



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 2009


The Directors are pleased to release the quarterly financial report for the quarter and the year ended 30th September 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 contains additional disclosures prescribed by 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
9 November 2009

Schedule A : Condensed Consolidated Income Statement

For the year ended 30 September 2009

RM'000	Individual 4 th Quarter			Audited Cumulative 4 th Quarter		
	30/9/2009	30/9/2008 (Restated)	% chg	30/9/2009	30/9/2008 (Restated)	% chg
Revenue	908,304	921,098	(1.4%)	3,737,063	3,674,216	1.7%
Operating profit	69,091	55,391	24.7%	313,947	256,650	22.3%
Interest expense	(2,319)	(4,640)		(17,662)	(19,589)	
Interest income	771	306		3,492	2,611	
Profit before taxation (PBT)	67,543	51,057	32.3%	299,777	239,672	25.1%
Taxation	(1,627)	(14,512)		(56,855)	(59,941)	
Profit after taxation (PAT)	65,916	36,545	80.4%	242,922	179,731	35.2%
Attributable to :						
Equity holders of the Company	61,083	34,741	75.8%	224,432	166,845	34.5%
Minority interest	4,833	1,804		18,490	12,886	
	65,916	36,545		242,922	179,731	
Basic earnings per share (sen) attributable to equity holders of the Company	17.1	9.8		63.0	46.8	
Diluted earnings per share (sen) attributable to equity holders of the Company	17.1	9.8		62.9	46.8	

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 2008.

Schedule B : Condensed Consolidated Balance Sheet

As at 30 September 2009

RM'000	<-----Audited----->	
	30/9/2009	30/9/2008
Property, plant & equipment	1,102,372	929,064
Properties held for development	31,787	14,205
Intangible assets	131,650	93,162
Prepaid lease payments	75,838	83,806
Deferred tax assets	20,993	2,480
Current assets		
Property development cost	172,354	152,476
Inventories	482,305	437,860
Receivables	544,567	617,393
Cash and cash equivalents	187,853	183,643
	1,387,079	1,391,372
Assets held for sale	10,183	-
	1,397,262	1,391,372
Less : Current liabilities		
Payables	696,510	656,170
Borrowings	203,367	89,636
Provision for taxation	31,427	24,394
	931,304	770,200
Net current assets	465,958	621,172
	1,828,598	1,743,889
Financed by:		
Share capital & Reserves	1,293,144	1,182,154
Minority interest	116,259	135,002
Total Equity	1,409,403	1,317,156
Non current liabilities		
Borrowings	360,402	359,411
Other liabilities	58,793	67,322
	419,195	426,733
Total Equity & non current liabilities	1,828,598	1,743,889
Net assets per share (RM) attributable to equity holders of the Company	3.63	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 year ended 30 September 2009

RM'000	Cumulative 4 th Quarter	
	30/9/2009	30/9/2008
Operating activities		
Operating profit	313,947	256,650
Add non-cash : Depreciation & others	139,087	113,731
Changes in working capital	27,122	24,231
Tax paid	(78,015)	(60,811)
Net cash flows from operating activities	402,141	333,801
Investing activities		
Interest income	3,492	2,611
Capital expenditure	(292,019)	(222,384)
Purchase of brand and other intangibles	(1,715)	(2,877)
Payment of land lease	(129)	(36)
Additional investment in subsidiary	(79,037)	(841)
Net cash flows from investing activities	(369,408)	(223,527)
Financing activities		
Interest expenses	(17,662)	(19,589)
Drawdown of borrowings	114,722	28,804
Dividend paid	(125,581)	(141,723)
Dividend paid to MI	-	(7,380)
Equity injection by minority shareholder	-	6,003
Purchase of treasury shares	(2)	(545)
Net cash flows from financing activities	(28,523)	(134,430)
Net change in cash & cash equivalents	4,210	(24,156)
Cash & cash equivalents at beginning of year	183,643	207,799
Cash & cash equivalents at end of year	187,853	183,643

