



FRASER & NEAVE HOLDINGS BHD.
(Company No: 004205-V, Incorporated in Malaysia)

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For immediate release

INTERIM FINANCIAL REPORT

Quarter 1 : Financial Year Ending 30 September 2006

The Directors are pleased to release the interim financial report for the three months ended 31st December 2005 being the first quarter for the financial year 2005/2006.

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 Company's financial statements for the year ended 30 September 2005:

- 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 interim 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 BURSA MALAYSIA. Unless specified otherwise, the same accounting policies and methods of computation applied to the annual financial statements for the previous year had been followed throughout this interim financial report.

By Order of the Board

Tony Lee Cheow Fui
Company Secretary

Kuala Lumpur
9 February 2006

Schedule A : Condensed Consolidated Income Statement

For the three months ended 31 December 2005

RM'000	First Quarter		% chg
	31/12/2005	31/12/2004	
Revenue	532,911	478,239	11.4%
Operating profit	55,931	47,807	17.0%
Interest expense	(1,022)	(1,130)	
Interest income	913	1,610	
Profit before taxation (PBT)	55,822	48,287	15.6%
Taxation	(13,860)	(10,611)	
Profit after taxation (PAT)	41,962	37,676	11.4%
Minority interest	(3,134)	(2,591)	
Net profit	38,828	35,085	10.7%
Basic earnings per share (sen)	10.9	9.8	

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2005.

Schedule B : Condensed Consolidated Balance Sheet

As at 31 December 2005

RM'000	31/12/2005	30/9/2005 (audited)
Property, plant & equipment	694,817	730,828
Current assets		
Property under development	74,433	21,261
Inventories	331,804	316,623
Receivables	450,657	405,397
Cash and cash equivalents	210,567	202,491
	1,067,461	945,772
Less : Current liabilities		
Payables	397,477	345,055
Borrowings	31,154	33,721
Provision for taxation	6,775	4,578
	435,406	383,354
Net current assets	632,055	562,418
	1,326,872	1,293,246
Share capital & Reserves	1,124,050	1,084,870
Minority interest	108,422	107,351
Non current liabilities		
Borrowings	17,024	23,261
Other liabilities	77,376	77,764
	94,400	101,025
	1,326,872	1,293,246
Net tangible assets per share (RM)	3.15	3.04

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2005.

Schedule C : Condensed Consolidated Cash Flow Statement

For the three months ended 31 December 2005

RM'000	First Quarter	
	31/12/2005	31/12/2004
Operating activities		
Operating profit	55,931	47,807
Add non-cash : Depreciation & others	21,164	23,194
Changes in working capital & provisions	(23,411)	(51,430)
Tax paid	(11,542)	(8,679)
Net cash flows from operating activities	42,142	10,892
Investing activities		
Interest income	913	1,610
Capital expenditure	(25,153)	(16,422)
Net cash flows from investing activities	(24,240)	(14,812)
Financing activities		
Interest expenses	(1,022)	(1,130)
(Repayment)/Draw down of bank borrowings	(8,804)	3,846
Net cash flows from financing activities	(9,826)	2,716
Net change in cash & cash equivalents	8,076	(1,204)
Cash & cash equivalents at beginning of period	202,491	291,581
Cash & cash equivalents at end of quarter	210,567	290,377

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 Company's Annual Report for the year ended 30 September 2005.

Schedule D : Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 December 2005

RM'000	Share Capital	Capital Reserve	Revenue Reserve	Total
<i>At 1 October 2005</i>	356,493	421,144	307,233	1,084,870
Net profit for the period	-	-	38,828	38,828
Foreign exchange gain	-	427	(75)	352
<i>At 31 December 2005</i>	356,493	421,571	345,986	1,124,050
<i>At 1 October 2005</i>	356,493	420,691	273,030	1,050,214
Net profit for the period	-	-	35,085	35,085
<i>At 31 December 2004</i>	356,493	420,691	308,115	1,085,299

This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2005.

