



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 2010

The Directors are pleased to release the quarterly financial report for the quarter and six months ended 31st March 2010.

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 2009:

- 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 Main Market Listing Requirements. 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 May 2010

Schedule A : Condensed Consolidated Income Statement

For the quarter and six months ended 31 March 2010

RM'000	Individual 2 nd Quarter			Cumulative 2 nd Quarter		
	31/3/2010	31/3/2009	% chg	31/3/2010	31/3/2009	% chg
Revenue	1,003,177	938,537*	6.9%	1,995,336	1,878,925*	6.2%
Operating profit	109,526	80,773	35.6%	216,203	158,515	36.4%
Interest expense	(3,943)	(5,200)		(8,052)	(10,202)	
Interest income	568	1,076		1,057	2,174	
Profit before taxation (PBT)	106,151	76,649	38.5%	209,208	150,487	39.0%
Taxation	(20,623)	(18,036)		(45,007)	(36,555)	
Profit after taxation (PAT)	85,528	58,613	45.9%	164,201	113,932	44.1%
Attributable to :						
Equity holders of the Company	85,232	53,281	60.0%	162,969	104,232	56.4%
Minority interest	296	5,332		1,232	9,700	
	85,528	58,613		164,201	113,932	
Basic earnings per share (sen) attributable to equity holders of the Company	23.9	15.0		45.7	29.3	
Diluted earnings per share (sen) attributable to equity holders of the Company	23.8	15.0		45.6	29.3	

* Revenue has been restated to conform with current year's presentation.

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 2009.

Schedule B : Condensed Consolidated Balance Sheet

As at 31 March 2010

RM'000	31/3/2010	Audited 30/9/2009
Property, plant & equipment	1,096,945	1,102,372
Properties held for development	37,222	31,787
Intangible assets	130,128	131,650
Prepaid lease payments	75,102	75,838
Deferred tax assets	19,220	20,993
Current assets		
Property development cost	181,352	172,354
Inventories	449,329	482,305
Receivables	636,920	544,567
Cash and cash equivalents	244,515	187,853
	1,512,116	1,387,079
Assets held for sale	10,183	10,183
	1,522,299	1,397,262
Less : Current liabilities		
Payables	783,067	696,510
Borrowings	206,996	203,367
Provision for taxation	34,136	31,427
	1,024,199	931,304
Net current assets	498,100	465,958
	1,856,717	1,828,598
Financed by:		
Share capital & Reserves	1,335,451	1,293,144
Minority interest	111,436	116,259
Total Equity	1,446,887	1,409,403
Non current liabilities		
Borrowings	354,368	360,402
Other liabilities	55,462	58,793
	409,830	419,195
Total Equity & non current liabilities	1,856,717	1,828,598
Net assets per share (RM) attributable to equity holders of the Company	3.75	3.63

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 2009.

Schedule C : Condensed Consolidated Cash Flow Statement

For the six months ended 31 March 2010

RM'000	Cumulative 2 nd Quarter	
	31/3/2010	31/3/2009
Operating activities		
Operating profit	216,203	158,515
Add non-cash : Depreciation & others	69,548	65,399
Changes in working capital	7,498	5,705
Tax paid	(45,088)	(34,498)
Net cash flows from operating activities	248,161	195,121
Investing activities		
Interest income	1,057	2,174
Capital expenditure	(78,632)	(111,392)
Purchase of brand and other intangibles	(152)	-
Payment of land lease	-	(129)
Net cash flows from investing activities	(77,727)	(109,347)
Financing activities		
Interest expenses	(8,052)	(10,202)
(Repayment)/Drawdown of borrowings	(2,405)	81,656
Dividend paid	(103,314)	(80,158)
Purchase of treasury shares	(1)	(1)
Net cash flows from financing activities	(113,772)	(8,705)
Net change in cash & cash equivalents	56,662	77,069
Cash & cash equivalents at beginning of year	187,853	183,643
Cash & cash equivalents at end of quarter	244,515	260,712

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 2009.

