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For immediate release

#### **QUARTERLY FINANCIAL REPORT**

Quarter 3: Financial Year Ending 30 September 2013

The Directors are pleased to release the unaudited condensed consolidated interim financial statements for the quarter and nine months ended 30<sup>th</sup> June 2013.

The contents of the unaudited condensed consolidated interim financial statements comprise the following 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 2012:

Schedule A: Unaudited Condensed Consolidated Interim Income Statement

Schedule B: Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

Schedule C: Unaudited Condensed Consolidated Interim Statement of Financial Position Schedule D: Unaudited Condensed Consolidated Interim Statement of Cash Flows

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

Schedule F : Selected Explanatory Notes Schedule G : Additional Disclosures

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with International Accounting Standard ("IAS") 34 Interim Financial Reporting issued by the International Accounting Standards Board. Unless specified otherwise, the significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 September 2012.

By Order of the Board

Soon Wing Chong Company Secretary

Kuala Lumpur 6 August 2013

### Schedule A: Unaudited Condensed Consolidated Interim Income Statement

For the quarter and nine months ended 30 June 2013

	Individual 3	<sup>rd</sup> Quarter	Cumulative 3 <sup>rd</sup> Quarter			
RM'000	30/06/2013	30/06/2012	% chg	30/06/2013	30/06/2012	% chg
Revenue	909,999	896,696	1.5%	2,665,763	2,370,423	12.5%
Operating profit	90,791	55,879	62.5%	225,412	166,150	35.7%
Interest expense	(3,820)	(3,348)		(10,849)	(7,772)	
Interest income	1,298	618		3,198	3,224	
Share of results of an associate^	1,115	1,347		3,549	4,130	
Profit before taxation (PBT)	89,384	54,496	64.0%	221,310	165,732	33.5%
Taxation (note 4, Schedule G)	(20,771)	(2,869)		(40,981)	34,698	
Profit after taxation (PAT)	68,613	51,627	32.9%	180,329	200,430	-10.0%
Attributable to: Equity holders of the Company Non-controlling interests	68,622 (9)	51,628 (1)	32.9%	180,347 (18)	200,431 (1)	-10.0%
	68,613	51,627	32.9%	180,329	200,430	-10.0%
Basic earnings per share (sen) attributable to equity holders of the Company	18.9	14.3	32.2%	49.6	55.5	-10.6%
Diluted earnings per share (sen) attributable to equity holders of the Company	18.8	14.2	32.4%	49.4	55.2	-10.5%

<sup>^</sup> The share of results of Cocoaland Holdings Berhad for the financial quarter ended 31 March 2013, after it has been released to the public on 28 May 2013.

## Schedule B : Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the quarter and nine months ended 30 June 2013

RM'000	Individual 3 30/06/2013	3 <sup>rd</sup> Quarter 30/06/2012	% chg	Cumulative 3 <sup>r</sup> 30/06/2013	d Quarter 30/06/2012	% chg
Profit after taxation	68,613	51,627	32.9%	180,329	200,430	-10.0%
Other comprehensive income, (net of tax) Foreign currency translation	(15,164)	3,393	>-100%	8,940	(10,969)	>100%
Total comprehensive income for the quarter	53,449	55,020	-2.9%	189,269	189,461	-0.1%
Total comprehensive income attributable to: Equity holders of the Company Non-controlling interests	53,458 (9)	55,021 (1)	-2.8%	189,287 (18)	189,462 (1)	-0.1%
	53,449	55,020	-2.9%	189,269	189,461	-0.1%

Schedule C: Unaudited Condensed Consolidated Interim Statement of Financial Position As at 30 June 2013

