



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

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For immediate release

QUARTERLY FINANCIAL REPORT

First Quarter Ended 31 December 2023

The Directors are pleased to release the unaudited quarterly financial report for the three months ended 31 December 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 2023:

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
31 January 2024

Schedule A : Unaudited Condensed Consolidated Income Statement

For the three months ended 31 December 2023

RM'000	1 st quarter		% chg
	31/12/2023	31/12/2022	
Revenue	1,332,882	1,218,486	9.4%
Cost of sales	(913,129)	(880,504)	
Gross profit	419,753	337,982	24.2%
Other income	10,453	98,275	
Net gain on impairment of financial instruments	29	131	
Operating expenses	(220,918)	(211,532)	
Operating profit	209,317	224,856	-6.9%
Finance income	5,723	2,592	
Finance costs	(9,459)	(8,924)	
Share of profit of equity-accounted associate, net of tax [^]	-	3,913	
Share of loss of equity-accounted joint venture, net of tax [#]	(71)	(29)	
Profit before tax	205,510	222,408	-7.6%
Tax expense (Schedule G, Note 5)	(35,334)	(24,555)	
Profit for the period	170,176	197,853	-14.0%
Profit for the period attributable to:			
Owners of the Company	170,737	198,798	-14.1%
Non-controlling interests	(561)	(945)	
Profit for the period	170,176	197,853	-14.0%
Basic earnings per ordinary share (sen) (Schedule G, Note 10)	46.6	55.2	
Diluted earnings per ordinary share (sen) (Schedule G, Note 10)	46.5	55.1	

[^] The share of results of an associate for Q1 FY2023 refers to Cocoland Holdings Berhad. and was derived from its unaudited management accounts for the quarter 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 ended 31 December 2023.

Schedule B : Unaudited Condensed Consolidated Statement of Comprehensive Income
For the three months ended 31 December 2023

RM'000	1 st quarter		% chg
	31/12/2023	31/12/2022	
Profit for the period	170,176	197,853	-14.0%
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	46,468	30,440	
Total comprehensive income for the period	216,644	228,293	-5.1%
Total comprehensive income attributable to:			
Owners of the Company	217,205	229,238	-5.2%
Non-controlling interests	(561)	(945)	
	216,644	228,293	-5.1%

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 2023.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2023

RM'000	31/12/2023	30/09/2023
Non-current assets		
Property, plant and equipment	1,612,866	1,592,064
Right-of-use assets	358,452	359,766
Investment properties	63,000	63,000
Properties held for development	54,933	54,933
Intangible assets	432,805	433,366
Investment in a joint venture (Schedule F, Note 9)	87,640	87,711
Deferred tax assets	12,109	11,670
	<u>2,621,805</u>	<u>2,602,510</u>
Current assets		
Trade and other receivables	821,590	713,342
Inventories	821,745	764,182
Derivative financial assets (Schedule F, Note 18)	193	49
Cash and cash equivalents	1,179,953	1,031,534
	<u>2,823,481</u>	<u>2,509,107</u>
Total assets	5,445,286	5,111,617
Equity		
Share capital and reserves	3,561,631	3,343,200
Non-controlling interests	7,840	8,401
Total equity	3,569,471	3,351,601
Non-current liabilities		
Loans and borrowings (Schedule F, Note 18 and Schedule G, Note 7)	705,000	706,000
Lease liabilities	50,065	49,498
Employee benefits	36,092	35,471
Deferred tax liabilities	120,427	118,480
	<u>911,584</u>	<u>909,449</u>
Current liabilities		
Trade and other payables	802,506	724,761
Contract liabilities	103,416	85,267
Loans and borrowings (Schedule F, Note 18 and Schedule G, Note 7)	4,000	4,000
Lease liabilities	7,840	8,378
Current tax liabilities	46,354	28,137
Derivative financial liabilities (Schedule F, Note 18)	115	24
	<u>964,231</u>	<u>850,567</u>
Total liabilities	1,875,815	1,760,016
Total equity and liabilities	5,445,286	5,111,617
Net assets per share (RM) attributable to owners of the Company	<u>9.71</u>	<u>9.12</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 2023.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the three months ended 31 December 2023

