid	-	-	-	-	-	-	-	-	(111,795)	(111,795)	-	(111,795)
Transition to no-par value regime on 31 Jan 2017 (Note a)	449,991	(449,991)	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	449,991	(449,991)	-	8,815	(1,295)	-	(4,168)	-	(111,795)	(108,443)	-	(108,443)
<b>At 31 March 2017</b>	816,770	-	(1,716)	(3,245)	(2,092)	96,694	11,248	9,934	1,228,241	2,155,834	193	2,156,027

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

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

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

## Schedule F : Selected Explanatory Notes Pursuant to MFRS 134

### 1. Corporate information

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

The condensed consolidated interim financial statements of the Group (“interim financial statements”) as at and for the six months ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the Group) and the Group’s interest in an associate and a joint venture.

These interim financial statements were approved by the Board of Directors on 3 May 2018.

### 2. Basis of preparation

These interim financial statements are unaudited and have been prepared in accordance with applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2017.

The audited consolidated financial statements of the Group for the year ended 30 September 2017 are available upon request from the Company’s registered office at Level 3A, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur, Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2017. 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 2017.

The accounting policies and presentation applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 30 September 2017.

### 3. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

#### MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107 *Disclosure Initiative*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Annual Improvements to MFRSs 2014-2016 Cycle

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

### 3. Standards issued but not yet effective (cont'd)

#### MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- Clarifications to MFRS 15 *Revenue from Contracts with Customers*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4 *Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* \*
- Amendments to MFRS 140 *Transfer of Investment Property*
- Annual Improvements to MFRSs 2014-2016 Cycle

#### MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
- Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to MFRS 119 *Employee Benefits*
- Annual Improvements to MFRSs 2015-2017 Cycle

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

- MFRS 17 *Insurance Contracts* \*

#### MFRSs, interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

\* *not applicable*

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

#### MFRS 9 *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The Group does not expect that the application of the new classification requirement will have a material impact on accounting for its financial assets.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances will be measured on either 12-month ECLs or lifetime ECLs.



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

### 3. Standards issued but not yet effective (cont'd)

#### MFRS 9 Financial Instruments (cont'd)

The Group does not expect that the application of the forward-looking expected credit loss (ECL) model will have a material impact on accounting for its financial assets.

The Group has established a structured implementation programme which includes establishing a project team, training programme and undertaking impact assessment to ensure readiness and smooth implementation of MFRS 9.

#### MFRS 15 Revenue from Contracts with Customers

MFRS 15 sets a new guidance for revenue accounting. It supersedes MFRS 111 *Construction Contracts*, MFRS 118 and all revenue-related interpretations: Revenue, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*.

The Group has established a structured implementation programme which includes training programme, reviewing of contracts, undertaking impact assessment, changes to system and process, as well as engaging with relevant experts within the Group. The Group has established a steering committee and a cross-functional project team comprising members from the finance function, commercial operations and other relevant functions to manage the implementation of MFRS 15.

Currently, the Group's contracts with customers contain several components other than product sales. Each of these components is either recognised as revenue or operating or marketing expenses. The Group is currently assessing the initial application of MFRS 15 on its financial statements. With the adoption of MFRS 15, certain components which are currently recognised as expenses would be reclassified to net off against revenue.

#### MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group has established a structured implementation programme which includes establishing a project team, training programme, review of lease agreements, undertaking impact assessment and changes to system and process to ensure readiness and smooth implementation of MFRS 16.

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

4. Auditors' report

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

5. Comment on seasonality or cyclicity of operation

The Group's performance is normally not affected by seasonal or cyclical events on a year to year basis. However, on a quarter to quarter basis, the demand for certain products such as soft drinks and evaporated milk may be skewed towards major festivities and weather pattern.

6. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2018.

