

NEWS RELEASE

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**F&N'S PROFIT SURGES 18 PER CENT TO RM122.3 MILLION**

F&N Holdings Berhad (F&N) has chalked up an 18 per cent increase in profit before taxation to RM122.3 million for the financial year ended September 30, 2002, on turnover of RM1.52 billion, according to its chief executive officer, Mr. Tan Ang Meng.

Commenting on the Group's results at a media briefing in Kuala Lumpur, Tan said that the Group had achieved its second successive record profit despite flat revenue, increased competition and cautious consumer sentiments.

For the financial year 2001/2002, Group net profit rose to RM87.7 million, up 17 per cent over the RM75.1 million recorded in the preceding year.

Earnings per share increased to 24.6 sen from 23.6 sen, while net tangible asset per share rose to RM2.73.

"The Group PBIT margins improved from 6.7 per cent to 8.1 per cent. This reflected management's focus on improving marketing mix, supply chain productivity and efficiency, and continuing rationalisation and cost reduction initiatives. As a results of these measures, we have managed to improved margins in spite of a flat turnover." Tan added.

"The soft drinks and dairies operations both posted significantly improved pre-tax profits of RM 61.8 million and RM22.5 million, respectively. However, pre-tax profits in the glass operations declined from RM34.8 million to RM29.0 million," Tan said.

The glass operations operated at full capacity during the year, but its profitability was affected by soft export prices and start-up cost of the 60 per cent joint venture in China, which was due to commence operation early next year.

He added that the soft drinks operation was again the major contributor to the latest results, accounting for 50 per cent of overall pre-tax group profit. It was able to leverage on its extensive sale and distribution capabilities to further improve volume and share in a otherwise flat overall market.

The dairies operations faced intense discounting activities in the early part of the year and were also affected by reduced contract packing. However better product mix, cost rationalisation and favourable trends in cost of raw materials helped to lift pre-tax profit from RM11.3 million to RM22.5 million.

Directors have recommended a final tax-exempt dividend of seven (7) sen per share and if approved, the total dividend for the year would be 12 sen per share tax-exempt, compared to nine (9) sen per share declared in the previous year.

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Issued with the compliments of F&N Holdings Berhad.  
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