RM'000	1 st quarter	
	31/12/2023	31/12/2022
Cash flows from operating activities		
Profit before tax	205,510	222,408
Add/(less) non-cash items:		
- Depreciation of property, plant and equipment and amortisation of intangible assets	30,740	26,119
- Depreciation of right-of-use assets	4,342	5,552
- Employee share-based expense	1,569	1,298
- Finance costs	9,459	8,924
- Finance income	(5,723)	(2,592)
- Net gain on disposal of property, plant and equipment	(78)	(179)
- Net (reversal of impairment loss)/impairment loss on property, plant and equipment	(211)	182
- Property, plant and equipment written off	11	74
- Remeasurement gain of previously held equity interest in an associate	-	(89,256)
- Share of profit of equity-accounted associate, net of tax	-	(3,913)
- Share of loss of equity-accounted joint venture, net of tax	71	29
- Others	161	(334)
Changes in working capital	(62,447)	169,133
Tax paid	(16,346)	(14,569)
Net cash from operating activities	167,058	322,876
Cash flows from investing activities		
Acquisition of intangible assets	(238)	(551)
Acquisition of property, plant and equipment	(30,540)	(31,456)
Acquisition of subsidiaries, net of cash and cash equivalent	-	(597,951)
Interest received	3,558	2,163
Investment in a joint venture	-	(500)
Proceeds from disposal of property, plant and equipment	209	599
Net cash used in investing activities	(27,011)	(627,696)
Cash flows from financing activities		
Interest paid	(13,781)	(3,088)
Payment of lease liabilities	(3,333)	(4,417)
Proceeds from loans and borrowings	-	500,000
Purchase of shares by Share Grant Plan ("SGP") Trust	(333)	(2,091)
Repayment of loans and borrowings	(1,000)	(38,168)
Net cash (used in)/from financing activities	(18,447)	452,236
Net increase in cash and cash equivalents	121,600	147,416
Effects of exchange rate fluctuations on cash and cash equivalents	26,819	16,511
Cash and cash equivalents at 1 October 2023/2022	1,031,534	461,887
Cash and cash equivalents at 31 December	1,179,953	625,814
Cash and bank balances	467,873	334,244
Short term deposits with licensed banks with a maturity period of 3 months or less	712,080	291,570
Cash and cash equivalents at 31 December	1,179,953	625,814

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 2023.

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

For the three months ended 31 December 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	Revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
At 1 October 2023	816,770	(10,890)	(7,186)	83,502	17,129	9,934	2,282	2,431,659	3,343,200	8,401	3,351,601
Total comprehensive income/(expense)	-	-	-	46,468	-	-	-	170,737	217,205	(561)	216,644
Transactions with owners:											
Purchase of shares by SGP Trust	-	(333)	-	-	-	-	-	-	(333)	-	(333)
Employee share-based expense	-	-	-	-	1,559	-	-	-	1,559	-	1,559
Total transactions with owners	-	(333)	-	-	1,559	-	-	-	1,226	-	1,226
At 31 December 2023	816,770	(11,223)	(7,186)	129,970	18,688	9,934	2,282	2,602,396	3,561,631	7,840	3,569,471
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/(expense)	-	-	-	30,440	-	-	-	198,798	229,238	(945)	228,293
Transactions with owners:											
Purchase of shares by SGP Trust	-	(2,091)	-	-	-	-	-	-	(2,091)	-	(2,091)
Employee share-based expense	-	-	-	-	1,280	-	-	-	1,280	-	1,280
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	1,406	1,406
Total transactions with owners	-	(2,091)	-	-	1,280	-	-	-	(811)	1,406	595
At 31 December 2022	816,770	(8,478)	(8,978)	72,005	16,819	9,934	-	2,312,878	3,210,950	2,327	3,213,277

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 2023.

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 three months ended 31 December 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 31 January 2024.

