



For immediate release

QUARTERLY FINANCIAL REPORT
First Quarter Ended 31st December 2014

The Directors are pleased to release the unaudited quarterly financial report for the three months ended 31st December 2014.

The contents of the financial report comprise the following attached unaudited condensed consolidated financial statements, explanatory notes and additional disclosures and these must be read in conjunction with the Group's audited financial statements for the year ended 30th September 2014:

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

By Order of the Board

Soon Wing Chong
Wong May Fun
Joint Secretaries

Kuala Lumpur
10 February 2015

Schedule A : Unaudited Condensed Consolidated Income Statement

For the three months ended 31 December 2014

RM'000	1 st quarter		% chg
	31/12/2014	31/12/2013	
Revenue	1,036,325	947,761	9.3%
Cost of sales	(733,721)	(666,379)	
Gross profit	302,604	281,382	7.5%
Other income	1,932	1,565	
Operating expenses	(223,700)	(197,072)	
Operating profit	80,836	85,875	-5.9%
Interest expense	(2,486)	(2,928)	
Interest income	1,962	1,830	
Share of results of a joint venture #	(215)	(221)	
Share of results of an associate ^	1,147	1,574	
Profit before tax (PBT)	81,244	86,130	-5.7%
Taxation (Schedule G, Note 5)	(11,309)	(17,373)	
Profit after tax (PAT)	69,935	68,757	1.7%
Attributable to:			
Equity holders of the Company	69,935	68,766	1.7%
Non-controlling interests	-	(9)	
Profit after tax	69,935	68,757	
Basic earnings per share (sen) attributable to equity holders of the Company	19.1	18.9	1.1%
Diluted earnings per share (sen) attributable to equity holders of the Company	19.1	18.8	1.6%

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 2014.

^ The share of results of an associate for the quarter refers to Cocoaland Holdings Berhad and is derived from its unaudited quarterly announcement for the quarter ended 30 September 2014 dated 24 November 2014.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2014.

Schedule B: Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 December 2014

RM'000	1 st quarter		% chg
	31/12/2014	31/12/2013	
Profit after tax	69,935	68,757	1.7%
Other comprehensive income, net of tax:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	22,402	(18,286)	
Total comprehensive income	92,337	50,471	83.0%
Total comprehensive income attributable to:			
Equity holders of the Company	92,337	50,480	
Non-controlling interests	-	(9)	
	92,337	50,471	83.0%

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2014.

Schedule C : Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2014

RM'000	31/12/2014	30/09/2014
Non-current assets		
Property, plant and equipment	1,032,509	1,028,919
Investment properties	57,084	57,084
Properties held for development	54,654	54,654
Investment in a joint venture <i>(Schedule F, Note 8)</i>	61,331	71,496
Investment in an associate <i>(Schedule F, Note 9)</i>	77,167	78,353
Intangible assets	133,964	135,437
Deferred tax assets	58,330	58,693
	1,475,039	1,484,636
Current assets		
Inventories	401,722	390,713
Receivables	584,988	492,592
Tax recoverable	35	670
Cash and cash equivalents	420,200	365,387
	1,406,945	1,249,362
Total assets	2,881,984	2,733,998
Equity		
Share capital and reserves	1,783,855	1,688,613
Non-controlling interests	206	206
Total equity	1,784,061	1,688,819
Non-current liabilities		
Borrowings	300,000	300,000
Provision for retirement benefits	36,983	36,353
Deferred tax liabilities	29,088	30,971
	366,071	367,324
Current liabilities		
Payables	664,072	609,645
Provisions	5,749	5,749
Borrowings	50,000	50,000
Provision for taxation	12,031	12,461
	731,852	677,855
Total liabilities	1,097,923	1,045,179
Total equity and liabilities	2,881,984	2,733,998
Net assets per share (RM) attributable to equity holders of the Company	4.88	4.62

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2014.

