

NEWS RELEASE

Kuala Lumpur  
May 13, 2004

**F&N GROUP PRE-TAX PROFIT UP NINE PER  
CENT TO RM84.1 MILLION FOR FIRST HALF**

Fraser & Neave Holdings Bhd (F&N) has posted a higher pre-tax profit of RM84.1 million for the first half of its FY03/04 ended March 31, 2004, on the back of strong revenue growth of RM879.7 million.

Both Group pre-tax profit and revenue improved by nine per cent over the same period of the previous year.

Earnings per share for the first half rose to 16.8 sen, while net tangible assets per share stood at RM2.87.

Speaking at a media briefing to announce the Group's first half performance for FY03/04 in Kuala Lumpur today, F&N's chief executive officer, Mr. Tan Ang Meng, said the Group had managed to further leverage its strong brands and distribution network in a favourable economic environment to deliver the best half year results ever.

Operating profit for F&N's soft drinks and dairy products were up 22 per cent from better margins on the increased volume. Both soft drinks and canned milk registered record volume. However, operating profit of the glass division fell from RM14.7 million to RM8.9 million.

Tan said that the glass operations were faced with higher production costs as well as reduced output due to the closure of one of its aged furnaces (in November 2003) and the extension of the useful life span of two other furnaces, which are due to be rebuilt in the second half of the year.

"We had planned for the rebuild a year ago and had expected lower profit contribution from glass operations.

"Furthermore, the newly completed glass factory in China did not perform to plan and consequently incurred losses in the half year due to initial excess capacity as we build up our customer base in China," Tan explained.

F&N had on February 9, 2004 launched its first commercial property development project, Fraser Park, on its former factory site located in the city. The first phase of the project comprises 80 units of five and six-storey shop/office blocks and is expected to generate turnover of RM180 million over the next three years.

Tan said the project had been very well received and more than 90 per cent of units had already been sold.

“Despite lower contribution from the glass division, the Group achieved its best ever first half year results. Barring any unforeseen circumstances, looking ahead we are optimistic that the full year profit performance will be better than last year,” Tan said.

The Group’s main contributor was again its soft drinks division which reported a higher operating profit of RM59.2 million (RM46.5 million in the previous year), representing an increase of 27 per cent over the same corresponding period. Turnover improved significantly to RM486.1 million (RM449.7 million a year ago).

The dairies division’s operating profit rose to RM16.2 million on the back of stronger turnover of RM255.0 million. This marks an improvement of five per cent and 16 per cent respectively over the previous year (RM15.4 million and RM219.0 million).

Despite a slight improvement in turnover of RM138.3 million, the glass division’s operating profit dipped to RM8.9 million.

Directors have declared an interim dividend net of tax of eight sen per share (gross 11.1 per share) to be paid to shareholders on 15 June 2004, compared to 10 sen per share last year (inclusive of a five sen special dividend to commemorate F&N’s 120<sup>th</sup> anniversary celebration). Entitlement to the interim dividend is 31 May 2004.

“Again barring any unforeseen circumstances, the board is committed to a total dividend payout of not lower than 20 sen net (paid last year) for this financial year. This would translate to an attractive dividend yield of 6.6% gross or 4.8% net based on the April 30, 2004 closing price of RM4.20,” Tan added.

F&N Holdings Bhd is a Malaysian company listed on the Bursa Malaysia with core businesses in soft drinks, dairies and glass packaging. The F&N Group in Malaysia last year posted a record operating profit of RM141.3 million and a new turnover high of RM1.61 billion for its financial year ended September 30, 2003.

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