



For Immediate Release

INTERIM FINANCIAL REPORT

Quarter 4 : Financial Year Ended 30 September 2003

The Directors are pleased to release the interim financial report for the three months ended 30 September 2003 being the fourth quarter for the financial year 2002/2003.

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 Company's financial statements for the year ended 30 September 2002:

- Schedule A : Condensed Consolidated Income Statement
- Schedule B : Condensed Consolidated Balance Sheet
- Schedule C : Condensed Consolidated Cash Flow Statement
- Schedule D : Condensed Consolidated Statement on Changes in Equity
- Schedule E : Selected Explanatory Notes
- Schedule F : Additional Disclosures

This interim financial report has been prepared in accordance with the accounting standards on interim financial reporting issued by the Malaysian Accounting Standards Board (MASB 26) and contains additional disclosures prescribed by the Kuala Lumpur Stock Exchange ("KLSE"). Unless specified otherwise, the same accounting policies and methods of computation applied to the annual financial statements for the previous year had been followed throughout this interim financial report.

By Order of the Board

Tony Lee Cheow Fui
Company Secretary

Kuala Lumpur
10 November 2003

Schedule A : Condensed Consolidated Income Statement

For the year ended 30 September 2003

RM'000	Individual 4 th Quarter			Audited Cumulative 4 th Quarter		
	30/9/2003	30/9/2002	% chg	30/9/2003	30/9/2002	% chg
Revenue	421,768	358,539	17.6%	1,611,119	1,521,988	5.9%
Operating profit	30,250	25,185	20.1%	141,351	123,436	14.5%
Interest expense	(1,394)	(642)		(4,069)	(5,122)	
Interest income	1,687	1,175		5,262	4,001	
Profit before exceptional item	30,543	25,718	18.8%	142,544	122,315	16.5%
Exceptional item(1)	-	-		(19,750)	-	
Profit before taxation (PBT)	30,543	25,718	18.8%	122,794	122,315	0.4%
Taxation	(4,004)	(7,321)		(29,795)	(26,028)	
Profit after taxation	26,539	18,397	44.3%	92,999	96,287	-3.4%
Minority interest	(2,293)	(1,791)		(9,049)	(8,569)	
Net profit	24,246	16,606	46.0%	83,950	87,718	-4.3%
Basic earnings per share (sen)	6.8	4.7		23.5	24.6	

Note :

(1) Details on exceptional item is in Schedule E item 4

This Statement should be read in conjunction with the selected explanatory notes on Schedules E & F of this Report and the Company's Annual Report for the year ended 30 September 2002.

Schedule B : Condensed Consolidated Balance Sheet

As at 30 September 2003

RM'000	30/9/2003 <i>(audited)</i>	30/9/2002 <i>(audited)</i>
Property, plant & equipment	702,164	739,077
Advance to an associated company	-	22,250
Property under development (Schedule E item 15)	42,391	-
Current assets		
Inventories	243,156	218,701
Receivables	318,609	274,662
Cash and cash equivalents	307,290	193,330
	869,055	686,693
Less : Current liabilities		
Payables	356,414	254,989
Borrowings	34,896	9,193
Provision for taxation	9,868	3,119
	401,178	267,301
Net current assets	467,877	419,392
	1,212,432	1,180,719
Share capital & reserves	997,955	974,736
Minority interest	92,066	86,472
Non current liabilities		
Borrowings	51,143	47,930
Other liabilities	71,268	71,581
	122,411	119,511
	1,212,432	1,180,719
Net tangible assets per share (RM)	2.80	2.73

This Statement should be read in conjunction with the selected explanatory notes on Schedules E & F of this Report and the Company's Annual Report for the year ended 30 September 2002.

