



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 2 and half year results: Financial Year Ending 30 September 2009

The Directors are pleased to release the quarterly financial report for the quarter and six months ended 31st March 2009.

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 2008:

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
4 May 2009

Schedule A : Condensed Consolidated Income Statement

For the quarter and six months ended 31 March 2009

RM'000	Individual 2 nd Quarter			Cumulative 2 nd Quarter		
	31/3/2009	31/3/2008	% chg	31/3/2009	31/3/2008	% chg
Revenue	913,812	907,684	0.7%	1,831,585	1,807,640	1.3%
Operating profit	80,773	72,101	12.0%	158,515	140,951	12.5%
Interest expense	(5,200)	(5,320)		(10,202)	(10,206)	
Interest income	1,076	675		2,174	1,416	
Profit before taxation (PBT)	76,649	67,456	13.6%	150,487	132,161	13.9%
Taxation	(18,036)	(14,878)		(36,555)	(31,607)	
Profit after taxation (PAT)	58,613	52,578	11.5%	113,932	100,554	13.3%
Attributable to :						
Equity holders of the Company	53,281	47,914	11.2%	104,232	92,448	12.7%
Minority interest	5,332	4,664		9,700	8,106	
	58,613	52,578		113,932	100,554	
Basic earnings per share (sen) attributable to equity holders of the Company	15.0	13.4		29.3	25.9	
Diluted earnings per share (sen) attributable to equity holders of the Company	15.0	13.4		29.3	25.9	

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 2008.

Schedule B : Condensed Consolidated Balance Sheet

As at 31 March 2009

RM'000	Audited	
	31/3/2009	30/9/2008
Property, plant & equipment	976,701	929,064
Properties held for development	19,968	14,205
Intangible assets	92,812	93,162
Prepaid lease payments	76,833	83,806
Deferred tax assets	7,357	2,480
Current assets		
Property development cost	159,862	152,476
Inventories	421,328	437,860
Receivables	609,797	617,393
Cash and cash equivalents	260,712	183,643
	1,451,699	1,391,372
Assets held for sale	14,683	-
	1,466,382	1,391,372
Less : Current liabilities		
Payables	646,820	656,170
Borrowings	176,011	89,636
Provision for taxation	34,638	24,394
	857,469	770,200
Net current assets	608,913	621,172
	1,782,584	1,743,889
Financed by:		
Share capital & Reserves	1,214,150	1,182,154
Minority interest	148,557	135,002
Total Equity	1,362,707	1,317,156
Non current liabilities		
Borrowings	354,692	359,411
Other liabilities	65,185	67,322
	419,877	426,733
Total Equity & non current liabilities	1,782,584	1,743,889
Net assets per share (RM) attributable to equity holders of the Company	3.41	3.32

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 2008.

Schedule C : Condensed Consolidated Cash Flow Statement

For the six months ended 31 March 2009

RM'000	Cumulative 2 nd Quarter	
	31/3/2009	31/3/2008
Operating activities		
Operating profit	158,515	140,951
Add non-cash : Depreciation & others	65,399	61,626
Changes in working capital	5,705	(196,741)
Tax paid	(34,498)	(27,312)
Net cash flows from operating activities	195,121	(21,476)
Investing activities		
Interest income	2,174	1,416
Capital expenditure	(111,392)	(75,486)
Payment of land lease	(129)	(36)
Net cash flows from investing activities	(109,347)	(74,106)
Financing activities		
Interest expenses	(10,202)	(10,206)
Drawdown of borrowings	81,656	118,461
Dividend paid	(80,158)	(79,093)
Equity injection by minority shareholder	-	6,003
Purchase of treasury shares	(1)	(536)
Net cash flows from financing activities	(8,705)	34,629
Net change in cash & cash equivalents	77,069	(60,953)
Cash & cash equivalents at beginning of year	183,643	207,799
Cash & cash equivalents at end of quarter	260,712	146,846

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 2008.

