



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

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For immediate release

## **QUARTERLY FINANCIAL REPORT**

### **Quarter 4 : Financial Year Ended 30 September 2013**

The Directors are pleased to release the unaudited quarterly financial report for the quarter and financial year ended 30<sup>th</sup> September 2013.

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 financial statements for the year ended 30 September 2012:

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 standards on interim financial reporting issued by the Malaysian Accounting Standards Board and contains additional disclosures prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Unless specified otherwise, the same accounting policies and methods of computation applied to the Group's financial statements for the previous year had been followed throughout this quarterly financial report.

By Order of the Board

Soon Wing Chong  
Company Secretary

Kuala Lumpur  
7 November 2013

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

For the quarter and year ended 30 September 2013

RM'000	Individual 4 <sup>th</sup> Quarter			Cumulative 4 <sup>th</sup> Quarter		
	30/09/2013	30/09/2012	% chg	30/09/2013	30/09/2012	% chg
Revenue	897,528	* 854,482	5.0%	# 3,508,225	* 3,171,923	10.6%
Operating profit	87,273	65,231	33.8%	312,685	231,381	35.1%
Interest expense	(3,069)	(3,786)		(13,918)	(11,558)	
Interest income	2,054	1,042		5,252	4,266	
Share of results of an associate <sup>^</sup>	1,142	1,989		4,691	6,119	
Profit before taxation (PBT)	87,400	64,476	35.6%	308,710	230,208	34.1%
Taxation ( <i>Note 4, Schedule G</i> )	(7,103)	9,084		(48,084)	43,782	
Profit after taxation (PAT)	80,297	73,560	9.2%	260,626	273,990	-4.9%
Attributable to:						
Equity holders of the Company	80,306	73,599	9.1%	260,653	274,030	-4.9%
Non-controlling interests	(9)	(39)		(27)	(40)	
	80,297	73,560		260,626	273,990	
Basic earnings per share (sen) attributable to equity holders of the Company	22.1	20.4	8.3%	71.7	75.9	-5.5%
Diluted earnings per share (sen) attributable to equity holders of the Company	22.0	20.2	8.9%	71.4	75.4	-5.3%

\* The comparatives for the quarter and for the financial year ended 30 September 2013 have been restated as disclosed in Note 17, Schedule F.

# As a result of the restatement of comparatives as disclosed in Note 17, Schedule F, the Group has considered the effects of the adjustment on the preceding 3 quarters and have adjusted the cumulative 4<sup>th</sup> quarter's revenue accordingly. The adjustment has no impact on the current year's financial results.

<sup>^</sup> The share of results of an associate for the quarter refers to Cocoland Holdings Berhad and is derived from its Quarterly Announcement for the quarter ended 30 June 2013 dated 26 August 2013 and its cumulative results is the sum total of its quarterly results recognised by the Group for the four quarters ended 30 June 2013.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2012.

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

For the quarter and year ended 30 September 2013

RM'000	Individual 4 <sup>th</sup> Quarter			Cumulative 4 <sup>th</sup> Quarter		
	30/09/2013	30/09/2012	% chg	30/09/2013	30/09/2012	% chg
Profit after taxation	80,297	73,560	9.2%	260,626	273,990	-4.9%
<b>Other comprehensive income, (net of tax)</b>						
Foreign currency translation	10,411	(2,169)	>100%	19,351	(13,138)	>100%
Total comprehensive income	90,708	71,391	27.1%	279,977	260,852	7.3%
Total comprehensive income attributable to:						
Equity holders of the Company	90,717	71,430	27.0%	280,004	260,892	7.3%
Non-controlling interests	(9)	(39)		(27)	(40)	
	90,708	71,391	27.1%	279,977	260,852	7.3%

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2012.

