



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

Level 8, F&N Point,  
No. 3 Jalan Metro Pudu 1,  
Fraser Business Park, Off Jalan Yew,  
50450 Kuala Lumpur, Malaysia  
Tel: 03-92352288 Fax:03-92227878

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

### **Quarter 3 : Financial Year Ending 30 September 2011**

The Directors are pleased to release the quarterly financial report for the quarter and nine months ended 30<sup>th</sup> June 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  
5 August 2011

**Schedule A : Condensed Consolidated Income Statement**

For the quarter and nine months ended 30 June 2011

RM'000	Individual 3 <sup>rd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter		
	30/6/2011	30/6/2010	% chg	30/6/2011	30/6/2010	% chg
<b>Continuing Operations</b>						
Revenue	882,475	892,772	-1.2%	2,919,969	2,647,475	10.3%
Operating profit	86,099	91,400	-5.8%	378,455	290,539	30.3%
Interest expense	(3,642)	(1,685)		(8,746)	(4,981)	
Interest income	3,143	512		12,556	1,319	
Share of results of an associated company <sup>^</sup>	(91)	-		868	-	
Profit before taxation (PBT)	85,509	90,227	-5.2%	383,133	286,877	33.6%
Taxation	(14,146)	(17,922)		(72,698)	(60,155)	
Profit after taxation (PAT) from continuing operations	71,363	72,305	-1.3%	310,435	226,722	36.9%
<b>Discontinued operations</b>						
Profit after taxation	-	(4,773)	<i>nm</i>	-	5,010	<i>nm</i>
Adjustments on provisions relating to glass container business	6,488	-	<i>nm</i>	6,488	-	<i>nm</i>
Group profit after tax	77,851	67,532	15.3%	316,923	231,732	36.8%
Attributable to :						
Equity holders of the Company	77,851	70,006	11.2%	316,923	232,975	36.0%
- Continuing operations	71,363	72,305	-1.3%	310,435	226,722	36.9%
- Discontinued operations	6,488	(2,299)	>100%	6,488	6,253	3.8%
Minority interest	-	(2,474)	<i>nm</i>	-	(1,243)	<i>nm</i>
- Continuing operations	-	-		-	-	
- Discontinued operations	-	(2,474)	<i>nm</i>	-	(1,243)	<i>nm</i>
	77,851	67,532		316,923	231,732	
Basic earnings per share (sen) attributable to equity holders of the Company						
	21.7	19.7	10.2%	88.4	65.4	35.2%
- Continuing operations	19.9	20.3		86.6	63.6	
- Discontinued operations	1.8	(0.6)		1.8	1.8	
Diluted earnings per share (sen) attributable to equity holders of the Company						
	21.5	19.6	9.7%	87.8	65.2	34.7%
- Continuing operations	19.7	20.2		86.0	63.4	
- Discontinued operations	1.8	(0.6)		1.8	1.8	

*nm – not meaningful*

<sup>^</sup> The results of the associated company are accounted for quarterly in arrears after it has been released to the public; the results for the quarter has been adjusted to reflect change in deferred tax assets in relation to period prior to acquisition.

*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 nine months ended 30 June 2011

RM'000	Individual 3 <sup>rd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter		
	30/6/2011	30/6/2010	% chg	30/6/2011	30/6/2010	% chg
Group profit after tax	77,851	67,532	15.3%	316,923	231,732	36.8%
<b>Other comprehensive income, (net of tax)</b>						
Foreign currency translation	(3,557)	(9,523)	-62.6%	(7,505)	(34,372)*	-78.2%
Total comprehensive income for the quarter	74,294	58,009	28.1%	309,418	197,360	56.8%
Total comprehensive income attributable to:						
Equity holders of the Company	74,294	61,879	20.1%	309,418	206,053	50.2%
Minority interest	-	(3,870)	<i>nm</i>	-	(8,693)	<i>nm</i>
	74,294	58,009	28.1%	309,418	197,360	56.8%