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 2023.

The audited consolidated financial statements of the Group for the year ended 30 September 2023 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 2023. 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 2023.

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 2023.

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 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 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

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 cyclical 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, evaporated milk and rice cakes 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.

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	31/12/2023	30/09/2023
Quoted shares at cost	-	68,727
Share of post-acquisition reserves	-	90,434
Dividends received	-	(61,783)
Deemed disposal *	-	(97,378)
	<u>-</u>	<u>-</u>

The summarised financial information of the associate is as follows:

RM'000	1 st quarter	
	31/12/2023	31/12/2022
Revenue	-	91,721
Profit	-	14,169

* On 4 November 2022, the Group acquired the entire equity interest in its associate not already owned by the Company and has obtained control over the associate. The associate is accounted as a wholly-owned subsidiary of the Group thereafter.

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

9. Investment in a joint venture

RM'000	31/12/2023	30/09/2023
Unquoted shares, at cost	128,320	128,320
Share of post-acquisition reserves	(23,682)	(23,611)
	104,638	104,709
Interest on shareholder's loan	38,294	38,294
	142,932	143,003
Less: Unrealised profit	(55,292)	(55,292)
	87,640	87,711

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

RM'000	31/12/2023	30/09/2023
Total assets	286,154	286,363
Total liabilities	(76,897)	(76,964)

	1 st quarter	
RM'000	31/12/2023	31/12/2022
Revenue	-	-
Loss	(142)	(58)

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

No dividend has been paid in this quarter.

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

12. Segmental information

Segment results

For management purposes, the Group's operating businesses are organised according to products and services, namely Food and Beverages Malaysia ("F&B Malaysia"), Food and Beverages Thailand ("F&B Thailand"), Property and Others segments. 'Others' segment include subsidiaries whose principal activities are investment holding, provision of management, financial and treasury services, and dairy farm and agriculture. 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>1st quarter - 31/12/2023</u>					
Total revenue	762,641	573,998	617	19,995	1,357,251
Inter-segment	-	(4,946)	(420)	(19,003)	(24,369)
External	762,641	569,052	197	992	1,332,882
<u>1st quarter - 31/12/2022</u>					
Total revenue	713,264	514,405	736	21,473	1,249,878
Inter-segment	-	(10,215)	(548)	(20,629)	(31,392)
External	713,264	504,190	188	844	1,218,486
<u>4th quarter - 30/09/2023</u>					
Total revenue	681,849	569,741	637	20,725	1,272,952
Inter-segment	-	(7,992)	(443)	(20,130)	(28,565)
External	681,849	561,749	194	595	1,244,387

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>1st quarter - 31/12/2023</u>					
Operating profit/(loss)	83,267	125,886	(306)	470	209,317
Finance income					5,723
Finance costs					(9,459)
Share of results of a joint venture					(71)
Profit before tax					205,510
<u>1st quarter - 31/12/2022</u>					
Operating profit/(loss)	70,444	67,887	(304)	86,829	224,856
Finance income					2,592
Finance costs					(8,924)
Share of results of an associate					3,913
Share of results of a joint venture					(29)
Profit before tax					222,408
<u>4th quarter - 30/09/2023</u>					
Operating profit/(loss)	59,034	120,660	(868)	(12,626)	166,200
Finance income					4,945
Finance costs					(9,279)
Share of results of a joint venture					(42)
Profit before tax					161,824

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	31/12/2023	30/09/2023
F&B Malaysia	2,699,235	2,594,501
F&B Thailand	1,107,229	1,046,105
Property	197,840	198,026
Others	261,029	241,451
	<u>4,265,333</u>	<u>4,080,083</u>

Segment liabilities

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

RM'000	31/12/2023	30/09/2023
F&B Malaysia	680,056	607,677
F&B Thailand	469,555	420,977
Property	1,084	1,250
Others	16,120	20,112
	<u>1,166,815</u>	<u>1,050,016</u>

Group financing (including finance costs), cash and cash equivalents and loans and borrowings are managed on a group basis and are not allocated to operating segments.

