



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 4 : Financial Year Ended 30 September 2007

The Directors are pleased to release the quarterly financial report for the quarter and the year ended 30 September 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 quarterly 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 quarterly financial report.

By Order of the Board

Joseph Tan Eng Guan
Company Secretary

Kuala Lumpur
6 November 2007

Schedule A : Condensed Consolidated Income Statement

For the year ended 30 September 2007

RM'000	Individual 4 th Quarter			(Audited) Cumulative 4 th Quarter		
	30/9/2007	30/9/2006	% chg	30/9/2007	30/9/2006	% chg
Revenue	798,778	489,778	63.1%	2,865,068	1,943,630	47.4%
Operating profit	68,713	51,863	32.5%	227,771	193,741	17.6%
Interest expense	(3,718)	(715)		(10,034)	(3,451)	
Interest income	581	1,308		3,168	3,896	
Profit before taxation (PBT)	65,576	52,456	25.0%	220,905	194,186	13.8%
Taxation	(17,121)	(7,364)		(55,328)	(40,604)	
Profit after taxation (PAT)	48,455	45,092	7.5%	165,577	153,582	7.8%
Attributable to :						
Equity holders of the Company	45,606	42,548	7.2%	152,871	142,827	7.0%
Minority interest	2,849	2,544		12,706	10,755	
	48,455	45,092		165,577	153,582	
Basic earnings per share (sen) attributable to equity holders of the Company	12.8	11.9		42.9	40.1	

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 September 2007

RM'000	30/9/2007 <i>(audited)</i>	Restated 30/9/2006 <i>(audited)</i>
Property, plant & equipment	838,696	657,952
Intangible assets	91,712	12,335
Prepaid lease payments	55,581	57,479
Deferred tax assets	5,411	-
Current assets		
Property under development	115,550	67,496
Inventories	573,298	297,093
Receivables	567,638	404,894
Cash and cash equivalents	207,799	242,202
	1,464,285	1,011,685
Less : Current liabilities		
Payables	666,708	381,871
Borrowings	337,190	18,766
Provision for taxation	17,299	6,155
	1,021,197	406,792
Net current assets	443,088	604,893
	1,434,488	1,332,659
Financed by:		
Share capital & reserves	1,156,989	1,115,344
Minority interest	119,756	122,902
Total equity	1,276,745	1,238,246
Non current liabilities		
Borrowings	83,053	16,940
Other liabilities	74,690	77,473
	157,743	94,413
Total equity & non current liabilities	1,434,488	1,332,659
Net assets per share (RM) attributable to equity holders of the Company	3.25	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 year ended 30 September 2007

RM'000	Audited Cumulative 4 th Quarter	
	30/9/2007	30/9/2006
Operating activities		
Operating profit	227,771	193,741
Add non-cash : Depreciation, amortisation & others	98,563	89,500
Changes in working capital	(214,884)	60,583
Tax paid	(37,936)	(52,530)
Net cash flows from operating activities	73,514	291,294
Investing activities		
Interest income	3,168	3,896
Capital expenditure	(282,184)	(98,337)
Acquisition of subsidiary	(24,500)	(15,229)
Prepayment of land lease	(289)	(7,649)
Purchase of brand & other intangibles	(76,546)	-
Purchase of treasury shares	(1,168)	-
Net cash flows from investing activities	(381,519)	(117,319)
Financing activities		
Interest expenses	(10,034)	(3,451)
Drawdown/ (Repayment) of bank borrowings	384,537	(21,276)
Dividend paid	(124,415)	(123,693)
Equity injection by minority shareholder	23,514	14,156
Net cash flows from financing activities	273,602	(134,264)
Net change in cash & cash equivalents	(34,403)	39,711
Cash & cash equivalents at beginning of year	242,202	202,491
Cash & cash equivalents at end of year	207,799	242,202

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 year ended 30 September 2007

RM'000	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total	Minority Interest	Total Equity
<i>At 1 October 2006</i>							
As previously stated	356,493	438,609	-	320,242	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	375,814	-	383,037	1,115,344	122,902	1,238,246
Foreign exchange differences (in equity)	-	8,191	-	-	8,191	(60)	8,131
Profit after taxation	-	-	-	152,871	152,871	12,706	165,577
Total recognised income for the year	-	8,191	-	152,871	161,062	12,646	173,708
Dividend							
- Final in respect of prior year	-	-	-	(75,470)	(75,470)	-	(75,470)
- Interim	-	-	-	(42,779)	(42,779)	(20,166)	(62,945)
Acquisition of MI's share	-	-	-	-	-	(19,139)	(19,139)
Additional contribution from MI	-	-	-	-	-	23,513	23,513
Treasury shares acquired	-	-	(1,168)	-	(1,168)	-	(1,168)
<i>At 30 September 2007</i>	356,493	384,005	(1,168)	417,659	1,156,989	119,756	1,276,745
<i>At 1 October 2005</i>							
As previously stated	356,493	438,025	-	289,352	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	375,230	-	352,147	1,084,870	107,351	1,192,221
Foreign exchange differences (in equity)	-	584	-	-	584	258	842
Profit after taxation	-	-	-	142,827	142,827	10,755	153,582
Total recognised income for the year	-	584	-	142,827	143,411	11,013	154,424
Dividend							
- Final in respect of prior year	-	-	-	(71,869)	(71,869)	-	(71,869)
- Interim	-	-	-	(41,068)	(41,068)	(10,755)	(51,823)
Additional contribution from MI	-	-	-	-	-	14,156	14,156
MI arising from acquisition of subsidiary	-	-	-	-	-	1,137	1,137
<i>At 30 September 2006</i>	356,493	375,814	-	383,037	1,115,344	122,902	1,238,246

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 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 and Group. 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

Goodwill

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)

- a) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets (cont'd)

Computer software

Prior to 1 October 2006, computer software was classified as property, plant and equipment and stated at cost less accumulated depreciation and impairment loss. As a result of the adoption of FRS138, the carrying amount of computer software is now reclassified as intangible assets and amortised based on straight line basis over the expected useful lives.

