

**Financial Results (v13)**

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**RELEASED**

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<b>COMPANY INFORMATION SECTION</b>			
<b>Announcement Type</b>	<input checked="" type="radio"/> New Announcement <input type="radio"/> Amended Announcement		
<b>Company Name</b>	FRASER & NEAVE HOLDINGS BHD		
<b>Stock Name</b>	F&N		
<b>Stock Code</b>	3689		
<b>Board</b>	Main Market		

<b>CONTACT DETAIL</b>			
<b>Contact Person</b>	<b>Designation</b>	<b>Contact No</b>	<b>Email Address</b>
FRASER & NEAVE HOLDINGS BHD		012-2337664	timothy.ooi@fn.com.my

<b>MAIN</b>			
<b>General Information</b>			
<b>Financial Year End</b>	30 Sep 2020		
<b>Quarter</b>	3 Qtr		
<b>Quarterly report for the financial period ended</b>	30 Jun 2020		
<b>The figures</b>	have not been audited		
<b>Remarks</b>			
<b>Please attach the full Quarterly Report here</b>	<b>No</b>	<b>File Name</b>	<b>Size</b>
	1	<a href="#">FNHB-Interim results Q3FY2020.pdf</a>	465.4KB

**DEFAULT CURRENCY**

<b>Currency</b>	Malaysian Ringgit (MYR)
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**Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION**

<b>Summary of the Key Financial Information for the financial period ended</b>	30 Jun 2020
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	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2020 [dd/mm/yyyy] \$\$'000	30 Jun 2019 [dd/mm/yyyy] \$\$'000	30 Jun 2020 [dd/mm/yyyy] \$\$'000	30 Jun 2019 [dd/mm/yyyy] \$\$'000
<b>1. Revenue</b>	918,072	1,066,336	3,034,810	3,102,052
<b>2. Profit/(loss) before Tax</b>	119,998	155,488	414,648	443,505
<b>3. Profit/(loss) for the period</b>	93,846	114,936	324,367	342,207
<b>4. Profit/(loss) attributable to ordinary equity holders of the parent</b>	93,853	114,944	324,391	342,233
<b>5. Basic earnings/(loss) per share (Subunit)</b>	25.60	31.30	88.50	93.30
<b>6. Proposed/Declared dividend per share (Subunit)</b>	0.00	0.00	27.00	27.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
<b>7. Net assets per share attributable to ordinary equity holders of the parent (\$\$)</b>	7.2200		6.9000	
<b>Remarks</b>				

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
	30 Jun 2020 [dd/mm/yyyy]	30 Jun 2019 [dd/mm/yyyy]	30 Jun 2020 [dd/mm/yyyy]	30 Jun 2019 [dd/mm/yyyy]

	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1. Gross interest income	824	3,955	4,513	11,203
2. Gross interest expense	1,117	1,143	3,826	3,920
Remarks				

**OTHER CURRENCY**

Other Currency				
Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of the Key Financial Information for the financial period ended	30 Jun 2020			
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue				
2. Profit/(loss) before Tax				
3. Profit/(loss) for the period				
4. Profit/(loss) attributable to ordinary equity holders of the parent				
5. Basic earnings/(loss) per share (Subunit)				
6. Proposed/Declared dividend per share (Subunit)				
	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 (\$\$)				
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

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
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
<b>1. Gross interest income</b>				
<b>2. Gross interest expense</b>				
<b>Remarks</b>				

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

### 3<sup>rd</sup> Quarter Ended 30 June 2020

The Directors are pleased to release the unaudited quarterly financial report for the quarter and nine months ended 30 June 2020.

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 2019:

- 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  
4 August 2020

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

For the quarter and nine months ended 30 June 2020

RM'000	Individual 3 <sup>rd</sup> quarter			Cumulative 3 <sup>rd</sup> quarter		
	30/06/2020	30/06/2019	% chg	30/06/2020	30/06/2019	% chg
Revenue	918,072	1,066,336	-13.9%	3,034,810	3,102,052	-2.2%
Cost of sales	(639,836)	(739,082)		(2,090,157)	(2,139,574)	
Gross profit	278,236	327,254	-15.0%	944,653	962,478	-1.9%
Other income	97	4,120		14,961	12,326	
Operating expenses	(159,342)	(179,520)		(552,304)	(540,900)	
Operating profit	118,991	151,854	-21.6%	407,310	433,904	-6.1%
Finance income	824	3,955		4,513	11,203	
Finance costs	(1,117)	(1,143)		(3,826)	(3,920)	
Share of profit of equity-accounted associate, net of tax <sup>^</sup>	1,394	2,289		6,867	6,801	
Share of loss of equity-accounted joint venture, net of tax <sup>#</sup>	(94)	(1,467)		(216)	(4,483)	
Profit before tax	119,998	155,488	-22.8%	414,648	443,505	-6.5%
Tax expense (Schedule G, Note 5)	(26,152)	(40,552)		(90,281)	(101,298)	
<b>Profit for the year</b>	<b>93,846</b>	<b>114,936</b>	<b>-18.3%</b>	<b>324,367</b>	<b>342,207</b>	<b>-5.2%</b>
<b>Profit for the year attributable to:</b>						
Owners of the Company	93,853	114,944		324,391	342,233	
Non-controlling interests	(7)	(8)		(24)	(26)	
Profit for the year	93,846	114,936		324,367	342,207	
Basic earnings per ordinary share (sen) (Schedule G, Note 10)	25.6	31.3		88.5	93.3	
Diluted earnings per ordinary share (sen) (Schedule G, Note 10)	25.5	31.3		88.2	93.0	

