



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Financial year ended 30 September 2021

The Directors are pleased to release the unaudited quarterly financial report for the quarter and financial year ended 30 September 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
3 November 2021

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and year ended 30 September 2021

RM'000	Individual 4 th quarter			Cumulative 4 th quarter		
	30/09/2021	30/09/2020	% chg	30/09/2021	30/09/2020	% chg
Revenue	896,260	953,697	-6.0%	4,130,872	3,988,507	3.6%
Cost of sales	(672,137)	(667,982)		(2,936,714)	(2,758,139)	
Gross profit	224,123	285,715	-21.6%	1,194,158	1,230,368	-2.9%
Other income	6,195	8,661		17,988	23,622	
Net (loss)/gain on impairment of financial instruments	(1,099)	13		(1,138)	(416)	
Operating expenses	(168,805)	(186,539)		(738,722)	(738,414)	
Operating profit	60,414	107,850	-44.0%	472,286	515,160	-8.3%
Finance income	1,566	555		4,970	5,068	
Finance costs	(840)	(1,032)		(3,179)	(4,858)	
Share of profit of equity-accounted associate, net of tax [^]	886	957		5,624	7,824	
Share of loss of equity-accounted joint venture, net of tax [#]	(86)	(67)		(290)	(283)	
Profit before tax	61,940	108,263	-42.8%	479,411	522,911	-8.3%
Tax expense (Schedule G, Note 5)	(3,256)	(22,506)		(84,281)	(112,787)	
Profit for the period	58,684	85,757	-31.6%	395,130	410,124	-3.7%
Profit for the period attributable to:						
Owners of the Company	58,691	85,993		395,164	410,384	
Non-controlling interests	(7)	(236)		(34)	(260)	
Profit for the period	58,684	85,757		395,130	410,124	
Basic earnings per ordinary share (sen) (Schedule G, Note 10)	16.0	23.5		107.8	111.9	
Diluted earnings per ordinary share (sen) (Schedule G, Note 10)	16.0	23.4		107.6	111.7	

[^] The share of results of an associate for the quarter refers to Cocoland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 30 June 2021 dated 24 August 2021. The cumulative results are the sum total of its quarterly result recognised by the Group for the year ended 30 June 2021.

[#] 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 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 year ended 30 September 2021

RM'000	Individual 4 th quarter			Cumulative 4 th quarter		
	30/09/2021	30/09/2020	% chg	30/09/2021	30/09/2020	% chg
Profit for the period	58,684	85,757	-31.6%	395,130	410,124	-3.7%
Other comprehensive						
(expense)/income, net of tax:						
<i>Item that is not to be reclassified subsequently to profit or loss:</i>						
Remeasurement of defined benefit plans	2,537	(1,231)		2,537	(1,231)	
<i>Item that is or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	(36,506)	(37,286)		(46,282)	(28,286)	
	(33,969)	(38,517)		(43,745)	(29,517)	
Total comprehensive income for the period	24,715	47,240	-47.7%	351,385	380,607	-7.7%
Total comprehensive income attributable to:						
Owners of the Company	24,722	47,476		351,419	380,867	
Non-controlling interests	(7)	(236)		(34)	(260)	
	24,715	47,240	-47.7%	351,385	380,607	-7.7%