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

As at 30 September 2013

RM'000	30/09/2013	30/09/2012	1/10/2011
<b>Non-current assets</b>			
Property, plant and equipment	1,065,776	1,074,386	1,008,840
Investment properties	57,084	-	-
Properties held for development	54,518	62,276	5,504
Associate	75,511	73,737	55,929
Intangible assets	136,476	134,970	127,262
Deferred tax assets	71,404	79,050	4,705
	<u>1,460,769</u>	<u>1,424,419</u>	<u>1,202,240</u>
<b>Current assets</b>			
Property development costs	26,834	9,047	74,569
Inventories	350,134	370,775	314,668
Receivables	559,722	* 562,117	* 547,454
Tax recoverable	3,948	* 4,745	* 2,672
Cash and cash equivalents	362,172	227,873	290,290
	<u>1,302,810</u>	<u>1,174,557</u>	<u>1,229,653</u>
Non-current assets held for sale #	-	55,897	55,897
	<u>1,302,810</u>	<u>1,230,454</u>	<u>1,285,550</u>
<hr/>			
<b>Total assets</b>	<b>2,763,579</b>	<b>2,654,873</b>	<b>2,487,790</b>
<hr/>			
Financed by:			
Share capital and reserves	1,650,173	1,554,283	1,558,818
Non-controlling interests	227	254	294
Total equity	<u>1,650,400</u>	<u>1,554,537</u>	<u>1,559,112</u>
<b>Non-current liabilities</b>			
Borrowings	150,000	-	150,000
Provision for retirement benefits	35,042	35,227	35,822
Deferred tax liabilities	26,833	15,047	13,604
	<u>211,875</u>	<u>50,274</u>	<u>199,426</u>
<b>Current liabilities</b>			
Payables	636,354	* 618,001	* 697,188
Provisions	17,934	6,000	22,468
Borrowings	240,000	423,711	-
Provision for taxation	7,016	2,350	9,596
	<u>901,304</u>	<u>1,050,062</u>	<u>729,252</u>
<hr/>			
<b>Total liabilities</b>	<b>1,113,179</b>	<b>1,100,336</b>	<b>928,678</b>
<hr/>			
<b>Total equity and liabilities</b>	<b>2,763,579</b>	<b>2,654,873</b>	<b>2,487,790</b>
<hr/>			
Net assets per share (RM) attributable to equity holders of the Company	4.53	4.28	4.33

# Comprises Car Park and Techno Centre which have been reclassified to "Property, plant and equipment" and "Investment Properties" during the financial year ended 30 September 2013 as the criteria under MFRS 5: Non-current Assets Held for Sale and Discontinued Operations are no longer met.

\* The comparatives for the quarter and for the financial year ended 30 September 2013 have been restated as disclosed in Note 17, Schedule F.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the financial year ended 30 September 2012.

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

For the year ended 30 September 2013

RM'000	Cumulative 4 <sup>th</sup> quarter	
	30/09/2013	30/09/2012
<b>Operating activities</b>		
Profit before tax	308,710	230,208
Add non-cash items:		
- Depreciation and amortisation	88,368	94,453
- Impairment loss on property, plant and equipment	2,397	678
- Impairment of intangible assets	5,392	-
- Impairment losses/write-offs related to property damage in Rojana plant	-	69,345
- Provision for litigation claims	11,934	-
- Net gain from fair value adjustment of investment properties	(9,416)	-
- Others	12,101	(20,668)
Gain arising from loss of control in a former subsidiary	-	(55,301)
Interest income	(5,252)	(4,266)
Interest expense	13,918	11,558
Share of results of an associate	(4,691)	(6,119)
Changes in working capital	36,311	(184,766)
Tax paid	(23,050)	(38,567)
<b>Net cash flows generated from operating activities</b>	<b>436,722</b>	<b>96,555</b>
<b>Investing activities</b>		
Interest income	5,252	4,266
Dividend income	2,917	2,390
Proceeds from disposal of property, plant and equipment	2,502	1,222
Purchase of property, plant and equipment	(71,307)	* (209,687)
Purchase of intangibles (software)	(3,225)	* (3,684)
Investment in an associate	-	(14,079)
Net proceeds from divestment of interest in a former subsidiary	-	69,602
<b>Net cash flows used in investing activities</b>	<b>(63,861)</b>	<b>(149,970)</b>
<b>Financing activities</b>		
Interest expenses	(13,918)	(11,558)
Dividends paid	(210,887)	(295,999)
(Repayment)/Drawdown of borrowings	(33,711)	273,711
Proceeds from the exercise of the Executives' Share Options Scheme	19,954	24,844
<b>Net cash flows used in financing activities</b>	<b>(238,562)</b>	<b>(9,002)</b>
<b>Net change in cash and cash equivalents</b>	<b>134,299</b>	<b>(62,417)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>227,873</b>	<b>290,290</b>
<b>Cash and cash equivalents at end of quarter</b>	<b>362,172</b>	<b>227,873</b>

