

## NEWS RELEASE

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### **F&N POSTS 39 PER CENT NET PROFIT GROWTH, DECLARES RECORD DIVIDEND**

Fraser & Neave Holdings Bhd (F&N) has posted a record net profit of RM116.4 million on the back of a new turnover high of RM1.73 billion for the financial year ended September 30, 2004.

Directors have recommended a final net dividend of 17 sen per share which if approved at the next annual general meeting would give a total dividend for the year of 25 sen net of tax per share (2003: 20 sen tax-exempt). This would be the highest dividend in the Group's history. An interim dividend net of tax of eight sen was declared and paid in June this year.

Group net profit rose significantly by 39 per cent over the previous year's figure of RM84.0 million, while revenue increased by seven per cent from RM1.61 billion in 2003.

Speaking at a media briefing in Kuala Lumpur today, F&N chief executive officer, Mr. Tan Ang Meng, attributed the Group's improved performance to volume growth, enhanced operating efficiencies and stringent cost controls in the Group's food and beverage businesses.

Tan said the F&N glass division had a difficult year and eroded some of the significant improvements in the food and beverage businesses. "Otherwise, the Group performance would have been even better," he added.

"Soft drinks which contributed 53 per cent to group revenue grew seven per cent, while the dairies division was up 11 per cent. Improved sales growth in both divisions reflects favourable consumer sentiment, strengthening distribution and market position. However, our glass division's revenue declined by four per cent as a result of the rebuilding of two furnaces, one each in Vietnam and Johor Bahru, and the permanent closure of an old furnace.

"Continued favourable consumer sentiment is likely to contribute positively to spending on and consumption of the Group's products," said Tan.

On the Fraser Business Park development, he said it would contribute to profit as construction progresses.

Tan said he was upbeat about the Group's future prospects although there are numerous challenges 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," he added.

Earnings per share for 2004 rose to 32.7 sen (23.5 sen in 2003), while net tangible assets per share stood at RM2.95 (RM2.80 in 2003).

### **Segmental Results**

The main contribution to Group profit came from the soft drinks division, which reported a 31 per cent increase in operating profit of RM105.6 million from RM80.5 million in the previous year. Turnover improved to RM919.2 million (RM854.8 million last year) and made up 53 per cent of Group revenue.

The dairies division's operating profit rose to RM37.8 million based on stronger turnover of RM530.0 million. Total volume of condensed milk, its main product, grew 10 per cent, while export expanded by 21 per cent.

Revenue of the glass division was slightly down to RM265.7 million (2003: RM277.8 million), while its operating profit dipped to RM10.1 million (RM30.3 million last year). The shutting down of two glass furnaces for rebuilding, coupled with continuing losses in China resulted in lower than expected contributions from glass operations.

Fraser & Neave Holdings Bhd is a Malaysian company listed on Bursa Malaysia with core businesses in soft drinks, dairies, glass packaging and property development.

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