



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Second Quarter Ended 31 March 2023

The Directors are pleased to release the unaudited quarterly financial report for the quarter and six months ended 31 March 2023.

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 financial year ended 30 September 2022:

- 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 financial year had been followed throughout this quarterly financial report.

By Order of the Board
Shah Alam, Selangor
3 May 2023

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and six months ended 31 March 2023

| RM'000 | Individual 2 nd quarter | | | Cumulative 2 nd quarter | | |
|--|------------------------------------|---------------|-------------|------------------------------------|----------------|--------------|
| | 31/03/2023 | 31/03/2022 | % chg | 31/03/2023 | 31/03/2022 | % chg |
| Revenue | 1,206,623 | 1,107,689 | 8.9% | 2,425,109 | 2,214,305 | 9.5% |
| Cost of sales | (876,101) | (831,718) | | (1,756,605) | (1,640,190) | |
| Gross profit | 330,522 | 275,971 | 19.8% | 668,504 | 574,115 | 16.4% |
| Other income | 4,363 | 5,127 | | 102,638 | 8,223 | |
| Net loss on impairment of financial instruments | (440) | (1,028) | | (309) | (877) | |
| Operating expenses | (208,433) | (170,542) | | (419,965) | (364,732) | |
| Operating profit | 126,012 | 109,528 | 15.1% | 350,868 | 216,729 | 61.9% |
| Finance income | 2,334 | 1,156 | | 4,926 | 2,050 | |
| Finance costs | (8,603) | (1,046) | | (17,527) | (2,057) | |
| Share of profit of equity-accounted associate, net of tax [^] | - | 2,404 | | 3,913 | 3,512 | |
| Share of loss of equity-accounted joint venture, net of tax [#] | (40) | (57) | | (69) | (102) | |
| Profit before tax | 119,703 | 111,985 | 6.9% | 342,111 | 220,132 | 55.4% |
| Tax expense (Schedule G, Note 5) | (17,739) | (18,125) | | (42,294) | (33,326) | |
| Profit for the period | 101,964 | 93,860 | 8.6% | 299,817 | 186,806 | 60.5% |
| Profit for the period attributable to: | | | | | | |
| Owners of the Company | 101,177 | 93,867 | 7.8% | 299,975 | 186,820 | 60.6% |
| Non-controlling interests | 787 | (7) | | (158) | (14) | |
| Profit for the period | 101,964 | 93,860 | 8.6% | 299,817 | 186,806 | 60.5% |
| Basic earnings per ordinary share (sen) (Schedule G, Note 10) | 27.6 | 25.6 | | 81.9 | 50.9 | |
| Diluted earnings per ordinary share (sen) (Schedule G, Note 10) | 27.6 | 25.5 | | 81.8 | 50.8 | |

[^] The share of results of an associate for the quarter refers to Cocoland Holdings Berhad and is derived from its unaudited management accounts for the period ended 31 October 2022. Cocoland Holdings Berhad was accounted as a wholly-owned subsidiary from 4 November 2022.

[#] 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 2023.

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 financial year ended 30 September 2022.

Schedule B : Unaudited Condensed Consolidated Statement of Comprehensive Income

For the quarter and six months ended 31 March 2023

| RM'000 | Individual 2 nd quarter | | | Cumulative 2 nd quarter | | |
|---|------------------------------------|---------------|--------------|------------------------------------|----------------|--------------|
| | 31/03/2023 | 31/03/2022 | % chg | 31/03/2023 | 31/03/2022 | % chg |
| Profit for the period | 101,964 | 93,860 | 8.6% | 299,817 | 186,806 | 60.5% |
| Other comprehensive income, net of tax: | | | | | | |
| <i>Item that is or may be reclassified subsequently to profit or loss:</i> | | | | | | |
| Foreign currency translation differences for foreign operations | 11,343 | 343 | | 41,783 | 6,837 | |
| Total comprehensive income for the period | 113,307 | 94,203 | 20.3% | 341,600 | 193,643 | 76.4% |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | 112,520 | 94,210 | 19.4% | 341,758 | 193,657 | 76.5% |
| Non-controlling interests | 787 | (7) | | (158) | (14) | |
| | 113,307 | 94,203 | 20.3% | 341,600 | 193,643 | 76.4% |

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 financial year ended 30 September 2022.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2023

| RM'000 | 31/03/2023 | 30/09/2022 |
|--|------------|------------|
| Non-current assets | | |
| Property, plant and equipment | 1,564,171 | 1,458,344 |
| Right-of-use assets | 369,181 | 122,133 |
| Investment properties | 49,410 | 47,569 |
| Properties held for development | 54,933 | 54,933 |
| Intangible assets | 494,248 | 91,925 |
| Investment in an associate (<i>Schedule F, Note 8</i>) | - | 93,465 |
| Investment in a joint venture (<i>Schedule F, Note 9</i>) | 87,793 | 87,362 |
| Deferred tax assets | 6,748 | 5,178 |
| | 2,626,484 | 1,960,909 |
| Current assets | | |
| Trade and other receivables | 775,097 | 866,369 |
| Inventories | 872,508 | 901,377 |
| Derivative financial assets (<i>Schedule F, Note 18</i>) | 327 | 88 |
| Cash and cash equivalents | 652,721 | 461,887 |
| | 2,300,653 | 2,229,721 |
| Total assets | 4,927,137 | 4,190,630 |
| Equity | | |
| Share capital and reserves | 3,203,715 | 2,982,523 |
| Non-controlling interests | 3,114 | 1,866 |
| Total equity | 3,206,829 | 2,984,389 |
| Non-current liabilities | | |
| Loans and borrowings (<i>Schedule F, Note 18 and Schedule G, Note 7</i>) | 708,000 | 210,000 |
| Lease liabilities | 51,510 | 53,021 |
| Employee benefits | 35,712 | 35,696 |
| Deferred tax liabilities | 84,331 | 74,180 |
| | 879,553 | 372,897 |
| Current liabilities | | |
| Trade and other payables | 711,985 | 693,017 |
| Contract liabilities | 84,869 | 66,996 |
| Loans and borrowings (<i>Schedule F, Note 18 and Schedule G, Note 7</i>) | 2,000 | 36,833 |
| Lease liabilities | 10,390 | 10,270 |
| Current tax liabilities | 31,373 | 26,164 |
| Derivative financial liabilities (<i>Schedule F, Note 18</i>) | 138 | 64 |
| | 840,755 | 833,344 |
| Total liabilities | 1,720,308 | 1,206,241 |
| Total equity and liabilities | 4,927,137 | 4,190,630 |
| Net assets per share (RM) attributable to owners of the Company | 8.73 | 8.13 |

