



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

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**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

### Second Quarter Ended 31 March 2019

The Directors are pleased to release the unaudited quarterly financial report for the quarter and six months ended 31 March 2019.

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 2018:

Schedule A : Unaudited Condensed Consolidated Income Statement  
Schedule B : Unaudited Condensed Consolidated Statement of Comprehensive Income  
Schedule C : Unaudited Condensed Consolidated Statement of Financial Position  
Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows  
Schedule E : Unaudited Condensed Consolidated Statement of Changes in Equity  
Schedule F : Selected Explanatory Notes  
Schedule G : Additional Disclosures

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

By Order of the Board  
Kuala Lumpur  
29 April 2019

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

For the quarter and six months ended 31 March 2019

RM'000	Individual 2 <sup>nd</sup> quarter			Cumulative 2 <sup>nd</sup> quarter		
	31/03/2019	31/03/2018 (Restated)	% chg	31/03/2019	31/03/2018 (Restated)	% chg
Revenue	1,025,444	* 959,584	6.9%	2,035,716	* 1,961,432	3.8%
Cost of sales	(710,122)	* (672,600)		(1,400,492)	* (1,388,389)	
Gross profit	315,322	* 286,984	9.9%	635,224	* 573,043	10.9%
Other income	5,582	5,442		8,206	10,586	
Operating expenses	(190,780)	* (192,566)		(361,380)	* (368,908)	
Operating profit	130,124	99,860	30.3%	282,050	214,721	31.4%
Finance income	3,811	3,298		7,248	6,514	
Finance costs	(1,109)	(3,774)		(2,777)	(7,523)	
Share of profit of equity-accounted associate, net of tax ^	2,619	2,733		4,512	4,677	
Share of loss of equity-accounted joint venture, net of tax #	(1,486)	(1,206)		(3,016)	(2,346)	
Profit before tax	133,959	100,911	32.7%	288,017	216,043	33.3%
Tax expense (Schedule G, Note 5)	(29,541)	(8,355)		(60,746)	(16,662)	
<b>Profit for the year</b>	<b>104,418</b>	<b>92,556</b>	<b>12.8%</b>	<b>227,271</b>	<b>199,381</b>	<b>14.0%</b>
<b>Profit for the year attributable to:</b>						
Owners of the Company	104,427	92,565		227,289	199,399	
Non-controlling interests	(9)	(9)		(18)	(18)	
Profit for the year	104,418	92,556		227,271	199,381	
Basic earnings per ordinary share (sen)	28.5	25.3		62.0	54.5	
Diluted earnings per ordinary share (sen)	28.4	25.2		61.8	54.2	

\* The comparatives for the quarter and six months ended 31 March 2019 have been restated as disclosed in Schedule F, Note 21.

^ 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 2018 dated 27 February 2019. The cumulative results are the sum total of its quarterly results recognised by the Group for the six months ended 31 December 2018.

# 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 2019.

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 2018.

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

For the quarter and six months ended 31 March 2019

RM'000	Individual 2 <sup>nd</sup> quarter			Cumulative 2 <sup>nd</sup> quarter		
	31/03/2019	31/03/2018	% chg	31/03/2019	31/03/2018	% chg
Profit for the year	104,418	92,556	12.8%	227,271	199,381	14.0%
<b>Other comprehensive income, net of tax:</b>						
<i>Item that is or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	3,571	(2,191)		2,244	(13,324)	
<b>Total comprehensive income for the year</b>	<b>107,989</b>	<b>90,365</b>	<b>19.5%</b>	<b>229,515</b>	<b>186,057</b>	<b>23.4%</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	107,998	90,374		229,533	186,075	
Non-controlling interests	(9)	(9)		(18)	(18)	
	107,989	90,365	19.5%	229,515	186,057	23.4%

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2018.