<sup>^</sup> 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 March 2020 dated 27 May 2020. The cumulative results are the sum total of its quarterly results recognised by the Group for the nine months ended 31 March 2020.

<sup>#</sup> The share of results of a joint venture for the quarter and cumulative results refers to Vacaron Company Sdn Bhd and are derived from its unaudited management accounts for the quarter and nine months ended 30 June 2020.

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 2019.

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

For the quarter and nine months ended 30 June 2020

RM'000	Individual 3 <sup>rd</sup> quarter			Cumulative 3 <sup>rd</sup> quarter		
	30/06/2020	30/06/2019	% chg	30/06/2020	30/06/2019	% chg
Profit for the year	93,846	114,936	-18.3%	324,367	342,207	-5.2%
<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	25,646	23,419		9,000	25,663	
<b>Total comprehensive income for the year</b>	<b>119,492</b>	<b>138,355</b>	<b>-13.6%</b>	<b>333,367</b>	<b>367,870</b>	<b>-9.4%</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	119,499	138,363		333,391	367,896	
Non-controlling interests	(7)	(8)		(24)	(26)	
	119,492	138,355	-13.6%	333,367	367,870	-9.4%

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 2019.

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

As at 30 June 2020

RM'000	30/06/2020	30/09/2019
<b>Non-current assets</b>		
Property, plant and equipment	1,436,566	1,339,180
Right-of-use assets <sup>^</sup>	25,894	-
Investment properties ( <i>Schedule F, Note 18</i> )	48,775	48,775
Properties held for development	56,047	56,047
Intangible assets	120,342	120,646
Investment in an associate ( <i>Schedule F, Note 8</i> )	90,304	89,658
Investment in a joint venture ( <i>Schedule F, Note 9</i> )	87,912	87,613
Deferred tax assets	5,511	6,234
	<u>1,871,351</u>	<u>1,748,153</u>
<b>Current assets</b>		
Trade and other receivables	587,986	599,996
Inventories	724,789	578,404
Current tax asset	5,520	7,567
Derivative financial assets ( <i>Schedule F, Note 18</i> )	390	6
Cash and cash equivalents	263,379	569,719
	<u>1,582,064</u>	<u>1,755,692</u>
<b>Total assets</b>	<u>3,453,415</u>	<u>3,503,845</u>
<b>Equity</b>		
Share capital and reserves	2,646,538	2,529,324
Non-controlling interests	75	99
<b>Total equity</b>	<u>2,646,613</u>	<u>2,529,423</u>
<b>Non-current liabilities</b>		
Loans and borrowings ( <i>Schedule G, Note 7</i> )	-	95,909
Lease liabilities <sup>^</sup>	11,601	-
Employee benefits	50,189	49,511
Deferred tax liabilities	41,375	33,994
	<u>103,165</u>	<u>179,414</u>
<b>Current liabilities</b>		
Trade and other payables	503,158	* 664,581
Contract liabilities	60,064	* 54,420
Loans and borrowings ( <i>Schedule G, Note 7</i> )	97,132	27,402
Lease liabilities <sup>^</sup>	14,991	-
Current tax liabilities	28,083	48,469
Derivative financial liabilities ( <i>Schedule F, Note 18</i> )	209	136
	<u>703,637</u>	<u>795,008</u>
<b>Total liabilities</b>	<u>806,802</u>	<u>974,422</u>
<b>Total equity and liabilities</b>	<u>3,453,415</u>	<u>3,503,845</u>
Net assets per share (RM) attributable to owners of the Company	<u>7.22</u>	<u>6.90</u>

\* Please refer to Schedule F, Note 21.

<sup>^</sup> Please refer to Schedule F, Note 2.

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 2019.



