



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

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For immediate release

QUARTERLY FINANCIAL REPORT

3rd Quarter Ended 30 June 2023

The Directors are pleased to release the unaudited quarterly financial report for the quarter and nine months ended 30 June 2023.

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 2022:

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
Shah Alam, Selangor
3 August 2023

Schedule A : Unaudited Condensed Consolidated Income Statement

For the quarter and nine months ended 30 June 2023

RM'000	Individual 3 rd quarter			Cumulative 3 rd quarter		
	30/06/2023	30/06/2022	% chg	30/06/2023	30/06/2022	% chg
Revenue	1,331,855	1,118,249	19.1%	3,756,964	3,332,554	12.7%
Cost of sales	(938,279)	(826,828)		(2,694,884)	(2,467,018)	
Gross profit	393,576	291,421	35.1%	1,062,080	865,536	22.7%
Other income	4,622	4,942		107,260	13,165	
Net gain/(loss) on impairment of financial instruments	18	(62)		(291)	(939)	
Operating expenses	(272,342)	(184,538)		(692,307)	(549,270)	
Operating profit	125,874	111,763	12.6%	476,742	328,492	45.1%
Finance income	3,767	936		8,693	2,986	
Finance costs	(8,864)	(1,224)		(26,391)	(3,281)	
Share of profit of equity-accounted associate, net of tax [^]	-	2,979		3,913	6,491	
Share of loss of equity-accounted joint venture, net of tax [#]	(40)	(44)		(109)	(146)	
Profit before tax	120,737	114,410	5.5%	462,848	334,542	38.4%
Tax expense (Schedule G, Note 5)	(17,492)	(16,943)		(59,786)	(50,269)	
Profit for the period	103,245	97,467	5.9%	403,062	284,273	41.8%
Profit for the period attributable to:						
Owners of the Company	99,367	97,500	1.9%	399,342	284,320	40.5%
Non-controlling interests	3,878	(33)		3,720	(47)	
Profit for the period	103,245	97,467	5.9%	403,062	284,273	41.8%
Basic earnings per ordinary share (sen) (Schedule G, Note 10)	27.1	26.6		109.0	77.5	
Diluted earnings per ordinary share (sen) (Schedule G, Note 10)	27.0	26.5		108.7	77.4	

[^] The share of results of an associate for the quarter refers to Cocoland Holdings Berhad and is derived from its unaudited management accounts for the period ended 31 October 2022. Cocoland Holdings Berhad was accounted as a wholly-owned subsidiary from 4 November 2022.

[#] 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 nine months ended 30 June 2023.

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 2022.

Schedule B : Unaudited Condensed Consolidated Statement of Comprehensive Income

For the quarter and nine months ended 30 June 2023

RM'000	Individual 3 rd quarter		% chg	Cumulative 3 rd quarter		% chg
	30/06/2023	30/06/2022		30/06/2023	30/06/2022	
Profit for the period	103,245	97,467	5.9%	403,062	284,273	41.8%
Other comprehensive income, net of tax:						
<i>Item that is or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	19,919	2,385		61,702	9,222	
Total comprehensive income for the period	123,164	99,852	23.3%	464,764	293,495	58.4%
Total comprehensive income attributable to:						
Owners of the Company	119,286	99,885	19.4%	461,044	293,542	57.1%
Non-controlling interests	3,878	(33)		3,720	(47)	
	123,164	99,852	23.3%	464,764	293,495	58.4%

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 financial year ended 30 September 2022.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2023

RM'000	30/06/2023	30/09/2022
Non-current assets		
Property, plant and equipment	1,520,051	1,458,344
Right-of-use assets	364,912	122,133
Investment properties	42,321	47,569
Properties held for development	54,933	54,933
Intangible assets	493,951	91,925
Investment in an associate (<i>Schedule F, Note 8</i>)	-	93,465
Investment in a joint venture (<i>Schedule F, Note 9</i>)	87,753	87,362
Deferred tax assets	6,970	5,178
	<u>2,570,891</u>	<u>1,960,909</u>
Current assets		
Trade and other receivables	786,260	866,369
Inventories	747,987	901,377
Derivative financial assets (<i>Schedule F, Note 18</i>)	146	88
Cash and cash equivalents	813,908	461,887
	<u>2,348,301</u>	<u>2,229,721</u>
Total assets	4,919,192	4,190,630
Equity		
Share capital and reserves	3,221,949	2,982,523
Non-controlling interests	6,992	1,866
Total equity	3,228,941	2,984,389
Non-current liabilities		
Loans and borrowings (<i>Schedule F, Note 18 and Schedule G, Note 7</i>)	707,000	210,000
Lease liabilities	51,044	53,021
Employee benefits	36,526	35,696
Deferred tax liabilities	72,820	74,180
	<u>867,390</u>	<u>372,897</u>
Current liabilities		
Trade and other payables	706,083	693,017
Contract liabilities	82,383	66,996
Loans and borrowings (<i>Schedule F, Note 18 and Schedule G, Note 7</i>)	3,000	36,833
Lease liabilities	8,886	10,270
Current tax liabilities	22,509	26,164
Derivative financial liabilities (<i>Schedule F, Note 18</i>)	-	64
	<u>822,861</u>	<u>833,344</u>
Total liabilities	1,690,251	1,206,241
Total equity and liabilities	4,919,192	4,190,630
Net assets per share (RM) attributable to owners of the Company	<u>8.78</u>	<u>8.13</u>

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 2022.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the nine months ended 30 June 2023