RM'000	30/06/2013	30/09/2012	1/10/2011
Non-current assets			
Property, plant and equipment	1,071,431	1,074,386	1,008,840
Investment properties	44,066	-	-
Properties held for development	64,571	62,276	5,504
Associate	74,369	73,737	55,929
Intangible assets	132,348	134,970	127,262
Deferred tax assets	66,821	79,050	4,705
	1,453,606	1,424,419	1,202,240
Current assets			
Property development costs	13,431	9,047	74,569
Inventories	363,334	370,775	314,668
Receivables	569,642	518,315	538,175
Cash and cash equivalents	366,424	227,873	290,290
	1,312,831	1,126,010	1,217,702
Non-current assets held for sale*	-	55,897	55,897
	1,312,831	1,181,907	1,273,599
Total assets	2,766,437	2,606,326	2,475,839
Financed by:			
Financed by:	1 547 154	1 554 202	1 550 010
Share capital and reserves Non-controlling interests	1,547,154 236	1,554,283 254	1,558,818 294
Total equity	1,547,390	1,554,537	1,559,112
Total equity	1,547,590	1,554,557	1,559,112
Non-current liabilities			
Borrowings	-	-	150,000
Provision for retirement benefits	35,013	35,227	35,822
Deferred tax liabilities	20,540	15,047	13,604
	55,553	50,274	199,426
Current liabilities	007.005	500 454	005.007
Payables  Dividende neveble	627,295	569,454	685,237
Dividends payable Provisions	72,734	6 000	22.469
Borrowings	6,000 450,000	6,000 423,711	22,468
Provision for taxation	7,465	2,350	9,596
FIOVISION TO TAXALION	1,163,494	1,001,515	717,301
	1,103,494	1,001,515	717,301
Total liabilities	1,219,047	1,051,789	916,727
Total equity and liabilities	2,766,437	2,606,326	2,475,839
Not assets as a loss (DAA)			
Net assets per share (RM)	4 OF	4 20	4 22
attributable to equity holders of the Company	4.25	4.28	4.33

<sup>\*</sup> Comprises Car Park and Techno Centre which have been reclassified to "Property, plant and equipment" and "Investment Property" during the financial period ended 30 June 2013 as the criteria under MFRS 5: Non-current Assets Held for Sale and Discontinued Operations are no longer met.

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 2012.

Schedule D: Unaudited Condensed Consolidated Interim Statement of Cash Flows For the nine months ended 30 June 2013

	Cumulative 3 <sup>rd</sup> quarter		
RM'000	30/06/2013	30/06/2012	
Operating activities			
Operating profit	225,412	166,150	
Add non-cash items:			
- Depreciation and amortisation	66,487	71,090	
- Impairment of intangible assets	5,392	-	
- Impairment losses/write-offs related to			
property damage in Rojana plant	-	78,538	
- Others	7,519	2,377	
Gain on dilution of interest in a subsidiary	-	(9)	
Gain arising from loss of control over a former subsidiary	45.004	(55,292)	
Changes in working capital	15,694	(200,150)	
Tax paid	(22,013)	(27,239)	
Net cash flows generated from operating activities	298,491	35,465	
Investing activities			
Interest income	3,198	3,224	
Dividend income	2,917	2,390	
Capital expenditure	(49,557)	(184,026)	
Purchase of intangibles (software)	(3,118)	(2,387)	
Investment in an associate	-	(14,079)	
Net proceeds from divestment of interest in a subsidiary	-	69,602	
Net cash flows used in investing activities	(46,560)	(125,276)	
Financing activities			
Interest expenses	(10,849)	(7,772)	
Dividends paid	(138,156)	(223,792)	
Drawdown of borrowings	26,289	218,013	
Proceeds from exercise of Executives' Share Options	,	,	
Scheme	9,336	6,938	
Net cash flows used in financing activities	(113,380)	(6,613)	
THE CASH HOWS USED III IIIIAHCIIIY ACTIVILIES	(113,300)	(0,013)	
Net change in cash and cash equivalents	138,551	(96,424)	
Cash and cash equivalents at beginning of year	227,873	290,290	
Cash and cash equivalents at end of quarter	366,424	193,866	

Note:

() denotes cash outflow

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

For the nine months ended 30 June 2013

	<> <> <> <> <>										
RM'000	Share capital	Share premium	Treasury shares	Foreign exchange reserve	Share- based payment reserve	Legal reserve	Capital reserve	Retained earnings	Total	Non- controlling interests	Total equity
At 1 October 2012	362,997	395,810	(1,716)	(9,268)	8,552	9,934	-	787,974	1,554,283	254	1,554,537
Total comprehensive income	-	-	-	8,940	-	-	-	180,347	189,287	(18)	189,269
Transactions with owners: Issuance of shares upon exercise of ESOS Employee share-based expense	907	8,429	-	-	- 5,138	-	-	-	9,336 5,138	-	9,336 5,138
Dividends on ordinary shares	-	-	-	-	5,136	-	-	(210,890)	(210,890)	-	(210,890)
Total transactions with owners	907	8,429	-	-	5,138	-	-	(210,890)	(196,416)	-	(196,416)
At 30 June 2013	363,904	404,239	(1,716)	(328)	13,69	9,934	-	757,431	1,547,154	236	1,547,390
At 1 October 2011	360,379	369,782	(1,716)	3,870	6,626	-	15,897	803,980	1,558,818	294	1,559,112
Total comprehensive income	-	-	-	(10,969	-	-	-	200,431	189,462	(1)	189,461
Transactions with owners: Issuance of shares upon exercise											
of ESOS Employee share-based expense	889	6,049	-	-	2,855	-	-	-	6,938 2,855	-	6,938 2,855
Transfer to legal reserve	-	-	-	-	-,000	10,00	-	(10,006)		-	-
Dividends paid	-	-	-	-	-	-	-	(295,999)	(295,999)	-	(295,999)
Total transactions with owners	889	6,049	-	-	2,855	10,00	-	(306,005)	(286,206)	-	(286,206)
At 30 June 2012	361,268	375,831	(1,716)	(7,099)	9,481	10,00	15,897	698,406	1,462,074	293	1,462,367

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 2012.

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

#### 1. Basis of preparation

These unaudited condensed consolidated interimfinancial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interimfinancial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 30 September 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The audited consolidated financial statements of the Group for the year ended 30 September 2012 which were prepared under FRS are available upon request from the Company's registered office at Level 8, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 50450 Kuala Lumpur, Malaysia.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including their parent, significant investor and venture (herein called "Transitioning Entities").

Under IC 15, an agreement for the construction of real estate that does not meet the definition of a construction contract under MFRS 111 Construction Contract shall be accounted for as sale of goods under MFRS 118 Revenue. Revenue from sale of goods agreement is recognised by stage of completion, if and only if, the revenue recognition criteria of MFRS 118 are met continuously as construction progresses (i.e. continuous transfer of significant risks and rewards of ownership).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and to continue to use the existing FRS framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. The Group does not fall within the scope definition of Transitioning Entities and accordingly, is required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 September 2013.

As at 30 June 2013, the Petaling Jaya (PJ) Section 13 integrated development project is in active development phase. The management is in the process of applying for the relevant development approvals and anticipate that the project will only be launched after the current financial year end. Consequently, the adoption of IC 15 will have no significant impact to the financial statements for the current financial year.

These unaudited condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 30 September 2013. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The MFRS framework is effective for the Group from 1 October 2012 and the date of transition to the MFRS Framework for the purpose of the first MFRS compliant condensed consolidated interim financial statements is 1 October 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 1.2.

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

#### 1.1 Significant accounting policies and application of MFRS 1:

The audited financial statements of the Group for the year ended 30 September 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 30 September 2012 except as discussed below:

#### (i) <u>Business combinations</u>

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively for business combinations that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after 1 October 2011. Business combinations that occurred prior to 1 October 2011 have not been restated.

#### (ii) Estimates

The estimates at 1 October 2011 and 30 September 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 October 2011, the date of transition to MFRS and as of 30 September 2012.

#### (iii) Non-controlling interests

The Group has applied the following new measurement requirements of MFRS 127 Consolidated and Separate Financial Statements prospectively from the date of transition, 1 October 2011:

- To attribute total comprehensive income to non-controlling interests irrespective of whether this results in a deficit balance;
- To treat changes in a parents ownership interest as equity transactions; and
- To apply MFRS 127 to loss of control of a subsidiary.

#### (iv) Investment properties

Investment properties are initially measured at cost, including transaction costs and subsequently carried at fair value, determined annually by independent professional valuers. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

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

#### 1.2 Significant accounting policies and application of MFRS 1 (cont'd):

#### (iv) Investment properties (cont'd)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

#### 1.2 Explanations of transition from FRS to MFRS

The adoption of MFRS 1 does not have any impact on the reported financial position, financial performance and cash flows of the Group and hence, no reconciliations from FRS to MFRS were prepared.