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 financial year ended 30 September 2022.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2023

| RM'000 | Cumulative 2 nd quarter | |
|---|------------------------------------|------------------|
| | 31/03/2023 | 31/03/2022 |
| Cash flows from operating activities | | |
| Profit before tax | 342,111 | 220,132 |
| Add/(less) non-cash items: | | |
| - Depreciation of property, plant and equipment and amortisation of intangible assets | 55,586 | 52,930 |
| - Depreciation of right-of-use assets | 11,190 | 10,185 |
| - Employee share-based expense | 2,566 | 664 |
| - Finance costs | 17,527 | 2,057 |
| - Finance income | (4,926) | (2,050) |
| - Intangible assets written off | 98 | - |
| - Net impairment loss on property, plant and equipment | 31 | 6,529 |
| - Net gain on disposal of property, plant and equipment | (266) | (41) |
| - Property, plant and equipment written off | 115 | 341 |
| - Remeasurement gain of the previously held equity interest in an associate | (89,256) | - |
| - Reversal of impairment loss on intangible assets | (294) | - |
| - Share of profit of equity-accounted associate, net of tax | (3,913) | (3,512) |
| - Share of loss of equity-accounted joint venture, net of tax | 69 | 102 |
| - Others | (621) | 742 |
| Changes in working capital | 205,795 | (252,105) |
| Tax paid | (36,220) | (25,155) |
| Net cash from operating activities | 499,592 | 10,819 |
| Cash flows from investing activities | | |
| Acquisition of intangible assets | (1,975) | (1,574) |
| Acquisition of property, plant and equipment | (59,422) | (118,431) |
| Acquisition of subsidiaries, net of cash and cash equivalent | (597,951) | - |
| Interest received | 4,475 | 1,757 |
| Investment in a joint venture | (500) | - |
| Proceeds from disposal of property, plant and equipment | 812 | 510 |
| Net cash used in investing activities | (654,561) | (117,738) |
| Cash flows from financing activities | | |
| Dividend paid to owners of the Company | (121,037) | (121,037) |
| Interest paid | (7,515) | (1,940) |
| Payment of lease liabilities | (8,786) | (8,163) |
| Proceeds from loans and borrowings | 500,000 | - |
| Purchase of shares by Share Grant Plan ("SGP") Trust | (2,091) | (732) |
| Repayment of loans and borrowings | (38,575) | - |
| Net cash from/(used in) financing activities | 321,996 | (131,872) |
| Net increase/(decrease) in cash and cash equivalents | 167,027 | (238,791) |
| Effects of exchange rate fluctuations on cash and cash equivalents | 23,807 | 3,357 |
| Cash and cash equivalents at 1 October 2022/2021 | 461,887 | 555,380 |
| Cash and cash equivalents at 31 March | 652,721 | 319,946 |
| Cash and bank balances | 416,007 | 277,039 |
| Short term deposits with licensed banks with a maturity period of 3 months or less | 236,714 | 42,907 |
| Cash and cash equivalents at 31 March | 652,721 | 319,946 |

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 financial year ended 30 September 2022.

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

For the six months ended 31 March 2023

| 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 2022 | 816,770 | (6,387) | (8,978) | 41,565 | 15,539 | 9,934 | 2,114,080 | 2,982,523 | 1,866 | 2,984,389 |
| Total comprehensive income/(expense) | - | - | - | 41,783 | - | - | 299,975 | 341,758 | (158) | 341,600 |
| Transactions with owners: | | | | | | | | | | |
| Purchase of shares by SGP Trust | - | (2,091) | - | - | - | - | - | (2,091) | - | (2,091) |
| Employee share-based expense | - | - | - | - | 2,562 | - | - | 2,562 | - | 2,562 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | 1,406 | 1,406 |
| Dividend to owners of the Company | - | - | - | - | - | - | (121,037) | (121,037) | - | (121,037) |
| Total transactions with owners | - | (2,091) | - | - | 2,562 | - | (121,037) | (120,566) | 1,406 | (119,160) |
| At 31 March 2023 | 816,770 | (8,478) | (8,978) | 83,348 | 18,101 | 9,934 | 2,293,018 | 3,203,715 | 3,114 | 3,206,829 |
| At 1 October 2021 | 816,770 | (4,626) | (9,275) | 48,002 | 12,926 | 9,934 | 1,945,234 | 2,818,965 | (195) | 2,818,770 |
| Total comprehensive income/(expense) | - | - | - | 6,837 | - | - | 186,820 | 193,657 | (14) | 193,643 |
| Transactions with owners: | | | | | | | | | | |
| Shares vested under SGP | - | 4,983 | 298 | - | (5,281) | - | - | - | - | - |
| Purchase of shares by SGP Trust | - | (732) | - | - | - | - | - | (732) | - | (732) |
| Employee share-based expense | - | - | - | - | 636 | - | - | 636 | - | 636 |
| Dividend to owners of the Company | - | - | - | - | - | - | (121,037) | (121,037) | - | (121,037) |
| Total transactions with owners | - | 4,251 | 298 | - | (4,645) | - | (121,037) | (121,133) | - | (121,133) |
| At 31 March 2022 | 816,770 | (375) | (8,977) | 54,839 | 8,281 | 9,934 | 2,011,017 | 2,891,489 | (209) | 2,891,280 |

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 2023 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate and a joint venture.

These interim financial statements were approved by the Board of Directors on 3 May 2023.

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 financial year ended 30 September 2022.

The audited consolidated financial statements of the Group for the year ended 30 September 2022 are available upon request from the Company’s registered office at No. 1, Jalan Bukit Belimbing 26/38, Persiaran Kuala Selangor, Seksyen 26, 40400 Shah Alam, Selangor, Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2022. 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 financial year ended 30 September 2022.

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 financial year ended 30 September 2022.

