



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 2011

The Directors are pleased to release the quarterly financial report for the quarter and the year ended 30th September 2011.

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 2010:

- Schedule A : Condensed Consolidated Income Statement
- Schedule B : Condensed Consolidated Statement of Comprehensive Income
- Schedule C : Condensed Consolidated Statement of Financial Position
- Schedule D : Condensed Consolidated Statement of Cash Flow
- Schedule E : Condensed Consolidated Statement of Changes in Equity
- Schedule F : Selected Explanatory Notes
- Schedule G : 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
4 November 2011

Schedule A : Condensed Consolidated Income Statement

For the quarter and year ended 30 September 2011

RM'000	Individual 4 th Quarter			Audited Cumulative 4 th Quarter		
	30/9/2011	30/9/2010	% chg	30/9/2011	30/9/2010	% chg
Continuing Operations						
Revenue	995,462	990,251	0.5%	3,915,431	3,637,726	7.6%
Operating profit	65,346	98,756	-33.8%	443,801	389,295	14.0%
Interest expense	(2,681)	(2,190)		(11,427)	(7,171)	
Interest income	2,497	5,539		15,053	6,858	
Share of results of an associated company [^]	977	-		1,845	-	
Profit before taxation (PBT) from continuing operations	66,139	102,105	-35.2%	449,272	388,982	15.5%
Taxation	(7,828)	(21,825)		(80,526)	(81,980)	
Profit after taxation (PAT) from continuing operations	58,311	80,280	-27.4%	368,746	307,002	20.1%
Discontinued operations						
Profit after taxation from discontinued operations	-	-	-	-	5,010	<i>nm</i>
Gain recognised on divestment of glass container business	-	382,036	<i>nm</i>	-	382,036	<i>nm</i>
Adjustments on provisions relating to glass container business	7,896	-	<i>nm</i>	14,384	-	<i>nm</i>
Group profit after tax	66,207	462,316	-85.7%	383,130	694,048	-44.8%
Attributable to :						
Equity holders of the Company	66,207	462,316	-85.7%	383,130	695,291	-44.9%
- Continuing operations	58,311	80,280	-27.4%	368,746	307,002	20.1%
- Discontinued operations	7,896	382,036	-97.9%	14,384	388,289	-96.3%
Non-controlling interests	-	-	-	-	(1,243)	<i>nm</i>
- Continuing operations	-	-	-	-	-	-
- Discontinued operations	-	-	-	-	(1,243)	<i>nm</i>
	66,207	462,316		383,130	694,048	

nm – not meaningful

[^] The results of the associated company are accounted for quarterly in arrears after it has been released to the public.

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2010.

Schedule A : Condensed Consolidated Income Statement (Cont'd)

For the quarter and year ended 30 September 2011

RM'000	Individual 4 th Quarter			Audited Cumulative 4 th Quarter		
	30/9/2011	30/9/2010	% chg	30/9/2011	30/9/2010	% chg
Basic earnings per share (sen)						
attributable to equity holders of the Company						
	18.4	129.7		106.9	195.1	
- Continuing operations	16.2	22.5	-28.0%	102.9	86.2	19.4%
- Discontinued operations	2.2	107.2	-97.9%	4.0	108.9	-96.3%
Diluted earnings per share (sen)						
attributable to equity holders of the Company						
	18.3	128.7		106.0	194.2	
- Continuing operations	16.1	22.3	-27.8%	102.0	85.8	18.9%
- Discontinued operations	2.2	106.4	-97.9%	4.0	108.4	-96.3%

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2010.

Schedule B : Condensed Consolidated Statement of Comprehensive Income

For the quarter and year ended 30 September 2011

RM'000	Individual 4 th Quarter			Cumulative 4 th Quarter		
	30/9/2011	30/9/2010	% chg	30/9/2011	30/9/2010	% chg
Group profit after tax	66,207	462,316	-85.7%	383,130	694,048	-44.8%
Other comprehensive income, (net of tax)						
Foreign currency translation	14,412	1,589	>100%	6,907	(32,783)*	->100%
Realisation of reserves upon disposal of subsidiaries	-	(14,431)	<i>nm</i>	-	(14,431)	<i>nm</i>
Total comprehensive income for the year	80,619	449,474	-82.1%	390,037	646,834	-39.7%
Total comprehensive income attributable to:						
Equity holders of the Company	80,619	449,474	-82.1%	390,037	655,527	-40.5%
Non-controlling interests	-	-	<i>nm</i>	-	(8,693)	<i>nm</i>
	80,619	449,474	-82.1%	390,037	646,834	-39.7%

* Included foreign currency translation from discontinued operations of RM21million.
nm – not meaningful

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2010.