RM'000	Cumulative 3 rd quarter 30/06/2023	30/06/2022
Cash flows from operating activities		
Profit before tax	462,848	334,542
Add/(less) non-cash items:		
- Change in fair value of investment properties	7,080	-
- Depreciation of property, plant and equipment and amortisation of intangible assets	87,201	79,701
- Depreciation of right-of-use assets	17,419	15,041
- Employee share-based expense	7,506	4,414
- Finance costs	26,391	3,281
- Finance income	(8,693)	(2,986)
- Intangible assets written off	98	-
- Net impairment loss on property, plant and equipment	36,066	6,191
- Net gain on disposal of property, plant and equipment	(349)	(19)
- Property, plant and equipment written off	131	468
- Remeasurement gain of the previously held equity interest in an associate	(89,256)	-
- Reversal of impairment loss on intangible assets	(294)	-
- Share of profit of equity-accounted associate, net of tax	(3,913)	(6,491)
- Share of loss of equity-accounted joint venture, net of tax	109	146
- Others	(153)	635
Changes in working capital	316,042	(296,499)
Tax paid	(75,004)	(51,875)
Net cash from operating activities	783,229	86,549
Cash flows from investing activities		
Acquisition of intangible assets	(2,583)	(2,144)
Acquisition of property, plant and equipment	(72,956)	(157,975)
Acquisition of subsidiaries, net of cash and cash equivalent	(597,951)	-
Interest received	7,810	1,757
Investment in a joint venture	(500)	-
Proceeds from disposal of property, plant and equipment	970	735
Proceeds from issue of shares by a new subsidiary to non-controlling interests	-	3,000
Net cash used in investing activities	(665,210)	(154,627)
Cash flows from financing activities		
Dividend paid to owners of the Company	(220,067)	(220,067)
Interest paid	(20,751)	(1,940)
Payment of lease liabilities	(12,843)	(13,110)
Proceeds from loans and borrowings	500,000	119,015
Purchase of shares by Share Grant Plan ("SGP") Trust	(8,944)	(814)
Repayment of loans and borrowings	(39,405)	-
Net cash from/(used in) financing activities	197,990	(116,916)
Net increase/(decrease) in cash and cash equivalents	316,009	(184,994)
Effects of exchange rate fluctuations on cash and cash equivalents	36,012	4,263
Cash and cash equivalents at 1 October 2022/2021	461,887	555,380
Cash and cash equivalents at 30 June	813,908	374,649
Cash and bank balances	572,072	333,242
Short term deposits with licensed banks with a maturity period of 3 months or less	241,836	41,407
Cash and cash equivalents at 30 June	813,908	374,649

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 2022.

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

For the nine months ended 30 June 2023

<----- Attributable to owners of the Company -----> <----- Non-distributable -----> Distributable										
RM'000	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
At 1 October 2022	816,770	(6,387)	(8,978)	41,565	15,539	9,934	2,114,080	2,982,523	1,866	2,984,389
Total comprehensive income	-	-	-	61,702	-	-	399,342	461,044	3,720	464,764
Transactions with owners:										
Shares vested under SGP	-	8,517	1,792	-	(10,309)	-	-	-	-	-
Purchase of shares by SGP Trust	-	(8,944)	-	-	-	-	-	(8,944)	-	(8,944)
Employee share-based expense	-	-	-	-	7,393	-	-	7,393	-	7,393
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,406	1,406
Dividend to owners of the Company	-	-	-	-	-	-	(220,067)	(220,067)	-	(220,067)
Total transactions with owners	-	(427)	1,792	-	(2,916)	-	(220,067)	(221,618)	1,406	(220,212)
At 30 June 2023	816,770	(6,814)	(7,186)	103,267	12,623	9,934	2,293,355	3,221,949	6,992	3,228,941
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/(expense)	-	-	-	9,222	-	-	284,320	293,542	(47)	293,495
Transactions with owners:										
Shares vested under SGP	-	4,983	298	-	(5,281)	-	-	-	-	-
Purchase of shares by SGP Trust	-	(814)	-	-	-	-	-	(814)	-	(814)
Issue of shares by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	3,000	3,000
Employee share-based expense	-	-	-	-	4,266	-	-	4,266	-	4,266
Dividend to owners of the Company	-	-	-	-	-	-	(220,067)	(220,067)	-	(220,067)
Total transactions with owners	-	4,169	298	-	(1,015)	-	(220,067)	(216,615)	3,000	(213,615)
At 30 June 2022	816,770	(457)	(8,977)	57,224	11,911	9,934	2,009,487	2,895,892	2,758	2,898,650

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.

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 2023 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate and a joint venture.

These interim financial statements were approved by the Board of Directors on 3 August 2023.

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 2022.

The audited consolidated financial statements of the Group for the year ended 30 September 2022 are available upon request from the Company's registered office at No. 1, Jalan Bukit Belimbing 26/38, Persiaran Kuala Selangor, Seksyen 26, 40400 Shah Alam, Selangor, 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 2022. 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 2022.

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 2022.

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 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 – 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 and International Tax Reform-Pillar Two Model Rules*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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	30/06/2023	30/09/2022
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	90,434	86,521
Dividends received	(61,783)	(61,783)
Deemed disposal *	(97,378)	-
	<u>-</u>	<u>93,465</u>
Market value of investment in an associate for which there is published price quotation	<u>-</u>	<u>184,146</u>

The summarised financial information of the associate is as follows:

RM'000	30/06/2023	30/09/2022
Total assets	-	309,004
Total liabilities	<u>-</u>	<u>(36,735)</u>

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Revenue	-	65,744	91,721	174,444
Profit	<u>-</u>	<u>10,545</u>	<u>14,169</u>	<u>23,468</u>

* Please refer to *Schedule F, Note 21(b)*.

