

Financial Results (v12)

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COMPANY INFORMATION SECTION

Announcement Type New Announcement Amended Announcement

Company Name FRASER & NEAVE HOLDINGS BHD

Stock Name F&N

Stock Code 3689

Board Main Market

CONTACT DETAIL

Contact Person	Designation	Contact No	Email Address
FRASER & NEAVE HOLDINGS BHD		019-2829696	mayeen.wong@fn.com.my

MAIN

AUDIT LOGS

General Information

Financial Year End 30 Sep 2017

Quarter 2 Qtr

Quarterly report for the financial period ended 31 Mar 2017

The figures have not been audited

Remarks

Please attach the full Quarterly Report here

No	File Name	Size
1	Q2 FY2017 Financial Results.pdf	767.7KB

DEFAULT CURRENCY

OTHER CURRENCY

Currency Malaysian Ringgit (MYR)

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of the Key Financial Information for the financial period ended 31 Mar 2017

INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD

	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1. Revenue	992,739	1,013,091	2,083,822	2,082,479
2. Profit/(loss) before Tax	116,788	107,612	260,795	279,453
3. Profit/(loss) for the period	107,073	90,569	234,348	242,231
4. Profit/(loss) attributable to ordinary equity holders of the parent	107,079	90,570	234,357	242,232
5. Basic earnings/(loss) per share (Subunit)	29.20	24.70	64.00	66.10
6. Proposed/Declared dividend per share (Subunit)	27.00	27.00	27.00	27.00

AS AT END OF CURRENT QUARTER

AS AT PRECEDING FINANCIAL YEAR END

7. Net assets per share attributable to ordinary equity holders of the parent (\$\$)

5.8800

5.4300

Remarks

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Part A3 : ADDITIONAL INFORMATION (This Information is for Exchange's Internal Use only)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1. Gross interest income	3,689	4,603	7,464	7,998
2. Gross interest expense	3,813	3,718	7,706	6,830

Remarks



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

Level 3A, F&N Point,
No. 3 Jalan Metro Pudu 1,
Fraser Business Park, Off Jalan Yew,
55100 Kuala Lumpur, Malaysia
Tel: 03-92352288 Fax: 03-92227878

For immediate release

QUARTERLY FINANCIAL REPORT

Second Quarter Ended 31 March 2017

The Directors are pleased to release the unaudited quarterly financial report for the quarter and six months ended 31 March 2017.

The contents of the financial report comprise the following attached unaudited condensed consolidated financial statements, explanatory notes and additional disclosures and these must be read in conjunction with the Group's audited financial statements for the year ended 30 September 2016:

- 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

Mayeen Wong May Fun
Secretary

Kuala Lumpur
3 May 2017

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and six months ended 31 March 2017

RM'000	Individual 2 nd quarter			Cumulative 2 nd quarter		
	31/03/2017	31/03/2016	% chg	31/03/2017	31/03/2016	% chg
Revenue	992,739	* 1,013,091	-2.0%	2,083,822	* 2,082,479	0.1%
Cost of sales	(642,597)	(647,202)		(1,343,220)	(1,345,049)	
Gross profit	350,142	365,889	-4.3%	740,602	737,430	0.4%
Other income	(1,530)	(530)		16,084	29,637	
Operating expenses	(236,099)	* (261,225)		(502,224)	* (492,987)	
Operating profit	112,513	104,134	8.0%	254,462	274,080	α -7.2%
Finance income	3,689	4,603		7,464	7,998	
Finance costs	(3,813)	(3,718)		(7,706)	(6,830)	
Share of results of a joint venture #	(196)	(286)		(257)	(460)	
Share of results of an associate ^	4,595	2,879		6,832	4,665	
Profit before tax (PBT)	116,788	107,612	8.5%	260,795	279,453	α -6.7%
Taxation (Schedule G, Note 5)	(9,715)	(17,043)		(26,447)	(37,222)	
Profit after tax (PAT)	107,073	90,569	18.2%	234,348	242,231	-3.3%
Attributable to:						
Equity holders of the Company	107,079	90,570		234,357	242,232	
Non-controlling interests	(6)	(1)		(9)	(1)	
Profit after tax	107,073	90,569		234,348	242,231	
Basic earnings per share (sen) attributable to equity holders of the Company	29.2	24.7		64.0	66.1	
Diluted earnings per share (sen) attributable to equity holders of the Company	29.1	24.6		63.7	65.9	

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 2017.

^ The share of results of an associate for the quarter refers to Cocoland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 31 December 2016 dated 28 February 2017. The cumulative results are the sum total of its quarterly results recognised by the Group for the six months ended 31 December 2016.