Schedule C : Condensed Consolidated Statement of Financial Position

As at 30 September 2011

RM'000	<----- Audited ----->	
	30/9/2011	30/9/2010 (restated)
Property, plant & equipment	1,008,840	816,154
Properties held for development	5,504	5,470
Associated company	55,929	-
Intangible assets	127,262	125,176
Deferred tax assets	4,705	4,264
Current assets		
Property development cost	74,569	196,586
Inventories	314,668	343,717
Receivables	538,175	528,035
Cash and cash equivalents	290,290	939,335
	1,217,702	2,007,673
Assets held for sale	55,897*	10,183
	1,273,599	2,017,856
Less : Current liabilities		
Payables	685,237	755,730
Provisions	22,468	42,767
Borrowings	-	150,000
Provision for taxation	9,596	16,518
	717,301	965,015
Net current assets	556,298	1,052,841
	1,758,538	2,003,905
Financed by:		
Share capital & Reserves	1,558,818	1,796,516
Minority interest	294	294
Total Equity	1,559,112	1,796,810
Non current liabilities		
Borrowings	150,000	150,000
Other liabilities	49,426	57,095
	199,426	207,095
Total Equity & non current liabilities	1,758,538	2,003,905
Net assets per share (RM) attributable to equity holders of the Company	4.33	5.03

* Relates to carpark & Techno Center building retained by the group on divestment of Brampton as announced on 21 January 2011

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2010.

Schedule D : Condensed Consolidated Statement of Cash Flow

For the year ended 30 September 2011

RM'000	Cumulative 4 th quarter	
	30/9/2011	30/9/2010
Operating activities		
Operating profit		
- Continuing	443,801	389,295
- Discontinued (<i>Schedule F, note 2</i>)	14,384	13,653
	458,185	402,948
Add non-cash : Depreciation & others	84,313	127,796
Gain on :		
- disposal of a subsidiary (<i>Schedule F, note 12</i>)	(35,824)	-
- disposal of land (<i>Schedule G, note 5</i>)	(9,817)	-
- disposal of business (<i>Schedule G, note 7</i>)	(3,420)	-
Changes in working capital	20,023	63,778
Tax paid	(89,533)	(97,622)
Net cash flows from operating activities	423,927	496,900
Investing activities		
Interest income	15,053	7,169
Dividend income	564	-
Capital expenditure	(304,307)	(167,196)
Purchase of intangibles	(4,062)	(1,786)
Investment in an associated company	(54,648)	-
Net cash inflow on disposal of subsidiaries	36,290	694,936
Proceeds from disposal of land	20,000	53,800
Proceeds from disposal of business	11,499	-
Net cash flows from investing activities	(279,611)	586,923
Financing activities		
Interest expenses	(11,427)	(14,269)
Repayment of borrowings	(150,000)	(162,140)
Dividend paid	(655,983)	(162,096)
Purchase of treasury shares	-	(1)
Proceeds from issuance of shares iro ESOS	24,049	6,165
Net cash flows from financing activities	(793,361)	(332,341)
Net change in cash & cash equivalents	(649,045)	751,482
Cash & cash equivalents at beginning of year	939,335	187,853
Cash & cash equivalents at end of year	290,290	939,335

Note :

() denotes cash outflow

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2010.

