



FRASER & NEAVE HOLDINGS BHD
(Company No: 196101000155 (4205-V))
(Incorporated in Malaysia)

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For immediate release

QUARTERLY FINANCIAL REPORT

2nd Quarter Ended 31 March 2021

The Directors are pleased to release the unaudited quarterly financial report for the quarter and six months ended 31 March 2021.

The contents of the financial report comprise the following attached unaudited condensed consolidated financial statements, explanatory notes and additional disclosures and these must be read in conjunction with the Group's audited financial statements for the year ended 30 September 2020:

- 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
4 May 2021

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and six months ended 31 March 2021

RM'000	Individual 2 nd quarter			Cumulative 2 nd quarter		
	31/03/2021	31/03/2020	% chg	31/03/2021	31/03/2020	% chg
Revenue	1,091,849	1,005,596	8.6%	2,174,970	2,116,738	2.8%
Cost of sales	(771,711)	(692,883)		(1,512,977)	(1,450,321)	
Gross profit	320,138	312,713	2.4%	661,993	666,417	-0.7%
Other income	7,369	12,959		9,086	14,864	
Operating expenses	(189,557)	(195,231)		(376,364)	(392,962)	
Operating profit	137,950	130,441	5.8%	294,715	288,319	2.2%
Finance income	1,147	1,625		2,170	3,689	
Finance costs	(887)	(1,651)		(1,665)	(2,709)	
Share of profit of equity-accounted associate, net of tax [^]	1,204	3,693		3,191	5,473	
Share of loss of equity-accounted joint venture, net of tax [#]	(70)	(55)		(131)	(122)	
Profit before tax	139,344	134,053	3.9%	298,280	294,650	1.2%
Tax expense (Schedule G, Note 5)	(35,838)	(31,888)		(57,976)	(64,129)	
Profit for the period	103,506	102,165	1.3%	240,304	230,521	4.2%
Profit for the period attributable to:						
Owners of the Company	103,512	102,173		240,317	230,538	
Non-controlling interests	(6)	(8)		(13)	(17)	
Profit for the period	103,506	102,165		240,304	230,521	
Basic earnings per ordinary share (sen) (Schedule G, Note 10)	28.2	27.9		65.5	62.9	
Diluted earnings per ordinary share (sen) (Schedule G, Note 10)	28.2	27.8		65.3	62.7	

[^] 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 2020 dated 26 February 2021. The cumulative results are the sum total of its quarterly result recognised by the Group for the six months ended 31 December 2020.

[#] 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 2021.

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 2020.

Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income

For the quarter and six months ended 31 March 2021

RM'000	Individual 2 nd quarter			Cumulative 2 nd quarter		
	31/03/2021	31/03/2020	% chg	31/03/2021	31/03/2020	% chg
Profit for the period	103,506	102,165	1.3%	240,304	230,521	4.2%
Other comprehensive (expense)/income, net of tax: Item that is or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(5,094)	(15,566)		11,307	(16,646)	
Total comprehensive income for the period	98,412	86,599	13.6%	251,611	213,875	17.6%
Total comprehensive income attributable to:						
Owners of the Company	98,418	86,607		251,624	213,892	
Non-controlling interests	(6)	(8)		(13)	(17)	
	98,412	86,599	13.6%	251,611	213,875	17.6%

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 2020.