Note:  
 ( ) denotes cash outflow

\* The comparatives for the quarter and for the financial year ended 30 September 2013 have been restated as disclosed in Note 17, Schedule F.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2012.

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

For the year ended 30 September 2013

	<-----Attributable to equity holders of the Company-----> <-----Non-distributable-----> <-----Distributable----->		Share-								
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
<b>At 1 October 2012</b>	362,997	395,810	(1,716)	(9,268)	8,552	9,934	-	787,974	1,554,283	254	1,554,537
<b>Total comprehensive income</b>	-	-	-	19,351	-	-	-	260,653	280,004	(27)	279,977
<b>Transactions with owners:</b>											
Issuance of shares upon exercise of ESOS	1,661	21,499	-	-	(3,206)	-	-	-	19,954	-	19,954
Employee share-based expense	-	-	-	-	6,819	-	-	-	6,819	-	6,819
Dividends on ordinary shares	-	-	-	-	-	-	-	(210,887)	(210,887)	-	(210,887)
<b>Total transactions with owners</b>	1,661	21,499	-	-	3,613	-	-	(210,887)	(184,114)	-	(184,114)
<b>At 30 Sep 2013</b>	364,658	417,309	(1,716)	10,083	12,165	9,934	-	837,740	1,650,173	227	1,650,400
<b>At 1 October 2011</b>	360,379	369,782	(1,716)	3,870	6,626	-	15,897	803,980	1,558,818	294	1,559,112
<b>Total comprehensive income</b>	-	-	-	(13,138)	-	-	-	274,030	260,892	(40)	260,852
<b>Transactions with owners:</b>											
Issuance of shares upon exercise of ESOS	2,618	26,028	-	-	(3,802)	-	-	-	24,844	-	24,844
Employee share-based expense	-	-	-	-	5,728	-	-	-	5,728	-	5,728
Transfer from capital reserve to revenue reserve	-	-	-	-	-	-	(15,897)	15,897	-	-	-
Transfer to legal reserve	-	-	-	-	-	9,934	-	(9,934)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(295,999)	(295,999)	-	(295,999)
<b>Total transactions with owners</b>	2,618	26,028	-	-	1,926	9,934	(15,897)	(290,036)	(265,427)	-	(265,427)
<b>At 30 Sep 2012</b>	362,997	395,810	(1,716)	(9,268)	8,552	9,934	-	787,974	1,554,283	254	1,554,537

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 interim financial 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 interim financial 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 Contracts* 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 three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015. 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 ended 30 September 2013.

As at 30 September 2013, Master Plan approval has been obtained for the Petaling Jaya Section 13 integrated development project and the property segment has proceeded with the land conversion and lease extension which is expected to be completed by the end of 2013. The residential portion is anticipated to be launched in the 4<sup>th</sup> quarter of next financial year. 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 ended 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 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.

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

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

#### 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) Business combinations

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.



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

1. Basis of preparation (cont'd)

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.

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 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 group products such as soft drinks and evaporated milk may be skewed towards major festivities and weather pattern.

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 unusual items disclosed in Note 11(n) of Schedule G.

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, 927,600 and 672,800 ordinary shares pursuant to its Executives' Share Option Scheme at the exercise price of RM7.81, RM10.47 and RM14.52 each respectively.