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 30 September 2021

RM'000	30/09/2021	30/09/2020
Non-current assets		
Property, plant and equipment	1,372,249	1,359,893
Right-of-use assets	125,367	87,183
Investment properties	47,569	47,569
Properties held for development	54,933	54,958
Intangible assets (<i>Schedule F, Note 21</i>)	88,319	45,921
Investment in an associate (<i>Schedule F, Note 8</i>)	85,687	91,261
Investment in a joint venture (<i>Schedule F, Note 9</i>)	87,555	87,845
Deferred tax assets	5,240	5,970
	1,866,919	1,780,600
Current assets		
Trade and other receivables	545,932	589,661
Inventories	659,745	655,981
Current tax asset	3,770	200
Derivative financial assets (<i>Schedule F, Note 18</i>)	-	4
Cash and cash equivalents	555,380	493,615
	1,764,827	1,739,461
Total assets	3,631,746	3,520,061
Equity		
Share capital and reserves	2,818,965	2,690,601
Non-controlling interests	(195)	(161)
Total equity	2,818,770	2,690,440
Non-current liabilities		
Lease liabilities	53,904	10,785
Employee benefits	43,440	51,304
Deferred tax liabilities	59,754	48,073
	157,098	110,162
Current liabilities		
Trade and other payables	558,253	516,654
Contract liabilities	55,815	57,787
Loans and borrowings (<i>Schedule G, Note 7</i>)	1,000	91,868
Lease liabilities	10,143	13,672
Current tax liabilities	30,501	39,111
Derivative financial liabilities (<i>Schedule F, Note 18</i>)	166	367
	655,878	719,459
Total liabilities	812,976	829,621
Total equity and liabilities	3,631,746	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 year ended 30 September 2021

RM'000	Cumulative 4 th quarter	
	30/09/2021	30/09/2020
Cash flows from operating activities		
Profit before tax	479,411	522,911
Add/(less) non-cash items:		
- Change in fair value of investment properties	-	1,206
- Depreciation of property, plant and equipment and amortisation of intangible assets	110,761	106,706
- Depreciation of right-of-use assets	25,094	25,865
- Finance costs	3,179	4,858
- Finance income	(4,970)	(5,068)
- Gain on disposal of intangible asset	-	(7,805)
- Net impairment loss on property, plant and equipment	2,377	44
- Net loss on disposal of properties	46	594
- Property, plant and equipment written off	373	458
- Property development costs written off	25	1,089
- Employee share-based expense	4,062	7,952
- Share of profit of equity-accounted associate, net of tax	(5,624)	(7,824)
- Share of loss of equity-accounted joint venture, net of tax	290	283
- Others	(3,590)	797
Changes in working capital	90,132	(212,389)
Tax paid	(84,469)	(97,074)
Net cash from operating activities	617,097	342,603
Cash flows from investing activities		
Acquisition of intangible assets	(2,162)	(1,796)
Acquisition of property, plant and equipment	(145,188)	(207,423)
Acquisition of subsidiaries (<i>Schedule F, Note 21</i>)	(49,868)	-
Dividends received	11,198	6,221
Interest received	5,004	5,463
Investment in a joint venture	-	(500)
Proceeds from disposal of intangible assets	-	83,175
Proceeds from disposal of property, plant and equipment	299	242
Net cash used in investing activities	(180,717)	(114,618)
Cash flows from financing activities		
Dividend paid to owners of the Company	(220,067)	(220,067)
Drawdown of loans and borrowings	1,000	-
Interest paid	(4,081)	(4,736)
Payment of lease liabilities	(23,134)	(24,351)
Purchase of shares by Share Grant Plan ("SGP") Trust	(6,565)	(7,184)
Repayment of loans and borrowings	(86,582)	(26,248)
Net cash used in financing activities	(339,429)	(282,586)
Net increase/(decrease) in cash and cash equivalents	96,951	(54,601)
Effects of exchange rate fluctuations on cash and cash equivalents	(35,186)	(21,503)
Cash and cash equivalents at 1 October 2020/2019	493,615	569,719
Cash and cash equivalents at 30 September	555,380	493,615
Cash and bank balances	389,913	319,306
Short term deposits with licensed banks with a maturity period of 3 months or less	165,467	174,309
Cash and cash equivalents at 30 September	555,380	493,615

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 year ended 30 September 2021

