

Financial Results (v13)

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RELEASED

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

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

MAIN			
General Information			
Financial Year End	30 Sep 2022		
Quarter	2 Qtr		
Quarterly report for the financial period ended	31 Mar 2022		
The figures	have not been audited		
Remarks			
Please attach the full Quarterly Report here	No	File Name	Size
	1	FNHB-Interim Q2 FY22 Quarterly Announcement.pdf	533.1KB

DEFAULT CURRENCY

Currency	Malaysian Ringgit (MYR)
Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION	
Summary of the Key Financial Information for the financial period ended	31 Mar 2022

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue	1,107,689	1,091,849	2,214,305	2,174,970
2. Profit/(loss) before Tax	111,985	139,344	220,132	298,280
3. Profit/(loss) for the period	93,860	103,506	186,806	240,304
4. Profit/(loss) attributable to ordinary equity holders of the parent	93,867	103,512	186,820	240,317
5. Basic earnings/(loss) per share (Subunit)	25.60	28.20	50.90	65.50
6. Proposed/Declared dividend per share (Subunit)	27.00	27.00	27.00	27.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the parent (\$\$)	7.8800		7.6900	
Remarks				

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

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

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]

	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1. Gross interest income	1,156	1,147	2,050	2,170
2. Gross interest expense	1,046	887	2,057	1,665
Remarks				

OTHER CURRENCY

Other Currency				
Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of the Key Financial Information for the financial period ended	31 Mar 2022			
	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
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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
1. Gross interest income				
2. Gross interest expense				
Remarks				



FRASER & NEAVE HOLDINGS BHD
(Company No: 196101000155 (4205-V))
(Incorporated in Malaysia)

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For immediate release

QUARTERLY FINANCIAL REPORT

Second Quarter Ended 31 March 2022

The Directors are pleased to release the unaudited quarterly financial report for the quarter and six months ended 31 March 2022.

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 financial year ended 30 September 2021:

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 financial year had been followed throughout this quarterly financial report.

By Order of the Board
Kuala Lumpur
27 April 2022

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and six months ended 31 March 2022

RM'000	Individual 2 nd quarter			Cumulative 2 nd quarter		
	31/03/2022	31/03/2021	% chg	31/03/2022	31/03/2021	% chg
Revenue	1,107,689	1,091,849	1.5%	2,214,305	2,174,970	1.8%
Cost of sales	(831,718)	(771,711)		(1,640,190)	(1,512,977)	
Gross profit	275,971	320,138	-13.8%	574,115	661,993	-13.3%
Other income	5,127	7,369		8,223	9,086	
Net (loss)/gain on impairment of financial instruments	(1,028)	29		(877)	152	
Operating expenses	(170,542)	(189,586)		(364,732)	(376,516)	
Operating profit	109,528	137,950	-20.6%	216,729	294,715	-26.5%
Finance income	1,156	1,147		2,050	2,170	
Finance costs	(1,046)	(887)		(2,057)	(1,665)	
Share of profit of equity-accounted associate, net of tax [^]	2,404	1,204		3,512	3,191	
Share of loss of equity-accounted joint venture, net of tax [#]	(57)	(70)		(102)	(131)	
Profit before tax	111,985	139,344	-19.6%	220,132	298,280	-26.2%
Tax expense (Schedule G, Note 5)	(18,125)	(35,838)		(33,326)	(57,976)	
Profit for the period	93,860	103,506	-9.3%	186,806	240,304	-22.3%
Profit for the period attributable to:						
Owners of the Company	93,867	103,512	-9.3%	186,820	240,317	-22.3%
Non-controlling interests	(7)	(6)		(14)	(13)	
Profit for the period	93,860	103,506	-9.3%	186,806	240,304	-22.3%
Basic earnings per ordinary share (sen) (Schedule G, Note 10)	25.6	28.2		50.9	65.5	
Diluted earnings per ordinary share (sen) (Schedule G, Note 10)	25.5	28.2		50.8	65.3	

[^] 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 2021 dated 25 February 2022. The cumulative results are the sum total of its quarterly result recognised by the Group for the sixth months ended 31 December 2021.

[#] 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 2022.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the financial year ended 30 September 2021.

Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income

For the quarter and six months ended 31 March 2022

RM'000	Individual 2 nd quarter		% chg	Cumulative 2 nd quarter		% chg
	31/03/2022	31/03/2021		31/03/2022	31/03/2021	
Profit for the period	93,860	103,506	-9.3%	186,806	240,304	-22.3%
Other comprehensive income/(expense), net of tax:						
<i>Item that is or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	343	(5,094)		6,837	11,307	
Total comprehensive income for the period	94,203	98,412	-4.3%	193,643	251,611	-23.0%
Total comprehensive income attributable to:						
Owners of the Company	94,210	98,418	-4.3%	193,657	251,624	-23.0%
Non-controlling interests	(7)	(6)		(14)	(13)	
	94,203	98,412	-4.3%	193,643	251,611	-23.0%

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the financial year ended 30 September 2021.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2022