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

9. Investment in a joint venture

RM'000	30/06/2023	30/09/2022
Unquoted shares, at cost	128,320	127,820
Share of post-acquisition reserves	(23,569)	(23,460)
	104,751	104,360
Interest on shareholder's loan	38,294	38,294
	143,045	142,654
Less: Unrealised profit	(55,292)	(55,292)
	87,753	87,362

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

RM'000	30/06/2023	30/09/2022
Total assets	286,447	285,684
Total liabilities	(76,962)	(76,982)

RM'000	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Revenue	-	-	-	-
Loss	(80)	(88)	(217)	(292)

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 except as disclosed in *Schedule G, Note 7*.

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 2023</u>			
Final 2022 ordinary	10 February 2023	33.0	121,037
Interim 2023 ordinary	1 June 2023	27.0	99,030
			220,067
<u>Nine months ended 30 June 2022</u>			
Final 2021 ordinary	9 February 2022	33.0	121,037
Interim 2022 ordinary	31 May 2022	27.0	99,030
			220,067

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>3rd quarter - 30/06/2023</u>					
Total revenue	748,849	591,865	781	23,224	1,364,719
Inter-segment	-	(9,759)	(591)	(22,514)	(32,864)
External	748,849	582,106	190	710	1,331,855
<u>3rd quarter - 30/06/2022</u>					
Total revenue	626,837	492,954	856	19,023	1,139,670
Inter-segment	-	(2,877)	(684)	(17,860)	(21,421)
External	626,837	490,077	172	1,163	1,118,249
<u>2nd quarter - 31/03/2023</u>					
Total revenue	707,586	507,576	576	21,553	1,237,291
Inter-segment	-	(9,435)	(387)	(20,846)	(30,668)
External	707,586	498,141	189	707	1,206,623
<u>Cumulative 3rd quarter - 30/06/2023</u>					
Total revenue	2,169,699	1,613,846	2,093	66,250	3,851,888
Inter-segment	-	(29,409)	(1,526)	(63,989)	(94,924)
External	2,169,699	1,584,437	567	2,261	3,756,964
<u>Cumulative 3rd quarter - 30/06/2022</u>					
Total revenue	1,817,517	1,525,034	2,518	55,286	3,400,355
Inter-segment	-	(13,268)	(2,023)	(52,510)	(67,801)
External	1,817,517	1,511,766	495	2,776	3,332,554

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)				
	F&B Malaysia	F&B Thailand	Property	Others	Total
<u>3rd quarter - 30/06/2023</u>					
Operating profit/(loss)	26,589	105,243	(7,487)	1,529	125,874
Finance income					3,767
Finance costs					(8,864)
Share of results of a joint venture					(40)
Profit before tax					120,737
<u>3rd quarter - 30/06/2022</u>					
Operating profit	50,402	58,731	266	2,364	111,763
Finance income					936
Finance costs					(1,224)
Share of results of an associate					2,979
Share of results of a joint venture					(44)
Profit before tax					114,410
<u>2nd quarter - 31/03/2023</u>					
Operating profit/(loss)	48,198	78,056	(358)	116	126,012
Finance income					2,334
Finance costs					(8,603)
Share of results of a joint venture					(40)
Profit before tax					119,703

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	
<u>Cumulative 3rd quarter - 30/06/2023</u>					
Operating profit/(loss)	145,231	251,186	(8,149)	88,474	476,742
Finance income					8,693
Finance costs					(26,391)
Share of results of an associate					3,913
Share of results of a joint venture					(109)
Profit before tax					462,848
<u>Cumulative 3rd quarter - 30/06/2022</u>					
Operating profit	118,208	200,945	662	8,677	328,492
Finance income					2,986
Finance costs					(3,281)
Share of results of an associate					6,491
Share of results of a joint venture					(146)
Profit before tax					334,542

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	30/06/2023	30/09/2022
F&B Malaysia	2,589,073	2,136,711
F&B Thailand	1,086,631	1,073,411
Property	194,202	200,843
Others	235,378	317,778
	<u>4,105,284</u>	<u>3,728,743</u>

Segment liabilities

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

RM'000	30/06/2023	30/09/2022
F&B Malaysia	576,505	555,745
F&B Thailand	385,701	395,127
Property	1,242	1,686
Others	16,803	6,850
	<u>980,251</u>	<u>959,408</u>

13. Significant events during the quarter

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.

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

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

16. Contingent liabilities

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

17. Contingent assets

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

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

18. Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with fair values and carrying amounts shown in the statements of financial position.

RM'000	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
30/06/2023				
<u>Financial asset</u>				
Derivative financial assets	146	-	146	146
<u>Financial liabilities</u>				
Derivative financial liabilities	-	-	-	-
Fixed-rate loans and borrowings	-	601,954	601,954	610,000
	-	601,954	601,954	610,000
30/09/2022				
<u>Financial asset</u>				
Derivative financial assets	88	-	88	88
<u>Financial liabilities</u>				
Derivative financial liabilities	64	-	64	64
Fixed-rate loans and borrowings	-	108,719	108,719	110,000
	64	108,719	108,783	110,064

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 period.

The Group held investment properties amounting to RM42,321,000 (2022: RM47,569,000) carried at Level 3: significant unobservable inputs.