Schedule D : Condensed Consolidated Statement of Changes in Equity
 For the six months ended 31 March 2010

RM'000	<-----Attributable to equity holders of the Company----->						Minority Interest [M]	Total Equity
	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total			
<i>At 1 October 2009</i>	356,493	396,734	(1,715)	541,632	1,293,144	116,259	1,409,403	
Foreign exchange differences	-	(18,794)	-	-	(18,794)	(6,055)	(24,849)	
Net income recognised directly in equity	-	(18,794)	-	-	(18,794)	(6,055)	(24,849)	
Profit after taxation	-	-	-	162,969	162,969	1,232	164,201	
Employee share-based expense	-	1,447	-	-	1,447	-	1,447	
Dividend	-	-	-	(103,314)	(103,314)	-	(103,314)	
Treasury share purchased	-	-	(1)	-	(1)	-	(1)	
<i>At 31 March 2010</i>	356,493	379,387	(1,716)	601,287	1,335,451	111,436	1,446,887	
<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	

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 2009.

Schedule E : Selected Explanatory Notes Pursuant to FRS 134

1. Accounting Policies and method of computation
The quarterly financial statements 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.

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 2009 except for the adoption of FRS 8: "Operating Segments" which became effective for the financial year beginning 1 July 2009. The adoption of FRS 8 only impacts presentation and disclosure.
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.
5. Significant estimates and changes in estimates
There were no 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 have been 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.

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

8. Segmental results

For management purposes, the Group's operating businesses are organised according to products and services, namely soft drinks, dairy products, glass containers and property/others. Segment performance is evaluated based on operating profit. 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 2010	2 nd Quarter 2009	Cumulative 2 nd Quarter 2010	2 nd Quarter 2009
Soft drinks	384,523	322,912	765,494	663,125
Dairy products	488,254	492,240	981,595	949,987
Glass containers	131,082	115,446	240,633	238,431
Property/Others	(682)	7,939	7,614	27,382
	<u>1,003,177</u>	<u>938,537</u>	<u>1,995,336</u>	<u>1,878,925</u>

RM'000	Operating profit			
	Individual 2 nd Quarter 2010	2 nd Quarter 2009	Cumulative 2 nd Quarter 2010	2 nd Quarter 2009
Soft drinks	51,899	44,059	105,587	87,223
Dairy products	47,379	36,191	87,989	57,835
Glass containers	8,347	39*	17,050	10,619*
Property/Others	1,901	484	5,577	2,838
	<u>109,526</u>	<u>80,773</u>	<u>216,203</u>	<u>158,515</u>

* After charging RM10 million in respect of the closure of the glass plant in Petaling Jaya.

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 other than the sale of its property development project at Jalan Ampang which is elaborated in Schedule F Note 5

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.

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

14. Capital commitments

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

RM'000	<u>31/3/2010</u>
Property, plant and equipment	
Approved and contracted for	99,833
Approved and not contracted for	<u>431,569</u>
	<u>531,402</u>

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	<u>Cumulative 2nd Quarter</u>	
	2010	2009
Sales	77,214	60,828
Purchases	91,027	79,427
Royalties paid	17,218	14,606
Corporate charges paid	1,634	1,490
Rental income	<u>147</u>	<u>152</u>

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 2010.

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

1. Operations review

Current Quarter vs Corresponding Quarter last year

Revenue

Group revenue for the quarter crossed the RM1 billion mark and was 6.9% ahead of the corresponding quarter last year mainly driven by strong festive sales in soft drinks and improved sales in glass division.

Soft drinks revenue improved 19% with all main product portfolios registering strong volume growth on the back of strong execution during the pre-festive run up.

Revenue of dairies division was flat as better domestic sales in Malaysia and Thailand/Indochina were offset by lower exports.

Glass division revenue grew 14% on higher sales volume in Vietnam and Thailand.

Operating profit

Group operating profit for the quarter improved 35.6% mainly on the back of the higher soft drinks volumes and lower input cost of the dairies division. Performance of the glass division improved because of one-time closure cost of the Petaling Jaya plant last year but was offset by higher energy cost and a weakening of the Vietnamese Dong exchange rate.

Profit after taxation (PAT)

Group profit after taxation for the quarter of RM86 million was 46% above the same quarter last year. Group effective tax rate declined to 19% from 24% previously, benefitting from the tax incentives secured last year in respect of the new dairy plant investment in Rojana, Thailand.

Attributable profit

Group attributable profit of RM85 million for the quarter has consolidated the full results of the soft drinks business and was 60% higher than last year.