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

As at 31 March 2019

RM'000	31/03/2019 (Unaudited)	30/09/2018 (Restated)	1/10/2017 (Restated)
<b>Non-current assets</b>			
Property, plant and equipment	1,302,999	1,281,679	1,193,851
Investment properties	48,775	49,318	49,315
Properties held for development	56,047	56,047	56,047
Intangible assets	121,100	122,289	122,218
Investment in an associate <i>(Schedule F, Note 8)</i>	85,031	84,252	83,768
Investment in a joint venture <i>(Schedule F, Note 9)</i>	89,037	89,094	89,822
Deferred tax assets	5,736	13,070	25,726
	<u>1,708,725</u>	<u>1,695,749</u>	<u>1,620,747</u>
<b>Current assets</b>			
Trade and other receivables	628,302	604,644	620,185
Inventories	537,854	497,165	540,716
Current tax asset	6,979	10,548	25,280
Derivative financial assets	16	60	137
Cash and cash equivalents	505,848	537,092	424,433
	<u>1,678,999</u>	<u>1,649,509</u>	<u>1,610,751</u>
<b>Total assets</b>	<b>3,387,724</b>	<b>3,345,258</b>	<b>3,231,498</b>
<b>Equity</b>			
Share capital and reserves	2,419,215	* 2,305,416	* 2,124,223
Non-controlling interests	117	135	172
<b>Total equity</b>	<b>2,419,332</b>	<b>2,305,551</b>	<b>2,124,395</b>
<b>Non-current liabilities</b>			
Loans and borrowings <i>(Schedule G, Note 7)</i>	102,879	115,153	181,639
Employee benefits	39,509	40,176	38,070
Deferred tax liabilities	28,476	28,716	29,944
	<u>170,864</u>	<u>184,045</u>	<u>249,653</u>
<b>Current liabilities</b>			
Provisions	-	-	7,405
Trade and other payables	670,649	* 627,230	* 637,020
Loans and borrowings <i>(Schedule G, Note 7)</i>	77,160	220,371	197,458
Current tax liabilities	49,250	7,921	14,020
Derivative financial liabilities	469	140	1,547
	<u>797,528</u>	<u>855,662</u>	<u>857,450</u>
<b>Total liabilities</b>	<b>968,392</b>	<b>1,039,707</b>	<b>1,107,103</b>
<b>Total equity and liabilities</b>	<b>3,387,724</b>	<b>3,345,258</b>	<b>3,231,498</b>
Net assets per share (RM) attributable to owners of the Company	<u>6.60</u>	<u>6.29</u>	<u>5.80</u>

\* The comparatives for the six months ended 31 March 2019 have been restated as disclosed in Schedule F, Note 21.

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 2018.

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

For the six months ended 31 March 2019

RM'000	Cumulative 2 <sup>nd</sup> quarter	
	31/03/2019	31/03/2018
<b>Cash flows from operating activities</b>		
Profit before tax	288,017	216,043
Add non-cash items:		
- Depreciation and amortisation	50,313	44,805
- Net reversal of impairment loss on property, plant and equipment	(58)	(150)
- Net impairment loss on receivables	81	143
- Net inventories written down	1,226	2,966
- Inventories written off	4,532	2,209
- Investment property written off	543	-
- Share-based payment transactions expense	110	1,383
- Property, plant and equipment written off	324	1,863
- Net loss on disposal of property, plant and equipment	74	50
- Net fair value loss/(gain) on derivatives	373	(430)
- Finance income	(7,248)	(6,514)
- Finance costs	2,777	7,523
- Share of profit of equity-accounted associate, net of tax	(4,512)	(4,677)
- Share of loss of equity-accounted joint venture, net of tax	3,016	2,346
- Others	(759)	1,244
Changes in working capital #	(26,272)	13,301
Tax paid	(8,804)	(9,746)
<b>Net cash from operating activities</b>	<b>303,733</b>	<b>272,359</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(32)	(190)
Acquisition of property, plant and equipment	(69,189)	(100,292)
Dividend received	3,733	-
Interest received	4,649	3,180
Proceeds from disposal of intangible assets	56	-
Proceeds from disposal of property, plant and equipment	84	350
<b>Net cash used in investing activities</b>	<b>(60,699)</b>	<b>(96,952)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(111,867)	(111,795)
Interest paid	(5,699)	(7,691)
Purchase of shares by Share Grant Plan ("SGP") Trust	(1,877)	-
Proceeds from loans and borrowings	51,440	-
Repayment of loans and borrowings	(207,870)	(17,187)
<b>Net cash used in financing activities</b>	<b>(275,873)</b>	<b>(136,673)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(32,839)</b>	<b>38,734</b>
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>	<b>1,595</b>	<b>(6,224)</b>
<b>Cash and cash equivalents at 1 October</b>	<b>537,092</b>	<b>424,433</b>
<b>Cash and cash equivalents at 31 March</b>	<b>505,848</b>	<b>456,943</b>
Cash and cash equivalents comprise:		
Cash and bank balances	287,859	265,567
Short term deposits with licensed banks with a maturity period of 3 months or less	217,989	191,376
	<b>505,848</b>	<b>456,943</b>

# Included the interest amounting to RM2,959,000 (2018: RM2,855,000) 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 2018.

