

NEWS RELEASE

Kuala Lumpur
May 13, 2002

**F&N POSTS 21% INCREASE IN PRE-TAX PROFIT
FOR THE SECOND QUARTER OF RM33.8 MILLION**

F&N Holdings Berhad (F&N) has posted a higher pre-tax profit of RM33.8 million for its second quarter ended March 31, 2002, an improvement of 21 per cent over the RM27.9 million earned in the corresponding quarter of last year on a lower sales revenue of RM387 million.

For the first half of the current financial year, the Group's pre-tax profit improved by 14.2 per cent to RM65.1 million from RM57 million for the corresponding period of last year. Sales revenue declined 1.8 per cent from RM798 million to RM784 million for the same period last year.

The Group's main contributor was again its soft drinks operation, which reported a higher pre-tax profit of RM36.7 million on improved turnover of RM404.1 million. Pre-tax profit increased significantly by 38 per cent on a turnover of RM392.6 million in the prior six months period.

However, profit from F&N's dairies operations fell 16 per cent to RM8.2 million for the half year. Turnover dipped by 10.6 per cent to RM255.5 million compared to RM285.7 million in the first half of the previous year.

F&N's glass packaging operation's earnings also declined marginally from RM16.2 million in the preceding half year to RM15.5 million, despite an improved sales revenue of RM123.8 million.

Speaking at a media briefing in Shah Alam today, F&N's chief executive officer, Mr. Tan Ang Meng, said the improved profit was despite weak consumer sentiment for the current financial period ended March 31, 2002. This was due mainly to improved product mix, lower raw materials costs and ongoing cost-effective rationalisation programmes.

The decline in Group sales revenue for the quarter and the half year was attribute to a drop in Dairies operation's revenue. The decline was caused by intense discounting activity of condensed milk products by competitors in which F&N did not participate. Soft drinks and glass operations performed to expectations with sales revenue improving by 2.9 and 3.7 per cent respectively for the first six months of the year.

"We expect consumption of our products to increase over the course of the next six months in view of the improvement in the general economic situation in the country.

"We also expect improvement in Dairies operation's performance due to lower material costs." Tan added.

Cash flow generated for the Group in the first half of the year exceeded RM73 million due to lower working capital growth. Profit attributable to shareholders for the first half improved to RM47.3 million from RM44.1 million in the corresponding period of last year. Earnings per share were lower at 13.3 sen compared to 15.8 sen in the corresponding period of last year, due to the lower average weighted share base of the previous year.

Directors have declared an interim tax-exempt dividend of five sen per share to be paid to shareholders on July 29, 2002, compared to four sen per share last year. Entitlement of the interim dividend is July 8, 2002.

The Group's net tangible assets per share rose to RM2.62 from RM2.59 as reported in its last financial year ended September 30, 2001.

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Issued with the compliments of F&N Holdings Berhad.
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