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

For the nine months ended 30 June 2020

RM'000	Cumulative 3 <sup>rd</sup> quarter	
	30/06/2020	30/06/2019
<b>Cash flows from operating activities</b>		
Profit before tax	414,648	443,505
Add/(less) non-cash items:		
- Depreciation of property, plant and equipment and amortisation of intangible assets	80,062	75,680
- Depreciation of right-of-use assets	18,723	-
- Finance costs	3,826	3,920
- Finance income	(4,513)	(11,203)
- Investment property written off	-	543
- Inventories written off	3,609	6,825
- Net fair value gain on derivatives	(311)	(13)
- Net impairment loss on receivables	429	289
- Net inventories written down	1,901	910
- Net loss on disposal of property, plant and equipment	86	36
- Net reversal of impairment loss on property, plant and equipment	(26)	(83)
- Property, plant and equipment written off	398	405
- Share-based payment transactions expense	7,922	3,027
- Share of profit of equity-accounted associate, net of tax	(6,867)	(6,801)
- Share of loss of equity-accounted joint venture, net of tax	216	4,483
- Others	193	1,166
Changes in working capital #	(295,543)	(106,384)
Tax paid	(101,906)	(57,389)
<b>Net cash from operating activities</b>	<b>122,847</b>	<b>358,916</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(1,039)	(35)
Acquisition of property, plant and equipment	(172,064)	(95,890)
Dividends received	6,221	3,733
Interest received	4,433	7,320
Investment in a joint venture	(500)	-
Proceeds from disposal of intangible assets	-	56
Proceeds from disposal of property, plant and equipment	212	239
<b>Net cash used in investing activities</b>	<b>(162,737)</b>	<b>(84,577)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	(220,067)	(210,898)
Interest paid	(4,360)	(7,320)
Purchase of shares by Share Grant Plan ("SGP") Trust	(3,808)	(1,877)
Payment of lease liabilities	(18,025)	-
Proceeds from loans and borrowings	-	53,919
Repayment of loans and borrowings	(27,752)	(224,139)
<b>Net cash used in financing activities</b>	<b>(274,012)</b>	<b>(390,315)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(313,902)</b>	<b>(115,976)</b>
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>	<b>7,562</b>	<b>20,199</b>
<b>Cash and cash equivalents at 1 October 2019/2018</b>	<b>569,719</b>	<b>537,092</b>
<b>Cash and cash equivalents at 30 June</b>	<b>263,379</b>	<b>441,315</b>
Cash and bank balances	226,028	219,631
Short term deposits with licensed banks with a maturity period of 3 months or less	37,351	221,684
	<b>263,379</b>	<b>441,315</b>

# Included the interest amounting to RM15,000 (2019: RM4,394,000) 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 2019.

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

For the nine months ended 30 June 2020

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 1 October 2019</b>	816,770	-	(3,904)	(7,251)	122,570	12,691	9,934	1,578,514	2,529,324	99	2,529,423
Total comprehensive income	-	-	-	-	9,000	-	-	324,391	333,391	(24)	333,367
<b>Transactions with owners:</b>											
Shares vested under SGP	-	-	6,400	(482)	-	(5,918)	-	-	-	-	-
Purchase of shares by SGP Trust	-	-	(3,808)	-	-	-	-	-	(3,808)	-	(3,808)
Employee share-based payment expense	-	-	-	-	-	7,698	-	-	7,698	-	7,698
Dividends to owners of the Company	-	-	-	-	-	-	-	(220,067)	(220,067)	-	(220,067)
<b>Total transactions with owners</b>	-	-	2,592	(482)	-	1,780	-	(220,067)	(216,177)	-	(216,177)
<b>At 30 June 2020</b>	816,770	-	(1,312)	(7,733)	131,570	14,471	9,934	1,682,838	2,646,538	75	2,646,613
<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
Total comprehensive income	-	-	-	-	25,663	-	-	342,233	367,896	(26)	367,870
<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	-	-	-	-	-	2,819	-	-	2,819	-	2,819
Transfer of treasury shares	-	1,716	(1,716)	-	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	(210,898)	(210,898)	-	(210,898)
<b>Total transactions with owners</b>	-	1,716	3,281	(1,185)	-	(2,870)	-	(210,898)	(209,956)	-	(209,956)
<b>At 30 June 2019</b>	816,770	-	(758)	(7,251)	113,078	13,553	9,934	1,516,027	2,461,353	109	2,461,462

\* 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 2019.

## 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 nine months ended 30 June 2020 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 4 August 2020.

### 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 2019.

The audited consolidated financial statements of the Group for the year ended 30 September 2019 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 2019. 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 2019.

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 2019, except for the adoption of the following new and amended MFRSs, and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 October 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

#### 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*.

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.

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

2. Basis of preparation (cont'd)

MFRS 16 Leases (cont'd)

The Group has applied MFRS 16 using the modified retrospective approach with practical expedients. Accordingly, the comparative information presented for financial year ended 30 September 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117 *Leases* and related interpretations. The Group applied the practical expedient to grandfather the definition of a lease on transition. That means that MFRS 16 is applied to all contracts entered into before 1 October 2019 and identified as leases in accordance with MFRS 117 and IC Interpretation 4.

(a) The Group as lessee

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under MFRS 16, the Group recognises ROU assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 October 2019. ROU assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating leases under MFRS 117:

- did not recognise ROU assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise ROU assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the ROU asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) The Group as lessor

MFRS 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify their leases as operating leases, and to account for these leases using the existing operating lease accounting model.