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

For the six months ended 31 March 2019

RM'000	Attributable to owners of the Company							Distributable		Non-controlling interests	Total equity
	Share capital	Treasury shares	Shares held by SGP Trust (Note a)	Loss on purchase of shares for SGP (Note b)	Translation reserve	Share-based payment reserve	Legal reserve	Retained earnings	Total		
<b>At 30 September 2018, as previously stated</b>	816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,393,615	2,312,336	135	2,312,471
Adjustments from adoption of MFRS 15 *	-	-	-	-	-	-	-	(6,920)	(6,920)	-	(6,920)
<b>At 30 September 2018, restated</b>	816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,386,695	2,305,416	135	2,305,551
Opening balance adjustments from adoption of MFRS 9 *	-	-	-	-	-	-	-	(2,003)	(2,003)	-	(2,003)
<b>At 1 October 2018, restated</b>	816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,384,692	2,303,413	135	2,303,548
<b>Total comprehensive income</b>	-	-	-	-	2,244	-	-	227,289	229,533	(18)	229,515
<b>Transactions with owners:</b>											
Shares vested under SGP	-	-	6,874	(1,185)	-	(5,689)	-	-	-	-	-
Purchase of shares by SGP Trust	-	-	(1,877)	-	-	-	-	-	(1,877)	-	(1,877)
Employee share-based payment expense	-	-	-	-	-	13	-	-	13	-	13
Transfer of treasury shares	-	1,716	(1,716)	-	-	-	-	-	-	-	-
Dividend to owners of the Company	-	-	-	-	-	-	-	(111,867)	(111,867)	-	(111,867)
<b>Total transactions with owners</b>	-	1,716	3,281	(1,185)	-	(5,676)	-	(111,867)	(113,731)	-	(113,731)
<b>At 31 March 2019</b>	816,770	-	(758)	(7,251)	89,659	10,747	9,934	1,500,114	2,419,215	117	2,419,332
<b>At 1 October 2017, as previously stated</b>	816,770	(1,716)	(12,079)	(2,092)	85,910	16,940	9,934	1,218,891	2,132,558	172	2,132,730
Adjustments from adoption of MFRS 15 *	-	-	-	-	-	-	-	(8,335)	(8,335)	-	(8,335)
<b>At 1 October 2017, restated</b>	816,770	(1,716)	(12,079)	(2,092)	85,910	16,940	9,934	1,210,556	2,124,223	172	2,124,395
<b>Total comprehensive income</b>	-	-	-	-	(13,324)	-	-	199,399	186,075	(18)	186,057
<b>Transactions with owners:</b>											
Shares vested under SGP	-	-	10,878	(3,974)	-	(6,904)	-	-	-	-	-
Shares granted under SGP	-	-	-	-	-	673	-	-	673	-	673
Dividend to owners of the Company	-	-	-	-	-	-	-	(111,795)	(111,795)	-	(111,795)
<b>Total transactions with owners</b>	-	-	10,878	(3,974)	-	(6,231)	-	(111,795)	(111,122)	-	(111,122)
<b>At 31 March 2018</b>	816,770	(1,716)	(1,201)	(6,066)	72,586	10,709	9,934	1,298,160	2,199,176	154	2,199,330

\* Please refer to Schedule F, Note 21.

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

Note b: Upon vesting of share awards, there will be a difference between total purchase price paid by SGP Trust to acquire the shares from the open market and the fair value of the share awards granted to employees of subsidiaries. This difference will be consolidated into Group's consolidated financial statements as a deduction from equity and classified as "loss on purchase of shares for SGP" reserve.

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 2018.

## 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 2019 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 29 April 2019.

### 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 2018.

The audited consolidated financial statements of the Group for the year ended 30 September 2018 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 2018. 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 2018.

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 2018, except for the adoption of the following new and amended MFRS, and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 October 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

\* not applicable

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

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

#### 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, impairment of financial assets and on hedge accounting.

The Group has established a structured implementation programme which includes establishing a project team, training programme and undertaking impact assessment to ensure readiness and smooth implementation of MFRS 9.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The Group has concluded that the application of the new classification requirement does not have any material impact on accounting for its financial assets.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances will be measured on either 12-month ECLs or lifetime ECLs.

With the adoption of MFRS 9 by following the ECL model, the impairment loss of trade and other receivables has increased by RM2,003,000 as at 1 October 2018. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus this impairment loss is adjusted to the opening retained earnings as of 1 October 2018. The financial effects on initial adoption of MFRS 9 are shown in Schedule F, Note 21.

#### MFRS 15 Revenue from Contracts with Customers

MFRS 15 sets a new guidance for revenue accounting. It supersedes MFRS 111 *Construction Contracts*, MFRS 118 and all revenue-related interpretations: 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 has established a structured implementation programme which includes training programme, reviewing of contracts, undertaking impact assessment, changes to system and process, as well as engaging with relevant experts within the Group. The Group has established a steering committee and a cross-functional project team comprising members from the finance function, commercial operations and other relevant functions to manage the implementation of MFRS 15.