RM'000	Attributable to owners of the Company						Distributable		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	Total		
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	-	-	-	(46,282)	-	-	397,701	351,419	(34)	351,385
Transactions with owners:										
Shares vested under SGP	-	6,627	(1,542)	-	(5,085)	-	-	-	-	-
Purchase of shares by SGP Trust	-	(6,565)	-	-	-	-	-	(6,565)	-	(6,565)
Employee share-based expense	-	-	-	-	3,577	-	-	3,577	-	3,577
Dividend to owners of the Company	-	-	-	-	-	-	(220,067)	(220,067)	-	(220,067)
Total transactions with owners	-	62	(1,542)	-	(1,508)	-	(220,067)	(223,055)	-	(223,055)
At 30 September 2021	816,770	(4,626)	(9,275)	48,002	12,926	9,934	1,945,234	2,818,965	(195)	2,818,770
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	-	-	-	(28,286)	-	-	409,153	380,867	(260)	380,607
Transactions with owners:										
Shares vested under SGP	-	6,400	(482)	-	(5,918)	-	-	-	-	-
Purchase of shares by SGP trust	-	(7,184)	-	-	-	-	-	(7,184)	-	(7,184)
Employee share-based expense	-	-	-	-	7,661	-	-	7,661	-	7,661
Dividend to owners of the Company	-	-	-	-	-	-	(220,067)	(220,067)	-	(220,067)
Total transactions with owners	-	(784)	(482)	-	1,743	-	(220,067)	(219,590)	-	(219,590)
At 30 September 2020	816,770	(4,688)	(7,733)	94,284	14,434	9,934	1,767,600	2,690,601	(161)	2,690,440

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 year ended 30 September 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 3 November 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*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 30 September 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>30/09/2021</u>	<u>30/09/2020</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	78,743	73,119
Dividends received	<u>(61,783)</u>	<u>(50,585)</u>
	<u>85,687</u>	<u>91,261</u>
Market value of investment in an associate for which there is published price quotation	<u>120,068</u>	<u>107,626</u>

The summarised financial information of the associate is as follows:

RM'000	<u>30/09/2021</u>	<u>30/09/2020</u>
Total assets	274,310	303,092
Total liabilities	<u>(25,952)</u>	<u>(34,231)</u>

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	<u>30/09/2021</u>	<u>30/09/2020</u>	<u>30/09/2021</u>	<u>30/09/2020</u>
Revenue	47,781	48,621	208,199	239,359
Profit	<u>3,259</u>	<u>3,519</u>	<u>20,685</u>	<u>28,774</u>

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

9. Investment in a joint venture

RM'000	30/09/2021	30/09/2020
Unquoted shares, at cost	127,820	127,820
Share of post-acquisition reserves	(23,267)	(22,977)
	104,553	104,843
Interest on shareholder's loan	38,294	38,294
	142,847	143,137
Less: Unrealised profit	(55,292)	(55,292)
	87,555	87,845

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

RM'000	30/09/2021	30/09/2020
Total assets	286,027	288,606
Total liabilities	(76,939)	(76,939)

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Revenue	-	-	-	-
Loss	(172)	(135)	(580)	(566)

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 2021</u>			
Final 2020 ordinary	5 February 2021	33.0	121,037
Interim 2021 ordinary	16 June 2021	27.0	99,030
			220,067
<u>Year ended 30 September 2020</u>			
Final 2019 ordinary	13 February 2020	33.0	121,037
Interim 2020 ordinary	12 June 2020	27.0	99,030
			220,067

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>4th quarter - 30/09/2021</u>					
Total revenue	457,928	445,707	569	13,582	917,786
Inter-segment	-	(9,516)	(569)	(11,441)	(21,526)
External	457,928	436,191	-	2,141	896,260
<u>4th quarter - 30/09/2020</u>					
Total revenue	495,147	466,364	973	22,367	984,851
Inter-segment	-	(8,407)	(786)	(21,961)	(31,154)
External	495,147	457,957	187	406	953,697
<u>3rd quarter - 30/06/2021</u>					
Total revenue	540,175	528,593	867	19,167	1,088,802
Inter-segment	-	(10,648)	(670)	(17,842)	(29,160)
External	540,175	517,945	197	1,325	1,059,642
<u>Cumulative 4th quarter - 30/09/2021</u>					
Total revenue	2,130,455	2,034,707	3,118	71,108	4,239,388
Inter-segment	-	(40,351)	(2,525)	(65,640)	(108,516)
External	2,130,455	1,994,356	593	5,468	4,130,872
<u>Cumulative 4th quarter - 30/09/2020</u>					
Total revenue	2,040,749	1,970,889	3,345	88,860	4,103,843
Inter-segment	-	(27,133)	(2,469)	(85,734)	(115,336)
External	2,040,749	1,943,756	876	3,126	3,988,507