Half year

For the first half year, Group revenue recorded a 6.2% growth to RM2 billion. All core business units contributed positively to the growth. In particular, soft drinks division registered growth of 15%. Property division recorded lower revenue as the construction work for Fraser Business Park is coming to an end.

First half operating profit jumped 36% to RM216 million due to the strong performance of the soft drinks and dairies divisions. Group PAT of RM164 million was 44% above last year mainly due to tax incentives enjoyed in Thailand. Group attributable profit was up 56% compared with last year, contributed by higher PAT and full consolidation of the results of the soft drinks division.

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 for the quarter of RM106.2 million was 3% higher than the preceding quarter due to the better results of the dairies division.

3. Prospects for the current financial year

Consumer demand is expected to remain firm in the core markets of Malaysia and Thailand. However, prices of key raw materials like milk powder, sugar and aluminum have increased sharply in the recent months compared with last year and could negatively impact profit margin. The continuing political situation in Thailand is also a concern. Management will continue to take steps to grow volume, further strengthen distribution network and improve operating efficiencies. Given the strong results for the first half year, the Board is confident that the Group will perform satisfactorily for this financial year.

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 2 nd Quarter
Current	21,127	47,348
Tax under provided in previous years	183	259
Deferred tax	(687)	(2,600)
	<u>20,623</u>	<u>45,007</u>

The Group's effective tax rate in the current quarter is lower than the statutory rate due to tax incentives and tax exemptions enjoyed by certain subsidiaries.

5. Sale of unquoted investments and properties

There were no sales of unquoted investments or properties in the current financial quarter. However, subsequent to the quarter, Elsinburg Holdings Sdn Bhd, a wholly owned subsidiary has entered into a sale and purchase agreement to sell its development project located at Jalan Ampang for RM53.8 million. Details on the transaction were announced to Bursa Malaysia on 22 April 2010.

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

Other than the strategic review of the glass container business announced on 25 November 2009, there were no outstanding corporate proposals or new announcements made in the current financial quarter. The review is in progress and expected to complete within six months.

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

8. Group borrowings and debt securities

The details of the Group's borrowings as at 31 March 2010 are as follows:-

RM'000	Currency	Current	Non-Current
Unsecured loan	Renminbi	6,347	-
Secured term loan	Thai Baht	15,315	54,368
Unsecured term loans	Thai Baht	48,385	-
Unsecured term loan	RM	38,000	-
Medium term notes (MTN)	RM	-	300,000
Commercial Paper (CP)	RM	98,949	-
		<u>206,996</u>	<u>354,368</u>

9. Off balance sheet - financial instruments

As at 29 April 2010 (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 open foreign exchange forward contracts mature within one year and the details are as follows:-

Currency	Contract Amount ('000)	Equivalent amount in RM'000	Expiry date	Average rate
USD	7,774	26,159	5 May 10 – 23 June10	3.3650
EUR	160	685	30 April 2010	4.2846

Any exchange differences arising from these transactions are recognized 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.

Policies to mitigate or control the risk associated with foreign exchange forward contracts are consistent with those of last financial year.

The Group's policy is to use appropriate financial instruments to hedge against specific exposures, namely foreign currency risks. The Group enters into foreign exchange forward contracts to cover a portion of future capital, revenue and operating payments in a variety of currencies in order to manage its foreign currency risk. Those open foreign exchange forward contracts are not recognised in the financial statements. Gains or losses arising from these contracts are recognised upon maturity in the income statement as realised exchange differences.

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 BURSA MALAYSIA Listing Requirements (cont'd)

11. Dividends

At the last Annual General Meeting held on 21 January 2010, shareholders approved a final dividend of 4 sen gross (3 sen net) and 21 sen tax exempt together with a bonus tax exempt dividend of 5 sen per share amounting to RM103.3 million (2008: RM80.1 million) in respect of the financial year ended 30 September 2009. The final dividend was paid on 3 March 2010.

The Directors are pleased to declare an interim dividend of 18 sen gross (13.5 sen net) and 3 sen tax exempt per share (2009: 17 sen gross (12.75 sen net)) for the financial year ending 30 September 2010. This dividend amounting to RM58.8 million will be paid on 4 August 2010.

The entitlement date for the above dividend shall be 8 July 2010 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 8 July 2010 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").