



FRASER & NEAVE HOLDINGS BHD.
(Company No: 004205-V, Incorporated in Malaysia)

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For immediate release

INTERIM FINANCIAL REPORT

Quarter 3 : Financial Year Ending 30 September 2006

The Directors are pleased to release the interim financial report for the nine months ended 30th June 2006.

The contents of the financial report comprise the following attached condensed financial statements, explanatory notes and additional disclosures and these must be read in conjunction with the Company's financial statements for the year ended 30 September 2005:

- Schedule A : Condensed Consolidated Income Statement
- Schedule B : Condensed Consolidated Balance Sheet
- Schedule C : Condensed Consolidated Cash Flow Statement
- Schedule D : Condensed Consolidated Statement of Changes in Equity
- Schedule E : Selected Explanatory Notes
- Schedule F : Additional Disclosures

This interim financial report has been prepared in accordance with the accounting standards on interim financial reporting issued by the Malaysian Accounting Standards Board and contained additional disclosures prescribed by the BURSA MALAYSIA. Unless specified otherwise, the same accounting policies and methods of computation applied to the annual financial statements for the previous year had been followed throughout this interim financial report.

By Order of the Board

Tony Lee Cheow Fui
Company Secretary

Kuala Lumpur
3 August 2006

Schedule A : Condensed Consolidated Income Statement

For the nine months ended 30 June 2006

RM'000	Individual 3rd Quarter			Cumulative 3rd Quarter		% chg
	30/6/2006	30/6/2005	% chg	30/6/2006	30/6/2005	
Revenue	451,504	481,284	-6.2%	1,453,852	1,453,966	-
Operating profit	35,436	42,525	-16.7%	141,878	133,924	5.9%
Interest expense	(809)	(1,101)		(2,736)	(3,335)	
Interest income	843	1,240		2,588	4,147	
Profit before taxation (PBT)	35,470	42,664	-16.7%	141,730	134,736	5.2%
Taxation	(5,835)	(11,425)		(33,240)	(32,401)	
Profit after taxation (PAT)	29,635	31,239	-4.9%	108,490	102,335	6.0%
Minority interest	(2,228)	(1,049)		(8,211)	(6,038)	
Net profit	27,407	30,190	-9.2%	100,279	96,297	4.1%
Basic earnings per share (sen)	7.7	8.5		28.1	27.0	

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2005.

Schedule B : Condensed Consolidated Balance Sheet

As at 30 June 2006

RM'000	30/6/2006	30/9/2005 (audited)
Property, plant & equipment	721,748	730,828
Current assets		
Property under development	47,957	21,261
Inventories	276,874	316,623
Receivables	382,651	405,397
Cash and cash equivalents	199,864	202,491
	907,346	945,772
Less : Current liabilities		
Payables	325,399	345,055
Borrowings	24,569	33,721
Provision for taxation	(8,208)	4,578
	341,760	383,354
Net current assets	565,586	562,418
	1,287,334	1,293,246
Share capital & Reserves	1,071,602	1,084,870
Minority interest	120,559	107,351
Non current liabilities		
Borrowings	16,729	23,261
Other liabilities	78,444	77,764
	95,173	101,025
	1,287,334	1,293,246
Net tangible assets per share (RM)	3.01	3.04

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2005.

Schedule C : Condensed Consolidated Cash Flow Statement

For the nine months ended 30 June 2006

RM'000	Cumulative 3 rd 31/3/2006	Quarter 31/3/2005
Operating activities		
Operating profit	141,878	133,924
Add non-cash : Depreciation & others	58,919	70,309
Changes in working capital & provisions	53,932	(97,088)
Tax paid	(44,534)	(27,214)
Net cash flows from operating activities	210,195	79,931
Investing activities		
Interest income	2,588	4,147
Capital expenditure	(78,104)	(50,925)
Acquisition of subsidiary	(15,228)	-
Net cash flows from investing activities	(90,744)	(46,778)
Financing activities		
Interest expenses	(2,736)	(3,335)
Repayment of bank borrowings	(15,684)	(11,026)
Dividend	(112,937)	(97,537)
Additional equity by minority shareholder	9,279	-
Net cash flows from financing activities	(122,078)	(111,898)
Net change in cash & cash equivalents	(2,627)	(78,745)
Cash & cash equivalents at beginning of period	202,491	291,581
Cash & cash equivalents at end of quarter	199,864	212,836

Note :

() denotes cash outflow

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2005.