Schedule D : Unaudited Condensed Consolidated Statement of Cash Flows

For the three months ended 31 December 2014

RM'000	1 st quarter	
	31/12/2014	31/12/2013 (Restated)
Operating activities		
Profit before tax	81,244	86,130
Add non-cash items:		
- Depreciation and amortisation	22,503	21,684
- Impairment of property, plant and equipment	2,700	-
- Impairment loss on receivables	1,442	* 1,063
- Interest income	(1,962)	(1,830)
- Interest expense	2,486	2,928
- Share of results of a joint venture	215	221
- Share of results of an associate	(1,147)	(1,574)
- Others	5,362	* (230)
Changes in working capital #	(43,396)	* (28,911)
Tax paid	(12,519)	(9,814)
Net cash flows generated from operating activities	56,928	69,667
Investing activities		
Interest received	1,962	1,830
Dividend income	2,333	1,167
Loan to a joint venture	-	* (800)
Proceeds from disposal of property, plant and equipment	219	178
Purchase of property, plant and equipment	(14,700)	(12,525)
Purchase of intangible assets	(2)	(36)
Net cash flows used in investing activities	(10,188)	(10,186)
Financing activities		
Interest paid	(2,486)	(2,928)
Net movement in borrowings	-	(40,000)
Proceeds from the exercise of the Executives' Share Options Scheme ("ESOS")	1,175	5,969
Net cash flows used in financing activities	(1,311)	(36,959)
Net change in cash and cash equivalents	45,429	22,522
Effects of foreign exchange rate changes	9,384	* (7,201)
Cash and cash equivalents at beginning of quarter	365,387	360,711
Cash and cash equivalents at end of quarter	420,200	376,032
Cash and cash equivalents as at end of quarter comprise:		
Cash and bank balances	201,572	227,444
Short term deposits with licensed banks	218,628	148,588
	420,200	376,032

During the quarter ended 31 December 2014, the Group re-designated an amount of RM9,950,000 from investment in a joint venture to receivables which was in respect of transactions of trade and non-trade in nature.

* The comparatives for the quarter ended 31 December 2014 have been restated as disclosed in Schedule F, Note 21.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2014.

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

For the three months ended 31 December 2014

RM'000	<----- Attributable to equity holders of the Company ----->							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Foreign exchange reserve	Share-based payment reserve	Legal reserve	Retained earnings (Restated)			
At 1 October 2014	366,028	438,206	(1,716)	(3,687)	8,382	9,934	871,466	1,688,613	206	1,688,819
Total comprehensive income	-	-	-	22,402	-	-	69,935	92,337	-	92,337
Transactions with owners:										
Issuance of shares upon exercise of ESOS	88	1,087	-	-	-	-	-	1,175	-	1,175
Employee share-based payment Expense	-	-	-	-	1,730	-	-	1,730	-	1,730
Total transactions with owners	88	1,087	-	-	1,730	-	-	2,905	-	2,905
At 31 December 2014	366,116	439,293	(1,716)	18,715	10,112	9,934	941,401	1,783,855	206	1,784,061
At 1 October 2013	364,658	417,309	(1,716)	10,083	12,165	9,934	* 836,007	1,648,440	227	1,648,667
Total comprehensive income	-	-	-	(18,286)	-	-	68,766	50,480	(9)	50,471
Transactions with owners:										
Issuance of shares upon exercise of ESOS and Share Grant Plan ("SGP")	501	6,869	-	-	(1,401)	-	-	5,969	-	5,969
Employee share-based payment expense	-	-	-	-	1,352	-	-	1,352	-	1,352
Total transactions with owners	501	6,869	-	-	(49)	-	-	7,321	-	7,321
At 31 December 2013	365,159	424,178	(1,716)	(8,203)	12,116	9,934	904,773	1,706,241	218	1,706,459

* The comparatives for the quarter ended 31 December 2014 have been restated as disclosed in Schedule F, Note 21.

Schedule F : Selected Explanatory Notes Pursuant to MFRS 134

1. Corporate information

Fraser & Neave Holdings Bhd (“FNHB” 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.

These condensed consolidated interim financial statements (“interim financial statements”) were approved by the Board of Directors on 10 February 2015.

2. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The audited consolidated financial statements of the Group for the year ended 30 September 2014 are available upon request from the Company’s registered office at Level 8, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur, Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2014. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 September 2014.

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2014, except for the adoption of the following new and amended MFRS, and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 October 2014.

- Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*
- Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*
- Annual Improvements to MFRSs 2010–2012 Cycle
- Annual Improvements to MFRSs 2011–2013 Cycle
- IC Interpretation 21 *Levies*

The adoption of the above standards and interpretations did not have any significant effect on the financial performance, position or presentation of financials of the Group.