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.

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
31/12/2023				
<u>Financial asset</u>				
Derivative financial assets	193	-	193	193
<u>Financial liabilities</u>				
Derivative financial liabilities	115	-	115	115
Fixed-rate loans and borrowings	-	606,337	606,337	610,000
	-	606,337	606,452	610,115
30/09/2023				
<u>Financial asset</u>				
Derivative financial assets	49	-	49	49
<u>Financial liabilities</u>				
Derivative financial liabilities	24	-	24	24
Fixed-rate loans and borrowings	-	606,337	606,337	610,000
	-	606,337	606,361	610,024

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 RM63,000,000 (30 September 2023: RM63,000,000) 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	<u>31/12/2023</u>	<u>30/09/2023</u>
<u>Property, plant and equipment</u>		
Contracted but not provided for	<u>106,097</u>	<u>106,421</u>

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	1 st quarter	
	<u>31/12/2023</u>	<u>31/12/2022</u>
<u>Fraser and Neave, Limited Group</u>		
Sales	80,142	71,647
Purchases	(46,710)	(44,723)
Royalties paid	(20,444)	(19,495)
<u>Thai Beverage Public Company Limited Group</u>		
Sales	2,317	2,123
Marketing expenses	(2,522)	(6,584)
Logistic expenses	(2,521)	-
<u>Berli Jucker Public Company Limited Group</u>		
Sales	18,210	11,044
<u>Fraser Property Limited Group</u>		
Rental expenses	(1,608)	(1,475)
<u>Other related parties of TCC Assets Limited Group</u>		
Purchases	(11,618)	(9,065)
<u>Compensation</u>		
Compensation of key management personnel of the Group	(6,863)	(6,105)
Directors' fees and remuneration	(393)	(311)

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	31/12/2023	30/09/2023
<u>Amount due from related parties</u>		
Fraser and Neave, Limited Group	53,981	68,918
Frasers Property Limited Group	38	-
Vacaron Company Sdn Bhd	38,305	38,305
Thai Beverage Public Company Limited Group	1,596	1,153
Berli Jucker Public Company Limited Group	14,249	10,663
Other related parties of TCC Assets Limited Group	31	23
<u>Amount due to related parties</u>		
Fraser and Neave, Limited Group	(42,080)	(39,310)
Frasers Property Limited Group	(547)	(522)
Thai Beverage Public Company Limited Group	(4,608)	(6,637)
Berli Jucker Public Company Limited Group	(553)	(478)
Other related parties of TCC Assets Limited Group	(4,263)	(3,707)

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

1. Operations review

Current quarter ended 31 December 2023 vs corresponding quarter ended 31 December 2022

RM'000	1 st quarter		% chg
	31/12/2023	31/12/2022	
Revenue	1,332,882	1,218,486	9.4%
Operating profit	209,317	224,856	-6.9%
Adjusted operating profit *	204,890	130,651	56.8%
Profit before tax	205,510	222,408	-7.6%
Adjusted profit before tax *	201,083	128,203	56.8%
Profit after tax	170,176	197,853	-14.0%
Adjusted profit after tax	166,028	103,602	60.3%

* Adjustments for one-off non-operating items:

Flood related items:

Impairment loss on plant and machinery	-	188
Gain on disposal of damaged stock-in-trade and machinery	-	(10)
Reversal of repair expenses of plant and machinery	-	(127)
Interim insurance claim received in respect of plant & machinery and inventories damaged due to flood	(4,236)	(5,000)
	(4,236)	(4,949)
Reversal of impairment loss on property, plant and equipment	(205)	-
Relocation and renovation costs due to move to new manufacturing premise	14	-
Remeasurement gain of the previously held equity interest in an associate	-	(89,256)
	(4,427)	(94,205)

The Group revenue for Q1 FY2024 rose by 9.4% to RM1,332.9 million (Q1 FY2023: RM1,218.5 million) driven by continuing momentum for F&B Thailand and F&B Malaysia, higher exports, and aided by favourable foreign exchange translation from stronger Thai Baht.

