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 1 : Financial Year Ending 30 September 2012

The Directors are pleased to release the quarterly financial report for the three months ended 31st December 2011 being the first quarter for the financial year 2011/2012.

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 2011:

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
3 February 2012

Schedule A : Condensed Consolidated Income Statement

For the three months ended 31 December 2011

RM'000	1st Quarter 31/12/2011	31/12/2010	*% chg*
Revenue	743,298	1,028,026	*-27.7%*
Operating profit	53,465	132,089	*-59.5%*
Interest expense	(1,971)	(2,054)	
Interest income	1,380	6,009	
Share of results of an associated company^	666	^	
Profit before taxation (PBT)	53,540	136,044	*-60.6%*
Taxation	(11,794)	(28,960)	
Profit after taxation (PAT)	41,746	107,084	*-61.0%*
Attributable to :			
Equity holders of the Company	41,746	107,084	*-61.0%*
Non-controlling interests	-	-	
	41,746	107,084	
Basic earnings per share (sen) attributable to equity holders of the Company	11.6	30.0	*-61.3%*
Diluted earnings per share (sen) attributable to equity holders of the Company	11.5	29.8	*-61.4%*

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 2011.

Schedule B : Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 December 2011

RM'000	1st Quarter 31/12/2011	31/12/2010	% chg
Profit after taxation	41,746	107,084	*-61.0%*
Other comprehensive income, (net of tax)			
Foreign currency translation	(8,825)	6,385	*->100%*
Total comprehensive income for the quarter	32,921	113,469	*-71.0%*
Total comprehensive income attributable to:			
Equity holders of the Company	32,921	113,469	*-71.0%*
Non-controlling interests	-	-	
	32,921	113,469	*-71.0%*

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 2011.

Schedule C : Condensed Consolidated Statement of Financial Position

~~As at 31 December 2011~~

RM'000	31/12/2011	Audited 30/9/2011
Property, plant & equipment	1,014,637	1,008,840
Properties held for development	5,504	5,504
Associated company	69,683	55,929
Intangible assets	132,268	127,262
Deferred tax assets	5,165	4,705
Current assets		
Property development cost	74,945	74,569
Inventories	320,263	314,668
Receivables	584,778	538,175
Cash and cash equivalents	217,110	290,290
	1,197,096	1,217,702
Assets held for sale	55,897*	55,897*
	1,252,993	1,273,599
Less : Current liabilities		
Payables	637,149	685,237
Provisions	14,193	22,468
Borrowings	20,000	-
Provision for taxation	13,404	9,596
	684,746	717,301
Net current assets	568,247	556,298
	1,795,504	1,758,538
Financed by:		
Share capital & Reserves	1,597,400	1,558,818
Non-controlling interests	294	294
Total Equity	1,597,694	1,559,112
Non current liabilities		
Borrowings	150,000	150,000
Other liabilities	47,810	49,426
	197,810	199,426
Total Equity & non current liabilities	1,795,504	1,758,538
Net assets per share (RM) attributable to equity holders of the Company	4.43	4.33

* 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 2011.

Schedule D : Condensed Consolidated Statement of Cash Flow

For the three months ended 31 December 2011

RM'000	1st Quarter	
	31/12/2011	31/12/2010
Operating activities		
Operating profit	53,465	132,089
Add non-cash : Depreciation & others	47,189	20,608
Changes in working capital	(112,693)	(122,618)
Tax paid	(9,490)	(23,562)
Net cash flows from operating activities	(21,529)	6,517
Investing activities		
Interest income	1,380	6,009
Dividend income	990	-
Capital expenditure	(57,102)	(59,226)
Purchase of intangibles	(5,578)	-
Investment in an associated company	(14,079)	(54,648)
Net cash flows from investing activities	(74,389)	(107,865)
Financing activities		
Interest expenses	(1,971)	(2,054)
Drawdown of borrowings	20,000	-
Proceeds from issuance of shares iro ESOS	4,709	10,868
Net cash flows from financing activities	22,738	8,814
Net change in cash & cash equivalents	(73,180)	(92,534)
Cash & cash equivalents at beginning of quarter	290,290	939,335
Cash & cash equivalents at end of quarter	217,110	846,801

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 2011.