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

RM'000	31/03/2021	30/09/2020
Non-current assets		
Property, plant and equipment	1,370,887	1,359,893
Right-of-use assets	93,596	87,183
Investment properties	47,569	47,569
Properties held for development	54,958	54,958
Intangible assets (<i>Schedule F, Note 15</i>)	85,124	45,921
Investment in an associate (<i>Schedule F, Note 8</i>)	89,475	91,261
Investment in a joint venture (<i>Schedule F, Note 9</i>)	87,714	87,845
Deferred tax assets	6,010	5,970
	1,835,333	1,780,600
Current assets		
Trade and other receivables	664,103	589,661
Inventories	576,056	655,981
Current tax asset	755	200
Derivative financial assets (<i>Schedule F, Note 18</i>)	602	4
Cash and cash equivalents	658,901	493,615
	1,900,417	1,739,461
Total assets	3,735,750	3,520,061
Equity		
Share capital and reserves	2,821,364	2,690,601
Non-controlling interests	(174)	(161)
Total equity	2,821,190	2,690,440
Non-current liabilities		
Lease liabilities	18,055	10,785
Employee benefits	50,871	51,304
Deferred tax liabilities	59,423	48,073
	128,349	110,162
Current liabilities		
Trade and other payables	584,504	516,654
Contract liabilities	68,715	57,787
Loans and borrowings (<i>Schedule G, Note 7</i>)	80,066	91,868
Lease liabilities	14,464	13,672
Current tax liabilities	38,454	39,111
Derivative financial liabilities (<i>Schedule F, Note 18</i>)	8	367
	786,211	719,459
Total liabilities	914,560	829,621
Total equity and liabilities	3,735,750	3,520,061
Net assets per share (RM) attributable to owners of the Company	7.69	7.34

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 2020.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2021

RM'000	Cumulative 2 nd quarter	
	31/03/2021	31/03/2020
Cash flows from operating activities		
Profit before tax	298,280	294,650
Add/(less) non-cash items:		
- Depreciation of property, plant and equipment and amortisation of intangible assets	54,632	53,193
- Depreciation of right-of-use assets	13,435	12,671
- Finance costs	1,665	2,709
- Finance income	(2,170)	(3,689)
- Net reversal of impairment loss on property, plant and equipment	(17)	(17)
- Net loss on disposal of property, plant and equipment	37	44
- Property, plant and equipment written off	263	352
- Share-based payment transactions expense	3,557	4,547
- Share of profit of equity-accounted associate, net of tax	(3,191)	(5,473)
- Share of loss of equity-accounted joint venture, net of tax	131	122
- Others	(744)	792
Changes in working capital	94,139	(239,930)
Tax paid	(48,128)	(59,913)
Net cash from operating activities	411,889	60,058
Cash flows from investing activities		
Acquisition of intangible assets	(1,211)	(1,048)
Acquisition of property, plant and equipment	(58,151)	(100,429)
Acquisition of subsidiaries (<i>Schedule F, Note 15</i>)	(50,370)	-
Dividends received	4,977	6,221
Interest received	1,924	4,065
Investment in a joint venture	-	(500)
Proceeds from disposal of property, plant and equipment	231	175
Net cash used in investing activities	(102,600)	(91,516)
Cash flows from financing activities		
Dividend paid to owners of the Company	(121,037)	(121,037)
Interest paid	(2,127)	(2,644)
Payment of lease liabilities	(11,735)	(12,258)
Purchase of shares by Share Grant Plan ("SGP") Trust	(3,167)	(3,807)
Repayment of loans and borrowings	(13,344)	(13,335)
Net cash used in financing activities	(151,410)	(153,081)
Net increase/(decrease) in cash and cash equivalents	157,879	(184,539)
Effects of exchange rate fluctuations on cash and cash equivalents	7,407	(12,124)
Cash and cash equivalents at 1 October	493,615	569,719
Cash and cash equivalents at 31 March	658,901	373,056
Cash and bank balances	405,790	235,881
Short term deposits with licensed banks with a maturity period of 3 months or less	253,111	137,175
Cash and cash equivalents at 31 March	658,901	373,056

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 2020.