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>30/09/2021</u>	<u>30/09/2020</u>
F&B Malaysia	1,848,805	1,879,276
F&B Thailand	931,861	842,670
Property	201,536	202,140
Others	94,164	102,360
	<u>3,076,366</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>30/09/2021</u>	<u>30/09/2020</u>
F&B Malaysia	408,148	393,634
F&B Thailand	398,264	338,944
Property	1,985	1,529
Others	3,579	3,646
	<u>811,976</u>	<u>737,753</u>

13. Significant events

There were no 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.

15. Changes in the composition of the Group

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

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>30/09/2021</u>	<u>30/09/2020</u>
Derivative financial assets	-	4
Derivative financial liabilities	<u>166</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>30/09/2021</u>	<u>30/09/2020</u>
<u>Property, plant and equipment</u> Contracted but not provided for	<u>175,991</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 4 th quarter		Cumulative 4 th quarter	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
<u>Fraser and Neave, Limited Group</u>				
Sales	68,179	66,845	266,543	269,561
Purchases	(22,343)	(28,325)	(154,513)	(169,306)
Royalties paid	(12,585)	(11,188)	(58,126)	(49,477)
Receipt of corporate service fees	2,179	442	5,912	3,211
Proceeds from disposal of intangible asset	-	83,175	-	83,175
<u>Cocoaland Holdings Berhad Group</u>				
Dividend income	6,221	-	11,198	6,221
<u>Thai Beverage Public Company Limited Group</u>				
Sales	1,066	1,233	5,080	2,553
Purchases	(1,303)	(683)	(5,219)	(6,019)
Marketing expenses	(2,143)	(4,382)	(17,926)	(20,887)
Corporate service fees paid	(565)	(581)	(2,273)	(2,274)
Purchase of property, plant and equipment	(2,801)	-	(2,801)	(4,023)
Other (expenses)/income	(35)	193	150	1,967
<u>Berli Jucker Public Company Limited Group</u>				
Sales	19,397	16,241	65,843	69,410
Purchases	(831)	(356)	(5,607)	(18,116)
Transportation expenses	(647)	(2,478)	(7,299)	(10,599)
<u>Frasers Property Limited Group</u>				
Rental expenses	(1,159)	-	(1,159)	-
<u>Other related parties of TCC Assets Limited Group</u>				
Purchases	(13,137)	(14,677)	(61,850)	(57,045)
Insurance premium paid	(788)	(781)	(3,337)	(3,192)
<u>Compensation</u>				
Compensation of key management personnel of the Group	(3,362)	(3,293)	(14,051)	(14,602)
Directors' fees and remuneration	(358)	(366)	(1,338)	(1,335)

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	30/09/2021	30/09/2020
<u>Amount due from related parties</u>		
Fraser and Neave, Limited Group	55,466	73,814
Vacaron Company Sdn Bhd	38,306	38,305
Cocoaland Holdings Berhad Group	-	4
Thai Beverage Public Company Limited Group	559	2,090
Berli Jucker Public Company Limited Group	13,882	12,675
Other related parties of TCC Assets Limited Group	51	11
<u>Amount due to related parties</u>		
Fraser and Neave, Limited Group	(25,238)	(29,637)
Frasers Property Limited Group	(491)	(2)
Thai Beverage Public Company Limited Group	(2,050)	(4,386)
Berli Jucker Public Company Limited Group	(700)	(2,013)
Other related parties of TCC Assets Limited Group	(5,929)	(4,967)

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

21. Intangible assets

Included in intangible assets are goodwill and brand amounting to RM27,042,000 and RM15,102,000 respectively arising from the acquisition of new subsidiaries during the year.