#### 2. Auditors' report

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

#### 3. Comment on seasonality or cyclicality 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 group products such as soft drinks and evaporated milk may be skewed towards major festivities.

### 4. 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 other than the final business interruption insurance claim amounting to approximately RM18 million recognised in the current quarter. Foreign currency translation differences in the Unaudited Condensed Consolidated Interim Statement of Comprehensive Income under "other comprehensive income" relate to the foreign currency losses arising from the translation of its Thai subsidiary as a result of the weaker Thai Baht.

#### 5. 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.

#### 6. Issuance or repayments of debt/equity securities

There have been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial quarter except for the issuance of 60,400 and 846,600 ordinary shares pursuant to its Executives' Share Option Scheme at the exercise price of RM7.81 and RM10.47 each respectively.

#### 7. <u>Dividends paid</u>

A final single tier dividend of 23 sen per share amounting to RM83.6 million (2011: 47 sen per share amounting to RM169.6 million) together with a special single tier dividend of 15 sen per share amounting to RM54.5 million (2011: 15 sen per share amounting to RM54.2 million) in respect of the financial year ended 30 September 2012 were paid on 27 February 2013.

An interim single tier dividend of 20 sen per share (2012: 20 sen) was declared for the financial year ending 30 September 2013 on 7 May 2013. This dividend amounting to RM72.7 million (2012: RM72.2 million) has been paid on 1 August 2013 (entitlement date for the dividend was 5 July 2013) and has been accounted for in equity as an appropriation of retained earnings in the current quarter.

#### 8. Segmental information

#### **Segment Results**

For management purposes, the Group's operating businesses are organised according to products and services, namely soft drinks, dairy products, property and others. 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 quarter and cumulative 3<sup>rd</sup> quarter are as follows:

	Revenue					
	Individual 3	3 <sup>rd</sup> quarter	Cumulative	3 <sup>rd</sup> quarter		
RM'000	2013	2012	2013	2012		
Soft drinks	384,741	344,549	1,147,132	1,063,278		
Dairies Malaysia	245,593	255,744	730,494	779,651		
Dairies Thailand	279,470	296,388	787,636	527,072		
Property	103	50	347	155		
Others	92	(35)	154	267		
	909,999	896,696	2,665,763	2,370,423		
		•	ng profit			
	Individual 3	3 <sup>rd</sup> quarter	Cumulative 3 <sup>rd</sup> quarte			
RM'000	2013	2012	2013	2012		
Soft drinks	32,979	16,222	104,397	83,007		
Dairies Malaysia <sup>(a)</sup>	10,220	9,409	35,060	21,557		
Dairies Thailand	25,381	(b)15,884	65,104	(b) (14,120)		
Property	1,780	(556)	(1,298)	(1,129)		
Others	2,113	5,045	3,831	(d) 59,908		
	72,473	46,004	207,094	149,223		
Provisional excess claims (c)	18,318	9,875	18,318	16,927		
Operating profit	90,791	55,879	225,412	166,150		
Finance cost	(2,522)	(2,730)	(7,651)	(4,548)		
Share of results of an associate	1,115	1,347	3,549	4,130		
Profit before taxation	89,384	54,496	221,310	165,732		

<sup>(</sup>a) Included expenses relating to the shift from Section 13, Petaling Jaya to Pulau Indah along with the crating and storage of useable manufacturing machineries (Individual Q3: RM1.2 million vs LY RM3.4 million, Cumulative Q3: RM3.0 million vs LY RM9.9 million) and the accelerated factory building depreciation (Individual Q3: Nil vs LY RM5.8 million, Cumulative Q3: Nil vs LY RM16.9 million) as explained in Q4 FY 2012's announcement.

<sup>(</sup>b) Excluded property damage losses and one-off expenses related to flood that have been included in the provisional excess claims amount.

<sup>(</sup>c) Provisional excess claims relate to excess of interim claims over assets and inventories written-off and one-off Thailand flood expenses. For Q3 FY2013, the amount recognised represents the final business interruption insurance claim.

<sup>(</sup>d) Included the gain arising from loss of control over a former subsidiary of approximately RM55m.

