



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 1 : Financial Year Ending 30 September 2008

The Directors are pleased to release the quarterly financial report for the three months ended 31st December 2007 being the first quarter for the financial year 2007/2008.

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 Group's financial statements for the year ended 30 September 2007:

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 Group's 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
13 February 2008

Schedule A : Condensed Consolidated Income Statement

For the three months ended 31 December 2007

RM'000	1 st Quarter		% chg
	31/12/2007	31/12/2006	
Revenue	899,956	533,062	68.8%
Operating profit	68,850	54,666	25.9%
Interest expense	(4,886)	(523)	
Interest income	741	923	
Profit before taxation (PBT)	64,705	55,066	17.5%
Taxation	(16,729)	(13,292)	
Profit after taxation (PAT)	47,976	41,774	14.8%
Attributable to :			
Equity holders of the Company	44,534	38,386	16.0%
Minority interest	3,442	3,388	
	47,976	41,774	
Basic earnings per share (sen) attributable to equity holders of the Company	12.5	10.8	

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Group's audited financial statements for the year ended 30 September 2007.

Schedule B : Condensed Consolidated Balance Sheet

As at 31 December 2007

RM'000	<i>Audited</i>	
	31/12/2007	30/9/2007
Property, plant & equipment	839,476	838,696
Intangible assets	88,734	91,712
Prepaid lease payments	55,306	55,581
Deferred tax assets	6,150	5,411
Current assets		
Property development cost	119,659	115,550
Inventories	546,119	573,298
Receivables	676,736	567,638
Cash and cash equivalents	188,483	207,799
	1,530,997	1,464,285
Less : Current liabilities		
Payables	611,714	666,708
Borrowings	405,004	337,190
Provision for taxation	27,119	17,299
	1,043,837	1,021,197
Net current assets	487,160	443,088
	1,476,826	1,434,488
Financed by:		
Share capital & Reserves	1,200,952	1,156,989
Minority interest	122,859	119,756
Total Equity	1,323,811	1,276,745
Non current liabilities		
Borrowings	80,743	83,053
Other liabilities	72,272	74,690
	153,015	157,743
Total Equity & non current liabilities	1,476,826	1,434,488
Net assets per share (RM) attributable to equity holders of the Company	3.37	3.25

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Group's audited financial statements for the year ended 30 September 2007.

Schedule C : Condensed Consolidated Cash Flow Statement

For the three months ended 31 December 2007

RM'000	1 st Quarter	
	31/12/2007	31/12/2006
Operating activities		
Operating profit	68,850	54,666
Add non-cash : Depreciation & others	32,273	20,774
Changes in working capital & provisions	(145,953)	(48,440)
Tax paid	(10,294)	(12,910)
Net cash flows from operating activities	(55,124)	14,090
Investing activities		
Interest income	741	923
Capital expenditure	(27,526)	(12,104)
Prepayment of land lease	(36)	-
Net cash flows from investing activities	(26,821)	(11,181)
Financing activities		
Interest expenses	(4,885)	(523)
Drawdown/ (Repayment) of bank borrowings	65,504	(9,321)
Equity injection by minority shareholder	2,010	-
Net cash flows from financing activities	62,629	(9,844)
Net change in cash & cash equivalents	(19,316)	(6,935)
Cash & cash equivalents at beginning of quarter	207,799	242,202
Cash & cash equivalents at end of quarter	188,483	235,267

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 Group's audited financial statements for the year ended 30 September 2007.

Schedule D : Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 December 2007

RM'000	<-----Attributable to equity holders of the Company----->						Total Equity
	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total	Minority Interest	
<i>At 1 October 2007</i>	356,493	384,005	(1,168)	417,659	1,156,989	119,756	1,276,745
Profit after taxation	-	-	-	44,534	44,534	3,442	47,976
Foreign exchange differences	-	(571)	-	-	(571)	(348)	(919)
Net income recognised directly in equity	-	(571)	-	44,534	43,963	3,094	47,057
Additional contribution from MI	-	-	-	-	-	2,010	2,010
Dividend	-	-	-	-	-	(2,001)	(2,001)
<i>At 31 December 2007</i>	356,493	383,434	(1,168)	462,193	1,200,952	122,859	1,323,811
<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
Profit after taxation	-	-	-	38,386	38,386	3,388	41,774
Foreign exchange differences	-	(4,353)	-	-	(4,353)	(1,654)	(6,007)
Net income recognised directly in equity	-	(4,353)	-	38,386	34,033	1,734	35,767
Dividend	-	-	-	-	-	(2,698)	(2,698)
<i>At 31 December 2006</i>	356,493	371,461	-	421,423	1,149,377	121,938	1,271,315

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Group's audited financial statements for the year ended 30 September 2007.