With the adoption of MFRS 16, the right-of-use assets and lease liabilities are presented in the Statement of Financial Position for the financial year ending 30 September 2020. The right-of-use assets and lease liabilities as at 1 October 2019 is approximately 1% of total assets and 3% of total liabilities respectively. No significant impact on the Group's finance leases. The estimated impact on adoption of MFRS 16 is based on assessment performed to-date. The actual impact of adopting the standard may change until the Group presents its audited financial statements for the financial year ending 30 September 2020.

## 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 2020

- Amendments to MFRS 3 *Business Combinations – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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

- Amendments to MFRS16 *Lease – Covid-19-Related Rent Concessions*

#### 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 annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRSs contained in the document entitled “*Annual Improvements to MFRS Standards 2018–2020*”
- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract*

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

- Amendments to MFRS 10 and MFRS 128 *Investments in Associates and Joint Ventures – 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.

### 4. Auditors' report

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

### 5. Comment on seasonality or cyclicity of operation

The Group's performance is normally not affected by seasonal or cyclical events on a year to year basis. However, on a quarter to quarter basis, the demand for certain products such as soft drinks and evaporated milk may be skewed towards major festivities and weather pattern.

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

6. Unusual items 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 30 June 2020.

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>30/06/2020</u>	<u>30/09/2019</u>
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	72,162	65,295
Dividends received	<u>(50,585)</u>	<u>(44,364)</u>
	<u>90,304</u>	<u>89,658</u>
Market value of investment in an associate for which there is published price quotation	<u>107,004</u>	<u>120,690</u>

The summarised financial information of the associate is as follows:

RM'000	<u>30/06/2020</u>	<u>30/09/2019</u>
Total assets	302,790	300,143
Total liabilities	<u>(37,450)</u>	<u>(37,177)</u>

RM'000	Individual 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
Revenue	61,025	65,569	190,738	192,321
Profit	<u>5,127</u>	<u>8,418</u>	<u>25,255</u>	<u>25,012</u>

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

9. Investment in a joint venture

RM'000	30/06/2020	30/09/2019
Unquoted shares, at cost	127,820	500
Share of post-acquisition reserves	(22,910)	(22,694)
	104,910	(22,194)
Shareholder's loan	-	126,820
Interest on shareholder's loan	38,294	38,279
	143,204	142,905
Less: Unrealised profit	(55,292)	(55,292)
	<u>87,912</u>	<u>87,613</u>

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

RM'000	30/06/2020	30/09/2019
Total assets	286,733	286,199
Total liabilities	(76,932)	(330,606)

RM'000	Individual 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Revenue	-	-	-	-
Loss	(188)	(2,935)	(432)	(8,966)

10. Issuance or repayments of debt/equity securities

There were 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>Nine months ended 30 June 2020</u>			
Final 2019 ordinary	13 February 2020	33.0	121,037
Interim 2020 ordinary	12 June 2020	27.0	99,030
			<u>220,067</u>
<u>Nine months ended 30 June 2019</u>			
Final 2018 ordinary	15 February 2019	30.5	111,867
Interim 2019 ordinary	13 June 2019	27.0	99,031
			<u>210,898</u>

Please refer to Schedule G, Note 9 for dividend declared in this quarter.

**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>3<sup>rd</sup> quarter - 30/06/2020</u></b>					
Total revenue	461,445	463,652	686	21,970	947,753
Inter-segment	-	(7,900)	(562)	(21,219)	(29,681)
External	461,445	455,752	124	751	918,072
<b><u>3<sup>rd</sup> quarter - 30/06/2019</u></b>					
Total revenue	571,506	497,308	869	24,222	1,093,905
Inter-segment	-	(3,442)	(592)	(23,535)	(27,569)
External	571,506	493,866	277	687	1,066,336
<b><u>2<sup>nd</sup> quarter - 31/03/2020</u></b>					
Total revenue	499,184	508,897	842	22,956	1,031,879
Inter-segment	-	(4,701)	(559)	(21,023)	(26,283)
External	499,184	504,196	283	1,933	1,005,596
<b><u>Cumulative 3<sup>rd</sup> quarter - 30/06/2020</u></b>					
Total revenue	1,545,602	1,504,525	2,372	66,493	3,118,992
Inter-segment	-	(18,726)	(1,683)	(63,773)	(84,182)
External	1,545,602	1,485,799	689	2,720	3,034,810
<b><u>Cumulative 3<sup>rd</sup> quarter - 30/06/2019</u></b>					
Total revenue	1,666,503	1,444,890	2,492	69,929	3,183,814
Inter-segment	-	(10,893)	(1,726)	(69,143)	(81,762)
External	1,666,503	1,433,997	766	786	3,102,052







**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	<u>30/06/2020</u>	<u>30/09/2019</u>
F&B Malaysia	1,948,484	1,792,899
F&B Thailand	925,695	822,398
Property	116,461	116,656
Others	10,149	11,101
	<u>3,000,789</u>	<u>2,743,054</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	<u>30/06/2020</u>	<u>30/09/2019</u>
F&B Malaysia	326,400	427,495
F&B Thailand	309,942	336,858
Property	692	810
Others	3,178	3,485
	<u>640,212</u>	<u>768,648</u>

13. Significant event

There were no significant events that have not been reflected in the current quarter.