Schedule E : Condensed Consolidated Statement of Changes in Equity

For the year ended 30 September 2011

<-----Attributable to equity holders of the Company----->

RM'000	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total	Non-controlling Interest	Total Equity
At 1 October 2010	357,286	364,113	(1,716)	1,076,833	1,796,516	294	1,796,810
Total comprehensive income	-	6,907	-	383,130	390,037	-	390,037
Transactions with owners:							
Issues of shares upon exercise of ESOS	3,093	20,956	-	-	24,049	-	24,049
Employee share-based expense	-	4,199	-	-	4,199	-	4,199
Dividend paid							
- Special in respect of prior year	-	-	-	(394,282)	(394,282)	-	(394,282)
- Final in respect of prior year	-	-	-	(136,220)	(136,220)	-	(136,220)
- Interim	-	-	-	(125,481)	(125,481)	-	(125,481)
Total transactions with owners	3,093	25,155	-	(655,983)	(627,735)	-	(627,735)
At 30 September 2011	360,379	396,175	(1,716)	803,980	1,558,818	294	1,559,112
At 1 October 2009	356,493	396,734	(1,715)	541,632	1,293,144	116,259	1,409,403
Total comprehensive income	-	(41,770)	-	697,297	655,527	(8,693)	646,834
Transactions with owners:							
Employee share-based expense	-	3,777	-	-	3,777	-	3,777
Issues of shares upon exercise of ESOS	793	5,372	-	-	6,165	-	6,165
Non-controlling interest arising from disposal of subsidiaries	-	-	-	-	-	(107,272)	(107,272)
Dividend							
- Final in respect of prior year	-	-	-	(103,314)	(103,314)	-	(103,314)
- Interim	-	-	-	(58,782)	(58,782)	-	(58,782)
Treasury share purchased	-	-	(1)	-	(1)	-	(1)
Total transactions with owners	793	9,149	(1)	(162,096)	(152,155)	(107,272)	(259,427)
At 30 September 2010	357,286	364,113	(1,716)	1,076,833	1,796,516	294	1,796,810

This Statement should be read in conjunction with the selected explanatory notes on Schedule F & G of this Report and the Group's audited financial statements for the year ended 30 September 2010.

Schedule F : Selected Explanatory Notes Pursuant to FRS 134

1. Accounting Policies and method of computation

The quarterly financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of 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 2010 except for the adoption of the following new/revised FRSs and Amendments to FRSs which took effect on the Group on 1 October 2010, the commencement of the new financial year. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements except for the adoption of the following standards as described below:

a) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has adopted the two linked statement format. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard.

b) Amendment to FRS 117 Leases

The adoption of Amendment to FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and did not have material impact on current year statement of comprehensive income.

Prior to the adoption of Amendment to FRS 117, the Group had classified leasehold land that normally has an indefinite economic life and whose title is not expected to pass to the lessee by the end of the lease term as an operating lease. The payment made on entering into or acquiring leasehold land is accounted for as prepaid lease payment that is amortised over the lease term in accordance with the pattern of benefits provided.

On adoption of Amendment to FRS 117, leases of leasehold land which are in substance finance leases have been reclassified to property, plant and equipment and measured as such retrospectively as follows:

RM'000	As previously reported 30/9/2010	Adoption of FRS 117	As restated 30/9/2010
Property, plant & equipment	741,788	74,366	816,154
Prepaid lease payments	74,366	(74,366)	-

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

1. Accounting Policies and method of computation (cont'd)

c) FRS 139: Financial Instruments - Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments.

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance with the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 October 2010 shall be recognized as adjustments of the opening balance of retained profits or other appropriate reserves. Comparatives are not adjusted as the amounts are not material.

In the current quarter, the Group entered into forward foreign currency exchange and equity swap contracts to hedge its exposures to fluctuations in foreign currency exchange from purchases and investment cash flow. (details in Note 9, Schedule G).

2. Discontinued operations

The results of the discontinued operations (glass container business) are as follows:-

RM'000	Individual 4 th Quarter		Cumulative 4 th Quarter	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
Revenue	-	-	-	367,012
Operating (loss)/profit	-	-	-	13,653
Interest expense	-	-	-	(7,098)
Interest income	-	-	-	310
Profit before tax	-	-	-	6,865
Taxation	-	-	-	(1,855)
Profit after taxation	-	-	-	5,010
Gain on divestment of glass container business		382,036		382,036
Adjustments on provisions relating to glass container business	7,896	-	14,384	-

3. Auditors' report

The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.

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

4. 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 major festivities.

5. 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. Foreign currency translation difference of positive RM14.4 million in the Statement of Comprehensive Income under "other comprehensive income" relates to the foreign currency gain arising from the translation of its Thai subsidiary as a result of the stronger Thai Baht.

In Q4, the Group made a further provision of RM11 million in relation to potential underpayment of royalty for the period from 2005-2010 pending an amicable commercial resolution. A provision of RM7 million had earlier been made in March 2011 under "Property/Others" segment when the matter was raised following an audit review process. This amount has been reclassified in Q4 to "Dairies Thailand" resulting in the adjustment of RM18 million in Q4 for this segment.