* The comparatives for the quarter and six months ended 31 March 2017 have been restated as disclosed in Schedule F, Note 21.

α Excluding the following one-offs, operating profit declined by 0.2% and profit before tax grew marginally by 0.2%.
- the reversal of provision for litigation claims in the first half year ended 31 March 2017;
- the realisation of the foreign exchange gain on the early redemption of the zero-coupon bond by F&N Dairies (Thailand) Limited and recovery of withholding tax on royalties paid, in the corresponding period last year.

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 2016.

Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income

For the quarter and six months ended 31 March 2017

RM'000	Individual 2 nd quarter			Cumulative 2 nd quarter		
	31/03/2017	31/03/2016	% chg	31/03/2017	31/03/2016	% chg
Profit after tax	107,073	90,569	18.2%	234,348	242,231	-3.3%
Other comprehensive income, net of tax:						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	16,042	(30,067)		40,960	(48,470)	
Exchange differences on settlement of a net investment	-	-		-	(33,118)	
	16,042	(30,067)		40,960	(81,588)	
Total comprehensive income	123,115	60,502	103.5%	275,308	160,643	71.4%
Total comprehensive income attributable to:						
Equity holders of the Company	123,121	60,503		275,317	160,644	
Non-controlling interests	(6)	(1)		(9)	(1)	
	123,115	60,502	103.5%	275,308	160,643	71.4%

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 31 March 2017

RM'000	31/03/2017	30/09/2016
Non-current assets		
Property, plant and equipment	1,162,534	1,112,752
Investment properties	49,286	49,286
Properties held for development	55,808	55,317
Investment in a joint venture <i>(Schedule F, Note 8)</i>	88,831	84,303
Investment in an associate <i>(Schedule F, Note 9)</i>	79,341	78,730
Intangible assets	122,492	125,111
Deferred tax assets	26,759	32,034
	1,585,051	1,537,533
Current assets		
Inventories	575,449	517,329
Receivables	620,422	542,949
Tax recoverable	19,224	14,248
Derivative financial assets	10	260
Cash and short term deposits	571,563	593,554
	1,786,668	1,668,340
Total assets	3,371,719	3,205,873
Equity		
Share capital and reserves	2,155,834	1,988,960
Non-controlling interests	193	202
Total equity	2,156,027	1,989,162
Non-current liabilities		
Borrowings	364,322	374,712
Provision for retirement benefits	44,105	41,937
Deferred tax liabilities	30,458	32,638
	438,885	449,287
Current liabilities		
Payables	732,121	723,440
Provisions	-	7,454
Borrowings	32,161	29,885
Provision for taxation	11,628	6,555
Derivative financial liabilities	897	90
	776,807	767,424
Total liabilities	1,215,692	1,216,711
Total equity and liabilities	3,371,719	3,205,873
Net assets per share (RM) attributable to equity holders of the Company	5.88	5.43

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 2016.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2017

RM'000	Cumulative 2 nd quarter	
	31/03/2017	31/03/2016
Operating activities		
Profit before tax	260,795	279,453
Add non-cash items:		
- Depreciation and amortisation	46,921	47,733
- Impairment of property, plant and equipment	-	6
- Impairment loss on receivables	-	105
- Inventories written down	98	1,295
- Inventories written off	2,831	5,939
- Bad debts recovered	(22)	(22)
- Share-based payment transactions expense	3,524	4,285
- Property, plant and equipment written off	644	369
- Reversal of provision for litigation claims	(7,454)	-
- Net loss on disposal of property, plant and equipment	269	109
- Net fair value loss on derivatives	1,058	6,910
- Finance costs	7,706	6,830
- Finance income	(7,464)	(7,998)
- Share of results of a joint venture	257	460
- Share of results of an associate	(6,832)	(4,665)
- Others	621	(1,239)
Changes in working capital #	(123,962)	* (160,386)
Insurance claim received	-	954
Tax paid	(22,920)	(20,969)
Net cash flows generated from operating activities	156,070	159,169
Investing activities		
Interest received	5,061	4,660
Dividend received	-	* 12,053
Loan to a joint venture	(2,000)	-
Proceeds from disposal of property, plant and equipment	178	266
Purchase of property, plant and equipment	(70,750)	(52,281)
Purchase of intangible assets	(134)	(131)
Net cash flows used in investing activities	(67,645)	(35,433)
Financing activities		
Dividend paid	(111,795)	(130,122)
Interest paid	(8,082)	(5,997)
(Repayment)/proceeds of borrowings	(8,114)	109,437
Purchase of shares by Share Grant Plan ("SGP") Trust	(172)	(2,497)
Proceeds from the exercise of the Executives' Share Options Scheme ("ESOS")	-	1,912
Net cash flows used in financing activities	(128,163)	(27,267)
Net (decrease)/increase in cash and cash equivalents	(39,738)	96,469
Effects of foreign exchange rate changes	17,747	(44,354)
Cash and cash equivalents at 1 October	593,554	409,143
Cash and cash equivalents at 31 March	571,563	461,258

* The comparatives for the six months ended 31 March 2017 have been restated as disclosed in Schedule F, note 21.