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

19. Capital commitments

The outstanding capital commitments are as follows:

RM'000	30/06/2023	30/09/2022
<u>Property, plant and equipment</u>		
Contracted but not provided for	48,093	83,468

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 rd quarter		Cumulative 3 rd quarter	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
<u>Fraser and Neave, Limited Group</u>				
Sales	69,619	66,091	204,874	210,042
Purchases	(30,159)	(37,749)	(110,257)	(141,397)
Royalties paid	(19,263)	(17,679)	(57,213)	(49,646)
Receipt of corporate service fees	723	1,199	2,346	2,885
<u>Thai Beverage Public Company Limited Group</u>				
Sales	2,280	1,876	6,448	4,786
Purchases	(341)	(2,101)	(1,255)	(5,440)
Marketing expenses	(7,119)	(3,930)	(19,621)	(10,491)
Corporate service fees paid	(469)	(482)	(1,436)	(1,474)
Purchase of property, plant and equipment	(4)	(262)	(311)	(4,107)
Other income/(expenses)	(436)	173	(1,105)	529
<u>Berli Jucker Public Company Limited Group</u>				
Sales	19,337	12,374	43,419	44,857
Purchases	(507)	(814)	(2,073)	(4,428)
<u>Fraser Property Limited Group</u>				
Rental expenses	(1,655)	(1,468)	(4,631)	(4,382)
<u>Other related parties of TCC Assets Limited Group</u>				
Purchases	(8,460)	(7,323)	(22,505)	(27,828)
Insurance premium paid	(432)	(716)	(1,265)	(2,298)
Rental expenses	(443)	-	(1,165)	-
<u>Compensation</u>				
Compensation of key management personnel of the Group	(3,798)	(3,823)	(13,824)	(11,179)
Directors' fees and remuneration	(429)	(340)	(1,169)	(979)

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	30/06/2023	30/09/2022
<u>Amount due from related parties</u>		
Fraser and Neave, Limited Group	60,960	63,479
Vacaron Company Sdn Bhd	38,305	38,305
Thai Beverage Public Company Limited Group	1,232	1,070
Berli Jucker Public Company Limited Group	15,546	7,734
Other related parties of TCC Assets Limited Group	24	18
<u>Amount due to related parties</u>		
Fraser and Neave, Limited Group	(32,418)	(39,664)
Fraser's Property Limited Group	(545)	(579)
Thai Beverage Public Company Limited Group	(5,206)	(2,232)
Berli Jucker Public Company Limited Group	(459)	(770)
Other related parties of TCC Assets Limited Group	(3,927)	(2,799)

21. Intangible assets

Included in intangible assets are provisional goodwill amounting to RM401.3 million arising from the acquisition of new subsidiaries during the period.

(a) Acquisition of Ladang Permai Damai Sdn Bhd

On 11 October 2022, the Group via its wholly owned subsidiary, Dagang Sejahtera Sdn Bhd ("DSSB") acquired the entire equity interest in Ladang Permai Damai Sdn Bhd ("LPDSB") for a total cash consideration of RM215.6 million. The business intention for DSSB in acquiring LPDSB is for the Group to embark on the upstream fresh milk business for downstream production and distribution of fresh milk. It is the intention that after completion of the acquisition, LPDSB will lease the Permai Damai Estates to the Group at a fair market rate to carry out operations of the integrated dairy farm and crop plantation. The Permai Damai Estates will enable the Group to own a vertical integration business and operations based on locally grown crops for feed to F&NHB's dairy farm, which in turn will lower the value chain cost per litre. This will enable F&NHB to be less dependent on imported milk and promote local agricultural industry. LPDSB is included in Others segment.

The acquisition of LPDSB does not constitute an acquisition of business under MFRS 3 *Business Combinations* and does not give rise to a goodwill.

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

21. Intangible assets (cont'd)

(a) Acquisition of Ladang Permai Damai Sdn Bhd (cont'd)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

RM'000	<u>30/06/2023</u>
Fair value of consideration transferred	
Cash and cash equivalents	<u>215,588</u>
Identifiable assets acquired and liabilities assumed	
Right-of-use assets	4,730
Trade and other receivables	42
Cash and cash equivalents	5
Current tax liability	<u>(759)</u>
Total identifiable net assets	<u>4,018</u>

Recognition of cost of an asset acquisition from acquisition of LPDSB

RM'000	<u>30/06/2023</u>
Purchase consideration settled in cash and cash equivalents	215,588
F&NHB share of total identifiable net assets	<u>(2,612)</u>
Cost of asset acquisition to be allocated to identifiable assets	<u>212,976</u>
Allocated to:	
Right-of-use assets	<u>212,976</u>

Net cash outflow arising from acquisition of LPDSB

RM'000	<u>30/06/2023</u>
Purchase consideration settled in cash and cash equivalents	215,588
Cash and cash equivalents acquired	<u>(5)</u>
	<u>215,583</u>

(b) Acquisition of Cocoaland Holdings Berhad

On 4 November 2022, the Group via its wholly owned subsidiary, Awana Citra Sdn Bhd acquired the entire equity interest in Cocoaland Holdings Berhad ("Cocoaland") not already owned by F&NHB, representing 72.38% of the issued share capital of Cocoaland for a total cash consideration of RM489.2 million. The principal activity of Cocoaland is investment holding. Through its subsidiaries, Cocoaland is involved in activities such as manufacturing and trading of processed and preserved foods and fruits. It is also involved in the wholesale and retail of processed and preserved foods as well as wholesale, import and export of gummies and other products. The acquisition is in line with F&NHB's ambition to be a stable and sustainable food and beverage leader in ASEAN, with halal packaged food as its fourth pillar of growth. The investment will add established Malaysian confectionery and snack brands to F&NHB's portfolio of renowned brands, and at the same time serves as a platform to build on and expand into other packaged food segments. F&NHB believes that the addition of Cocoaland will enhance the Group's expansion in overseas markets. Cocoaland is included in F&B Malaysia segment.