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	<u>31/03/2018</u>	<u>30/09/2017</u>
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	<u>(11,187)</u>	<u>(8,841)</u>
	(10,687)	(8,341)
Shareholder's loan	126,820	126,820
Interest on shareholder's loan	<u>29,490</u>	<u>26,635</u>
	145,623	145,114
Less: Unrealised profit	<u>(55,292)</u>	<u>(55,292)</u>
	<u>90,331</u>	<u>89,822</u>

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

RM'000	<u>31/03/2018</u>	<u>30/09/2017</u>
Total assets	291,580	290,581
Total liabilities	<u>(312,973)</u>	<u>(307,282)</u>

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	<u>31/03/2018</u>	<u>31/03/2017</u>	<u>31/03/2018</u>	<u>31/03/2017</u>
Revenue	-	-	-	-
Loss	<u>(2,412)</u>	<u>(392)</u>	<u>(4,692)</u>	<u>(514)</u>

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

9. Investment in an associate

RM'000	31/03/2018	30/09/2017
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	52,262	47,585
Dividend received	(40,631)	(32,544)
	<u>80,358</u>	<u>83,768</u>
Fair value of investment in an associate for which there is published price quotation	<u>153,040</u>	<u>174,192</u>

The summarised financial information of the associate is as follows:

RM'000	31/03/2018	30/09/2017
Total assets	272,575	277,154
Total liabilities	(43,815)	(35,853)

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Revenue	76,310	77,687	140,007	142,747
Profit	<u>10,051</u>	<u>16,900</u>	<u>17,201</u>	<u>25,127</u>

10. Issuance or repayments of debt/equity securities

There has been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter.

11. Dividend paid

The following dividends were declared and paid by the Company:

	Date of payment	Sen per share	Total amount RM'000
<u>Six months ended 31 March 2018</u>			
Final 2017 ordinary dividends	9 February 2018	30.5	111,795
<u>Six months ended 31 March 2017</u>			
Final 2016 ordinary dividends	6 February 2017	30.5	111,795

Please refer to Schedule G, Note 9 for dividend declared subsequent to 31 March 2018.

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

12. Segmental information

**Segment results**

For management purposes, the Group's operating businesses are organised according to products and services, namely Food and Beverages Malaysia ("F&B Malaysia"), Food and Beverages Thailand ("F&B Thailand"), Property and Others segments. Segment performance is evaluated based on operating profit. Inter-segment transactions and pricing arrangements, where applicable, are determined on a commercial basis. The results by segments for the current, preceding and last year same quarter are as follows.

RM'000	Revenue				Total
	F&B Malaysia	F&B Thailand	Property	Others	
<u>2<sup>nd</sup> quarter - 31/03/2018</u>					
Total revenue	581,826	434,754	752	20,556	1,037,888
Inter-segment	(26)	(2,298)	(533)	(20,489)	(23,346)
External	581,800	432,456	219	67	1,014,542
<u>2<sup>nd</sup> quarter - 31/03/2017</u>					
Total revenue	543,938	452,411	1,198	29,252	1,026,799
Inter-segment	(2)	(3,908)	(1,017)	(29,133)	(34,060)
External	543,936	448,503	181	119	992,739
<u>1<sup>st</sup> quarter - 31/12/2017</u>					
Total revenue	600,405	470,726	916	23,856	1,095,903
Inter-segment	-	(2,490)	(690)	(23,793)	(26,973)
External	600,405	468,236	226	63	1,068,930
<u>Cumulative 2<sup>nd</sup> quarter - 31/03/2018</u>					
Total revenue	1,182,231	905,480	1,668	44,412	2,133,791
Inter-segment	(26)	(4,788)	(1,223)	(44,282)	(50,319)
External	1,182,205	900,692	445	130	2,083,472
<u>Cumulative 2<sup>nd</sup> quarter - 31/03/2017</u>					
Total revenue	1,191,020	898,500	2,288	61,225	2,153,033
Inter-segment	(2)	(6,296)	(1,924)	(60,989)	(69,211)
External	1,191,018	892,204	364	236	2,083,822













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

12. Segmental information (cont'd)

**Segment assets**

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

RM'000	<u>31/03/2018</u>	<u>30/09/2017</u>
F&B Malaysia	1,727,976	1,724,166
F&B Thailand	736,849	748,673
Property	117,804	117,759
Others	19,299	17,151
	<u>2,601,928</u>	<u>2,607,749</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>31/03/2018</u>	<u>30/09/2017</u>
F&B Malaysia	361,851	386,470
F&B Thailand	274,611	282,117
Property	699	1,143
Others	5,484	5,977
	<u>642,645</u>	<u>675,707</u>

13. Significant events

There were no significant events during the quarter.

14. Subsequent events

There were no material events subsequent to the end of the quarter that have not been reflected in the current quarter.