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 year ended 30 September 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	-	10,609	-	-	10,609	2,266	12,875	
Net income recognised directly in equity	-	10,609	-	-	10,609	2,266	12,875	
Profit after taxation	-	-	-	224,432	224,432	18,490	242,922	
Employee share-based expense	-	1,532	-	-	1,532	-	1,532	
Acquisition of MI's share	-	-	-	-	-	(39,499)	(39,499)	
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 September 2009</i>	356,493	396,734	(1,715)	541,632	1,293,144	116,259	1,409,403	
<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	-	6	-	-	6	4,758	4,764	
Net income recognised directly in equity	-	6	-	-	6	4,758	4,764	
Profit after taxation	-	-	-	166,845	166,845	12,886	179,731	
Employee share-based expense	-	582	-	-	582	-	582	
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)	(7,380)	(70,010)	
Treasury share purchased	-	-	(545)	-	(545)	-	(545)	
<i>At 30 September 2008</i>	356,493	384,593	(1,713)	442,781	1,182,154	135,002	1,317,156	

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 have been prepared in accordance with the Financial Reporting Standard (FRS) 134 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements.

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 except for the reclassification of revenue, cost of sales and operating expenses to conform with current year's presentation.

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 adoption of the above FRSs and Interpretations upon their effective dates is 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 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 flow during the quarter except for the following:

- a. a one-time expense of RM4.1 million relating to a voluntary separation scheme (VSS) offered to certain groups of employees in the soft drinks division to streamline production; and
- b. RM39 million increase in goodwill following the acquisition of the remaining 10% equity interest of two subsidiaries within the soft drinks division from The Coca-Cola Company.

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 reported in Quarter 2, an additional amount of RM2.2 million was required to write down certain building structures and the remaining obsolete machinery bringing the total closure cost to RM 13.5 million.

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 except for the issuance of RM100 million in nominal value of Commercial Paper (CP) of 12 months tenure for working capital purposes.

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 4 th Quarter 2009	2008 (Restated)	Cumulative 4 th Quarter 2009	2008 (Restated)
Soft drinks	331,302	288,807	1,309,868	1,185,677
Dairy products	447,915	503,998	1,898,326	1,992,033
Glass containers	111,817	126,919	465,900	461,484
Property/Others	17,270	1,374	62,969	35,022
Group	<u>908,304</u>	<u>921,098</u>	<u>3,737,063</u>	<u>3,674,216</u>

RM'000	Operating profit			
	Individual 4 th Quarter 2009	2008	Cumulative 4 th Quarter 2009	2008
Soft drinks	17,168*	21,607	136,683*	123,009
Dairy products	43,374	23,680	140,437**	88,502
Glass containers	8,032***	8,698	27,079***	35,368
Property/Others	517	1,406	9,748	9,771
	<u>69,091</u>	<u>55,391</u>	<u>313,947</u>	<u>256,650</u>

* After accounting for VSS cost of RM4.1 million, see note 4 above.

** After accounting for relocation cost of RM5.3 million in the cumulative quarter.

*** After accounting for glass furnace closure cost of RM2.2 million and RM13.5 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 apart from the acquisition of the remaining 10% equity interest of two subsidiaries within the soft drinks division from The Coca-Cola Company which was completed in September 2009.
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	<u>30/9/09</u>
Property, plant and equipment	
Approved and contracted for	87,300
Approved and not contracted for	<u>446,492</u>
	<u>533,792</u>

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

RM'000	Cumulative 4 th Quarter	
	<u>2009</u>	<u>2008</u>
Sales	171,727	196,542
Purchases	166,623	146,566
Royalties paid	33,482	32,388
Corporate charges paid	3,067	2,688
Rental income	<u>299</u>	<u>286</u>

The above transactions had been entered into in the ordinary course of business on normal commercial terms with the Fraser and Neave, Limited group of companies. These transactions were within the ambit of the mandate approved by the shareholders of the Company on 21 January 2009.

Schedule F : Additional Disclosures in Compliance with Main Market Listing Requirements

1. Operations review

Current Quarter vs Corresponding Quarter last year

Revenue

Group revenue declined 1% over the corresponding quarter last year on lower sales of the dairies and glass divisions, which was partially offset by higher sales of the soft drinks division.

Soft drinks sales were boosted by a stronger festive demand supported by various marketing and promotional activities. Sales volume and revenue grew 10% and 15% respectively led by strong volume growth in 100PLUS and Seasons products.

Dairies division revenue declined 11%, mainly due to lower sales in Malaysia during the fasting month and higher trade discounting. Domestic sales volume in Thailand was relatively stable but export sales declined.