7. Dividends paid

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 ended 30 September 2013 on 7 May 2013. This dividend amounting to RM72.7 million (2012: RM72.2 million) was paid on 1 August 2013.

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

8. Segmental information

**Segment Results**

For management purposes, the Group's operating businesses are organised according to products and services, namely Soft Drinks, Dairies Malaysia, Dairies 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 quarter and cumulative 4<sup>th</sup> quarter are as follows:

RM'000	Revenue			
	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	2013	2012	2013	2012
Soft drinks	365,369	* 350,762	1,457,435	* 1,361,058
Dairies Malaysia	243,980	260,082	974,474	1,039,732
Dairies Thailand	287,968	243,575	1,075,604	770,647
Property	141	54	488	209
Others	70	9	224	277
	<u>897,528</u>	<u>854,482</u>	<u>3,508,225</u>	<u>3,171,923</u>

  

RM'000	Operating profit			
	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	2013	2012	2013	2012
Soft drinks	25,289	29,506	129,686	<sup>(g)</sup> 112,513
Dairies Malaysia <sup>(a)</sup>	19,869	11,642	<sup>(b)</sup> 54,929	33,199
Dairies Thailand	14,408	<sup>(c)</sup> 14,872	79,512	<sup>(c)</sup> 752
Property	<sup>(f)</sup> 8,822	1,979	<sup>(f)</sup> 7,524	850
Others	<sup>(h)</sup> (12,113)	(1,090)	<sup>(h)</sup> (8,282)	<sup>(e)</sup> 58,818
	<u>56,275</u>	<u>56,909</u>	<u>263,369</u>	<u>206,132</u>
Provisional excess claims <sup>(d)</sup>	30,998	8,322	49,316	25,249
Operating profit	87,273	65,231	312,685	231,381
Finance cost	(1,015)	(2,744)	(8,666)	(7,292)
Share of results of an associate	1,142	1,989	4,691	6,119
Profit before taxation	<u>87,400</u>	<u>64,476</u>	<u>308,710</u>	<u>230,208</u>

(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 Q4: RM44k vs LY RM0.6 million, Cumulative Q4: RM3.1 million vs LY RM10.5 million) and the accelerated factory building depreciation (Individual Q4: Nil vs LY RM5.8 million, Cumulative Q4: Nil vs LY RM16.9 million) as explained in Q4 FY 2012's announcement.

(b) Included RM5.4 million impairment of goodwill of a subsidiary recorded in the preceding quarter.

(c) Excluded property damage losses and one-off expenses related to flood that were included in the provisional excess claims amount.

(d) Provisional excess claims relate to excess of interim claims over assets and inventories written-off and one-off Thailand flood expenses and form part of the segment results of Dairies Thailand. For Q4 FY2013, the amount recognised represented the final insurance claim.

(e) Included the gain arising from loss of control in a former subsidiary of approximately RM55 million.

(f) Included the net gain from fair value adjustment of investment properties of RM9.4 million.

(g) After a one-time charge of RM7.9 million in relations to an organisation rationalisation/restructuring exercise.

(h) Included provision for litigation claims amounting to RM11.9 million.

\* The comparatives for the financial year ended 30 September 2013 have been restated as disclosed in Schedule F, Note 17.

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

8. Segmental information (cont'd)

**Segment assets**

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

RM'000	Assets	
	30/09/2013	30/9/2012
Soft drinks	731,048	760,673
Dairies Malaysia	658,355	724,599
Dairies Thailand	551,744	546,396
Property	257,259	227,735
Others	56,086	14,810
	<u>2,254,492</u>	<u>2,274,213</u>

**Segment liabilities**

The total of segment liabilities is measured based on all liabilities excluding deferred tax liabilities, provision for taxation and bank borrowings.