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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – 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 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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*

The adoption of the above standards, interpretations and amendments are not expected to have any material impact on the financial statements in the period of initial application.

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.

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

6. Unusual items due to their nature, size and incidence

There were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter other than as disclosed in *Schedule G, Note 11*.

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 | 31/03/2023 | 30/09/2022 |
|---|------------|----------------|
| Quoted shares at cost | 68,727 | 68,727 |
| Share of post-acquisition reserves | 90,434 | 86,521 |
| Dividends received | (61,783) | (61,783) |
| Deemed disposal * | (97,378) | - |
| | <u>-</u> | <u>93,465</u> |
| Market value of investment in an associate for which there is published price quotation | <u>-</u> | <u>184,146</u> |

The summarised financial information of the associate is as follows:

| RM'000 | 31/03/2023 | 30/09/2022 |
|-------------------|------------|-----------------|
| Total assets | - | 309,004 |
| Total liabilities | <u>-</u> | <u>(36,735)</u> |

| RM'000 | Individual 2 nd quarter | | Cumulative 2 nd quarter | |
|---------|------------------------------------|--------------|------------------------------------|---------------|
| | 31/03/2023 | 31/03/2022 | 31/03/2023 | 31/03/2022 |
| Revenue | - | 62,686 | 91,721 | 108,700 |
| Profit | <u>-</u> | <u>8,841</u> | <u>14,169</u> | <u>12,917</u> |

* Please refer to *Schedule F, Note 21(b)*.

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

9. Investment in a joint venture

| RM'000 | 31/03/2023 | 30/09/2022 |
|------------------------------------|------------|------------|
| Unquoted shares, at cost | 128,320 | 127,820 |
| Share of post-acquisition reserves | (23,529) | (23,460) |
| | 104,791 | 104,360 |
| Interest on shareholder's loan | 38,294 | 38,294 |
| | 143,085 | 142,654 |
| Less: Unrealised profit | (55,292) | (55,292) |
| | 87,793 | 87,362 |

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

| RM'000 | 31/03/2023 | 30/09/2022 |
|-------------------|------------|------------|
| Total assets | 286,682 | 285,684 |
| Total liabilities | (77,118) | (76,982) |

| RM'000 | Individual 2 nd quarter | | Cumulative 2 nd quarter | |
|---------|------------------------------------|------------|------------------------------------|------------|
| | 31/03/2023 | 31/03/2022 | 31/03/2023 | 31/03/2022 |
| Revenue | - | - | - | - |
| Loss | (80) | (114) | (138) | (204) |

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 except as disclosed in *Schedule G, Note 7*.

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 2023</u> | | | |
| Final 2022 ordinary | 10 February 2023 | 33.0 | 121,037 |
| <u>Six months ended 31 March 2022</u> | | | |
| Final 2021 ordinary | 9 February 2022 | 33.0 | 121,037 |

Please refer to *Schedule G, Note 9* for dividend declared subsequent to 31 March 2023.

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 - 31/03/2023</u> | | | | | |
| Total revenue | 707,586 | 507,576 | 576 | 21,553 | 1,237,291 |
| Inter-segment | - | (9,435) | (387) | (20,846) | (30,668) |
| External | 707,586 | 498,141 | 189 | 707 | 1,206,623 |
| <u>2nd quarter - 31/03/2022</u> | | | | | |
| Total revenue | 615,095 | 496,421 | 850 | 17,377 | 1,129,743 |
| Inter-segment | - | (4,575) | (679) | (16,800) | (22,054) |
| External | 615,095 | 491,846 | 171 | 577 | 1,107,689 |
| <u>1st quarter - 31/12/2022</u> | | | | | |
| Total revenue | 713,264 | 514,405 | 736 | 21,473 | 1,249,878 |
| Inter-segment | - | (10,215) | (548) | (20,629) | (31,392) |
| External | 713,264 | 504,190 | 188 | 844 | 1,218,486 |
| <u>Cumulative 2nd quarter - 31/03/2023</u> | | | | | |
| Total revenue | 1,420,850 | 1,021,981 | 1,312 | 43,026 | 2,487,169 |
| Inter-segment | - | (19,650) | (935) | (41,475) | (62,060) |
| External | 1,420,850 | 1,002,331 | 377 | 1,551 | 2,425,109 |
| <u>Cumulative 2nd quarter - 31/03/2022</u> | | | | | |
| Total revenue | 1,190,680 | 1,032,080 | 1,662 | 36,263 | 2,260,685 |
| Inter-segment | - | (10,391) | (1,339) | (34,650) | (46,380) |
| External | 1,190,680 | 1,021,689 | 323 | 1,613 | 2,214,305 |

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>31/03/2023</u> | <u>30/09/2022</u> |
|--------------|-------------------|-------------------|
| F&B Malaysia | 2,744,148 | 2,136,711 |
| F&B Thailand | 1,093,301 | 1,073,411 |
| Property | 201,313 | 200,843 |
| Others | 235,654 | 317,778 |
| | <u>4,274,416</u> | <u>3,728,743</u> |

Segment liabilities

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

| RM'000 | <u>31/03/2023</u> | <u>30/09/2022</u> |
|--------------|-------------------|-------------------|
| F&B Malaysia | 572,051 | 555,745 |
| F&B Thailand | 419,179 | 395,127 |
| Property | 1,270 | 1,686 |
| Others | 17,808 | 6,850 |
| | <u>1,010,308</u> | <u>959,408</u> |

13. Significant events during the quarter

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 during the quarter

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

16. Contingent liabilities

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

17. Contingent assets

There were no contingent assets of a material nature since the last annual reporting date other than insurance claims in respect of the flood event disclosed in Q1, FY2022 quarterly announcement which would be recognised in due course when the claims for property damage and business interruption are finalised with the insurers.

