



**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 2007**

The Directors are pleased to release the interim financial report for the quarter and nine months ended 30<sup>th</sup> June 2007.

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 2006:

- 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

Joseph Tan Eng Guan  
Company Secretary

Kuala Lumpur  
2 August 2007

**Schedule A : Condensed Consolidated Income Statement**

For the nine months ended 30 June 2007

RM'000	Individual 3 <sup>rd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter		
	30/6/2007	30/6/2006	% chg	30/6/2007	30/6/2006	% chg
Revenue	815,931	451,504	80.7%	2,066,290	1,453,852	42.1%
Operating profit	50,938	35,436	43.7%	159,058	141,878	12.1%
Interest expense	(3,147)	(809)		(6,316)	(2,736)	
Interest income	646	843		2,587	2,588	
Profit before taxation (PBT)	48,437	35,470	36.6%	155,329	141,730	9.6%
Taxation	(12,572)	(5,835)		(38,207)	(33,240)	
Profit after taxation (PAT)	35,865	29,635	21.0%	117,122	108,490	8.0%
Attributable to :						
Equity holders of the Company	32,983	27,407	20.3%	107,265	100,279	7.0%
Minority interest	2,882	2,228		9,857	8,211	
	35,865	29,635		117,122	108,490	
Basic earnings per share (sen) attributable to equity holders of the Company	9.3	7.7		30.1	28.1	

*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 2006.*

**Schedule B : Condensed Consolidated Balance Sheet**

As at 30 June 2007

RM'000	30/6/2007	Restated 30/9/2006
Property, plant & equipment	823,180	670,286
Intangible assets	79,181	-
Prepaid lease payments	56,575	57,480
<b>Current assets</b>		
Property under development	107,782	67,496
Inventories	394,765	297,093
Receivables	617,793	404,894
Cash and cash equivalents	198,601	242,202
	1,318,941	1,011,685
<b>Less : Current liabilities</b>		
Payables	613,151	381,871
Borrowings	315,744	18,766
Provision for taxation	6,050	6,155
	934,945	406,792
<b>Net current assets</b>	383,996	604,893
	1,342,932	1,332,659
<b>Financed by:</b>		
Share capital & Reserves	1,102,505	1,115,344
Minority interest	110,515	122,902
<b>Total Equity</b>	<u>1,213,020</u>	<u>1,238,246</u>
<b>Non current liabilities</b>		
Borrowings	60,176	16,940
Other liabilities	69,736	77,473
	129,912	94,413
<b>Total Equity &amp; non current liabilities</b>	1,342,932	1,332,659
Net assets per share (RM) attributable to equity holders of the Company	3.09	3.13

*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 2006.*

### Schedule C : Condensed Consolidated Cash Flow Statement

For the nine months ended 30 June 2007

RM'000	Cumulative 3 <sup>rd</sup> Quarter	
	30/6/2007	30/6/2006
Operating activities		
Operating profit	159,058	141,878
Add non-cash : Depreciation & others	70,001	58,919
Changes in working capital & provisions	(133,816)	53,932
Tax paid	(35,535)	(44,534)
<b>Net cash flows from operating activities</b>	<b>59,708</b>	<b>210,195</b>
Investing activities		
Interest income	2,587	2,588
Capital expenditure	(227,894)	(78,104)
Acquisition of subsidiary	-	(15,228)
Purchase of brand	(73,821)	-
<b>Net cash flows from investing activities</b>	<b>(299,128)</b>	<b>(90,744)</b>
Financing activities		
Interest expenses	(6,316)	(2,736)
Drawdown/ (Repayment) of bank borrowings	340,214	(15,684)
Dividend paid	(118,249)	(112,937)
Additional investment in subsidiary	(24,500)	-
Equity injection by minority shareholder	4,670	9,279
<b>Net cash flows from financing activities</b>	<b>195,819</b>	<b>(122,078)</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>(43,601)</b>	<b>(2,627)</b>
<b>Cash &amp; cash equivalents at beginning of quarter</b>	<b>242,202</b>	<b>202,491</b>
<b>Cash &amp; cash equivalents at end of quarter</b>	<b>198,601</b>	<b>199,864</b>