Schedule C : Condensed Consolidated Cash Flow Statement

For the year ended 30 September 2003

RM'000	30/9/2003 <i>(audited)</i>	30/9/2002 <i>(audited)</i>
Operating activities		
Operating profit	141,351	123,436
Add non-cash : Depreciation & others	67,776	76,891
Changes in working capital & provisions	25,230	34,878
Net cash flows from operating activities	234,357	235,205
Investing activities		
Interest income	5,262	4,001
Expenditure in plant & equipment	(89,166)	(111,414)
Net cash flows from investing activities	(82,790)	(107,413)
Financing activities		
Interest expense	(4,069)	(5,122)
Dividend paid/transactions with shareholders	(62,454)	(14,504)
Drawdown/(repayment) of bank borrowings	28,916	(70,971)
Net cash flows from financing activities	(37,607)	(90,597)
Net change in cash & cash equivalents	113,960	37,195
Cash & cash equivalents at beginning of year	193,330	156,135
Cash & cash equivalents at end of year	307,290	193,330

Note :

() denotes cash outflow

This Statement should be read in conjunction with the selected explanatory notes on Schedules E & F of this Report and the Company's Annual Report for the year ended 30 September 2002.

Schedule D : Condensed Consolidated Statement of Changes in Equity

For the year ended 30 September 2003

RM'000	Share Capital	Non-Distributable Reserve	Distributable Reserve	Total
<i>At 1 October 2002</i>	356,493	404,915	213,328	974,736
Net profit for the year	-	-	83,950	83,950
Dividends	-	-	(60,604)	(60,604)
Others	-	(127)	-	(127)
<i>At 30 September 2003 (audited)</i>	356,493	404,788	236,674	997,955
<i>At 1 October 2001</i>	356,493	404,915	161,315	922,723
Currency translation loss	-	-	(55)	(55)
Net profit for the year	-	-	87,718	87,718
Dividends	-	-	(35,650)	(35,650)
<i>At 30 September 2002 (audited)</i>	356,493	404,915	213,328	974,736

This Statement should be read in conjunction with the selected explanatory notes on Schedules E & F of this Report and the Company's Annual Report for the year ended 30 September 2002.

Schedule E : Selected Explanatory Notes

1. Accounting policies and method of computation
The quarterly financial statements have been prepared under the same accounting policies and methods of computation as the most recent annual financial statements and comply with MASB 26 Interim Financial Reporting and paragraph 9.22 of Listing Requirements of the KLSE.
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 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 some group products such as soft drinks may be skewed towards the major festivals, which normally occur at the end and the beginning of the calendar year.
4. Exceptional item
The exceptional loss of RM19.8million recorded was the result of the disposal of the Group's 25% interest in an associated company, Harmonic Fairway Sdn Bhd("HFSB") and novation of its advances previously made, for a cash consideration of RM2.5 million. HFSB was a joint venture company set up in 1997 between the F&N Group and Malaysian Resource Corporation Berhad to acquire a property at KL Sentral in Brickfields, Kuala Lumpur.
5. Estimates
There were no changes to the estimates that had been used in the preparation of the current financial statements.
6. Issuance or repayments of debt/equity securities
There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter and financial year to date.
7. Dividends
Please refer to Schedule F item 12.
8. Segmental results
The Group's operating businesses are organised according to the nature of activities, namely soft drinks, dairy products, glass containers and others. Intra-group transactions and pricing arrangements where applicable are determined on a commercial basis. The results by segments for the cumulative year to date are as follows:

RM'000	Revenue		Operating profit	
	2003	2002	2003	2002
Soft drinks	854,782	777,671	80,525	65,586
Dairy products	477,131	505,178	32,671	26,762
Glass containers	277,794	237,836	30,254	30,060
Others	1,412	1,303	(2,099)	1,028
	<u>1,611,119</u>	<u>1,521,988</u>	<u>141,351</u>	<u>123,436</u>

Schedule E : Selected Explanatory Notes (cont'd)

9. Valuation of property, plant and equipment
There were no changes in the valuation of property, plant and equipment since the last annual financial statements.
10. Subsequent event
There were no material events subsequent to the end of the quarter, that have not been reflected in the financial statements.
11. Changes in the composition of the Group
There were no changes in the composition of the Group in the current quarter and financial year to date except for the acquisition of a dormant company, Brampton Holdings Sdn Bhd with issued and paid up capital of RM2.
12. Contingent liabilities
There were no contingent liabilities of a material nature since the last annual balance sheet date.
13. Contingent assets
There were no contingent assets of a material nature since the last annual balance sheet date.
14. Capital commitments
The outstanding capital commitments at the end of the current quarter are as follows:-
- | RM'000 | <u>30/9/2003</u> |
|---------------------------------|------------------|
| Property, plant and equipment | |
| Approved and contracted for | 43,349 |
| Approved and not contracted for | 52,838 |
| | <u>96,187</u> |
15. Property under development
The amount was reclassified from property, plant and equipment for property development and also includes some development expenditure.