15. Changes in the composition of the Group

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

16. Contingent liabilities

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

17. Contingent assets

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

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

18. Fair value hierarchy

The Group held foreign currency forward contracts carried at fair value based on Level 2: significant observable inputs for identical assets or liabilities as follows:

RM'000	Fair value	
	31/03/2018	30/09/2017
Derivative financial assets	-	137
Derivative financial liabilities	980	1,547

There was no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset during the quarter.

The Group held investment properties amounting to RM49,315,000 (30 September 2017: RM49,315,000) carried at Level 3: significant unobservable inputs.

19. Capital and lease commitments

**Capital commitments**

The outstanding capital commitments are as follows:

RM'000	31/03/2018	30/09/2017
<u>Property, plant and equipment</u>		
Contracted but not provided for	133,857	111,079
Authorised but not contracted for	135,044	257,545
	<u>268,901</u>	<u>368,624</u>

**Lease commitments**

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

RM'000	31/03/2018	30/09/2017
<u>Non-cancellable operating lease commitments - Group as lessor</u>		
Future minimum rentals receivable:		
- Not later than 1 year	6,906	9,923
- Later than 1 year and not later than 5 years	2,040	766
	<u>8,946</u>	<u>10,689</u>
<u>Non-cancellable operating lease commitments - Group as lessee</u>		
Future minimum rentals payable:		
- Not later than 1 year	28,492	32,336
- Later than 1 year and not later than 5 years	21,310	27,669
- Later than 5 years	993	1,052
	<u>50,795</u>	<u>61,057</u>

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

20. Related party disclosures

**Significant related party transactions**

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

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
<u>Fraser and Neave, Limited ("F&amp;N Limited") Group</u>				
Sales	(65,355)	(64,679)	(134,856)	(135,642)
Rental income	(79)	(79)	(160)	(189)
Purchases	53,465	48,266	84,745	96,027
Royalties paid	12,975	12,031	26,260	26,450
Internal audit fees paid	302	1,137	439	1,603
<u>Vacaron Company Sdn Bhd</u>				
Sales	-	-	-	(2)
Receipt of corporate service fees	(30)	(85)	(60)	(169)
Finance income	(1,439)	(1,385)	(2,855)	(2,785)
Shareholder's loan granted	-	-	-	2,000
<u>Cocoaland Holdings Berhad Group</u>				
Purchases	1,699	1,930	2,994	3,374
Dividend income	(8,087)	(6,221)	(8,087)	(6,221)
<u>Thai Beverage Public Company Limited Group</u>				
Sales	(396)	(249)	(696)	(486)
Purchases	633	2,010	1,867	4,813
Marketing expenses	7,759	12,178	10,278	19,319
<u>Berli Jucker Public Company Limited Group</u>				
Sales	(12,759)	(12,285)	(27,841)	(21,914)
Purchases	11,372	5,177	17,906	18,634
Other expenses	70	99	145	143
<u>Other related parties of TCC Group</u>				
Sales	(89)	(106)	(194)	(729)
Purchases	10,283	9,046	21,305	13,437
Management fees	492	468	1,595	1,485
Insurance premium paid	2,429	2,638	2,547	2,638
Other expenses	33	37	70	202
<u>Permodalan Nasional Berhad ("PNB") Group *</u>				
Sales	(15,856)	(9,925)	(32,554)	(33,449)
Purchases	12,211	11,312	28,872	20,897
Rental of equipment paid	923	857	1,403	1,297
Other expenses	72	84	349	156
<u>Compensation</u>				
Compensation of key management personnel of the Group	3,368	4,065	8,368	9,668
Directors' fees	442	596	442	596

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

20. Related party disclosures (cont'd)

**Related party balances**

The related party balances are shown below:

RM'000	<u>31/03/2018</u>	<u>30/09/2017</u>
<u>Amount due from related parties</u>		
F&N Limited Group	53,087	102,305
Vacaron Company Sdn Bhd	156,339	153,455
Cocoaland Holdings Berhad Group	8,087	4
Thai Beverage Public Company Limited Group	3,262	487
Berli Jucker Public Company Limited Group	9,475	9,006
Other related parties of TCC Group	32	38
PNB Group	9,738	8,577
<u>Amount due to related parties</u>		
F&N Limited Group	(25,405)	(39,470)
Frasers Property Limited Group	-	(3)
Vacaron Company Sdn Bhd	-	(34)
Cocoaland Holdings Berhad Group	(689)	(936)
Thai Beverage Public Company Limited Group	(6,165)	(3,951)
Berli Jucker Public Company Limited Group	(1,696)	(2,793)
Other related parties of TCC Group	(3,888)	(3,855)
PNB Group	(6,899)	(1,987)