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 2006.*

### Schedule D : Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 June 2007

RM'000	<-----Attributable to equity holders of the Company----->					
	Share Capital	Share premium & Other reserves	Revenue Reserve	Total	Minority Interest	Total Equity
<i>At 1 October 2006</i>						
As previously stated	356,493	421,518	337,333	1,115,344	122,902	1,238,246
Effects of adopting: FRS 3	-	(62,795)	62,795	-	-	-
<i>At 1 October 2006(restated)</i>	356,493	358,723	400,128	1,115,344	122,902	1,238,246
Profit after taxation	-	-	107,265	107,265	9,857	117,122
Dividend						
- Final in respect of prior year	-	-	(75,470)	(75,470)	-	(75,470)
- Interim	-	-	(42,779)	(42,779)	(6,127)	(48,906)
Foreign exchange differences	-	(1,855)	-	(1,855)	(1,648)	(3,503)
Net income recognised directly in equity	-	(1,855)	(10,984)	(12,839)	2,082	(10,757)
Acquisition of MI's share	-	-	-	-	(19,139)	(19,139)
Additional contribution from MI	-	-	-	-	4,670	4,670
<i>At 30 June 2007</i>	356,493	356,868	389,144	1,102,505	110,515	1,213,020
<i>At 1 October 2005</i>						
As previously stated	356,493	421,144	307,233	1,084,870	107,351	1,192,221
Effects of adopting: FRS 3	-	(62,795)	62,795	-	-	-
<i>At 1 October 2005(restated)</i>	356,493	358,349	370,028	1,084,870	107,351	1,192,221
Profit after taxation	-	-	100,279	100,279	8,211	108,490
Dividend						
- Final in respect of prior year	-	-	(71,869)	(71,869)	-	(71,869)
- Interim	-	-	(41,068)	(41,068)	(5,036)	(46,104)
Foreign exchange differences	-	(610)	-	(610)	(382)	(992)
Net income recognised directly in equity	-	(610)	(12,658)	(13,268)	2,793	(10,475)
Additional contribution from MI	-	-	-	-	9,279	9,279
MI arising from acquisition of subsidiary	-	-	-	-	1,137	1,137
<i>At 30 June 2006</i>	356,493	357,739	357,370	1,071,602	120,560	1,192,162

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 2006.

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## Schedule E : Selected Explanatory Notes

1. Accounting Policies and method of computation

The quarterly financial statements comply with FRS 134 : Interim Financial Reporting and paragraph 9.22 of Listing Requirements of the Bursa Malaysia.

Change in Accounting Policies and adoption of new and revised FRSs

The accounting policies and methods of computation adopted by the Group for the interim financial report are consistent with those adopted in the financial statements for the year ended 30 September 2006 except for the adoption of the following new Financial Reporting Standards ("FRS") issued by MASB that are effective for the Group's annual reporting for the year ending 30 September 2007.

FRS 2 Share-based payment  
FRS 3 Business combination  
FRS 5 Non-current assets held for sale and discontinued operations  
FRS 101 Presentation of Financial Statements  
FRS 102 Inventories  
FRS 108 Accounting Policies, Changes in Estimates and Errors  
FRS 110 Events after the Balance Sheet Date  
FRS 116 Property, Plant and Equipment  
FRS 117 Leases  
FRS 121 The Effects of Changes in Foreign Exchange Rates  
FRS 124 Related Party Disclosures  
FRS 127 Consolidated and Separate Financial Statements  
FRS 132 Financial Instruments: Disclosure and Presentation  
FRS 133 Earnings Per Share  
FRS 136 Impairment of Assets  
FRS 138 Intangible Assets

The adoption of the FRSs above does not have significant financial impact on the Company. The principal effects of the changes in accounting policies resulting from the adoption of these new/revised FRSs is discussed below:

a) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in a change in the accounting policy relating to purchased goodwill and its amortisation policy.

Positive goodwill acquired in a business combination is now stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. Any impairment loss is recognised in the income statement. The adoption of these FRSs has no impact to the Group.

Negative goodwill is now recognised immediately in income statement. During the last financial year, the Group has applied the transitional provision allowed by FRS 3 to recognise reserve on consolidation during the year directly to the income statement. As a result of the adoption of FRS 3, the brought forward reserve on consolidation is now reclassified to retained profits. The comparatives have been restated and presented in the consolidated statement of changes in equity.

## Schedule E : Selected Explanatory Notes (cont'd)

### b) FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and shown as an allocation from net profit for the period in the consolidated income statement. The movement of minority interest is also presented in the consolidated statement of changes in equity. The comparatives have been restated to conform to current period's presentation.

### c) FRS 117 Leases

Prior to 1 October 2006, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation. Under FRS 117, leasehold land is classified as an operating lease unless title passes to the lessee at the end of the lease term. As a result of the adoption of FRS 117, the carrying revalued amount of leasehold land is now reclassified as prepaid lease payment and amortised over the period of its remaining lease term. As a result of the adoption of FRS 117, comparative amounts as at 30 September 2006 have been restated as follows:

	Adoption of FRS	As previously reported RM'000	Effects of reclassification RM'000	As restated RM'000
Property, plant and equipment	117	727,766	(57,480)	670,286
Prepaid lease payment	117	-	57,480	57,480

### 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 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 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.