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

18. Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with fair values and carrying amounts shown in the statements of financial position.

| RM'000 | Fair value of financial instruments carried at fair value Level 2 | Fair value of financial instruments not carried at fair value Level 3 | Total fair value | Carrying amount |
|----------------------------------|--|--|---------------------|--------------------|
| 31/03/2023 | | | | |
| <u>Financial asset</u> | | | | |
| Derivative financial assets | 327 | - | 327 | 327 |
| <u>Financial liabilities</u> | | | | |
| Derivative financial liabilities | 138 | - | 138 | 138 |
| Fixed-rate loans and borrowings | - | 601,954 | 601,954 | 610,000 |
| | 138 | 601,954 | 602,092 | 610,138 |
| 30/09/2022 | | | | |
| <u>Financial asset</u> | | | | |
| Derivative financial assets | 88 | - | 88 | 88 |
| <u>Financial liabilities</u> | | | | |
| Derivative financial liabilities | 64 | - | 64 | 64 |
| Fixed-rate loans and borrowings | - | 108,719 | 108,719 | 110,000 |
| | 64 | 108,719 | 108,783 | 110,064 |

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 period.

The Group held investment properties amounting to RM49,410,000 (2022: RM47,569,000) carried at Level 3: significant unobservable inputs.

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

19. Capital commitments

The outstanding capital commitments are as follows:

| RM'000 | <u>31/03/2023</u> | <u>30/09/2022</u> |
|--------------------------------------|-------------------|-------------------|
| <u>Property, plant and equipment</u> | | |
| Contracted but not provided for | <u>48,902</u> | <u>83,468</u> |

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 | |
|--|------------------------------------|-------------------|------------------------------------|-------------------|
| | <u>31/03/2023</u> | <u>31/03/2022</u> | <u>31/03/2023</u> | <u>31/03/2022</u> |
| <u>Fraser and Neave, Limited Group</u> | | | | |
| Sales | 63,608 | 69,654 | 135,255 | 143,951 |
| Purchases | (35,375) | (64,549) | (80,098) | (103,648) |
| Royalties paid | (18,455) | (16,160) | (37,950) | (31,967) |
| Receipt of corporate service fees | 749 | 615 | 1,623 | 1,686 |
| <u>Thai Beverage Public Company Limited Group</u> | | | | |
| Sales | 2,045 | 1,318 | 4,168 | 2,910 |
| Purchases | (45) | (2,118) | (914) | (3,339) |
| Marketing expenses | (5,918) | (4,088) | (12,502) | (6,561) |
| Corporate service fees paid | (489) | (513) | (967) | (992) |
| Purchase of property, plant and equipment | (307) | (1,666) | (307) | (3,845) |
| <u>Berli Jucker Public Company Limited Group</u> | | | | |
| Sales | 13,038 | 15,364 | 24,082 | 32,483 |
| Purchases | (892) | (1,863) | (1,566) | (3,614) |
| <u>Fraser Property Limited Group</u> | | | | |
| Rental expenses | (1,501) | (1,464) | (2,976) | (2,914) |
| <u>Other related parties of TCC Assets Limited Group</u> | | | | |
| Purchases | (4,980) | (8,214) | (14,045) | (20,505) |
| Insurance premium paid | (452) | (804) | (833) | (1,582) |
| <u>Compensation</u> | | | | |
| Compensation of key management personnel of the Group | (3,921) | (3,207) | (10,026) | (7,356) |
| Directors' fees and remuneration | (429) | (308) | (740) | (639) |

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 | 31/03/2023 | 30/09/2022 |
|---|------------|------------|
| <u>Amount due from related parties</u> | | |
| Fraser and Neave, Limited Group | 61,507 | 63,479 |
| Vacaron Company Sdn Bhd | 38,305 | 38,305 |
| Thai Beverage Public Company Limited Group | 1,321 | 1,070 |
| Berli Jucker Public Company Limited Group | 10,853 | 7,734 |
| Other related parties of TCC Assets Limited Group | 21 | 18 |
| <u>Amount due to related parties</u> | | |
| Fraser and Neave, Limited Group | (35,082) | (39,664) |
| Frasers Property Limited Group | (529) | (579) |
| Thai Beverage Public Company Limited Group | (5,961) | (2,232) |
| Berli Jucker Public Company Limited Group | (604) | (770) |
| Other related parties of TCC Assets Limited Group | (1,652) | (2,799) |

21. Intangible assets

Included in intangible assets are provisional goodwill amounting to RM401.3 million arising from the acquisition of new subsidiaries during the period.

(a) Acquisition of Ladang Permai Damai Sdn Bhd

On 11 October 2022, the Group via its wholly owned subsidiary, Dagang Sejahtera Sdn Bhd ("DSSB") acquired the entire equity interest in Ladang Permai Damai Sdn Bhd ("LPDSB") for a total cash consideration of RM215.6 million. The business intention for DSSB in acquiring LPDSB is for the F&NHB Group to embark on the upstream fresh milk business for downstream production and distribution of fresh milk. It is the intention that after completion of the acquisition, LPDSB will lease the Permai Damai Estates to the F&NHB Group at a fair market rate to carry out operations of the integrated dairy farm and crop plantation. The Permai Damai Estates will enable the F&NHB Group to own a vertical integration business and operations based on locally grown crop for feed to F&NHB's dairy farm, which in turn will lower the value chain cost per litre. This will enable F&NHB to be less dependent on imported milk and promote local agricultural industry. LPDSB is included in Others segment.

The acquisition of LPDSB does not constitute an acquisition of business under MFRS 3 *Business Combinations* and does not give rise to a goodwill.

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

21. Intangible assets (cont'd)

(a) Acquisition of Ladang Permai Damai Sdn Bhd (cont'd)

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

| | |
|---|-------------------|
| RM'000 | <u>31/03/2023</u> |
| Fair value of consideration transferred | |
| Cash and cash equivalents | <u>215,588</u> |
| Identifiable assets acquired and liabilities assumed | |
| Right-of-use assets | 4,730 |
| Trade and other receivables | 42 |
| Cash and cash equivalents | 5 |
| Current tax liability | <u>(759)</u> |
| Total identifiable net assets | <u>4,018</u> |

Recognition of cost of an asset acquisition from acquisition of LPDSB

| | |
|--|-------------------|
| RM'000 | <u>31/03/2023</u> |
| Purchase consideration settled in cash and cash equivalents | 215,588 |
| F&NHB share of total identifiable net assets | <u>(2,612)</u> |
| Cost of asset acquisition to be allocated to identifiable assets | <u>212,976</u> |
| Allocated to: | |
| Right-of-use assets | <u>212,976</u> |