\* Permodalan Nasional Berhad ("PNB") is deemed a related party to F&NHB by virtue of PNB holding 23,000,000 shares as of 31 March 2018 through Amanahraya Trustees Berhad, representing 6.28% equity interest in F&NHB and having representation on the Board of Directors of F&NHB.

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

### 1. Operations review

#### Current quarter ended 31 March 2018 vs corresponding quarter ended 31 March 2017

Current quarter Group revenue rose 2.2% from RM992.7 million to RM1,014.5 million driven by strong growth for F&B Malaysia and double-digit growth in exports for both Malaysia and Thailand operations.

Profit before tax declined by 13.6% from RM116.8 million to RM100.9 million impacted by higher input costs for F&B Malaysia.

- F&B Malaysia

F&B Malaysia revenue grew by 7.0% to RM581.8 million compared with the corresponding quarter benefitting from:

- successful execution of Chinese New Year festive promotions, including the launch of limited edition Classic F&N Orange Crush;
- 2 weeks shift in sell-in window for 2018 Chinese New Year festive season; and
- double-digit growth for exports.

F&B Malaysia operating profit declined by 16.2% to RM39.9 million, due to:

- higher input costs especially for dairy products for the quarter compared to corresponding quarter last year;
- higher advertising and promotions expenditure and sales incentives for Chinese New Year festive season; and
- partly offset by operational cost savings and lower overheads.

- F&B Thailand

F&B Thailand revenue eased 3.6% to RM432.5 million partly due to the following factors:

- challenging domestic market conditions in a soft economy;
- loss of UHT milk revenue caused by product shortage resulting from a co-manufacturer's plant that was damaged by fire in November 2017 (sale of UHT milk products to recommence in May 2018); and
- partly offset by double-digit growth in exports to Indochina region.

Operating profit for F&B Thailand was higher by 2.3% in local currency mainly due to lower spend on advertising and promotions for the quarter. However, its operating profit translated to Malaysian Ringgit was 0.9% lower at RM66.2 million from RM66.8 million last year due to the strengthening of Malaysian Ringgit versus the Thai Baht.

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

### 1. Operations review (cont'd)

#### Half year vs corresponding period last year

Group revenue for the first half ended 31 March 2018 maintained at RM2,083.5 million while Group profit before tax declined by 17.2% from RM260.8 million to RM216.0 million.

#### • F&B Malaysia

Despite higher revenue in the 2<sup>nd</sup> quarter, F&B Malaysia revenue recorded a marginal decline of 0.7% to RM1,182.2 million compared with the corresponding period last year due to the following factors:

- (i) market contraction in the beverages product categories in Malaysia;
- (ii) floods in peninsular Malaysia and Sabah in the 1<sup>st</sup> quarter; and
- (iii) partly eased by the double-digit growth in F&B Malaysia exports.

F&B Malaysia operating profit declined by 24.9% to RM81.1 million:

- (i) largely impacted by higher input costs for the 1<sup>st</sup> half compared to corresponding period last year;
- (ii) the strengthening of Malaysian Ringgit against US Dollar affected the exports revenue;
- (iii) higher advertising and promotions expenditure and sales incentives; and
- (iv) partly offset by operational cost savings and lower overheads.

#### • F&B Thailand

F&B Thailand revenue grew by 1.0% to RM900.7 million. Double-digit growth in exports to Indochina region as well as continued innovations in new products and packaging formats, helped to mitigate the impact of challenging domestic market conditions in a soft economy.

F&B Thailand operating profit declined by 4.1% to RM138.9 million mainly due to:

- (i) higher input costs;
- (ii) provision for inventories damaged in a fire at a co-manufacturer's plant; and
- (iii) offset by lower spend on advertising and promotions.

