



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

Level 8, F&N Point,
No. 3 Jalan Metro Pudu 1,
Fraser Business Park, Off Jalan Yew,
50450 Kuala Lumpur, Malaysia
Tel: 03-92352288 Fax:03-92227878

From immediate release

QUARTERLY FINANCIAL REPORT

Quarter 3 : Financial Year Ending 30 September 2009

The Directors are pleased to release the quarterly financial report for the quarter and nine months ended 30th June 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
6 August 2009

Schedule A : Condensed Consolidated Income Statement

For the quarter and nine months ended 30 June 2009

RM'000	Individual 3 rd Quarter			Cumulative 3 rd Quarter		
	30/6/2009	30/6/2008	% chg	30/6/2009	30/6/2008	% chg
Revenue	921,107	884,587	4.1%	2,752,692	2,692,227	2.2%
Operating profit	86,341	60,308	43.2%	244,856	201,259	21.7%
Interest expense	(5,141)	(4,743)		(15,343)	(14,949)	
Interest income	547	889		2,721	2,305	
Profit before taxation (PBT)	81,747	56,454	44.8%	232,234	188,615	23.1%
Taxation	(18,673)	(13,822)		(55,228)	(45,429)	
Profit after taxation (PAT)	63,074	42,632	47.9%	177,006	143,186	23.6%
Attributable to :						
Equity holders of the Company	59,117	39,656	49.1%	163,349	132,104	23.7%
Minority interest	3,957	2,976		13,657	11,082	
	63,074	42,632		177,006	143,186	
Basic earnings per share (sen) attributable to equity holders of the Company	16.6	11.1		45.8	37.1	
Diluted earnings per share (sen) attributable to equity holders of the Company	16.6	11.1		45.8	37.1	

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 2008.

Schedule B : Condensed Consolidated Balance Sheet

As at 30 June 2009

RM'000	Audited	
	30/6/2009	30/9/2008
Property, plant & equipment	1,027,633	929,064
Properties held for development	23,733	14,205
Intangible assets	92,315	93,162
Prepaid lease payments	76,377	83,806
Deferred tax assets	7,732	2,480
Current assets		
Property development cost	170,375	152,476
Inventories	423,060	437,860
Receivables	648,981	617,393
Cash and cash equivalents	251,793	183,643
	1,494,209	1,391,372
Assets held for sale	11,706	-
	1,505,915	1,391,372
Less : Current liabilities		
Payables	740,812	656,170
Borrowings	170,816	89,636
Provision for taxation	31,990	24,394
	943,618	770,200
Net current assets	562,297	621,172
	1,790,087	1,743,889
Financed by:		
Share capital & Reserves	1,228,194	1,182,154
Minority interest	150,988	135,002
Total Equity	1,379,182	1,317,156
Non current liabilities		
Borrowings	350,486	359,411
Other liabilities	60,419	67,322
	410,905	426,733
Total Equity & non current liabilities	1,790,087	1,743,889
Net assets per share (RM) attributable to equity holders of the Company	3.45	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 nine months ended 30 June 2009

RM'000	Cumulative 3 rd Quarter	
	30/6/2009	30/6/2008
Operating activities		
Operating profit	244,856	201,259
Add non-cash : Depreciation & others	99,733	87,923
Changes in working capital	(6,569)	(83,205)
Tax paid	(58,658)	(47,871)
Net cash flows from operating activities	279,362	158,106
Investing activities		
Interest income	2,721	2,305
Capital expenditure	(190,556)	(120,554)
Payment of land lease	(129)	(36)
Additional investment in subsidiary	-	(841)
Net cash flows from investing activities	(187,964)	(119,126)
Financing activities		
Interest expenses	(15,343)	(14,949)
Drawdown/(Repayment) of borrowings	72,255	(7,690)
Dividend paid	(80,158)	(79,093)
Dividend paid to MI	-	(4,063)
Equity injection by minority shareholder	-	6,003
Purchase of treasury shares	(2)	(536)
Net cash flows from financing activities	(23,248)	(100,328)
Net change in cash & cash equivalents	68,150	(61,348)
Cash & cash equivalents at beginning of year	183,643	207,799
Cash & cash equivalents at end of quarter	251,793	146,451