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

21. Intangible assets (cont'd)

(b) Acquisition of Cocoland Holdings Berhad (cont'd)

A goodwill amounting to RM401.3 million was provisionally recognised pending the completion of the purchase price allocation. As allowed under MFRS 3 *Business Combinations*, the Group shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect the fair values of the identifiable assets acquired and liabilities assumed, within a period not exceeding one year from the acquisition date.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities determined provisionally at the acquisition date:

RM'000	<u>30/06/2023</u>
Fair value of consideration transferred	
Cash and cash equivalents	<u>489,195</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	81,533
Right-of-use assets	33,803
Investment properties	1,855
Inventories	42,265
Trade and other receivables	41,865
Current tax asset	315
Cash and cash equivalents	106,827
Trade and other payables	(26,640)
Current tax liability	(3,147)
Lease liabilities	(622)
Deferred taxation	<u>(3,572)</u>
Total identifiable net assets determined provisionally	<u>274,482</u>

The fair values of assets and liabilities was provisionally determined pending the purchase price allocation.

Net cash outflow arising from acquisition of Cocoland

RM'000	<u>30/06/2023</u>
Purchase consideration settled in cash and cash equivalents	489,195
Cash and cash equivalents acquired	<u>(106,827)</u>
	<u>382,368</u>

Goodwill

Goodwill was determined provisionally as a result of the acquisition as follows:

RM'000	<u>30/06/2023</u>
Total consideration transferred	489,195
Fair value of previously held equity interest in an associate	186,634
Fair value of identifiable net assets determined provisionally	<u>(274,482)</u>
Provisional goodwill	<u>401,347</u>

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

1. Operations review

Current quarter ("Q3") ended 30 June 2023 vs corresponding quarter ended 30 June 2022

RM'000	Individual 3 rd quarter		% chg
	30/06/2023	30/06/2022	
Revenue	1,331,855	1,118,249	19.1%
Operating profit	125,874	111,763	12.6%
Adjusted operating profit *	172,255	108,171	59.2%
Profit before tax	120,737	114,410	5.5%
Adjusted profit before tax *	167,118	110,818	50.8%
Profit after tax	103,245	97,467	5.9%
Adjusted profit after tax	148,203	95,297	55.5%

* Adjustments for one-off non-operating items:

Flood related items:

Reversal of inventories written down ^	-	(20,607)
Inventories written off ^	-	20,607
Reversal of impairment loss on plant and machinery ^ #	(68)	(263)
Repair expenses/(Reversal of repair expenses) of plant and machinery	55	(3,100)
Other flood related items	2	(504)
	(11)	(3,867)
Change in fair value of investment properties ^	7,080	-
Impairment loss on property, plant and equipment	36,110	-
Inventories written down	3,202	-
Restructuring costs	-	275
	46,381	(3,592)

^ Schedule G, Note 11

Reversal of impairment loss as the plant and machinery had been repaired.

Group revenue for Q3 FY2023 rose by 19.1% to RM1,331.9 million (Q3 FY2022: RM1,118.2 million) driven by robust festive sales, improvement in both the F&B Malaysia and F&B Thailand domestic markets, recovery in export markets and additional Cocoaland contribution (Cocoaland is included in F&B Malaysia segment).

Consequently, the Group's operating profit for Q3 FY2023 grew at 12.6% to RM125.9 million (Q3 FY2022: RM111.8 million) driven by overall higher prices, margin and cost management, and Cocoaland contribution and partially offset by one-off non-operating items (fair value loss on investment properties, impairment loss on property, plant and equipment and inventories written down). Excluding one-off non-operating items, Group operating profit for Q3 FY2023 grew by 59.2%.

Group profit after tax for Q3 FY2023 grew by 5.9% to RM103.2 million (Q3 FY2022: RM97.5 million). Excluding one-off non-operating items, Group profit after tax grew by 55.5% despite significantly higher interest costs.

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

1. Operations review (cont'd)

Current quarter ("Q3") ended 30 June 2023 vs corresponding quarter ended 30 June 2022 (cont'd)

• F&B Malaysia

RM'000	Individual 3 rd quarter 30/06/2023	30/06/2022	% chg
Revenue	748,849	626,837	19.5%
Operating profit	26,589	50,402	-47.2%
Adjustment for one-off non-operating items:			
Flood related items:			
Reversal of inventories written down	-	(20,607)	
Inventories written off	-	20,607	
Reversal of impairment loss on plant and machinery *	(68)	(263)	
Repair expenses/(Reversal of repair expenses) of plant and machinery	55	(3,100)	
Other flood related items	2	(504)	
	(11)	(3,867)	
Impairment loss on property, plant and equipment	33,049	-	
Inventories written down	3,202	-	
Restructuring costs	-	275	
	36,240	(3,592)	
Adjusted operating profit	62,829	46,810	34.2%

* Reversal of impairment loss as the plant and machinery had been repaired.

F&B Malaysia revenue for Q3 FY2023 grew by 19.5% to RM748.8 million (Q3 FY2022: RM626.8 million), driven by higher sales for its domestic and export markets, festive sales, higher prices and additional Cocoaland contribution.

Q3 FY2023 operating profit was lower at RM26.6 million (Q3 FY2022: RM50.4 million) due to one-off non-operating items from impairment loss on property, plant and equipment and inventories written down.

Excluding these one-off non-operating items, F&B Malaysia's adjusted operating profit improved by 34.2% to RM62.8 million (Q3 FY2022: RM46.8 million) on the back of higher revenue and operational savings, offset by higher input costs (sugar and raw milk), unfavourable foreign exchange impact and higher advertising and promotions (A&P) expenses. F&B Malaysia also ramped up its marketing campaigns in the quarter in conjunction with F&N 140th Anniversary, World Hydration Day and 100PLUS Zero Cuba Try Taste Campaign, sponsorship for Jacky Cheung Concert 2023, amongst others.

