



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

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**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

### Financial year ended 30 September 2019

The Directors are pleased to release the unaudited quarterly financial report for the quarter and financial year ended 30 September 2019.

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 2018:

- 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  
5 November 2019

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

For the quarter and year ended 30 September 2019

RM'000	Individual 4 <sup>th</sup> quarter			Cumulative 4 <sup>th</sup> quarter		
	30/09/2019	30/09/2018 (Restated)	% chg	30/09/2019	30/09/2018 (Restated)	% chg
Revenue	975,086	* 947,637	2.9%	4,077,138	* 3,870,954	5.3%
Cost of sales	(670,798)	* (650,310)		(2,810,372)	* (2,721,272)	
Gross profit	304,288	297,327	2.3%	1,266,766	1,149,682	10.2%
Other income	3,858	5,017		16,184	18,076	
Operating expenses	(221,606)	* (202,248)		(762,506)	* (746,103)	
Operating profit	86,540	100,096	-13.5%	520,444	421,655	23.4%
Finance income	4,020	5,334		15,223	16,047	
Finance costs	(635)	(4,259)		(4,555)	(15,571)	
Share of profit of equity-accounted associate, net of tax ^	2,338	1,563		9,139	8,571	
Share of loss of equity-accounted joint venture, net of tax #	(2,812)	(1,670)		(7,295)	(6,558)	
Profit before tax	89,451	101,064	-11.5%	532,956	424,144	25.7%
Tax expense (Schedule G, Note 5)	(21,434)	(18,419)		(122,732)	(37,633)	
<b>Profit for the year</b>	<b>68,017</b>	<b>82,645</b>	<b>-17.7%</b>	<b>410,224</b>	<b>386,511</b>	<b>6.1%</b>
<b>Profit for the year attributable to:</b>						
Owners of the Company	68,027	82,654		410,260	386,548	
Non-controlling interests	(10)	(9)		(36)	(37)	
Profit for the year	68,017	82,645		410,224	386,511	
Basic earnings per ordinary share (sen)	18.6	* 22.6		111.9	* 105.3	
Diluted earnings per ordinary share (sen)	18.5	* 22.5		111.6	* 104.9	

\* The comparatives for the quarter and year ended 30 September 2019 have been restated as disclosed in Schedule F, Note 21.

^ The share of results of an associate for the quarter refers to Cocoaland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 30 June 2019 dated 27 August 2019. The cumulative results are the sum total of its quarterly results recognised by the Group for the year ended 30 June 2019.

# 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 year ended 30 September 2019.

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 2018.

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

For the quarter and year ended 30 September 2019

RM'000	Individual 4 <sup>th</sup> quarter		% chg	Cumulative 4 <sup>th</sup> quarter		% chg
	30/09/2019	30/09/2018 (Restated)		30/09/2019	30/09/2018 (Restated)	
Profit for the year	68,017	82,645	-17.7%	410,224	386,511	6.1%
<b>Other comprehensive income, net of tax:</b>						
<i>Item that is not to be reclassified subsequently to profit or loss:</i>						
Remeasurement of defined benefit plans	(5,540)	352		(5,540)	352	
<i>Item that is or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	9,492	20,630		35,155	1,505	
	3,952	20,982		29,615	1,857	
<b>Total comprehensive income for the year</b>	<b>71,969</b>	<b>103,627</b>	<b>-30.5%</b>	<b>439,839</b>	<b>388,368</b>	<b>13.3%</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	71,979	103,636		439,875	388,405	
Non-controlling interests	(10)	(9)		(36)	(37)	
	<b>71,969</b>	<b>103,627</b>	<b>-30.5%</b>	<b>439,839</b>	<b>388,368</b>	<b>13.3%</b>

\* The comparatives for the quarter and year ended 30 September 2019 have been restated as disclosed in Schedule F, Note 21.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2018.

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

As at 30 September 2019

RM'000	30/09/2019 (Unaudited)	30/09/2018 (Restated)	1/10/2017 (Restated)
<b>Non-current assets</b>			
Property, plant and equipment	1,339,180	1,281,679	1,193,851
Investment properties	48,775	49,318	49,315
Properties held for development	56,047	56,047	56,047
Intangible assets	120,646	122,289	122,218
Investment in an associate <i>(Schedule F, Note 8)</i>	89,658	84,252	83,768
Investment in a joint venture <i>(Schedule F, Note 9)</i>	87,613	89,094	89,822
Deferred tax assets	6,234	13,070	25,726
	<u>1,748,153</u>	<u>1,695,749</u>	<u>1,620,747</u>
<b>Current assets</b>			
Trade and other receivables	599,996	604,644	620,185
Inventories	578,404	497,165	540,716
Current tax asset	7,567	10,548	25,280
Derivative financial assets	6	60	137
Cash and cash equivalents	569,719	537,092	424,433
	<u>1,755,692</u>	<u>1,649,509</u>	<u>1,610,751</u>
<b>Total assets</b>	<b>3,503,845</b>	<b>3,345,258</b>	<b>3,231,498</b>
<b>Equity</b>			
Share capital and reserves	2,529,324	* 2,305,416	* 2,124,223
Non-controlling interests	99	135	172
<b>Total equity</b>	<b>2,529,423</b>	<b>2,305,551</b>	<b>2,124,395</b>
<b>Non-current liabilities</b>			
Loans and borrowings <i>(Schedule G, Note 7)</i>	95,909	115,153	181,639
Employee benefits	49,511	40,176	38,070
Deferred tax liabilities	33,994	28,716	29,944
	<u>179,414</u>	<u>184,045</u>	<u>249,653</u>
<b>Current liabilities</b>			
Provisions	-	-	7,405
Trade and other payables	719,001	* 627,230	* 637,020
Loans and borrowings <i>(Schedule G, Note 7)</i>	27,402	220,371	197,458
Current tax liabilities	48,469	7,921	14,020
Derivative financial liabilities	136	140	1,547
	<u>795,008</u>	<u>855,662</u>	<u>857,450</u>
<b>Total liabilities</b>	<b>974,422</b>	<b>1,039,707</b>	<b>1,107,103</b>
<b>Total equity and liabilities</b>	<b>3,503,845</b>	<b>3,345,258</b>	<b>3,231,498</b>
Net assets per share (RM) attributable to owners of the Company	<u>6.90</u>	<u>6.29</u>	<u>5.80</u>