Schedule E : Selected Explanatory Notes

1. Accounting Policies and method of computation

The quarterly financial statements is unaudited and has been prepared in accordance with the Financial Reporting Standard (FRS) 134 : Interim Financial Reporting and paragraph 9.22 of Listing Requirements of the Bursa Malaysia.

Adoption of revised Financial Reporting Standards (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 2007 except for the adoption of the following applicable FRSs issued by Malaysian Accounting Standards Board that are effective for the Group's annual reporting for year ending 30 September 2008.

FRS 107 Cash Flow Statements

FRS 112 Income Taxes

FRS 118 Revenue

FRS 137 Provisions, Contingent Liabilities and Contingent Assets

Amendment

to FRS 119²⁰⁰⁴ Employees Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

Amendment

to FRS 119²⁰⁰⁴ The Effects of Changes in Foreign Exchanges Rates- Net Investment in a Foreign Operation

The adoption of all of the above FRSs does not have significant financial impact on the Group.

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, repurchases 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 containers and property/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	1 st Quarter Revenue		1 st Quarter Operating profit	
	2007	2006	2007	2006
Soft drinks	302,037	270,841	35,210	32,312
Dairy products	487,008	159,371	20,451	9,715
Glass containers	99,703	85,439	8,576	7,262
Property/Others	11,208	17,411	4,613	5,377
	<u>899,956</u>	<u>533,062</u>	<u>68,850</u>	<u>54,666</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	31/12/07
Property, plant and equipment	
Approved and contracted for	93,189
Approved and not contracted for	423,780
	<u>516,969</u>

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

1. Operations review

Group revenue for the quarter increased 69% 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 2007 ("Nestle business") Group revenue grew by 11%.

Soft drinks revenue improved 12% boosted by relatively strong festive sales and price adjustment implemented in the last financial year.

The dairies division (excluding Nestle business) registered a 13% improvement in revenue despite lower volume due to higher price level of our products for this quarter after price adjustments made in previous year. The volume decline was mainly due to intense competition for lower priced canned milk. The Nestle business contributed RM307 million (34%) to revenue for this quarter.

Revenue for the glass division grew 17% as the new glass plant in Thailand commenced commercial production in October 2007.

Group operating profit for the quarter improved by 26% compared with the same period last year. Excluding operating profit from Nestle business of RM9.9m, Group operating profit grew 8%. All core divisions performed better due to higher sales volume, improved selling prices and production efficiency.

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

Group PBT for the quarter of RM65 million was 1% lower than the preceding quarter. The improvements in soft drinks and dairies divisions were partly offset by the timing of profit recognition in the property division.

3. Prospects

The results of the year under review will incorporate the full twelve months' operation of Nestle business, the new Glass plant in Thailand as well as the impact of price adjustments implemented last year for the soft drinks and dairies divisions. Prices of the key raw materials appeared to be stabilising although still at elevated levels.

Given the positive economic situation in the markets, despite rising inflationary pressure and volatile financial markets that may erode consumer spending, the Group is cautiously optimistic that its performance will remain 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:-

	Current Quarter
RM'000	<u>19,976</u>
Current	19,976
Deferred tax	<u>(3,247)</u>
	<u>16,729</u>

The Group's effective tax rate in the current quarter is lower than the statutory rate due to 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 31 December 2007 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Secured Term Loan	Thai Baht	<u>23,701</u>	<u>80,743</u>
Unsecured loan	Renminbi	5,433	-
Unsecured loans	RM	275,500	-
Unsecured loans	Thai Baht	100,370	-
		<u>381,303</u>	-
		<u>405,004</u>	<u>80,743</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

No dividend has been declared in this financial quarter.

At the last Annual General Meeting held on 24 January 2008, shareholders approved a final dividend payment of 30 sen gross per share (22.20 sen net) (2006 : 29 sen gross (21.17 sen net)) amounting to RM79.1 million in respect of the financial year ended 30 September 2007. This will be paid on 28 February 2008.

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.