#### 8. Segmental information (cont'd)

#### Segment assets

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

	Asse	ets
RM'000	_30/06/2013_	30/9/2012
Soft drinks	764,307	721,136
Dairies Malaysia	683,695	706,530
Dairies Thailand	549,315	545,396
Property	202,344	191,866
Others	133,531_	134,475
	2,333,192_	2,299,403

#### 9. Acquisitions and disposals of property, plant and equipment and intangible assets

	Individual 3	r <sup>d</sup> quarter	Cumulative 3 <sup>rd</sup> quarter		
RM'000	30/06/2013	30/9/2012	30/06/2013	30/9/2012	
Acquisition (cost)	22,116	51,311	54,438	187,267	
Disposals (net carrying amount)	1,019	767	3,018	5,163	
(Gain)/Loss on disposal	(105)	452	1,256	4,304	

#### 10. Subsequent events

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

#### 11. Changes in the composition of the Group

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

#### 12. Contingent liabilities

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

#### 13. Contingent assets

Apart from the pending insurance claims relating to F&N Dairies (Thailand) Limited's flood, there were no contingent assets of a material nature since the last annual reporting date.

#### 14. Capital commitments

The outstanding capital commitments are as follows:

RM'000	30/06/2013_	30/9/2012
Property, plant and equipment		
<ul> <li>Approved and contracted for</li> </ul>	15,776	12,183
<ul> <li>Approved and not contracted for</li> </ul>	17,867	32,789
	33,643	44,972

#### 15. Significant related party transactions

The following are significant related party transactions:

	Cumulative 3 <sup>rd</sup> quarter		
RM'000	2013	2012	
Fraser and Neave, Limited ("F&N Limited") Group	_		
Sales	93,659	91,227	
Purchases	141,073	128,394	
Royalties paid	37,836	37,316	
Corporate charges paid	1,942	1,994	
Rental income	226	226	
Thai Beverage Public Company Limited Group			
Sales	235	-	
BerliJucker Public Company Limited Group			
Sales	1,346	-	
Purchases	21,683	-	
Compensation of key management personnel of the Group Directors fees	5,513 574	6,512 616	

The relationships of the related parties are as disclosed in the circular to shareholders dated 28 December 2012. The above transactions had been entered into in the ordinary course of business on normal commercial terms. These transactions are within the ambit of the mandate approved by the shareholders of the Company on 23 January 2013.

### 16. Fair value hierarchy

As at 30 June 2013, the Group held foreign currency forward contracts carried at fair value of approximately RM160,328 (30 September 2012: RM54,000) based on level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities. No transfers between any levels of the fair value hierarchy took place during the current interim period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

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

#### 1. Operations review

#### Current quarter vs corresponding quarter last year

Group revenue for the quarter rose 2% to RM910 million. Soft drinks' higher sales were attributed to strong sales and trade marketing matrix executions (increasing both the width and depth of its product distribution) along with improved general and modern trade contribution. During the quarter, two new products were introduced, one being the Oishi Green Tea (4 variants) and the improved (formulated) Seasons NutriSoy soya bean offering. An exclusive Distributorship Agreement was entered between F&N Soft Drinks and Oishi on 4 June 2013, which is expected to extract synergistic benefit from the larger F&N/Thai Beverage Group, whilst Seasons NutriSoy's introduction accords higher brand resonation with F&N's Health and Wellness platform. myCola, after its launch in East Malaysia, was launched in Peninsular Malaysia during the quarter.

Dairies Malaysia's revenue declined 4% as domestic sales continue to be impacted by intense price competition.

Lower revenue from Dairies Thailand against the same quarter last year was attributed to lower export sales along with the higher sales in Q3 2012 as a result of the start-up of Rojana plant, with higher sell-in on low market stock levels.

Group operating profit rose 63% to RM91 million compared with that of corresponding quarter last year. The increase was mainly contributed by higher soft drinks sales, favourable sales and channel mix, realisation of manufacturing cost saving initiatives, non-incurrence of accelerated depreciation and rental contribution from its Techno Centre property. Dairies Thailand's operations also contributed positively due to insurance claims recognised in current quarter (flood related write-offs and expenses were incurred in the corresponding quarter last year).