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

For the six months ended 31 March 2021

RM'000	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Shares held by SGP Trust (Note a)	Loss on purchase of shares for SGP (Note b)	Translation reserve	Share-based payment reserve	Legal reserve	Retained earnings			
At 1 October 2020	816,770	(4,688)	(7,733)	94,284	14,434	9,934	1,767,600	2,690,601	(161)	2,690,440
Total comprehensive income	-	-	-	11,307	-	-	240,317	251,624	(13)	251,611
Transactions with owners:										
Shares vested under SGP	-	6,627	(1,547)	-	(5,080)	-	-	-	-	-
Purchase of shares by SGP Trust	-	(3,167)	-	-	-	-	-	(3,167)	-	(3,167)
Employee share-based payment expense	-	-	-	-	3,343	-	-	3,343	-	3,343
Dividend to owners of the Company	-	-	-	-	-	-	(121,037)	(121,037)	-	(121,037)
Total transactions with owners	-	3,460	(1,547)	-	(1,737)	-	(121,037)	(120,861)	-	(120,861)
At 31 March 2021	816,770	(1,228)	(9,280)	105,591	12,697	9,934	1,886,880	2,821,364	(174)	2,821,190
At 1 October 2019	816,770	(3,904)	(7,251)	122,570	12,691	9,934	1,578,514	2,529,324	99	2,529,423
Total comprehensive income	-	-	-	(16,646)	-	-	230,538	213,892	(17)	213,875
Transactions with owners:										
Shares vested under SGP	-	6,399	(482)	-	(5,917)	-	-	-	-	-
Purchase of shares by SGP trust	-	(3,807)	-	-	-	-	-	(3,807)	-	(3,807)
Employee share-based payment expense	-	-	-	-	4,323	-	-	4,323	-	4,323
Dividend to owners of the Company	-	-	-	-	-	-	(121,037)	(121,037)	-	(121,037)
Total transactions with owners	-	2,592	(482)	-	(1,594)	-	(121,037)	(120,521)	-	(120,521)
At 31 March 2020	816,770	(1,312)	(7,733)	105,924	11,097	9,934	1,688,015	2,622,695	82	2,622,777

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

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

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134

1. Corporate information

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

The condensed consolidated interim financial statements of the Group (“interim financial statements”) as at and for the six months ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate and a joint venture.

These interim financial statements were approved by the Board of Directors on 4 May 2021.

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 2020.

The audited consolidated financial statements of the Group for the year ended 30 September 2020 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 2020. 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 2020.

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 2020, except for the adoption of the following new and amended MFRSs, and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 October 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

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 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* *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.

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 2021.

7. Significant estimates and changes in estimates

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

8. Investment in an associate

RM'000	<u>31/03/2021</u>	<u>30/09/2020</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	76,310	73,119
Dividends received	<u>(55,562)</u>	<u>(50,585)</u>
	<u>89,475</u>	<u>91,261</u>
Market value of investment in an associate for which there is published price quotation	<u>110,736</u>	<u>107,626</u>

The summarised financial information of the associate is as follows:

RM'000	<u>31/03/2021</u>	<u>30/09/2020</u>
Total assets	288,448	303,092
Total liabilities	<u>(26,157)</u>	<u>(34,231)</u>

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	<u>31/03/2021</u>	<u>31/03/2020</u>	<u>31/03/2021</u>	<u>31/03/2020</u>
Revenue	50,473	70,229	106,600	129,713
Profit	<u>4,428</u>	<u>13,581</u>	<u>11,734</u>	<u>20,128</u>

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

9. Investment in a joint venture

RM'000	31/03/2021	30/09/2020
Unquoted shares, at cost	127,820	127,820
Share of post-acquisition reserves	(23,108)	(22,977)
	104,712	104,843
Interest on shareholder's loan	38,294	38,294
	143,006	143,137
Less: Unrealised profit	(55,292)	(55,292)
	87,714	87,845

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

RM'000	31/03/2021	30/09/2020
Total assets	286,376	288,606
Total liabilities	(76,970)	(76,939)

RM'000	Individual 2 nd quarter		Individual 2 nd quarter	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Revenue	-	-	-	-
Loss	(140)	(109)	(261)	(243)

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>Six months ended 31 March 2021</u> Final 2020 ordinary	5 February 2021	33.0	121,037
<u>Six months ended 31 March 2020</u> Final 2019 ordinary	13 February 2020	33.0	121,037

Please refer to *Schedule G, Note 9* for dividend declared subsequent to 31 March 2021.