\* The comparatives for the year ended 30 September 2019 have been restated as disclosed in Schedule F, Note 21.

^ Asset classified as held for sale is disclosed in Schedule F

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 2018.

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

For the year ended 30 September 2019

RM'000	Cumulative 4 <sup>th</sup> quarter	
	30/09/2019	30/09/2018
<b>Cash flows from operating activities</b>		
Profit before tax	532,956	* 424,144
Add non-cash items:		
- Depreciation and amortisation	102,418	91,014
- Net reversal of impairment loss on property, plant and equipment	(334)	(2,188)
- Net impairment loss charged/(reversed) on receivables	312	(60)
- Net inventories written down	2,900	6,626
- Inventories written off	8,485	4,950
- Investment property written off	543	-
- Share-based payment transactions expense	2,275	7,221
- Property, plant and equipment written off	3,298	2,534
- Net loss/(gain) on disposal of property, plant and equipment	417	(687)
- Net fair value loss/(gain) on derivatives	50	(1,330)
- Finance income	(15,223)	(16,047)
- Finance costs	4,555	15,571
- Share of profit of equity-accounted associate, net of tax	(9,139)	(8,571)
- Share of loss of equity-accounted joint venture, net of tax	7,295	6,558
- Others	1,220	2,824
Changes in working capital #	4,388	* 33,901
Tax paid	(68,081)	(17,583)
<b>Net cash from operating activities</b>	<b>578,335</b>	<b>548,877</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(128)	(213)
Acquisition of property, plant and equipment	(137,711)	(181,218)
Dividends received	3,733	8,087
Interest received	9,580	9,735
Proceeds from disposal of intangible assets	56	-
Proceeds from disposal of property, plant and equipment	277	1,428
<b>Net cash used in investing activities</b>	<b>(124,193)</b>	<b>(162,181)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(210,898)	(210,761)
Interest paid	(7,991)	(14,920)
Purchase of shares by Share Grant Plan ("SGP") Trust	(5,023)	(2,838)
Proceeds from loans and borrowings	54,805	153,537
Repayment of loans and borrowings	(280,162)	(197,458)
<b>Net cash used in financing activities</b>	<b>(449,269)</b>	<b>(272,440)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,873</b>	<b>114,256</b>
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>	<b>27,754</b>	<b>(1,597)</b>
<b>Cash and cash equivalents at 1 October</b>	<b>537,092</b>	<b>424,433</b>
<b>Cash and cash equivalents at 30 September</b>	<b>569,719</b>	<b>537,092</b>
Cash and cash equivalents comprise:		
Cash and bank balances	252,980	185,396
Short term deposits with licensed banks with a maturity period of 3 months or less	316,739	351,696
	<b>569,719</b>	<b>537,092</b>

\* The comparatives for the year ended 30 September 2019 have been restated as disclosed in Schedule F, Note 21.

# Included the interest amounting to RM5,813,000 (2018: RM5,830,000) 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 2018.

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

For the year ended 30 September 2019

RM'000	Attributable to owners of the Company						Distributable				
	Share capital	Treasury shares	Shares held by SGP Trust (Note a)	Loss on purchase of shares for SGP (Note b)	Translation reserve	Share-based payment reserve	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>At 30 September 2018, as previously stated</b>	816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,393,615	2,312,336	135	2,312,471
Adjustments from adoption of MFRS 15 *	-	-	-	-	-	-	-	(6,920)	(6,920)	-	(6,920)
<b>At 30 September 2018, restated</b>	816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,386,695	2,305,416	135	2,305,551
Opening balance adjustments from adoption of MFRS 9 *	-	-	-	-	-	-	-	(2,003)	(2,003)	-	(2,003)
<b>At 1 October 2018, restated</b>	816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,384,692	2,303,413	135	2,303,548
<b>Total comprehensive income</b>	-	-	-	-	35,155	-	-	404,720	439,875	(36)	439,839
<b>Transactions with owners:</b>											
Shares vested under SGP	-	-	6,874	(1,185)	-	(5,689)	-	-	-	-	-
Purchase of shares by SGP Trust	-	-	(5,023)	-	-	-	-	-	(5,023)	-	(5,023)
Employee share-based payment expense	-	-	-	-	-	1,957	-	-	1,957	-	1,957
Transfer of treasury shares	-	1,716	(1,716)	-	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	(210,898)	(210,898)	-	(210,898)
<b>Total transactions with owners</b>	-	1,716	135	(1,185)	-	(3,732)	-	(210,898)	(213,964)	-	(213,964)
<b>At 30 September 2019</b>	816,770	-	(3,904)	(7,251)	122,570	12,691	9,934	1,578,514	2,529,324	99	2,529,423
<b>At 1 October 2017, as previously stated</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
Adjustments from adoption of MFRS 15 *	-	-	-	-	-	-	-	(8,335)	(8,335)	-	(8,335)
<b>At 1 October 2017, restated</b>	816,770	(1,716)	(12,079)	(2,092)	85,910	16,940	9,934	1,210,556	2,124,223	172	2,124,395
<b>Total comprehensive income</b>	-	-	-	-	1,505	-	-	386,900	388,405	(37)	388,368
<b>Transactions with owners:</b>											
Shares vested under SGP	-	-	10,878	(3,974)	-	(6,904)	-	-	-	-	-
Purchase of shares by SGP trust	-	-	(2,838)	-	-	-	-	-	(2,838)	-	(2,838)
Employee share-based expense	-	-	-	-	-	6,387	-	-	6,387	-	6,387
Dividends to owners of the Company	-	-	-	-	-	-	-	(210,761)	(210,761)	-	(210,761)
<b>Total transactions with owners</b>	-	-	8,040	(3,974)	-	(517)	-	(210,761)	(207,212)	-	(207,212)
<b>At 30 September 2018, restated</b>	816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,386,695	2,305,416	135	2,305,551