RM'000	31/03/2022	30/09/2021
Non-current assets		
Property, plant and equipment	1,435,264	1,372,249
Right-of-use assets	123,025	125,367
Investment properties	47,569	47,569
Properties held for development	54,933	54,933
Intangible assets	88,688	88,319
Investment in an associate (<i>Schedule F, Note 8</i>)	89,199	85,687
Investment in a joint venture (<i>Schedule F, Note 9</i>)	87,453	87,555
Deferred tax assets	5,916	5,240
	<u>1,932,047</u>	<u>1,866,919</u>
Current assets		
Trade and other receivables	713,399	545,932
Inventories	840,841	659,745
Current tax asset	-	3,770
Derivative financial assets (<i>Schedule F, Note 18</i>)	1,051	-
Cash and cash equivalents	319,946	555,380
	<u>1,875,237</u>	<u>1,764,827</u>
Total assets	3,807,284	3,631,746
Equity		
Share capital and reserves	2,891,489	2,818,965
Non-controlling interests	(209)	(195)
Total equity	2,891,280	2,818,770
Non-current liabilities		
Lease liabilities	54,560	53,904
Employee benefits	44,366	43,440
Deferred tax liabilities	65,402	59,754
	<u>164,328</u>	<u>157,098</u>
Current liabilities		
Trade and other payables	635,755	* 540,089
Contract liabilities	75,840	* 73,979
Loans and borrowings (<i>Schedule G, Note 7</i>)	1,000	1,000
Lease liabilities	9,115	10,143
Current tax liabilities	29,966	30,501
Derivative financial liabilities (<i>Schedule F, Note 18</i>)	-	166
	<u>751,676</u>	<u>655,878</u>
Total liabilities	916,004	812,976
Total equity and liabilities	3,807,284	3,631,746
Net assets per share (RM) attributable to owners of the Company	<u>7.88</u>	<u>7.69</u>

* The comparatives for the financial year ended 30 September 2021 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 financial year ended 30 September 2021.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2022

RM'000	Cumulative 2 nd quarter	
	31/03/2022	31/03/2021
Cash flows from operating activities		
Profit before tax	220,132	298,280
Add/(less) non-cash items:		
- Depreciation of property, plant and equipment and amortisation of intangible assets	52,930	54,632
- Depreciation of right-of-use assets	10,185	13,435
- Finance costs	2,057	1,665
- Finance income	(2,050)	(2,170)
- Net impairment loss/(reversal of impairment loss) on property, plant and equipment	6,529	(17)
- Net (gain)/loss on disposal of property, plant and equipment	(41)	37
- Property, plant and equipment written off	341	263
- Employee share-based expense	664	3,557
- Share of profit of equity-accounted associate, net of tax	(3,512)	(3,191)
- Share of loss of equity-accounted joint venture, net of tax	102	131
- Others	742	(744)
Changes in working capital	(252,105)	94,139
Tax paid	(25,155)	(48,128)
Net cash from operating activities	10,819	411,889
Cash flows from investing activities		
Acquisition of intangible assets	(1,574)	(1,211)
Acquisition of property, plant and equipment	(118,431)	(58,151)
Acquisition of subsidiaries	-	(50,370)
Dividends received	-	4,977
Interest received	1,757	1,924
Proceeds from disposal of property, plant and equipment	510	231
Net cash used in investing activities	(117,738)	(102,600)
Cash flows from financing activities		
Dividend paid to owners of the Company	(121,037)	(121,037)
Interest paid	(1,940)	(2,127)
Payment of lease liabilities	(8,163)	(11,735)
Purchase of shares by Share Grant Plan ("SGP") Trust	(732)	(3,167)
Repayment of loans and borrowings	-	(13,344)
Net cash used in financing activities	(131,872)	(151,410)
Net (decrease)/increase in cash and cash equivalents	(238,791)	157,879
Effects of exchange rate fluctuations on cash and cash equivalents	3,357	7,407
Cash and cash equivalents at 1 October 2021/2020	555,380	493,615
Cash and cash equivalents at 31 March	319,946	658,901
Cash and bank balances	277,039	405,790
Short term deposits with licensed banks with a maturity period of 3 months or less	42,907	253,111
Cash and cash equivalents at 31 March	319,946	658,901

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the financial year ended 30 September 2021.

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

For the six months ended 31 March 2022

	<----- Attributable to owners of the Company ----->							<----- Non-distributable -----> Distributable		
	Share capital	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	Non-controlling interests	Total equity
RM'000										
At 1 October 2021	816,770	(4,626)	(9,275)	48,002	12,926	9,934	1,945,234	2,818,965	(195)	2,818,770
Total comprehensive income	-	-	-	6,837	-	-	186,820	193,657	(14)	193,643
Transactions with owners:										
Shares vested under SGP	-	4,983	298	-	(5,281)	-	-	-	-	-
Purchase of shares by SGP Trust	-	(732)	-	-	-	-	-	(732)	-	(732)
Employee share-based expense	-	-	-	-	636	-	-	636	-	636
Dividend to owners of the Company	-	-	-	-	-	-	(121,037)	(121,037)	-	(121,037)
Total transactions with owners	-	4,251	298	-	(4,645)	-	(121,037)	(121,133)	-	(121,133)
At 31 March 2022	816,770	(375)	(8,977)	54,839	8,281	9,934	2,011,017	2,891,489	(209)	2,891,280
At 1 October 2020	816,770	(4,688)	(7,733)	94,284	14,434	9,934	1,767,600	2,690,601	(161)	2,690,440
Total comprehensive income	-	-	-	11,307	-	-	240,317	251,624	(13)	251,611
Transactions with owners:										
Shares vested under SGP	-	6,627	(1,547)	-	(5,080)	-	-	-	-	-
Purchase of shares by SGP Trust	-	(3,167)	-	-	-	-	-	(3,167)	-	(3,167)
Employee share-based expense	-	-	-	-	3,343	-	-	3,343	-	3,343
Dividend to owners of the Company	-	-	-	-	-	-	(121,037)	(121,037)	-	(121,037)
Total transactions with owners	-	3,460	(1,547)	-	(1,737)	-	(121,037)	(120,861)	-	(120,861)
At 31 March 2021	816,770	(1,228)	(9,280)	105,591	12,697	9,934	1,886,880	2,821,364	(174)	2,821,190

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 financial year ended 30 September 2021.