6. 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. Included in the Discontinued Operations under "adjustments on provision relating to glass container business", was a reversal of RM2 million to lower the provision in relation to KLG legal suit explained in the Q3 announcement.

7. 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 except for the issuance of 1,000 and 1,624,800 ordinary shares pursuant to its Executives' Share Option Scheme at the exercise price of RM7.17 and RM7.81 each respectively.

8. Dividends paid

A special interim single tier dividend of RM1.10 per share for the financial year ended 30 September 2010 amounting to RM394.3 million was paid on 6 January 2011.

A final single tier dividend of 38 sen per share amounting to RM136.2 million (2009: RM103.3 million) in respect of the financial year ended 30 September 2010 was paid on 23 February 2011.

An interim single tier dividend of 20 sen (2010: 16.5 sen) per share amounting to RM72 million and a special interim single tier dividend of 15 sen per share amounting to RM54 million for the financial year ending 30 September 2011 were paid on 3 August 2011.

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

9. Segmental results

For management purposes, the Group's operating businesses are organised according to products and services, namely soft drinks, dairy products 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 4 th quarter		Cumulative 4 th quarter	
	2011	2010	2011	2010
Continuing operations				
Soft drinks	511,017	425,039	1,842,965	1,589,116
Dairies Malaysia	240,212	278,448	1,035,575	1,108,315
Dairies Thailand	243,881	227,686	975,049	866,975
Property/Others	352	59,078	61,842	73,320
	<u>995,462</u>	<u>990,251</u>	<u>3,915,431</u>	<u>3,637,726</u>
Discontinued operations				
Glass container	-	-	-	367,012
Total operations	<u>995,462</u>	<u>990,251</u>	<u>3,915,431</u>	<u>4,004,738</u>

RM'000	Operating profit			
	Individual 4 th quarter		Cumulative 4 th quarter	
	2011	2010	2011	2010
Continuing operations				
Soft drinks	63,220	42,667	273,638	194,209
Dairies Malaysia	4,662*	19,429	53,233*	98,119
Dairies Thailand	(7,366)**	12,870	54,031**	64,481
Property/Others	4,830***	23,790	62,899***	32,486
	<u>65,346</u>	<u>98,756</u>	<u>443,801</u>	<u>389,295</u>
Discontinued operations				
Glass container	-	-	-	13,653
Total operations	<u>65,346</u>	<u>98,756</u>	<u>443,801</u>	<u>402,948</u>

* Included a gain on disposal of the ice cream business amounting to RM3.4 million in the cumulative 4th quarter and an adjustment of negative RM0.3 million in the individual 4th quarter (details in Note 7, Schedule G).

** Included provision of royalty payable amounting to RM18 million in the individual 4th quarter & cumulative 4th quarter (details in Note 5, Schedule F). The normalised operating profit for the quarter and cumulative quarter is RM25 million and RM72 million respectively.

*** For individual 4th quarter & cumulative 4th quarter included a reversal of provision for royalty payable amounting to RM7 million previously provided in Mar'11, now reclassified in dairies Thailand division.

10. Valuation of property, plant and equipment

There were no changes in the valuation on property, plant and equipment since the last annual financial statements.

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

11. Subsequent events

There were no material events subsequent to the end of the quarter that have not been reflected in the current financial quarter except for the production stoppage of the Group's dairies product manufacturing facilities in Rojana Industrial Park, Ayutthaya, Thailand (details in Note 1, Schedule G).

12. Changes in the composition of the Group

a) Disposal of a Subsidiary Company

On 10 March 2011, the Company completed the disposal of its entire shareholding in Brampton Holdings Sdn Bhd ("Brampton"), previously a wholly owned subsidiary, which carried out the development of Fraser Business Park Phase II project.

The disposal of Brampton had the following effects on the financial position of the Group as at 31 March 2011.