Included the interest amounting to RM2,785,000 (2016: RM2,902,000) accrued on loan to a joint venture.

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 2016.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows (cont'd)

For the six months ended 31 March 2017

RM'000	Cumulative 2 nd quarter	
	31/03/2017	31/03/2016
Cash and cash equivalents comprise:		
Cash and bank balances	241,381	208,579
Short term deposits with licensed banks with a maturity period of 3 months or less	330,182	252,679
<hr/>		
Cash and short term deposits	571,563	461,258

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

For the six months ended 31 March 2017

<----- Attributable to equity holders of the Company ----->
<----- Non-distributable -----> Distributable

RM'000	Share capital	Share premium	Treasury shares	Shares held by SGP Trust (Note b)	Loss on purchase of shares for SGP (Note c)	Foreign exchange reserve	Share-based payment reserve	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
At 1 October 2016	366,779	449,991	(1,716)	(12,060)	(797)	55,734	15,416	9,934	1,105,679	1,988,960	202	1,989,162
Total comprehensive income	-	-	-	-	-	40,960	-	-	234,357	275,317	(9)	275,308
Transactions with owners:												
Issuance of shares upon exercise of ESOS and SGP	-	-	-	8,987	(1,295)	-	(7,692)	-	-	-	-	-
Purchase of shares by SGP Trust	-	-	-	(172)	-	-	-	-	-	(172)	-	(172)
Employee share-based payment expense	-	-	-	-	-	-	3,524	-	-	3,524	-	3,524
Dividend paid	-	-	-	-	-	-	-	-	(111,795)	(111,795)	-	(111,795)
Transition to no-par value regime on 31 Jan 2017 (Note a)	449,991	(449,991)	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	449,991	(449,991)	-	8,815	(1,295)	-	(4,168)	-	(111,795)	(108,443)	-	(108,443)
At 31 March 2017	816,770	-	(1,716)	(3,245)	(2,092)	96,694	11,248	9,934	1,228,241	2,155,834	193	2,156,027
At 1 October 2015	366,647	447,904	(1,716)	(7,733)	(190)	97,763	13,285	9,934	950,909	1,876,803	204	1,877,007
Total comprehensive income	-	-	-	-	-	(81,588)	-	-	242,232	160,644	(1)	160,643
Transactions with owners:												
Issuance of shares upon exercise of ESOS and SGP	132	2,087	-	7,745	(607)	-	(7,445)	-	-	1,912	-	1,912
Purchase of shares by SGP Trust	-	-	-	(2,497)	-	-	-	-	-	(2,497)	-	(2,497)
Employee share-based payment expense	-	-	-	-	-	-	4,285	-	-	4,285	-	4,285
Dividend paid	-	-	-	-	-	-	-	-	(130,122)	(130,122)	-	(130,122)
Total transactions with owners	132	2,087	-	5,248	(607)	-	(3,160)	-	(130,122)	(126,422)	-	(126,422)
At 31 March 2016	366,779	449,991	(1,716)	(2,485)	(797)	16,175	10,125	9,934	1,063,019	1,911,025	203	1,911,228

Note a: In accordance with section 74 of the Companies Act, 2016, the Company's shares no longer have a par or nominal value with effect from 31 January 2017. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. In accordance with the transitional provisions set out in section 618 of the Companies Act, 2016, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have twenty-four months upon the commencement of Companies Act, 2016 to utilise the credit. During the financial period, the Company has utilised none of the credit of the share premium account which have now become part of the share capital.

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

Note c: 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 2017 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 2017.

2. Basis of preparation

These interim financial statements are unaudited and have been prepared in accordance with applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2016.

The audited consolidated financial statements of the Group for the year ended 30 September 2016 are available upon request from the Company’s registered office at Level 3A, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur, Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2016. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 September 2016.

The accounting policies and presentation applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 30 September 2016.

3. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107 *Disclosure Initiative*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Annual Improvements to MFRSs 2014-2016 Cycle

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

3. Basis of preparation (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- Clarifications to MFRS 15 *Revenue from Contracts with Customers*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4 *Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* *
- Amendments to MFRS 140 *Transfer of Investment Property*
- Annual Improvements to MFRSs 2014-2016 Cycle

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16 *Leases*

MFRSs, interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* not applicable

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 16 *Leases*

MFRS 16 replaces the guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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

4. Auditors' report
 The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.
5. Comment on seasonality or cyclicity of operation
 The Group's performance is normally not affected by seasonal or cyclical events on a year to year basis. However, on a quarter to quarter basis, the demand for certain products such as soft drinks and evaporated milk may be skewed towards major festivities and weather pattern.
6. Unusual items affecting assets, liabilities, equity, net income or cash flows
 There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2017.
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 a joint venture

RM'000	31/03/2017	30/09/2016
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	(7,015)	(6,758)
	<u>(6,515)</u>	<u>(6,258)</u>
Shareholder's loan	126,820	124,820
Interest on shareholder's loan	23,818	21,033
	<u>144,123</u>	<u>139,595</u>
Less: Unrealised profit	(55,292)	(55,292)
	<u><u>88,831</u></u>	<u><u>84,303</u></u>

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

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Total assets	289,199		289,199	280,647
Total liabilities	(302,247)		(302,247)	(293,181)
	<u> </u>		<u> </u>	<u> </u>
Revenue	-	-	-	-
Loss	<u>(392)</u>	<u>(572)</u>	<u>(514)</u>	<u>(920)</u>

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

9. Investment in an associate

RM'000	<u>31/03/2017</u>	<u>30/09/2016</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	43,158	36,326
Dividend received	<u>(32,544)</u>	<u>(26,323)</u>
	<u>79,341</u>	<u>78,730</u>
 Fair value of investment in an associate for which there is published price quotation	 <u>151,174</u>	 <u>120,690</u>

The summarised financial information of the associate is as follows:

RM'000	<u>31/03/2017</u>	<u>30/09/2016</u>
Total assets ^	289,162	264,496
Total liabilities ^	<u>(49,660)</u>	<u>(49,873)</u>

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	<u>31/03/2017</u>	<u>31/03/2016</u>	<u>31/03/2017</u>	<u>31/03/2016</u>
Revenue ^	77,687	73,319	142,747	132,235
Profit ^	<u>16,900</u>	<u>10,590</u>	<u>25,127</u>	<u>17,160</u>

^ The share of results of an associate for the quarter refers to Coccoland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 31 December 2016 dated 28 February 2017.

10. Issuance or repayments of debt/equity securities

There has been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter.

11. Dividends paid

The following dividends were declared and paid by the Company:

	<u>Date of payment</u>	<u>Sen per share</u>	<u>Total amount RM'000</u>
<u>Six months ended 31 March 2017</u>			
Final 2016 ordinary dividends	6 February 2017	30.5	111,795
<u>Six months ended 31 March 2016</u>			
Final 2015 ordinary dividends	4 February 2016	35.5	130,122

Please refer to Schedule G, Note 9 for dividend declared subsequent to 31 March 2017.

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 quarter, preceding and previous quarter are as follows.

RM'000	Revenue				Total
	F&B Malaysia	F&B Thailand	Property	Others	
<u>2nd quarter - 31/03/2017</u>					
Total revenue	543,938	452,411	1,198	29,252	1,026,799
Inter-segment	(2)	(3,908)	(1,017)	(29,133)	(34,060)
External	543,936	448,503	181	119	992,739
<u>2nd quarter - 31/03/2016</u>					
Total revenue	631,561	384,151	1,200	28,581	1,045,493
Inter-segment	(35)	(2,362)	(988)	(29,017)	(32,402)
External	631,526	381,789	212	(436)	1,013,091
<u>1st quarter - 31/12/2016</u>					
Total revenue	647,082	446,089	1,090	31,973	1,126,234
Inter-segment	-	(2,388)	(907)	(31,856)	(35,151)
External	647,082	443,701	183	117	1,091,083
<u>Cumulative 2nd quarter - 31/03/2017</u>					
Total revenue	1,191,020	898,500	2,288	61,225	2,153,033
Inter-segment	(2)	(6,296)	(1,924)	(60,989)	(69,211)
External	1,191,018	892,204	364	236	2,083,822
<u>Cumulative 2nd quarter - 31/03/2016</u>					
Total revenue	1,275,418	815,103	2,295	54,372	2,147,188
Inter-segment	(3,639)	(5,102)	(1,830)	(54,138)	(64,709)
External	1,271,779	810,001	465	234	2,082,479

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 deferred tax assets, cash and short term deposits, joint venture and associate.