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 2022 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 27 April 2022.

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 financial year ended 30 September 2021.

The audited consolidated financial statements of the Group for the year ended 30 September 2021 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 financial year ended 30 September 2021. 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 financial year ended 30 September 2021.

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 financial year ended 30 September 2021, 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 2021:

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*
- Amendments to MFRS16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The adoption of the above standards, interpretations and amendments are not expected to have any 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 due to their nature, size and incidence

There were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter other than as disclosed in Schedule G, Note 11.

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	31/03/2022	30/09/2021
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	82,255	78,743
Dividends received	(61,783)	(61,783)
	<u>89,199</u>	<u>85,687</u>
Market value of investment in an associate for which there is published price quotation	<u>159,261</u>	<u>120,068</u>

The summarised financial information of the associate is as follows:

RM'000	31/03/2022	30/09/2021
Total assets	297,079	274,310
Total liabilities	<u>(35,803)</u>	<u>(25,952)</u>

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Revenue	62,686	50,473	108,700	106,600
Profit	<u>8,841</u>	<u>4,428</u>	<u>12,917</u>	<u>11,734</u>

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

9. Investment in a joint venture

RM'000	31/03/2022	30/09/2021
Unquoted shares, at cost	127,820	127,820
Share of post-acquisition reserves	(23,369)	(23,267)
	104,451	104,553
Interest on shareholder's loan	38,294	38,294
	142,745	142,847
Less: Unrealised profit	(55,292)	(55,292)
	87,453	87,555

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

RM'000	31/03/2022	30/09/2021
Total assets	285,827	286,027
Total liabilities	(76,943)	(76,939)

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Revenue	-	-	-	-
Profit	(114)	(140)	(204)	(261)

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. Dividend 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 2022</u>			
Final 2021 ordinary	9 February 2022	33.0	121,037
<u>Six months ended 31 March 2021</u>			
Final 2020 ordinary	5 February 2021	33.0	121,037

Please refer to *Schedule G, Note 9* for dividend declared subsequent to 31 March 2022.

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				
	F&B Malaysia	F&B Thailand	Property	Others	Total
<u>2nd quarter - 31/03/2022</u>					
Total revenue	615,095	496,421	850	17,377	1,129,743
Inter-segment	-	(4,575)	(679)	(16,800)	(22,054)
External	615,095	491,846	171	577	1,107,689
<u>2nd quarter - 31/03/2021</u>					
Total revenue	564,169	536,150	808	15,759	1,116,886
Inter-segment	-	(10,337)	(641)	(14,059)	(25,037)
External	564,169	525,813	167	1,700	1,091,849
<u>1st quarter - 31/12/2021</u>					
Total revenue	575,585	535,659	812	18,886	1,130,942
Inter-segment	-	(5,816)	(660)	(17,850)	(24,326)
External	575,585	529,843	152	1,036	1,106,616
<u>Cumulative 2nd quarter - 31/03/2022</u>					
Total revenue	1,190,680	1,032,080	1,662	36,263	2,260,685
Inter-segment	-	(10,391)	(1,339)	(34,650)	(46,380)
External	1,190,680	1,021,689	323	1,613	2,214,305
<u>Cumulative 2nd quarter - 31/03/2021</u>					
Total revenue	1,132,352	1,060,407	1,682	38,359	2,232,800
Inter-segment	-	(20,187)	(1,286)	(36,357)	(57,830)
External	1,132,352	1,040,220	396	2,002	2,174,970

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

12. Segmental information (cont'd)

Segment results (cont'd)

RM'000	Operating profit/(loss)					Total
	F&B Malaysia	F&B Thailand	Property	Others	Adjustments and eliminations	
<u>2nd quarter - 31/03/2022</u>						
Operating profit	45,173	61,819	161	2,283	92	109,528
Finance income						1,156
Finance costs						(1,046)
Share of results of an associate						2,404
Share of results of a joint venture						(57)
Profit before tax						111,985
<u>2nd quarter - 31/03/2021</u>						
Operating profit/(loss)	26,365	112,127	142	(913)	229	137,950
Finance income						1,147
Finance costs						(887)
Share of results of an associate						1,204
Share of results of a joint venture						(70)
Profit before tax						139,344
<u>1st quarter - 31/12/2021</u>						
Operating profit	22,633	80,395	235	4,030	(92)	107,201
Finance income						894
Finance costs						(1,011)
Share of results of an associate						1,108
Share of results of a joint venture						(45)
Profit before tax						108,147

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

12. Segmental information (cont'd)

Segment results (cont'd)

RM'000	Operating profit					Total
	F&B Malaysia	F&B Thailand	Property	Others	Adjustments and eliminations	
<u>Cumulative 2nd quarter - 31/03/2022</u>						
Operating profit	67,806	142,214	396	6,313	-	216,729
Finance income						2,050
Finance costs						(2,057)
Share of results of an associate						3,512
Share of results of a joint venture						(102)
Profit before tax						<u>220,132</u>
<u>Cumulative 2nd quarter - 31/03/2021</u>						
Operating profit	71,281	221,605	377	1,223	229	294,715
Finance income						2,170
Finance costs						(1,665)
Share of results of an associate						3,191
Share of results of a joint venture						(131)
Profit before tax						<u>298,280</u>

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 cash and cash equivalents.