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>2nd quarter - 31/03/2021</u>					
Total revenue	564,169	536,150	808	15,759	1,116,886
Inter-segment	-	(10,337)	(641)	(14,059)	(25,037)
External	564,169	525,813	167	1,700	1,091,849
<u>2nd quarter - 31/03/2020</u>					
Total revenue	499,184	508,897	842	22,956	1,031,879
Inter-segment	-	(4,701)	(559)	(21,023)	(26,283)
External	499,184	504,196	283	1,933	1,005,596
<u>1st quarter - 31/12/2020</u>					
Total revenue	568,183	524,257	874	22,600	1,115,914
Inter-segment	-	(9,850)	(645)	(22,298)	(32,793)
External	568,183	514,407	229	302	1,083,121
<u>Cumulative 2nd quarter - 31/03/2021</u>					
Total revenue	1,132,352	1,060,407	1,682	38,359	2,232,800
Inter-segment	-	(20,187)	(1,286)	(36,357)	(57,830)
External	1,132,352	1,040,220	396	2,002	2,174,970
<u>Cumulative 2nd quarter - 31/03/2020</u>					
Total revenue	1,084,157	1,040,873	1,686	44,523	2,171,239
Inter-segment	-	(10,826)	(1,121)	(42,554)	(54,501)
External	1,084,157	1,030,047	565	1,969	2,116,738

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

12. Segmental information (cont'd)

Segment assets

The total of segment assets is measured based on all assets excluding cash and cash equivalents.

RM'000	<u>31/03/2021</u>	<u>30/09/2020</u>
F&B Malaysia	1,906,724	1,879,276
F&B Thailand	869,065	842,670
Property	202,456	202,140
Others	98,604	102,360
	<u>3,076,849</u>	<u>3,026,446</u>

Segment liabilities

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

RM'000	<u>31/03/2021</u>	<u>30/09/2020</u>
F&B Malaysia	442,766	393,634
F&B Thailand	386,376	338,944
Property	1,520	1,529
Others	3,832	3,646
	<u>834,494</u>	<u>737,753</u>

13. Significant events

On 15 December 2020, the Board of Directors of F&NHB announced that its direct wholly-owned subsidiary, Awana Citra Sdn Bhd had on 13 December 2020 entered into a conditional share sale agreement (the "Share Sale Agreement") with Mr. Siew Yun Sing and Mdm. Tong Saw Man, in relation to the acquisition of the entire equity interest in Sri Nona Food Industries Sdn Bhd, Sri Nona Industries Sdn Bhd and Lee Shun Hing Sauce Industries Sdn Bhd (collectively referred to as, the "Sri Nona Companies"). The principal activities of Sri Nona Companies are the manufacture, distribution and sale of, among others, rice cakes and condiments. Subject to the terms and conditions of the Share Sale Agreement, the aggregate cash consideration for the Sri Nona Companies is up to RM60,000,000 ("the Acquisition"). The Share Sale Agreement relating to the Acquisition was completed on 15 January 2021 in accordance with the terms of the Share Sale Agreement.

There were no other significant events that have not been reflected in the current 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.

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

15. Changes in the composition of the Group

Acquisition of new subsidiaries

As disclosed in Note 13, the Group via its wholly owned subsidiary, Awana Citra Sdn Bhd completed the acquisition of the entire equity interest in the Sri Nona Companies on 15 January 2021. The acquisition of Sri Nona Companies has further helped the Group establish Halal Food Pillar as a new pillar of growth. These subsidiaries are included in the F&B Malaysia segment.

A goodwill amounting to RM38,969,000 was provisionally recognised pending the finalisation of the Completion accounts and adjustment to purchase consideration in accordance with the terms of the Share Sale Agreement and completion of the purchase price allocation. As allowed under MFRS 3 *Business Combinations*, the Group shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect the fair values of the identifiable assets acquired and liabilities assumed, within a period not exceeding one year from the acquisition date.