Net cash outflow arising from acquisition of LPDSB

| | |
|---|-------------------|
| RM'000 | <u>31/03/2023</u> |
| Purchase consideration settled in cash and cash equivalents | 215,588 |
| Cash and cash equivalents acquired | <u>(5)</u> |
| | <u>215,583</u> |

(b) Acquisition of Cocoaland Holdings Berhad

On 4 November 2022, the Group via its wholly owned subsidiary, Awana Citra Sdn Bhd acquired the entire equity interest in Cocoaland Holdings Berhad ("Cocoaland") not already owned by F&NHB, representing 72.38% of the issued share capital of Cocoaland for a total cash consideration of RM489.2 million. The principal activity of Cocoaland is investment holding. Through its subsidiaries, Cocoaland is involved in activities such as manufacturing and trading of processed and preserved foods and fruits. It is also involved in the wholesale and retail of processed and preserved foods as well as wholesale, import and export of gummies and other products. The acquisition is in line with F&NHB's ambition to be a stable and sustainable food and beverage leader in ASEAN, with halal packaged food as its fourth pillar of growth. The investment will add established Malaysian confectionery and snack brands to F&NHB's portfolio of renowned brands, and at the same time serves as a platform to build on and expand into other packaged food segments. F&NHB believes that the addition of Cocoaland into the F&NHB Group will also enhance the group's expansion in the overseas markets. Cocoaland is included in F&B Malaysia segment.

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

21. Intangible assets (cont'd)

(b) Acquisition of Cocoland Holdings Berhad (cont'd)

A goodwill amounting to RM401.3 million was provisionally recognised pending the 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>31/03/2023</u> |
|---|-------------------|
| Fair value of consideration transferred | |
| Cash and cash equivalents | <u>489,195</u> |
| Identifiable assets acquired and liabilities assumed | |
| Property, plant and equipment | 81,533 |
| Right-of-use assets | 33,803 |
| Investment properties | 1,855 |
| Inventories | 42,265 |
| Trade and other receivables | 41,865 |
| Current tax asset | 315 |
| Cash and cash equivalents | 106,827 |
| Trade and other payables | (26,640) |
| Current tax liability | (3,147) |
| Lease liabilities | (622) |
| Deferred taxation | (3,572) |
| Total identifiable net assets determined provisionally | <u>274,482</u> |

The fair values of assets and liabilities was provisionally determined pending the purchase price allocation.

Net cash outflow arising from acquisition of Cocoland

| RM'000 | <u>31/03/2023</u> |
|---|-------------------|
| Purchase consideration settled in cash and cash equivalents | 489,195 |
| Cash and cash equivalents acquired | <u>(106,827)</u> |
| | <u>382,368</u> |

Goodwill

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

| RM'000 | <u>31/03/2023</u> |
|--|-------------------|
| Total consideration transferred | 489,195 |
| Fair value of previously held equity interest in an associate | 186,634 |
| Fair value of identifiable net assets determined provisionally | <u>(274,482)</u> |
| Provisional goodwill | <u>401,347</u> |

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

1. Operations review

Current quarter ("Q2") ended 31 March 2023 vs corresponding quarter ended 31 March 2022

| RM'000 | Individual 2 nd quarter | | % chg |
|------------------------------|------------------------------------|------------|-------|
| | 31/03/2023 | 31/03/2022 | |
| Revenue | 1,206,623 | 1,107,689 | 8.9% |
| Operating profit | 126,012 | 109,528 | 15.1% |
| Adjusted operating profit * | 125,867 | 108,385 | 16.1% |
| Profit before tax | 119,703 | 111,985 | 6.9% |
| Adjusted profit before tax * | 119,558 | 110,842 | 7.9% |
| Profit after tax | 101,964 | 93,860 | 8.6% |
| Adjusted profit after tax * | 101,851 | 92,991 | 9.5% |

* Adjustments for one-off non-operating items:

Flood related items:

| | | |
|--|--------------|----------------|
| Inventories written down | - | 322 |
| Reversal on impairment loss on plant and machinery | (145) | (13,474) |
| Repair expenses of plant and machinery | - | 11,659 |
| Other flood related items | - | 270 |
| | (145) | (1,223) |
| Restructuring costs | - | 80 |
| | <u>(145)</u> | <u>(1,143)</u> |

The Group registered a stronger Q2 FY2023 driven by better performance by both F&B units.

Group revenue for Q2 FY2023 rose by 8.9% to RM1,206.6 million (Q2 FY2022: RM1,107.7 million) driven by positive momentum from festive sales for F&B Malaysia and Cocoaland contribution. (Cocoaland is included in F&B Malaysia segment).

The Group's operating profit for Q2 FY2023 correspondingly grew 15.1% to RM126.0 million (Q2 FY2022: RM109.5 million) driven by overall better price, margin and cost management, and Cocoaland contribution.

Group profit after tax for Q2 FY2023 grew by 8.6% to RM102.0 million (Q2 FY2022: RM93.9 million) despite significantly higher interest costs.

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

1. Operations review (cont'd)

Current quarter ("Q2") ended 31 March 2023 vs corresponding quarter ended 31 March 2022 (cont'd)

• F&B Malaysia

| RM'000 | Individual 2 nd quarter | | % chg |
|--|------------------------------------|----------------|-------|
| | 31/03/2023 | 31/03/2022 | |
| Revenue | <u>707,586</u> | <u>615,095</u> | 15.0% |
| Operating profit | 48,198 | 45,173 | 6.7% |
| Adjustment for one-off non-operating items: | | | |
| Flood related items: | | | |
| Inventories written down | - | 322 | |
| Reversal of impairment loss on plant and machinery | (145) | (13,474) | |
| Repair expenses of plant and machinery | - | 11,659 | |
| Other flood related items | - | 160 | |
| | (145) | (1,333) | |
| Restructuring costs | - | 80 | |
| | <u>(145)</u> | <u>(1,253)</u> | |
| Adjusted operating profit | <u>48,053</u> | <u>43,920</u> | 9.4% |

F&B Malaysia revenue for Q2 FY2023 grew by 15.0% to RM707.6 million (Q2 FY2022: RM615.1 million), on the back of positive sales momentum from the festive season and Cocoland contribution. F&B Malaysia has also ramped up its trade and marketing activities with economic activities returning to normalcy.