Prior to MFRS 15, the Group's contracts with customers contain product sales and also consideration payable to customers. Each of these components is either recognised as revenue or operating expenses. With the adoption of MFRS 15, the consideration payable to customers which are previously recognised as expenses would be required to be recognised as part of the transaction price and hence to be reclassified to net off against revenue. The Group has elected to apply MFRS 15 retrospectively during the current period. The financial effects on initial adoption of MFRS 15 are shown in Schedule F, Note 21.



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

### 3. Standards issued but not yet effective

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

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

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
- Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to MFRS 119 *Employee Benefits*
- Annual Improvements to MFRSs 2015-2017 Cycle

#### MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3 *Business Combinations*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

#### MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17 *Insurance Contracts* \*

#### 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 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 has established a structured implementation programme which includes establishing a project team, training programme, review of lease agreements, undertaking impact assessment and changes to system and process to ensure readiness and smooth implementation of MFRS 16.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating 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 2019.

7. Significant estimates and changes in estimates

There were no significant estimates or changes in estimates that have had any material effect on the results of the current quarter.

8. Investment in an associate

RM'000	<u>31/03/2019</u>	<u>30/09/2018</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	60,668	56,156
Dividend received	(44,364)	(40,631)
	<u>85,031</u>	<u>84,252</u>

Fair value of investment in an associate for which there is published price quotation

	<u>121,312</u>	<u>133,755</u>
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The summarised financial information of the associate is as follows:

RM'000	<u>31/03/2019</u>	<u>30/09/2018</u>
Total assets	288,733	283,657
Total liabilities	(42,788)	(40,573)

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	<u>31/03/2019</u>	<u>31/03/2018</u>	<u>31/03/2019</u>	<u>31/03/2018</u>
Revenue	61,253	76,310	126,752	140,007
Profit	<u>9,633</u>	<u>10,051</u>	<u>16,594</u>	<u>17,201</u>

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

9. Investment in a joint venture

RM'000	31/03/2019	30/09/2018
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	(18,415)	(15,399)
	(17,915)	(14,899)
Shareholder's loan	126,820	126,820
Interest on shareholder's loan	35,424	32,465
	144,329	144,386
Less: Unrealised profit	(55,292)	(55,292)
	89,037	89,094

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

RM'000	31/03/2019	30/09/2018
Total assets	289,072	289,136
Total liabilities	(324,922)	(318,954)

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Revenue	-	-	-	-
Loss	(2,971)	(2,412)	(6,031)	(4,692)

10. Issuance or repayments of debt/equity securities

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

11. Dividends paid

The following dividends were declared and paid by the Company:

RM'000	Date of payment	Sen per share	Total amount
<u>Six months ended 31 March 2019</u>			
Final 2018 ordinary dividends	15 February 2019	30.5	111,867
<u>Six months ended 31 March 2018</u>			
Final 2017 ordinary dividends	9 February 2018	30.5	111,795

Please refer to Schedule G, Note 9 for dividend declared subsequent to 31 March 2019.

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

12. Segmental information

**Segment results**

For management purposes, the Group's operating businesses are organised according to products and services, namely Food and Beverages Malaysia ("F&B Malaysia"), Food and Beverages Thailand ("F&B Thailand"), Property and Others segments. Segment performance is evaluated based on operating profit. Inter-segment transactions and pricing arrangements, where applicable, are determined on a commercial basis. The results by segments for the current, preceding and last year same quarter are as follows.

RM'000	Revenue				Total
	F&B Malaysia	F&B Thailand	Property	Others	
<b><u>2<sup>nd</sup> quarter - 31/03/2019</u></b>					
Total revenue	541,548	486,900	844	21,562	1,050,854
Inter-segment	-	(3,285)	(599)	(21,526)	(25,410)
External	541,548	483,615	245	36	1,025,444
<b><u>2<sup>nd</sup> quarter - 31/03/2018 (Restated)</u></b>					
Total revenue	546,368	415,254	752	20,556	982,930
Inter-segment	(26)	(2,298)	(533)	(20,489)	(23,346)
External	* 546,342	* 412,956	219	67	959,584
<b><u>1<sup>st</sup> quarter - 31/12/2018</u></b>					
Total revenue	553,449	460,682	779	24,145	1,039,055
Inter-segment	-	(4,166)	(535)	(24,082)	(28,783)
External	553,449	456,516	244	63	1,010,272
<b><u>Cumulative 2<sup>nd</sup> quarter - 31/03/2019</u></b>					
Total revenue	1,094,997	947,582	1,623	45,707	2,089,909
Inter-segment	-	(7,451)	(1,134)	(45,608)	(54,193)
External	1,094,997	940,131	489	99	2,035,716
<b><u>Cumulative 2<sup>nd</sup> quarter - 31/03/2018 (Restated)</u></b>					
Total revenue	1,102,437	863,234	1,668	44,412	2,011,751
Inter-segment	(26)	(4,788)	(1,223)	(44,282)	(50,319)
External	* 1,102,411	* 858,446	445	130	1,961,432





**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 investments in associate and joint venture, deferred tax assets, current tax asset and cash and cash equivalents.

