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FRASER & NEAVE HOLDINGS BHD.

(Company No: 004205-V)

NEWS RELEASE

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F&N DOUBLES INTERIM DIVIDEND ON BACK OF 19 PER CENT INCREASE IN FIRST HALF PRE-TAX PROFIT

F&N Holdings Berhad (F&N) has declared a special tax exempt dividend of five sen per share raising the interim payout to 10 sen per share, payable on June 10, 2003.

The special dividend has been declared to mark the Group's celebration of its 120th anniversary this year.

The increased dividend payout comes on the back of improved pre-tax profit of RM77.3 million for the first half of the financial year ending March 31, 2003, an increase of 18.7 per cent over the previous corresponding period.

Group revenue rose 2.7 per cent to RM805.1 million. Basic earnings per share for the first half was 15.2 sen, while net tangible assets per share stood at RM2.82.

At a media briefing to announce the company's first-half results in Kuala Lumpur today, F&N's chief financial officer, Mr. Tony Lee, said consumer sentiment remained low during the course of the second quarter of the year, mainly due to the global and regional uncertainties.

"Improved performance was due to strong growth exhibited by its 100PLUS and Seasons products, and improved dairy product margins. The latter was due to milk powder prices and improved distribution following a rationalisation program earlier in the year," added Lee.

To underpin rationalisation and to secure quality earnings for the future, Lee also announced that F&N would invest approximately RM65 million to improve operational efficiencies throughout its businesses.



He said the glass division would be spending RM30 million over the next 12 months to rebuild one of the ageing furnaces and install new glass forming machines at its Johor Bharu plant.

Another RM11.4 million allocation had been made for expansion of the Kuching soft drinks manufacturing plant. Expected to be ready by August, the expansion would involve an installation of a PET bottling line, warehouse extension and supporting facilities. This would improve customer service and product quality to its East Malaysian customers, where demand for PET products is growing.

Additionally, RM23.5 million has been committed to improving the Group IT's infrastructure. The objective is to enhance efficiency of its technology platform to achieve group synergy, improve business processes and customer service across all divisions.

"Despite the present weak economic climate, the timing of the investments is reflective of our confidence in the long term prospects of the country," he added.

In the period under review F&N's soft drinks division improved operating profit to RM46.5 million, compared to RM39 million recorded in the same half of the previous year. Turnover also increased from last year's first half figure of RM404.1 million to RM449.7 million.

The Group's dairies division registered a significant decline in turnover of RM219 million, compared to RM255.5 million in the corresponding period of the preceding year. However, its operating profit rose 45.3 per cent to RM15.4 million.

F&N's glass division operated at full capacity to register turnover of RM135.7 million turnover and operating profit of RM14.7 million. This is marginally lower than the operating profit of RM15.8 million in corresponding half of the preceding year.

F&N Holdings Bhd is a Malaysian company listed on the KLSE with core businesses in soft drinks, dairies and glass packaging. The F&N Group in Malaysia last year reported a PBT of RM122.3 million on turnover of RM1.52 billion.

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Issued with the compliments of F&N Holdings Berhad.
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