\* 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 June 2011

RM'000	30/6/2011	Audited 30/9/2010 (restated)
Property, plant & equipment	938,240	816,154
Properties held for development	5,504	5,470
Associated company	54,952	-
Intangible assets	126,963	125,176
Deferred tax assets	2,703	4,264
Current assets		
Property development cost	46,360	196,586
Inventories	324,700	343,717
Receivables	527,740	528,035
Cash and cash equivalents	562,985	939,335
	1,461,785	2,007,673
Assets held for sale	55,897*	10,183
	1,517,682	2,017,856
Less : Current liabilities		
Payables	657,131	755,730
Dividend payable	125,481	-
Provisions	28,341	42,767
Borrowings	150,000	150,000
Provision for taxation	15,555	16,518
	976,508	965,015
Net current assets	541,174	1,052,841
	1,669,536	2,003,905
Financed by:		
Share capital & Reserves	1,464,436	1,796,516
Minority interest	294	294
Total Equity	1,464,730	1,796,810
Non current liabilities		
Borrowings	150,000	150,000
Other liabilities	54,806	57,095
	204,806	207,095
Total Equity & non current liabilities	1,669,536	2,003,905
Net assets per share (RM) attributable to equity holders of the Company	4.10	5.03

\* Relates to carpark & Techno center 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 nine months ended 30 June 2011

RM'000	Cumulative 3 <sup>rd</sup> quarter	
	30/6/2011	30/6/2010
<b>Operating activities</b>		
Operating profit		
- Continuing	378,455	290,539
- Discontinued ( <i>Schedule F, note 2</i> )	6,488	13,653
	384,943	304,192
Add non-cash : Depreciation & others	61,002	93,545
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> )	(3,683)	-
Changes in working capital	(9,541)	42,546
Tax paid	(68,395)	(69,146)
<b>Net cash flows from operating activities</b>	<b>318,685</b>	<b>371,137</b>
<b>Investing activities</b>		
Interest income	12,555	1,630
Dividend income	564	-
Capital expenditure	(190,366)	(136,004)
Purchase of intangibles	(3,033)	-
Investment in an associated company	(54,648)	-
Proceeds from disposal of a subsidiary company	36,290	-
Proceeds from disposal of land	20,000	-
Proceeds from disposal of business	11,499	-
<b>Net cash flows from investing activities</b>	<b>(167,139)</b>	<b>(134,374)</b>
<b>Financing activities</b>		
Interest expenses	(8,746)	(12,079)
Repayment of borrowings	-	(57,688)
Dividend paid	(530,502)	(103,314)
Purchase of treasury shares	-	(1)
Proceeds from issuance of shares iro ESOS	11,352	-
<b>Net cash flows from financing activities</b>	<b>(527,896)</b>	<b>(173,082)</b>
Net change in cash & cash equivalents	(376,350)	63,681
Cash & cash equivalents at beginning of year	939,335	187,853
Cash & cash equivalents classified as asset held for sale	-	(37,730)
<b>Cash &amp; cash equivalents at end of quarter</b>	<b>562,985</b>	<b>213,804</b>

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 nine months ended 30 June 2011