The following summarised the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities determined provisionally at the acquisition date:

RM'000	<u>31/03/2021</u>
Fair value of consideration transferred	
Cash and cash equivalents	<u>60,000</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,051
Inventories	8,122
Trade and other receivables	10,083
Current tax asset	233
Cash and cash equivalents	9,630
Trade and other payables	(7,882)
Current tax liability	(137)
Deferred taxation	<u>(69)</u>
Total identifiable net assets determined provisionally	<u>21,031</u>

The fair values of assets and liabilities was provisionally determined pending the finalisation of the Completion accounts in accordance with the terms of the Share Sale Agreement and purchase price allocation.

Net cash outflow arising from acquisition of subsidiaries

RM'000	<u>31/03/2021</u>
Purchase consideration settled in cash and cash equivalents *	(60,000)
Cash and cash equivalents acquired	<u>9,630</u>
	<u>(50,370)</u>

* Subject to adjustment to purchase consideration in accordance with the terms of the Share Sale agreement.

Goodwill

Goodwill was determined provisionally as a result of the acquisition as follows:

RM'000	<u>31/03/2021</u>
Total consideration transferred	(60,000)
Fair value of identifiable net assets determined provisionally	<u>21,031</u>
Provisional goodwill	<u>(38,969)</u>

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

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>31/03/2021</u>	<u>30/09/2020</u>
Derivative financial assets	602	4
Derivative financial liabilities	<u>8</u>	<u>367</u>

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

The Group held investment properties amounting to RM47,569,000 (2020: RM47,569,000) carried at Level 3: significant unobservable inputs.

19. Capital commitments

Capital expenditure commitments

The outstanding capital commitments are as follows:

RM'000	<u>31/03/2021</u>	<u>30/09/2020</u>
<u>Property, plant and equipment</u> Contracted but not provided for	<u>165,375</u>	<u>109,441</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 nd quarter		Cumulative 2 nd quarter	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
<u>Fraser and Neave, Limited Group</u>				
Sales	68,183	72,817	134,607	143,598
Purchases	(38,635)	(52,347)	(94,533)	(108,386)
Royalties paid	(14,754)	(11,779)	(31,057)	(26,376)
Receipt of corporate service fees	1,934	1,969	2,274	1,970
<u>Cocoaland Holdings Berhad Group</u>				
Dividend income	-	-	4,977	6,221
<u>Thai Beverage Public Company Limited Group</u>				
Sales	1,332	388	2,817	1,113
Purchases	(1,468)	(1,329)	(2,698)	(4,574)
Marketing expenses	(5,461)	(6,804)	(11,097)	(13,300)
Corporate service fees paid	(567)	(584)	(1,141)	(1,111)
Other income	90	1,619	126	1,983
<u>Berli Jucker Public Company Limited Group</u>				
Sales	14,053	20,818	30,142	44,139
Purchases	(1,151)	(4,848)	(4,236)	(16,615)
Transportation expenses	(2,234)	(2,995)	(4,531)	(6,004)
<u>Other related parties of TCC Assets Limited Group</u>				
Purchases	(16,465)	(17,029)	(32,240)	(28,300)
Insurance premium paid	(900)	(791)	(1,732)	(1,624)
<u>Compensation</u>				
Compensation of key management personnel of the Group	(3,094)	(3,354)	(6,923)	(8,029)
Directors' fees and remuneration	(342)	(400)	(661)	(644)

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

20. Related party disclosures (cont'd)

Related party balances

The related party balances are shown below:

RM'000	31/03/2021	30/09/2020
<u>Amount due from related parties</u>		
Fraser and Neave, Limited Group	58,653	73,814
Vacaron Company Sdn Bhd	38,326	38,305
Cocoaland Holdings Berhad Group	-	4
Thai Beverage Public Company Limited Group	676	2,090
Berli Jucker Public Company Limited Group	11,323	12,675
Other related parties of TCC Assets Limited Group	14	11
<u>Amount due to related parties</u>		
Fraser and Neave, Limited Group	(36,167)	(29,637)
Frasers Property Limited Group	(2)	(2)
Thai Beverage Public Company Limited Group	(3,900)	(4,386)
Berli Jucker Public Company Limited Group	(1,866)	(2,013)
Other related parties of TCC Assets Limited Group	(9,175)	(4,967)