\* Please refer to Schedule F, Note 21.

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

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

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 2018.

## 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 year ended 30 September 2019 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 5 November 2019.

### 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 2018.

The audited consolidated financial statements of the Group for the year ended 30 September 2018 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 2018. 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 2018.

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 2018, 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 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

\* not applicable

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

### 2. Basis of preparation (cont'd)

#### 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.

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 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 has concluded that the application of the new classification requirement does not have any 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.

With the adoption of MFRS 9 by following the ECL model, the impairment loss of trade and other receivables has increased by RM2,003,000 as at 1 October 2018. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus this impairment loss is adjusted to the opening retained earnings as of 1 October 2018. The financial effects on initial adoption of MFRS 9 are shown in Schedule F, Note 21.

#### 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.

Prior to MFRS 15, the Group's contracts with customers contain product sales and also consideration payable to customers. Each of these components is either recognised as revenue or operating expenses. With the adoption of MFRS 15, the consideration payable to customers which are previously recognised as expenses would be required to be recognised as part of the transaction price and hence to be reclassified to net off against revenue. The Group has elected to apply MFRS 15 retrospectively during the current financial year. The financial effects on initial adoption of MFRS 15 are shown in Schedule F, Note 21.



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

### 3. Standards issued but not yet effective

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

#### MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 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 2020

- Amendments to MFRS 3 *Business Combinations*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

#### 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 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.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

With the adoption of MFRS 16, the lease liabilities and right-of-use assets as at 1 October 2019 is expected to be approximately 1% of total assets and 3% of total liabilities. No significant impact is expected on the Group's finance leases. The estimated impact on adoption of MFRS 16 is based on assessment performed to-date. The actual impact of adopting the standard may change until the Group presents its audited financial statements.

**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 year ended 30 September 2019.

7. Significant estimates and changes in estimates

There were no significant estimates or changes in estimates that have had any material effect on the results of the current quarter.

8. Investment in an associate

RM'000	<u>30/09/2019</u>	<u>30/09/2018</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	65,295	56,156
Dividends received	<u>(44,364)</u>	<u>(40,631)</u>
	<u>89,658</u>	<u>84,252</u>

Fair value of investment in an associate for which there is published price quotation

<u>120,690</u>	<u>133,755</u>
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The summarised financial information of the associate is as follows:

RM'000	<u>30/09/2019</u>	<u>30/09/2018</u>
Total assets	300,143	283,657
Total liabilities	<u>(37,177)</u>	<u>(40,573)</u>

RM'000	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	<u>30/09/2019</u>	<u>30/09/2018</u>	<u>30/09/2019</u>	<u>30/09/2018</u>
Revenue	58,784	62,610	251,105	266,983
Profit	<u>8,599</u>	<u>5,747</u>	<u>33,611</u>	<u>31,521</u>

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

9. Investment in a joint venture

RM'000	30/09/2019	30/09/2018
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	(22,694)	(15,399)
	(22,194)	(14,899)
Shareholder's loan	126,820	126,820
Interest on shareholder's loan	38,278	32,465
	142,904	144,386
Less: Unrealised profit	(55,291)	(55,292)
	<u>87,613</u>	<u>89,094</u>

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

RM'000	30/09/2019	30/09/2018
Total assets	286,199	289,136
Total liabilities	(330,606)	(318,954)

RM'000	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Revenue	-	-	-	-
Loss	(5,623)	(3,340)	(14,589)	(13,117)

10. Issuance or repayments of debt/equity securities

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

11. Dividends paid

The following dividends were declared and paid by the Company:

RM'000	Date of payment	Sen per share	Total amount
<u>Year ended 30 September 2019</u>			
Final 2018 ordinary dividends	15 February 2019	30.5	111,867
Interim 2019 ordinary dividends	13 June 2019	27.0	99,031
			<u>210,898</u>
<u>Year ended 30 September 2018</u>			
Final 2017 ordinary dividends	9 February 2018	30.5	111,795
Interim 2018 ordinary dividends	7 June 2018	27.0	98,966
			<u>210,761</u>