RM'000	<u>31/03/2017</u>	<u>30/09/2016</u>
F&B Malaysia	1,634,941	1,562,850
F&B Thailand	825,589	684,636
Property	117,977	117,447
Others	26,718	52,319
	<u>2,605,225</u>	<u>2,417,252</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	<u>31/03/2017</u>	<u>30/09/2016</u>
F&B Malaysia	417,655	464,084
F&B Thailand	352,623	264,834
Property	1,261	2,030
Others	5,584	41,973
	<u>777,123</u>	<u>772,921</u>

13. Significant events

There were no significant events during the quarter.

14. Subsequent events

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

15. Changes in the composition of the Group

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

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.

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

18. Fair value hierarchy

The Group held foreign currency forward contracts carried at fair value based on Level 2: significant observable inputs for identical assets or liabilities as follows:

RM'000	Fair value	
	<u>31/03/2017</u>	<u>30/09/2016</u>
Derivative financial assets	10	260
Derivative financial liabilities	897	90

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

The Group held investment properties amounting to RM49,286,000 (30 September 2016: RM49,286,000) carried at Level 3: significant unobservable inputs.

19. Capital and lease commitments

Capital commitments

The outstanding capital commitments are as follows:

RM'000	<u>31/03/2017</u>	<u>30/09/2016</u>
<u>Property, plant and equipment</u>		
Contracted but not provided for	112,702	51,910
Authorised but not contracted for	289,814	286,137
	<u>402,516</u>	<u>338,047</u>

Lease commitments

The balances of the non-cancellable operating lease rentals payable under rental agreements are as follows:

RM'000	<u>31/03/2017</u>	<u>30/09/2016</u>
<u>Non-cancellable operating lease commitments - Group as lessee</u>		
Future minimum rentals payable:		
- Not later than 1 year	14,221	12,276
- Later than 1 year and not later than 5 years	20,595	23,797
- Later than 5 years	1,107	1,063
	<u>35,923</u>	<u>37,136</u>

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

20. Related party disclosure

Significant related party transactions

Related party transactions had been entered into in the ordinary course of business on normal commercial terms. The following are significant related party transactions:

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
<u>Fraser and Neave, Limited ("F&N Limited") Group</u>				
Sales	(64,679)	(60,672)	(135,642)	(120,267)
Receipt of corporate service fees	-	-	(62)	-
Rental income	(79)	(108)	(189)	(218)
Purchases	48,266	61,368	96,027	123,378
Royalties paid	12,031	13,914	26,450	28,930
Corporate charges paid	-	416	-	1,203
Internal audit fees paid	1,137	-	1,603	-
Other expenses paid	-	1	-	1
<u>Vacaron Company Sdn Bhd</u>				
Sales	-	-	(2)	(2)
Receipt of corporate service fees	(85)	(122)	(169)	(290)
Finance income	(1,385)	(1,438)	(2,785)	(2,902)
Shareholder's loan granted	-	-	2,000	-
<u>Cocoaland Holdings Berhad Group</u>				
Purchases	1,930	1,772	3,374	3,568
<u>Thai Beverage Public Company Limited Group</u>				
Sales	(249)	(146)	(486)	(342)
Receipt of consultation fee	(83)	-	(162)	-
Purchases	2,010	2,111	4,813	4,149
Marketing expenses	12,178	6	19,319	6
<u>Berli Jucker Public Company Limited Group</u>				
Sales	(12,285)	(4)	(21,914)	(290)
Purchases	5,177	12,452	18,634	36,507
Other expenses	99	78	143	130
<u>Other related parties of TCC Group</u>				
Sales	(106)	(435)	(729)	(738)
Purchases	9,046	-	13,437	-
Management fees	468	825	1,485	1,159
Insurance premium paid	2,638	1,907	2,638	3,390
Other expenses	37	7	202	13
<u>Permodalan Nasional Berhad ("PNB") Group *</u>				
Sales	(9,925)	(19,781)	(33,449)	(37,855)
Purchases	11,312	4,056	20,897	17,663
Rental of equipment paid	857	438	1,297	1,061
Other expenses	84	93	156	139
<u>Compensation</u>				
Compensation of key management personnel of the Group	2,635	1,334	7,447	3,904
Directors' fees	596	609	596	623

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

20. Related party disclosure (cont'd)

Related party balances

The related party balances are shown below:

RM'000	<u>31/03/2017</u>	<u>30/09/2016</u>
<u>Amount due from related parties</u>		
F&N Limited Group	61,997	67,203
Vacaron Company Sdn Bhd	150,668	145,958
Thai Beverage Public Company Limited Group	731	888
Other related parties of TCC Group	11,160	1,016
PNB Group	10,410	9,870
<u>Amount due to related parties</u>		
F&N Limited Group	(36,266)	(50,728)
Cocoaland Holdings Berhad Group	(910)	(393)
Thai Beverage Public Company Limited Group	(10,872)	(647)
Berli Jucker Public Company Limited Group	(1,171)	(2,417)
Other related parties of TCC Group	(4,133)	(1,651)
PNB Group	(5,145)	(16,836)

* Permodalan Nasional Berhad ("PNB") is deemed a related party to F&NHB by virtue of PNB holding 37,494,000 shares as of 31 March 2017 through Amanahraya Trustees Berhad, representing 10.23% equity interest in F&NHB and having two nominee directors on the Board of F&NHB.

21. Change in comparatives

The comparatives for the quarter and six months ended 31 March 2017 have been restated as follows:

RM'000	<u>As previously stated</u>	<u>Adjustment (a)</u>	<u>As restated</u>
<u>Income statement:</u>			
<u>For the quarter ended</u>			
<u>31 March 2016</u>			
Revenue	999,167	13,924	1,013,091
Operating expenses	(247,301)	(13,924)	(261,225)
<u>For the six months ended</u>			
<u>31 March 2016</u>			
Revenue	2,052,468	30,011	2,082,479
Operating expenses	(462,976)	(30,011)	(492,987)
<u>Statement of cash flows:</u>			
<u>For the six months ended</u>			
<u>31 March 2016</u>			
Dividend received	1,555	10,498	12,053
Changes in working capital	(149,888)	(10,498)	(160,386)

(a) Being reclassification to conform with current year's presentation.

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

1. Operations review

Current quarter ended 31 March 2017 vs corresponding quarter ended 31 March 2016

Group current quarter revenue declined by 2.0% from RM1,013.1 million to RM992.7 million and Group profit before tax increased by 8.5% from RM107.6 million to RM116.8 million.

F&B Malaysia revenue decreased by 13.9% from RM631.5 million to RM543.9 million compared with the corresponding quarter impacted by weak consumer sentiment and coupled with intense competition amongst food and beverages players in the domestic market. The decline was also due to earlier sell-in for the 2017 Chinese New Year festive season (which took place in the quarter ended 31 December 2016) and partly offset by double digit export sales growth.

F&B Malaysia operating profit reduced by 25.9% from RM64.3 million to RM47.6 million as a result of lower revenue from domestic sales and higher input costs, particularly sugar. The reduction was partly offset by lower trade spending and higher profit from export sales this quarter.

F&B Thailand revenue grew strongly by 17.5% from RM381.8 million to RM448.5 million, boosted by higher demand for its core brands and aided by favourable Ringgit Malaysia/Thai Baht translation.

F&B Thailand operating profit increased by 62.0% from RM41.2 million to RM66.8 million aided by favourable milk-based commodity and packaging costs as well as cautious trade spending.

Half year vs corresponding period last year

Group half year turnover was flat (from RM2,082.5 million to RM2,083.8 million), whilst profit before tax decreased by 6.7% from RM279.5 million to RM260.8 million. Excluding one-offs in the half year and corresponding period last year, profit before tax grew marginally by 0.2% (Schedule A : Unaudited Condensed Consolidated Income Statement, note α).

F&B Malaysia revenue declined by 6.4% from RM1,271.8 million to RM1,191.0 million compared with the corresponding period mainly due to the lower second quarter performance from subdued Chinese New Year festive sales, amidst an increasingly challenging competitive landscape. Consumer sentiment remained weak and higher inflation affected consumer purchasing power. The strong double digit growth in export sales helped ease the decline in domestic sales.

F&B Malaysia operating profit declined by 26.0% from RM145.9 million to RM108.0 million mainly due to lower domestic sales, higher input costs, particularly sugar; and restructuring costs. The decline was partly offset by lower trade spending and higher profit from export sales for the half year.

F&B Thailand revenue grew by 10.1% from RM810.0 million to RM892.2 million, with higher demand for its core products and aided by favourable Ringgit Malaysia/Thai Baht translation. Distribution coverage continues to increase, supported by effective branding and consumer trade campaigns. There was also the recovery of withholding tax on royalties paid in previous years, in the corresponding period last year.