RM'000	<-----Attributable to equity holders of the Company----->						Minority Interest	Total Equity
	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total			
<b>At 1 October 2010</b>	357,286	364,113	(1,716)	1,076,833	1,796,516	294	1,796,810	
<b>Total comprehensive income</b>	-	(7,505)	-	316,923	309,418	-	309,418	
<b>Transactions with owners:</b>								
Issues of shares upon exercise of ESOS	1,467	9,885	-	-	11,352	-	11,352	
Employee share-based expense	-	3,133	-	-	3,133	-	3,133	
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)	
<b>Total transactions with owners</b>	1,467	13,018	-	(655,983)	(641,498)	-	(641,498)	
<b>At 30 June 2011</b>	358,753	369,626	(1,716)	737,773	1,464,436	294	1,464,730	
<b>At 1 October 2009</b>	356,493	396,734	(1,715)	541,632	1,293,144	116,259	1,409,403	
<b>Total comprehensive income</b>	-	(26,922)	-	232,975	206,053	(8,693)	197,360	
<b>Transactions with owners:</b>								
Employee share-based expense	-	2,293	-	-	2,293	-	2,293	
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)	
<b>Total transactions with owners</b>	-	2,293	(1)	(162,096)	(159,804)	-	(159,804)	
<b>At 30 June 2010</b>	356,493	372,105	(1,716)	612,511	1,339,393	107,566	1,446,959	

*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 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.

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 a 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, the lease of a leasehold land which is in substance a finance lease has 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 recognised 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 contracts to hedge its exposure to fluctuations in foreign currency exchange from purchases. A gain arising from fair value changes of forward foreign currency contracts of RM75,000 was recognised in the income statement (details in Note 9, Schedule G).

2. Discontinued operations

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

RM'000	Individual 3 <sup>rd</sup> Quarter		Cumulative 3 <sup>rd</sup> Quarter	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
Revenue	-	126,378	-	367,012
Operating (loss)/profit	-	(3,411)	-	13,653
Interest expense	-	(2,342)	-	(7,098)
Interest income	-	61	-	310
Profit before tax	-	(5,692)	-	6,865
Taxation	-	919	-	(1,855)
Profit after taxation	-	(4,773)	-	5,010
Adjustments on provisions relating to glass container business	6,488	-	6,488	-

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.

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.



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

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 negative RM3.6 million in the Statement of Comprehensive Income under "other comprehensive income" relates to the foreign currency loss arising from the translation of its Thai subsidiary as a result of the stronger Ringgit.

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 except for the additional provision made for a pre-existing litigation claim as explained in note 1, Schedule G.

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 issuance of 27,000 ordinary shares pursuant to its Executives' Share Option Scheme at the exercise price of RM7.17 each.

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.

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 3 <sup>rd</sup> quarter		Cumulative 3 <sup>rd</sup> quarter	
	2011	2010	2011	2010
<b>Continuing operations</b>				
Soft drinks	396,189	398,583	1,331,948	1,164,077
Dairy products	485,604	487,561	1,526,531	1,469,156
Property/Others	682	6,628	61,490	14,242
	<u>882,475</u>	<u>892,772</u>	<u>2,919,969</u>	<u>2,647,475</u>
<b>Discontinued operations</b>				
Glass container	-	126,378	-	367,012
<b>Total operations</b>	<u>882,475</u>	<u>1,019,150</u>	<u>2,919,969</u>	<u>3,014,487</u>

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

9. Segmental results (cont'd)

RM'000	Operating profit			
	Individual 3 <sup>rd</sup> quarter 2011	2010	Cumulative 3 <sup>rd</sup> quarter 2011	2010
<b>Continuing operations</b>				
Soft drinks	52,737	45,955	210,418	151,542
Dairy products	34,070*	42,312	109,968*	130,301
Property/Others	(708)	3,133	58,069**	8,696
	<u>86,099</u>	<u>91,400</u>	<u>378,455</u>	<u>290,539</u>
<b>Discontinued operations</b>				
Glass container	-	(3,411)	-	13,653
<b>Total operations</b>	<u><u>86,099</u></u>	<u><u>87,989</u></u>	<u><u>378,455</u></u>	<u><u>304,192</u></u>

\* Included a gain on disposal of the ice cream business amounting to RM3.7 million (details in Note 7, Schedule G).

\*\* Included a gain on disposal of Brampton of RM36 million (details in Note 12 a, Schedule F) and factory site of RM10 million (details in Note 5, Schedule G).

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.

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.