**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	
<b><u>4<sup>th</sup> quarter - 30/09/2019</u></b>					
Total revenue	498,333	479,667	845	25,469	1,004,314
Inter-segment	-	(4,135)	(558)	(24,535)	(29,228)
External	498,333	475,532	287	934	975,086
<b><u>4<sup>th</sup> quarter - 30/09/2018 (Restated)</u></b>					
Total revenue	505,915	444,795	816	23,021	974,547
Inter-segment	-	(3,366)	(596)	(22,948)	(26,910)
External	* 505,915	* 441,429	220	73	947,637
<b><u>3<sup>rd</sup> quarter - 30/06/2019</u></b>					
Total revenue	571,506	497,308	869	24,222	1,093,905
Inter-segment	-	(3,442)	(592)	(23,535)	(27,569)
External	571,506	493,866	277	687	1,066,336
<b><u>Cumulative 4<sup>th</sup> quarter - 30/09/2019</u></b>					
Total revenue	2,164,836	1,924,557	3,337	95,398	4,188,128
Inter-segment	-	(15,028)	(2,284)	(93,678)	(110,990)
External	2,164,836	1,909,529	1,053	1,720	4,077,138
<b><u>Cumulative 4<sup>th</sup> quarter - 30/09/2018 (Restated)</u></b>					
Total revenue	2,154,248	1,727,286	3,281	90,155	3,974,970
Inter-segment	(26)	(11,695)	(2,407)	(89,888)	(104,016)
External	* 2,154,222	* 1,715,591	874	267	3,870,954





**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 investments in associate and joint venture, deferred tax assets, current tax asset and cash and cash equivalents.

RM'000	<u>30/09/2019</u>	<u>30/09/2018</u>
F&B Malaysia	1,792,899	1,753,746
F&B Thailand	822,398	728,893
Property	116,656	117,574
Others	11,101	10,989
	<u>2,743,054</u>	<u>2,611,202</u>

**Segment liabilities**

The total of segment liabilities is measured based on all liabilities excluding loans and borrowings, deferred tax liabilities and current tax liabilities.

RM'000	<u>30/09/2019</u>	<u>30/09/2018</u> (Restated)	<u>1/10/2017</u> (Restated)
F&B Malaysia	427,495	* 360,340	* 394,805
F&B Thailand	336,858	301,323	282,117
Property	810	814	1,143
Others	3,485	5,069	5,977
	<u>768,648</u>	<u>667,546</u>	<u>684,042</u>

\* The comparatives for the year ended 30 September 2019 have been restated as disclosed in Schedule F, Note 21.

13. Significant events

There were no significant events during the quarter.

14. Subsequent events

On 8 October 2019, F&NHB announced that its direct wholly-owned subsidiary, F&N AgriValley Sdn Bhd ("F&N AgriValley") (formerly known as Rimba Perkasa Sdn Bhd) had on the same date entered into a conditional sale and purchase agreement ("SPA") with MSM Perlis Sdn Bhd, a direct wholly-owned subsidiary of MSM Malaysia Holdings Berhad, in relation to the proposed acquisition of 9 parcels of leasehold land measuring in total approximately 4,453.92 hectares, which is located in Mukim Chuping, Daerah Perlis, Negeri Perlis ("Ladang Chuping") for a total cash consideration of RM156.0 million. Further details of the SPA are set out in the said announcement.

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

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

15. Changes in the composition of the Group

a) Dissolution of a subsidiary

F&NHB's wholly owned subsidiary, Wimanis Sdn Bhd ("Wimanis") had held a final meeting on 8 July 2019 pursuant to its members' voluntary winding up. Wimanis was dissolved in accordance with Section 459(5) of the Companies Act, 2016 on 7 October 2019.

b) Incorporation of a new subsidiary

On 13 August 2019, F&NHB incorporated F&N AgriValley, a wholly owned subsidiary with a registered share capital of RM100 comprising 100 ordinary shares. F&N AgriValley was set up to conduct the business of, among others, agriculture, dairy farming and/or eco-tourism. F&N AgriValley has remained dormant since the date of incorporation.

16. Contingent liabilities

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

17. Contingent assets

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

18. Fair value hierarchy

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

RM'000	Fair value	
	<u>30/09/2019</u>	<u>30/09/2018</u>
Derivative financial assets	6	60
Derivative financial liabilities	<u>136</u>	<u>140</u>

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

The Group held investment properties amounting to RM48,775,000 (2018: RM49,318,000) carried at Level 3: significant unobservable inputs.



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

19. Capital and lease commitments

**Capital expenditure commitments**

The outstanding capital commitments are as follows:

RM'000	<u>30/09/2019</u>	<u>30/09/2018</u>
<u>Property, plant and equipment</u>		
Contracted but not provided for	206,831	149,617
Authorised but not contracted for	230,691	122,384
	<u>437,522</u>	<u>272,001</u>