14. Subsequent event

The Board of Directors of F&NHB announced that its direct wholly-owned subsidiary, Lion Share Management Limited had on 29 July 2020 entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") with F&N Global Marketing Pte Limited, a direct wholly-owned subsidiary of Fraser and Neave, Limited, in relation to the disposal of the "TEAPOT" trademark for a total cash consideration of RM83,175,000. Salient terms of the Sale and Purchase Agreement were set out in the announcement.

There were no other 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.

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

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.

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>30/06/2020</u>	<u>30/09/2019</u>
Derivative financial assets	390	6
Derivative financial liabilities	<u>209</u>	<u>136</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 (2019: RM48,775,000) carried at Level 3: significant unobservable inputs.

19. Capital commitments

**Capital expenditure commitments**

The outstanding capital commitments are as follows:

RM'000	<u>30/06/2020</u>	<u>30/09/2019</u>
<u>Property, plant and equipment</u>		
Contracted but not provided for	126,838	206,831
Authorised but not contracted for	<u>85,382</u>	<u>230,691</u>
	<u>212,220</u>	<u>437,522</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 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
<u>Fraser and Neave, Limited ("F&amp;N Limited") Group</u>				
Sales	59,118	72,156	202,716	194,766
Purchases	(32,595)	(39,414)	(140,981)	(135,318)
Royalties paid	(11,913)	(14,817)	(38,289)	(42,085)
Internal audit fees paid	-	(458)	-	(1,006)
Receipt of corporate service fees and staff costs	799	679	2,769	681
<u>Vacaron Company Sdn Bhd</u>				
Finance income	-	1,435	15	4,394
<u>Cocoaland Holdings Berhad Group</u>				
Dividend income	-	-	6,221	3,733
<u>Thai Beverage Public Company Limited Group</u>				
Sales	207	441	1,320	1,337
Purchases	(762)	(145)	(5,336)	(1,761)
Marketing expenses	(3,205)	(3,911)	(16,505)	(12,593)
Corporate service fees paid	(582)	(574)	(1,693)	(1,380)
Purchase of plant and machinery	(4,023)	-	(4,023)	-
Other (expenses)/income	(209)	601	1,774	405
<u>Berli Jucker Public Company Limited Group</u>				
Sales	9,030	16,479	53,169	46,887
Purchases	(1,145)	(1,641)	(17,760)	(17,447)
Transportation expenses	(2,117)	(2,503)	(8,121)	(7,471)
<u>Other related parties of TCC Group</u>				
Purchases	(14,068)	(10,220)	(42,368)	(32,175)
Management fees	-	(419)	(307)	(1,855)
Insurance premium paid	(787)	(755)	(2,411)	(2,315)
<u>Permodalan Nasional Berhad ("PNB") Group *</u>				
Sales	12,868	16,890	43,266	50,402
Purchases	(12,696)	(10,875)	(37,214)	(27,668)
Rental of equipment paid	(737)	(773)	(2,092)	(2,255)
<u>Compensation</u>				
Compensation of key management personnel of the Group	(3,280)	(3,736)	(11,309)	(10,629)
Directors' fees and remuneration	(325)	(423)	(969)	(954)

\* PNB is deemed a related party to F&NHB by virtue of PNB holding 27,576,000 shares as of 30 June 2020 through Amanahraya Trustees Berhad, representing 7.52% equity interest in F&NHB.

**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>30/06/2020</u>	<u>30/09/2019</u>
<u>Amount due from related parties</u>		
F&N Limited Group	57,029	61,234
Frasers Property Limited Group	-	51
Vacaron Company Sdn Bhd	38,305	165,130
Cocoaland Holdings Berhad Group	4	4
Thai Beverage Public Company Limited Group	467	437
Berli Jucker Public Company Limited Group	7,825	15,523
Other related parties of TCC Group	8	10
PNB Group	7,909	7,253
<u>Amount due to related parties</u>		
F&N Limited Group	(33,500)	(33,940)
Frasers Property Limited Group	(2)	(10)
Thai Beverage Public Company Limited Group	(3,819)	(4,892)
Berli Jucker Public Company Limited Group	(1,829)	(4,199)
Other related parties of TCC Group	(4,050)	(3,417)
PNB Group	(5,942)	(10,600)

21. Change in comparatives

The comparatives for the quarter ended 30 June 2020 have been restated as follows:

RM'000	As previously stated	Adjustments / Reclassification			As restated
		(a)	(b)	(c)	
<b><u>Consolidated statement of financial position:</u></b>					
<u>As at 30 September 2019</u>					
Trade and other payables	719,001	-	-	(54,420)	664,581
Contract liabilities	-	-	-	54,420	54,420
<b><u>Consolidated statement of changes in equity:</u></b>					
<u>As at 30 September 2018</u>					
Retained earnings	1,393,615	-	(6,920)	-	1,386,695
<u>As at 1 October 2018</u>					
Retained earnings	1,393,615	(2,003)	(6,920)	-	1,384,692

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

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

(c) 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 30 June 2020 vs corresponding quarter ended 30 June 2019

Group revenue for the current quarter eased by 13.9% from RM1,066.3 million to RM918.1 million from adverse impact of the COVID-19 pandemic and movement control measures on consumer demand. Group profit before tax declined by 22.8% to RM120.0 million.