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

1. Operations review

Current quarter ("Q2") ended 31 March 2021 vs corresponding quarter ended 31 March 2020

The Group delivered stronger second quarter performance driven by domestic sales and exports amidst COVID-19-related constraints, with Group revenue growing 8.6% to RM1,091.8 million (Q2 FY2020: RM1,005.6 million).

The Group's Q2 FY2021 profit before tax rose 3.9% to RM139.3 million (Q2 FY2020: RM134.1 million), and profit after tax increased to RM103.5 million (Q2 FY2020: RM102.2 million), attributed to higher sales, favourable product mix and prudent control on advertising and promotion (A&P) spend amidst commodity price pressures and lower export margins.

- F&B Malaysia

Despite subdued Chinese New Year festivities due to Movement Control Order (MCO) 2.0 restrictions in Malaysia, there was positive momentum in out-of-home consumption after the easing of movement restrictions early March. Revenue was comparatively lower last year due to earlier seeding-in for Chinese New Year last year and the MCO 1.0 restrictions. Further, double digit growth in exports fuelled by growth in Middle East and Africa markets and the maiden contribution from Sri Nona Companies spurred the growth in F&B Malaysia revenue by 13.0% to RM564.2 million (Q2 FY2020: RM499.2 million).

Operating profit rose 8.4% to RM26.4 million (Q2 FY2020: RM24.3 million) during the quarter due to higher sales, favourable product mix, prudent A&P spending, and partially offset by lower export margins due to commodity costs pressures and rising freight costs amidst worldwide container shortage. There were also higher COVID-19 related expenses incurred in the quarter to conduct proactive safety measures to safeguard the health and well-being of our employees and to ensure business continuity.

- F&B Thailand

F&B Thailand registered 4.3% (+3.8% in Thai Baht terms) revenue growth in Q2 FY2021 at RM525.8 million (Q2 FY2020: RM504.2 million) amidst recovery in domestic economic activities especially in the hawkers, restaurant/café operators and Cash and Carry channels. Exports from Thailand also grew from greater demand overseas, which helped mitigate the slower offtake in Indochina due to stronger Thai Baht (which led to higher price in trade) and escalating COVID-19 cases in the region.

Operating profit increased 6.2% (+5.7% in Thai Baht terms) to RM112.1 million (Q2 FY2020: RM105.5 million) mainly due to higher sales, phasing of A&P and partially offset by unfavourable commodity costs.

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

1. Operations review (cont'd)

Half year ("1H") vs corresponding period last year

Supported by the progressive recovery of domestic sales and resilient Exports volume and maiden contribution from Sri Nona Companies, Group revenue in the first half year grew 2.8% to RM2,175.0 million, while Group profit before tax and profit after tax increased to RM298.3 million and RM240.3 million, respectively.

Group profit for the period grew by 4.2% to RM240.3 million (1H FY2020: RM230.5 million) due to investment tax incentives at the Thai subsidiary; offset by lower share of profit from an associate.

- F&B Malaysia

Higher beverage sales and double digit growth in exports in the second quarter as well as sustained demand for dairy products, and contribution from Sri Nona Companies led to 4.4% revenue growth for F&B Malaysia at RM1,132.4 million (1H FY2020: RM 1,084.2 million) in the first half. Halal markets contributed strongly to F&B Malaysia revenue with close to RM100 million revenue in the first half year. Against a challenging backdrop, F&B Malaysia built adaptive route-to-market execution and channel strategies to reach out to consumers and meet their expectations.

However, F&B Malaysia's operating profit declined slightly to RM71.3 million (1H FY2020: RM73.0 million) mainly due to lower export margins from the higher commodity costs and spike in international freight charges and partially mitigated by the contribution from Sri Nona Companies.