**Lease commitments**

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

RM'000	<u>30/09/2019</u>	<u>30/09/2018</u>
<u>Non-cancellable operating lease commitments - Group as lessor</u>		
Future minimum rentals receivable:		
- Less than one year	831	873
- Between one and five years	148	379
	<u>979</u>	<u>1,252</u>
<u>Non-cancellable operating lease commitments - Group as lessee</u>		
Future minimum rentals payable:		
- Less than one year	28,956	19,158
- Between one and five years	13,470	14,525
- More than five years	1,055	989
	<u>43,481</u>	<u>34,672</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 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
<u>Fraser and Neave, Limited ("F&amp;N Limited") Group</u>				
Sales	72,110	68,392	266,876	287,658
Purchases	(48,892)	(37,918)	(184,210)	(161,379)
Royalties paid	(12,034)	(12,330)	(54,119)	(50,409)
Internal audit fees paid	(269)	(193)	(1,275)	(1,161)
Receipt of corporate service fees	900	20	1,581	20
<u>Vacaron Company Sdn Bhd</u>				
Finance income	1,419	1,496	5,813	5,830
<u>Cocoaland Holdings Berhad Group</u>				
Purchases	-	(71)	(12)	(3,508)
Dividend income	-	-	3,733	8,087
<u>Thai Beverage Public Company Limited Group</u>				
Sales	410	438	1,747	1,442
Purchases	(1,084)	(212)	(2,845)	(2,260)
Marketing expenses	(5,630)	(7,164)	(18,223)	(25,487)
Corporate service fees paid	(619)	(623)	(1,999)	(623)
<u>Berli Jucker Public Company Limited Group</u>				
Sales	21,212	13,733	68,099	52,932
Purchases	(2,790)	(5,141)	(20,237)	(25,266)
Transportation expenses	(2,783)	(1,723)	(10,254)	(1,726)
<u>Other related parties of TCC Group</u>				
Purchases	(10,750)	(9,748)	(42,925)	(40,685)
Management fees	(171)	(516)	(2,026)	(2,623)
Insurance premium paid	(778)	(22)	(3,093)	(2,569)
<u>Permodalan Nasional Berhad ("PNB") Group *</u>				
Sales	8,756	13,353	59,158	58,288
Purchase	(39,136)	(12,606)	(12,469)	(54,768)
Rental of equipment paid	(726)	(873)	(3,074)	(2,989)
<u>Compensation</u>				
Compensation of key management personnel of the Group	(3,690)	(3,210)	(14,319)	(13,794)
Directors' fees and remuneration	(368)	(338)	(1,322)	(1,219)

**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>30/09/2019</u>	<u>30/09/2018</u>
<u>Amount due from related parties</u>		
F&N Limited Group	61,234	69,177
Frasers Property Limited Group	51	-
Vacaron Company Sdn Bhd	165,130	159,295
Cocoaland Holdings Berhad Group	4	4
Thai Beverage Public Company Limited Group	437	8,887
Berli Jucker Public Company Limited Group	15,523	8,988
Other related parties of TCC Group	10	26
PNB Group	7,253	8,045
<u>Amount due to related parties</u>		
F&N Limited Group	(33,940)	(26,601)
Frasers Property Limited Group	(10)	(12)
Cocoaland Holdings Berhad Group	-	(8)
Thai Beverage Public Company Limited Group	(4,892)	(5,859)
Berli Jucker Public Company Limited Group	(4,199)	(4,109)
Other related parties of TCC Group	(3,417)	(3,617)
PNB Group	(10,600)	(4,600)

\* PNB is deemed a related party to F&NHB by virtue of PNB holding 26,149,700 shares as of 30 September 2019 through Amanahraya Trustees Berhad, representing 7.13% equity interest in F&NHB.

21. Change in comparatives

The comparatives for the quarter and year ended 30 September 2019 have been restated as follows:

RM'000	As previously stated	Adjustments		As restated
		(a) MFRS 9	(b) MFRS 15	
<b><u>Consolidated income statement:</u></b>				
<i><u>For the quarter ended 30 September 2018</u></i>				
Revenue	996,640	-	(49,003)	947,637
Cost of sales	(653,123)	-	2,813	(650,310)
Operating expenses	(249,853)	-	47,605	(202,248)
Basic earnings per ordinary share	22.2	-	0.4	22.6
Diluted earnings per ordinary share	22.1	-	0.4	22.5
<i><u>For the year ended 30 September 2018</u></i>				
Revenue	4,109,859	-	(238,905)	3,870,954
Cost of sales	(2,727,681)	-	6,409	(2,721,272)
Operating expenses	(980,014)	-	233,911	(746,103)
Basic earnings per ordinary share	104.9	-	0.4	105.3
Diluted earnings per ordinary share	104.5	-	0.4	104.9

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

21. Change in comparatives (cont'd)

The comparatives for the quarter and year ended 30 September 2019 have been restated as follows (cont'd):