Schedule D : Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2009

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 2008</i>	356,493	384,593	(1,713)	442,781	1,182,154	135,002	1,317,156	
Foreign exchange differences	-	7,272	-	-	7,272	3,855	11,127	
Net income recognised directly in equity	-	7,272	-	-	7,272	3,855	11,127	
Profit after taxation	-	-	-	104,232	104,232	9,700	113,932	
Employee share-based expense	-	651	-	-	651	-	651	
Dividend	-	-	-	(80,158)	(80,158)	-	(80,158)	
Treasury share purchased	-	-	(1)	-	(1)	-	(1)	
<i>At 31 March 2009</i>	356,493	392,516	(1,714)	466,855	1,214,150	148,557	1,362,707	
<i>At 1 October 2007</i>	356,493	384,005	(1,168)	417,659	1,156,989	119,756	1,276,745	
Foreign exchange differences	-	(18,959)	-	-	(18,959)	(2,541)	(21,500)	
Net income recognised directly in equity	-	(18,959)	-	-	(18,959)	(2,541)	(21,500)	
Profit after taxation	-	-	-	92,448	92,448	8,106	100,554	
Additional contribution from MI	-	-	-	-	-	6,003	6,003	
Dividend	-	-	-	(79,093)	(79,093)	(1,963)	(81,056)	
Treasury share purchased	-	-	(536)	-	(536)	-	(536)	
<i>At 31 March 2008</i>	356,493	365,046	(1,704)	431,014	1,150,849	129,361	1,280,210	

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 2008.

Schedule E : Selected Explanatory Notes Pursuant to FRS 134

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 2008.

Standards and Interpretations Issued but Not Yet Effective

The following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs, Amendment to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The adoptions of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Group, except for changes in disclosures arising from the adoption of FRS 7 and FRS139. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS 7 and FRS 139.

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. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter except for the following:

Planned Closure of the glass furnace in Jalan Kilang, Petaling Jaya (PJ)

A one-time restructuring cost amounting to RM10 million in respect of retrenchment, and write down of plant and machineries were charged to operating profit of the group and in the segmental results of the Glass division. The land and machineries are available for sale and had been reclassified to "Assets held for sale".

Schedule E : Selected Explanatory Notes Pursuant to FRS 134 (cont'd)

4. Unusual items due to their nature, size or incidence (cont'd)

This planned closure, which coincided with the end of the economic productive life of the furnace, was in line with the strategic direction to amalgamate its Malaysian operation into a single site in Johor Bharu for better economies of scale and operating efficiency. The production capacity of the Johor factory will be reinstated with the rebuilt of M3 furnace in October'09.

5. Significant estimates and changes in estimates

There were no significant changes in estimates that have had any material effect on the financial the current financial quarter.

6. Issuance or repayments of debt/equity securities

There were 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 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 2 nd Quarter		Cumulative 2 nd Quarter	
	2009	2008	2009	2008
Soft drinks	322,912	327,383	663,125	629,420
Dairy products	478,060	465,799	923,548	952,807
Glass containers	104,901	99,773	217,530	199,476
Property/Others	7,939	14,729	27,382	25,937
	<u>913,812</u>	<u>907,684</u>	<u>1,831,585</u>	<u>1,807,640</u>

RM'000	Operating profit			
	Individual 2 nd Quarter		Cumulative 2 nd Quarter	
	2009	2008	2009	2008
Soft drinks	44,059	42,029	87,223	77,239
Dairy products	36,191	15,321	57,835	35,772
Glass containers	39*	9,857	10,619*	18,433
Property/Others	484	4,894	2,838	9,507
	<u>80,773</u>	<u>72,101</u>	<u>158,515</u>	<u>140,951</u>

* After charging RM10 million in respect of closure of PJ, glass furnace

Schedule E : Selected Explanatory Notes Pursuant to FRS 134 (cont'd)

9. Valuation of property, plant and equipment
 There were no changes in the valuation on property, plant and equipment since the last annual financial statements.
10. Subsequent events
 There were no material events subsequent to the end of the quarter that have not been reflected in the current financial quarter.
11. Changes in the composition of the Group
 There were no changes in the composition of the Group during the current financial quarter.
12. Contingent liabilities
 There were no contingent liabilities of a material nature since the last annual balance sheet date.
13. Contingent assets
 There were 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 were as follows:-

RM'000	31/3/09
Property, plant and equipment	
Approved and contracted for	171,058
Approved and not contracted for	519,366
	<u>690,424</u>

15. Significant related party transactions
 The following were significant related party transactions:-

RM'000	Cumulative 2 nd Quarter	
	2009	2008
Sales	60,828	87,259
Purchases	79,427	72,399
Royalties paid	14,606	14,190
Corporate charges paid	1,490	1,107
Rental income	152	110

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 21 January 2009.

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

1. Operations review

Current Quarter vs Corresponding Quarter last year

Revenue

Group revenue registered a modest growth of 0.7% over the corresponding quarter last year as overall sales were affected by a slowing economy.

Despite a shorter CNY sales window this quarter (some pre CNY sales were recorded in Q1), soft drinks division successfully sustained sales volume with effective distribution and marketing activities during both pre and post CNY period. Revenue was 1% lower due to sales mix.

Dairies division recorded revenue growth of 3% as the Thai operation performed better.