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

1. Operations review (cont'd)

Current quarter ("Q3") ended 30 June 2023 vs corresponding quarter ended 30 June 2022 (cont'd)

• F&B Thailand

	Individual 3 rd quarter		
	30/06/2023	30/06/2022	% chg
Revenue (RM'000)	582,106	490,077	18.8%
Operating profit (RM'000)	105,243	58,731	79.2%
Adjustment for one-off non-operating item:			
Impairment loss on property, plant and equipment (RM'000)	3,061	-	
Adjusted operating profit (RM'000)	108,304	58,731	84.4%
Revenue (THB'000)	4,434,185	3,865,462	14.7%
Operating profit (THB'000)	804,927	462,848	73.9%
Adjustment for one-off non-operating items:			
Impairment loss on property, plant and equipment (THB'000)	23,800	-	
Adjusted operating profit (THB'000)	828,727	462,848	79.0%

F&B Thailand revenue for Q3 FY2023 soared by 18.8% (14.7% in Thai Baht) to RM582.1 million (Q3 FY2022: RM490.1 million) fueled by recovery in exports and higher domestic sales. Additionally, higher prices combined with continued discount management measures, contributed to the improvement in revenue.

Q3 FY2023 operating profit surged 79.2% (73.9% in Thai Baht) to RM105.2 million (Q3 FY2022: RM58.7 million) driven by higher revenue, which partially offset the increase in some of the input costs (sugar, milk and tin cans), unfavourable foreign exchange impact and higher spending on marketing campaigns and brand investment activities.

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

RM'000	Cumulative 3 rd quarter 30/06/2023	30/06/2022	% chg
Revenue	3,756,964	3,332,554	12.7%
Operating profit	476,742	328,492	45.1%
Adjusted operating profit *	428,773	348,884	22.9%
Profit before tax	462,848	334,542	38.4%
Adjusted profit before tax *	414,879	354,934	16.9%
Profit after tax	403,062	284,273	41.8%
Adjusted profit after tax	353,656	300,331	17.8%

* Adjustments for one-off non-operating items:

Flood related items:

Inventories written off ^	-	20,607
Impairment loss on plant and machinery ^	(25)	6,302
Gain on disposal of damaged stock-in-trade and machinery	(10)	-
(Reversal of repair expenses)/Repair expenses of plant and machinery	(72)	8,548
Interim insurance claim received/receivable in respect of plant & machinery and inventories damaged due to flood ^	(5,000)	(18,002)
Other flood related items	2	984
	(5,105)	18,439
Change in fair value of investment properties ^	7,080	-
Impairment loss on property, plant and equipment	36,110	-
Inventories written down	3,202	-
Remeasurement gain of the previously held equity interest in an associate ^	(89,256)	-
Restructuring costs	-	1,953
	(47,969)	20,392

^ Schedule G, Note 11

Group revenue for YTD June FY2023 improved by 12.7% to RM3,757.0 million, an increase of RM424.4 million over the previous year (YTD June FY2022: RM3,332.6 million).

Group operating profit for YTD June FY2023 rose to RM476.7 million (YTD June FY2022: RM328.5 million) on the back of higher revenue and one-off non-operating items. Excluding one-off non-operating items, the adjusted Group operating profit still showed a notable growth of 22.9%, increasing to RM428.8 million (YTD June FY2022: RM348.9 million) despite the persistent challenges of high input costs and coupled with unfavourable forex impact from strong US Dollar.

Consequently, the adjusted Group profit after tax for YTD June FY2023 grew by 17.8% at RM353.7 million (YTD June FY2022: RM300.3 million), moderated by RM23.1 million higher interest costs to finance the recent strategic acquisitions.

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 (cont'd)

• F&B Malaysia

RM'000	Cumulative 3 rd quarter		% chg
	30/06/2023	30/06/2022	
Revenue	<u>2,169,699</u>	<u>1,817,517</u>	19.4%
Operating profit	145,231	118,208	22.9%
Adjustment for one-off non-operating items:			
Flood related items:			
Inventories written off	-	20,607	
Impairment loss on plant and machinery	(25)	6,302	
Gain on disposal of damaged stock-in- trade and machinery	(10)	-	
(Reversal of repair expenses)/Repair expenses of plant and machinery	(72)	8,548	
Interim insurance claim received/receivable in respect of plant & machinery and inventories damaged due to flood	(5,000)	(18,002)	
Other flood related items	2	868	
	(5,105)	18,323	
Impairment loss on property, plant and equipment	33,049	-	
Inventories written down	3,202	-	
Restructuring costs	-	1,573	
	<u>31,146</u>	<u>19,896</u>	
Adjusted operating profit	<u>176,377</u>	<u>138,104</u>	27.7%

F&B Malaysia recorded a double digit growth of 19.4% in revenue to RM2,169.7 million (YTD June FY2022: RM1,817.5 million) for YTD June FY2023, driven by festive demand, growth in demand for carbonated soft drinks and water category, higher prices and additional Cocoland contribution since its acquisition on 4 November 2022. In comparison, revenue for YTD June FY2022 was affected by impact of the floods on its Shah Alam operations and the resulting out-of-stock situation.

Operating profit for F&B Malaysia (excluding one-off non-operating items) rose 27.7% to RM176.4 million (YTD June FY2022: RM138.1 million) on the back of higher revenue and offset by higher A&P spending and brand investment. During the period, F&B Malaysia has intensified its marketing campaigns in conjunction with F&N 140th Anniversary and World Hydration Day as well as various brand investment activities (100PLUS Zero Cuba Try Taste Campaign, Nona-kan Harimu, Nona Dapur Tempur, F&N CSD relaunch and F&N Magnolia restage, sponsorship for Jackie Cheung Concert 2023, amongst others).