Schedule D : Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2006

RM'000	Share Capital	Capital Reserve	Revenue Reserve	Total
<i>At 1 October 2005</i>	356,493	421,144	307,233	1,084,870
Net profit for the period	-	-	100,279	100,279
Dividend				
-Final in respect of prior year	-	-	(71,869)	(71,869)
-Interim	-	-	(41,068)	(41,068)
Foreign exchange difference	-	(563)	(47)	(610)
<i>At 30 June 2006</i>	356,493	420,581	294,528	1,071,602
<i>At 1 October 2004</i>	356,493	420,691	273,030	1,050,214
Net profit for the period	-	-	96,297	96,297
Dividend				
-Final in respect of prior year	-	-	(61,602)	(61,602)
-Interim	-	-	(35,935)	(35,935)
<i>At 30 June 2005</i>	356,493	420,691	271,790	1,048,974

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2005.

Schedule E : Selected Explanatory Notes

1. Accounting Policies and method of computation
The quarterly financial statements have been prepared under the same accounting policies and methods of computation as the most recent annual financial statements and comply with FRS 134:Interim Financial Reporting and paragraph 9.22 of Listing Requirements of the Bursa Malaysia. Except for adoption of FRS 3 Business Combination, FRS 136 Impairment of Assets and FRS 138 Intangible Assets to be consistent with holding company Group Accounting Policies on treatment of goodwill. Positive goodwill is no longer amortised and will be tested for impairment annually. Negative goodwill is recognised immediately to income statement. The Group has no positive goodwill therefore there is no impact to income statement.
2. Auditors' report
The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.
3. Comment on seasonality or cyclical nature 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 some group products such as soft drinks may be skewed towards the major festivities, which normally occur at the end and the beginning of the calendar year.
4. Exceptional items
There have been no exceptional items in the current financial quarter.
5. Estimates
There have been no changes to the estimates used in the preparation of the current financial statements.
6. 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 financial quarter.
7. Dividends
Please refer to Schedule F item 12.
8. Segmental results
The Group's operating businesses are organised according to the nature of activities, namely soft drinks, dairy products, glass packaging and property/others. Inter-segment transactions and pricing arrangements where applicable are determined on a commercial basis. The results by segments for the cumulative quarter to date are as follows:

<u>Cumulative 3rd Quarter</u>	Revenue		Operating profit	
	2006	2005	2006	2005
RM'000				
Soft drinks	731,324	779,017	78,631	83,646
Dairy products	437,581	425,386	26,744	25,017
Glass packaging	232,657	217,698	20,656	17,319
Property/Others	52,290	31,865	15,847	7,942
	<u>1,453,852</u>	<u>1,453,966</u>	<u>141,878</u>	<u>133,924</u>

Schedule E : Selected Explanatory Notes (cont'd)

9. Valuation of property, plant and equipment
There have been no changes in the valuation on property, plant and equipment since the last annual financial statements.
10. Subsequent events
There have been no material events subsequent to the end of the quarter that have not been reflected in the financial statements.
11. Changes in the composition of the Group
There have been no changes in the composition of the Group in the current financial quarter and financial period to date except for the acquisition of Sime Oleander Sdn Bhd ("SOSB") and its subsidiaries, which was announced on 12 April 2006.

