



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 3 : Financial Year Ending 30 September 2008

The Directors are pleased to release the quarterly financial report for the quarter and nine months ended 30th June 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
7 August 2008

Schedule A : Condensed Consolidated Income Statement

For the nine months ended 30 June 2008

RM'000	Individual 3 rd Quarter			Cumulative 3 rd Quarter		
	30/6/2008	30/6/2007	% chg	30/6/2008	30/6/2007	% chg
Revenue	884,587	815,931	8.4%	2,692,227	2,066,290	30.3%
Operating profit	60,308	50,938	18.4%	201,259	159,058	26.5%
Interest expense	(4,743)	(3,147)		(14,949)	(6,316)	
Interest income	889	646		2,305	2,587	
Profit before taxation (PBT)	56,454	48,437	16.6%	188,615	155,329	21.4%
Taxation	(13,822)	(12,572)		(45,429)	(38,207)	
Profit after taxation (PAT)	42,632	35,865	18.9%	143,186	117,122	22.3%
Attributable to :						
Equity holders of the Company	39,656	32,983	20.2%	132,104	107,265	23.2%
Minority interest	2,976	2,882		11,082	9,857	
	42,632	35,865		143,186	117,122	
Basic earnings per share (sen) attributable to equity holders of the Company	11.1	9.3		37.1	30.1	
Diluted earnings per share (sen) attributable to equity holders of the Company	11.1	9.3		37.1	30.1	

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 30 June 2008

RM'000	<i>Audited</i>	
	30/6/2008	30/9/2007
Property, plant & equipment	852,771	838,696
Intangible assets	88,914	91,712
Prepaid lease payments	54,641	55,581
Deferred tax assets	2,067	5,411
Current assets		
Property development cost	133,639	115,550
Inventories	427,442	573,298
Receivables	714,458	567,638
Cash and cash equivalents	146,451	207,799
	1,421,990	1,464,285
Less : Current liabilities		
Payables	663,768	666,708
Borrowings	336,395	337,190
Provision for taxation	17,160	17,299
	1,017,323	1,021,197
Net current assets	404,667	443,088
	1,403,060	1,434,488
Financed by:		
Share capital & Reserves	1,127,507	1,156,989
Minority interest	131,115	119,756
Total Equity	1,258,622	1,276,745
Non current liabilities		
Borrowings	76,158	83,053
Other liabilities	68,280	74,690
	144,438	157,743
Total Equity & non current liabilities	1,403,060	1,434,488
Net assets per share (RM) attributable to equity holders of the Company	3.16	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 nine months ended 30 June 2008

RM'000	Cumulative 3 rd Quarter	
	30/6/2008	30/6/2007
Operating activities		
Operating profit	201,259	159,058
Add non-cash : Depreciation & others	87,923	70,001
Changes in working capital	(83,205)	(127,689)
Tax paid	(47,871)	(35,535)
Net cash flows from operating activities	158,106	65,835
Investing activities		
Interest income	2,305	2,587
Capital expenditure	(120,554)	(227,894)
Purchase of brand	-	(73,821)
Payment of land lease	(36)	-
Additional investment in subsidiary	(841)	(24,500)
Net cash flows from investing activities	(119,126)	(323,628)
Financing activities		
Interest expenses	(14,949)	(6,316)
(Repayment)/Drawdown of bank borrowings	(7,690)	340,214
Dividend paid	(79,093)	(118,249)
Dividend paid to MI	(4,063)	(6,127)
Equity injection by minority shareholder	6,003	4,670
Purchase of treasury shares	(536)	-
Net cash flows from financing activities	(100,328)	214,192
Net change in cash & cash equivalents	(61,348)	(43,601)
Cash & cash equivalents at beginning of year	207,799	242,202
Cash & cash equivalents at end of quarter	146,451	198,601

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 nine months ended 30 June 2008

