

NEWS RELEASE

**F&N GROUP PBT RISES BY
17% TO RM183.8 MILLION**

Kuala Lumpur
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Fraser & Neave Holdings Bhd fourth quarter profit before tax rose by 31 per cent to give a full year profit before tax of RM183.8 million, a 17 per cent increase on the previous year.

The profit was earned on revenue of RM481.1 million for the quarter (up 11 per cent) and RM1,935.1 million for the year ended September 30, 2005 (up 12 per cent on the corresponding year). After deductions for tax and minority interest, attributable profit for the year was RM132.0 million (up 13 per cent on the previous year).

Earnings per share for the year were 37.0 sen, compared with 32.7 sen previously (up 13 per cent on the previous year).

Announcing the results today at a news conference at the Bankers Club here, F&N Holdings ceo, Mr Tan Ang Meng, said: "In recognition of the improved results, directors are recommending a final gross dividend of 28 sen per share (or 20.16 sen net of tax).

"Together with an interim gross dividend of 14 sen per share (or 10.08 sen net of tax), total gross dividend for the year would be 42 sen per share (or 30.24 sen net of tax). This would represent a 21 per cent improvement on the dividend of 25 sen per share (net of tax) paid last year.

“Based on the share price of F&N Holdings Bhd at September 30, 2005, of RM5.55 the dividend yield was 7.6 per cent (gross) and 5.4 per cent (net),” Tan added.

The improved performance was achieved during a difficult year of rising costs due to external factors and weaker-than-anticipated consumer sentiment.

“All operating divisions registered increased revenue and bottom lines, setting new volume records for soft drinks, condensed milk and glass containers. Operating profit for the recovering glass division improved by 45 per cent. China remains its soft spot, but is expected to break even on an operating level in the next financial year as initiatives to improve productivity and reduce overheads bear fruit,” Tan said.

“On a Group-wide basis, pro-active measures taken over the past several years to improve productivity and reduce overhead helped to offset rising cost. However, as a last resort, some modest costs had to be shared with our customers via increased selling prices.

“It is gratifying that over the five years since 2001 our turnover has improved by 26 per cent and operating profit has increased by 1.8 times. During this period we have increased return on equity (ROE) from 8 per cent to 12 per cent and profit before tax has grown at a compounded rate of 15 per cent per annum.

“The Group’s market capitalisation has grown more than 1.6 times since 2001, from RM1.2 billion in 2001 to almost RM2 billion currently,” Tan said.

Despite the robust dividend policy, the F&N Group remains liquid and currently enjoys a net cash position of RM146 million. Together with a strong operating cash flow and the Group’s gearing potential, F&N has a strong war chest to back its search for ongoing opportunities.

In the past three years F&N expanded its glass division from three to five manufacturing units with two plants in Malaysia and one each in China and Vietnam and with a joint venture glass factory under construction in Thailand.

F&N's foray into property, with redevelopment of its 20-acre former Jalan Foss factory site in Kuala Lumpur, contributed RM69.5 million to Group revenue and yielded an operating profit of 18.9 million.

Known as Fraser Park, Phase I of the property project, consisting of five and six storey shop-office units, has been fully sold and will be handed over to owners next year.

Phase II is currently at an advanced stage of planning and the total Jalan Foss development is expected to achieve a gross development value of more than RM500 million and a profit of around RM120 million spread over the project's life span.

Tan said that, provided further external factors did not impact too greatly on costs, the directors remain optimistic that the Group's performance will continue to be satisfactory.

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Issued with the compliments of Fraser & Neave Holdings Bhd.
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