



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

Level 17, Menara Great Eastern  
No. 303 Jalan Ampang  
50450 Kuala Lumpur, Malaysia  
Telephone: 42642288 Fax:42522626

For Immediate release

## **INTERIM FINANCIAL REPORT**

Quarter 2 : Financial Year Ending 30 September 2005

The Directors are pleased to release the interim financial report for the three months ended 31st March 2005 being the second quarter for the financial year 2004/2005.

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 2004:

- 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 (FRS 134) 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  
5 May 2005

**Schedule A : Condensed Consolidated Income Statement**

For the six months ended 31 March 2005

RM'000	Individual 2 <sup>nd</sup> Quarter			Cumulative 2 <sup>nd</sup> Quarter		
	31/3/2005	31/3/2004	% chg	31/3/2005	31/3/2004	% chg
Revenue	494,443	427,339	15.7	972,682	879,663	10.6%
Operating profit	43,592	38,838	12.2	91,399	83,718	9.2%
Interest expense	(1,104)	(1,396)		(2,234)	(2,871)	
Interest income	1,297	1,556		2,907	3,266	
Profit before taxation (PBT)	43,785	38,998	12.3	92,072	84,113	9.5%
Taxation	(10,365)	(10,043)		(20,976)	(20,665)	
Profit after taxation (PAT)	33,420	28,955	15.4	71,096	63,448	12.1%
Minority interest	(2,398)	(1,696)		(4,989)	(3,701)	
Net profit	31,022	27,259	13.8	66,107	59,747	10.6%
Basic earnings per share (sen)	8.7	7.6		18.5	16.8	

*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 2004.*

**Schedule B : Condensed Consolidated Balance Sheet**

As at 31 March 2005

RM'000	31/03/2005	30/9/2004 (audited)
Property, plant & equipment	723,766	738,641
Current assets		
Property under development	-	4,900
Inventories	271,613	257,845
Receivables	426,988	359,112
Cash and cash equivalents	225,364	291,581
	923,965	913,438
Less : Current liabilities		
Payables	344,389	354,021
Borrowings	36,629	35,656
Provision for taxation	5,410	3,756
	386,428	393,433
Net current assets	537,537	520,005
	1,261,303	1,258,646
Share capital & Reserves	1,054,719	1,050,214
Minority interest	107,846	105,137
Non current liabilities		
Borrowings	27,551	32,147
Other liabilities	71,187	71,148
	98,738	103,295
	1,261,303	1,258,646
Net tangible assets per share (RM)	2.96	2.95

*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 2004.*

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

For the six months ended 31 March 2005

RM'000	Cumulative 2 <sup>nd</sup> Quarter	
	31/03/2005	31/03/2004
Operating activities		
Operating profit	91,399	83,718
Add non-cash : Depreciation & others	47,393	42,151
Changes in working capital & provisions	(87,032)	(24,790)
Tax paid	(18,938)	(16,914)
<b>Net cash flows from operating activities</b>	<b>32,822</b>	<b>84,165</b>
Investing activities		
Interest income	2,907	3,266
Capital expenditure	(34,487)	(72,407)
<b>Net cash flows from investing activities</b>	<b>(31,580)</b>	<b>(69,141)</b>
Financing activities		
Interest expenses	(2,234)	(2,871)
Repayment of bank borrowings	(3,623)	(8,878)
Dividend paid	(61,602)	(35,649)
<b>Net cash flows from financing activities</b>	<b>(67,459)</b>	<b>(47,398)</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>(66,217)</b>	<b>(32,374)</b>
Cash & cash equivalents at beginning of period	291,581	307,290
<b>Cash &amp; cash equivalents at end of quarter</b>	<b>225,364</b>	<b>274,916</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 2004.*

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

For the six months ended 31 March 2005

RM'000	Share Capital	Capital Reserve	Revenue Reserve	Total
<i>At 1 October 2004</i>	356,493	420,691	273,030	1,050,214
Net profit for the period	-	-	66,107	66,107
Dividend			(61,602)	(61,602)
<i>At 31 March 2005</i>	356,493	420,691	277,535	1,054,719
<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

*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 2004.*

## 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 FRS 134 : 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 cyclicity 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	
	2005	2004	2005	2004
RM'000				
Soft drinks	551,261	486,075	64,949	59,205
Dairy products	270,162	255,026	14,638	16,193
Glass packaging	144,673	138,274	10,479	8,904
Property	6,406	-	835	-
Others	180	288	498	(584)
	<u>972,682</u>	<u>879,663</u>	<u>91,399</u>	<u>83,718</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 except for acquisition of two dormant companies, namely Greenclipper Corporation Sdn Bhd and Nuvak Company Sdn Bhd. These companies were wholly owned and each had issued and paid-up share capital of 2 ordinary shares of RM1 each respectively.
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	31/03/05
Property, plant and equipment	
Approved and contracted for	16,884
Approved and not contracted for	42,992
	<u>59,876</u>
Investment	
Approved and contracted for	46,200
	<u>106,076</u>

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

1. Operations review

Group revenue grew 15.7% over the same quarter of last year. The soft drinks business registered strong festive sales and "last bite" deliveries to distributors in March in anticipation of the price increase effective 1 April 2005. Dairies product volume also improved 7% over the same period last year.

Group operating profit for the quarter was 12.2% higher than that of the corresponding quarter of last year. Operating profit was affected by the higher packaging and raw material costs in the food and beverage business.

For the half year to date, Group revenue and operating profit were 10.6% and 9.2% above last year respectively.

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

Group PBT for the quarter of RM43.8 million was 9% lower than the preceding quarter due to margin erosion in the dairies and glass operations caused by higher input costs.

3. Prospects

For the first two quarters of the year, the Group achieved satisfactory performance compared to last year.

In the coming months, the Group's businesses will face the full impact of cost pressures from sharply increased packaging, material and energy costs. Proactive measures are being taken to contain significant cost increases but it is inevitable that some of these cost increases will have to be shared by consumers in the form of some price increases. Financial performances for the year will therefore be dependent on the ability to maintain margins. Nevertheless the Group is cautiously optimistic of satisfactory performance.

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 2 <sup>nd</sup> Quarter
Current	10,189	21,221
Tax over provided in previous year	-	(628)
Deferred tax	176	383
	<u>10,365</u>	<u>20,976</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.

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

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.

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 2005 are as follows:-

RM'000	Currency	Current	Non-Current
Unsecured Short Term Loan	USD	5,624	-
Unsecured Term Loan	USD	9,193	6,896
Secured Term Loan	Renminbi	21,812	20,655
		<u>36,629</u>	<u>27,551</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 dividend net of tax of approximately 17 sen per share amounting to RM61.6 million in respect of the financial year ended 30 September 2004 was paid on 15 February 2005.

The Directors have declared an interim dividend net of tax of approximately 10 sen (2004 : 8) per share in respect of the financial year ending 30 September 2005 and to be paid on 10 June 2005.

The entitlement date for the above dividend shall be 27 May 2005 and a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred to the depositor's securities account before 4.00pm on 27 May 2005 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.

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.