Schedule E : Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 December 2011

RM'000	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total	Non-controlling Interests	Total Equity
	<---------Attributable to equity holders of the Company--------->						
At 1 October 2011	360,379	396,175	(1,716)	803,980	1,558,818	294	1,559,112
Total comprehensive income	-	(8,825)	-	41,746	32,921	-	32,921
Transactions with owners:							
Issues of shares upon exercise of ESOS	603	4,106	-	-	4,709	-	4,709
Employee share-based expense	-	952	-	-	952	-	952
Transfer from revenue reserve to legal reserve	-	10,039	-	(10,039)	-	-	-
Total transactions with owners	603	15,097	-	(10,039)	5,661	-	5,661
At 31 December 2011	360,982	402,447	(1,716)	835,687	1,597,400	294	1,597,694
At 1 October 2010	357,286	364,113	(1,716)	1,076,833	1,796,516	294	1,796,810
Total comprehensive income	-	6,385	-	107,084	113,469	-	113,469
Transactions with owners:							
Employee share-based expense	-	574	-	-	574	-	574
Issues of shares upon exercise of ESOS	1,400	9,468	-	-	10,868	-	10,868
Dividend payable	-	-	-	(394,282)	(394,282)	-	(394,282)
Total transactions with owners	1,400	10,042	-	(394,282)	(382,840)	-	(382,840)
At 31 December 2010	358,686	380,540	(1,716)	789,635	1,527,145	294	1,527,439

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 2011.

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 2011.

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 cyclicality 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.

4. Unusual items due to their nature, size or incidence
The financial statements have been impacted by the cessation of Coca-Cola business, the recognition of flood related property damage losses and the associated insurance claims in relation to the Group's production facilities in Rojana, Thailand. Other than as disclosed, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter. Foreign currency translation difference of negative RM8.8 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 weaker Thai Baht.

Unusual items related to flood affecting net income for the quarter are summarised below:

Unusual items related to flood in Thailand	**RM'000**
Write offs of Plant & Machinery (P&M) & Inventories related to property damage (at book value)	(59,515)
One off expenses related to flood	(2,450)
Interim claims on property damage (at replacement or book value)	80,699*
Provisional excess claims	18,734

** Includes installation cost of P&M to be incurred*

5. Significant estimates and changes in estimates
Save for the estimates relating to flood losses and insurance claims, there were no significant estimates or changes in estimates that have had any material effect on the results of the current quarter. Losses relating to components of groups of plant and machinery which are not separately identifiable are estimated based on their current replacement cost discounted for price inflation less accumulated depreciation. The amount of insurance claim pertaining to plant and machinery are estimated based on their current replacement cost. Whilst approval in principle has been obtained, these claims are still subject to further review by the loss adjustor.

Losses recognised in Q1 only reflect damage that has been uncovered and quantified todate. Assessment of damage to factory buildings, for example, is still in progress at the time of this report. The full extent of the property damage will only be known when the Rojana factory returns to normal operations after restoration work has been completed.

Schedule F : Selected Explanatory Notes Pursuant to FRS 134 (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 except for the issuance of 500 and 602,500 ordinary shares pursuant to its Executives' Share Option Scheme at the exercise price of RM7.17 and RM7.81 each respectively.

7. Dividends paid

At the last Annual General Meeting held on 13 January 2012, shareholders approved a final single tier dividend of 47 sen per share (2010 : 38 sen) together with a special single tier dividend of 15 sen per share in respect of the financial year ended 30 September 2011. These will be paid on 17 February 2012.