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

2. Operations review (cont'd)

Cumulative three quarters vs corresponding period last year (cont'd)

• F&B Thailand

	Cumulative 3 rd quarter		
	30/06/2023	30/06/2022	% chg
Revenue (RM'000)	1,584,437	1,511,766	4.8%
Operating profit (RM'000)	251,186	200,945	25.0%
Adjustment for one-off non-operating items:			
Impairment loss on property, plant and equipment (RM'000)	3,061	-	
Adjusted operating profit (RM'000)	254,247	200,945	26.5%
Revenue (THB'000)	12,319,631	11,986,359	2.8%
Operating profit (THB'000)	1,953,072	1,593,234	22.6%
Adjustment for one-off non-operating items:			
Impairment loss on property, plant and equipment (THB'000)	23,800	-	
Adjusted operating profit (THB'000)	1,976,872	1,593,234	24.1%

F&B Thailand revenue for YTD June FY2023 increased by 4.8% (2.8% in Thai Baht) to RM1,584.4 million (YTD June FY2022: RM1,511.8 million), primarily driven by a substantial improvement in performance during Q3, buoyed by a robust recovery in both export orders and domestic consumption. Additionally, the gradual influx in tourist arrivals helped to stimulate demand and increase out-of-home consumption.

Effective margin and discount management initiatives from Q2 onwards resulted in 25.0% (22.6% in Thai Baht) improvement in the operating profit for YTD June FY2023 to RM251.2 million (YTD June FY2022: RM200.9 million). This improvement was partly mitigated by elevated input and packaging costs (sugar, milk and tin can) and higher A&P spending and brand investment activities and consumer campaigns.

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 2023 vs preceding 2nd quarter ("Q2") ended 31 March 2023

RM'000	Individual quarter		% chg
	30/06/2023	31/03/2023	
Revenue	1,331,855	1,206,623	10.4%
Operating profit	125,874	126,012	-0.1%
Adjusted operating profit *	172,255	125,867	36.9%
Profit before tax	120,737	119,703	0.9%
Adjusted profit before tax *	167,118	119,558	39.8%
<u>* Adjustments for one-off non-operating items:</u>			
Flood related items:			
Reversal of impairment loss on plant and machinery #	(68)	(145)	
Repair expenses for plant and machinery	55	-	
Other flood related items	2	-	
	(11)	(145)	
Change in fair value of investment properties	7,080	-	
Impairment loss on property, plant and equipment	36,110	-	
Inventories written down	3,202	-	
	46,381	(145)	

Reversal of impairment loss as the plant and machinery had been repaired.

Group revenue for the quarter grew by 10.4% to RM1,331.9 million (Q2 FY2023: RM1,206.6 million), driven by higher export orders and continuing momentum for domestic markets for both F&B Malaysia and F&B Thailand in Q3 FY 2023.

Group profit before tax grew by 0.9% to RM120.7 million (Q2 FY2023: RM119.7 million) despite one-off non-operating items. Excluding the one-off non-operating items, the adjusted Group profit before tax increased by 39.8% to RM167.1 million (Q2 FY2023: RM119.6 million) on the back of higher revenue and favourable forex translation from stronger Thai Baht.

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

3. Prospects

Heading into the final quarter of the financial year, we maintain a cautiously optimistic outlook amidst volatility in commodity prices and foreign exchange rates and inflationary pressures on our costs and its impact on consumer demand. Although some commodity prices have stabilised, challenges persist in prices of tin plates/cans, raw milk and palm oil, and the upward trend in sugar prices. We have purchased substantially our raw material requirements for the 4th quarter.

Nevertheless, we will remain vigilant and proactively navigate this volatile and inflationary environment, leveraging on our diversified brand portfolio, businesses and geographical presence and our steadfast commitment to innovation, efficiency and sustainability.

As F&N celebrates its 140th anniversary, we remain focused on implementing the mid and longer-term initiatives that will enable us to position the Group to become a stable and sustainable F&B business. We have taken a significant stride towards our vision of becoming a leading milk producer in Malaysia with the recent ground-breaking ceremony of our integrated dairy farm in Gemas, Negeri Sembilan on 15 June 2023, marking the beginning of our journey into the upstream fresh milk sector.

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 3 rd quarter 30/06/2023	30/06/2022	Cumulative 3 rd quarter 30/06/2023	30/06/2022
Current income tax	29,390	11,825	66,052	40,585
Deferred tax – origination and reversal of temporary differences	(5,659)	7,212	2,801	12,371
(Over)/Under provision in respect of previous years				
- Income tax	(295)	1	81	(455)
- Deferred tax	(5,944)	(2,095)	(9,148)	(2,232)
	<u>17,492</u>	<u>16,943</u>	<u>59,786</u>	<u>50,269</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 rd quarter 30/06/2023	30/06/2022	Cumulative 3 rd quarter 30/06/2023	30/06/2022
Profit before tax	<u>120,737</u>	<u>114,410</u>	<u>462,848</u>	<u>334,542</u>
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	28,977	27,458	111,084	80,290
Effect of tax rates in foreign jurisdictions	(4,388)	(2,266)	(10,449)	(8,155)
Tax exempt income	(7,141)	(3,243)	(42,461)	(14,458)
Non-deductible expenses	6,069	1,275	11,105	(82)
Deferred tax benefits not recognised	-	(3,654)	-	(3,724)
Over provision of income and deferred tax in prior years	(6,239)	(2,094)	(9,067)	(2,687)
Foreign withholding tax	204	173	488	610
Others	10	(706)	(914)	(1,525)
Total income tax expense	<u>17,492</u>	<u>16,943</u>	<u>59,786</u>	<u>50,269</u>
Effective income tax rate	<u>14.5%</u>	<u>14.8%</u>	<u>12.9%</u>	<u>15.0%</u>

The lower effective income tax rate for YTD June FY2023 is mainly due to higher income not subject to tax arising from the recognition of remeasurement gain of the previously held equity interest in an associate amounting to RM89.3 million.