	RM'000
Assets	
Deferred tax assets	2,005
Property development cost	56,751
Receivables	97,367
Cash and cash equivalents	5,810
Total assets	<u>161,933</u>
Less: Liabilities	
Payables	(85,303)
Provision for taxation	(3,494)
Borrowings	(45,000)
Carrying value of net assets	<u>28,136</u>
Proceeds from disposal of Brampton	(42,100)
	<u>(13,964)</u>
Add :	
Unrealised profit in relation to internal sales of properties recognised upon disposal of Brampton (before tax)	(21,860)
Total gain on disposal	<u>(35,824)</u>
Cash inflow arising on the disposal of Brampton:	
Proceeds from disposal of Brampton	42,100
Less: Cash and cash equivalents of Brampton	(5,810)
Net cash inflow on the disposal of Brampton	<u>36,290</u>

b) Incorporation of a Subsidiary Company

On 11 March 2011, the Company's wholly owned subsidiary F&N Beverages Marketing Sdn Bhd incorporated F&N Beverages (Thailand) Limited ("FNBT"), a wholly owned subsidiary with a registered share capital of THB100,000,000 comprising 1,000,000 shares of THB100 each. FNBT was set up to conduct the business of, among others, preparing, packaging, marketing, sale or distribution of beverages in Thailand. FNBT has remained dormant since the date of incorporation.

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

13. Contingent liabilities
 There were no contingent liabilities of a material nature since the last annual balance sheet date.

14. Contingent assets
 There were no contingent assets of a material nature since the last annual balance sheet date.

15. Capital commitments
 The outstanding capital commitments of the continuing operations at the end of the current quarter are as follows:-

RM'000	Current Quarter
Property, plant and equipment	
Approved and contracted for	86,658
Approved and not contracted for	42,293
	128,951

16. Significant related party transactions
 The following are significant related party transactions:-

RM'000	Cumulative 4 th Quarter 2011 Continuing Operations	Discontinued Operations	Cumulative 4 th Quarter 2010 Continuing Operations	Discontinued Operations*
Sales	70,176	-	62,210	58,719
Purchases	181,375	-	186,536	180
Royalties paid	45,481	-	33,857	-
Corporate charges paid	3,082	-	3,062	-
Rental income	300	-	315	-

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 19 January 2011.

* For 9 months up to 30 June 2010

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

1. Operations review

Continuing Operations

Current Quarter vs Corresponding Quarter last year

Group revenue for Q4 was flat against that of last year ("LY") which had included the revenue from the sale of Ampang development project of RM54 million. Excluding this, revenue from the F&B business recorded positive growth of +6% spurred by strong sales momentum in the soft drinks and dairies Thailand units.

Group operating profit declined 34% against LY. Excluding the profit of RM24 million mainly from the sale of Ampang development project recorded LY, F&B profit was down 12% after a RM11 million provision made during Q4 in respect of potential royalty underpayment in relation to prior years (see note 5, Schedule F for further explanation).

During Q4, following an internal transfer of the industrial land currently housing the PJ dairies manufacturing facilities in preparation for property development activity, the useful life of the existing factory building was shortened to 10 months and an additional depreciation charge of RM1.9 million per month was taken effective from September 2011.

Excluding the prior year royalty provision, the higher depreciation and other expenses relating to Pulau Indah shift, operating profit from the F&B business was up 6% as reconciled below:

RM'000	Individual 4 th Quarter			Cumulative 4 th Quarter		
	30/9/2011	30/9/2010	% chg	30/9/2011	30/9/2010	% chg
Operating profit as per announcement	65,346	98,756	-33.8	443,801	389,295	+14.0
Less: Profit from Property division	(579)	23,808		59,263	22,453	
F&B profit	65,925	74,948	-12.0	384,538	366,842	+4.8
Add back:						
a) Provision for prior year royalty (Dairies Thai)	11,000	-		18,000	-	
b) Expenses relating to Pulau Indah shift (Dairies Mal)	1,297	927		5,020	2,747	
c) Increase in factory building depreciation (Dairies Mal)	1,884	-		1,884	-	
	14,181	927		24,904	2,747	
Normalised F&B profit	80,106	75,875	+5.6	409,442	369,589	+10.8

Discontinued Operations

As explained in previous quarter's announcement, provisions have been made with regard to the Group's obligation under the Share Purchase Agreement in relation to the divestment of Glass Container division last year. These provisions are adjusted as and when certain obligations arise or are released. A net reversal of RM7.9 million was recorded in Q4.

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

1. Operations review (cont'd)

Material event post-financial year end

On 11 October '11, the Group announced that its dairies product manufacturing facilities in Rojana Industrial Park, Ayutthaya, Thailand under F&N Dairies (Thailand) Limited., a wholly owned subsidiary, was inundated by massive floods and has ceased production.