## Schedule E : Selected Explanatory Notes (cont'd)

8. Segmental results

The Group's operating businesses are organised according to the nature of activities, namely soft drinks, dairy products, glass packaging and others. 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	Cumulative 3 <sup>rd</sup> Quarter Revenue		Cumulative 3 <sup>rd</sup> Quarter Operating profit	
	2007	2006	2007	2006
Soft drinks	807,279	731,324	87,867	78,631
Dairy products	974,349	437,581	33,177	26,744
Glass packaging	253,146	232,657	25,923	20,656
Property/Others	31,516	52,290	12,091	15,847
	<u>2,066,290</u>	<u>1,453,852</u>	<u>159,058</u>	<u>141,878</u>

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.

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	30/6/07
Property, plant and equipment	
Approved and contracted for	70,700
Approved and not contracted for	50,680
	<u>121,380</u>



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

### 1. Operations review

Group revenue for the quarter improved 81% as compared with the corresponding quarter last year. Excluding contribution of Nestle's canned liquid milk business in Malaysia and Thailand acquired in February this year ("Nestle business"), Group revenue grew by 19%.

Soft drinks revenue recorded growth of 33% which is in line with volume growth of 34%, reflecting a recovery in volumes from the depressed level last year.

Revenue of the Dairies division (excluding Nestle business) was up 22%. Selling prices of some of the products were adjusted in April 07 to mitigate the impact of high input costs affecting the industry since beginning of the year.

Revenue for the Glass division grew by 2% despite lower volume of 6% as efforts to move into higher value added segments began to show positive results.

Properties division recorded lower revenue as Phase 1 of our Fraser Business Park project came to a close with the bulk of the project revenue having been recognised in earlier periods.

Group operating profit for the quarter improved by 44% compared with the same period last year. Excluding Nestle business, operating profit was up 29%. All divisions performed well due to higher sales volume, improved selling prices and production efficiency.

For the year to date, the Group recorded revenue of RM2 billion and operating profit of RM159 million, which were 42% and 12% better than last year respectively. Excluding Nestle business, Group revenue and operating profit was 12% and 10% above last year respectively.

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

Group PBT for the quarter of RM48 million was 7% lower than the preceding quarter due to absence of festive sales.

### 3. Prospects

Consumer spending in Malaysia is expected to be sustained and this augurs well for our Soft drinks and Dairies business. However, the Company will need to manage escalating input cost to maintain demand.

In Thailand, domestic demand has weakened in recent months which, if prolonged, may have a negative impact on our Dairies business. Our application to the authority for price adjustment due to escalating input cost is currently pending approval.

Based on the results achieved to date, and barring unforeseen circumstances, we expect the full year's results to be satisfactory.

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

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 <sup>rd</sup> Quarter
Current	16,528	45,713
Tax under provided in previous years	48	(13)
Deferred tax	(4,004)	(7,493)
	<u>12,572</u>	<u>38,207</u>

The Group's effective tax rate in the current quarter is lower than the statutory rate due to the utilisation of reinvestment allowances and the impact of recent change in the statutory rate on deferred tax.

6. Sale of unquoted investments and properties

There were no sales of unquoted investments or properties in the current financial quarter.

7. Purchase and sale of quoted securities

There were no quoted securities acquired or disposed of in the current financial quarter.

8. Status of corporate proposal

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

9. Group borrowings and debt securities

The details of the Group's borrowings as at 30 June 2007 are as follows:-

RM'000	Currency	Current	Non-Current
Secured Term Loan	Renminbi	15,196	-
Secured Term Loan	Thai Baht	-	60,176
		<u>15,196</u>	<u>60,176</u>
Unsecured loans	Renminbi	2,041	-
Unsecured loans	RM	193,000	-
Unsecured loans	Thai Baht	105,507	-
		<u>300,548</u>	<u>-</u>
		<u>315,744</u>	<u>60,176</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.

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

12. Dividends

A final dividend payment of 29 sen gross per share (21.17 sen net) (2005 : 28 sen gross (20.16 sen net)) amounting to RM75.5 million in respect of the financial year ended 30 September 2006 was paid on 5 February 2007.

The Directors had declared an interim tax exempt dividend of 12 sen per share (2006:16 sen gross per share (11.52 sen net)) in respect of the financial year ending 30 September 2007 which was paid on 22 June 2007.

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 profit after taxation attributable to equity holders of the Company divided by 356 million ordinary shares. There were no changes in the number of issued ordinary shares during the quarter.