RM'000	31/03/2019	30/09/2018
F&B Malaysia	1,743,302	1,753,746
F&B Thailand	823,027	728,893
Property	116,987	117,574
Others	11,777	10,989
	<u>2,695,093</u>	<u>2,611,202</u>

**Segment liabilities**

The total of segment liabilities is measured based on all liabilities excluding loans and borrowings, deferred tax liabilities and current tax liabilities.

RM'000	31/03/2019	30/09/2018 (Restated)	1/10/2017 (Restated)
F&B Malaysia	376,425	* 360,340	* 394,805
F&B Thailand	330,646	301,323	282,117
Property	732	814	1,143
Others	2,824	5,069	5,977
	<u>710,627</u>	<u>667,546</u>	<u>684,042</u>

\* The comparatives for the quarter and six months ended 31 March 2019 have been restated as disclosed in Schedule F, Note 21.

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>31/03/2019</u>	<u>30/09/2018</u>
Derivative financial assets	16	60
Derivative financial liabilities	<u>469</u>	<u>140</u>

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

The Group held investment properties amounting to RM48,775,000 (2018: RM49,318,000) carried at Level 3: significant unobservable inputs.

19. Capital and lease commitments

**Capital expenditure commitments**

The outstanding capital commitments are as follows:

RM'000	<u>31/03/2019</u>	<u>30/09/2018</u>
<u>Property, plant and equipment</u>		
Contracted but not provided for	162,543	149,617
Authorised but not contracted for	<u>119,360</u>	<u>122,384</u>
	<u>281,903</u>	<u>272,001</u>

**Lease commitments**

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

RM'000	<u>31/03/2019</u>	<u>30/09/2018</u>
<u>Non-cancellable operating lease commitments - Group as lessor</u>		
Future minimum rentals receivable:		
- Less than one year	934	873
- Between one and five years	<u>507</u>	<u>379</u>
	<u>1,441</u>	<u>1,252</u>
<u>Non-cancellable operating lease commitments - Group as lessee</u>		
Future minimum rentals payable:		
- Less than one year	17,522	19,158
- Between one and five years	11,724	14,525
- More than five years	<u>957</u>	<u>989</u>
	<u>30,203</u>	<u>34,672</u>



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

20. Related party disclosures

**Significant related party transactions**

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

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
<u>Fraser and Neave, Limited ("F&amp;N Limited") Group</u>				
Sales	63,559	65,355	122,610	134,856
Purchases	(50,898)	(53,465)	(95,904)	(84,745)
Royalties paid	(13,464)	(12,975)	(27,268)	(26,260)
<u>Vacaron Company Sdn Bhd</u>				
Finance income	1,463	1,439	2,959	2,855
<u>Cocoaland Holdings Berhad Group</u>				
Purchases	(7)	(1,699)	(12)	(2,994)
Dividend income	-	8,087	3,733	8,087
<u>Thai Beverage Public Company Limited Group</u>				
Purchases	(283)	(633)	(1,616)	(1,867)
Marketing expenses	(4,828)	(7,759)	(8,682)	(10,278)
<u>Berli Jucker Public Company Limited Group</u>				
Sales	15,037	12,759	30,408	27,841
Purchases	(8,504)	(11,372)	(15,806)	(17,906)
Other expenses	(2,639)	(70)	(5,058)	(145)
<u>Other related parties of TCC Group</u>				
Purchases	(10,842)	(10,283)	(21,955)	(21,305)
Management fees	(920)	(492)	(1,436)	(1,595)
Insurance premium paid	(1,444)	(2,429)	(1,560)	(2,547)
<u>Compensation</u>				
Compensation of key management personnel of the Group	(3,310)	(2,918)	(6,893)	(7,918)
Directors' fees and remuneration	(245)	(442)	(531)	(442)

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

20. Related party disclosures (cont'd)

**Related party balances**

The related party balances are shown below:

RM'000	<u>31/03/2019</u>	<u>30/09/2018</u>
<u>Amount due from related parties</u>		
F&N Limited Group	45,948	69,177
Vacaron Company Sdn Bhd	162,318	159,295
Cocoaland Holdings Berhad Group	4	4
Thai Beverage Public Company Limited Group	6,182	8,887
Berli Jucker Public Company Limited Group	11,072	8,988
Other related parties of TCC Group	23	26
<u>Amount due to related parties</u>		
F&N Limited Group	(37,383)	(26,601)
Frasers Property Limited Group	(1)	(12)
Cocoaland Holdings Berhad Group	(1)	(8)
Thai Beverage Public Company Limited Group	(4,598)	(5,859)
Berli Jucker Public Company Limited Group	(2,710)	(4,109)
Other related parties of TCC Group	(7,091)	(3,617)

