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FRASER & NEAVE HOLDINGS BHD

(Company No.: 004205-V)

NEWS RELEASE

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F&N GROUP -
*Resilient during weak economy,
Strong brands & distribution underlie profitability gain*

Financial Highlights RM'000	2009	2008	% Change
Revenue	3,737,063	3,674,216	1.7%
Operating Profit	313,947	256,650	22.3%
Profit after taxation	242,922	179,731	35.2%
Attributable profit	224,432	166,845	34.5%
Earnings per share - basic (sen)	63.0	46.8	34.5%
Net asset value per share (RM)	3.63	3.32	9.3%

- Revenue grew 1.7% to RM3.74 billion, (on the back of 25.3% growth last year), despite weak economy
- Operating profit up 22.3% to RM313.9 million despite accounting for unusual items of RM22.9 million
- Attributable profit rose 34.5% to RM224.4 million
- EPS rose to 63 sen (up 34.5%)

Fraser & Neave Holdings Bhd today reported revenue of RM3.74 billion for the year ended 30 September 2009, up two per cent from last year. Operating profit for the same period rose 22 per cent to RM313.9 million while profit after taxation surged 35 per cent to RM243 million on the back of strong performance of the Group's soft drinks and dairies divisions. This set of commendable results marks the 9th consecutive year of record revenue and operating profit for the Group.

Operating profit of the dairies division surged 59 per cent over the previous year to be a key contributor on par with the soft drinks division.

Chief Executive Officer, Mr Tan Ang Meng said the Group's overall performance was commendable amidst a backdrop of a deep regional economic recession. "The increase in operating profit was due to the strong performance of the soft drinks and dairies divisions which maintained their momentum and together chalked up an impressive 31 per cent growth. Our soft drinks sales grew by 10.5 per cent boosted by a stronger volume demand. For the dairies division margins improved as it successfully defended selling prices in the premium market segment and shifted its product mix to take advantage of new opportunities arising from lower input cost."

In recognition of the good performance, the directors are recommending a bonus tax exempt dividend of 5 sen per share on top of a final dividend of 24 sen. If approved by shareholders, the total net dividend for the year would be 41.75 sen, compared to 40.08 sen paid last year, an increase of 4.2 per cent.

Commenting on the performance of the core businesses, Tan said "The dairies division had a commendable year in which the operating profit improved by 59 per cent over last year to RM140 million and is now on par with the soft drinks as a key contributor to the Group profits. The plant at Rojana, Thailand has commenced operations and the groundbreaking of the Pulau Indah plant was held in late October 2009. This RM350 million plant when completed in 2012 will be the largest canned milk plant in Southeast Asia.

"The soft drinks division performed credibility and registered encouraging growth. Revenue edged 10.5 per cent to RM1.31 billion from RM1.18 billion last year due to the higher sales volume and a better product mix. Operating profits grew in tandem by 11.1 per cent to RM137 million from RM123 million.

"Glass division was affected by lower sales of the Thai plant and the closure of the Petaling Jaya furnace. In spite of these the division managed to register 2 % growth in operating profit. "

Meanwhile Tan said the property division remains committed to offering cutting edge ICT technology in its development projects including Phase II of Fraser Business Park. A significant landmark included the signing of a memorandum of understanding between Brampton Holdings Sdn Bhd (a wholly owned subsidiary) and Telekom Malaysia Bhd for the provision of communications infrastructure and facilities such as telephony, data and broadband connection with the latest fibre-to-the-office (FITO) broadband connectivity infrastructure.

Tan said that attributable profit improved 35 per cent due to overall lower tax rate as the Group benefits from reinvestment allowance and other temporary differences.

Commenting on the prospects for the coming financial year, Tan said "Economies of Malaysia & Thailand are forecasted to return to positive growth and this should be positive for F&N. However, prices of raw materials are volatile although trending upwards and this could erode margins."

Tan added that preparations are in full swing to launch new products and to strengthen distribution in the soft drinks division as management gears up for the expiry of the Coca-Cola transition agreement in Sept 2011.

"Overall, we are cautiously optimistic of the prospects for next year and will strive to sustain and build on current performance," said Tan.

F&N Holdings Bhd is a Malaysian company listed on Bursa Malaysia with F&B businesses in soft drinks, dairies and glass packaging. Property is a non F&B division. The Group employs nearly 5,000 employees in operations straddling Malaysia, Thailand, China and Vietnam.

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**Issued with the compliments of Fraser & Neave Holdings Bhd
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