



FRASER & NEAVE HOLDINGS BHD

(Company No.: 004205-V)

NEWS RELEASE

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F&N registers new record in operating profit

- ❖ Group revenue up 8% to RM3.9 billion driven by strong volume growth from soft drinks and dairies Thailand operations
- ❖ Group operating profit increases 14% to RM444 million
- ❖ Distribution of total final single tier dividend of 62 sen per share

Financial Highlights (RM million)	FY2011	FY2010	% Change
Continuing operations			
Revenue	3,915.4	3,637.7	7.6%
Operating Profit	443.8	389.3	14.0%
Profit after taxation	368.7	307.0	20.1%
Discontinued operations			
Profit after taxation	14.4	5.0	188.0%
Gain on divestment	-	382.0	Nm
Group profit after taxation	383.1	694.0	-44.8%
Basic earnings per share (sen)			
Group	107.0	195.1	
Continuing operations	103.0	86.2	+18.3%
Discontinued operations	4.0	108.9*	Nm
Net asset value per share (RM)	4.33	5.03	

*Included gain on divestment of RM382 million

Fraser & Neave Holdings Bhd (FNHB) registered another record year with profit after taxation rising 20% to RM369 million for the year ended 30th September 2011 from the RM307 million achieved during the previous financial year.

Revenue from continuing operations was RM3.9 billion, up 8% from the corresponding period last year while operating profit from continuing operations rose 14% to RM444 million.

The double digit profit growth was achieved despite higher input costs and sugar subsidy withdrawal in Malaysia. It marks another new record and the 11th consecutive year of steady growth for the Group.

Chief Executive Officer Dato' Ng Jui Sia said: "Despite current challenges that we are facing in terms of higher input costs and the global economic and financial uncertainties, our core business in F&B remains strong, with solid growth from soft drinks and broad-based growth in dairies Thailand.

"The soft drinks division was a star performer, achieving an all-time sales record of 69.8 million cases whilst maintaining market share. Revenue was up 16% to RM1.84 billion from RM1.59 billion last year due to good growth from the core brands and promising performance of new products. Operating profit surged 41% to RM274 million from RM194 million.

"The dairies division registered a lower volume following the numerous price increases to offset the higher sugar costs. This, together with the proliferation of lower price OEM brands, affected market competitiveness. Dairies Thailand achieved a broad-based domestic volume growth of 9%. We made greater inroads into Indochina with a 40% growth and started to move to Vietnam with the appointment of a local distributor."

On the property division, Dato' Ng said that the sale of the college building in Fraser Business Park II and gains on the disposal of its wholly-owned subsidiary Brampton Holdings Sdn Bhd netted a profit of RM50 million while the disposal of the old glass factory site contributed RM10 million.

In recognition of the good performance, the Directors are recommending a final single tier dividend of 47 sen per share together with a special single tier dividend of 15 sen. If approved by shareholders, the total dividend for the year would be 97 sen, compared to 54.5 sen paid (excluding special dividend for gain on divestment of the glass business) in the previous financial year, an increase of 78%.

On prospects for the new financial year, Dato' Ng said, "In the absence of Coca-Cola products, the soft drinks division will see an immediate fall in sales volume in the new financial year. The division has focused on deepening and widening its product portfolio over the last few years in preparation for this eventuality. Initiatives include the appointment of F&N Beverages as the exclusive distributor of *Red Bull* energy drinks in Malaysia which commenced on 1 April 2010, the expansion of our juice drinks portfolio and the launch of four new varieties of *Seasons* teas.

"In addition, a new enhanced soda branded as *Zesta* has been launched and this will be followed shortly by a new product in the lemon lime segment and others in due course. The additional territory of Brunei, for which a Trade Mark Licencing Agreement was accorded during the year, will also add to its overall volume.

"Demand for dairies products in Malaysia is expected to remain soft, due to the continuation of the selective sugar subsidy policy and volatility in raw material prices globally. The first half of the financial year will see the dairies division moving to the RM350 million Pulau Indah plant which will increase operating costs in the short term but lead to long term benefits of increased productivity. Once operations commence in December 2011 or January 2012, the Group will be able to crystallize a deferred tax asset amounting to approximately RM76 million in relation to the halal hub tax incentive.

"The dairies plant at Rojana, Thailand has temporarily ceased operations due to the massive floods. We expect production to recommence approximately three to five months after flood waters recede. To mitigate disruptions to the marketplace and customers, we have plans to ship products from outsourced manufacturing locations. We have in place an all risk insurance policy for the business in Thailand. The total sum insured is Baht 5 billion and the indemnity period is for twelve months."

According to Dato' Ng, the overall results of the Group will be bolstered by the non-operating items of deferred tax income.

“The Group’s sustained effort and investment of the past to strengthen distribution, brand equity, broaden products range and improve operating efficiency will alleviate the above negative impact in the longer term.

“Overall, we are confident of the future ahead and will strive to sustain and build on current performance despite the expected volatility in currencies and commodities,” said Dato' Ng.

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

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