8. 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	1st Quarter Revenue 2012	1st Quarter Revenue 2011	1st Quarter Operating profit/(loss) 2012	1st Quarter Operating profit/(loss) 2011
Soft drinks	373,083	476,508	41,173	88,364
Dairies Malaysia	262,212	297,663	4,920*	20,000
Dairies Thailand	107,849	253,548	(11,581)**	21,057
Property/Others	154	307	219	2,668
	743,298	1,028,026	34,731	132,089
Provisional excess claims (Sch F, Note 4)			18,734	-
Operating profit			53,465	132,089

** Includes expenses related to the shift to Pulau Indah (RM1.3 million vs LY RM1.1 million) and the accelerated factory building depreciation (RM5.7 million vs LY nil) as explained in previous quarter's announcement.*

*** Excludes property damage losses and one off expenses related to flood that have been captured separately (see Schedule F, Note 4, Unusual items).*

Dairies Thailand's revenue declined significantly due to the shortage of finished products available for sales when its manufacturing plant in Rojana was shut down as a result of wide spread flooding. The operating loss has taken into account manufacturing and operating overheads incurred during the quarter. The operating loss was insured under the Group's Business Interruption (BI) insurance policy for which the related claims are still pending.

9. 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)

10. Subsequent events
At the EGM held on 13th Jan 2012, the non-interested shareholders approved the proposed joint venture with FCL Centrepoint Pte Limited (FCLC), a subsidiary of Fraser Centrepoint Limited to develop the 13-acre ex-dairy factory premises along Section 13, Petaling Jaya. With the announcement of the completion of the transactions on 18 January 2012, the Group has effectively divested 50% of its interest in the development land in PJ Section 13 and will realise 50% of the capital gain of RM55 million in Q2. Apart from this, there were no material events subsequent to the end of the quarter that have not been reflected in the current financial quarter.

11. Changes in the composition of the Group
There were no changes in the composition of the Group during the financial quarter except for the acquisition of additional 7,058,600 shares representing 4.11% of the equity interest in Cocoaland Holdings Berhad ("CHB") for a total cash consideration of RM14,078,565 or average price of RM1.99 per share.

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

13. Contingent assets
Apart from the pending insurance claims relating to Property Damage and Business Interruption loss during Q1, there were no contingent assets of a material nature since the last annual balance sheet date. The sum insured under Property All Risks and Business Interruption Cover is Baht 3,818 million and Baht 1,200 million (Operating profit + fixed cost) respectively.

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

RM'000	Current Quarter
Property, plant and equipment	
Approved and contracted for	68,758
Approved and not contracted for	33,273
	102,031

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

RM'000	1st Quarter 2012	2011
Sales	26,670	15,784
Purchases	49,588	54,331
Royalties paid	13,282	9,709
Corporate charges paid	744	1,207
Rental income	75	75

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
Following the expiry of the Transition Agreement with The Coca-Cola Company ("Coca-Cola") on 30 September 2011, the Group no longer distributes Coca-Cola products effective this financial year.

Group revenue of RM743 million declined 28% compared with corresponding quarter last year. Excluding Coca-Cola's revenue contribution of RM134 million last year, Group revenue was down 17% mainly due to the negative impact of the flood in Thailand in spite of an increase of 9% in soft drinks revenue on account of higher sales of FN Fun Flavours, Redbull, the recently launched Zesta and Clearly Citrus, sales to the additional territory of Brunei and contract packing for export to its related company in Singapore.

Dairies Malaysia revenue dipped 12% compared with last year when sales were bolstered ahead of the impending price adjustments caused by the removal of sugar subsidy. Exports to Dairies Thailand nonetheless improved factory capacity utilization and recovery of overheads in the quarter.

Despite a shortened working quarter, Dairies Thailand managed to deliver 43% of the revenue recorded in Q1FY11. These were due to quick actions taken to source for products from neighboring countries and the Group's factory in Malaysia and speedy recovery of its supply chain operations.

Group operating profit declined 60% to RM53 million compared with last year. The shortfall was mainly attributable to absence of Coca-Cola contribution, the different timing in the accounting of operating losses in Thailand and recovery under its Business Interruption insurance policy, higher raw material costs particularly skimmed milk powder & sugar and lower sales in Dairies Malaysia.

2. Comment on material change in profit before taxation vs preceding quarter
Group PBT for the quarter of RM54 million was 19% lower than the preceding quarter, mainly due to loss of Coca-Cola contribution and operating losses arising from Thailand flood but off set by the excess on insurance claim.