#### Nine months period-to-date vs corresponding period last year

Group revenue rose 13% to RM2.7 billion for the nine months of the financial yearmainly contributed by stronger soft drinks performance, lower trade terms extended along with Dairies Thailand's post flood business recovery. Effective seasonal sales promotion activation, despite heavy trade discounting from our main competitors, has allowed soft drinks to maintain its sell-out rate consistent with last year. Dairies Malaysia recorded revenue reduction due tointense price competition in the on-premise channel, challenging modern trade channel, heavy price cutting from its' main competitors and teething distribution issue associated with distribution restructuring.

Group operating profit rose 36% to RM225 million compared with the same period last year. The increase was mainly attributable to higher soft drinks performance, Dairies Thailand's post-flood recovery profit performance (corresponding period last year was a loss), non-accelerated depreciation charge incurrence and favourable commodity prices for both soft drinks and dairies. During the quarter, the Group has recognised business interruption insurance claim of RM18 million. In the corresponding period last year, there was a gain arising from loss of control over a former subsidiary of approximately RM55 million.

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

### 2. Comment on material change in profit before taxation vs preceding quarter

Profit before taxation in the quarter was RM89.4m compared with RM65.6 million in the preceding quarter. The segments recorded a profit improvement of RM5.5 million in the current quarter mainly due to increased contribution from Dairies Thailand on the back of higher sales. In addition, the profit before taxation for the quarter was augmented by the recognition of the business interruption insurance claim of RM18 million.

#### 3. <u>Prospects for the current financial year</u>

The beverage and dairy landscape in both Malaysia and Thailand remains competitive, with increased competitive price sensitive offerings competing for consumers' share of throat and wallet. In Malaysia, consumer confidence may be impacted by the various credit tightening measures adopted by Bank Negara Malaysia in addressing the high domestic debt issue, whilst the Thailand Government has recently lowered its 2013 Gross Domestic Product target.

In addition, increasing commodity (milk based) prices will exert pressures on all local dairy players. The weakening Ringgit further erodes competitiveness. The local dairy business landscape has become more competitive with the entrant of a major palm oil conglomerate into the sweetened creamer and condensed milk business.

In this regard, the Group would continue to be vigilant and responsive to changes in the external environment and strive to deliver sustainable business growth in revenue and profitability.

#### Tax expense

The details of the tax expense are as follows:

	Individual 3	Individual 3 <sup>ra</sup> quarter		3 <sup>ra</sup> quarter
RM'000	2013	2012	2013	2012
Current income tax	9,423	5,094	26,243	25,317
Deferred tax – origination and reversal of temporary differences (Over)/under provision in	3,255	(2,402)	8,713	(59,361)
respect of previous years				
- Income tax	1,158	(13)	(3,073)	114
- Deferred tax	6,935	190	9,098	(768)
	20,771	2,869	40,981	(34,698)

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

#### 4. Tax expense (cont'd)

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:

	Individual 3	3 <sup>rd</sup> quarter	Cumulative	3 <sup>rd</sup> quarter
RM'000	2013	2012	2013	2012
Profit before tax	89,384	54,496	221,310	165,732
Tax at Malaysian statutory tax rate of				
25%	22,346	13,624	55,328	41,433
Different tax rates in other countries	(3,755)	890	(2,492)	(839)
Income not subject to tax (tax				
incentives/exemption)	(6,083)	(2,550)	(21,986)	(17,961)
Expenses not deductible for tax				
purposes	2,778	2,322	5,308	6,514
Deferred tax assets recognised	-	(12,087)	-	(63,802)
(Over)/under provision in respect of previous years				
- Income tax	1,158	(13)	(3,073)	114
- Deferred tax	6,935	190	9,098	(768)
Others	(2,608)	493	(1,202)	`611 <sup>´</sup>
Total income tax expense	20,771	2,869	40,981	(34,698)

#### 5. Status of corporate proposals

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

#### 6. Group borrowings and debt securities

The details of the Group's borrowings as at 30 June 2013 are as follows:

RM'000	Currency	Current
Commercial paper ("CP")	RM	300,000
Medium term notes ("MTN")	RM	150,000
		450,000

The CP/MTN carries interest rates ranging from 3.43% to 5.40% per annum, is secured by an unconditional and irrevocable corporate guarantee from the Company and payable within the next twelve months.