RM'000	31/03/2022	30/09/2021
F&B Malaysia	2,038,451	1,848,805
F&B Thailand	1,146,159	931,861
Property	201,298	201,536
Others	101,430	94,164
	<u>3,487,338</u>	<u>3,076,366</u>

Segment liabilities

The total of segment liabilities is measured based on all liabilities excluding loans and borrowings.

RM'000	31/03/2022	30/09/2021
F&B Malaysia	513,234	408,148
F&B Thailand	396,439	398,264
Property	1,643	1,985
Others	3,688	3,579
	<u>915,004</u>	<u>811,976</u>

13. Significant events

There were no significant events that have not been reflected in the current 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 other than as follows:

- a) On 22 April 2022, F&NHB via its wholly-owned subsidiary, Usahaniaga Abadi Sdn Bhd ("UASB"), had subscribed for 5,570,000 ordinary shares of Dagang Sejahtera Sdn Bhd ("DSSB") at RM1.00 each, representing 65% of the issued share capital of DSSB. As a result, DSSB become an indirect 65%-owned subsidiary of F&NHB. The principal activity of DSSB is investment holding.
- b) F&NHB indirect 65%-owned subsidiary, DSSB (the "Purchaser"), had on 25 April 2022 entered into a conditional share sale agreement with:
 - (i) Dupont & Leosk Enterprises Sdn Bhd (the "Vendor") as beneficial owner of 25,000,000 ordinary shares of RM1.00 each in Ladang Permai Damai Sdn Bhd (formerly known as THP Gemas Sdn Bhd) ("Ladang Permai Damai") (the "Sale Shares") and
 - (ii) Malaysia Nominees (Tempatan) Sdn Bhd as registered owner of the Sale Shares and nominee company of OCBC Bank (Malaysia) Berhad holding the Sale Shares as nominee and chargee for the benefit of OCBC Bank (Malaysia) Berhad,

to acquire the Sale Shares representing the Vendor's 100% equity interest in Ladang Permai Damai for a total cash consideration of RM215,588,160.00 (the "Proposed Acquisition").

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

15. Changes in the composition of the Group during the quarter

a) Incorporation of a new subsidiary

On 14 February 2022, F&NHB incorporated Usahaniaga Abadi Sdn. Bhd. ("UASB"), a wholly owned subsidiary with a registered share capital of RM10,000 comprising 10,000 ordinary shares of RM1 per share. The principal activity of UASB is investment holding. UASB has remained dormant since the date of incorporation.

b) Dissolution of a subsidiary

F&NHB's wholly owned subsidiary, Lion Share Management Limited had been dissolved and struck off from the British Virgin Islands Register of Companies with effect from 22 March 2022.

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 other than insurance claims in respect of the flood event disclosed in Q1, FY2022 quarterly announcement which would be recognised in due course when the claims for property damage and business interruption are finalised with the insurers. Submission of claims and assessment of damages for plant and machinery, for example, is still in progress at the time of this report and subject to availability and lead time for obtaining replacement parts/components and repairs. The full extent of the property damage will only be known after restoration/repair works has been completed.

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	
	31/03/2022	30/09/2021
Derivative financial assets	1,051	-
Derivative financial liabilities	-	166

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 RM47,569,000 (2021: RM47,569,000) carried at Level 3: significant unobservable inputs.

19. Capital commitments

Capital expenditure commitments

The outstanding capital commitments are as follows:

RM'000	31/03/2022	30/09/2021
<u>Property, plant and equipment</u>		
Contracted but not provided for	111,448	175,991

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 nd quarter		Cumulative 2 nd quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
<u>Fraser and Neave, Limited Group</u>				
Sales	69,654	68,183	143,951	134,607
Purchases	(64,549)	(38,635)	(103,648)	(94,533)
Royalties paid	(16,160)	(14,754)	(31,967)	(31,057)
Receipt of corporate service fees	615	1,934	1,686	2,274
<u>Cocoaland Holdings Berhad Group</u>				
Dividend income	-	-	-	4,977
<u>Thai Beverage Public Company Limited Group</u>				
Sales	1,318	1,332	2,910	2,817
Purchases	(2,118)	(1,468)	(3,339)	(2,698)
Marketing expenses	(4,088)	(5,461)	(6,561)	(11,097)
Corporate service fees paid	(513)	(567)	(992)	(1,141)
Purchase of property, plant and equipment	(1,666)	-	(3,845)	-
<u>Berli Jucker Public Company Limited Group</u>				
Sales	15,364	14,053	32,483	30,142
Purchases	(1,863)	(1,151)	(3,614)	(4,236)
Transportation expenses	-	(2,234)	-	(4,531)
<u>Fraser Property Limited Group</u>				
Rental of warehouse	(1,464)	-	(2,914)	-
<u>Other related parties of TCC Assets Limited Group</u>				
Purchases	(8,214)	(16,465)	(20,505)	(32,240)
Insurance premium paid	(804)	(900)	(1,582)	(1,732)
<u>Compensation</u>				
Compensation of key management personnel of the Group	(3,207)	(3,237)	(7,356)	(7,148)
Directors' fees and remuneration	(308)	(342)	(639)	(661)