Despite higher brand investments, F&B Malaysia's adjusted operating profit improved by 9.4% to RM48.1 million (Q2 FY2022: RM43.9 million).

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

1. Operations review (cont'd)

Current quarter ("Q2") ended 31 March 2023 vs corresponding quarter ended 31 March 2022 (cont'd)

• F&B Thailand

| | Individual 2 nd quarter | | % chg |
|----------------------------|------------------------------------|-------------------|-------|
| | <u>31/03/2023</u> | <u>31/03/2022</u> | |
| Revenue (RM'000) | 498,141 | 491,846 | 1.3% |
| Revenue (THB'000) | 3,883,105 | 3,888,834 | -0.1% |
| Operating profit (RM'000) | 78,056 | 61,819 | 26.3% |
| Operating profit (THB'000) | 609,250 | 488,242 | 24.8% |

F&B Thailand revenue for Q2 FY2023 grew marginally by 1.3% (-0.1% in Thai Baht) to RM498.1 million (Q2 FY2022: RM491.8 million) whilst operating profit surged 26.3% (24.8% in Thai Baht) to RM78.1 million (Q2 FY2022: RM61.8 million).

Strategic measures to manage price and better discount management helped to moderate slower than anticipated tourist arrivals and lower exports.

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

1. Operations review (cont'd)

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

| RM'000 | Cumulative 2 nd quarter | | % chg |
|------------------------------|------------------------------------|------------|-------|
| | 31/03/2023 | 31/03/2022 | |
| Revenue | 2,425,109 | 2,214,305 | 9.5% |
| Operating profit | 350,868 | 216,729 | 61.9% |
| Adjusted operating profit * | 256,518 | 240,713 | 6.6% |
| Profit before tax | 342,111 | 220,132 | 55.4% |
| Adjusted profit before tax * | 247,761 | 244,116 | 1.5% |
| Profit after tax | 299,817 | 186,806 | 60.5% |
| Adjusted profit after tax | 205,453 | 205,034 | 0.2% |

* Adjustments for one-off non-operating items:

Flood related items:

| | | |
|--|-----------------|---------------|
| Inventories written down | - | 20,933 |
| Impairment loss on plant and machinery | 43 | 6,565 |
| Gain on disposal of damaged stock-in-trade and machinery | (10) | - |
| (Reversal of)/Repair expenses of plant and machinery | (127) | 11,659 |
| Interim insurance claim received/receivable in respect of plant & machinery and inventories damaged due to flood | (5,000) | (18,002) |
| Other flood related items | - | 1,151 |
| | (5,094) | 22,306 |
| Remeasurement gain of the previously held equity interest in an associate [^] | (89,256) | - |
| Restructuring costs | - | 1,678 |
| | <u>(94,350)</u> | <u>23,984</u> |

[^] Schedule G, Note 11

Group revenue for 1H FY 2023 improved by 9.5% to RM2,425.1 million, an increase of RM210.8 million over the previous year (1H FY2022: RM2,214.3 million).

Group operating profit for 1H FY2023 rose to RM350.9 million (1H FY2022: RM216.7 million) mainly due to RM89.3 million fair value gain recognised from remeasurement of previously held equity interest in Cocoland and RM5.0 million insurance claim received for plant and equipment damaged during the flood in Shah Alam last financial year. Excluding one-off non-operating items, the adjusted Group operating profit increased by 6.6% to RM256.5 million (1H FY2022: RM240.7 million) despite the persistent high cost of goods sold.

The adjusted Group profit after tax for 1H FY2023 maintained at par at RM205.5 million (1H FY2022: RM205.0 million), moderated by RM15.5 million higher interest costs due to the recent strategic acquisitions.

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

1. Operations review (cont'd)

Half year ("1H") vs corresponding period last year (cont'd)

• F&B Malaysia

| RM'000 | Cumulative 2 nd quarter | | % chg |
|--|------------------------------------|------------------|-------|
| | 31/03/2023 | 31/03/2022 | |
| Revenue | <u>1,420,850</u> | <u>1,190,680</u> | 19.3% |
| Operating profit | 118,642 | 67,806 | 75.0% |
| Adjustment for one-off non-operating items: | | | |
| Flood related items: | | | |
| Inventories written down | - | 20,933 | |
| Impairment loss on plant and machinery | 43 | 6,565 | |
| Gain on disposal of damaged stock-in-trade and machinery | (10) | - | |
| (Reversal of)/Repair expenses of plant and machinery | (127) | 11,659 | |
| Interim insurance claim received/receivable in respect of plant & machinery and inventories damaged due to flood | (5,000) | (18,002) | |
| Other flood related items | - | 1,034 | |
| | (5,094) | 22,189 | |
| Restructuring costs | - | 1,298 | |
| | <u>(5,094)</u> | <u>23,487</u> | |
| Adjusted operating profit | <u>113,548</u> | <u>91,293</u> | 24.4% |

F&B Malaysia recorded a revenue growth of 19.3% to RM1,420.9 million (1H FY2022: RM1,190.7 million) for 1H FY2023, spurred by festive demand, continuing sales momentum and additional Cocoland contribution since its acquisition on 4 November 2022. In comparison, revenue for 1H FY2022 was affected by impact of the floods on its Shah Alam operations and the resulting out of stock situations.

Operating profit for F&B Malaysia (excluding one-off non-operating items) rose 24.4% to RM113.5 million (1H FY2022: RM91.3 million) on the back of higher revenue, and offset by higher A&P spending and brand investment.

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

2. Operations review (cont'd)

Half year ("1H") vs corresponding period last year (cont'd)

• F&B Thailand

| | Cumulative 2 nd quarter | | <u>% chg</u> |
|----------------------------|------------------------------------|-------------------|--------------|
| | <u>31/03/2023</u> | <u>31/03/2022</u> | |
| Revenue (RM'000) | 1,002,331 | 1,021,689 | -1.9% |
| Revenue (THB'000) | 7,885,446 | 8,120,898 | -2.9% |
| Operating profit (RM'000) | 145,943 | 142,214 | 2.6% |
| Operating profit (THB'000) | 1,148,146 | 1,130,386 | 1.6% |

F&B Thailand revenue for 1H FY2023 declined marginally by 1.9% (-2.9% in Thai Baht) to RM1,002.3 million (1H FY2022: RM1,021.7 million) due to subdued domestic demand and lower export orders. However, successful margin and discount management measures in the second quarter led to an improvement in operating profit for the 1H FY2023 by 2.6% (+1.6% in Thai Baht) to RM145.9 million (1H FY2022: RM142.2 million), partly offset by higher input and packaging costs and higher A&P spending to promote product usage and support new products.