#### 7. Pending material litigation

There was no pending litigation of a material nature since the last reporting date.

#### 8. Proposed dividend

No dividend has been declared in this financial quarter.

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

#### 9. Earnings per share (EPS)

(a) The basic EPS were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue (net of treasury shares).

	Individual 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	2013	2012	2013	2012
Group attributable profit to shareholders of the	00.000	54.000	100.047	000 404
Company (RM'000)	68,622	51,628	180,347	200,431
Weighted average number of ordinary shares net of treasury shares ('000)	363,650	361,015	363,448	360,850
Earnings per share (sen)	18.9	14.3	49.6	55.5

(b) The diluted EPS were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue (net of treasury shares), adjusted for the dilutive effects of potential ordinary shares, i.e. share options granted pursuant to the Employees' Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP").

	Individual 2013	3 <sup>rd</sup> quarter 2012	Cumulative 2013	3 <sup>rd</sup> quarter 2012
Group attributable profit to shareholders of the Company (RM'000)	68,622	51,628	180,347	200,431
Weighted average number of ordinary shares net of treasury shares ('000) Adjustment for share	363,650	361,015	363,448	360,850
options granted pursuant to the ESOS/RSP ('000) Adjusted weighted average number of	1,208_	2,323	1,324	2,376
ordinary shares net of treasury shares ('000)	364,858	363,338	364,772	363,226
Earnings per share (sen)	18.8	14.2	49.4	55.2

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

#### 10. <u>Disclosure of realised and unrealised portions of the revenue reserve</u>

The breakdown of the retained profits of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	30/06/2013 RM'000	30/9/2012 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	694,126	704,864
Unrealised	44,328	58,474
	738,454	763,338
Total share of retained earnings from an associate		
Realised	5,643	5,010
Consolidation adjustments	13,334	19,626
Total Group retained profits as per financial statements	757,431	787,974

## 11. <u>Notes to the Condensed Consolidated Income Statement</u> PBT is arrived at after charging/(crediting) the following items:

		Individual 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	RM'000	2013	2012	2013	2012
(a)	Other income	(725)	221	(1,012)	(272)
(b)	Depreciation and amortisation	19,511	25,311	66,487	71,090
(c)	Impairment of intangible assets***	5,391	-	5,391	-
(d)	Impairment loss on receivables	1,162	1,000	2,939	3,500
(e)	Bad debts written off	429	502	666	1,509
(f)	Provision for inventories	1,930	* 363	2,674	* 507
(g)	Inventories written off	3,218	2,976	9,886	10,818
(h)	(Gain)/loss on disposal of quoted or unquoted investments	N/A	N/A	N/A	N/A
(i)	(Gain)/loss on disposal of property, plant and equipment	(105)	452	1,256	4,304
(j)	Impairment of other assets	N/A	N/A	N/A	N/A
(k)	Foreign exchange gain	(647)	(2,914)	(841)	(494)
(I)	(Gain)/loss on forward foreign exchange contracts	(52)	242	(106)	1

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

#### 11. Notes to the Condensed Consolidated Income Statement (cont'd)

	RM'000	Individual 2013	3 <sup>rd</sup> quarter 2012	Cumulative 3 2013	rd quarter 2012
(m)	Unusual items:				
	<ul> <li>Provisional excess claims **</li> <li>Gain arising from loss of control over a former</li> </ul>	(18,318)	(9,875)	(18,318)	(16,927)
	subsidiary - Adjustment to gain on disposal of ice cream	N/A	-	N/A	55,300
	business in prior year	N/A	1,607	N/A	1,607

<sup>\*</sup> Excludes unusual items related to flood in Thailand.

## 12. Approval of the quarterly financial report

The quarterly financial report has been approved for issue in accordance with a resolution of the Board of Directors on 6 August 2013.

<sup>\*\*</sup> Provisional excess claims relate to excess of interim claims over assets and inventories written-off and one-off Thailand flood expenses. For Q3 FY2013, the amount recognised represents the final business interruption insurance claim.

<sup>\*\*\*</sup> Represents impairment of goodwill of a subsidiary which has ceased operations during the quarter and whose manufacturing licence wasnovated to F&N Dairies Manufacturing Sdn. Bhd.