Group operating profit for Q1 FY2024 declined by 6.9% to RM209.3 million (Q1 FY2023: RM224.9 million) due to one-off remeasurement gain of the previously held equity interest in an associate recognised in Q1 FY2023 (RM89.3 million). Excluding these one-off non-operating items, the Group adjusted operating profit for Q1 FY2024 grew by 56.8% to RM204.9 million (Q1 FY2023: RM130.7 million) attributed to favourable product mix and manufacturing overhead efficiencies, as well as lower input costs and savings in the supply chain.

Group profit before tax for Q1 2024 decreased by 7.6% to RM205.5 million (Q1 FY2023: RM222.4 million). Excluding one-off non-operating items, the Group adjusted profit after tax improved by 60.3% to RM166.0 million (Q1 FY2023: RM103.6 million) due to higher profit and lower net interest expense.

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

1. Operations review (cont'd)

Current quarter ended 31 December 2023 vs corresponding quarter ended 31 December 2022 (cont'd)

• F&B Malaysia

RM'000	1 st quarter		% chg
	31/12/2023	31/12/2022	
Revenue	762,641	713,264	6.9%
Operating profit	83,267	70,444	18.2%
Adjustment for one-off non-operating items:			
Flood related items:			
Impairment loss on plant and machinery	-	188	
Gain on disposal of damaged stock-in-trade and machinery	-	(10)	
Reversal of repair expenses of plant and machinery	-	(127)	
Interim insurance claim received in respect of plant & machinery and inventories damaged due to flood	(4,236)	(5,000)	
	(4,236)	(4,949)	
Relocation and renovation costs due to move to new manufacturing premise	14	-	
	(4,222)	(4,949)	
Adjusted operating profit	79,045	65,495	20.7%

F&B Malaysia revenue for Q1 FY2024 increased by 6.9% to RM762.6 million (Q1 FY2023: RM713.3 million), driven by higher penetration for dairies and food segment as well as higher exports. Additionally, three months of results for Cocoaland are included for Q1 FY2024, compared to two months for Q1 FY2023 (The acquisition of Cocoaland was completed on 4 November 2022).

F&B Malaysia Q1 FY2024 operating profit grew by 18.2% to RM83.3 million (Q1 FY2023: RM70.4 million) inclusive of recognition of RM4.2 million (Q1 FY2023: RM5.0 million) insurance claim in respect of property damage and inventories due to flood.

Excluding these one-off non-operating items, the adjusted operating profit improved by 20.7% to RM79.0 million (Q1 FY2023: RM65.5 million) on the back of higher revenue, manufacturing overhead and logistic savings (reduction in third party logistics) and favourable commodity costs (except for sugar) and offset by higher advertising and promotions (A&P) spending.

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

1. Operations review (cont'd)

Current quarter ended 31 December 2023 vs corresponding quarter ended 31 December 2022 (cont'd)

• F&B Thailand

	1 st quarter		
	31/12/2023	31/12/2022	% chg
Revenue (RM'000)	569,052	504,190	12.9%
Operating profit (RM'000)	125,886	67,887	85.4%
Adjustment for one-off non-operating item (RM'000):			
Reversal of impairment loss on property, plant and equipment	(205)	-	
Adjusted operating profit (RM'000)	125,681	67,887	85.1%
Revenue (THB'000)	4,261,031	4,002,342	6.5%
Operating profit (THB'000)	942,627	538,896	74.9%
Adjustment for one-off non-operating items (THB'000):			
Reversal of impairment loss on property, plant and equipment	(1,532)	-	
Adjusted operating profit (THB'000)	941,095	538,896	74.6%

F&B Thailand revenue for Q1 FY2024 grew by 12.9% to RM569.1 million (Q1 FY2023: RM504.2 million) aided by favourable THB/MYR translation. Revenue in Thai Baht rose by 6.5%; driven by increased domestic sales and exports to Indochina and other countries.

