



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

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For Immediate Release

## **INTERIM FINANCIAL REPORT**

Quarter 4 : Financial Year Ended 30 September 2004

The Directors are pleased to release the interim financial report for the three months ended 30th September 2004 being the fourth quarter for the financial year 2003/2004.

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 2003:

- Schedule A : Condensed Consolidated Income Statement
- Schedule B : Condensed Consolidated Balance Sheet
- Schedule C : Condensed Consolidated Cash Flow Statement
- Schedule D : Condensed Consolidated Statement of 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 contained additional disclosures prescribed by the BURSA MALAYSIA (formerly known as the Kuala Lumpur Stock Exchange). 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 November 2004

**Schedule A : Condensed Consolidated Income Statement**

For the year ended 30 September 2004

RM'000	Individual 4th Quarter			Audited Cumulative 4th Quarter		
	30/9/2004	30/9/2003	% chg	30/9/2004	30/9/2003	% chg
Revenue	435,374	421,768	3.2%	1,728,054	1,611,119	7.3%
Operating profit	36,843	30,250	21.8%	155,996	141,351	10.4%
Interest expense	(1,111)	(1,394)		(5,214)	(4,069)	
Interest income	1,567	1,687		6,284	5,262	
Profit before exceptional item	37,299	30,543	22.1%	157,066	142,544	10.2%
Exceptional item	-	-		-	(19,750)	
Profit before taxation (PBT)	37,299	30,543	22.1%	157,066	122,794	27.9%
Taxation	(4,704)	(4,004)		(33,057)	(29,795)	
Profit after taxation (PAT)	32,595	26,539	22.8%	124,009	92,999	33.3%
Minority interest	(2,390)	(2,293)		(7,587)	(9,049)	
Net profit	30,205	24,246	24.6%	116,422	83,950	38.7%
Basic earnings per share (sen)	8.5	6.8		32.7	23.5	

*This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2003.*

**Schedule B : Condensed Consolidated Balance Sheet**

As at 30 September 2004

RM'000	30/9/2004 <i>(audited)</i>	30/9/2003 <i>(audited)</i>
Property, plant & equipment	738,641	702,164
Current assets		
Property under development	4,900	42,391
Inventories	257,845	243,156
Receivables	359,112	318,609
Cash and cash equivalents	291,581	307,290
	913,438	869,055
Less : Current liabilities		
Payables	354,021	356,414
Borrowings	35,656	34,896
Provision for taxation	3,756	9,868
	393,433	401,178
Net current assets	520,005	467,877
	1,258,646	1,212,432
Share capital & Reserves	1,050,214	997,955
Minority interest	105,137	92,066
Non current liabilities		
Borrowings	32,147	51,143
Other liabilities	71,148	71,268
	103,295	122,411
	1,258,646	1,212,432
Net tangible assets per share (RM)	2.95	2.80

*This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2003.*

**Schedule C : Condensed Consolidated Cash Flow Statement**

For the year ended 30 September 2004

RM'000	30/9/2004 <i>(audited)</i>	30/9/2003 <i>(audited)</i>
Operating activities		
Operating profit	155,996	141,351
Add non-cash : Depreciation & others	81,901	67,776
Changes in working capital & provisions	(23,917)	46,240
Tax paid	(37,028)	(21,010)
<b>Net cash flows from operating activities</b>	<b>176,952</b>	<b>234,357</b>
Investing activities		
Interest income	6,284	5,262
Capital expenditure	(117,711)	(89,166)
<b>Net cash flows from investing activities</b>	<b>(111,427)</b>	<b>(82,790)</b>
Financing activities		
Interest expenses	(5,214)	(4,069)
(Repayment)/Draw down of bank borrowings	(18,235)	28,916
Dividend paid	(68,429)	(62,454)
Additional equity by minority shareholder	10,644	-
<b>Net cash flows from financing activities</b>	<b>(81,234)</b>	<b>(37,607)</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>(15,709)</b>	<b>113,960</b>
Cash & cash equivalents at beginning of year	307,290	193,330
<b>Cash &amp; cash equivalents at end of year</b>	<b>291,581</b>	<b>307,290</b>

Note :

( ) denotes cash outflow

*This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2003.*

**Schedule D : Condensed Consolidated Statement of Changes in Equity**

For the year ended 30 September 2004

RM'000	Share Capital	Capital Reserve	Revenue Reserve	Total
<i>At 1 October 2003</i>	356,493	420,685	220,777	997,955
Net profit for the year	-	-	116,422	116,422
Dividend	-	-	(64,169)	(64,169)
Foreign exchange gain	-	6	-	6
<i>At 30 September 2004</i>	356,493	420,691	273,030	1,050,214
<i>At 1 October 2002</i>	356,493	420,812	197,431	974,736
Net profit for the year	-	-	83,950	83,950
Dividend	-	-	(60,604)	(60,604)
Others	-	(127)	-	(127)
<i>At 30 September 2003</i>	356,493	420,685	220,777	997,955

*This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Company's Annual Report for the year ended 30 September 2003.*