As a result of the adoption of FRS 138, comparative amounts as at 30 September 2006 have been restated as disclosed in note 1 c).

- 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	(57,479)	
	138		(12,335)	657,952
Prepaid lease payment	117	-	57,479	57,479
Intangible assets	138	-	12,335	12,335

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.

Schedule E : Selected Explanatory Notes (cont'd)

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 others. Inter-segment transactions and pricing arrangements where applicable are determined on a commercial basis. The results by segments for the year are as follows:

RM'000	Cumulative 4 th Quarter Revenue		Cumulative 4 th Quarter Operating profit	
	2007	2006	2007	2006
Soft drinks	1,055,248	961,458	109,045	101,361
Dairy products	1,403,016	600,677	60,233	40,851
Glass packaging	341,784	314,025	33,613	26,394
Property/Others	65,020	67,470	24,880	25,135
	<u>2,865,068</u>	<u>1,943,630</u>	<u>227,771</u>	<u>193,741</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 except for the acquisition of Radiant Worth Sdn Bhd on 28 September 2007. The company is dormant and has an issued and paid up share capital of two (2) ordinary shares of Ringgit One (RM1.00) each.
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.

Schedule E : Selected Explanatory Notes (cont'd)

14. Capital commitments

The outstanding capital commitments at the end of the current quarter are as follows:-

RM'000	<u>30/9/07</u>
Property, plant and equipment	
Approved and contracted for	110,327
Approved and not contracted for	<u>427,605</u>
	<u>537,932</u>

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

1. Operations review

Group revenue for the quarter improved 63% compared with the corresponding quarter last year. Excluding contribution of Nestle's canned liquid milk business in Malaysia and Thailand which were acquired in February this year ("Nestle business"), Group revenue grew by 2%.

Both soft drinks revenue and volume grew by 8%. This was mainly attributed to improved consumption and earlier Hari Raya festive sales.

Revenue and volume of the Dairies division (excluding Nestle business) were down 21% and 38% respectively mainly due to lower volume in Malaysia following "last bite" sales in the preceding quarter. This decline was however more than off-set by the Nestle business.

Revenue and tonnage for the Glass division grew by 9% and 5% respectively mainly due to better selling prices and a shift to higher value containers.

Property division booked in revenue of RM33 million from Fraser Business Park Phase II development based on percentage of completion method.

Group operating profit for the quarter improved by 33% compared with the same period last year with improvements recorded in the glass, property and the enlarged dairies division.

For the year to date, the Group recorded revenue of RM2.9 billion and operating profit of RM228 million, which were 47% and 18% better than last year respectively. Excluding Nestle business Group revenue and operating profit was 10% and 8% above last year respectively.

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

Group PBT for the quarter of RM66 million was 35% higher than the preceding quarter from improved results of the enlarged Dairies business and contribution from Phase II of Fraser Business Park development.

3. Prospects for next financial year

Improved consumer sentiments in Malaysia will benefit the food and beverages business of the Group. However in Thailand, which contributes about 20% of Group revenue, consumer sentiment has weakened in recent months and may negatively affect consumption.

The Group will continue to face high raw material and packaging costs which show little sign of abating and this could put pressure on profit margins especially that of the dairies business. The Group will continue its efforts to manage escalating input cost through higher efficiency and productivity arising from greater economies of scale and synergies from the enlarged business.

For the glass business, the 70% owned green field glass plant in Thailand has commenced commercial operation on 1 October 2007 and two new furnaces presently under construction in Johor Bahru and China will be commissioned in the coming year. These will add to volume and revenue growth to the glass business.

Construction of Phase II of the Fraser Business Park is well under way and with planned launch of Ampang condominium, it will sustain contribution of the property business.

Barring unforeseen circumstances, the Board is cautiously optimistic of next financial year's performance.

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 4 th Quarter
Current	17,963	63,676
Tax over provided in previous years	(319)	(332)
Deferred tax	(523)	(8,016)
	<u>17,121</u>	<u>55,328</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 September 2007 are as follows:-

RM'000	Currency	Current	Non-Current
Secured Term Loan	Thai Baht	4,413	83,053
Unsecured loans	Renminbi	11,600	-
Unsecured loans	RM	210,000	-
Unsecured loans	Thai Baht	111,177	-
		<u>332,777</u>	<u>-</u>
		<u>337,190</u>	<u>83,053</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 of 29 sen gross per share (21.17 sen net) amounting to RM75.5 million in respect of the financial year ended 30 September 2006 and an interim tax exempt dividend of 12 sen per share (2006:16 sen gross (11.52 sen net)) in respect of the financial year ended 30 September 2007 were paid on 5 February 2007 and 22 June 2007 respectively.

The Directors are recommending a final dividend of 30 sen gross per share (22.20 sen net) (2006 : 29 sen gross (21.17 sen net)) to be approved by shareholders at the forthcoming Annual General Meeting of the Company. If approved, the total dividend for the year would be 34.20 sen net compared to 32.69 sen net paid last year.

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 (net of treasury shares). There were no changes in the number of issued ordinary shares during the quarter.