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 2023 vs preceding 1st quarter ("Q1") ended 31 December 2022

| RM'000 | Individual quarter | | % chg |
|------------------------------|--------------------|------------|--------|
| | 31/03/2023 | 31/12/2022 | |
| Revenue | 1,206,623 | 1,218,486 | -1.0% |
| Operating profit | 126,012 | 224,856 | -44.0% |
| Adjusted operating profit * | 125,867 | 130,651 | -3.7% |
| Profit before tax | 119,703 | 222,408 | -46.2% |
| Adjusted profit before tax * | 119,558 | 128,203 | -6.7% |

* Adjustments for one-off non-operating items:

Flood related items:

(Reversal of impairment loss)/Impairment loss on plant and machinery
 Gain on disposal of damaged stock-in-trade and machinery
 Reversal of repair expenses for plant and machinery
 Interim insurance claim receivable in respect of plant & machinery damaged due to flood

| | |
|-------|----------|
| (145) | 188 |
| - | (10) |
| - | (127) |
| - | (5,000) |
| (145) | (4,949) |
| - | (89,256) |
| (145) | (94,205) |

Remeasurement gain of the previously held equity interest in an associate ^

^ Schedule G, Note 11

Group revenue for the quarter declined by 1.0% to RM1,206.6 million (Q1 FY2023: RM1,218.5 million), mainly due to lower Q2 sales for both F&B Malaysia and F&B Thailand due to seasonal phasing of sales.

Group profit before tax declined by 46.2% to RM119.7 million (Q1 FY2023: RM222.4 million) compared to preceding Q1 FY2023 mainly due to one-off non-operating items. Excluding one-off non-operating items, the adjusted Group profit before tax decreased by 6.7% to RM119.6 million (Q1 FY2023: RM128.2 million) due to lower revenue and higher brand investment and A&P spending in the quarter.

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

3. Prospects

We are cautiously optimistic going into the second half of the fiscal year as markets continue to recover. Our strategic decisions have placed us on a firm footing to defend our margins, strengthen our brands and enable future growth. While some commodity prices have begun to stabilise, prices of tin plates/cans, milk, palm oil and sugar are expected to remain high in 2023. The Group will navigate economic uncertainties by better forecasting and hedging as well as more agile pricing and portfolio strategies. Our investments into renewable energy, flood mitigation, and supply chain management solutions have begun to show long-term cost and logistical efficiencies, as well as improved risk management for our operations.

As F&N approaches its 140th anniversary, the Group has demonstrated resilience and adaptability, sharpened over its long history. Today, F&NHB continues to evolve its business through strategic acquisitions and expansion of its footprint across the food and beverages value chain. This will put the Group in a solid position to become a stable and sustainable F&B business and create a more sustainable future for all.

The Group had invested significant resources into its halal packaged food, its fourth pillar of growth. The recent acquisition of Cocoland has contributed positively to the Group, and we see a promising future in this acquisition. Integration of the businesses is ongoing. We are confident that our industry experience and existing distribution network will enable us to maximise the potential of Cocoland's products, creating value for our shareholders and customers.

Regarding the integrated dairy farm at Ladang Permai Damai, the Group remains committed to meeting its Phase 1 completion by December 2024, when the first milking is expected to begin. This will allow the Group to be less dependent on imported milk while promoting the growth of the local agricultural industry and contributing to food security in Malaysia.

4. Profit forecast or profit guarantee

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

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

5. Tax expense

The details of the tax expense are as follows:

| RM'000 | Individual 2 nd quarter | | Cumulative 2 nd quarter | |
|--|------------------------------------|---------------|------------------------------------|---------------|
| | 31/03/2023 | 31/03/2022 | 31/03/2023 | 31/03/2022 |
| Current income tax | 16,586 | 13,137 | 36,662 | 28,760 |
| Deferred tax – origination and reversal of temporary differences | 3,860 | 5,665 | 8,460 | 5,159 |
| Under/(Over) provision in respect of previous years | | | | |
| - Income tax | 376 | (456) | 376 | (456) |
| - Deferred tax | (3,083) | (221) | (3,204) | (137) |
| | <u>17,739</u> | <u>18,125</u> | <u>42,294</u> | <u>33,326</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 | |
|--|------------------------------------|----------------|------------------------------------|----------------|
| | 31/03/2023 | 31/03/2022 | 31/03/2023 | 31/03/2022 |
| Profit before tax | <u>119,703</u> | <u>111,985</u> | <u>342,111</u> | <u>220,132</u> |
| Tax at Malaysian statutory tax rate of 24% (2022: 24%) | 28,729 | 26,877 | 82,107 | 52,832 |
| Effect of tax rates in foreign jurisdictions | (3,236) | (2,511) | (6,061) | (5,889) |
| Tax exempt income | (8,222) | (8,408) | (35,320) | (14,670) |
| Non-deductible expenses | 2,932 | 3,099 | 5,036 | 2,098 |
| Utilisation of previously unrecognised tax losses | - | 82 | - | (70) |
| Over provision of income and deferred tax in prior years | (2,707) | (677) | (2,828) | (593) |
| Foreign withholding tax | 235 | 227 | 284 | 437 |
| Others | 8 | (564) | (924) | (819) |
| Total income tax expense | <u>17,739</u> | <u>18,125</u> | <u>42,294</u> | <u>33,326</u> |
| Effective income tax rate | <u>14.8%</u> | <u>16.2%</u> | <u>12.4%</u> | <u>15.1%</u> |

The lower effective income tax rate for 1H FY2023 is mainly due to higher income not subject to tax arising from the recognition of remeasurement gain of the previously held equity interest in an associate amounting to RM89.3 million.