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.

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

RM'000	<u>30/09/2021</u>
Fair value of consideration transferred	
Cash and cash equivalents	<u>59,498</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,051
Right-of-use assets	2,084
Intangible assets	15,102
Deferred taxation on intangible assets	(3,625)
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)
Lease liabilities	(2,152)
Current tax liability	(137)
Deferred taxation	(53)
Total identifiable net assets	<u>32,456</u>

The fair values of assets and liabilities was determined upon the completion of the purchase price allocation assessment.

Net cash outflow arising from acquisition of subsidiaries

RM'000	<u>30/09/2021</u>
Purchase consideration settled in cash and cash equivalents	59,498
Cash and cash equivalents acquired	<u>(9,630)</u>
	<u>49,868</u>

Goodwill

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

RM'000	<u>30/09/2021</u>
Total consideration transferred	59,498
Fair value of identifiable net assets	<u>(32,456)</u>
Goodwill	<u>27,042</u>

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

1. Operations review

Current quarter ended 30 September 2021 vs corresponding quarter ended 30 September 2020

The Group recorded a decline in revenue of 6.0% for Q4 FY2021 to RM896.3 million (Q4 FY2020: RM953.7 million) impacted by lockdowns in both Malaysia and Thailand and unfavourable MYR/THB translation.

Group's profit before tax declined by 42.8%, at RM61.9 million (Q4 FY2020: RM108.3 million) due to commodity price pressures, restructuring costs (RM10.7 million) and lower export margins. Excluding restructuring costs and other one-off/non-operating items in both periods, profit before tax decreased by 29.5%. In Q4 FY2020, there was a gain on disposal of "TEAPOT" brand amounting to RM7.8 million.

• F&B Malaysia

In Malaysia, out-of-home consumption was adversely affected by the dining-in prohibition at Food and Beverages outlets and restricted operating hours for convenience stores. F&B Malaysia revenue for the quarter declined by 7.5% to RM457.9 million (Q4 FY2020: RM495.1 million), partially offset by higher exports and contribution from Food business. The relaxation of MCO in September 2021, helped cushion the impact.

Export business continued to record high double digit revenue growth in Q4, especially in Middle East North Africa (MENA), Africa and Greater China regions.

Operating profit decreased by 77.6% to RM9.3 million (Q4 FY2020: RM41.6 million) during the quarter due to:

- unfavourable impact from higher input costs, especially for sugar, palm oil and milk;
- restructuring costs incurred (RM10.1 million);
- higher COVID-19 related expenses; and
- gain on disposal of "TEAPOT" trademark of RM7.8 million recognised last year.

These are partially mitigated by:

- the contribution from Food business; and
- improvement in margins for the export business.

Excluding restructuring costs and one-off/non-operating items in both years, operating profit declined by 38.6%.

• F&B Thailand

While the lockdown in Thailand also impacted domestic sales, F&B Thailand managed to sustain marginal growth of 0.6% in revenue (in Thai Baht terms), contributed by high double digit growth in exports due to new customers and orders secured. However, unfavourable MYR/THB translation led to lower revenue in MYR terms, which declined by 4.8% to RM436.2 million (Q4 FY2020: RM458.0 million).

Operating profit declined by 32.8% (-27.0% in Thai Baht terms) to RM49.1 million (Q4 FY2020: RM73.0 million) mainly due to higher input costs, COVID related expenses, royalty expenses; and one-off insurance claim received last year (RM2.3 million).

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

1. Operations review (cont'd)

Cumulative financial year vs corresponding last financial year

Despite a challenging year (FY 2020: from March 2020 onwards), double digit export growth from both F&B Malaysia and F&B Thailand as well as maiden contribution from Food business helped sustain growth and contributed to 3.6% increase in Group revenue to RM4,130.9 million (FY2020: RM3,988.5 million).