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

### 2. Comment on material change in Group profit before tax for the quarter ended 31 March 2018 vs preceding 1<sup>st</sup> quarter ended 31 December 2017

Current quarter Group revenue declined by 5.1% to RM1,014.5 million compared to preceding quarter due to lower revenue for both F&B Malaysia and F&B Thailand.

- F&B Malaysia

F&B Malaysia revenue declined by 3.1% to RM581.8 million compared to the preceding quarter mainly due to lower revenue from the sale of dairy products and exports in the 2<sup>nd</sup> quarter. The decline is partly mitigated by higher revenue from the sale of soft drinks during the Chinese New Year season. F&B Malaysia operating profit correspondingly eased 3.0% to RM39.9 million on lower revenue.

- F&B Thailand

F&B Thailand revenue declined by 7.6% to RM432.5 million compared to the preceding quarter mainly due to higher volume from the selling-in for New Year festive promotion in the 1<sup>st</sup> quarter and exacerbated by the loss of UHT milk revenue due to shortage of inventories resulting from a co-manufacturer plant damaged by fire in November 2017.

F&B Thailand operating profit declined by 9.0% to RM66.2 million compared with the preceding quarter mainly due to lower volume, higher spend for advertising and promotions in the 2<sup>nd</sup> quarter and partly offset by favourable input costs.

### 3. Prospects

The business environment in Malaysia and Thailand will continue to be challenging with prolonged weak consumer sentiments and intensifying competitive price pressure.

Meanwhile, raw and packaging material prices in subsequent quarters are expected to remain volatile following the uptrends in packaging and milk-based commodity prices; compounded by the continuing uptrend of oil prices. The Group has hedged its core commodity requirements for the financial year along with the corresponding foreign currency exposure wherever possible.

Operational cost savings from the transformation initiatives and efficiency through process improvement are expected to contribute positively to the Malaysian operations in the coming quarters.

Our Malaysian and Thai businesses are expected to benefit as a net importer from the strengthening Malaysian Ringgit and Thai Baht against the US Dollar. However, this may present a challenge to our exports business.

The Group will continue to leverage on innovations to deliver new and unique product offerings while focusing on meeting consumers' evolving needs toward healthier beverage choices, flexibility and affordability through the introduction of more products with lower sugar content, right pack sizes and prices.

The Board and management will continue to remain vigilant and take decisive actions in managing the changes in external environment to ensure sustainable growth for our business.

### 4. Profit forecast or profit guarantee

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



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

5. Taxation

The details of the tax expense are as follows:

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Current income tax	7,674	11,836	13,637	23,020
Deferred tax – origination and reversal of temporary differences	1,449	(2,094)	4,760	3,523
Overprovision in respect of previous years				
- Income tax	-	-	(28)	-
- Deferred tax	(768)	(27)	(1,707)	(96)
	<u>8,355</u>	<u>9,715</u>	<u>16,662</u>	<u>26,447</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 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Profit before tax	<u>100,911</u>	<u>116,788</u>	<u>216,043</u>	<u>260,795</u>
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	24,218	28,029	51,850	62,591
Different tax rates in other countries	(3,046)	(3,114)	(6,338)	(6,667)
Income not subject to tax	(14,912)	(15,667)	(31,133)	(34,851)
Expenses not deductible for tax purposes	2,545	1,923	2,836	5,606
Utilisation of previously unrecognised tax losses	(173)	-	(546)	-
Recognition of previously unrecognised tax losses	(742)	(5,401)	(1,420)	(5,401)
Deferred tax assets not recognised	1,588	2,468	3,333	4,340
Overprovision in respect of previous years				
- Income tax	-	-	(28)	-
- Deferred tax	(768)	(27)	(1,707)	(96)
Share of results of a joint venture	289	47	563	62
Share of results of an associate	(655)	(1,103)	(1,122)	(1,640)
Others	11	2,560	374	2,503
<b>Total income tax expense</b>	<u>8,355</u>	<u>9,715</u>	<u>16,662</u>	<u>26,447</u>
<b>Effective income tax rate</b>	<u>8.3%</u>	<u>8.3%</u>	<u>7.7%</u>	<u>10.1%</u>

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

6. Status of corporate proposals

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

7. Group borrowings and debt securities

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

RM'000	Currency	31/03/2018	30/09/2017
<u>Current (unsecured)</u>			
Medium term notes ("MTN")	RM	300,000	150,000
Term loan	THB	61,910	47,458
		361,910	197,458
<u>Non-current (unsecured)</u>			
MTN	RM	-	150,000
Term loan	THB	-	31,639
		-	181,639
		361,910	379,097

On 26 September 2013 and 7 October 2013, a subsidiary of the Company, F&N Capital Sdn Bhd issued MTN of RM150 million each with the tenure of five (5) years from the issue date. These MTN bear interest at rates of 4.38% and 4.24% per annum respectively and are payable semi-annually in arrears.