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

3. Standards issued but not yet effective

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

Effective for annual periods beginning on or after 1 January 2016

- MFRS 14 *Regulatory Deferral Accounts* *
- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception* *
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* *
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants* *
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Annual Improvements to MFRSs 2012-2014 Cycle

Effective for annual periods beginning on or after 1 January 2017

- MFRS 15 *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*

* not applicable

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9 *Mandatory Effective Date of MFRS 9 and Transition Disclosures*, issued in March 2012, moved the mandatory effective date to 1 January 2015. On 24 July 2014, the IASB issued the final version of MFRS 9 which will come into effect on 1 January 2018, with early application permitted. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

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

4. Auditors' report
 The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.
5. Comment on seasonality or cyclicity of operation
 The Group's performance is normally not affected by seasonal or cyclical events on a year to year basis. However, on a quarter to quarter basis, the demand for certain group products such as soft drinks and evaporated milk may be skewed towards major festivities and weather pattern.
6. Unusual items affecting assets, liabilities, equity, net income or cash flows
 There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 December 2014 other than as disclosed in Schedule G, Note 12.
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 a joint venture

RM'000	31/12/2014	30/09/2014
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	(1,997)	(1,782)
	(1,497)	(1,282)
Shareholder's loan	118,120	128,070
	116,623	126,788
Less: Unrealised profit	(55,292)	(55,292)
	61,331	71,496

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

RM'000	31/12/2014	30/09/2014
Total assets	256,904	253,588
Total liabilities	(259,918)	(256,171)

RM'000	31/12/2014	31/12/2013
	1 st quarter	
Revenue	-	-
Loss	(431)	(442)

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

9. Investment in an associate

RM'000	31/12/2014	30/09/2014
Quoted shares at cost	68,727	68,727
Share of post-acquisition reserves	19,676	18,529
Dividend received	(11,236)	(8,903)
	<u>77,167</u>	<u>78,353</u>

The summarised financial information of the associate is as follows:

RM'000	31/12/2014	30/09/2014
Total assets	257,873	257,416
Total liabilities	(40,806)	(44,573)

RM'000	1 st quarter	
	31/12/2014	31/12/2013
Revenue	63,782	59,941
Profit	<u>4,220</u>	<u>5,787</u>

10. Issuance or repayments of debt/equity securities

There have been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter except for the issuance of 25,300 and 62,700 ordinary shares pursuant to the ESOS Scheme at the exercise price of RM10.47 and RM14.52 each respectively.

11. Dividends

At the Annual General Meeting held on 20 January 2015, shareholders approved a final single tier dividend of 33 sen per share (2013: final single tier dividend of 30 sen per share together with a special single tier dividend of 10 sen per share) in respect of the year ended 30 September 2014. These are payable on 26 February 2015.

There was no dividend 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 Soft Drinks, Dairies Malaysia, Dairies 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 quarter are as follows:

RM'000	Revenue					Total
	Soft Drinks	Dairies Malaysia	Dairies Thailand	Property	Others	
<u>1st quarter -</u>						
<u>31/12/2014</u>						
Total revenue	379,384	298,295	364,387	1,135	18,311	1,061,512
Inter-segment	(27)	(2)	(5,908)	(972)	(18,278)	(25,187)
External	<u>379,357</u>	<u>298,293</u>	<u>358,479</u>	<u>163</u>	<u>33</u>	<u>1,036,325</u>
<u>1st quarter -</u>						
<u>31/12/2013</u>						
Total revenue	377,627	272,758	302,670	1,000	17,326	971,381
Inter-segment	(3)	-	(5,437)	(904)	(17,276)	(23,620)
External	<u>377,624</u>	<u>272,758</u>	<u>297,233</u>	<u>96</u>	<u>50</u>	<u>947,761</u>
<u>4th quarter -</u>						
<u>30/09/2014</u>						
Total revenue	389,151	248,787	330,245	1,286	18,056	987,525
Inter-segment	(141)	-	(3,785)	(1,109)	(17,975)	(23,010)
External	<u>389,010</u>	<u>248,787</u>	<u>326,460</u>	<u>177</u>	<u>81</u>	<u>964,515</u>

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

12. Segmental information (cont'd)

Segment assets

The total of segment assets is measured based on all assets excluding deferred tax assets, cash and cash equivalents, joint venture and associate.