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

21. Change in comparatives

The comparatives for the quarter and six months ended 31 March 2019 have been restated as follows:

RM'000	As previously stated	Adjustments (a) MFRS 9	(b) MFRS 15	As restated
<b><u>Consolidated income statement:</u></b>				
<i><u>For the quarter ended 31 March 2018</u></i>				
Revenue	1,014,542	-	(54,958)	959,584
Cost of sales	(673,958)	-	1,358	(672,600)
Operating expenses	(246,166)	-	53,600	(192,566)
<i><u>For the six months ended 31 March 2018</u></i>				
Revenue	2,083,472	-	(122,040)	1,961,432
Cost of sales	(1,390,853)	-	2,464	(1,388,389)
Operating expenses	(488,484)	-	119,576	(368,908)
<b><u>Consolidated statement of financial position:</u></b>				
<i><u>As at 30 September 2018</u></i>				
Trade and other payables	620,310	-	6,920	627,230
Share capital and reserves	2,312,336	-	(6,920)	2,305,416
Retained earnings	1,393,615	-	(6,920)	1,386,695
<i><u>As at 1 October 2017</u></i>				
Trade and other payables	628,685	-	8,335	637,020
Share capital and reserves	2,132,558	-	(8,335)	2,124,223
<b><u>Consolidated statement of changes in equity:</u></b>				
<i><u>As at 1 October 2018</u></i>				
Retained earnings	1,393,615	(2,003)	(6,920)	1,384,692
<i><u>As at 1 October 2017</u></i>				
Retained earnings	1,218,891	-	(8,335)	1,210,556
<b><u>Segment revenue:</u></b>				
<i><u>For the quarter ended 31 March 2018</u></i>				
F&B Malaysia	581,800	-	(35,458)	546,342
F&B Thailand	432,456	-	(19,500)	412,956
<i><u>For the six months ended 31 March 2018</u></i>				
F&B Malaysia	1,182,205	-	(79,794)	1,102,411
F&B Thailand	900,692	-	(42,246)	858,446
<b><u>Segment liabilities:</u></b>				
<i><u>As at 30 September 2018</u></i>				
F&B Malaysia	353,420	-	6,920	360,340
<i><u>As at 1 October 2017</u></i>				
F&B Malaysia	386,470	-	8,335	394,805

(a) Adjustments pursuant to the adoption of MFRS 9 Financial Instruments.

(b) Adjustments pursuant to the adoption of MFRS 15 Revenue from Contracts with Customers.

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

### 1. Operations review

#### Current quarter ended 31 March 2019 vs corresponding quarter ended 31 March 2018

Group revenue for the current quarter grew by 6.9%, from RM959.6 million to RM1,025.4 million. Group profit before tax rose by 32.7% from RM100.9 million to RM134.0 million.

- F&B Malaysia

F&B Malaysia current quarter sales volume grew by 6.5% with healthy contribution from beverages offset by softer canned milk sales. Strong Chinese New Year festive activations and promotions and improvement in the route-to-market in East Malaysia spurred growth in the domestic market, particularly for beverages.

Export volume ex-Malaysia also grew in the 2<sup>nd</sup> quarter as sales to Middle East, Northern Africa and ASEAN countries are gaining traction.

Revenue however declined marginally by 0.9% from RM546.3 million to RM541.5 million, due to higher trade promotions and softer canned milk sales.

F&B Malaysia operating profit has declined by 29.4% from RM39.9 million to RM28.2 million mainly due to:

- (i) lower canned milk contribution;
- (ii) higher marketing spending;
- (iii) higher packaging material costs; and
- (iv) offset by favourable input costs mainly for sugar, palm oil and dairy-based commodity.

- F&B Thailand

F&B Thailand revenue grew by 17.1% from RM413.0 million to RM483.6 million due to successful execution of push and pull programs in all sales channels in the domestic and Indochina market and higher sell-in for Songkran festive season.

In tandem with higher revenue, operating profit for F&B Thailand increased by 55.6% from RM66.2 million to RM103.0 million mainly as a result of:

- (i) favourable input costs; and
- (ii) one-off income amounting to RM3.7 million in the current quarter.

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

### 1. Operations review (cont'd)

#### *Half year vs corresponding period last year*

Group revenue for the first half ended 31 March 2019 grew by 3.8% from RM1,961.4 million to RM2,035.7 million and Group profit before tax rose by 33.3% from RM216.0 million to RM288.0 million.

- F&B Malaysia

F&B Malaysia sales volume grew by 2.9% due to higher sales for beverages. Revenue however, recorded a marginal decline of 0.7% to RM1,095.0 million compared with the corresponding period last year mainly attributed to the softer canned milk business.