RM'000	<-----Attributable to equity holders of the Company----->					Minority Interest [MI]	Total Equity
	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total		
<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	-	-	-	132,104	132,104	11,082	143,186
Foreign exchange differences	-	(19,740)	-	-	(19,740)	(642)	(20,382)
Net income recognised Directly in equity	-	(19,740)	-	132,104	112,364	10,440	122,804
Employee share-based expense	-	413	-	-	413	-	413
Acquisition of MI's share	-	-	-	-	-	(1,021)	(1,021)
Additional contribution from MI	-	-	-	-	-	6,003	6,003
Dividend							
- Final in respect of prior year	-	-	-	(79,093)	(79,093)	-	(79,093)
- Interim	-	-	-	(62,630)	(62,630)	(4,063)	(66,693)
Treasury share purchased	-	-	(536)	-	(536)	-	(536)
<i>At 30 June 2008</i>	356,493	364,678	(1,704)	408,040	1,127,507	131,115	1,258,622
<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	-	-	-	107,265	107,265	9,857	117,122
Foreign exchange differences	-	(1,855)	-	-	(1,855)	(1,648)	(3,503)
Net income recognised Directly in equity	-	(1,855)	-	107,265	105,410	8,209	113,619
Acquisition of MI's share	-	-	-	-	-	(19,139)	(19,139)
Dividend							
- Final in respect of prior year	-	-	-	(75,470)	(75,470)	-	(75,470)
- Interim	-	-	-	(42,779)	(42,779)	(6,127)	(48,906)
Additional contribution from MI	-	-	-	-	-	4,670	4,670
<i>At 30 June 2007</i>	356,493	373,959	-	372,053	1,102,505	110,515	1,213,020

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 119 ²⁰⁰⁴	Employees Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
Amendment to FRS 121 ²⁰⁰⁴	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 to 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.

Schedule E : Selected Explanatory Notes (cont'd)

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 except as follows:

Todate the Company has acquired 235,800 of its own shares at an average price of RM7.23 per share. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

On 22 May 2008, the Company announced its intention to issue up to RM1 billion nominal value commercial papers ("CP") and medium term notes ("MTN") via its wholly owned subsidiary, F&N Capital Sdn Bhd. The proceeds shall be on lent to Fraser and Neave Holdings Bhd group of companies for capital expenditure, refinancing of borrowing and working capital purposes. On 18 June 2008, the Company received the approval of the Securities Commission ("SC") to the proposed CP/MTN Programme. The Information Memorandum dated 30 July 2008 setting out the pertinent information relating to the programme has been deposited with the SC on 4 August 2008.

RAM Rating Services Bhd has assigned initial ratings of P1 and AA1 respectively to the CP/ MTN programme.

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 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	Revenue			
	Individual 3 rd Quarter		Cumulative 3 rd Quarter	
	2008	2007	2008	2007
Soft drinks	267,450	249,728	896,870	807,279
Dairy products	500,939	477,327	1,453,746	974,349
Glass containers	108,487	84,675	307,963	253,146
Property/Others	7,711	4,201	33,648	31,516
	<u>884,587</u>	<u>815,931</u>	<u>2,692,227</u>	<u>2,066,290</u>

RM'000	Operating profit			
	Individual 3 rd Quarter		Cumulative 3 rd Quarter	
	2008	2007	2008	2007
Soft drinks	24,163	23,775	101,402	87,867
Dairy products	29,050	17,407	64,822	34,375
Glass containers	8,237	9,681	26,670	25,923
Property/Others	(1,142)	75	8,365	10,893
	<u>60,308</u>	<u>50,938</u>	<u>201,259</u>	<u>159,058</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 except as follows:

The incorporation of F&N Capital Sdn Bhd with issued and paid up capital of RM2 comprising two ordinary shares of RM1 each on 16 May 2008 and the acquisition of the entire issued and paid up of a shelf company namely Tropical League Sdn Bhd ("TLSB") on 16 June 2008. The issued and paid up capital of TLSB is RM2 comprising two ordinary shares of RM1.

On 18 June 2008, F&NCC Beverages Sdn Bhd ("FNCCBv") a subsidiary of the Company has completed the acquisition of Borneo Springs Sdn Bhd ("BSSB") with the exercise of the option to purchase the remaining 5% of the equity share capital of BSSB at the purchase price of RM841,099. As a result, BSSB is now a wholly owned subsidiary of FNCCBv.