RM'000	Liabilities	
	30/09/2013	30/9/2012
Soft drinks	301,871	259,725
Dairies Malaysia	159,978	176,303
Dairies Thailand	149,155	158,968
Property	51,866	45,196
Others	26,460	19,036
	<u>689,330</u>	<u>659,228</u>

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

RM'000	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	30/09/2013	30/9/2012	30/09/2013	30/9/2012
Acquisitions (cost)	20,094	26,104	74,532	213,371
Disposals/write offs (net carrying amount)	760	31,896	3,778	37,059
Net loss on disposals/write offs	<u>20</u>	<u>31,533</u>	<u>1,276</u>	<u>35,837</u>

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

Except as disclosed in Note 7 of Schedule G on pending material litigation, there were no contingent liabilities of a material nature since the last annual reporting date.

13. Contingent assets

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

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

14. Capital commitments

The outstanding capital commitments are as follows:

RM'000	30/09/2013	30/9/2012
Property, plant and equipment		
- Approved and contracted for	9,674	12,183
- Approved and not contracted for	29,814	32,789
	<u>39,488</u>	<u>44,972</u>

15. Significant related party transactions

The following are significant related party transactions:

RM'000	Cumulative 4 <sup>th</sup> quarter	
	2013	2012
<u>Fraser and Neave, Limited ("F&amp;N Limited") Group</u>		
Sales	128,304	134,322
Receipt of corporate service fees	12	-
Rental income	301	301
Purchases	190,901	169,770
Royalties paid	50,346	49,324
Corporate charges paid	2,276	2,690
<u>Vacaron Company Sdn Bhd</u>		
Receipt of corporate service fees	40	20
Receipt of management fees	130	65
Rental income	54	27
Interest income	1,689	1,118
<u>Thai Beverage Public Company Limited Group</u>		
Sales	337	-
<u>Berli Jucker Public Company Limited Group</u>		
Sales	1,902	-
Purchases	30,238	-
Logistic cost	7	-
<u>Permodalan Nasional Berhad ("PNB") Group *</u>		
Sales	68,730	80,326
Purchases	34,116	44,128
Repair and maintenance of motor vehicle paid	37	22
Rental of equipment paid	511	192
Other expenses paid	41	12
Compensation of key management personnel of the Group	7,371	9,094
Directors fees	1,071	827

The above transactions had been entered into in the ordinary course of business on normal commercial terms.

\* Permodalan Nasional Berhad ("PNB") is deemed a related party to Fraser & Neave Holdings Bhd ("FNHB") by virtue of PNB holding 68,898,300 shares through Amanahraya Trustees Berhad, representing 18.91% equity interest in FNHB and having two nominee directors on the Board of FNHB.

16. Fair value hierarchy

As at 30 September 2013, the Group held foreign currency forward contracts carried at fair value of approximately RM306,410 (30 September 2012: RM54,000) based on level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities. 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 financial year.

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

17. Change in comparatives

(a) The comparatives for the financial year ended 30 September 2013 have been restated as follows:

RM'000	<u>As previously stated</u>	<u>Adjustment #</u>	<u>As restated</u>
<u>Group</u>			
<u>Impact on the income statement:</u>			
<u>For the quarter ended 30 September 2012</u>			
Revenue	868,363	(13,881)	854,482
<u>For the financial year ended 30 September 2012</u>			
Revenue	3,238,786	(66,863)	3,171,923

# Being adjustment for the elimination of sales tax. The adjustment has no impact on the results of the quarter and financial year ended 30 September 2012.

(b) The comparatives for the financial year ended 30 September 2013 have been reclassified to conform with current year's presentation:

RM'000	<u>As previously stated</u>	<u>Adjustment</u>	<u>As restated</u>
<u>Impact on the statement of financial position:</u>			
<u>As at 30 September 2012</u>			
Receivables	518,315	43,802	562,117
Tax recoverable	-	4,745	4,745
Payables	(569,454)	(48,547)	(618,001)
<u>As at 1 October 2011</u>			
Receivables	538,175	9,279	547,454
Tax recoverable	-	2,672	2,672
Payables	(685,237)	(11,951)	(697,188)
<u>Impact on the statement of cash flows:</u>			
<u>For the financial year ended 30 September 2012</u>			
Purchase of property, plant and equipment	(201,626)	(8,061)	(209,687)
Purchase of intangibles (software)	(11,745)	8,061	(3,684)

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

### 1. Operations review

#### Current quarter vs corresponding quarter

Group revenue for the quarter rose 5.0% to RM898 million, aided by the stronger performances from its Soft Drinks and Dairies Thailand segment. Soft drinks' higher revenue performance of RM365 million were attributed to continued strong consumer demand for all its product lines. Dairies Thailand stronger revenue of RM288 million was reflective of its continued market leadership position in all its core product categories.