Domestic market for beverages gained momentum with more activations and impactful campaigns for the Chinese New Year festive season as well as the strengthening and deepening the route-to-market, especially in East Malaysia. Exports ex-Malaysia was impacted by the absence of a one-off contract packing business.

F&B Malaysia operating profit declined marginally by 0.5% to RM80.6 million due to softer canned milk contribution, higher trade promotions, marketing spend and distribution costs offset by net favourable input and packaging costs.

- F&B Thailand

Aided by stronger growth in the 2<sup>nd</sup> quarter, F&B Thailand first half year revenue grew by 9.5% to RM940.1 million. Successful marketing and branding initiatives to deepen and widen the sales channel for domestic and Indochina markets, along with capacity expansion, supported the growth in revenue.

F&B Thailand operating profit improved by 45.6% to RM202.2 million contributed by higher revenue, net favourable input and packaging costs and one-off income amounting to RM3.8 million in the first half.

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

### 2. Comment on material change in Group profit before tax for the quarter ended 31 March 2019 vs preceding 1<sup>st</sup> quarter ended 31 December 2018

Current quarter Group revenue grew by 1.5% from RM1,010.3 million to RM1,025.4 million compared to preceding quarter. However, Group profit before tax declined by 13.0% from RM154.1 million to RM134.0 million compared to preceding quarter.

- F&B Malaysia

F&B Malaysia revenue declined by 2.2% to RM541.5 million compared to the preceding quarter mainly due to earlier Chinese New Year sell-in for the 1<sup>st</sup> quarter.

Correspondingly, F&B Malaysia operating profit declined by 46.3% to RM28.2 million from lower revenue offset by net favourable input and packaging material costs and higher trade promotions and marketing spend for the festive season.

- F&B Thailand

F&B Thailand revenue increased by 5.9% to RM483.6 million compared to the preceding quarter largely due to successful sales execution in the domestic and Indochina markets.

F&B Thailand operating profit improved by 3.8% to RM103.0 million assisted by net favourable input and packaging material cost and lower marketing spend in the current quarter due to phasing of marketing campaigns.

### 3. Prospects

The overall domestic market for Malaysia is expected to remain challenging given the intensifying competition especially in the canned milk segment. The postponement of the imposition of excise duty on sugar sweetened beverages to 1st July 2019 instead of the initial proposed date of 1st April 2019 would help us better manage the impact on the affected product categories for the financial year and to offer more extensive portfolio of healthier options.

The prospects for Thailand are expected to be better, following improvement in both sweetened and unsweetened condensed milk segment. However, management will increase investment in brand building to strengthen our product portfolio in the second half of the financial year.

The Group will prioritise on strengthening its commercial strategies, route-to-market execution, accelerating innovations and improving operational efficiencies across the business to generate profitable and sustainable growth. The management will also focus efforts on expanding the global reach for the Exports pillar by increasing our presence in new markets.

Raw and packaging material prices in subsequent quarters are expected to remain volatile. The Group has hedged its core commodity requirements with the corresponding foreign currency exposure wherever possible.

The Board and management will continue to be vigilant and to explore new growth opportunities in managing the changes in external environment.

### 4. Profit forecast or profit guarantee

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

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

5. Tax expense

The details of the tax expense are as follows:

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Current income tax	27,412	7,674	53,621	13,637
Deferred tax – origination and reversal of temporary differences	2,061	1,449	6,978	4,760
Under/(Over)provision in respect of previous years	-	-	-	(28)
- Income tax	68	(768)	147	(1,707)
- Deferred tax	29,541	8,355	60,746	16,662

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 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Profit before tax	133,959	100,911	288,017	216,043
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	32,150	24,218	69,124	51,850
Effect of tax rates in foreign jurisdictions	(4,623)	(3,046)	(9,208)	(6,338)
Tax exempt income	1,661	(14,912)	(56)	(31,133)
Non-deductible expenses	1,007	2,545	1,482	2,836
Utilisation of previously unrecognised tax losses	(420)	(173)	(420)	(546)
Recognition of previously unrecognised tax losses	-	(742)	-	(1,420)
Deferred tax assets recognised	(379)	-	(500)	-
Deferred tax assets not recognised	-	1,588	-	3,333
Under/(Over) provided in prior years	68	(768)	147	(1,735)
Foreign withholding tax	349	-	536	-
Share of results of an associate	(629)	(655)	(1,083)	(1,122)
Share of results of a joint venture	357	289	724	563
Others	-	11	-	374
<b>Total income tax expense</b>	<b>29,541</b>	<b>8,355</b>	<b>60,746</b>	<b>16,662</b>
<b>Effective income tax rate</b>	<b>22.1%</b>	<b>8.3%</b>	<b>21.1%</b>	<b>7.7%</b>

