



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

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For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 1 : Financial Year Ending 30 September 2009

The Directors are pleased to release the quarterly financial report for the three months ended 31st December 2008 being the first quarter for the financial year 2008/2009.

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 2008:

- 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 BURSA MALAYSIA. 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
11 February 2009

Schedule A : Condensed Consolidated Income Statement

For the three months ended 31 December 2008

RM'000	1 st Quarter		% chg
	31/12/2008	31/12/2007	
Revenue	917,773	899,956	2.0%
Operating profit	77,742	68,850	12.9%
Interest expense	(5,002)	(4,886)	
Interest income	1,098	741	
Profit before taxation (PBT)	73,838	64,705	14.1%
Taxation	(18,519)	(16,729)	
Profit after taxation (PAT)	55,319	47,976	15.3%
Attributable to :			
Equity holders of the Company	50,951	44,534	14.4%
Minority interest	4,368	3,442	
	55,319	47,976	
Basic earnings per share (sen) attributable to equity holders of the Company	14.3	12.5	
Diluted earnings per share (sen) attributable to equity holders of the Company	14.3	-	

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 2008.

Schedule B : Condensed Consolidated Balance Sheet

As at 31 December 2008

RM'000	Audited	
	31/12/2008	30/9/2008
Property, plant & equipment	932,193	929,064
Properties held for development	16,542	14,205
Intangible assets	92,462	93,162
Prepaid lease payments	83,709	83,806
Deferred tax assets	3,780	2,480
Current assets		
Property development cost	154,912	152,476
Inventories	490,886	437,860
Receivables	673,501	617,393
Cash and cash equivalents	220,834	183,643
	1,540,133	1,391,372
Less : Current liabilities		
Payables	719,228	656,170
Borrowings	127,786	89,636
Provision for taxation	30,214	24,394
	877,228	770,200
Net current assets	662,905	621,172
	1,791,591	1,743,889
Financed by:		
Share capital & Reserves	1,230,352	1,182,154
Minority interest	139,250	135,002
Total Equity	1,369,602	1,317,156
Non current liabilities		
Borrowings	353,486	359,411
Other liabilities	68,503	67,322
	421,989	426,733
Total Equity & non current liabilities	1,791,591	1,743,889
Net assets per share (RM) attributable to equity holders of the Company	3.45	3.32

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 2008.

Schedule C : Condensed Consolidated Cash Flow Statement

For the three months ended 31 December 2008

RM'000	1 st Quarter	
	31/12/2008	31/12/2007
Operating activities		
Operating profit	77,742	68,850
Add non-cash : Depreciation & others	32,350	32,273
Changes in working capital	(50,005)	(145,952)
Tax paid	(14,580)	(10,294)
Net cash flows from operating activities	45,507	(55,123)
Investing activities		
Interest income	1,098	741
Capital expenditure	(36,637)	(27,526)
Payment of land lease	-	(36)
Net cash flows from investing activities	(35,539)	(26,821)
Financing activities		
Interest expenses	(5,002)	(4,886)
Drawdown of borrowings	32,225	65,504
Equity injection by minority shareholder	-	2,010
Net cash flows from financing activities	27,223	62,628
Net change in cash & cash equivalents	37,191	(19,316)
Cash & cash equivalents at beginning of quarter	183,643	207,799
Cash & cash equivalents at end of quarter	220,834	188,483

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 2008.

Schedule D : Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 December 2008

RM'000	<-----Attributable to equity holders of the Company----->					Minority Interest [MI]	Total Equity
	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total		
<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	-	(2,923)	-	-	(2,923)	(120)	(3,043)
Net income recognised directly in equity	-	(2,923)	-	-	(2,923)	(120)	(3,043)
Profit after taxation	-	-	-	50,951	50,951	4,368	55,319
Employee share-based expense	-	170	-	-	170	-	170
<i>At 31 December 2008</i>	356,493	381,840	(1,713)	493,732	1,230,352	139,250	1,369,602
<i>At 1 October 2007</i>	356,493	384,005	(1,168)	417,659	1,156,989	119,756	1,276,745
Foreign exchange differences	-	(571)	-	-	(571)	(348)	(919)
Net income recognised directly in equity	-	(571)	-	-	(571)	(348)	(919)
Profit after taxation	-	-	-	44,534	44,534	3,442	47,976
Additional contribution from MI	-	-	-	-	-	2,010	2,010
Dividend	-	-	-	-	-	(2,001)	(2,001)
<i>At 31 December 2007</i>	356,493	383,434	(1,168)	462,193	1,200,952	122,859	1,323,811

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 2008.

