



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

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For Immediate Release

## **INTERIM FINANCIAL REPORT**

Quarter 2 : Financial Year Ending 30 September 2004

The Directors are pleased to release the interim financial report for the three months ended 31<sup>st</sup> March 2004 being the second 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 (formally 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  
11 May 2004

**Schedule A : Condensed Consolidated Income Statement**

For the six months ended 31 March 2004

RM'000	Individual 2 <sup>nd</sup> Quarter			Cumulative 2 <sup>nd</sup> Quarter		
	31/3/2004	31/3/2003	% chg	31/3/2004	31/3/2003	% chg
Revenue	427,339	393,088	8.7%	879,663	805,095	9.3%
Operating profit	38,838	37,524	3.5%	83,718	76,827	9.0%
Interest expense	(1,396)	(998)		(2,871)	(1,848)	
Interest income	1,556	1,208		3,266	2,272	
Profit before taxation (PBT)	38,998	37,734	3.3%	84,113	77,251	8.9%
Taxation	(10,043)	(9,131)		(20,665)	(18,234)	
Profit after taxation	28,955	28,603	1.2%	63,448	59,017	7.5%
Minority interest	(1,696)	(2,367)		(3,701)	(4,838)	
Net profit	27,259	26,236	3.9%	59,747	54,179	10.3%
Basic earnings per share (sen)	7.6	7.4		16.8	15.2	

*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 31 March 2004

RM'000	31/3/2004	30/9/2003 (audited)
Property, plant & equipment	732,907	702,164
Property under development	43,935	42,391
Current assets		
Inventories	261,853	243,156
Receivables	331,847	318,609
Cash and cash equivalents	274,916	307,290
	868,616	869,055
Less : Current liabilities		
Payables	368,470	356,414
Borrowings	30,614	34,896
Provision for taxation	11,495	9,868
	410,579	401,178
Net current assets	458,037	467,877
	1,234,879	1,212,432
Share capital & Reserves	1,022,053	997,955
Minority interest	93,487	92,066
Non current liabilities		
Borrowings	46,547	51,143
Other liabilities	72,792	71,268
	119,339	122,411
	1,234,879	1,212,432
Net tangible assets per share (RM)	2.87	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.*

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

For the six months ended 31 March 2004

RM'000	Cumulative 2 <sup>nd</sup> Quarter	
	31/3/2004	31/3/2003
Operating activities		
Operating profit	83,718	76,827
Add non-cash : Depreciation & others	42,151	39,893
Changes in working capital & provisions	(41,704)	(58,505)
<b>Net cash flows from operating activities</b>	<b>84,165</b>	<b>58,215</b>
Investing activities		
Interest income	3,266	2,272
Capital expenditure	(72,407)	(42,493)
<b>Net cash flows from investing activities</b>	<b>(69,141)</b>	<b>(40,221)</b>
Financing activities		
Interest expenses	(2,871)	(1,848)
(Repayment)/Draw down of bank borrowings	(8,878)	21,278
Dividend paid	(35,649)	(24,955)
<b>Net cash flows from financing activities</b>	<b>(47,398)</b>	<b>(5,525)</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>(32,374)</b>	<b>12,469</b>
Cash & cash equivalents at beginning of quarter	307,290	193,330
<b>Cash &amp; cash equivalents at end of quarter</b>	<b>274,916</b>	<b>205,799</b>

Note :

( ) denotes cash outflow

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*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 six months ended 31 March 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 period	-	-	59,747	59,747
Dividend	-	-	(35,649)	(35,649)
<i>At 31 March 2004</i>	356,493	420,685	244,875	1,022,053
<i>At 1 October 2002</i>	356,493	404,915	213,328	974,736
Net profit for the period	-	-	54,179	54,179
Dividend	-	-	(24,955)	(24,955)
<i>At 31 March 2003</i>	356,493	404,915	242,552	1,003,960

*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.
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 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 period 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 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. 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 2<sup>nd</sup> Quarter</u>	Revenue		Operating profit	
	2004	2003	2004	2003
RM'000				
Soft drinks	486,075	449,670	59,205	46,529
Dairy products	255,026	219,044	16,193	15,389
Glass packaging	138,274	135,673	8,904	14,684
Others	288	708	(584)	225
	<u>879,663</u>	<u>805,095</u>	<u>83,718</u>	<u>76,827</u>

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

9. Valuation of property, plant and equipment  
There have been no changes in the valuation on 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 period 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>31/3/2004</u>
Property, plant and equipment	
Approved and contracted for	19,758
Approved and not contracted for	<u>42,118</u>
	<u>61,876</u>

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## Schedule F : Additional Disclosures in Compliance with BURSA MALAYSIA Listing Requirements

1. Operations review

Group revenue for the quarter showed an increase of 8.7% over the same quarter last year. Favourable economic conditions and improving consumer sentiments have contributed to increased consumption of the Group's food and beverage products.

Group PBT improved by 3.3% with growth in profit margins from higher volume and favourable mix in the food and beverage products partly offset by the lower profit reported by the glass operations. The Malaysian glass business was affected by higher production costs, due to higher energy prices, ageing furnaces and reduced output as a result of the planned closure of one of its old furnaces. The newly completed glass manufacturing plant in Sichuan, China continued to incur start-up losses in the quarter.

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

Group PBT for the quarter of RM39.0 million was 13.6% lower than the preceding quarter due to the impact of the year-end festivities on the sales volume of the Group's soft drinks products in the preceding quarter.

3. Prospects

Barring any adverse events or circumstances, the directors remain cautiously optimistic of an improved Group performance as economic conditions and consumer sentiments continue to be 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 2nd Quarter
Current	8,981	17,929
Deferred tax	1,062	2,736
	<u>10,043</u>	<u>20,665</u>

The Group's effective tax rate in the current quarter and financial period 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 period 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 period to date.

**Schedule F : Additional Disclosures in Compliance with BURSA MALAYSIA Listing Requirements (cont'd)**

8. Status of corporate proposal

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

9. Group borrowings and debt securities

The details of the Group's borrowings as at 31 March 2004 are as follows:-

RM'000	Currency	Current	Non-Current
Unsecured Term Loan	USD	9,959	16,088
Secured Term Loan	Renminbi	20,655	30,459
		<u>30,614</u>	<u>46,547</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 amounting to RM36 million in respect of the financial year ended 30 September 2003 was paid on 16 February 2004.

The Directors declare an interim dividend net of tax of 8 sen per share (gross 11.1 sen per share) in respect of the financial year ending 30 September 2004 and will be paid on 15 June 2004.

The entitlement date for the above dividend shall be 31 May 2004 and a depositor shall qualify for the entitlement to the dividend only in respect of:

- (a) Shares transferred to the depositor's securities account before 12.30pm on 31 May 2004 in respect of ordinary transfer; and
- (b) Shares bought on the BURSA MALAYSIA on a cum entitlement basis according to the Rules of the BURSA MALAYSIA.

Barring any unforeseen circumstances, shareholders could expect a total dividend payment of not less than the 20 sen per share (net of tax) paid last year.

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.