- F&B Malaysia

Amidst the pandemic outbreak and Malaysia's Movement Control Order (MCO), F&B Malaysia current quarter revenue declined by 19.3% to RM461.4 million. Operating profit for F&B Malaysia declined by 42.5% to RM30.3 million from lower volume, higher input costs and higher marketing expenditure for new product launches.

Current quarter revenue for the domestic operations declined by 21.2% with flat monthly sales, unlike previous years where there are sales increase in the run up to the Hari Raya festive season. Beverages sales were particularly affected while Dairies sales were less affected.

With MCO and the restrictions imposed on dine-ins, sales to our Hotel, Restaurants and Cafes (HORECA), convenience stores and General Trade (GT) channels were affected significantly. However, these have been mitigated by increase in sales to Modern Trade channel.

Since the Government eased the MCO restrictions from early May, F&B Malaysia has seen gradual improvement in sales and stocks movement. HORECA channel which has been more severely impacted is slowly improving as they are now allowed to operate under Recovery MCO. Sales to GT channel had started to stabilise since beginning of June 2020. Our Export sales have also started to see gradual return of sales to certain markets. The MCO did not result in major disruption to our manufacturing operations as we implemented measures to safeguard the health of our workers.

Despite muted Hari Raya festivities and cancellation of Ramadan Bazaars, F&B Malaysia leveraged on digitalisation, our online e-commerce store and partnership with other e-commerce partners to bring products to our customers' doorstep and to introduce the brand new teh tarik beverage - F&N Teh Tarik Ori and F&N Teh Tarik Less Sweet variants. We also hosted Malaysia's first and largest virtual teh tarik session "Mamak Virtual Terbesar Teh Tarik Ori F&N" and "Gerai Rasa Raya" (Taste of Raya) Campaign on F&N Life e-commerce store. The latter campaign introduced recipes for Ramadan delights typically found at neighbourhood bazaars so that consumers can re-create them at home, while also providing a platform for people to purchase their favourite F&N products.

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

1. Operations review (cont'd)

Current quarter ended 30 June 2020 vs corresponding quarter ended 30 June 2019 (cont'd)

- F&B Thailand

F&B Thailand current quarter revenue declined by 7.7% (11.1% in Thai Baht terms) to RM455.8 million; mainly impacted by contraction in sales in domestic and Indochina markets and partially offset by growth in exports. Operating profit for F&B Thailand correspondingly declined by 7.6% (10.9% in Thai Baht terms) to RM91.6 million due to lower volume, higher input costs, weakening Thai Baht; and partially offset by lower advertising, marketing and operating expenses.

With the pandemic outbreak, F&B Thailand domestic revenue contracted by 14.7% (in Thai Baht terms) compared to last year, especially in HORECA and GT channels. The decline was partly due to higher stocks in trade as products were front-loaded in the 2<sup>nd</sup> quarter ahead of the emergency decree implemented in Thailand from 26 March 2020.

To mitigate the slowdown in growth momentum in the domestic market, F&B Thailand focused on driving offtake in Modern Trade and convenience stores by strengthening brand visibility and loyalty, supporting the hawkers/HORECA to get back to business post-COVID-19 and continuously introducing new products. F&B Thailand launched its first ever milk tablets made from 100% New Zealand milk – MAGNOLIA Milkies and introduced a new limited-edition Mango-flavoured Sweetened Condensed Milk variant to the TEAPOT Squeeze range.

F&B Thailand export revenue grew by 14.9% (in Thai Baht terms) driven by higher orders for sterilised and evaporated milk, mitigating the 7.6% (in Thai Baht terms) decline in revenue from the Indochina market which was also affected by the pandemic.



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

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

#### Cumulative three quarters vs corresponding period last year

Group revenue for the period ended 30 June 2020 declined marginally by 2.2% from RM3,102.1 million to RM3,034.8 million, impacted by the COVID-19 pandemic and cushioned by strong 1<sup>st</sup> quarter revenue growth for F&B Thailand and F&B Malaysia. Group profit before tax declined by 6.5%, with F&B Thailand contributing over 70% of the Group operating profit.

#### • F&B Malaysia

Amidst a backdrop of global and domestic uncertainties, subdued consumer demand and the COVID-19 pandemic outbreak, F&B Malaysia revenue for the period contracted by 7.3% partly mitigated by 25% growth in exports for the 1<sup>st</sup> half of the financial year.