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

6. Status of corporate proposals

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

7. Loans and borrowings

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

RM'000	Currency	31/03/2019	30/09/2018
<u>Non-current (unsecured)</u>			
Term loan	THB	102,879	115,153
<u>Current (unsecured)</u>			
MTN	RM	-	150,000
Term loan	THB	77,160	70,371
		77,160	220,371
		180,039	335,524

Commercial Paper ("CP")/MTN of RM1,500,000,000

A subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), is able to issue up to RM750,000,000 in nominal value under each of the CP and the MTN programmes respectively, which are unconditionally and irrevocably guaranteed by the Company. The CP has a tenure of seven (7) years from the first issue date of the CP under the CP Programme whilst the MTN has a tenure of fifteen (15) years from the first issue date under the MTN Programme.

The Issuer had on 7 October 2013 issued MTN of RM150,000,000 with the tenure of five (5) years from the issue date. This MTN bearing interest at rate of 4.24% per annum was repaid in the current period and there is no outstanding balance as at 31 March 2019 in respect of this CP/MTN programme.

As at 31 March 2019, the unutilised CP/MTN facility available for use amounted to RM1,500,000,000 (2018: RM1,350,000,000).

Term loan of Thai Baht 1,000,000,000

On 1 December 2015 and 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDDT"), was granted term loans of Thai Baht 1,000,000,000 each with the tenure of three (3) years from the issued date and interest rates of 2.35% and 2.44% per annum respectively. Term loan amounting to Thai Baht 450,000,000 was repaid during the current period.

On 6 June 2018 and 10 January 2019, FNDDT was granted short-term loans of Thai Baht 200,000,000 and 400,000,000 with the tenure of six (6) months and interest rates of 1.83% and 2.20% per annum respectively. Term loan amounting to Thai Baht 200,000,000 was repaid during the current period.

8. Material litigation

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



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

9. Dividend declared subsequent to 31 March 2019

The Directors are pleased to declare an interim single tier dividend of 27 sen per share (2018: 27 sen) for the financial year ending 30 September 2019. This dividend amounting to approximately RM99.0 million will be paid on 13 June 2019.

The entitlement date for the above dividend shall be 23 May 2019 and a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.00pm on 23 May 2019 in respect of ordinary transfer; and
- (b) Shares bought on BURSA MALAYSIA SECURITIES BERHAD on a cum entitlement basis according to the Rules of the BURSA MALAYSIA SECURITIES BERHAD.

10. Earnings per ordinary share (EPS)

- (a) The calculation of basic earnings per ordinary share at 31 March 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Profit for the year attributed to owners of the Company	104,427	92,565	227,289	199,399
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,973	366,072	366,743	365,862
Basic earnings per ordinary share (sen)	28.5	25.3	62.0	54.5

- (b) The calculation of diluted earnings per ordinary share at 31 March 2019 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Profit for the year attributed to owners of the Company	104,427	92,565	227,289	199,399
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,973	366,072	366,743	365,862
Adjustments pursuant to the SGP ('000)	1,044	1,795	1,044	1,795
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	368,017	367,867	367,787	367,657
Diluted earnings per ordinary share (sen)	28.4	25.2	61.8	54.2

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

11. Notes to the Condensed Consolidated Income Statement

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

RM'000	Individual 2 <sup>nd</sup> quarter		Cumulative 2 <sup>nd</sup> quarter	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
(a) Depreciation and amortisation	25,029	22,287	50,313	44,805
(b) Net reversal of impairment loss on property, plant and equipment	(29)	(74)	(58)	(150)
(c) Net (reversal of impairment loss on receivables)/impairment loss on receivables	(50)	143	81	143
(d) Bad debts recovered	(34)	(1)	(34)	(2)
(e) Bad debts written off	-	-	-	-
(f) Net inventories written down/(reversal of inventories written down)	1,231	(233)	1,226	2,966
(g) Inventories written off	3,257	1,145	4,532	2,209
(h) Net loss on disposal/write-offs of property, plant and equipment	218	830	398	1,913
(i) Net loss on foreign exchange	1,500	10,251	1,195	11,630
(j) Net fair value (gain)/loss on derivatives	(16)	(709)	373	(430)

12. Outstanding derivatives

(a) Outstanding derivatives consist of foreign exchange contracts which are measured at fair value together with their corresponding notional value amounts as follows:

RM'000	31/03/2019	30/09/2018
Forward foreign exchange contracts (Less than 1 year)		
- Notional value	45,938	20,673
- Fair value	(453)	(80)

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2018:

- (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 2019, the Group recognised a total net loss of RM373,000 (2018: net gain of RM430,000) 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 2019.