- F&B Thailand

F&B Thailand delivered a better half performance supported by out-of-home consumption recovery and growth in export markets, which mitigated the slower offtake in traditional trade and modern trade channels. F&B Thailand supported the trade with value offers and attractive promotions to help hawkers, café and restaurant operators to quickly restart their business activity as economic activities begin to pick up.

Revenue increased by 1.0% (2.2% in Thai Baht terms) to RM1,040.2 million (1H FY2020: RM1,030.0 million) while operating profit improved by 2.4% (3.6% in Thai baht terms) to RM221.6 million (1H FY2020: RM216.4 million) during the period on the back of higher revenue, phasing of A&P spending and partially offset by higher commodity costs.

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 2021 vs preceding 1st quarter ("Q1") ended 31 December 2020

Current quarter Group revenue grew marginally by 0.8% to RM1,091.8 million (Q1 FY2021: RM1,083.1 million) amidst recovery in the domestic Malaysia and Thai economy and double-digit growth in export markets despite subdued Chinese New Year festivities this year.

Group profit before tax correspondingly declined by 12.3% to RM139.3 million (Q1 FY2021: RM158.9 million) mainly due to lower export margins and higher commodity costs and partially mitigated by contribution from Sri Nona Companies.

3. Prospects

The Group remains cautious of the local and global uncertainties as the COVID-19 pandemic situation remains fluid and uncertain. Commodity prices are on the uptrend and expected to rise further. We will continue to develop our rich portfolio of brands and geographical presence, while adapting and refining our strategies to constraints imposed by the pandemic.

Following the recent rise in Malaysia's COVID-19 cases, safeguarding the health and wellbeing of our people is pivotal while ensuring continued availability and accessibility of our products in the market. We continue to conduct proactive safety measures including regular COVID-19 screening in our plants in Selangor to alleviate infection risk and ensure minimal impact to operations. Similarly, we are keeping a close watch on Thailand's recent spike in new cases to ensure timely and appropriate mitigation measures.

Our ability to weather the challenges and navigate through the uncertainty has proven that we have effectively implemented appropriate measures to build a stronger future for the Group. We are confident that our long-term strategies are well placed to manage the risk of the current landscape while keeping us on track to drive future growth.

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

4. Profit forecast or profit guarantee

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

5. Tax expense

The details of the tax expense are as follows:

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Current income tax	30,877	29,233	45,612	59,028
Deferred tax – origination and reversal of temporary differences	3,961	994	11,482	2,978
Under/(Over) provision in respect of previous years				
- Income tax	1,037	176	1,037	166
- Deferred tax	(37)	1,485	(155)	1,957
	<u>35,838</u>	<u>31,888</u>	<u>57,976</u>	<u>64,129</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 nd quarter		Cumulative 2 nd quarter	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Profit before tax	<u>139,344</u>	<u>134,053</u>	<u>298,280</u>	<u>294,650</u>
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	33,442	32,173	71,587	70,716
Effect of tax rates in foreign jurisdictions	(4,805)	(4,778)	(9,470)	(9,897)
Tax exempt income	(5,621)	(8,554)	(16,715)	(11,271)
Non-deductible expenses	1,138	1,032	1,268	2,090
Under provision of income and deferred tax in prior years	1,000	1,661	882	2,123
Foreign withholding tax	10,957	11,228	11,159	11,653
Others	(273)	(874)	(735)	(1,285)
Total income tax expense	<u>35,838</u>	<u>31,888</u>	<u>57,976</u>	<u>64,129</u>
Effective income tax rate	<u>25.7%</u>	<u>23.8%</u>	<u>19.4%</u>	<u>21.8%</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. Loans and borrowings

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

RM'000	Currency	31/03/2021	30/09/2020
<u>Current (unsecured)</u>			
Term loan	THB	80,066	91,868

Commercial Paper ("CP")/Medium Term Note ("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 CP programme of RM750,000,000 had expired on 14 October 2020 whilst the tenure of the MTN Programme is up to 28 September 2028.