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	31/03/2022	30/09/2021
<u>Amount due from related parties</u>		
Fraser and Neave, Limited Group	54,617	55,466
Vacaron Company Sdn Bhd	38,304	38,306
Thai Beverage Public Company Limited Group	943	559
Berli Jucker Public Company Limited Group	13,869	13,882
Other related parties of TCC Assets Limited Group	11	51
<u>Amount due to related parties</u>		
Fraser and Neave, Limited Group	(43,360)	(25,238)
Fraser's Property Limited Group	(496)	(491)
Thai Beverage Public Company Limited Group	(6,651)	(2,050)
Berli Jucker Public Company Limited Group	(606)	(700)
Other related parties of TCC Assets Limited Group	(3,520)	(5,929)

21. Change in comparatives

The comparatives for the financial year ended 30 September 2021 have been restated as follows:

RM'000	As previously stated	Adjustment (Note a)	As restated
<u>Statement of Financial Position</u>			
<u>As at 30 September 2021</u>			
Trade and other payables	558,253	(18,164)	540,089
Contract liabilities	55,815	18,164	73,979

Note a: Being reclassification to conform with current year's presentation.

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

1. Operations review

Current quarter ("Q2") ended 31 March 2022 vs corresponding quarter ended 31 March 2021

RM'000	Individual 2 nd quarter		% chg
	31/03/2022	31/03/2021	
Revenue	1,107,689	1,091,849	1.5%
Operating profit	109,528	137,950	-20.6%
Adjusted operating profit *	108,385	139,196	-22.1%
Profit before tax	111,985	139,344	-19.6%
Adjusted profit before tax *	110,842	140,590	-21.2%
* <u>Adjustments for one-off non-operating items:</u>			
Inventories written down (Schedule G, Note 11)	322	-	
Reversal of impairment loss on plant and machinery (Schedule G, Note 11) **	(13,474)	-	
Repair expenses of plant and machinery	11,659	-	
Other flood related expenses	270	-	
Restructuring costs	80	1,246	
	<u>(1,143)</u>	<u>1,246</u>	

** Reversal of impairment loss as the plant and machinery can be repaired.

The Group recorded 1.5% revenue growth for its second quarter ended 31 March 2022 to RM1,107.7 million (Q2 FY2021: RM1,091.9 million). Positive momentum from the recovery of economic activities in Malaysia moderated the dampened demand in Thailand affected by the COVID-19 Omicron variant outbreak.

The Group's profit before tax declined by 19.6%, at RM112.0 million (Q2 FY2021: RM139.3 million), attributed to commodity price pressures and forex translation loss from a weaker Thai Baht ("THB"). Excluding one-off non-operating items, group profit before tax declined by 21.2% to RM110.8 million.

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

1. Operations review (cont'd)

Current quarter ("Q2") ended 31 March 2022 vs corresponding quarter ended 31 March 2021 (cont'd)

• F&B Malaysia (cont'd)

RM'000	Individual 2 nd quarter		% chg
	31/03/2022	31/03/2021	
Revenue	615,095	564,169	9.0%
Operating profit	45,173	26,365	71.3%
Adjustment for one-off non-operating items:			
Inventories written down (Schedule G, Note 11)	322	-	
Reversal of impairment loss on plant and machinery (Schedule G, Note 11) *	(13,474)	-	
Repair expenses of plant and machinery	11,659	-	
Other flood related expenses	160	-	
Restructuring costs	80	1,208	
	(1,253)	1,208	
Adjusted operating profit	43,920	27,573	59.3%

* Reversal of impairment loss as the plant and machinery can be repaired.

F&B Malaysia revenue for the quarter soared by 9.0% to RM615.1 million (Q2 FY2021: RM564.2 million), on the back of higher sales from the Chinese New Year ("CNY") festivities, driven by the easing of COVID-19 restrictions and effective on-ground activation and promotions.

Beverage sales surged double-digit for the quarter, supported by greater out-of-home consumption and improvement in sales to the HORECA channel. Revenue for food products grew by double-digit from early sell-in for Hari Raya Puasa festive season and successful CNY promotion for its oyster sauce category. Dairies sales registered improved revenue despite a volume decline following price adjustments undertaken in October 2021 to ease the sharp rise in input cost.

The price increase also impacted export volume in some price-sensitive markets. Improvement in margin and customer/country mix contributed to higher operating profit for Exports despite lower revenue versus last year. Exports from Malaysia also faced challenges from shipping disruption due to port congestion and limited shipping vessels to certain regions, and lower volume from the Greater China amidst strict COVID-19 lockdown measures.

Following the floods in December 2021, our manufacturing facilities in Shah Alam resumed operations in stages since mid-January. There are out-of-stock situations for some products and is being managed.

Higher sales, improved margins from price adjustment and prudent cost management help ease pressures from higher input and freight cost and contributed to higher operating profit for F&B Malaysia in Q2 FY2022. F&B Malaysia's adjusted operating profit surged 59.3% to RM43.9 million (Q2 FY2021: RM27.6 million).