Group profit before tax declined by 8.3% to RM479.4 million (FY2020: RM522.9 million), attributed to sharp rise in commodity prices, lower export margins, freight and restructuring costs. Excluding restructuring costs (RM20.9 million) and other one-off/non-operating items in both years, profit before tax decreased by 3.9%. In FY2020, there was a gain on disposal of "TEAPOT" brand amounting to RM7.8 million.

The 3.7% decline in Group profit for the year to RM395.1 million (FY2020: RM410.1 million) was partially mitigated by investment tax incentives at F&B Thailand and deferred tax assets recognised for F&B Malaysia.

- F&B Malaysia

F&B Malaysia revenue for the year managed to grow by 4.4% to RM2,130.5 million (FY2020: RM2,040.7 million) supported by growth in Exports and contribution from Food business despite lower revenue from domestic market.

Export business contributed strong double digit growth, with significant progress and expansion in Africa, Greater China and MENA. This was through efforts to promote and expand usage of our products via new applications for Food Services and Industrial Channels and also with the fully operational subsidiary in Dubai that serves as the regional base for Middle East and Africa. Food business made its maiden contribution after completion of the acquisition of Sri Nona Companies in January 2021.

Local sales of beverages was impeded due to muted festive celebrations, closures of F&B outlets, tightened SOPs and restriction in operating hours. For Dairies, sales of canned milk grew driven by food business and in-home application. Cognisant of the economic constraints on households spending, there was also a delay and phasing of price increase for its dairy products in Malaysia.

F&B Malaysia's operating profit declined by 32.6% to RM97.7 million (FY2020: RM144.9 million) mainly due to:

- significantly higher input costs; particularly for Dairies;
- higher supply chain cost including freight costs for export business;
- restructuring costs incurred (RM18.6 million).

These were partially mitigated by:

- prudent cost management and cost saving projects; and
- maiden contribution from Food business.

Excluding restructuring costs and one-off/non-operating items in both years, operating profit declined by 15.0%.

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

1. Operations review (cont'd)

Cumulative financial year vs corresponding last financial year (cont'd)

• F&B Thailand

F&B Thailand revenue for the period grew by 2.6% (5.6% increase in Thai Baht terms) to RM1,994.4 million (FY2020: RM1,943.8 million), partly negated by unfavourable MYR/THB forex translation.

Despite a challenging backdrop of Covid-19 lockdowns which impacted out-of-home consumption and supply chain, growth was achieved in both domestic, Indochina and export markets. Promotion activities was prioritised to drive offtake at stores and in-home consumption and to maintain brand awareness with minimal spending. F&B Thai supported its distributors through incentive programs and continued with efforts to expand coverage to new outlets, café and bakeries.

Sales to Indochina and Exports grew by double digits which came on continuous efforts to expand distribution coverage and focused on promotional activities to maintain brand loyalty and leadership. Gold Coin brand was launched to drive off-take in the value segment.

Despite higher revenue, F&B Thailand operating profit was flat in THB terms due to significantly higher commodity costs, royalty expenses and partially mitigated by operational cost savings and tighter control over expenditure. Operating profit in RM terms declined by 3% to RM369.4 million (FY2020: RM381.0 million) as MYR strengthened against the THB.

2. Comment on material change in Group profit before tax for the quarter ended 30 September 2021 vs preceding 3rd quarter ("Q3") ended 30 June 2021

Group revenue for the current quarter of RM896.3 million declined by 15.4% (Q3 FY2021: RM1,059.6 million) due to:

- lower F&B Malaysia revenue post Hari Raya Puasa (HRP) festive season and effect of the Full MCO;
- lower F&B Thailand revenue due to lockdowns in Thailand which impacted domestic revenue and partially mitigated by higher export revenue due to new customer/orders secured;
- unfavourable translation with weaker MYR/THB exchange rate despite higher revenue contribution from F&B Thailand; and
- lower Food business revenue from previous quarter seasonal peak sales of rice cakes and other products during HRP.

Group profit before tax declined by 48.0% to RM61.9 million (Q3 FY2021: RM119.2 million) mainly due to lower revenue, higher commodity costs and higher restructuring costs incurred.