Dairies Malaysia's revenue declined 6.2% as domestic sales continue to be impacted by continuing intense price competition.

Group operating profit expanded 33.8% to RM87 million compared with that of corresponding quarter. The increase was contributed partly by higher sales volume and favourable products recorded by Soft Drinks and Dairies Thailand. Dairies Malaysia posted higher operating profit this quarter despite lower sales. The better result was mainly due to the additional expenses incurred on the storage of useable equipment and accelerated factory building depreciation on the shift from Petaling Jaya to Pulau Indah amounting to RM6.4 million in the corresponding quarter.

The result of the Property segment in the current quarter is attributed to the net gain from the fair value adjustment of investment properties. The Others segment result in the current quarter relate mainly to provision for litigation claims.

Provisional excess claims in the current quarter represented the final insurance claim of RM31 million on the Thailand flood. With this settlement, all outstanding flood related claims are closed.

#### Current financial year vs corresponding financial year

Group revenue rose 10.6% to RM3.5 billion for the financial year mainly contributed by stronger Soft Drinks' performance along with a full year's contribution from Dairies Thailand. Soft Drinks' sale was 7.1% above last year, contributed by higher volume performance from all its product lines, enabling it to maintain its market leadership in the Malaysian Ready to Drink (RTD) market. The newly launched offerings during the financial year, comprising myCola, 100Plus Edge and Oishi, performed within expectations. Dairies Malaysia recorded year on year revenue reduction of 6.3% due to intense price competition. Dairies Thailand performed 39.6% above last year on a full year post flood recovery, which saw it further reinforcing its' market leadership position with effective trade presence and distribution.

Group operating profit rose 35.1% to RM313 million compared with last year. The increase was mainly attributable to higher Soft Drinks' performance along with Dairies Thailand's post-flood recovery profit performance. Dairies Malaysia recorded higher operating profit mainly due to the additional charges incurred in the shift from Petaling Jaya to Pulau Indah amounting to RM27.4 million in the corresponding financial year.

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

2. Comment on material change in profit before taxation vs preceding 3<sup>rd</sup> quarter  
 Profit before taxation in the current quarter was RM87.4 million compared with RM89.4 million in the preceding 3<sup>rd</sup> quarter. This was mainly due to a provision made for litigation claims amounting to RM11.9 million and mitigated by the net gain from fair value adjustment of investment properties amounting to RM9.4 million.

3. Prospects for the new financial year  
 Looking ahead to financial year 2013/2014, the operating environment will remain challenging. The Malaysian and Thai economies in tandem with other Asian economies are expected to grow at a moderate pace due to softer domestic demand and lower export earnings. Global commodity dairy based prices are expected to remain high over the next few months, and the expected volatilities in foreign currencies in particular the US Dollar. However, the Group has a sound balance sheet, strong brand portfolio and unparalleled marketing and distribution assets.

Accordingly, the Board and management are cautiously optimistic of the prospects of the Group and will remain alert and responsive to the operating environment and continue to work towards sustaining the operating performance of the Group.