RM'000	<u>31/12/2014</u>	<u>30/09/2014</u>
Soft Drinks	775,925	747,985
Dairies Malaysia	767,216	718,608
Dairies Thailand	524,939	506,833
Property	125,788	125,651
Others	71,088	60,992
	<u>2,264,956</u>	<u>2,160,069</u>

Segment liabilities

The total of segment liabilities is measured based on all liabilities excluding deferred tax liabilities, provision for taxation and bank borrowings.

RM'000	<u>31/12/2014</u>	<u>30/09/2014</u>
Soft Drinks	290,228	270,771
Dairies Malaysia	204,642	188,241
Dairies Thailand	193,174	169,706
Property	2,719	3,209
Others	16,041	19,820
	<u>706,804</u>	<u>651,747</u>

13. Acquisitions and disposals/write-offs of property, plant and equipment and intangible assets

RM'000	1 st quarter	
	<u>31/12/2014</u>	<u>31/12/2013</u>
Acquisitions (cost)	14,702	12,561
Disposals/write-offs (net carrying amount)	713	1,007
Net loss on disposals/write-offs	<u>494</u>	<u>829</u>

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

14. Subsequent events

Events subsequent to the end of the quarter and up to 10 February 2015 which have not been reflected in the financial statements are as follows:

FNHB and its dairy subsidiaries have on 23 January 2015 entered into several agreements (the "Agreements") with Société des Produits Nestlé S.A. ("Nestle") and Nestec S.A ("Nestec") to manufacture and distribute *Carnation*, *Bear Brand*, *Bear Brand Gold*, *Ideal Milk* and *Milkmaid* products in Thailand, Laos PDR, Cambodia, Singapore, Malaysia and Brunei subject to a royalty payment based on a percentage of net proceeds of sale.

Pursuant to the Agreements, the term of the initial licences granted on 1 February 2007 to the FNHB Group by Nestle and Nestec to manufacture and distribute the Nestle brand products have been extended for an initial period of 11 years 7 months with a right to further extend for a term of 10 years until 31 January 2037. Thereafter, the licences may be renewed for further five-year terms if all parties agree in writing.

Under these new arrangements, *Milo* UHT and *Bear Brand* UHT for Thailand and the Indochina market will be returned to Nestle with effect from 1 July 2015 in a strategic realignment that will enable Nestle to strengthen their regional strategy in this category.

The long term arrangements as a result of entering into the Agreements will enable the FNHB Group to strengthen its focus on core categories whilst maintaining the broadest portfolio of canned milk brands in the region.

The new arrangements will have no significant impact on FNHB's overall performance for the financial year 2014/2015.

15. Changes in the composition of the Group

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

16. Contingent liabilities

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

17. Contingent assets

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

18. Fair value hierarchy

As at 31 December 2014, the Group held foreign currency forward contracts carried at fair value of approximately RM710,000 (2014: RM1,305,000) based on Level 2: significant observable inputs for identical assets or liabilities. 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 RM57,084,000 (2014: RM57,084,000) carried at Level 3: significant unobservable inputs.

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

19. Capital and lease commitments

Capital commitments

The outstanding capital commitments are as follows:

RM'000	<u>31/12/2014</u>	<u>30/09/2014</u>
<u>Property, plant and equipment</u>		
Approved and contracted for:		
- Building	474	-
- Machinery and equipment	25,208	19,536
- Others	705	4,043
	<u>26,387</u>	<u>23,579</u>
Approved and not contracted for:		
- Building	3,740	3,950
- Machinery and equipment	56,530	43,910
- Others	3,884	4,697
	<u>64,154</u>	<u>52,557</u>
	<u>90,541</u>	<u>76,136</u>

Lease commitments

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

RM'000	<u>31/12/2014</u>	<u>30/09/2014</u>
<u>Non-cancellable operating lease commitments - Group as lessee</u>		
Future minimum rentals payable:		
- Not later than 1 year	7,171	11,224
- Later than 1 year and not later than 5 years	770	1,310
- Later than 5 years	1,053	1,017
	<u>8,994</u>	<u>13,551</u>