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

3. Prospects

While the performance of the Group has been relatively resilient for the current financial year, the Group remains cautious given the challenging market conditions and ongoing global uncertainties due to the pandemic. It foresees that the environment will remain challenging moving forward. Given that this is the new normal, the Group does not expect the market to return to pre-pandemic conditions in the short term. Innovation will be key to continued performance.

With the encouraging return of economic activities in Malaysia and Thailand, the Group is prepared to drive sales, particularly for the beverages and ready to drink dairy business, and out-of-home channels. The Group will continue to offer products that meet consumers evolving needs and refine its product pricing to cushion its businesses against cost pressures including further increase in commodity prices and other input materials.

Exports will continue to be a key focus moving forward for both F&B Malaysia and F&B Thailand.

The Group will also focus on building its new halal packaged food pillar and is currently looking into expanding its product range, production capacity and leveraging on partnerships within the Group to expand route-to-market coverage and supply chain synergies.

The Group targets to achieve further operational and cost efficiencies, and carbon footprint reduction with the completion of several capex investment projects in 2022, such as the integrated warehouse in Shah Alam, drinking water line in Kota Kinabalu, Regional Distribution Center in Rojana, Thailand and the installation of solar photovoltaic systems with renewable energy capacity of 10MWp in Malaysia.

The Group is confident that its mid and longer term strategies will build a stronger and sustainable business and strengthening its resilience in this new normal.

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 4 th quarter		Cumulative 4 th quarter	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Current income tax	7,142	15,678	77,432	97,621
Deferred tax – origination and reversal of temporary differences	(496)	6,280	14,166	14,535
(Over)/Under provision in respect of previous years				
- Income tax	(1,799)	495	(770)	662
- Deferred tax	(1,591)	53	(6,547)	(31)
	<u>3,256</u>	<u>22,506</u>	<u>84,281</u>	<u>112,787</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 th quarter		Cumulative 4 th quarter	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Profit before tax	<u>61,940</u>	<u>108,263</u>	<u>479,411</u>	<u>522,911</u>
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	14,866	25,983	115,059	125,499
Effect of tax rates in foreign jurisdictions	(2,264)	(5,293)	(15,800)	(19,290)
Tax exempt income	(6,583)	(5,823)	(29,853)	(22,732)
Non-deductible expenses	397	6,937	2,080	10,114
(Over)/Under provision of income and deferred tax in prior years	(3,390)	548	(7,317)	631
Foreign withholding tax	421	368	21,392	20,375
Others	(191)	(214)	(1,280)	(1,810)
Total income tax expense	<u>3,256</u>	<u>22,506</u>	<u>84,281</u>	<u>112,787</u>
Effective income tax rate	<u>5.3%</u>	<u>20.8%</u>	<u>17.6%</u>	<u>21.6%</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	30/09/2021	30/09/2020
<u>Current (unsecured)</u>			
Islamic Medium Term Notes	RM	1,000	-
Term loan	THB	-	91,868
		<u>1,000</u>	<u>91,868</u>

Islamic Commercial Papers ("ICP") and Islamic Medium Term Notes ("IMTN") programmes of RM3,000,000,000

On 7 May 2021, F&N Capital Sdn Bhd ("The Issuer"), a wholly owned subsidiary of F&NHB had established an Islamic Commercial Papers ("ICP") Programme ("ICP Programme") and an Islamic Medium Term Notes ("IMTN") Programme ("IMTN Programme") both based on the Shariah principle of Murabahah (via a Tawarruq arrangement) with a combined limit of up to RM3,000,000,000 in nominal value and guaranteed by the Company. The ICP Programme has a tenure of seven (7) years from the first issue date whilst the tenure of the IMTN Programme is perpetual.

The proceeds from the ICP Programme and the IMTN Programme shall be advanced to companies within the F&NHB Group for Shariah-compliant general corporate purposes of the Group and the refinancing of any existing borrowings/financings/corporate bonds/Sukuk issues and/or future Sukuk issues/Shariah-compliant financings of the Group. The utilisation of proceeds of these programmes shall at all times be for Shariah-compliant purposes.