As of the date of this announcement, the Group is waiting for the flood waters to recede before it can assess the extent of the damage. It is currently estimated that production can recommence approximately three to five months after flood waters recede. During the interim, in order to mitigate the disruption to the market place/customers, the Group plans to ship products from its outsourced manufacturing locations.

The group is also working closely with its insurers and loss adjuster to file claims under its all risk insurance policy. The total sum insured is Baht 5 billion and the indemnity period is for twelve months. Please refer to note 3, Schedule G below: "Prospect for the new financial year" for further commentary.

YTD vs Corresponding Period last year

Group revenue from continuing operations recorded an 8% growth to RM3.9 billion driven mainly by soft drinks division and dairies Thailand.

Group operating profit rose 14% to RM444 million with strong contribution from soft drinks and property divisions. Excluding property and others, operating profit from F&B business was up 5% on the back of strong performance of the soft drinks division which was partially offset by lower contribution from dairies division.

2. Comment on material change in profit before taxation vs preceding quarter

Group PBT for the quarter of RM66 million was 23% lower than the preceding quarter, mainly due to the provision of RM11 million made during the quarter 4 in respect of potential royalty underpayment by the dairies division as explained in Note 1 of Schedule G.

3. Prospects for the new financial year

Due to global financial uncertainties, regional economic growth is expected to be muted and consumer sentiment is expected to be dampened while rising food and fuel prices will negatively impact disposable incomes in the key markets of the Group. On the other hand, declining global demand has also led to decline in prices of commodities like aluminium, tin plate and palm oil in recent months countering the impact of high skimmed milk powder and sugar prices.

In the previous quarter, we noted that soft drinks division will see an immediate fall in sales volumes in the new financial year. The unit will step up efforts to drive the sales of its existing core products and launch new products to fill partly the volume shortfall resulting from the absence of Coca-Cola ("KO") products. The Group has recently launched a new enhanced soda branded as Zesta and this will be followed shortly by Clearly Citrus in the lemon lime segment and others in due course. The additional territory of Brunei, for which Trade Mark Licencing Agreement was accorded during the year, while relatively small, will also add to overall volumes. The size of the volume shortfall as compared with last year will depend on how successful these recovery efforts are.

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

3. Prospects for the new financial year (cont'd)

Demand for dairies product in Malaysia, which had seen a partial rollback of earlier price increases to boost sales, is expected to remain soft. Competitive pressures from sweetened condensed milk producers who continue to enjoy subsidized sugar prices will only abate when the overall sugar price gap is eliminated by the authority through total removal of sugar subsidy. Profitability of this business will largely be affected by the prices of key raw materials like milk powder, tin plate and palm oil, which, while softening recently, remains volatile going forward.

In the coming first half, the unit will be busy with its move to the new manufacturing facilities in Pulau Indah, Port Klang and consequently operating efficiencies are expected to be impacted, while operating costs will rise in the short term, the business will benefit in the longer term. Upon commencement of commercial production around Dec 2011/Jan 2012, the Group will be able to recognise deferred tax asset amounting to approximately RM76 million in relation to the halal hub tax incentive granted in respect of the project in year 2009.

Profitability of the Dairies unit will also be affected by the accelerated depreciation to write down the value of its existing factory building (RM17 million) in Petaling Jaya which will be demolished to allow the Property unit to commence its development activities.

As explained in note 1 of this section, the Group shall look towards its insurance policy for reimbursement of its loss arising from the Thailand floods. However future consumer demand remains uncertain at this moment, as it will depend on the impact of flood on our distribution networks and health of the economy and the action plans for recovery and reconstruction.

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

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

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Continuing Operations		Discontinued Operations	
	Current Quarter	Cumulative 4 th Quarter	Current Quarter	Cumulative 4 th Quarter
Current	14,404	90,528	-	-
Tax over provided in previous years	(1,371)	(1,371)	-	-
Deferred tax	(5,205)	(8,631)	-	-
	<u>7,828</u>	<u>80,526</u>	<u>-</u>	<u>-</u>

The Group's effective tax rate on continuing operations in the current quarter and cumulative quarter is lower than the statutory rate due to tax exemption enjoyed by a subsidiary, the gain from disposal of Brampton which is not subjected to tax and recognition of deferred tax asset arising from unutilised reinvestment allowance.