4. Tax expense  
 The details of the tax expense are as follows:

RM'000	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	2013	2012	2013	2012
Current income tax	5,265	3,969	31,508	29,286
Deferred tax – origination and reversal of temporary differences	6,841	(13,781)	15,554	(73,142)
(Over)/under provision in respect of previous years				
- Income tax	61	(154)	(3,012)	(40)
- Deferred tax	(5,064)	882	4,034	114
	<u>7,103</u>	<u>(9,084)</u>	<u>48,084</u>	<u>(43,782)</u>

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

3. 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:

RM'000	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	2013	2012	2013	2012
Profit before tax	87,400	64,476	308,710	230,208
Tax at Malaysian statutory tax rate of 25%	21,850	16,119	77,178	57,552
Different tax rates in other countries	(1,735)	31	(4,227)	(808)
Effect of changes in foreign income tax rate on deferred tax	60	1,528	60	1,528
Income not subject to tax (tax incentives/exemption)	(4,097)	(11,875)	(26,083)	(29,836)
Expenses not deductible for tax purposes	(708)	1,405	5,487	8,952
Utilisation of previously unrecognised tax losses	(1,005)	(97)	(1,005)	(97)
Deferred tax assets recognised	(5,473)	(17,188)	(5,473)	(80,990)
(Over)/under provision in respect of previous years				
- Income tax	61	(154)	(3,012)	(40)
- Deferred tax	(5,064)	882	4,034	114
Share of results of an associate	(286)	(497)	(1,173)	(1,530)
Others	3,500	762	2,298	1,373
<b>Total income tax expense</b>	<b>7,103</b>	<b>(9,084)</b>	<b>48,084</b>	<b>(43,782)</b>
<b>Effective income tax rate</b>	<b>8.1%</b>	<b>-14.1%</b>	<b>15.6%</b>	<b>-19.0%</b>

5. Status of corporate proposals

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

6. Group borrowings and debt securities

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

RM'000	Currency	Current	Non-current
<u>CP/MTN – RM1 billion</u>			
Commercial paper ("CP")	RM	240,000	-
<u>CP/MTN – RM1.5 billion</u>			
Medium term notes ("MTN")	RM	-	150,000
		240,000	150,000

CP/MTN – RM1 billion

The MTN and CP programmes of up to RM500 million each was issued in 2008 and expire in 2015 and bear interest ranging from 3.35% to 4.38% per annum. The programmes are secured by an unconditional and irrevocable guarantee from the Company. All outstanding borrowings under the MTN programme were repaid in the current financial year. At 30 September 2013, the outstanding amount under the CP programme is repayable within the next twelve months.



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

### 6. Group borrowings and debt securities (cont'd)

#### CP/MTN – RM1.5 billion

A wholly owned subsidiary of the Company, F&N Capital Sdn Bhd (“the Issuer”), had submitted an application to seek the authorisation of the Securities Commission (“SC”) for the proposed issuance of Commercial Papers (“CP”) and Medium Term Notes (“MTN”) (collectively, the “Notes”) pursuant to a CP Programme and a MTN Programme respectively with a nominal value of RM750 million for each Programme. The SC has provided its authorisation via letter dated 2 September 2013 for the Programmes.

Under the Programmes, the Issuer is able to issue up to RM750 million in nominal value of each of the CP and the MTN, which are unconditionally and irrevocably guaranteed by the Company. The CP Programme shall have tenure of seven (7) years from the first issue date of the CP under the CP Programme whilst the MTN Programme shall have tenure of fifteen (15) years from the first issue date of the MTN under the MTN Programme.

The Issuer has on 26 September 2013, successfully issued RM150 million in nominal value of MTN pursuant to the MTN Programme for the purposes of refinancing the F&NHB Group’s existing private debt securities.

The MTN has tenure of five (5) years and will mature on 26 September 2018. The MTN will bear interest rate of 4.38% per annum, payable semi-annually in arrears.

### 7. Pending material litigation

On 23<sup>rd</sup> August 2013, an announcement was made by the Company that the Company has been served with a Writ of Summons and Statement of Claim by BJC-OI Glass Pte Ltd claiming special damages of approximately RM43 million as well as general and consequential damages to be determined by the court.

Management and external legal counsel had studied the claims and believed that adequate provision have been made to cover all material exposures arising from the claims.

Except for the above material litigation, there was no pending litigation of a material nature since the last reporting date.

