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FRASER & NEAVE HOLDINGS BHD

(Company No.: 004205-V)

NEWS RELEASE

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F&N GROUP records robust profit growth despite rising cost pressures

- Revenue crossed the RM2 billion mark
- Operating profit grew 47% on the back of solid contribution from soft drinks division and sales of properties

Financial Highlights (RM'million)	Half Year	Half Year	%
Continuing Operations	2011	2010	change
Revenue	2,037	1,755	16.1
Operating Profit	292	199	46.8
Profit before taxation	298	197	51.3
Profit after taxation	239	154	54.8
Earnings per share - basic (sen)	66.8	43.3	54.8
Net dividend per share (sen)			
- Ordinary	20.0	16.5	
- Special	15.0	-	

Fraser & Neave Holdings Bhd's profit after taxation for the first half ended March 31, 2011 surged 54.8 per cent to RM239 million from RM154 million spurred by strong contribution from the soft drinks division and realization of profit from the remaining properties in Fraser Business Park.

Revenue for the first half crossed the RM2 billion mark driven by the solid contributions from soft drinks and dairies Thailand recording revenue growth of 22 per cent and 13 per cent respectively. Dairies Malaysia registered marginal growth in revenue as volume declined on higher selling price.

The Group's half year earnings per share for continuing business grew 54.8 per cent to 66.8 sen as operating profit soared 47% to RM292 million from RM199 million.

Fraser & Neave Holdings CEO Dato' Ng Jui Sia attributed the Group's impressive first half performance to successful festive promotions of existing core brands of 100PLUS and Coke combined with incremental sales from the introduction of new Seasons tea variants, Fruit Tree juices and Red Bull energy drinks (introduced in April 2010).

“During the first six months, our dairies operations in Malaysia cushioned the sharp increases in input costs via three progressive adjustments in selling prices. However this affected the sales volume as the market adjusted to price increases caused by the selective removal of sugar subsidies by the authority in January 2011 as well as the rise in milk powder prices.

“Improved sales in Thailand and Indochina complemented by enhanced operating margins on the back of higher volume, manufacturing and supply chain efficiency from the Rojana plant compensated for the erosion of the profitability of the dairies division in Malaysia,” Dato Ng added.

Meanwhile, the Properties division contributed RM54 million to Group operating profit from the divestment of Brampton, sale of the college building and the sale of the former glass factory site at Jalan Kilang.

In light of the excellent operating results, the Directors are recommending an interim single tier dividend of 20 sen per share (2010: RM16.5 sen per share) and additionally a special interim dividend of 15 sen per share. This special interim dividend totaling RM54 million, effectively distributes the entire gain from the properties division as explained above. Both dividends will be paid on 3 August 2011.

“We expect consumer demand to remain stable in the main markets of Malaysia and Thailand notwithstanding the escalating food prices and inflation especially in Asia. Over the next six months, the soft drinks division will continue its current momentum to build and strengthen its operations ahead of the impending expiry of the transition agreement with Coca-Cola on 30 September 2011,” said Dato’ Ng while commenting on prospects for the rest of the financial year.

According to Dato’ Ng, Dairies Malaysia will focus on managing its business with a view to optimizing its current available production capacity while awaiting the completion of the Pulau Indah facility at Port Klang in the new financial year. Dairies Thailand will continue its current effort in growing volume and revenue while simultaneously strengthening its distribution network and brand equity in Thailand and Indochina in the midst of growing consumption per capita.

“Given the strong performance for the first half year, the Board is confident that the Group will meet expectations and deliver a satisfactory set of results for this financial year,” he added.

Fraser & Neave Holdings Bhd (F&NHB) is a Malaysian company listed on Bursa Malaysia’s main Board with expertise and prominent standing in the food & beverage and property businesses. F&NHB has over 3,000 employees operating in Malaysia, Singapore and Thailand and is a subsidiary of Fraser and Neave Limited, a company listed on the Singapore Stock Exchange.

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