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

20. Related party disclosure

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	
	31/12/2014	31/12/2013
<u>Fraser and Neave, Limited ("F&N Limited") Group</u>		
Sales	51,514	41,411
Rental income	92	75
Purchases	60,661	57,290
Royalties paid	14,280	13,495
Corporate charges paid	332	747
<u>Vacaron Company Sdn Bhd</u>		
Receipt of corporate service fees and staff costs	402	365
Rental income	27	27
Interest income	1,384	835
Shareholder's loan granted	-	800
<u>Cocoaland Holdings Berhad Group</u>		
Purchases	1,128	686
<u>Thai Beverage Public Company Limited Group</u>		
Sales	98	165
Purchases	1,856	194
<u>Berli Jucker Public Company Limited Group</u>		
Sales	96	1,053
Purchases	16,632	11,497
Logistic cost	2	3
<u>Other related parties of TCC Group</u>		
Sales	276	-
Management fees	291	262
Insurance premium paid	1,202	-
Other expenses	68	-
<u>Permodalan Nasional Berhad ("PNB") Group *</u>		
Sales	20,732	15,971
Purchases	13,091	11,283
Purchase of office equipment	-	583
Repair and maintenance of motor vehicle	-	11
Rental of equipment paid	433	502
Other expenses	33	30
<u>Compensation</u>		
Compensation of key management personnel of the Group	2,604	2,060
Directors' fees	16	25

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

20. Related party disclosure (cont'd)

Related party balances

The related party balances are shown below:

RM'000	31/12/2014	30/09/2014
<u>Amount due from related parties</u>		
F&N Limited Group	35,883	31,367
Vacaron Company Sdn Bhd	129,894	128,070
Cocoaland Holdings Berhad Group	-	7
Thai Beverage Public Company Limited Group	74	143
Berli Jucker Public Company Limited Group	117	1,092
Other related parties of TCC Group	166	-
PNB Group	19,549	10,536
<u>Amount due to related parties</u>		
F&N Limited Group	36,723	30,133
Cocoaland Holdings Berhad Group	661	925
Thai Beverage Public Company Limited Group	377	581
Berli Jucker Public Company Limited Group	7,194	3,643
Other related parties of TCC Group	1,227	141
PNB Group	5,580	5,103

* Permodalan Nasional Berhad ("PNB") is deemed a related party to FNHB by virtue of PNB holding 69,511,000 shares as of 31 December 2014 through Amanahraya Trustees Berhad, representing 19.00% equity interest in FNHB and having two nominee directors on the Board of FNHB.

21. Change in comparatives

The comparatives for the quarter ended 31 December 2014 have been restated as follows:

RM'000	As previously stated	Adjustments			As restated
		(a)	(b)	(c)	
<u>Statement of cash flows:</u>					
<u>For the quarter ended</u>					
<u>31 December 2013</u>					
Impairment loss on receivables	-	-	-	1,063	1,063
Others	(5,243)	-	-	5,013	(230)
Changes in working capital	(30,836)	-	-	1,925	(28,911)
Loan to a joint venture	-	-	-	(800)	(800)
Effects of foreign exchange rate changes	-	-	-	(7,201)	(7,201)
<u>Statement of changes in equity:</u>					
<u>As at 1 October 2013</u>					
Share capital and reserves	1,650,173	9	(1,742)	-	1,648,440
Retained earnings	837,740	9	(1,742)	-	836,007

- (a) Adjustments pursuant to the adoption of MFRS 11 Joint Arrangements.
 (b) Adjustments pursuant to the adoption of MFRS 119 Employee Benefits.
 (c) Being reclassification to conform with current year's presentation.

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

1. Operations review

Current quarter vs corresponding quarter

During the current quarter, the Group's turnover improved by 9.3% from RM947.8 million to RM1,036.3 million, however, profit before tax eased by 5.7% from RM86.1 million to RM81.2 million. Whilst both Dairies units recorded improved quarter on quarter turnover, Soft Drinks was affected by the floods in the East Coast States of Peninsular Malaysia.

On a segment basis, sales of Soft Drinks was only marginally higher compared with the corresponding quarter, impacted by later commencement of festival trade activities for Chinese New Year and lost sales from East Coast flood. Operating profit was sharply lower by RM15.9 million due to a lower sales volume and product mix, higher operational costs mainly relating to higher logistic (fuel surcharge increase), warehousing and staff related costs. The current quarter's earnings were further affected by the absence of one-off bad debt recovery of RM1.2 million in the corresponding quarter, and receivables and cooler impairment charges of RM4.1 million in the current quarter on account of the East Coast flood.