Following completion of the acquisition, the Group now owns 95% of SOSB.
12. Contingent liabilities
There have been no contingent liabilities of a material nature since the last annual balance sheet date.
13. Contingent assets
There have been no contingent assets of a material nature since the last annual balance sheet date.
14. Capital commitments
The outstanding capital commitments at the end of the current quarter are as follows:-

RM'000	<u>30/6/06</u>
Property, plant and equipment	
Approved and contracted for	94,394
Approved and not contracted for	41,814
	<u>136,208</u>

Schedule F : Additional Disclosures in Compliance with BURSA MALAYSIA Listing Requirements

1. Operations review

Revenue for the quarter declined by 6% compared to the same period last year. Growth in dairies (+4%) and glass (+13%) were offset by a decline in soft drinks (17%) and timing of revenue recognition of the Fraser Park development. Soft drinks sales have been weak since February (post festive), a reflection of poorer consumer sentiments and demand. The glass operations registered encouraging growth especially China, which grew by 29%.

Group operating profit for the quarter was 16% lower than last year. This is mainly due to poorer performance of the soft drinks division.

For the nine months period to June 2006, the Group recorded revenue of RM1.5 billion which is at the same level as last year while operating profit of RM142 million was 6% better. The results were considered satisfactory in view of weak consumer sentiments which have affected consumption of soft drinks.

2. Comment on material change in profit before taxation vs preceding quarter

Group PBT for the quarter of RM35.5 million was 30% lower than the preceding quarter due to absence of festive sales.

3. Prospects

Recent price increases and inflationary pressures have dampened consumer sentiments, which have negatively affected demand for our products. Intensive promotional activities are being carried out to boost sales in the remaining months of the financial year. Improvements in the dairies and glass operations and progressive profit recognition of the Fraser Park project should contribute positively to earnings.

Financial performance for the remaining quarter hinges on the recovery of soft drinks sales; overall, the full year results should be satisfactory.

4. Profit forecast variance (final quarter)

This is not applicable.

5. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 3 rd Quarter
Current	3,375	32,574
Tax over provided in previous year	541	-
Deferred tax	1,919	666
	<u>5,835</u>	<u>33,240</u>

The Group's effective tax rate in the current quarter and financial period to date is lower than the statutory rate due to the utilisation of reinvestment allowances.

Schedule F : Additional Disclosures in Compliance with BURSA MALAYSIA Listing Requirements (cont'd)

6. Sale of unquoted investments and properties
There were no sales of unquoted investments or properties in the current financial quarter and financial period to date.

7. Purchase and sale of quoted securities
There were no quoted securities acquired or disposed of in the current financial quarter and financial period to date.

8. Status of corporate proposal
There were no outstanding corporate proposals or new announcements made in the current financial quarter and financial period to date.

9. Group borrowings and debt securities
The details of the Group's borrowings as at 30 June 2006 are as follows:-

RM'000	Currency	Current	Non-Current
Unsecured Term Loan	USD	4,683	-
Secured Term Loan	Renminbi	19,886	16,729
		<u>24,569</u>	<u>16,729</u>

10. Off balance sheet – financial instruments
There were no off balance sheet financial instruments that are of a material nature being entered into, as at the date of this report.

11. Pending material litigation
There is no pending litigation of a material nature since the last balance sheet date.

12. Dividends
A final dividend of 28 sen gross per share (20.16 sen net) (2004: 24 sen gross (17.28 sen net)) amounting to RM71.9 million in respect of the financial year ended 30 September 2005 and an interim dividend of 16 sen gross per share (11.52 sen net) (2005: 14 sen gross per share (10.08 sen net)) in respect of the financial year ending 30 September 2006 were paid on 3 February 2006 and 5 June 2006 respectively.

No dividend was declared during the quarter.

13. Basis of calculation of earnings per share (EPS)
The EPS for the financial quarter was calculated based on the net profit divided by 356 million ordinary shares. There were no changes in the number of issued ordinary shares during the quarter.