Schedule E : Selected Explanatory Notes

1. Accounting Policies and method of computation
The quarterly financial statements have been prepared under the same accounting policies and methods of computation as the most recent annual financial statements and comply with FRS 134 : Interim Financial Reporting and paragraph 9.22 of Listing Requirements of the Bursa Malaysia.
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 some 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. Exceptional items
There have been no exceptional items in the current financial quarter.
5. Estimates
There have been no changes to the estimates used in the preparation of the current financial statements.
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 12.
8. Segmental results
The Group's operating businesses are organised according to the nature of activities, namely soft drinks, dairy products, glass packaging and others. 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	1 st Quarter Revenue		1 st Quarter Operating profit	
	2006	2005	2006	2005
Soft drinks	305,915	259,496	36,207	30,793
Dairy products	135,574	133,563	9,122	8,102
Glass packaging	72,012	78,675	4,988	6,814
Property/Others	19,410	6,505	5,614	2,098
	<u>532,911</u>	<u>478,239</u>	<u>55,931</u>	<u>47,807</u>

Schedule E : Selected Explanatory Notes (cont'd)

9. Valuation of property, plant and equipment
There have been no changes in the valuation on property, plant and equipment since the last annual financial statements.
10. Subsequent events
There have been no material events subsequent to the end of the quarter that have not been reflected in the financial statements.
11. Changes in the composition of the Group
There have been no changes in the composition of the Group in the current financial quarter.
12. Contingent liabilities
There have been no contingent liabilities of a material nature since the last annual balance sheet date.
13. Contingent assets
There have been no contingent assets of a material nature since the last annual balance sheet date.
14. Capital commitments
The outstanding capital commitments at the end of the current quarter are as follows:-

RM'000	<u>31/12/05</u>
Property, plant and equipment	
Approved and contracted for	25,739
Approved and not contracted for	<u>67,118</u>
	<u><u>92,857</u></u>

Schedule F : Additional Disclosures in Compliance with BURSA MALAYSIA Listing Requirements

1. Operations review

Group revenue for the quarter grew 11.4% compared to the same quarter last year. Soft drinks revenue grew 18% contributed by good festive sales and earlier Chinese New Year and generally higher selling prices for its products. Revenue for dairies products grew 2% whilst glass containers revenue was down 8.5% due to disruptions caused by the conversion to natural gas and closure of an old furnace in China. Revenue from property development activities contributed RM19 million for the quarter.

Group operating profit for the quarter was 17.0% higher than the same quarter of last year. Margins were generally maintained in the soft drinks and dairies divisions as measures implemented in the previous quarters by reducing costs and increasing selling prices take effect. Both of the divisions faced unprecedented cost increases from major materials in the course of 2005.

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

Group PBT for the quarter of RM55.8 million was 14% higher than the preceding quarter due mainly to the impact of festive sales of soft drinks.

3. Prospects

General inflationary pressures in the country may have a dampening effect on consumer sentiment. However, measures are in place to promote and stimulate consumption in order to grow volume. Barring any unforeseen circumstances, the group remains optimistic that its performance will continue to be satisfactory.

4. Profit forecast variance (final quarter)

This is not applicable.

5. Tax expense

The details of the tax expense are as follows:-

	Current
RM'000	<u>Quarter</u>
Current	15,035
Tax over provided in previous year	(1,000)
Deferred tax	(175)
	<u>13,860</u>

The Group's effective tax rate in the current quarter is lower than the statutory rate due to the utilisation of reinvestment allowances.

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

6. Sale of unquoted investments and properties

There were no sales of unquoted investments or properties in the current financial quarter.

7. Purchase and sale of quoted securities

There were no quoted securities acquired or disposed of in the current financial quarter.

8. Status of corporate proposal

There were no outstanding corporate proposals or new announcements made in the current financial quarter.

9. Group borrowings and debt securities

The details of the Group's borrowings as at 31 December 2005 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Unsecured Term Loan	USD	9,195	-
Secured Term Loan	Renminbi	21,959	17,024
		<u>31,154</u>	<u>17,024</u>

10. Off balance sheet – financial instruments

There were no off balance sheet financial instruments that are of a material nature being entered into, as at the date of this report.

11. Pending material litigation

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

12. Dividends

No dividend has been declared in this financial quarter.

At the recent Annual General Meeting held on 19 January 2006, shareholders have approved a final dividend payment of approximately of 28 sen gross per share (20.16 sen net) (2004 : 24 sen gross (17.28 sen net)) amounting to RM71.9 million in respect of the financial year ended 30 September 2005. This was paid on 3 February 2006.

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

The EPS for the financial quarter was calculated based on the net profit divided by 356 million ordinary shares. There were no changes in the number of issued ordinary shares during the quarter.