12. Changes in the composition of the Group

a) Disposal of a Subsidiary Company

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

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

12. Changes in the composition of the Group (cont'd)

a) Disposal of a Subsidiary Company (cont'd)

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

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

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.

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

15. Capital commitments

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

RM'000	<u>Current Quarter</u>
Property, plant and equipment	
Approved and contracted for	162,109
Approved and not contracted for	73,038
	<u>235,147</u>

16. Significant related party transactions

The following are significant related party transactions:-

RM'000	<u>Cumulative 3<sup>rd</sup> Continuing Operations</u>	<u>Quarter 2011 Discontinued Operations</u>	<u>Cumulative 3<sup>rd</sup> Continuing Operations</u>	<u>Quarter 2010 Discontinued Operations</u>
Sales	47,479	-	43,689	58,719
Purchases	127,851	-	134,582	180
Royalties paid	32,959	-	25,444	-
Corporate charges paid	2,270	-	2,444	-
Rental income	225	-	233	-

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.

---

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

1. Operations review  
Current Quarter vs Corresponding Quarter last year

### **Continuing Operations**

Group revenue for the quarter was 1% behind the corresponding quarter last year mainly due to lower volume of dairy products sold in Malaysia.

Soft drinks division's revenue for the quarter was maintained at last year's record high level despite the absence of major international promotional activities during the quarter.

Revenue from dairies division was flat despite price increases due to volume shrinkage. Improved sales in Thailand and Indochina (+18%) were offset by lower sales in Malaysia (-15%) as demand from the price sensitive general trade continued to decline due to price competition from producers who have continual access to subsidised sugar.

Group operating profit declined at a faster pace of 6% compared with revenue decline of 1% mainly due to lower volume and margin erosion from dairy products in Malaysia.

Operating profit for soft drinks division improved 15% on favourable product mix, operating cost saving and lower event related promotional expenses. Dairies Thailand's operating margin remained stable for the quarter.

### **Discontinued Operations**

As part of the deal with the purchasers of the Glass Container division last year, the Group undertook to compensate the purchasers with a pre-determined sum for potential loss of profit if the Vietnam glass factory could not continue to operate at the existing site for the period between 1 April 2011 to 30 Sept 2011, for which a provision has been made previously. As the event has not materialised as at 30 June 2011, the Group has made a reversal of RM14 million in respect of its obligation that has lapsed.

During the quarter an additional provision of RM8 million was made in relation to a litigation claim made against a dormant subsidiary, Kuala Lumpur Glass Manufacturers Company Sdn Bhd (KLG) which was not divested. KLG was previously part of the glass container division and has pre-existing dispute with its supplier before it became a subsidiary of the Company in year 2000, a provision of RM1 million was made then. The dispute culminated in a legal suit in year 2000 and in July'11 the Court assessed the damages and awarded damages plus interest totalling RM9 million in favour of the plaintiff and KLG has filed an appeal against the decision.

Together with other minor adjustments the total amount of provision reversed for the quarter was RM6.5 million.

Group profit after taxation for the quarter of RM78 million was 15% above last year.

---

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

1. Operations review (cont'd)

YTD 9 months vs Corresponding Period last year

For the 9 months to June 2011, Group revenue from continuing operations recorded a 10% growth to RM2.9 billion driven mainly by soft drinks division, dairies Thailand and property. Excluding property and others, revenue from F&B business increased 8%.

Group operating profit increased 30% to RM378 million with strong contribution from property and soft drinks divisions. Excluding property and others, operating profit from F&B business rose 14% on the back of strong performance of the soft drinks division which was partially offset by lower contribution from dairies Malaysia.

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

Group PBT for the quarter of RM86 million was 47% lower than the preceding quarter which had included the profit from the sale of the college building & factory site and gains on the divestment of Brampton amounting to RM60 million. Excluding property and others, PBT from the F&B business units for the current quarter of RM83.7million was 18% lower than preceding quarter due to lower demand for soft drinks and lower profit from dairies Malaysia.