F&B Thailand operating profit increased significantly by 34.4% from RM107.8 million to RM144.8 million in line with higher revenue and aided by favourable input costs.

Others operating loss of RM12.9 million in corresponding period last year turned into an operating income of RM4.0 million in the half year mainly due to the reversal of provision for litigation claims (RM7.5 million) relating to the disposal of the glass containers business. There was also the adjustment on the realisation of the foreign exchange gains/losses on the early redemption of the zero coupon bond by F&N Dairies (Thailand) Limited in the corresponding period last year.

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

2. Comment on material change in Group profit before tax for the quarter ended 31 March 2017 vs preceding 1st quarter ended 31 December 2016

Group revenue for the quarter declined by 9.0% from RM1,091.1 million to RM992.7 million. Correspondingly, Group profit before tax decreased by 18.9% from RM144.0 million to RM116.8 million.

F&B Malaysia revenue decreased by 15.9% from RM647.1 million to RM543.9 million compared to the preceding quarter mainly contributed by earlier sell-in for Chinese New Year festive sales in preceding quarter and lower export sales in the current quarter. Operating profit decreased by 21.1% from RM60.4 million to RM47.6 million from lower revenue and rising input costs.

F&B Thailand revenue grew marginally by 1.1% from RM443.7 million to RM448.5 million, aided by favourable Ringgit Malaysia/Thai Baht translation despite a marginal decline in volume. Operating profit decreased by 14.5% from RM78.1 million to RM66.8 million, impacted by rising input costs particularly packaging costs.

Others segment operating income of RM4.1 million in the preceding quarter turned into an operating loss of RM85,000 in the current quarter mainly due to the reversal of provision for litigation claims (RM7.5 million) in the preceding quarter.

3. Prospects

The economic environment in Malaysia and Thailand are expected to remain soft.

Malaysian business conditions continue to be challenging and consumer sentiment is expected to remain weak. The recent rise in Consumer Price Index has affected purchasing power. This is likely to be exacerbated by continuing intense price competition.

Input costs in subsequent quarters for F&B Thailand and F&B Malaysia are expected to increase following the uptrends in packaging, milk powder and sugar prices.

Despite these challenges, management will continue to be vigilant and responsive to changes in the external environment and take necessary action to maintain sustainable growth in revenue and profitability.

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

4. Profit forecast or profit guarantee

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

5. Taxation

The details of the tax expense are as follows:

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Current income tax	11,836	12,738	23,020	30,383
Deferred tax – origination and reversal of temporary differences (Over)/under provision in respect of previous years	(2,094)	5,001	3,523	7,329
- Income tax	-	(566)	-	(566)
- Deferred tax	(27)	(130)	(96)	76
	<u>9,715</u>	<u>17,043</u>	<u>26,447</u>	<u>37,222</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	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Profit before tax	<u>116,788</u>	<u>107,612</u>	<u>260,795</u>	<u>279,453</u>
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	28,029	25,827	62,591	67,069
Different tax rates in other countries	(3,114)	(1,972)	(6,667)	(5,051)
Income not subject to tax	(15,667)	(15,552)	(34,851)	(34,845)
Expenses not deductible for tax purposes	1,923	8,656	5,606	8,998
Utilisation of previously unrecognised tax losses	-	339	-	(171)
Recognition of previously unrecognised tax losses	(5,401)	-	(5,401)	-
Deferred tax assets not recognised (Over)/under provision in respect of previous years	2,468	1,089	4,340	2,553
- Income tax	-	(566)	-	(566)
- Deferred tax	(27)	(130)	(96)	76
Share of results of a joint venture	47	68	62	110
Share of results of an associate	(1,103)	(691)	(1,640)	(1,120)
Others	2,560	(25)	2,503	169
Total income tax expense	<u>9,715</u>	<u>17,043</u>	<u>26,447</u>	<u>37,222</u>
Effective income tax rate	<u>8.3%</u>	<u>15.8%</u>	<u>10.1%</u>	<u>13.3%</u>

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

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

7. Group borrowings and debt securities
 The details of the Group's borrowings are as follows:

RM'000	Currency	31/03/2017	30/09/2016
<u>Current</u>			
Term loan	THB	32,161	29,885
<u>Non-current</u>			
Medium term notes ("MTN")	RM	300,000	300,000
Term loan	THB	64,322	74,712
		364,322	374,712
		396,483	404,597

On 26 September 2013 and 7 October 2013, a subsidiary of the Company, F&N Capital Sdn Bhd issued MTN of RM150 million each with the tenure of five (5) years from the issue date. These MTN bear interest at rates of 4.38% and 4.24% per annum respectively and payable semi-annually in arrears.