### 8. Proposed dividend

#### *Final and special dividend*

The Directors recommend a final single tier dividend of 30 sen per share (2012: 23 sen) together with a special single tier dividend of 10 sen per share (2012: 15 sen) for approval by shareholders at the forthcoming Annual General Meeting of the Company. If approved by shareholders, the total dividend for the year would amount to 60 sen per share (2012: 58 sen per share).

**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 4 <sup>th</sup> quarter 2013	Individual 4 <sup>th</sup> quarter 2012	Cumulative 4 <sup>th</sup> quarter 2013	Cumulative 4 <sup>th</sup> quarter 2012
Group attributable profit to shareholders of the Company (RM'000)	80,306	73,599	260,653	274,030
Weighted average number of ordinary shares net of treasury shares ('000)	364,027	361,608	363,593	361,039
Earnings per share (sen)	22.1	20.4	71.7	75.9

- (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 4 <sup>th</sup> quarter 2013	Individual 4 <sup>th</sup> quarter 2012	Cumulative 4 <sup>th</sup> quarter 2013	Cumulative 4 <sup>th</sup> quarter 2012
Group attributable profit to shareholders of the Company (RM'000)	80,306	73,599	260,653	274,030
Weighted average number of ordinary shares net of treasury shares ('000)	364,027	361,608	363,593	361,039
Adjustment for share options granted pursuant to the ESOS/RSP ('000)	1,401	2,198	1,541	2,335
Adjusted weighted average number of ordinary shares net of treasury shares ('000)	365,428	363,806	365,134	363,374
Earnings per share (sen)	22.0	20.2	71.4	75.4

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

10. Disclosure of realised and unrealised portions of the revenue reserve

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:

	30/09/2013 RM'000	30/9/2012 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	782,422	704,864
Unrealised	46,182	58,474
	<u>828,604</u>	<u>763,338</u>
Total share of retained earnings from an associate		
Realised	6,784	5,010
Consolidation adjustments	2,352	19,626
Total Group retained profits as per financial statements	<u>837,740</u>	<u>787,974</u>

11. Notes to the Condensed Consolidated Income Statement

PBT is arrived at after charging/(crediting) the following items:

RM'000	Individual 4 <sup>th</sup> quarter		Cumulative 4 <sup>th</sup> quarter	
	2013	2012	2013	2012
(a) Other income	(2,692)	(5,686)	(3,704)	(10,738)
(b) Depreciation and amortisation	21,881	23,363	88,368	94,453
(c) Impairment of intangible assets	-	-	5,392	-
(d) Impairment of assets	2,397	678	2,397	678
(e) Impairment loss on receivables	(2,219)	(1,351)	720	2,149
(f) Bad debts written off	-	(1,509)	-	-
(g) Provision for inventories	(190)	2,677	2,484	3,184
(h) Inventories written off	4,505	2,391	13,210	47,780
(i) (Gain)/loss on disposal of quoted or unquoted investments	N/A	N/A	N/A	N/A
(j) Net loss on disposal/Write offs of property, plant and equipment/intangible assets	20	31,533	1,276	35,837
(k) Impairment of other assets	N/A	N/A	N/A	N/A
(l) Foreign exchange (gain)/loss	388	3,433	(454)	2,939
(m) (Gain)/Loss on forward foreign exchange contracts	(254)	53	(360)	274

**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 4 <sup>th</sup> quarter 2013	2012	Cumulative 4 <sup>th</sup> quarter 2013	2012
(n) Unusual items:				
- Interim insurance claim	(30,921)	-	(30,921)	(80,699)
- Business interruption insurance claim	(77)	(9,959)	(18,395)	(29,892)
- Provision for litigation claims	11,934	-	11,934	-
- Net gain from fair value adjustment of investment properties	(9,416)	-	(9,416)	-
- Gain arising from loss of control in a former subsidiary	-	-	-	55,301
- Adjustment to gain on disposal of ice cream business in prior year	-	26	-	1,633

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 7 November 2013.