3. Prospects for the current financial year

While there are signs of slowing economic growth and decline in real disposable income in the region, consumer demand is expected to remain stable in the main markets of Malaysia and Thailand during quarter 4.

For quarter 4 which is the final quarter of this financial year, apart from the busy Hari Raya related sales activities, soft drinks division will run the final production of the Coca-Cola beverages. In addition, rebranding activities of all its merchandising material and sales equipment will be completed before the expiry of the transition agreement on 30 September 2011. Consequently, all sales activities for Coca-Cola products will cease effective 1 October 2011 and, as such, the division's revenue and profit thereafter will see an inevitable immediate reduction. Coca-Cola business makes up about 30% of the revenue of the soft drinks division for the current financial year.

Dairies Malaysia will focus on managing its business with a view to optimizing its current available production capacity as it awaits the completion of its new state-of-the-art production facility in Pulau Indah, Port Klang, in the new financial year. Dairies Thailand is also expected to continue its current effort in growing its revenue and volume both in Thailand and Indochina.

Given the strong results for the first nine month of the year, the Board is confident that the Group's performance for this financial year will be satisfactory.

**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 3 <sup>rd</sup> Quarter	Current Quarter	Cumulative 3 <sup>rd</sup> Quarter
Current	14,077	76,124	-	-
Deferred tax	69	(3,426)	-	-
	<u>14,146</u>	<u>72,698</u>	<u>-</u>	<u>-</u>

The Group's effective tax rate on continuing operations in the current quarter is lower than the statutory rate due to tax exemption enjoyed by a subsidiary and the gain from disposal of Brampton which is not subjected to tax.

5. Sale of unquoted investments and properties

The Group recorded a profit of RM9.8 million from selling the factory 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 reported in the current quarter.

8. Group borrowings and debt securities

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

RM'000	Currency	Current	Non-Current
Medium term notes (MTN)	RM	<u>150,000</u>	<u>150,000</u>

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

9. Derivatives

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

Currency	Notional value RM'000	Fair value RM'000	Gain/(Loss) RM'000
USD (less than 2 months)	9,210	9,281	71
EUR (less than 1 month)	11,084	11,088	4
Total	20,294	20,369	75

The above instruments are executed with strong 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 RM75,000 was recognised 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

No dividend has been declared in this financial quarter.

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

(a) The basic EPS for the current quarter and cumulative 3<sup>rd</sup> 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 3rd quarter RM'000
Group attributable profit to shareholders of the Company		
- Profit from continuing operations	71,363	310,435
- Profit from discontinued operations	6,488	6,488
	<u>77,851</u>	<u>316,923</u>
Weighted average issued capital net of treasury shares	358,498	358,172
Earnings per share (sen)		
- Profit from continuing operations	19.9	86.6
- Profit from discontinued operations	1.8	1.8
	<u>21.7</u>	<u>88.4</u>



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

12. Basis of calculation of earnings per share (EPS) (cont'd)

- (b) The diluted EPS for the current quarter and cumulative 3<sup>rd</sup> 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 3rd quarter RM'000
Group attributable profit to shareholders of the Company		
- Profit from continuing operations	71,363	310,435
- Profit from discontinued operations	6,488	6,488
	<u>77,851</u>	<u>316,923</u>
Weighted average issued capital net of treasury shares	358,498	358,172
Adjustment for share options granted pursuant to the ESOS	3,473	2,974
	<u>361,971</u>	<u>361,146</u>
Earnings per share (sen)		
- Profit from continuing operations	19.7	86.0
- Profit from discontinued operations	1.8	1.8
	<u>21.5</u>	<u>87.8</u>

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

	Cumulative 3rd quarter RM'000
Total revenue reserve of the Company and its subsidiaries	
- Realised	692,097
- Unrealised	(25,645)
	<u>666,452</u>
Consolidation adjustments	71,321
	<u>737,773</u>

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