Dairies Malaysia recorded strong sales growth of RM25.5 million or 9.4% due to strong growth in sales volumes in both domestic and export markets for sweetened condensed milk and evaporated milk, supported by increased market presence and penetration, particularly in the on-premise and take-home segment and effective consumer programs. In tandem therewith and together with realised production cost saving initiatives, operating profit margin improved from 7.5% to 8.8%.

Dairies Thailand's sales expanded by RM61.2 million or 20.6% on the back of higher trade and consumer off-take, higher level of promotional and trade management activities and the depreciation of Malaysian Ringgit against the Thai Baht. Operating profit margins eased from 6.5% to 6.1% mainly due to higher sales related expenses in support of sales.

The Others segment recorded a lower loss of RM9.6 million in the current quarter as the corresponding quarter's results was impacted by higher staff and information technology related costs.

2. Comment on material change in Group profit before tax vs preceding 4th quarter

On a quarter to quarter basis, the profit before tax of the Group increased by RM5.9 million or 7.8% from RM75.4 million to RM81.2 million. This change is due to a sharp decline in the operating profit posted by Soft Drinks offset by stronger performances from Dairies Malaysia and Dairies Thailand.

The results of Soft Drinks were significantly lower at RM27.5 million compared with RM48.6 million in the preceding quarter largely attributed to the reversal of marketing accruals in the preceding quarter and additional operational costs and costs associated with the floods in the East Coast States. The weaker earnings from Soft Drinks were cushioned by a healthy rise in profit of RM14.2 million from Dairies Malaysia on the back of robust sales and margins and realised production cost savings initiatives. Sales were better by RM49.5 million in the current quarter and operating profit margin on sales improved from 4.9% to 8.8% mainly due to lower commodity prices of milk and oil palm based products. The operating profit of Dairies Thailand also recorded an improvement of RM2.4 million mainly due to sales which were higher by RM32.0 million whilst sales margin was held at 6% quarter on quarter.

The Others segment recorded a lower loss of RM9.6 million in the current quarter as the preceding quarter's results was impacted by provision for litigation claims of RM4.0 million and higher staff related costs.

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

3. Prospects

Whilst the Group's performance in the first quarter was within expectations, going forward trading conditions in Malaysia will be challenging amidst a backdrop of falling oil prices, weaker Ringgit Malaysia against the U.S. Dollar and the impending introduction of Goods and Services Tax ("GST") in April 2015. These factors could weigh heavily on consumer confidence and hence consumer demand. As for Thailand, the economy is expected to expand underpinned by public and private investments and consumption. Accordingly, the Board and management will stay alert to the changing economic landscape and take proactive action to safeguard our business.

4. Profit forecast or profit guarantee

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

5. Tax expense

The details of the tax expense are as follows:

RM'000	1 st quarter	
	2015	2014
Current income tax	12,727	10,952
Deferred tax – origination and reversal of temporary differences	(1,468)	6,267
Under provision in respect of previous years		
- Income tax	2	6
- Deferred tax	48	148
	<u>11,309</u>	<u>17,373</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	
	2015	2014
Profit before tax	<u>81,244</u>	<u>86,130</u>
Tax at Malaysian statutory tax rate of 25%	20,311	21,533
Different tax rates in other countries	(1,866)	(1,214)
Effect of reduction in income tax rate on deferred tax	928	1,412
Income not subject to tax	(4,412)	(4,413)
Expenses not deductible for tax purposes	1,463	985
Utilisation of previously unrecognised tax losses	(396)	(221)
Deferred tax assets recognised	(4,777)	-
Under provision in respect of previous years		
- Income tax	2	6
- Deferred tax	48	148
Share of results of a joint venture	54	55
Share of results of an associate	(287)	(394)
Others	241	(524)
Total income tax expense	<u>11,309</u>	<u>17,373</u>
Effective income tax rate	<u>13.9%</u>	<u>20.2%</u>

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

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

7. Group borrowings and debt securities
 The details of the Group's borrowings are as follows:

<u>CP/MTN – RM1.5 billion</u>	<u>Currency</u>	<u>31/12/2014</u>	<u>30/09/2014</u>
Commercial Papers ("CP") – Current	RM'000	50,000	50,000
Medium term notes ("MTN") – Non-current	RM'000	300,000	300,000
		<u>350,000</u>	<u>350,000</u>

On 22 August 2014, its subsidiary F&N Capital Sdn Bhd ("the Issuer") utilised RM50 million of the CP facility with the tenure of six (6) months and interest rate of 3.79% per annum.