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 nine months ended 30 June 2009

RM'000	<-----Attributable to equity holders of the Company----->						Total Equity
	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total	Minority Interest [MI]	
<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	-	7,155	-	-	7,155	2,329	9,484
Net income recognised directly in equity	-	7155	-	-	7,155	2,329	9,484
Profit after taxation	-	-	-	163,349	163,349	13,657	177,006
Employee share-based expense	-	1,119	-	-	1,119	-	1,119
Dividend							
- Final in respect of prior year	-	-	-	(80,158)	(80,158)	-	(80,158)
- Interim	-	-	-	(45,423)	(45,423)	-	(45,423)
Treasury share purchased	-	-	(2)	-	(2)	-	(2)
<i>At 30 June 2009</i>	356,493	392,867	(1,715)	480,549	1,228,194	150,988	1,379,182
<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	-	(19,740)	-	-	(19,740)	(642)	(20,382)
Net income recognised directly in equity	-	(19,740)	-	-	(19,740)	(642)	(20,382)
Profit after taxation	-	-	-	132,104	132,104	11,082	143,186
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

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 are unaudited and have 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 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 certain 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:

Relocation of plant & machinery in Thailand

On 1 Feb 2007, the Group acquired the plant & machinery for canned liquid milk from Nestle Thailand and undertook to relocate these assets within an agreed timeframe. Construction of the new dairy plant in Rojana, Thailand has reached an advanced stage of completion and relocation of the assets has commenced. The estimated cost of relocation amounting to RM6.5 million has been expensed in the current quarter in accordance with paragraph 20 (c) of FRS 116, Property, Plant and Equipment.

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

5. Significant estimates and changes in estimates

Following the closure of the glass furnace in Petaling Jaya, as reported in the preceding quarter, an additional amount of RM1.3 million was required to write down certain obsolete plant & machinery. There were no other significant changes in estimates that have had any material effect on the results of the current 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 11.

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	
	2009	2008	2009	2008
Soft drinks	315,441	267,450	978,566	896,870
Dairy products	480,189	500,939	1,403,737	1,453,746
Glass containers	107,161	108,487	324,691	307,963
Property/Others	18,316	7,711	45,698	33,648
	<u>921,107</u>	<u>884,587</u>	<u>2,752,692</u>	<u>2,692,227</u>
RM'000	Operating profit			
	Individual 3 rd Quarter		Cumulative 3 rd Quarter	
	2009	2008	2009	2008
Soft drinks	32,292	24,163	119,515	101,402
Dairy products	39,228*	29,050	97,063*	64,822
Glass containers	8,428**	8,237	19,047**	26,670
Property/Others	6,393	(1,142)	9,231	8,365
	<u>86,341</u>	<u>60,308</u>	<u>244,856</u>	<u>201,259</u>

* After accounting for RM6.5 million relocation expenses, see note 4 above.

** After accounting for closure cost of RM1.3 million and RM11.3 million in the individual and cumulative quarter respectively, see note 5 above.

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. Financial commitments

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

RM'000	30/6/09
Property, plant and equipment	
Approved and contracted for	135,761
Approved and not contracted for	492,903
	628,664
Acquisition of remaining 10% equity interest	
Approved and contracted for (see Schedule F- note 7)	78,800
	707,464

15. Significant related party transactions

The following were significant related party transactions:-

RM'000	Cumulative 3 rd Quarter	
	2009	2008
Sales	91,047	121,615
Purchases	101,835	105,267
Royalties paid	22,927	20,848
Corporate charges paid	2,302	1,752
Rental income	225	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 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 4.1% over the corresponding quarter last year in spite of negative GDP growth in the core markets of Malaysia and Thailand.

Soft drinks sales benefitted from the unusually hot weather and successful marketing and promotional activities. Sales volume and revenue grew an encouraging 14% and 18% respectively. 100PLUS sales volume was up 36% against the same period last year.

Dairies division revenue declined 4%, due to lower export sales and higher trade discounting in the domestic markets. However, domestic sales volume was stable.