To activate the Programmes, the Issuer had on 30 August 2021 issued IMTN of RM1,000,000 with a tenure of one (1) year from the issue date and ICP of RM1,000,000 with a tenure of one (1) month from the issue date. The ICP with profit rate of 2.20% per annum was fully repaid during the financial year. As at 30 September 2021, the outstanding IMTN with profit rate of 2.45% per annum amounted to RM1,000,000.

As at 30 September 2021, the unutilised ICP Programme and IMTN Programme available for use amounted to RM2,999,000,000.

Commercial Papers Programme ("CP") and Medium Term Notes ("MTN") programme of RM1,500,000,000

On 11 June 2021, the Issuer terminated the MTN Programme, which was expected to expire on 26 September 2028. The CP Programme had expired on 14 October 2020.

Term loan of THB1,000,000,000

On 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited was granted a term loan of THB1,000,000,000 with the tenure of three (3) years from the issued date and interest rate of 2.44% per annum. As at 30 September 2021, there is no outstanding balance for the term loan (2020: THB700,000,000). The term loan has been fully repaid during the financial year. As at 30 September 2020, the outstanding balance for the term loan is THB700,000,000.

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

8. Material litigation

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

9. Proposed dividend

The Directors recommend a final single tier dividend of 33.0 sen per share (2020: 33.0 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 (2020: 60.0 sen per share).

10. Earnings per ordinary share (EPS)

(a) The calculation of basic earnings per ordinary share at 30 September 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Individual 4 th quarter		Cumulative 4 th quarter	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Profit for the period attributed to owners of the Company (RM'000)	58,691	85,993	395,164	410,384
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,637	366,531	366,738	366,653
Basic earnings per ordinary share (sen)	16.0	23.5	107.8	111.9

(b) The calculation of diluted earnings per ordinary share at 30 September 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 4 th quarter		Cumulative 4 th quarter	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Profit for the period attributed to owners of the Company (RM'000)	58,691	85,993	395,164	410,384
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,637	366,531	366,738	366,653
Adjustments pursuant to the SGP ('000)	635	900	635	900
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	367,272	367,431	367,373	367,553
Diluted earnings per ordinary share (sen)	16.0	23.4	107.6	111.7

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

11. Notes to the Condensed Consolidated Income Statement

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

RM'000	Individual 4 th quarter		Cumulative 4 th quarter	
	<u>30/09/2021</u>	<u>30/09/2020</u>	<u>30/09/2021</u>	<u>30/09/2020</u>
(a) Bad debts recovered	(9)	(8)	(31)	(30)
(b) Change in fair value of investment properties	-	1,206	-	1,206
(c) Depreciation of property, plant and equipment and amortisation of intangible assets	28,070	27,471	110,761	106,706
(d) Depreciation of right-of-use assets	5,567	6,315	25,094	25,865
(e) Gain on disposal of intangible assets	-	(7,805)	-	(7,805)
(f) Inventories written off	3,359	2,889	4,641	6,498
(g) Net fair value loss/(gain) on derivatives	351	544	(197)	233
(h) Net impairment loss on property, plant and equipment	2,402	70	2,377	44
(i) Net impairment loss/(gain) on receivables	1,099	(13)	1,138	416
(j) Net inventories written down	2,111	3,016	4,144	4,917
(k) Net loss on disposal/write-offs of property, plant and equipment	19	568	419	1,052
(l) Net (gain)/loss on foreign exchange	(4,852)	2,390	(6,287)	639
(m) Property development costs written off	-	1,089	25	1,089

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:

	30/09/2021		30/09/2020	
	Notional value	Fair value RM'000	Notional value	Fair value RM'000
Forward foreign exchange contracts (less than 1 year)				
USD ('000)	-	-	4,602	(301)
AUD ('000)	2,356	(166)	1,706	(62)
		<u>(166)</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 RM197,000 (2020: net loss of RM233,000) 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 2021.