Schedule E : Selected Explanatory Notes

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.

Adoption of revised Financial Reporting Standards (FRSs)

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 2008.

Standards and Interpretations Issued but Not Yet Effective

The following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendment to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, that the application of FRS 139 will have on its financial statements in the period of initial application.

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.

Schedule E : Selected Explanatory Notes (cont'd)

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 containers and property/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	
	2009	2008	2009	2008
Soft drinks	340,213	302,037	43,164	35,210
Dairy products	445,488	487,008	21,644	20,451
Glass containers	112,629	99,703	10,580	8,576
Property/Others	19,443	11,208	2,354	4,613
	<u>917,773</u>	<u>899,956</u>	<u>77,742</u>	<u>68,850</u>

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 during 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.

Schedule E : Selected Explanatory Notes (cont'd)

14. Capital commitments

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

RM'000	31/12/08
Property, plant and equipment	
Approved and contracted for	148,701
Approved and not contracted for	587,769
	<u>736,470</u>

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Current Quarter
Sales	41,147
Purchases	57,169
Royalties paid	7,947
Corporate charges paid	730
Rental expense	398
Rental income	<u>139</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 2009.

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

1. Operations review

Revenue

Group revenue for the quarter grew 2% contributed by soft drinks (+13%) and glass divisions (+13%) and partly offset by the decline in dairies division (-9%).

Soft drinks division achieved a 10% increase in volume on the back of encouraging pre-Chinese New Year sales.

Dairies division recorded a drop in revenue due mainly to the melamine scare which affected both export and Thailand domestic sales. Softer economic conditions in Thailand also affected sales however in Malaysia, sales volume was relatively stable.

Glass division recorded improved sales due to overall better pricing.

Property division registered a revenue increase of RM8 million on higher percentage completion of Fraser Business Park – Phase II.

Operating profit

Group operating profit increased by 13% as all core business divisions performed better. Soft drinks registered commendable results (+23%) mainly attributable to higher sales volume and favourable sales mix benefitting from end of year festivities.

Profitability of the dairies division was 6% better than the corresponding period in spite of lower revenue due to lower input costs.

Overall higher revenue and better production efficiency in the new Thailand plant have led to 23% increase in operating profit for the glass division.

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

Group PBT for the quarter of RM74m was 45% better than the preceding quarter due mainly to the better results of the soft drink and glass divisions.

3. Prospects for the current financial year

The weak economic outlook for the Malaysian and Thailand economies will affect consumer spending. However, demand of F&N products, which are daily necessities and at affordable prices, could be less affected by the downturn.

Weakening of the Ringgit and Thai Baht will offset some of the benefits of lower raw and packaging materials.

Overall, we expect a challenging year in a volatile and deteriorating economic environment.

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

4. Profit forecast variance (final quarter)
 This is not applicable.

5. Tax expense
 The details of the tax expense are as follows:-

RM'000	Current Quarter
Current	19,327
Deferred tax	(808)
	<u>18,519</u>

The Group's effective tax rate in the current quarter is lower than the statutory rate due to the utilisation of reinvestment allowances and adjustment to deferred tax resulting from the recent change in the statutory tax rate.

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 2008 are as follows:-

RM'000	Currency	Current	Non-Current
Secured Term Loan	Thai Baht	4,862	53,486
Unsecured loan	Renminbi	19,293	-
Unsecured loans	Thai Baht	103,631	-
Medium term notes (MTN)	RM	-	300,000
		<u>127,786</u>	<u>353,486</u>

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

10. Off balance sheet - financial instruments

As at 4 February 2009 (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 details of the open foreign exchange forward contracts are as follows:-

Currency	Contract Amount ('000)	Equivalent amount in RM'000	Expiry date	Average rate
USD	6,500	23,164	11 February'09 – 10 March '09	3.5637

Any exchange differences arising from these transactions are recognised 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.

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 last Annual General Meeting held on 21 January 2009, shareholders approved a final dividend of 30 sen gross per share (22.5 sen net) amounting to RM80.1million (2007: RM79.1 million) in respect of the financial year ended 30 September 2008. This will be paid on 3 March 2009.

13. 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").