On 1 December 2015, a subsidiary of the Company, F&N Dairies (Thailand) Limited, was granted a term loan facility of Baht 1,000,000,000. This term loan bears interest at a rate of 2.35% per annum and are payable semi-annually in six instalments over three (3) years.

8. Material litigation

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

9. Dividend declared subsequent to 31 March 2018

The Directors are pleased to declare an interim single tier dividend of 27 sen per share (2017: 27 sen) for the financial year ending 30 September 2018. This dividend amounting to approximately RM99.0 million will be paid on 7 June 2018.

The entitlement date for the above dividend shall be 18 May 2018 and a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.00pm on 18 May 2018 in respect of ordinary transfer; and
- (b) Shares bought on BURSA MALAYSIA SECURITIES BERHAD on a cum entitlement basis according to the Rules of the BURSA MALAYSIA SECURITIES BERHAD.

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

10. Earnings per share (EPS)

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

	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	<u>31/03/2018</u>	<u>31/03/2017</u>	<u>31/03/2018</u>	<u>31/03/2017</u>
Group attributable profit to shareholders of the Company (RM'000)	<u>92,565</u>	<u>107,079</u>	<u>199,399</u>	<u>234,357</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,072	366,422	365,862	366,191
Basic earnings per share (sen)	25.3	29.2	54.5	64.0

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

	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	<u>31/03/2018</u>	<u>31/03/2017</u>	<u>31/03/2018</u>	<u>31/03/2017</u>
Group attributable profit to shareholders of the Company (RM'000)	<u>92,565</u>	<u>107,079</u>	<u>199,399</u>	<u>234,357</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,072	366,422	365,862	366,191
Adjustments pursuant to the SGP ('000)	<u>1,795</u>	<u>1,489</u>	<u>1,795</u>	<u>1,489</u>
Adjusted weighted average number of ordinary shares net of treasury shares ('000)	<u>367,867</u>	<u>367,911</u>	<u>367,657</u>	<u>367,680</u>
Diluted earnings per share (sen)	25.2	29.1	54.2	63.7

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

11. Notes to the Condensed Consolidated Income Statement

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

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
(a) Depreciation and amortisation	22,287	22,675	44,805	46,921
(b) Reversal of impairment loss on property, plant and equipment	(74)	(428)	(150)	(844)
(c) Impairment loss/(Reversal of impairment loss) on receivables	143	(1)	143	-
(d) Bad debts recovered	(1)	(21)	(2)	(22)
(e) Bad debts written off	-	-	-	-
(f) (Reversal of inventories)/Inventories written down	(233)	80	2,966	(35)
(g) Inventories written off	1,145	3,252	2,209	4,553
(h) Net loss on disposal/write-offs of property, plant and equipment/intangible assets	830	601	1,913	913
(i) Net loss/(gain) on foreign exchange	10,251	3,837	11,630	(666)
(j) Net (gain)/loss on forward foreign exchange contracts	(709)	1,395	(430)	1,058

12. Outstanding derivatives

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

RM'000	31/03/2018	30/09/2017
Forward foreign exchange contracts (Less than 1 year)		
- Notional value	31,291	79,571
- Fair value	(980)	(1,410)

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2017:

- (i) The credit risk, market risk and liquidity risk associated with these financial derivatives;
- (ii) The cash requirements of the financial derivatives;
- (iii) The policy in place for mitigating or controlling the risks associated with these financial derivatives; and
- (iv) The related accounting policies.

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

During the six months ended 31 March 2018, the Group recognised a total net gain of RM430,000 (2017: net loss of RM1,058,000) in the consolidated income statement arising from the fair value changes on the foreign exchange contracts which are marked-to-market as at 31 March 2018.