On 1 December 2015, a subsidiary of the Company, F&N Dairies (Thailand) Limited, was granted a term loan facility of Baht 1,000,000,000. This term loan bears interest at rate of 2.35% per annum and payable semi-annually in six instalments over three (3) years.

8. Material litigation
 There is no material litigation to be disclosed in this interim financial statements.

9. Dividend declared subsequent to 31 March 2017
 The Directors are pleased to declare an interim single tier dividend of 27 sen per share (2016: 27 sen) for the financial year ending 30 September 2017. This dividend amounting to approximately RM99.0 million will be paid on 15 June 2017.

The entitlement date for the above dividend shall be 23 May 2017 and a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred to the depositor's securities account before 4.00pm on 23 May 2017 in respect of ordinary transfer; and
- (b) Shares bought on BURSA MALAYSIA SECURITIES BERHAD on a cum entitlement basis according to the Rules of the BURSA MALAYSIA SECURITIES BERHAD.

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

10. Earnings per 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 2 nd quarter		Cumulative 2 nd quarter	
	<u>31/03/2017</u>	<u>31/03/2016</u>	<u>31/03/2017</u>	<u>31/03/2016</u>
Group attributable profit to shareholders of the Company (RM'000)	<u>107,079</u>	<u>90,570</u>	<u>234,357</u>	<u>242,232</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,422	366,407	366,191	366,253
Basic earnings per share (sen)	29.2	24.7	64.0	66.1

- (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 and share grants granted pursuant to the ESOS and SGP.

	Individual 2 nd quarter		Cumulative 2 nd quarter	
	<u>31/03/2017</u>	<u>31/03/2016</u>	<u>31/03/2017</u>	<u>31/03/2016</u>
Group attributable profit to shareholders of the Company (RM'000)	<u>107,079</u>	<u>90,570</u>	<u>234,357</u>	<u>242,232</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,422	366,407	366,191	366,253
Adjustments pursuant to the ESOS/SGP ('000)	<u>1,489</u>	<u>1,509</u>	<u>1,489</u>	<u>1,509</u>
Adjusted weighted average number of ordinary shares net of treasury shares ('000)	<u>367,911</u>	<u>367,916</u>	<u>367,680</u>	<u>367,762</u>
Diluted earnings per share (sen)	29.1	24.6	63.7	65.9

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

11. Disclosure of realised and unrealised portions of the retained earnings

The breakdown of the retained earnings 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:

RM'000	<u>31/03/2017</u>	<u>30/09/2016</u>
Total retained earnings of the Company and its subsidiaries		
- Realised	1,228,473	1,066,563
- Unrealised	(932)	96
	<u>1,227,541</u>	<u>1,066,659</u>
Total share of retained earnings of a joint venture		
- Realised	(8,187)	(7,852)
- Unrealised	1,172	1,094
	(7,015)	(6,758)
Total share of retained earnings of an associate		
- Realised	12,936	12,590
- Unrealised	(2,322)	(2,587)
	10,614	10,003
Consolidation adjustments	(2,899)	35,775
Total Group retained earnings as per financial statements	<u>1,228,241</u>	<u>1,105,679</u>

12. 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>31/03/2017</u>	<u>31/03/2016</u>	<u>31/03/2017</u>	<u>31/03/2016</u>
(a) Depreciation and amortisation	22,675	23,728	46,921	47,733
(b) Reversal of impairment loss on property, plant and equipment	(428)	(471)	(844)	(800)
(c) Reversal of impairment loss on receivables	(1)	(45)	-	(97)
(d) Bad debts recovered	(21)	(1)	(22)	(22)
(e) Inventories written down	84	(90)	98	1,295
(f) Reversal of inventories written down	(4)	-	(133)	(3,795)
(g) Inventories written off	479	3,612	2,831	5,939
(h) Net loss on disposal/write offs of property, plant and equipment/intangible assets	601	289	913	478
(i) Foreign exchange loss/(gain)	3,837	1,933	(666)	(18,813)
(j) Loss on forward foreign exchange contracts	1,395	2,741	1,058	6,910

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

13. 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:

RM'000	<u>31/03/2017</u>	<u>30/09/2016</u>
Forward foreign exchange contracts (Less than 1 year)		
- Notional value	65,999	25,798
- Fair value	<u>(887)</u>	<u>170</u>

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2016:

- (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 six months ended 31 March 2017, the Group recognised a total net loss of RM1,058,000 (2016: net loss of RM6,910,000) 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 2017.