## 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 Bursa Malaysia Securities Berhad.
2. Auditors' report  
The auditors' report on the preceding annual financial statements of the Company and of the Group was not subject to any qualification.
3. Comment on seasonality or cyclical nature 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 festivities, which normally occur at the end and the beginning of the calendar year.
4. Exceptional items  
There have been no exceptional items in the current financial quarter and financial year to date.
5. Estimates  
There have been no changes to the estimates used in the preparation of the current financial statements.
6. Issuance or repayments of debt/equity securities  
There have been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial 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 packaging and others. Inter-segment 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:

<u>Cumulative 4th Quarter</u>	Revenue		Operating profit	
	2004	2003	2004	2003
RM'000				
Soft drinks	919,208	854,782	105,557	80,525
Dairy products	530,043	477,131	37,808	32,671
Glass packaging	265,681	277,794	10,088	30,254
Property	12,819	-	629	-
Others	303	1,412	1,914	(2,099)
	<u>1,728,054</u>	<u>1,611,119</u>	<u>155,996</u>	<u>141,351</u>

**Schedule E : Selected Explanatory Notes (cont'd)**

- 9. Valuation of property, plant and equipment  
There have been no changes in the valuation of property, plant and equipment since the last annual financial statements.
- 10. Subsequent events  
There have been 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 have been no changes in the composition of the Group in the current financial quarter and financial year to date.
- 12. Contingent liabilities  
There have been no contingent liabilities of a material nature since the last annual balance sheet date.
- 13. Contingent assets  
There have been 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>30/9/2004</u>
Property, plant and equipment	
Approved and contracted for	14,555
Approved and not contracted for	<u>60,528</u>
	<u>75,083</u>

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## Schedule F : Additional Disclosures in Compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

### 1. Operations review

Group revenue for the quarter grew 3.2% over the same quarter last year. Soft drinks, which made up 51% of the total revenue, grew 8% reflecting favourable consumer sentiment. Revenue from the dairies operations grew 2% whilst that of glass declined by 21%, the latter the result of furnace closures in the year.

Operating profit for the Group at RM36.8 million was 21.8% higher than the same quarter last year, mainly from better operating efficiencies from the food and beverages units. The glass operations made a loss in the quarter primarily due to lower capacity as a result of furnace rebuilding activity, start-up losses in China and rationalisation cost.

Also in the quarter, the Group recognised a portion of the development profit from its fully sold 80 units shop/office – Fraser Park project. Construction of the project commenced during the year and at the end of the quarter it achieved about 7% completion.

For the full financial year to 30 September 2004, Group revenue and operating profit were 7.3% and 10.4% above last year respectively. Group PBT and PAT were 27.9% and 33.3% above last year respectively, due mainly to good soft drinks and dairies performances partly offset by poorer glass results, and to the absence of an exceptional item [EI]. The EI of RM19.8 million incurred last year arose from the disposal of the Group's 25% interest in an associated company.

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

Group PBT for the quarter of RM37.3 million was 4.5% higher than the preceding quarter due mainly to better performance in both soft drinks and dairies partly offset by the losses in the glass operations.

### 3. Prospects

For the year just ended, the Group achieved satisfactory performance. Rationalisation efforts and management focus on improving operational efficiencies in all business units have contributed to the good results reported for the year.

In the year ahead, continued favourable consumer sentiment is likely to contribute positively to spending on and consumption of the Group's products. Fraser Park development will continue to contribute to profits as construction progresses. However, there are a number of challenges ahead arising mainly from cost pressure. Significant price increases of aluminium, tin-plate, plastic resin, fuel and milk powder which are essential input materials to production, will put pressure on margins and this may have some adverse effects. Nevertheless, the Group's prospects for improved performance 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 4th Quarter
Current	4,971	31,071
Tax under provided in previous year	(1,412)	(155)
Deferred tax	1,145	2,141
	<u>4,704</u>	<u>33,057</u>

**Schedule F : Additional Disclosures in Compliance with the Listing Requirements of Bursa Malaysia Securities Berhad(cont'd)**

5. Tax expense (cont'd)

The Group's effective tax rate in the current quarter and financial year to date is lower than the statutory rate due to brought forward losses and the utilisation of reinvestment allowances.

6. Sale of unquoted investments and properties

There were no sales of unquoted investments or properties in the current financial quarter and financial year to date.

7. Purchase and sale of quoted securities

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

8. Status of corporate proposal

There were no outstanding corporate proposals or new announcements made in the current financial quarter and financial year to date.

9. Group borrowings and debt securities

The details of the Group's borrowings as at 30 September 2004 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Unsecured Short Term Loan	USD	8,470	-
Unsecured Term Loan	USD	9,193	11,492
Secured Term Loan	Renminbi	17,993	20,655
		<u>35,656</u>	<u>32,147</u>

10. Off balance sheet – financial instruments

There were no off balance sheet financial instruments that are of a material nature being 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 balance sheet date.

12. Dividends

A final tax-exempt dividend of 10 sen per share in respect of the financial year ended 30 September 2003 and an interim dividend net of tax of 8 sen per share in respect of the financial year ended 30 September 2004 were paid on 16 February 2004 and 25 June 2004 respectively.

The Directors are recommending a final dividend net of tax of 17 sen per share (2003 : 10 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 net of tax of 25 sen per share (2003 : 20 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 issued ordinary shares during the quarter.