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

3. Prospects for the current financial year

Over the next few quarters, the regional economy and consumer sentiment may be negatively impacted by the unfolding financial crisis in the Euro zone. Any slow down in demand will lead to more intense competition in the market place. These external forces coupled with the volatile raw material input costs are expected to continue to exert pressure on operating margin.

The Group's sustained effort and investment to strengthen distribution, brand equity, broaden product range and improve operating efficiency will alleviate the negative impact of these external forces.

As previously explained, the operating performance for the Group will be much lower than that of last year due to the absence of Coca-Cola business. As seen in Q1, several actions taken by the soft drinks unit todate has already positively lifted its revenue by 9% during the quarter (on a comparable basis, by excluding last year's Coca-Cola revenue). Such activities will continue and be intensified in the coming quarters.

For Dairies Malaysia, Q2 will see the major shift of equipment and production to its new manufacturing facilities in Pulau Indah, Selangor. Consequently, operating efficiencies will be impacted and operating costs will rise in the short term. Upon commencement of commercial production around March 2012, the Group will be able to recognise the 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.

Meanwhile, Dairies Thailand is scheduled to recommence production in stages beginning March 2012. As such, sales volume will continue to remain low for Q2. The financial performance of the Thai unit during the interruption period will depend on the actual amount of the compensation approved by the insurer in respect of insurance claims related to flood. However, consumer demand for post-interruption period remains uncertain at this moment, as it will depend on the impact of floods on the health of the economy and the actions of the Thai government for recovery and reconstruction.

As disclosed in Schedule F, note 10, with the completion of the joint venture with FCLC, the Group has effectively divested 50% of its interest in the development land in PJ Section 13. The Group will realise 50% of the capital gain of RM55 million in Q2.

In conclusion, while the operating results of the Group will be much lower than that of last year due to the absence of Coca-Cola business and the challenges face by Dairies business in Malaysia and Thailand, the overall results of the Group will be bolstered by the non-operating items of deferred tax income and crystallisation of capital gain (see Schedule F, note 10) during the year.

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter
Current	13,634
Deferred tax	(1,840)
	11,794

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.

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

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

6. Group borrowings and debt securities
The details of the Group's borrowings as at 31 December 2011 are as follows:-

RM'000	Currency	Current	Non-Current
Medium term notes (MTN)	RM	20,000	150,000

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

8. Proposed Dividend
No dividend has been declared in this financial quarter.

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

(a) The basic EPS for the current quarter was 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
Group attributable profit to shareholders of the Company	41,746
Weighted average issued capital net of treasury shares	360,551
Earnings per share (sen)	11.6

(b) The diluted EPS for the current quarter was 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
Group attributable profit to shareholders of the Company	41,746
Weighted average issued capital net of treasury shares	360,551
Adjustment for share options granted pursuant to the ESOS	2,041
Adjusted weighted average issued capital net of treasury shares	362,592
Earnings per share (sen)	11.5

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

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

	1st Quarter 2012 RM'000	1st Quarter 2011 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	862,710	728,878
Unrealised	(11,971)	(21,733)
	850,739	707,145
Consolidation adjustments	(15,052)	82,490
	835,687	789,635

11. Notes to the Condensed Consolidated Income Statement

PBT is arrived at after charging/(crediting) the following items:

		Current Quarter RM'000
(a)	Other income	121
(b)	Depreciation and amortisation	22,731
(c)	Provision for doubtful debts	1,250
(d)	Bad debts written off	500
(e)	Provision for inventories	119
(f)	Inventories written off *	3,742
(g)	(Gain)/Loss on disposal of quoted or unquoted investments	N/A
(h)	(Gain)/Loss on disposal of properties	N/A
(i)	Impairment of assets *	N/A
(j)	Foreign exchange loss	1,479
(k)	Loss on derivatives	18
(l)	Unusual items Provisional excess claims (*please refer to Schedule F, note 4*)	(18,734)

* *Excludes unusual items related to flood in Thailand as per Schedule F, note 4.*