Glass division volume was affected by lower sales from the Thai plant due to economic downturn in Thailand. However, revenue was up 5% for the quarter as a result of higher prices.

Revenue of Fraser Business Park, Phase II declined by 45% due to cancellation of sales as reported in Q4 last year.

Operating profit

All core business divisions recorded improvement in operating profits as the Group benefitted from lower input costs. Group operating profit before unusual item increased 26% over previous year. After accounting for the one-time charge of RM10 million due to the closure of the glass furnace in PJ, operating profit still registered an improvement of 12% over last year.

Operating profit of the dairies division more than doubled last year with the return to a more normalised profit margin after the surge in input cost last year.

Property division recorded lower profitability due to cancellation of sales as reported in Q4 last year.

Current half year vs Corresponding period last year

For the first half year, Group revenue at RM1.83 billion held steady with a 1% growth. Soft drinks and glass divisions registered mid to high single digit revenue growth but lower exports affected overall sales of the dairies division.

Group operating profit before unusual item, improved by 19.6% to RM168.5 million as all core business divisions registered double digits improvements. After accounting for the one-time charge of RM10 million due to the closure of glass furnace in PJ, Group operating profit grew by 12.5% to RM158.5 million.

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

2. Comment on material change in profit before taxation vs preceding quarter
 Group PBT (after unusual item) for the quarter of RM77 million was 4% better than the preceding quarter due mainly to the better results of the dairies division.

3. Prospects for the current financial year
 Consumer spending and sentiments are expected to remain weak for the remaining months of the financial year as economic conditions deteriorate. However sales revenue of the Group is expected to be stable as F&N products are daily necessities and are priced at affordable levels.

The Group will continue to actively undertake various consumers focussed marketing and sales activities to stimulate demand and consumption of its products. Given the performance of the first half, the Group expects a satisfactory performance for the year.

4. Tax expense
 The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 2 nd Quarter
Current	23,204	42,531
Tax over provided in previous years	(245)	(245)
Deferred tax	(4,923)	(5,731)
	<u>18,036</u>	<u>36,555</u>

The Group's effective tax rate for the cumulative period ended 31 March 2009 of 24% was marginally lower than the Malaysian statutory rate of 25% as incomes of certain foreign entities were exempted from tax or tax free. This tax rate was also affected by the deferred tax adjustment arising from change in statutory rate of 1% in Malaysia which was partially offset by expenses that are not deductible for tax purposes.

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

6. Purchase and sale of quoted securities
 There were no quoted securities acquired or disposed of in the current financial quarter.

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

8. Group borrowings and debt securities
 The details of the Group's borrowings as at 31 March 2009 are as follows:-

RM'000	Currency	Current	Non-Current
Secured Term Loan	Thai Baht	19,888	54,692
Unsecured loan	Renminbi	20,094	-
Unsecured loans	Thai Baht	86,029	-
Unsecured loans	RM	50,000	-
Medium term notes (MTN)	RM	-	300,000
		<u>176,011</u>	<u>354,692</u>

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

9. Off balance sheet - financial instruments

As at 27 April 2009 (the latest practicable date which shall not be earlier than 7 days from the date of this announcement), the Group has entered into forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange arising from purchases.

The details of the open foreign exchange forward contracts are as follows:-

Currency	Contract Amount ('000)	Equivalent amount in RM'000	Expiry date	Average rate
USD	2,000	7,262	11 May '09	3.6309

Any exchange differences arising from these transactions are recognised in income statement in the same period as the underlying hedged transactions.

The above instruments are executed with credit worthy financial institutions in Malaysia and as such credit and counterparties risks are minimal. There is no cash requirement for these contracts.

10. Pending material litigation

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

11. Dividends

At the last Annual General Meeting held on 21 January 2009, shareholders approved a final dividend of 30 sen gross per share (22.5 sen net) amounting to RM80.1 million (2007: RM79.1 million) in respect of the financial year ended 30 September 2008 and was paid on 3 March 2009.

The Directors declared an interim tax dividend of 17 sen gross (12.75 sen net) per share (2008: 17 sen gross (12.58 sen net) plus a special tax exempt dividend of 5 sen) for the financial year ending 30 September 2009. This dividend amounting to RM45.4 million will be paid on 6 August 2009.

The entitlement date for the above dividend shall be 9 July 2009 and a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred to the depositor's securities account before 4.00pm on 9 July 2009 in respect of ordinary transfer; and
- (b) Shares bought on the BURSA MALAYSIA on a cum entitlement basis according to the Rules of the BURSA MALAYSIA.

12. 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").