F&B Malaysia continued to sharpen our route-to-market and channel strategies in view of the movement restrictions and changes in consumer buying behaviour, leveraging on our newly launched e-commerce platform; F&N Life to help our products reach our consumers during the MCO. During the year, we continued to launch a stream of new products/variants such as:

- Sunkist Pure Juice Drink in 2 variants - Orange and Lemon Apple;
- 100PLUS Zero, sugar-free and calorie-free variant;
- F&N Teapot Sweetened Condensed Milk Squeeze Tube in 2 new local flavours - Gula Melaka and Pandan;
- F&N Ice Mountain Sparkling Water Classic and 2 refreshing flavours (Lemon and Grapefruit);
- F&N Classic recipes – F&N Orange Crush and Sarsi in portion-controlled pack size;
- two new premium no sugar Japanese Green Tea – OYOSHI Gold No Sugar Kabusecha and OYOSHI Gold No Sugar Sencha; and
- F&N Teh Tarik Ori and F&N Teh Tarik Less Sweet variants.

F&B Malaysia operating profit declined by 22.5% to RM103.3 million mainly due to lower revenue, higher advertising and marketing expenditure incurred on new product launches and net unfavourable dairies input costs.

#### • F&B Thailand

F&B Thailand achieved revenue of RM1,485.8 million for the period, with 3.6% higher revenue aided by favourable RM/THB forex translation. In Thai Baht terms, revenue slipped marginally by 1.3% impacted by COVID-19 pandemic; especially in the food service and GT channels. The impact of COVID-19 for the 3<sup>rd</sup> quarter was partially mitigated by a strong 1<sup>st</sup> half performance.

Throughout the period, F&B Thailand continued providing support to its hawkers nationwide; building brand loyalty and visibility and continued to introduce new products such as:

- new variant for TEAPOT Sweetened Condensed Milk Squeeze Tube in Matcha flavour and limited-edition Mango flavour;
- CARNATION and TEAPOT Evaporated Milk in 1 kg pouch;
- CARNATION Plus 0% Fat Sweetened Condensed Milk Squeeze Tube; and
- MAGNOLIA Milkies - milk tablets made from 100% New Zealand milk, available in 3 flavours, which are Classic Malt, Strawberry Yogurt and Hokkaido Milk.

Aided by favourable RM/THB forex translation, F&B Thailand operating profit improved 2.2% to RM308.0 million. In Thai Baht terms, operating profit declined 2.1% mainly due to lower sales and higher marketing spend for new product launches; offset by lower operational expense and cost saving initiatives.

**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 30 June 2020 vs preceding 2<sup>nd</sup> quarter ended 31 March 2020

Current quarter Group revenue declined by 8.7% to RM918.1 million (2<sup>nd</sup> quarter: RM1,005.6 million) mainly due to a full quarter impact of weak consumer sentiment and movement control measures for both F&B Malaysia (-7.6% vs 2<sup>nd</sup> quarter) and F&B Thailand in 3<sup>rd</sup> quarter (-9.6% vs 2<sup>nd</sup> quarter). The higher 2<sup>nd</sup> quarter revenue was also due to products front-loaded into the trade ahead of the emergency decree implemented in Thailand.

Group profit before tax correspondingly declined by 10.5% to RM120.0 million (2<sup>nd</sup> quarter: RM134.1 million) from lower revenue, higher input and packaging costs and weakening RM/Thai Baht translation.

3. Prospects

It has been a challenging time for many companies as the COVID-19 pandemic and the containment measures take their toll on the economy. Despite this, we are grateful for the effective leadership from the authorities and the tireless efforts made by frontline workers in flattening the infection curve in both Malaysia and Thailand.

While we believe our strong business fundamentals will see us through this crisis, we are mindful that globally the war against the pandemic is far from over. We will continue to be vigilant and have taken the necessary measures in our offices and factories to safeguard our staff wellbeing. We have also put in measures to ensure no significant disruption in our supply chain. Post June, we are seeing tentative signs of recovery in demand from Malaysia, Thailand and some of our Export markets. As such, we are cautiously optimistic that sales in the 4<sup>th</sup> quarter will be better than 3<sup>rd</sup> quarter as economic activities gradually normalise.

In the longer term, we believe this pandemic is an opportunity for reset and a catalyst for change. We will need to be future-focused to ensure we can emerge stronger from this crisis. This will include process improvements and digitalisation. We will continue to invest in capex and in our brands to further strengthen our businesses. We can also leverage on our strong balance sheet, adequate stand-by bank facilities and low funding cost to support our operations and capitalise on opportunities that may arise.