On 26 September 2013 and 7 October 2013, the Issuer issued MTN of RM150 million each with the tenure of five (5) years from the issued date. These MTN bear interest at rates of 4.38% and 4.24% per annum respectively and payable semi-annually in arrears.

8. Material litigation
 There is no material litigation to be disclosed in this interim financial statements.

9. Proposed dividend
 No dividend has been declared in this quarter.

10. Earnings per share (EPS)
 (a) The basic EPS were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue (net of treasury shares).

	<u>1st quarter</u>	
	<u>2015</u>	<u>2014</u>
Group attributable profit to shareholders of the Company (RM'000)	<u>69,935</u>	<u>68,766</u>
Weighted average number of ordinary shares net of treasury shares ('000)	365,740	364,773
Basic earnings per share (sen)	19.1	18.9

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

10. Earnings per share (EPS) (cont'd)

- (b) The diluted EPS were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue (net of treasury shares), adjusted for the dilutive effects of potential ordinary shares, i.e. share options and share grants granted pursuant to the ESOS and SGP.

	1 st quarter	
	2015	2014
Group attributable profit to shareholders of the Company (RM'000)	<u>69,935</u>	<u>68,766</u>
Weighted average number of ordinary shares net of treasury shares ('000)	365,740	364,773
Adjustments pursuant to the ESOS/SGP ('000)	<u>212</u>	<u>765</u>
Adjusted weighted average number of ordinary shares net of treasury shares ('000)	<u><u>365,952</u></u>	<u><u>365,538</u></u>
Diluted earnings per share (sen)	19.1	18.8

11. Disclosure of realised and unrealised portions of the revenue reserve

The breakdown of the retained profits of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

RM'000	<u>31/12/2014</u>	<u>30/09/2014</u>
Total revenue reserve of the Company and its subsidiaries		
- Realised	913,686	827,105
- Unrealised	<u>30,841</u>	<u>26,431</u>
	944,527	853,536
Total share of accumulated losses from a joint venture		
- Realised	(2,611)	(2,325)
- Unrealised	614	543
	(1,997)	(1,782)
Total share of retained earnings from an associate		
- Realised	10,393	11,225
- Unrealised	(1,953)	(1,599)
	8,440	9,626
Consolidation adjustments	<u>(9,569)</u>	<u>10,086</u>
Total Group retained profits as per financial statements	<u><u>941,401</u></u>	<u><u>871,466</u></u>

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

12. Notes to the Condensed Consolidated Income Statement
 PBT is arrived at after charging/(crediting) the following items:

RM'000	1 st quarter	
	2015	2014
(a) Other income	(1,915)	(1,562)
(b) Depreciation and amortisation	22,503	21,684
(c) Impairment of intangible assets	-	-
(d) Impairment of property, plant and equipment	2,700	-
(e) Impairment loss on receivables	1,442	1,063
(f) Bad debts written off	-	-
(g) Bad debts recovered	(85)	(4,692)
(h) Provision for inventories	553	339
(i) Inventories written off	2,136	2,165
(j) (Gain)/loss on disposal of quoted or unquoted investments	-	-
(k) Net (gain)/loss on disposal/write offs of property, plant and equipment/intangible assets	494	829
(l) Impairment of other assets	-	-
(m) Foreign exchange (gain)/loss	(1,642)	752
(n) (Gain)/loss on forward foreign exchange contracts	595	(80)

13. Outstanding derivatives

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

RM'000	31/12/2014	30/09/2014
Forward foreign exchange contracts (Less than 1 year)		
- Notional value	12,985	50,625
- Fair value	710	1,305

There is no significant change for the financial derivatives in respect of the following since the year ended 30 September 2014:

- (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.

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

13. Outstanding derivatives (cont'd)

- (b) Disclosure of gains/loss arising from fair value changes of derivative financial instruments

During the current quarter, the Group recognised a total net loss of RM595,000 (2014: net gain of RM80,000) 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 2014.

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