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	30/6/08
Property, plant and equipment	
Approved and contracted for	54,770
Approved and not contracted for	544,341
	<u>599,111</u>

Schedule E : Selected Explanatory Notes (cont'd)

15. Significant related party transactions

The following are significant related party transactions:-
RM'000

	Cumulative 3 rd Quarter	
	2008	2007
Sales	121,615	121,946
Purchases	105,267	89,716
Royalties paid	20,848	18,501
Corporate charges paid	1,752	1,423
Rental income	214	214

The above transactions had been entered into in the ordinary course of business on normal commercial terms with Fraser and Neave Limited group of companies. These transactions are within the ambit of the mandate approved by the shareholders of the Company on 24 January 2008.

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

1. Operations review

Current quarter vs corresponding quarter

Revenue

Group revenue for the quarter increased 8% compared with the same quarter last year with improved performance from all divisions.

Soft drinks revenue grew 7% in line with higher demand and the price adjustment implemented in May 07. Revenue for dairies division grew 5% and improved sales were recorded in the core markets of Malaysia and Thailand. Sales of canned milk were distorted due to "last bite" sales before the price increase in July 07.

Glass division revenue grew 28% mainly due to the additional capacity from the Thailand plant which commenced operation this financial year and general price increase due to higher input cost. Property division recorded revenue of RM8 million from the Fraser Business Park Phase II project.

Operating profit

Group operating profit for the quarter rose by 18% with improved performance from soft drinks and dairies divisions. The dairies business was the main contributor to the better performance due to successful measures taken to improve margins. The decline of 15% in the glass division was mainly due to production disruptions caused by the recent earthquake at the Sichuan plant.

YTD 9 months vs LY

For the nine months to June 2008, the Group recorded revenue of RM2.7 billion, a growth of 30% as a result of strong festive sales of soft drinks and full nine months impact of the acquired dairies business. Operating profit of RM201 million improved by 27% and overall margins were relatively stable despite higher input cost of raw and packing materials.

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

Group PBT for the quarter of RM56 million was 16% lower than the preceding quarter. The result of the preceding quarter was boosted by strong festive sales of soft drinks. The decline in soft drinks profit for the current quarter was partially compensated by improved performance in dairies division, particularly from the Thailand operations.

3. Prospects

The recent decision of the Government to substantially cut fuel and energy subsidy will directly result in reduced overall disposal income of the average consumer and higher operating costs for the Group. This will negatively affect both operating margins and sales volumes. However, F&N products being daily necessities and being priced at affordable levels should be better able to withstand such challenges. Nevertheless, mitigation plans and special sales promotions are in place to reduce operating cost and sustain consumption respectively, especially in the run-up to Hari Raya and Chinese New Year.

Barring unforeseen circumstances, we expect a satisfactory year.

4. Profit forecast variance (final quarter)

This is not applicable.

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

5. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 3 rd Quarter
Current	9,241	46,739
Tax under provided in previous years	3,040	1,569
Deferred tax	1,541	(2,879)
	<u>13,822</u>	<u>45,429</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 except that Elsinburg Holdings Sdn Bhd, a wholly owned subsidiary has accepted a conditional offer to sell its development project located at Jalan Ampang for RM56 million. For further details, please refer to announcement made via Bursa on 27 June 2008.

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. See also note 6 under Schedule E above.

9. Group borrowings and debt securities

The details of the Group's borrowings as at 30 June 2008 are as follows:-

RM'000	Currency	Current	Non-Current
Secured Term Loan	Thai Baht	3,282	76,158
Unsecured loan	Renminbi	16,674	-
Unsecured loans	RM	239,500	-
Unsecured loans	Thai Baht	76,939	-
		<u>333,113</u>	<u>-</u>
		<u>336,395</u>	<u>76,158</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

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 which was paid on 28 February 2008.

The Directors declared an interim dividend of 17 sen gross (12.58 sen net) per share (2007:12 sen tax exempt) for the financial year ending 30 September 2008. A special tax exempt dividend of 5 sen was also declared to commemorate the Group's 125th anniversary celebrations. Both of the interim and special dividends amounting to RM63 million were paid on 8 July 2008.

13. Basis of calculation of earnings per share (EPS)

- (a) The basic 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.
- (b) The diluted EPS for the financial quarter was calculated based on the net profit divided by 356 million ordinary shares (net of treasury shares), adjusted for the dilutive effects of potential ordinary shares, ie. share options granted pursuant to the Employees' Share Option Scheme ("ESOS").