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

1. Operations review (cont'd)

Current quarter ("Q2") ended 31 March 2022 vs corresponding quarter ended 31 March 2021 (cont'd)

• F&B Thailand

	Individual 2 nd quarter		
	31/03/2022	31/03/2021	% chg
Revenue (RM'000)	491,846	525,813	-6.5%
Revenue (THB'000)	3,888,834	3,926,533	-1.0%
Operating profit (RM'000)	61,819	112,127	-44.9%
Operating profit (THB'000)	488,242	837,308	-41.7%

F&B Thailand revenue in THB terms for the quarter declined marginally by 1.0%, whilst revenue in RM terms was more adversely impacted (-6.5%) due to unfavourable foreign exchange translation. Thailand faced its largest infection rate since the pandemic due to the COVID-19 Omicron variant. The tourism dependent country suspended the test and go guarantee-free entry program since 22nd December 2021 and subsequently eased the requirements from 1st March 2022.

F&B Thailand sustained growth in the domestic sales of sweetened condensed and evaporated milk through effective promotions and loyalty programs although sales for liquid milk category was still weak due to lower tourists and lower traffic at HORECA and modern trade outlets.

Higher export revenue from price adjustments as well as new orders and expansion into new markets helped mitigate weaker domestic demand. Sales to Indochina was affected by slower traffic in modern trade and HORECA channel due to the pandemic and higher sales phasing to the 1st quarter.

Operating profit declined by 44.9% (-41.7% in THB terms) to RM61.8 million during the quarter. This is mainly due to difficulty in passing on the significantly higher input costs to customers, as its products are on the Thai government's price watch list. F&B Thailand managed to implement price increase in March 2022.

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

1. Operations review (cont'd)

Half year ("1H") vs corresponding period last year

RM'000	Cumulative 2 nd quarter		% chg
	31/03/2022	31/03/2021	
Revenue	2,214,305	2,174,970	1.8%
Operating profit	216,729	294,715	-26.5%
Adjusted operating profit *	240,713	295,961	-18.7%
Profit before tax	220,132	298,280	-26.2%
Adjusted profit before tax *	244,116	299,526	-18.5%
<u>* Adjustments for one-off non-operating items:</u>			
Inventories written down (Schedule G, Note 11)	20,933	-	
Impairment loss on plant and machinery (Schedule G, Note 11)	6,565	-	
Repair expenses of plant and machinery	11,659	-	
Other flood related expenses	1,151	-	
Interim insurance claim receivable in respect of inventories damaged due to flood (Schedule G, Note 11)	(18,002)	-	
Restructuring costs	1,678	1,246	
	<u>23,984</u>	<u>1,246</u>	

For the first half ended 31 March 2022, Group revenue grew 1.8% to RM2,214.3 million (1H FY2021: RM2,175.0 million) amidst recovery of economic activities.

Despite higher revenue, the Group recorded lower profit before tax of RM220.1 million for 1H FY2022 compared to the same period last year. This is mainly due to significantly higher commodity prices, flood impact, and forex translation loss from a weaker THB. The rise in global commodities prices amounted to an additional RM200.0 million cost of goods sold for the first half year. Through rigorous cost management measures, including price and trade discount adjustments, the Group has significantly reduced the impact to its bottom line. Excluding one-off non-operating items, Group profit before tax declined by RM55.4 million (-18.5%) to RM244.1 million (1H FY2021: RM299.5 million).

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

1. Operations review (cont'd)

Half year ("1H") vs corresponding period last year (cont'd)

• F&B Malaysia

RM'000	Cumulative 2 nd quarter		% chg
	31/03/2022	31/03/2021	
Revenue	<u>1,190,680</u>	<u>1,132,352</u>	5.2%
Operating profit	67,806	71,281	-4.9%
Adjustment for one-off non-operating items:			
Inventories written down (Schedule G, Note 11)	20,933	-	
Impairment loss on plant and machinery (Schedule G, Note 11)	6,565	-	
Provision for repairs	11,659	-	
Other flood related expenses	1,034	-	
Interim insurance claim receivable in respect of inventories damaged due to flood (Schedule G, Note 11)	(18,002)	-	
Restructuring costs	1,298	1,208	
	<u>23,487</u>	<u>1,208</u>	
Adjusted operating profit	<u>91,293</u>	<u>72,489</u>	25.9%

F&B Malaysia's revenue grew by 5.2% to RM1,190.7 million (FY2021: RM1,132.4 million) for the first half-year. This was driven by a stronger 2nd quarter performance building on the positive momentum from the lifting of movement control restrictions and additional one quarter revenue from Food pillar (acquired in January 2021). The growth momentum was partly dampened by lower export revenue, the impact of the floods on its Shah Alam operations and the resulting out of stock situations.

Excluding one-off non-operating items, F&B Malaysia's operating profit grew by 25.9% to RM91.3 million (FY2021: RM72.5 million), attributed to higher beverages sales, improved margin for dairy products, improvement in export customer/country mix and contribution from Food pillar.