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 and borrowings are as follows:

RM'000	Currency	30/06/2023	30/09/2022
<u>Non-current (unsecured)</u>			
Islamic Medium Term Notes	RM	610,000	110,000
Term loan	RM	97,000	100,000
		<u>707,000</u>	<u>210,000</u>
<u>Current (unsecured)</u>			
Term loan	RM	3,000	-
Term loans	THB	-	36,833
		<u>3,000</u>	<u>36,833</u>
		<u>710,000</u>	<u>246,833</u>

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 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 the first tranche of IMTN amounting to RM1,000,000 with a tenure of one year from the issued date and a profit rate of 2.45% per annum. This IMTN was fully repaid during the previous financial year.

On 3 August 2022, the Issuer had issued the second tranche of IMTN amounting to RM110,000,000 with a tenure of three years from the issued date and a profit rate of 4.01% per annum. The proceeds from this IMTN are used to partially finance the acquisition of the entire equity interest in Ladang Permai Damai Sdn Bhd (*Schedule F, Note 21(a)*).

On 5 October 2022, the Issuer had issued the third and fourth tranche of IMTN of RM250,000,000 each with a tenure of three and five years from the issued date and profit rates of 4.21% and 4.68% per annum, respectively. The proceeds from issuance of the IMTNs are used to partially finance the acquisition of remaining Cocoland Shares held by the Scheme Shareholders (*Schedule F, Note 21(b)*) and for working capital purposes.

As at 30 June 2023, the outstanding IMTN amounted to RM610,000,000 (2022: RM110,000,000).

As at 30 June 2023, the unutilised ICP Programme and IMTN Programme available for use amounted to RM2,390,000,000 (2022: RM2,890,000,000).

Term loan of RM100,000,000

On 25 July 2022, a subsidiary of the Company, DSSB was granted a term loan of RM100,000,000 with a tenure of up to seven years from the date of the first drawdown of the facility. DSSB had made full drawdown of the term loan on 22 August 2022 at floating interest rate of 3.95% per annum. The proceeds from this term loan are used to partially finance the acquisition of Ladang Permai Damai Sdn Bhd (*Schedule F, Note 21 (a)*). As at 30 June 2023, the outstanding term loan amounted to RM100,000,000 (2022: RM100,000,000).

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

8. Material litigation

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

9. Dividend declared in this quarter

On 3 May 2023, the Directors have declared an interim single tier dividend of 27 sen per share (2022: 27 sen) for the financial year ending 30 September 2023. This dividend amounting to approximately RM99.0 million was paid on 1 June 2023 (entitlement date for the dividend was 18 May 2023).

10. Earnings per ordinary share (EPS)

- (a) The calculation of basic earnings per ordinary share at 30 June 2023 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Individual 3 rd quarter		Cumulative 3 rd quarter	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Profit for the period attributed to owners of the Company (RM'000)	<u>99,367</u>	<u>97,500</u>	<u>399,342</u>	<u>284,320</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>366,496</u>	<u>366,596</u>	<u>366,422</u>	<u>366,706</u>
Basic earnings per ordinary share (sen)	<u>27.1</u>	<u>26.6</u>	<u>109.0</u>	<u>77.5</u>

- (b) The calculation of diluted earnings per ordinary share at 30 June 2023 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 rd quarter		Cumulative 3 rd quarter	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Profit for the period attributed to owners of the Company (RM'000)	<u>99,367</u>	<u>97,500</u>	<u>399,342</u>	<u>284,320</u>
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,496	366,596	366,422	366,706
Adjustments pursuant to the SGP Trust ('000)	<u>991</u>	<u>837</u>	<u>991</u>	<u>837</u>
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	<u>367,487</u>	<u>367,433</u>	<u>367,413</u>	<u>367,543</u>
Diluted earnings per ordinary share (sen)	<u>27.0</u>	<u>26.5</u>	<u>108.7</u>	<u>77.4</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 rd quarter		Cumulative 3 rd quarter	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
(a) Bad debts recovered	(1)	(30)	(54)	(46)
(b) Change in fair value of investment properties	7,080	-	7,080	-
(c) Depreciation of property, plant and equipment and amortisation of intangible assets	31,615	26,771	87,201	79,701
(d) Depreciation of right-of-use assets	6,229	4,856	17,419	15,041
(e) Insurance claim received/receivables	-	-	(5,000)	(18,002)
(f) Inventories written off				
- due to flood	-	20,607	-	20,607
- others	2,992	885	6,798	2,381
(g) Net fair value loss/(gain) on derivatives	39	1,126	(119)	(91)
(h) Net (reversal of impairment loss)/impairment loss on property, plant and equipment				
- due to flood	(68)	(263)	(25)	6,302
- others	36,103	(75)	36,091	(111)
(i) Net (reversal of impairment loss)/impairment loss on receivables	(18)	62	291	939
(j) Net (reversal of inventories written down)/inventories written down				
- due to slow moving inventories	(2,140)	(1,478)	5,099	1,379
- due to flood	-	(20,607)	-	-
(k) Net (gain)/loss on disposal/write-offs of property, plant and equipment	(67)	149	(218)	449
(l) Net gain on foreign exchange	(8,890)	(4,953)	(5,885)	(5,829)
(m) Remeasurement gain of the previously held equity interest in an associate	-	-	(89,256)	-
(n) Reversal of impairment loss on intangible assets	-	-	(294)	-

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:

	30/06/2023		30/09/2022	
	Notional value	Fair value RM'000	Notional value	Fair value RM'000
Forward foreign exchange contracts (less than 1 year)				
USD ('000)	-	-	246	61
AUD ('000)	1,633	146	928	(37)
		<u>146</u>		<u>24</u>

There is no significant change for the financial derivatives in respect of the following since the financial year ended 30 September 2022:

- (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 RM119,000 (2022: RM91,000) 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 2023.