RM'000	As	Adjustments		As restated
	previously stated	(a) MFRS 9	(b) MFRS 15	
<b><u>Consolidated statement of financial position:</u></b>				
<i>As at 30 September 2018</i>				
Trade and other payables	620,310	-	6,920	627,230
Share capital and reserves	2,312,336	-	(6,920)	2,305,416
Retained earnings	1,393,615	-	(6,920)	1,386,695
<i>As at 1 October 2017</i>				
Trade and other payables	628,685	-	8,335	637,020
Share capital and reserves	2,132,558	-	(8,335)	2,124,223
<b><u>Consolidated statement of cash flows:</u></b>				
<i>For the year ended 30 September 2018</i>				
Profit before tax	422,729	-	1,415	424,144
Changes in working capital	35,316	-	(1,415)	33,901
<b><u>Consolidated statement of changes in equity:</u></b>				
<i>As at 1 October 2018</i>				
Retained earnings	1,393,615	(2,003)	(6,920)	1,384,692
<i>As at 1 October 2017</i>				
Retained earnings	1,218,891	-	(8,335)	1,210,556
<b><u>Segment revenue:</u></b>				
<i>For the quarter ended 30 September 2018</i>				
F&B Malaysia	545,401	-	(39,486)	505,915
F&B Thailand	450,946	-	(9,517)	441,429
<i>For the year ended 30 September 2018</i>				
F&B Malaysia	2,321,667	-	(167,445)	2,154,222
F&B Thailand	1,787,051	-	(71,460)	1,715,591
<b><u>Segment operating profit:</u></b>				
<i>For the quarter ended 30 September 2018</i>				
F&B Malaysia	36,544	-	1,415	37,959
<i>For the year ended 30 September 2018</i>				
F&B Malaysia	166,734	-	1,415	168,149
<b><u>Segment liabilities:</u></b>				
<i>As at 30 September 2018</i>				
F&B Malaysia	353,420	-	6,920	360,340
<i>As at 1 October 2017</i>				
F&B Malaysia	386,470	-	8,335	394,805

(a) Adjustments pursuant to the adoption of MFRS 9 Financial Instruments.

(b) Adjustments pursuant to the adoption of MFRS 15 Revenue from Contracts with Customers.

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

### 1. Operations review

#### Current quarter ended 30 September 2019 vs corresponding quarter ended 30 September 2018

Group revenue for the current quarter increased by 2.9%, from RM947.6 million to RM975.1 million with higher revenue contribution from F&B Thailand. Group profit before tax eased 11.5% from RM101.1 million to RM89.5 million.

- F&B Malaysia

F&B Malaysia current quarter revenue was marginally lower by 1.5% as compared to corresponding quarter last year due to:

- (i) slower sales post festive season;
- (ii) marketplace/retailers adopt a wait-and-see stance following the pre-loading of products in 3<sup>rd</sup> quarter ahead of sugar-sweetened beverages tax implementation ("sugar tax") on 1 July 2019;
- (iii) haze which limited outdoor consumer and marketing activities; and
- (iv) partly mitigated by double digit growth in export revenue due to higher orders for the upcoming festive season; and
- (v) higher sales from new products launched (Seasons double fruits tea), Teh Tarik 'Ori' campaign to drive on-premise consumption and other marketing activations.

F&B Malaysia operating profit declined by 27.0% to RM27.7 million mainly due to:

- (i) absence of one-off net income which amounted to RM8.7 million in the corresponding quarter last year which include the sales tax refund and rebranding support fund received;
- (ii) non-operating expenses incurred this year amounted to RM3.5 million; i.e. employee separation benefits and equipment written off;
- (iii) higher repairs and maintenance costs and depreciation from new capital expenditure; and
- (iv) offset by favourable input costs.

Excluding one-off and non-operating items in the current quarter and corresponding quarter last year, operating profit is higher by 6.5%.

- F&B Thailand

F&B Thailand revenue rose 7.7% from RM441.4 million to RM475.5 million in the corresponding quarter last year aided by favourable RM/THB forex translation.

However, in local currency terms, sales were marginally lower by 0.8% due to:

- (i) higher competition in the sterilised milk category; partly offset by
- (ii) higher revenue in canned and chilled milk segment; and
- (iii) higher revenue in Indochina and export markets.

Operating profit for F&B Thailand correspondingly decreased by 1.8% (-11.7% in local currency) from RM61.7 million to RM60.6 million mainly due to higher brand investment and trade spending for new product launches.

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

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

#### Current financial year vs corresponding last financial year

The Group concluded its financial year ended 30 September 2019 with higher revenue and strong profit performance. Group revenue rose by 5.3% to RM4,077.1 million and Group profit before tax increased by 25.7% to RM533.0 million, mainly attributed to higher contribution from F&B Thailand.

#### • F&B Malaysia

F&B Malaysia overall performance in FY2019 was underpinned by:

- (i) higher beverages sales from successful festive promotions during Chinese New Year, Hari Raya Aidilfitri and Harvest festival;
- (ii) continued efforts in strengthening and deepening the route-to-market; especially in East Malaysia; and
- (iii) successful reformulation of 90% of ready-to-drink products in Malaysia in response to the sugar tax introduction in July 2019.

F&B Malaysia's revenue improved marginally from RM2,154.2 million to RM2,164.8 million for the year due to:

- (i) higher sales of value pack types;
- (ii) higher trade spending;
- (iii) absence of a one-off export-oriented contract packing business in the previous year; and
- (iv) intense competition in the canned milk segment.

F&B Malaysia operating profit declined by 4.2% to RM161.1 million attributed to:

- (i) absence of one-off net income amounting to RM23.2 million in last year which include sales tax refund, rebranding and one-off support fund received and reversal of provision for restructuring costs no longer required;
- (ii) non-operating expenses incurred this year which amounted to RM6.4 million; i.e. employee separation benefits and equipment written off;
- (iii) higher freight and overflow warehouse costs incurred due to ramp-up of production for the upcoming festive season;
- (iv) higher repairs and maintenance costs and depreciation from new capital expenditure;
- (v) higher royalties; and
- (vi) partly offset by favourable input costs.

Excluding one-off and non-operating items in the current year and last year, operating profit is higher by 15.5%.