6. Status of corporate proposals

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

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

7. Loans and borrowings

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

| RM'000 | Currency | 31/03/2023 | 30/09/2022 |
|--------------------------------|----------|----------------|----------------|
| <u>Non-current (unsecured)</u> | | | |
| Islamic Medium Term Notes | RM | 610,000 | 110,000 |
| Term loan | RM | 98,000 | 100,000 |
| | | <u>708,000</u> | <u>210,000</u> |
| <u>Current (unsecured)</u> | | | |
| Term loan | RM | 2,000 | - |
| Term loans | THB | - | 36,833 |
| | | <u>2,000</u> | <u>36,833</u> |
| | | <u>710,000</u> | <u>246,833</u> |

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

A subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), 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 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 the first tranche of IMTN amounting to RM1,000,000 with a tenure of one year from the issued date and a profit rate of 2.45% per annum. This IMTN was fully repaid during the previous financial year.

On 3 August 2022, the Issuer had issued the second tranche of IMTN amounting to RM110,000,000 with a tenure of three years from the issued date and a profit rate of 4.01% per annum. The proceeds from this IMTN are used to partially finance the acquisition of the entire equity interest in Ladang Permai Damai Sdn Bhd (*Schedule F, Note 21(a)*).

On 5 October 2022, the Issuer had issued the third and fourth tranche of IMTN of RM250,000,000 each with a tenure of three and five years from the issued date and profit rates of 4.21% and 4.68% per annum, respectively. The proceeds from issuance of the IMTNs are used to partially finance the acquisition of remaining Cocoland Shares held by the Scheme Shareholders (*Schedule F, Note 21(b)*) and for working capital purposes.

As at 31 March 2023, the outstanding IMTN amounted to RM610,000,000 (2022: RM110,000,000).

As at 31 March 2023, the unutilised ICP Programme and IMTN Programme available for use amounted to RM2,390,000,000 (2022: RM2,890,000,000).

Term loan of RM100,000,000

On 25 July 2022, a subsidiary of the Company, DSSB was granted a term loan of RM100,000,000 with a tenure of up to seven years from the date of the first drawdown of the facility. DSSB had made full drawdown of the term loan on 22 August 2022 at floating interest rate of 3.95% per annum. The proceeds from this term loan are used to partially finance the acquisition of Ladang Permai Damai Sdn Bhd (*Schedule F, Note 21 (a)*). As at 31 March 2023, the outstanding term loan amounted to RM100,000,000 (2022: RM100,000,000).

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. Dividend declared subsequent to 31 March 2023

The Directors are pleased to declare an interim single tier dividend of 27.0 sen per share (2022: 27.0 sen) for the financial year ending 30 September 2023. This dividend amounting to approximately RM99.0 million (2022: RM99.0 million) will be paid on 1 June 2023.

The entitlement date for the above dividend shall be 18 May 2023 and a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.00pm on 18 May 2023 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.

10. Earnings per ordinary share (EPS)

- (a) The calculation of basic earnings per ordinary share at 31 March 2023 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 | |
|---|------------------------------------|------------|------------------------------------|------------|
| | 31/03/2023 | 31/03/2022 | 31/03/2023 | 31/03/2022 |
| Profit for the period attributed to owners of the Company (RM'000) | 101,177 | 93,867 | 299,975 | 186,820 |
| Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000) | 366,380 | 366,770 | 366,380 | 366,679 |
| Basic earnings per ordinary share (sen) | 27.6 | 25.6 | 81.9 | 50.9 |

- (b) The calculation of diluted earnings per ordinary share at 31 March 2023 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 | |
|--|------------------------------------|------------|------------------------------------|------------|
| | 31/03/2023 | 31/03/2022 | 31/03/2023 | 31/03/2022 |
| Profit for the period attributed to owners of the Company (RM'000) | 101,177 | 93,867 | 299,975 | 186,820 |
| Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000) | 366,380 | 366,770 | 366,380 | 366,679 |
| Adjustments pursuant to the SGP ('000) | 531 | 857 | 531 | 857 |
| Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000) | 366,911 | 367,627 | 366,911 | 367,536 |
| Diluted earnings per ordinary share (sen) | 27.6 | 25.5 | 81.8 | 50.8 |

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>31/03/2023</u> | <u>31/03/2022</u> | <u>31/03/2023</u> | <u>31/03/2022</u> |
| (a) Bad debts recovered | (7) | (6) | (53) | (16) |
| (b) Depreciation of property, plant and equipment and amortisation of intangible assets | 29,467 | 26,587 | 55,586 | 52,930 |
| (c) Depreciation of right-of-use assets | 5,638 | 5,076 | 11,190 | 10,185 |
| (d) Remeasurement gain of the previously held equity interest in an associate | - | - | (89,256) | - |
| (e) Reversal of impairment loss on intangible assets | (294) | - | (294) | - |
| (f) Insurance claim received/receivables | - | - | (5,000) | (18,002) |
| (g) Inventories written off | 3,009 | 920 | 3,806 | 1,496 |
| (h) Net fair value gain on derivatives | (479) | (865) | (158) | (1,217) |
| (i) Net (reversal of impairment loss)/impairment loss on property, plant and equipment | | | | |
| - due to flood | (145) | (13,474) | 43 | 6,565 |
| - others | (6) | (33) | (12) | (36) |
| (j) Net impairment loss on receivables | 440 | 1,028 | 309 | 877 |
| (k) Net inventories written down | | | | |
| - due to slow moving inventories | 3,858 | 2,240 | 7,239 | 2,857 |
| - due to flood | - | 322 | - | 20,933 |
| (l) Net (gain)/loss on disposal/write-offs of property, plant and equipment | (46) | 92 | (151) | 300 |
| (m) Net (gain)/loss on foreign exchange | (1,672) | (977) | 3,005 | (876) |

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:

| | 31/03/2023 | | 30/09/2022 | |
|--|-------------------|-------------------------|-------------------|-------------------------|
| | Notional value | Fair value RM'000 | Notional value | Fair value RM'000 |
| Forward foreign exchange contracts (less than 1 year) | | | | |
| USD ('000) | 2,500 | 316 | 246 | 61 |
| AUD ('000) | 1,938 | (127) | 928 | (37) |
| | | <u>189</u> | | <u>24</u> |

There is no significant change for the financial derivatives in respect of the following since the financial year ended 30 September 2022:

- (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 RM158,000 (2022: RM1,217,000) 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 2023.