

NEWS RELEASE

Kuala Lumpur  
November 13, 2003

**F&N POSTS RECORD OPERATING PROFIT OF  
RM141.4 MILLION, PROPOSES HIGHER DIVIDEND**

F&N Holdings Berhad (F&N) has posted a third successive record operating profit of RM141.4 million on the back of record turnover of RM1.61 billion for its financial year ended September 30, 2003.

Directors have recommended a final tax-exempt dividend of 10 sen per share. If approved, shareholders would reap a total net dividend of 20 sen per share for FY 2002/03, making it the highest dividend payment in the company's history. The Company had paid a five sen interim (tax-exempted) and five sen special (tax-exempted) dividend, in commemoration of the Group's 120<sup>th</sup> anniversary this year, in June 2003.

Group profit before exceptional item rose to RM142.5 million, up 16.5 per cent over the RM122.3 million recorded in the preceding year. Group turnover was up by 5.9 per cent to RM1.61 billion from RM1.52 billion previously.

Commenting on the Group's results at a media briefing in Kuala Lumpur, F&N chief executive officer, Mr. Tan Ang Meng, said: "we are pleased with the strong top line and bottom line performance, but if not for the high fuel prices and impact of SARS, the growth would be even more robust.

"Profit before exceptional item surged 16.5 per cent due to improved margins and sales volumes from our soft drinks and dairies operations. PBT after exceptional item was still marginally better than last year after accounting for the exceptional loss of RM19.8 million that arose from the Group's divestment of its 25% interest in KL Sentral.

"As a result of the exceptional loss, the Group's profit after taxation has declined marginally by 3.4 per cent to RM93 million over the previous year's figure of RM96.3 million," Tan added.

Earnings per share were down to 23.5 sen from 24.6 sen, while net tangible asset per share increased to RM2.80 from RM2.73.

On this year's outlook, Tan said that prospects look bright in line with the improving economic conditions in Malaysia and around the region, and added that the F&N Group is poised to take full advantage to ride on the economic upturn.

Tan said all three divisions of the Group -- soft drinks, dairies and glass divisions -- posted improved operating profits despite a 5.6 per cent decline in dairies division turnover.

"The soft drinks and dairies divisions both posted significantly improved operating profits of RM80.5 million and RM32.7 million, respectively. Meanwhile, operating profits in the glass division was sustained at RM30.3 million," said Tan.

The soft drinks division was again the major contributor to the latest results, accounting for 57.0 per cent of Group operating profit. Physical cases sold were up 8.0 per cent primarily boosted by strong growth in the 100PLUS and Seasons brands.

The dairies division posted lower revenue of RM477.1 million compared to RM505.2 million in the previous year despite a high volume of cases shipped. Its operating profit rose to RM32.7 million from RM26.8 million due mainly to lower raw material prices.

Meanwhile, the glass division recorded significantly higher turnover of RM277.8 million, up 16.8 per cent, from RM237.8 million in the preceding year. The China glass plant, which came on stream during the year, contributed RM30.5 million to turnover and delivered a modest profit in its maiden year of operation. Higher fuel cost eroded glass margins, which were not passed on to customers.

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