As at 31 March 2021, the unutilised CP/MTN facility available for use amounted to RM750,000,000 (2020: RM1,500,000,000).

Term loan

On 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDDT"), was granted term loan of THB 1,000,000,000 with the tenure of three (3) years from the issued date and interest rate of 2.44% per annum. As at 31 March 2021, the outstanding balance for the term loan amounted to Thai Baht 600,000,000 (2020: Thai Baht 700,000,000).

8. Material litigation

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

9. Dividend declared subsequent to 31 March 2021

The Directors are pleased to declare an interim single tier dividend of 27 sen per share (2020: 27 sen) for the financial year ending 30 September 2021. This dividend amounting to approximately RM99.0 million will be paid on 16 June 2021.

The entitlement date for the above dividend shall be 20 May 2021 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 20 May 2021 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 ordinary share (EPS)

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

	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Profit for the period attributed to owners of the Company (RM'000)	<u>103,512</u>	<u>102,173</u>	<u>240,317</u>	<u>230,538</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,537</u>	<u>366,839</u>	<u>366,639</u>	<u>366,591</u>
Basic earnings per ordinary share (sen)	<u>28.2</u>	<u>27.9</u>	<u>65.5</u>	<u>62.9</u>

- (b) The calculation of diluted earnings per ordinary share at 31 March 2021 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Profit for the period attributed to owners of the Company (RM'000)	<u>103,512</u>	<u>102,173</u>	<u>240,317</u>	<u>230,538</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,537</u>	<u>366,839</u>	<u>366,639</u>	<u>366,591</u>
Adjustments pursuant to the SGP ('000)	<u>805</u>	<u>1,048</u>	<u>1,130</u>	<u>1,049</u>
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>367,342</u>	<u>367,887</u>	<u>367,769</u>	<u>367,640</u>
Diluted earnings per ordinary share (sen)	<u>28.2</u>	<u>27.8</u>	<u>65.3</u>	<u>62.7</u>

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 nd quarter		Cumulative 2 nd quarter	
	<u>31/03/2021</u>	<u>31/03/2020</u>	<u>31/03/2021</u>	<u>31/03/2020</u>
(a) Bad debts recovered	(10)	-	(19)	-
(b) Bad debts written off	-	-	-	-
(c) Depreciation of property, plant and equipment and amortisation of intangible assets	27,368	26,435	54,632	53,193
(d) Depreciation of right-of-use assets	6,647	6,540	13,435	12,671
(e) Inventories written off	337	2,454	644	3,021
(f) Net fair value gain on derivatives	(709)	(2,559)	(957)	(2,208)
(g) Net reversal of impairment loss on property, plant and equipment	(8)	(8)	(17)	(17)
(h) Net (reversal of impairment loss)/impairment loss on receivables	(123)	214	(152)	213
(i) Net inventories written down	1,191	2,585	2,869	3,830
(j) Net loss on disposal/write-offs of property, plant and equipment	178	177	300	396
(k) Net gain on foreign exchange	(2,738)	(2,829)	(62)	(1,688)

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

12. Outstanding derivatives

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

	31/03/2021		30/09/2020	
	<u>Notional value</u>	<u>Fair value</u> RM'000	<u>Notional value</u>	<u>Fair value</u> RM'000
Forward foreign exchange contracts (less than 1 year)				
USD ('000)	2,017	525	4,602	(301)
AUD ('000)	2,655	69	1,706	(62)
		<u>594</u>		<u>(363)</u>

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2020:

- (i) The credit risk, market risk and liquidity risk associated with these financial derivatives;
 - (ii) The cash requirements of the financial derivatives;
 - (iii) The policy in place for mitigating or controlling the risks associated with these financial derivatives; and
 - (iv) The related accounting policies.
- (b) Disclosure of gains/loss arising from fair value changes of derivative financial instruments

During the current period, the Group recognised a total net gain of RM957,000 (2020: RM2,208,000) 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 2021.