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

1. Operations review (cont'd)

Half year ("1H") vs corresponding period last year (cont'd)

• F&B Thailand

	Cumulative 2 nd quarter		
	31/03/2022	31/03/2021	% chg
Revenue (RM'000)	1,021,689	1,040,220	-1.8%
Revenue (THB'000)	8,120,898	7,764,830	4.6%
Operating profit (RM'000)	142,214	221,605	-35.8%
Operating profit (THB'000)	1,130,386	1,654,190	-31.7%

Strong double-digit growth in domestic and export sales in the first quarter contributed to F&B Thailand recording higher revenue in the first half year, which grew by 4.6% (in THB terms). However, unfavourable RM/THB translation led to lower revenue in RM terms, registering a 1.8% decline to RM1,021.7 million. Sales of sweetened condensed milk and evaporated milk continued to grow through new product introductions, promotions, expansion of distribution coverage via van sales, and loyalty campaigns, offset by lower traffic at the HORECA channel and modern trade outlets which impacted its liquid milk category. F&B Thailand market share continued to grow despite overall market decline.

Operating profit declined by 35.8% (31.7% in THB terms) to RM142.2 million due to significantly higher input costs (especially tin can and milk powder) and difficulty in passing on the significantly higher input costs to customers, as its products are on the Thai government's price watch list. Price increase was implemented in March to mitigate margin pressures.

2. Comment on material change in Group profit before tax for the quarter ended 31 March 2022 vs preceding 1st quarter ("Q1") ended 31 December 2021

	Individual quarter		
RM'000	31/03/2022	31/12/2021	% chg
Revenue	1,107,689	1,106,616	0.1%
Operating profit	109,528	107,201	2.2%
Adjusted operating profit *	108,385	132,328	-18.1%
Profit before tax	111,985	108,147	3.5%
Adjusted profit before tax *	110,842	133,274	-16.8%
* <u>Adjustments for one-off non-operating items:</u>			
Inventories written down	322	20,611	
Net (reversal of impairment loss)/impairment loss on plant and machinery **	(13,474)	20,039	
Repair expenses of plant and machinery	11,659	-	
Other flood related expenses	270	881	
Interim insurance claim receivable in respect of inventories damaged due to flood	-	(18,002)	
Restructuring costs	80	1,598	
	<u>(1,143)</u>	<u>25,127</u>	

** Reversal of impairment loss as the plant and machinery can be repaired.

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 2022 vs preceding 1st quarter ("Q1") ended 31 December 2021 (cont'd)

Group profit before tax improved by 3.5% to RM112.0 million (Q1 FY2022: RM108.1 million) mainly due to recognition of one-off non-operating items due to flood and restructuring costs in Q1. Excluding one-off non-operating items, Group profit before tax declined by 16.8% mainly attributed to impact of rising input cost on F&B Thailand margins.

3. Prospects

The Group anticipates the challenging environment for the industry to continue into the second half of the year, as high input prices, rising freight costs, and geopolitical uncertainties weigh on the Group's margin while rising inflationary pressures may dampen discretionary spending. However, the reopened borders and relaxation of quarantine requirements in Malaysia and Thailand are expected to spur economic activity and consumer spending.

Regardless of the market environment, the Group remains resolute in its long-term strategies and foresees that these will result in payoffs in terms of further cost savings and new market opportunities soon.

Several of the Group's capital expenditure ("CAPEX") projects will be completed this year, such as the insourcing of warehousing in Shah Alam, Solar Photovoltaic systems at three plants in Malaysia (Shah Alam, Pulau Indah and Bentong) and Drinking Water production plant and warehouse in Kota Kinabalu. Another significant CAPEX project is our new Liquid Milk & Plant-Based Beverages factory in Thailand, which is in the final stages of commissioning. Concurrently, we are also equipping our Pulau Indah plant with Plant-Based Beverages capability by the end of 2022.

The Group will focus on accelerating the momentum built in the first half while keeping a tight rein on costs and adapting to the fluid environment. We are confident that the fruits of our strategic plans will enable us to come out on a stronger footing when the markets stabilise again.

The Group's proposed acquisition of Ladang Permai Damai Sdn Bhd will enable us to embark on the upstream fresh milk business for downstream production and distribution of fresh milk. Our latest investment will present incremental opportunities for our future growth prospects. The Proposed Acquisition is subject to the terms and conditions of the Share Sale Agreement, including the government approvals to be obtained as conditions precedent to completion. More details of the project will be announced once they are completed. The Proposed Acquisition is not expected to have any material effect on the earnings of the Group for the financial year ending 30 September 2022.

The Group's latest investment also reflected the our confidence in the long-term potential of our markets and our ability to manage the risks of the current landscape while strategies are well placed to drive future growth.

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 nd quarter		Cumulative 2 nd quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Current income tax	13,137	30,877	28,760	45,612
Deferred tax – origination and reversal of temporary differences	5,665	3,961	5,159	11,482
(Over)/Under provision in respect of previous years				
- Income tax	(456)	1,037	(456)	1,037
- Deferred tax	(221)	(37)	(137)	(155)
	<u>18,125</u>	<u>35,838</u>	<u>33,326</u>	<u>57,976</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

RM'000	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Profit before tax	<u>111,985</u>	<u>139,344</u>	<u>220,132</u>	<u>298,280</u>
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	26,877	33,442	52,832	71,587
Effect of tax rates in foreign jurisdictions	(2,511)	(4,805)	(5,889)	(9,470)
Tax exempt income	(8,408)	(5,621)	(14,670)	(16,715)
Non-deductible expenses	3,099	1,138	2,098	1,268
Utilisation of previously unrecognised tax losses	82	-	(70)	-
(Over)/Under provision of income and deferred tax in prior years	(677)	1,000	(593)	882
Foreign withholding tax	227	10,957	437	11,159
Others	(564)	(273)	(819)	(735)
Total income tax expense	<u>18,125</u>	<u>35,838</u>	<u>33,326</u>	<u>57,976</u>
Effective income tax rate	<u>16.2%</u>	<u>25.7%</u>	<u>15.1%</u>	<u>19.4%</u>