5. Sale of unquoted investments and properties

The Group recorded a profit of RM9.8 million from selling the site of its glass plant at Jalan Kilang, Petaling Jaya, which was reported in quarter 2. There was no profit from sales of unquoted investments and 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.

7. Status of corporate proposal

There were no outstanding corporate proposals or new announcements made in the current financial quarter except for the completion of the disposal of the ice cream business by its wholly-owned subsidiary F&N Dairies (Malaysia) Sdn Bhd to F&N Creameries (M) Sdn Bhd, an indirect wholly-owned subsidiary of the Company's parent company, Fraser and Neave, Limited on 17 June 2011. The gain amounting to RM3.7 million has been taken up in the previous quarter and was lowered by an adjustment of negative RM0.3 million made in the current quarter.

8. Group borrowings and debt securities

The details of the Group's borrowings as at 30 September 2011 are as follows:-

RM'000	Currency	Current	Non-Current
Medium term notes (MTN)	RM	-	150,000

The MTN with a nominal value of RM150 million matured on 12 August 2011 and was fully repaid on the same date.

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

9. Derivatives

Foreign exchange forward contracts

The details of the Group's foreign exchange forward contracts as at 30 September 2011 are as follows:-

Currency	Notional value RM'000	Fair value RM'000	Gain/(Loss) RM'000
USD (less than 2 months)	14,137	14,311	174
EUR (less than 1 month)	1,921	1,967	46
Total	16,058	16,278	220

The above instruments are executed with established financial institutions in Malaysia. There is no cash requirement for these contracts.

The Group uses appropriate financial instruments, such as foreign exchange forward contracts, to hedge against specific exposures including foreign currency risks.

With the adoption of FRS 139, the difference between the notional value and fair value of the contracts amounting to RM220,000 was recognized in the income statement.

Equity swap contract

In the quarter, the Group entered into an equity swap contract for the period of 12 months. As at 30 September 2011, a fair value loss of RM304,000 was recognized in the income statement.

10. Pending material litigation

There was no pending litigation of a material nature since the last balance sheet date.

11. Proposed Dividend

Final dividend

The Directors are recommending a final single tier dividend of 47 sen per share (last year 38 sen) together with a special single tier dividend of 15 sen per share for approval by shareholders at the forthcoming Annual General Meeting of the Company. If approved by shareholders, the total dividend for the year would be 97 sen, compared with 54.5 sen paid (excluding special dividend for gain on divestment of the glass business) in the previous financial year, an increase of 78%.

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

12. Basis of calculation of earnings per share (EPS)

- (a) The basic EPS for the current quarter and cumulative 4th quarter were computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary share in issue (net of treasury shares).

	Current quarter RM'000	Cumulative 4 th quarter RM'000
Group attributable profit to shareholders of the Company		
- Profit from continuing operations	58,311	368,746
- Profit from discontinued operations	7,896	14,384
	<u>66,207</u>	<u>383,130</u>
Weighted average issued capital net of treasury shares	359,058	358,394
Earnings per share (sen)		
- Profit from continuing operations	16.2	102.9
- Profit from discontinued operations	2.2	4.0
	<u>18.4</u>	<u>106.9</u>

- (b) The diluted EPS for the current quarter and cumulative 4th quarter were computed by dividing the Group attributable profit to shareholders (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").

	Current quarter RM'000	Cumulative 4 th quarter RM'000
Group attributable profit to shareholders of the Company		
- Profit from continuing operations	58,311	368,746
- Profit from discontinued operations	7,896	14,384
	<u>66,207</u>	<u>383,130</u>
Weighted average issued capital net of treasury shares	359,058	358,394
Adjustment for share options granted pursuant to the ESOS	2,785	2,923
Adjusted weighted average issued capital net of treasury shares	<u>361,843</u>	<u>361,317</u>
Earnings per share (sen)		
- Profit from continuing operations	16.1	102.0
- Profit from discontinued operations	2.2	4.0
	<u>18.3</u>	<u>106.0</u>

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

13. Disclosure of realised and unrealised portions of the revenue reserve

	<u>Cumulative 4th quarter RM'000</u>
Total revenue reserve of the Company and its subsidiaries	
Realised	855,950
Unrealised	<u>(10,868)</u>
	845,082
Consolidation adjustments	<u>(41,102)</u>
	<u>803,980</u>

No comparative figures are required in the first year of complying with the realised and unrealised disclosure.