**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. Tax expense

The details of the tax expense are as follows:

RM'000	Individual 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Current income tax	22,915	36,301	81,943	89,922
Deferred tax – origination and reversal of temporary differences	5,277	4,352	8,255	11,330
Under/(Over) provision in respect of previous years				
- Income tax	1	-	167	-
- Deferred tax	(2,041)	(101)	(84)	46
	<u>26,152</u>	<u>40,552</u>	<u>90,281</u>	<u>101,298</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 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Profit before tax	<u>119,998</u>	<u>155,488</u>	<u>414,648</u>	<u>443,505</u>
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	28,800	37,317	99,516	106,441
Effect of tax rates in foreign jurisdictions	(4,100)	(4,552)	(13,997)	(13,760)
Tax exempt income	(5,638)	-	(16,909)	(56)
Non-deductible expenses	1,087	917	3,177	1,979
Deferred tax assets recognised	-	(91)	-	(591)
(Over)/Under provision of income and deferred tax in prior years	(2,040)	(101)	83	46
Foreign withholding tax	8,354	7,259	20,007	7,795
Share of results of an associate	(334)	(549)	(1,648)	(1,632)
Share of results of a joint venture	23	352	52	1,076
<b>Total income tax expense</b>	<u>26,152</u>	<u>40,552</u>	<u>90,281</u>	<u>101,298</u>
<b>Effective income tax rate</b>	<u>21.8%</u>	<u>26.1%</u>	<u>21.8%</u>	<u>22.8%</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. Loans and borrowings

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

RM'000	<u>Currency</u>	<u>30/06/2020</u>	<u>30/09/2019</u>
<u>Non-current (unsecured)</u>			
Term loan	THB	-	95,909
<u>Current (unsecured)</u>			
Term loan	THB	97,132	27,402
		<u>97,132</u>	<u>123,311</u>

Commercial Paper ("CP")/Medium Term Note ("MTN")

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.

As at 30 June 2020, the unutilised CP/MTN facility available for use amounted to RM1,500,000,000 (2019: RM1,500,000,000).

Term loan

On 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited was granted a term loan of THB 1,000,000,000 with the tenure of three (3) years from the issued date and interest rate of 2.44% per annum. As at 30 June 2020, the outstanding balance for the term loan amounted to Thai Baht 700,000,000 (2019: Thai Baht 900,000,000).

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 in this quarter

On 4 May 2020, the Directors have declared an interim single tier dividend of 27 sen per share (2019: 27 sen) for the financial year ending 30 September 2020. This dividend amounting to approximately RM99.0 million was paid on 12 June 2020 (entitlement date for the dividend was 20 May 2020).

10. Earnings per ordinary share (EPS)

(a) The calculation of basic earnings per ordinary share at 30 June 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Individual 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Profit for the year attributed to owners of the Company (RM'000)	<u>93,853</u>	<u>114,944</u>	<u>324,391</u>	<u>342,233</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,562</u>	<u>366,662</u>	<u>366,638</u>	<u>366,795</u>
Basic earnings per ordinary share (sen)	<u>25.6</u>	<u>31.3</u>	<u>88.5</u>	<u>93.3</u>

(b) The calculation of diluted earnings per ordinary share at 30 June 2020 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 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Profit for the year attributed to owners of the Company (RM'000)	<u>93,853</u>	<u>114,944</u>	<u>324,391</u>	<u>342,233</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,562</u>	<u>366,662</u>	<u>366,638</u>	<u>366,795</u>
Adjustments pursuant to the SGP ('000)	<u>1,043</u>	<u>1,014</u>	<u>1,043</u>	<u>1,014</u>
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>367,605</u>	<u>367,676</u>	<u>367,681</u>	<u>367,809</u>
Diluted earnings per ordinary share (sen)	<u>25.5</u>	<u>31.3</u>	<u>88.2</u>	<u>93.0</u>

**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 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
(a) Depreciation of property, plant and equipment and amortisation of intangible assets	26,869	25,367	80,062	75,680
(b) Depreciation of right-of-use assets	6,052	-	18,723	-
(c) Net reversal of impairment loss on property, plant and equipment	(9)	(25)	(26)	(83)
(d) Net impairment loss on receivables	216	208	429	289
(e) Bad debts recovered	-	(10)	-	(44)
(f) Bad debts written off	-	-	-	-
(g) Net (reversal of inventories written down)/inventories written down	(1,929)	(316)	1,901	910
(h) Inventories written off	588	2,293	3,609	6,825
(i) Net loss on disposal/write-offs of property, plant and equipment	88	43	484	441
(j) Net (gain)/loss on foreign exchange	(63)	(514)	(1,751)	681
(k) Net fair value loss/(gain) on derivatives	1,897	(386)	(311)	(13)

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

12. Outstanding derivatives

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

	30/06/2020		30/09/2019	
	Notional value	Fair value RM'000	Notional value	Fair value RM'000
Forward foreign exchange contracts (less than 1 year)				
USD ('000)	10,372	22	2,400	(49)
AUD ('000)	1,925	159	2,042	(81)
		<u>181</u>		<u>(130)</u>

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2019:

- (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 nine months ended 30 June 2020, the Group recognised a total net gain of RM311,000 (2019: RM13,000) in the consolidated income statement arising from the fair value changes on the foreign exchange contracts which are marked-to-market as at 30 June 2020.