F&B Thailand benefitted from tourist arrivals to Thailand and the change in business model for the Cambodia market (F&N secured extended rights from Société des Produits Nestlé S.A. and Nestec S.A. (Nestlé) as the exclusive manufacturer and distributor for Nestlé's Bear Brand sterilised milk in Cambodia effective 1 March 2023).

F&B Thailand Q1 FY2024 operating profit increased by 85.4% (74.9% in Thai Baht) to RM125.9 million (Q1 FY2023: RM67.9 million). The improvement in operating profit is attributed to favourable commodity costs and supply chain savings from logistics optimisation.

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 December 2023 vs preceding 4th quarter ("Q4") ended 30 September 2023

RM'000	Individual quarter		% chg
	31/12/2023	30/09/2023	
Revenue	1,332,882	1,244,387	7.1%
Operating profit	209,317	166,200	25.9%
Adjusted operating profit *	204,890	163,373	25.4%
Profit before tax	205,510	161,824	27.0%
Adjusted profit before tax *	201,083	158,997	26.5%

* Adjustments for one-off non-operating items:

Flood related items:

Reversal of impairment loss on plant and machinery
(Reversal of repair expenses)/Repair expenses for plant and machinery
Interim insurance claim received in respect of plant & machinery and inventories damaged and business interruption due to flood
Other flood related items

-	(164)
-	(431)
(4,236)	(3,000)
-	(2)
(4,236)	(3,597)

Reversal of impairment loss on property, plant and equipment
Inventories written down
Property, plant and equipment written off
Relocation and renovation costs due to move to new manufacturing premise

(205)	(688)
-	758
-	401
14	299
(4,427)	(2,827)

The Group recorded 7.1% higher revenue for the quarter at RM1,332.9 million compared to preceding 4th quarter (Q4 FY2023: RM1,244.4 million) mainly driven by F&B Malaysia's festive sell-in and sales penetration for dairy and food products.

Correspondingly, the adjusted Group profit before tax (excluding one-off non-operating items) increased by 26.5% to RM201.1 million (Q4 FY2023: RM159.0 million) due to higher revenue and lower commodity costs (except for sugar).

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

3. Prospects

The outlook for the F&B industry for both Malaysia and Thailand for the remainder of FY2024 is likely to remain volatile, amidst commodity price fluctuations, inflationary pressures, and geopolitical uncertainties. The Group will capitalise on the return of international tourists and out-of-home consumption post pandemic.

As we continue our efforts to build up Halal Packaged Food and Dairy pillars, we will focus on the core of our business to deliver Pure Enjoyment, Pure Goodness to our stakeholders.

Regardless of the market environment, we are resolute in our long-term strategies focused on delivering cost efficiency and identifying new market opportunities.

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	1 st quarter	
	31/12/2023	31/12/2022
Current income tax	34,031	20,076
Deferred tax – origination and reversal of temporary differences	3,182	4,600
Over provision in respect of previous years		
- Income tax	(505)	-
- Deferred tax	(1,374)	(121)
	<u>35,334</u>	<u>24,555</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	1 st quarter	
	31/12/2023	31/12/2022
Profit before tax	<u>205,510</u>	<u>222,408</u>
Tax at Malaysian statutory tax rate of 24% (FY2023: 24%)	49,322	53,378
Effect of tax rates in foreign jurisdictions	(5,236)	(2,825)
Tax exempt income	(11,019)	(27,098)
Non-deductible expenses	3,990	2,104
Over provision of income and deferred tax in prior years	(1,879)	(121)
Foreign withholding tax	138	49
Others	18	(932)
Total income tax expense	<u>35,334</u>	<u>24,555</u>
Effective income tax rate	<u>17.2%</u>	<u>11.0%</u>

The effective income tax rate for Q1 FY2023 was lower at 11.0% due to a non-taxable remeasurement gain of the previously held equity interest in an associate amounting to RM89.3 million. Adjusted for this item, effective income tax rate for Q1 FY2023 was 18.3%.