Glass division was affected by lower sales of the Thai plant and the closure of the Petaling Jaya furnace.

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

Operating profit

Group operating profit (after unusual items) increased 25% over the previous year mainly due to better margins in the dairies divisions.

Recognition of deferred tax assets amounting to RM12 million resulted in a low effective tax rate of 2% (see note 4 below). Consequently, group profit after tax increased by a disproportionate 80%.

Full year vs Corresponding period last year

For the full year, Group revenue grew a modest 2% to RM3.74 billion against a backdrop of a deep regional economic recession. Soft drinks sales grew by 10% which was partially offset by the drop in the dairies divisions due to the higher trade discounts and lower exports.

Group operating profit (before unusual items) improved by 29% to RM336.8 million due to the strong performance of the soft drinks and dairies divisions. Dairies division had a commendable year in which the operating profit improved by 59% over last year and has overtaken soft drinks as the largest contributor to the Group profits.

Group attributable profit improved 35% due to the lower tax rate of 19% after accounting for deferred tax.

Schedule F : Additional Disclosures in Compliance with Main Market 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 RM68 million was 21% lower than the preceding quarter on lower revenue and higher marketing expenses.

3. Prospects for the next financial year

The economies of Malaysia and Thailand are forecasted to return to positive growth next year. This should translate into stronger consumer spending for F&N products. However, prices of raw materials remain volatile although trending upwards and this could erode margins.

Preparations are in full swing to launch new products and strengthen distribution in the soft drinks division as management gears up for the expiry of the Coca Cola transition agreement in September 2011. Dairies division could face margin pressures as raw material prices firmed but sales should improve on better economic conditions and new markets in Indochina.

Glass division should benefit from consolidation of the Malaysian operation following the closure of the PJ factory and better economic conditions.

With the continuing focus and investment in distribution network, brand equity, new products and human capital, the Board is confident that F&N is on a firm footing to face the challenges of the year ahead.

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 4 th Quarter
Current	19,809	85,816
Tax under/(over) provided in previous years	12	(232)
Deferred tax	(18,194)	(28,729)
	<u>1,627</u>	<u>56,855</u>

The current quarter deferred tax includes deferred tax assets of RM12 million arising from :

- reinvestment allowance tax incentive relating to the new glass furnaces investment in Malaysia (RM9 million) and
- deferred tax asset of RM3 million from the China glass subsidiary recognized during the tax exempt period.

The Group's effective tax rate of 19% for the year ended 30 September 2009 was lower than the Malaysian statutory rate of 25% as incomes of certain foreign entities were exempted from tax and tax incentive enjoyed by certain Malaysian entities.

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 Main Market Listing Requirements (cont'd)

7. Status of corporate proposal

On 3 August 2009, the Company 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. The acquisition was completed on 10 September 2009. 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 September 2009 are as follows:-

RM'000	Currency	Current	Non-Current
Secured Term Loan	Thai Baht	10,982	60,402
Unsecured loan	Renminbi	8,839	-
Unsecured loans	Thai Baht	72,953	-
Unsecured loan	RM	13,000	-
Medium term notes (MTN)	RM	-	300,000
Commercial Paper (CP)	RM	97,593	-
		<u>203,367</u>	<u>360,402</u>

9. Off balance sheet - financial instruments

As at 2 Nov 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	4,000	13,440	9 Nov'09 – 9 Dec'09	3.3602

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

The above instruments were 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.

Schedule F : Additional Disclosures in Compliance with Main Market Listing Requirements (cont'd)

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 which was paid on 3 March 2009.

An interim dividend of 17 sen gross per share (12.75 sen net) (2008: 17 sen gross per share (12.58 sen net) plus a special tax exempt dividend of 5 sen per share) for the financial year ended 30 September 2009 amounting to RM45.4 million was paid on 6 August 2009.

The Directors are recommending a final dividend of 4 sen gross per share (3 sen net) and 21 sen per share tax exempt together with a bonus tax exempt dividend of 5 sen per share to be approved by shareholders at the forthcoming Annual General Meeting of the Company. If approved, the total dividend for the year would be 41.75 sen net compared to 40.08 sen net (inclusive of a special tax exempt dividend of 5 sen) paid last year.

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, namely share options granted pursuant to the Executives' Share Option Scheme ("ESOS").