#### • F&B Thailand

F&B Thailand strong growth momentum in domestic, Indochina and export markets was driven by successful innovations and effective execution of marketing and branding initiatives as well as better managed pricing and discounts. Supported by capacity expansion and aided by the strengthening of Thai Baht against the Ringgit, revenue grew by 11.3% to RM1,909.5 million. In local currency terms, revenue for F&B Thailand grew by 5.9%.

On the back of higher revenue, F&B Thailand operating profit improved by 40.3% (33.5% in local currency) to RM362.0 million attributed to:

- (i) favourable input and packaging costs;
- (ii) operational cost savings;
- (iii) one-off withholding tax refund and reimbursement of import duty drawback which amounted to RM5.0 million and RM2.6 million respectively; and
- (iv) insurance claim received amounting to RM3.1 million (2018: Provision made -RM1.6 million) for stocks damaged by fire at the co-manufacturer's plant.

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

### 2. Comment on material change in Group profit before tax for the quarter ended 30 September 2019 vs preceding 3<sup>rd</sup> quarter ended 30 June 2019

Current quarter Group revenue declined by 8.6% to RM975.1 million (3<sup>rd</sup> quarter FY2019: RM1,066.3 million) and Group profit before tax declined by 42.5% to RM89.5 million (3<sup>rd</sup> quarter FY2019: RM155.5 million).

- F&B Malaysia

F&B Malaysia revenue declined by 12.8% to RM498.3 million (3<sup>rd</sup> quarter FY2019: RM571.5 million) compared to the preceding quarter mainly due to slower off-take in current quarter post Hari Raya Puasa festive season and pre-loading effect ahead of sugar tax implementation.

Correspondingly, F&B Malaysia operating profit declined by 47.5% to RM27.7 million (3<sup>rd</sup> quarter FY2019: RM52.7 million) due to lower trade and marketing spending in the preceding quarter.

- F&B Thailand

F&B Thailand revenue decreased by 3.7% (-6.6% in local currency) to RM475.5 million (3<sup>rd</sup> quarter FY2019: RM493.9 million) due to a peak in festive sales in the preceding quarter.

Correspondingly, F&B Thailand operating profit declined by 38.9% (-42.1% in local currency) to RM60.6 million (3<sup>rd</sup> quarter FY2019: RM99.1 million) mainly due to higher investment in brand spending and new product launches and relaunches in the current quarter.

### 3. Prospects

In Malaysia, overall market is expected to remain challenging amidst the continuous competitive pressures in the canned milk and the ready-to-drink beverage segments. After successfully reformulating most of F&N beverages to below sugar tax threshold prior to July 2019, we will now accelerate on new products innovation in the new financial year. We will also prioritise on sharpening our commercial execution in preparation for 2020 Chinese New Year festive sales, which will be held earlier than past year.

In Thailand, although its economy is projected to grow at a slightly higher rate of 3% in 2020 vs current year, external and domestic headwinds remain. Nevertheless, our outlook on our operations in Thailand remain positive given the strong brand equity and product portfolio, supported by our pipeline of innovations. We believe the strong foundation that we have laid in the past and the investment in brand spending and new product launches in Q4 of FY2019 will help to drive our organic growth in Thailand F&B.

For Exports, the ongoing US-China trade war and geo-political tension in Middle East have created uncertainties in our operating environment. The stronger Thai Baht has also affected F&B Thailand export competitiveness. Despite these challenges, we are committed to continue to build Exports as our third business pillar and achieve target Group export revenue of RM800 million by 2020. We are in preparation to establish a new subsidiary in Dubai to increase and deepen our presence in Middle East and North Africa region. We are also looking at expanding our Export sales channel by collaborating with overseas e-commerce companies.

Raw and packaging material prices are expected to remain volatile. Certain dairies input prices have remained high although we have hedged a portion of our requirements ahead for the new financial year. We will continue to closely monitor the raw material prices and take necessary measures to mitigate the impact.

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

3. Prospects (cont'd)

While we are operating in an uncertain macro environment, we also believe in leveraging on our strong balance sheet to look for investment opportunities that will strengthen the long-term foundation of our businesses. In line with that direction, as announced in our Bursa announcement on 8 October 2019, we have entered into a conditional agreement to acquire lease rights to a plantation known as Ladang Chuping in Perlis to explore the upstream insourcing of fresh milk to support existing downstream production and distribution of fresh milk products.

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.

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**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 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Current income tax	18,032	7,143	107,954	28,700
Deferred tax – origination and reversal of temporary differences	3,616	9,149	14,946	16,512
Under/(Over) provision in respect of previous years				
- Income tax	523	(176)	523	(2,420)
- Deferred tax	(737)	2,303	(691)	(5,159)
	<u>21,434</u>	<u>18,419</u>	<u>122,732</u>	<u>37,633</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 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Profit before tax	<u>89,451</u>	<u>* 101,064</u>	<u>532,956</u>	<u>* 424,144</u>
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	21,468	24,256	127,909	101,795
Effect of tax rates in foreign jurisdictions	(2,817)	(3,003)	(16,577)	(12,587)
Tax exempt income	3	(3,839)	(53)	(47,291)
Non-deductible expenses charged/(reversed)	2,628	(399)	4,607	2,553
Recognition of previously unrecognised tax losses	-	-	-	(91)
Deferred tax assets recognised	(34)	(1,402)	(625)	(1,050)
(Over)/Under provision of income and deferred tax in prior years	(214)	2,127	(168)	(7,579)
Foreign withholding tax	286	653	8,081	2,366
Share of results of an associate	(561)	(375)	(2,193)	(2,057)
Share of results of a joint venture	675	401	1,751	1,574
<b>Total income tax expense</b>	<u>21,434</u>	<u>18,419</u>	<u>122,732</u>	<u>37,633</u>
<b>Effective income tax rate</b>	<u>24.0%</u>	<u>18.2%</u>	<u>23.0%</u>	<u>8.9%</u>

The effective income tax rate is higher in the 4<sup>th</sup> quarter and for the cumulative 4<sup>th</sup> quarter compared to the corresponding period last year due to the impact of corporate tax payment this year, following the full utilisation of the tax incentives granted by the Thailand Board of Investment.