Schedule F : Additional Disclosures in Compliance with KLSE Listing Requirements

1. Operations review

Group revenue for the quarter improved by 17.6% when compared to the same quarter last year. This was due to the new stream of revenue from the China glass factory and better performance in the dairies operations. Profit before exceptional item (EI) was 18.8% up due to favourable margins from higher soft drinks and dairies sales.

For the full year, Group profit before EI was 16.5% ahead of last year on revenue increase of 5.9%.

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

Group profit before EI for the quarter of RM30.5 million was 12.1% lower than the preceding quarter, due to write off of certain plant & machinery as a result of plant rationalisation. The EI incurred in the previous quarter relates to the disposal of the Group's interest in an associated company, Harmonic Fairway Sdn Bhd, as set out on Schedule E item 4.

3. Prospects

Barring any adverse events or circumstances, the directors are cautiously optimistic of a better operating performance as economic conditions and consumer sentiments remain favourable.

4. Profit forecast variance (final quarter)

This is not applicable.

5. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 4 th Quarter
Current	4,355	28,432
Tax over provided in previous year	(942)	(1,024)
Deferred tax	591	2,387
	<u>4,004</u>	<u>29,795</u>

The Group's effective tax rate in the current quarter and financial year to date is lower than the statutory rate due to the utilisation of tax losses and reinvestment allowances partly offset by the non-deductibility of the exceptional loss recorded during the year. Compared to last financial year the effective rate increased by 3% mainly due to the higher non-deductibility items during the year.

6. Sale of unquoted investments and properties

There were no sales of unquoted investments or properties in the current quarter and financial year to date except as disclosed in Schedule E item 4.

7. Purchase and sale of quoted securities

There were no quoted securities acquired or disposed of in the current quarter and financial year to date.

8. Status of corporate proposal

There were no outstanding corporate proposals or new announcements made in this financial quarter.

Schedule F : Additional Disclosures in Compliance with KLSE Listing Requirements (cont'd)

9. Group borrowings

The details of the Group's borrowings as at 30 September 2003 are as follows:-

RM'000	Currency	Current	Non-Current
<u>Short term borrowing</u>	Renminbi	2,750	-
<u>Term Loan</u>			
Unsecured Term Loan	USD	11,491	20,684
Secured Term Loan	Renminbi	20,655	30,459
		<u>34,896</u>	<u>51,143</u>

10. Off balance sheet – financial instruments

There were no material financial instruments that are “off balance sheet” in nature that have been entered into, as at the date of this report.

11. Pending material litigation

There is no pending litigation of a material nature since the last annual balance sheet date.

12. Dividends

During the year the final tax-exempt dividend of 7 sen per share amounting to RM25 million in respect of the financial year ended 30 September 2002 that was approved at the last Annual General Meeting was paid on 24 February 2003.

Additionally, an interim tax-exempt dividend totalling 10 sen per share (including the special tax-exempt dividend of 5 sen per share to commemorate the F&N Group's 120th anniversary) was paid on 10 June 2003.

The Directors recommend a final tax-exempt dividend of 10 sen per share (2002 : 7 sen tax-exempt) to be approved by shareholders at the forthcoming Annual General Meeting of the Company. If approved, the total dividend for the year would be 20 sen per share tax-exempt (2002 : 12 sen tax-exempt).

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

The EPS for the financial quarter was calculated based on the net profit divided by 356 million ordinary shares. There were no changes in the number of ordinary shares during the quarter.