6. Status of corporate proposals

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

7. Loans and borrowings

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

RM'000	Currency	31/12/2023	30/09/2023
<u>Non-current (unsecured)</u>			
Islamic Medium Term Notes	RM	610,000	610,000
Term loan	RM	95,000	96,000
		<u>705,000</u>	<u>706,000</u>
<u>Current (unsecured)</u>			
Term loan	RM	4,000	4,000
		<u>709,000</u>	<u>710,000</u>

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

7. Loans and borrowings (cont'd)

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.

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 were used to partially finance the acquisition of the entire equity interest in Ladang Permai Damai Sdn Bhd by the Company's indirect 65%-owned subsidiary, Dagang Sejahtera Sdn Bhd ("DSSB").

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 the entire equity interest in Cocoaland Holdings Berhad not already owned by the Company and for working capital purposes.

As at 31 December 2023, the outstanding IMTN amounted to RM610,000,000 (30 September 2023: RM610,000,000).

As at 31 December 2023, the unutilised ICP Programme and IMTN Programme available for use amounted to RM2,390,000,000 (30 September 2023: RM2,390,000,000).

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. As at 31 December 2023, the outstanding term loan amounted to RM99,000,000 (30 September 2023: 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. Proposed dividends

A final single tier dividend of 33.0 sen per share (FY2022: 33.0 sen per share) for financial year ended 30 September 2023 with an additional special single tier dividend of 17.0 sen per share (FY2022: nil) to commemorate the Group's 140th year anniversary was approved by shareholders at the Annual General Meeting of the Company on 17 January 2024. These final and special dividends amounting to approximately RM121.0 million and RM62.4 million respectively are payable on 6 February 2024 (entitlement date for the dividends is 19 January 2024).

10. Earnings per ordinary share (EPS)

- (a) The calculation of basic earnings per ordinary share at 31 December 2023 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	1 st quarter	
	31/12/2023	31/12/2022
Profit for the period attributed to owners of the Company (RM'000)	170,737	198,798
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,331	360,280
Basic earnings per ordinary share (sen)	46.6	55.2

- (b) The calculation of diluted earnings per ordinary share at 31 December 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:

	1 st quarter	
	31/12/2023	31/12/2022
Profit for the period attributed to owners of the Company (RM'000)	170,737	198,798
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	366,331	360,280
Adjustments pursuant to the SGP ('000)	972	441
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust ('000)	367,303	360,721
Diluted earnings per ordinary share (sen)	46.5	55.1

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	1 st quarter	
	31/12/2023	31/12/2022
(a) Bad debts recovered	(66)	(46)
(b) Depreciation of property, plant and equipment and amortisation of intangible assets	30,740	26,119
(c) Depreciation of right-of-use assets	4,342	5,552
(d) Insurance claim received	(4,236)	(5,000)
(e) Inventories written off	2,516	797
(f) Net fair value (gain)/loss on derivatives	(54)	321
(g) Net reversal of impairment loss on receivables	(29)	(131)
(h) Net (reversal of inventories written down)/inventories written down	(680)	3,381
(i) Net gain on disposal/write-offs of property, plant and equipment	(67)	(105)
(j) Net loss on foreign exchange	2,208	4,677
(k) Net (reversal of impairment loss)/impairment loss on property, plant and equipment		
- due to flood	-	188
- others	(211)	(6)
(l) Remeasurement gain of previously held equity interest in an associate	-	(89,256)

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:

	31/12/2023		30/09/2023	
	Notional value	Fair value RM'000	Notional value	Fair value RM'000
Forward foreign exchange contracts (less than 1 year)				
USD ('000)	1,000	(115)	-	-
AUD ('000)	1,305	193	1,748	25
		<u>78</u>		<u>25</u>

There is no significant change for the financial derivatives in respect of the following since the financial year ended 30 September 2023:

- (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 RM54,000 (Q1 FY2023: net loss of RM321,000) in the consolidated income statement arising from the fair value changes on the foreign exchange contracts which are marked-to-market as at 31 December 2023.