\* The comparatives for the quarter and year ended 30 September 2019 have been restated as disclosed in Schedule F, Note 21.

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

6. Status of corporate proposals

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

7. Loans and borrowings

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

RM'000	Currency	30/09/2019	30/09/2018
<u>Non-current (unsecured)</u>			
Term loan	THB	95,909	115,153
<u>Current (unsecured)</u>			
Medium Term Note ("MTN")	RM	-	150,000
Term loan	THB	27,402	70,371
		<u>27,402</u>	<u>220,371</u>
		<u>123,311</u>	<u>335,524</u>

Commercial Paper ("CP")/MTN

A subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), is able to issue up to RM750,000,000 in nominal value under each of the CP and the MTN programmes respectively, which are unconditionally and irrevocably guaranteed by the Company. The CP has a tenure of seven (7) years from the first issue date of the CP under the CP Programme whilst the MTN has a tenure of fifteen (15) years from the first issue date under the MTN Programme.

The Issuer had on 7 October 2013 issued MTN of RM150,000,000 with the tenure of five (5) years from the issue date. This MTN bearing interest at rate of 4.24% per annum was repaid during the current financial year and there is no outstanding balance as at 30 September 2019 in respect of this CP/MTN programme.

As at 30 September 2019, the unutilised CP/MTN facility available for use amounted to RM1,500,000,000 (2018: RM1,350,000,000).

Term loan

On 1 December 2015 and 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDDT"), was granted term loans of Thai Baht 1,000,000,000 each with the tenure of three (3) years from the issued date and interest rates of 2.35% and 2.44% per annum respectively. As at 30 September 2019, the outstanding balance for the term loan amounted to Thai Baht 900,000,000 (2018: Thai Baht 1,250,000,000).

On 7 June 2018 and 10 January 2019, FNDDT was granted short-term loans of Thai Baht 200,000,000 and 400,000,000 with the tenure of six (6) months and interest rates of 1.83% and 2.20% per annum respectively. These term loans were repaid during the current financial year and there is no outstanding balance as at 30 September 2019.

8. Material litigation

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

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

9. Proposed dividend

In line with higher Group earnings for the financial year ended 30 September 2019, the Board of Directors recommend a higher final single tier dividend of 33.0 sen per share (2018: 30.5 sen per share) for approval by shareholders at the forthcoming Annual General Meeting of the Company. If approved by shareholders, the total dividends for the year would amount to 60.0 sen per share (2018: 57.5 sen per share).

10. Earnings per ordinary share (EPS)

(a) The calculation of basic earnings per ordinary share at 30 September 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Profit for the year attributed to owners of the Company	68,027	82,654	410,260	386,548
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,528	366,410	366,735	367,242
Basic earnings per ordinary share (sen)	18.6	* 22.6	111.9	* 105.3

(b) The calculation of diluted earnings per ordinary share at 30 September 2019 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Profit for the year attributed to owners of the Company	68,027	82,654	410,260	386,548
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,528	366,410	366,735	367,242
Adjustments pursuant to the SGP ('000)	840	1,215	840	1,215
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	367,368	367,625	367,575	368,457
Diluted earnings per ordinary share (sen)	18.5	* 22.5	111.6	* 104.9

\* The comparatives for the quarter and year ended 30 September 2019 have been restated as disclosed in Schedule F, Note 21.

**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 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
(a) Depreciation and amortisation	26,738	23,423	102,418	91,014
(b) Net reversal of impairment loss on property, plant and equipment	(251)	(2,463)	(334)	(2,188)
(c) Net impairment loss charged/(reversed) on receivables	23	1	312	(60)
(d) Bad debts recovered	(20)	(13)	(64)	(35)
(e) Bad debts written off	-	-	-	-
(f) Net inventories written down	1,990	3,365	2,900	6,626
(g) Inventories written off	1,660	2,282	8,485	4,950
(h) Net loss/(gain) on disposal/write-offs of property, plant and equipment	3,274	(246)	3,715	1,847
(i) Net loss/(gain) on foreign exchange	852	(3,172)	1,533	6,216
(j) Net fair value loss/(gain) on derivatives	63	342	50	(1,330)
(k) Change in fair value of investment properties	-	(3)	-	(3)

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	30/09/2019		30/09/2018	
	Notional value	Fair value	Notional value	Fair value
Forward foreign exchange contracts (less than 1 year)				
USD ('000)	2,400	(49)	3,536	(67)
AUD ('000)	2,042	(81)	1,420	(13)
		<u>(130)</u>		<u>(80)</u>

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2018:

- (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 year ended 30 September 2019, the Group recognised a total net loss of RM50,000 (2018: net gain of RM1,330,000) in the consolidated income statement arising from the fair value changes on the foreign exchange contracts which are marked-to-market as at 30 September 2019.