



**FRASER & NEAVE HOLDINGS BHD.**  
(Company No: 004205-V, Incorporated in Malaysia)

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**For immediate release**

## **INTERIM FINANCIAL REPORT**

Quarter 3 : Financial Year Ending 30 September 2003

The Directors are pleased to release the interim financial report for the three months ended 30 June 2003 being the third 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  
8 August 2003



### Schedule A : Condensed Consolidated Income Statement

For the nine months ended 30 June 2003

RM'000	Individual 3 <sup>rd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter		
	30/6/2003	30/6/2002	% chg	30/6/2003	30/6/2002	% chg
Revenue	384,253	379,469	1.3%	1,189,351	1,163,449	2.2%
Operating profit	34,274	31,766	7.9%	111,101	97,860	13.5%
Interest expense	(827)	(988)		(2,675)	(3,782)	
Interest income	1,303	716		3,575	2,519	
Profit before exceptional item	34,750	31,494	10.3%	112,001	96,597	15.9%
Exceptional item(1)	(19,750)	-		(19,750)	-	
Profit before taxation (PBT)	15,000	31,494	-52.4%	92,251	96,597	-4.5%
Taxation	(7,557)	(5,744)		(25,791)	(18,707)	
Profit after taxation	7,443	25,750	-71.1%	66,460	77,890	-14.7%
Minority interest	(1,918)	(1,892)		(6,756)	(6,778)	
Net profit	5,525	23,858	-76.8%	59,704	71,112	-16.0%
Basic earnings per share (sen)	1.5	6.7		16.7	20.0	

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 June 2003

RM'000	30/6/2003	30/9/2002
		<i>(audited)</i>
Property, plant & equipment	704,710	739,077
Advance to an associated company	-	22,250
Property for development (Schedule E item 15)	41,347	-
Current assets		
Inventories	223,198	218,701
Receivables	314,792	274,662
Cash and cash equivalents	227,970	193,330

	765,960	686,693
Less : Current liabilities		
Payables	285,341	254,989
Borrowings	25,258	9,193
Provision for taxation	9,882	3,119
	320,481	267,301
Net current assets	445,479	419,392
	1,191,536	1,180,719
Share capital & Reserves	973,836	974,736
Minority interest	91,377	86,472
Non current liabilities		
Borrowings	56,506	47,930
Other liabilities	69,817	71,581
	126,323	119,511
	1,191,536	1,180,719
Net tangible assets per share (RM)	2.73	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 nine months ended 30 June 2003

RM'000	Cumulative 3 <sup>rd</sup> Quarter
Operating activities	
Operating profit	111,101
Add non-cash : Depreciation & others	60,562
Changes in working capital & provisions	(35,349)
Net cash flows from operating activities	136,314
Investing activities	
Interest income	3,575
Expenditure in plant & equipment	(66,611)
Net cash flows from investing activities	(63,036)
Financing activities	
Interest expense	(2,675)
Dividend paid	(60,604)
Drawdown of bank borrowings	24,641

Net cash flows from financing activities	(38,638)
Net change in cash & cash equivalents	34,640
Cash & cash equivalents at beginning of year	193,330
Cash & cash equivalents at end of year	227,970

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 nine months ended 30 June 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 period	-	-	59,704	59,704
Dividend	-	-	(60,604)	(60,604)
<i>At 30 June 2003</i>	356,493	404,915	212,428	973,836

*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 items  
The exceptional loss of RM19.8million recorded in the current quarter 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 period 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 packaging and others. Intra-group transactions and pricing arrangements where applicable are determined on a commercial basis. The results by segments for the cumulative quarter to date are as follows:

RM'000	Revenue		Operating profit	
	2003	2002	2003	2002
Soft drinks	647,151	594,301	63,453	52,454
Dairy products	345,450	386,503	25,888	20,911
Glass packaging	195,672	181,767	21,996	23,224
Others	1,078	878	(236)	1,271
	1,189,351	1,163,449	111,101	97,860

#### **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 period to date.
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	30/6/2003
Property, plant and equipment	
Approved and contracted for	34,821
Approved and not contracted for	52,689
	<u>87,510</u>

15. Property for development  
The amount was reclassified from property, plant and equipment for property development.

#### **Schedule F : Additional Disclosures in Compliance with KLSE Listing Requirements**

1. Operations review  
Group revenue for the quarter showed a marginal increase of 1.3% when compared to the same quarter last year. The SARS outbreak affected sales in the month of April and May as consumers stayed away from public areas. However sales recovered in the month of June. In spite of this setback Group profit before exceptional item (EI) was 10.3% up due to favourable margins from higher soft drinks sales.  
  
For cumulative quarter to date, Group profit before EI was 15.9% ahead of last year on revenue increase of 2.2%.
2. Comment on material change in profit before EI vs preceding quarter  
Group profit before EI for the quarter of RM34.7 million was 7.9% lower than the preceding quarter, due to the effect of festivals in the previous quarter and the SARS impact on the current quarter. The EI incurred in the quarter relates to the disposal of its shareholding in an associated company, Harmonic Fairway Sdn Bhd, as set out on Schedule E item 4.
3. Prospects  
Barring any unforeseen circumstances, the directors are optimistic of a better operating profit performance compared with last year.
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 3 <sup>rd</sup> Quarter
Current	8,012	24,077
Tax under/(over) provided in previous year	184	(82)
Deferred tax	(639)	1,796
	<u>7,557</u>	<u>25,791</u>

The Group's effective tax rate in the current quarter is higher than the statutory rate due to the non-deductibility of the exceptional loss recorded in the quarter, partly offsetted by utilisation of tax losses and reinvestment allowances.

6. Sale of unquoted investments and properties

There were no sales of unquoted investments or properties in the current quarter and financial period 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 period 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 June 2003 are as follows:-

RM'000	Currency	Current	Non-Current
<u>Short term borrowing</u>	Renminbi	16,065	-
<u>Term Loan</u>			
Unsecured Term Loan	USD	9,193	26,047
Secured Term Loan	Renminbi	-	30,459
		<u>25,258</u>	<u>56,506</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

A final tax-exempt dividend of 7 sen per share amounting to RM25 million in respect of the financial year ended 30 September 2002 was paid on 24 February 2003.

In the current quarter, 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 120<sup>th</sup> anniversary) which was announced in the previous quarter was paid on 10 June 2003.

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.