6. Status of corporate proposals

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

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

7. Loans and borrowings

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

RM'000	Currency	31/03/2022	30/09/2021
<u>Current (unsecured)</u>			
Islamic Medium Term Notes	RM	1,000	1,000

Islamic Commercial Papers ("ICP") and Islamic Medium Term Notes ("IMTN") programmes of RM3,000,000,000

A subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), had established an Islamic Commercial Papers ("ICP") Programme ("ICP Programme") and an Islamic Medium Term Notes ("IMTN") Programme ("IMTN Programme") both based on the Shariah principle of Murabahah (via a Tawarruq arrangement) with a combined limit of up to RM3,000,000,000 in nominal value and guaranteed by the Company. The ICP Programme has a tenure of seven (7) years from the first issue date whilst the tenure of the IMTN Programme is perpetual.

The proceeds from the ICP Programme and the IMTN Programme shall be advanced to companies within the F&NHB Group for Shariah-compliant general corporate purposes of the Group and the refinancing of any existing borrowings/financings/corporate bonds/Sukuk issues and/or future Sukuk issues/Shariah-compliant financings of the Group. The utilisation of proceeds of these programmes shall at all times be for Shariah-compliant purposes.

To activate the Programmes, the Issuer had on 30 August 2021 issued IMTN of RM1,000,000 with a tenure of one (1) year from the issue date. As at 31 March 2022, the outstanding IMTN with profit rate of 2.45% per annum amounted to RM1,000,000.

As at 31 March 2022, the unutilised ICP Programme and IMTN Programme available for use amounted to RM2,999,000,000 (2021: RM2,999,000,000).

8. Material litigation

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

9. Dividend declared subsequent to 31 March 2022

The Directors are pleased to declare an interim single tier dividend of 27.0 sen per share (2021: 27.0 sen) for the financial year ending 30 September 2022. This dividend amounting to approximately RM99.0 million (2021: RM99.0 million) will be paid on 31 May 2022.

The entitlement date for the above dividend shall be 17 May 2022 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 17 May 2022 in respect of ordinary transfer; and
- (b) Shares bought on BURSA MALAYSIA SECURITIES BERHAD on a cum entitlement basis according to the Rules of the BURSA MALAYSIA SECURITIES BERHAD.

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

10. Earnings per ordinary share (EPS)

- (a) The calculation of basic earnings per ordinary share at 31 March 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Individual 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Profit for the period attributed to owners of the Company (RM'000)	<u>93,867</u>	<u>103,512</u>	<u>186,820</u>	<u>240,317</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,770</u>	<u>366,537</u>	<u>366,679</u>	<u>366,639</u>
Basic earnings per ordinary share (sen)	<u>25.6</u>	<u>28.2</u>	<u>50.9</u>	<u>65.5</u>

- (b) The calculation of diluted earnings per ordinary share at 31 March 2022 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 nd quarter		Cumulative 2 nd quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Profit for the period attributed to owners of the Company (RM'000)	<u>93,867</u>	<u>103,512</u>	<u>186,820</u>	<u>240,317</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,770</u>	<u>366,537</u>	<u>366,679</u>	<u>366,639</u>
Adjustments pursuant to the SGP Trust ('000)	<u>857</u>	<u>805</u>	<u>857</u>	<u>1,130</u>
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>367,627</u>	<u>367,342</u>	<u>367,536</u>	<u>367,769</u>
Diluted earnings per ordinary share (sen)	<u>25.5</u>	<u>28.2</u>	<u>50.8</u>	<u>65.3</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 2 nd quarter		Cumulative 2 nd quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
(a) Bad debts recovered	(6)	(10)	(16)	(19)
(b) Depreciation of property, plant and equipment and amortisation of intangible assets	26,587	27,368	52,930	54,632
(c) Depreciation of right-of-use assets	5,076	6,647	10,185	13,435
(d) Inventories written off	920	337	1,496	644
(e) Net fair value gain on derivatives	(865)	(709)	(1,217)	(957)
(f) Net (reversal of impairment loss)/impairment loss on property, plant and equipment				
- due to flood	(13,474)	-	6,565	-
- others	(33)	(8)	(36)	(17)
(g) Net impairment loss/(reversal of impairment loss) on receivables	1,028	(29)	877	(152)
(h) Net inventories written down				
- due to slow moving inventories	2,240	1,678	2,857	2,869
- due to flood	322	-	20,933	-
(i) Net loss on disposal/write-offs of property, plant and equipment	92	178	300	300
(j) Net gain on foreign exchange	(977)	(2,738)	(876)	(62)
(k) Insurance claim receivables	-	-	(18,002)	-

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:

	31/03/2022		30/09/2021	
	Notional value	Fair value RM'000	Notional value	Fair value RM'000
Forward foreign exchange contracts (less than 1 year)				
USD ('000)	6,000	665	-	-
AUD ('000)	2,726	386	2,356	(166)
		<u>1,051</u>		<u>(166)</u>

There is no significant change for the financial derivatives in respect of the following since the financial year ended 30 September 2021:

- (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 current period, the Group recognised a total net gain of RM1,217,000 (2021: RM957,000) 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 2022.