Glass division volume was affected by lower sales of the Thai plant and the reduction of capacity in Malaysia following the closure of the Petaling Jaya furnace. Revenue was however maintained due to overall higher selling prices.

Revenue of the property division reflected progress of construction of Fraser Business Park, Phase II development.

Operating profit

Group operating profit increased 43% over the previous year as the Group benefitted from higher soft drinks sales volume, improved sales mix and increased productivity.

YTD 9 months vs Corresponding period last year

For the 9 months to June 2009, Group revenue grew a modest 2% to RM2.75 billion against a backdrop of a regional economic recession. Soft drinks division registered a high single digit revenue growth but lower exports affected overall sales of the dairies division.

Group operating profit before unusual items, improved by 30.5% to RM262.6 million as all core business divisions registered double digit improvements. After accounting for unusual items, Group operating profit grew by 21.7% to RM244.9 million.

Tax incentive for new dairies plant in Thailand and Malaysia

During the quarter, the Group received approvals for the following tax incentives:

- a) Investment Promotion Incentive from the Board of Investment, Thailand in the form of tax exemption for the new dairies factory in Rojana, Thailand in relation to qualifying expenditure for approved products covering sterilized milk; evaporated milk and sweetened condensed beverage creamer. The amount of tax waived under the incentive scheme is approximately RM80 million depending on the amount of qualifying capital expenditure. The waiver can be utilized for set off against tax payable on the profits from the approved products categories over the next 7 years.

- b) Halal Industry Development Corporation Incentive from the Ministry of Finance in the form similar to Investment Tax Allowance for the new dairy factory in Selangor Halal Hub, Pulau Indah, Port Klang in respect of qualifying expenditure for approved products covering sweetened condensed milk, evaporated milk, sterilized milk, pasteurized milk and pasteurized juice. The allowance can be used for set off against 100% statutory income and the amount can be carried forward until it is fully utilized. The amount of qualifying expenditure is currently expected to be in the region of RM250 million, and estimated tax savings would amount to RM62 million.

F&N Dairies Thailand will enjoy the tax exemption effective next financial year. However, PML Dairies Malaysia will only be able to enjoy the benefit on the completion of the plant, currently targeted to be in FY11/12. The exact quantum of benefit cannot be accurately determined at this point of time, as it is dependent on the future profitability of the approved products and the final quantum of the approved expenditure. These incentives are expected to lower the Group's future effective tax rate.

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

Group PBT (after unusual item) for the quarter of RM82 million was 7% better than the preceding quarter due mainly to improved contribution from the dairies division.

3. Prospects for the current financial year

In the first nine months of FY08/09, the Group has already matched the attributable profit for the full FY07/08 year.

The Group is confident, barring unforeseen circumstances, to perform better than last year.

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 3 rd Quarter
Current	23,476	66,007
Tax under/(over) provided in previous years	1	(244)
Deferred tax	(4,804)	(10,535)
	18,673	55,228

The Group's effective tax rate of 24% for nine months ended 30 June 2009 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.

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

7. Status of corporate proposal

On 3 August 2009, the Company has entered into a Share Purchase Agreement to acquire the remaining 10% equity interest in F&NCC Beverages Sdn Bhd and F&N Coca-Cola (Malaysia) Sdn Bhd from The Coca-Cola Company for a total consideration of RM78.8 million. A cash deposit of 10% has been paid and the balance 90% will be paid on completion. The acquisition is expected to complete upon the approval of the Ministry of International Trade & Industry or such other date as maybe mutually agreed by both parties. There were no other 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 30 June 2009 are as follows:-

RM'000	Currency	Current	Non-Current
Secured Term Loan	Thai Baht	20,194	50,486
Unsecured loan	Renminbi	9,022	-
Unsecured loans	Thai Baht	91,600	-
Unsecured loans	RM	50,000	-
Medium term notes (MTN)	RM	-	300,000
		<u>170,816</u>	<u>350,486</u>

9. 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.

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 (2008: 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 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 amounting to RM45.4 million which will be paid on 6 August 2009.

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").