



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

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For immediate release

INTERIM FINANCIAL REPORT

Quarter 1 : Financial Year Ending 30 September 2005

The Directors are pleased to release the interim financial report for the three months ended 31st December 2004 being the first 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 (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
4 February 2005

Schedule A : Condensed Consolidated Income Statement

For the three months ended 31 December 2004

| RM'000 | First Quarter | | % chg |
|--------------------------------|---------------|------------|-------|
| | 31/12/2004 | 31/12/2003 | |
| Revenue | 478,239 | 452,324 | 5.7% |
| Operating profit | 47,807 | 44,880 | 6.5% |
| Interest expense | (1,130) | (1,475) | |
| Interest income | 1,610 | 1,710 | |
| Profit before taxation (PBT) | 48,287 | 45,115 | 7.0% |
| Taxation | (10,611) | (10,622) | |
| Profit after taxation (PAT) | 37,676 | 34,493 | 9.2% |
| Minority interest | (2,591) | (2,005) | |
| Net profit | 35,085 | 32,488 | 8.0 % |
| Basic earnings per share (sen) | 9.8 | 9.1 | |

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 December 2004

| RM'000 | 31/12/2004 | 30/9/2004 (audited) |
|------------------------------------|------------|------------------------|
| Property, plant & equipment | 729,485 | 738,641 |
| Current assets | | |
| Property under development | 267 | 4,900 |
| Inventories | 303,064 | 257,845 |
| Receivables | 408,707 | 359,112 |
| Cash and cash equivalents | 290,377 | 291,581 |
| | 1,002,415 | 913,438 |
| Less : Current liabilities | | |
| Payables | 392,594 | 354,022 |
| Borrowings | 41,796 | 35,656 |
| Provision for taxation | 5,097 | 3,756 |
| | 439,487 | 393,434 |
| Net current assets | 562,928 | 520,004 |
| | 1,292,413 | 1,258,645 |
| Share capital & Reserves | 1,085,299 | 1,050,214 |
| Minority interest | 105,448 | 105,137 |
| Non current liabilities | | |
| Borrowings | 29,848 | 32,147 |
| Other liabilities | 71,818 | 71,147 |
| | 101,666 | 103,294 |
| | 1,292,413 | 1,258,645 |
| Net tangible assets per share (RM) | 3.04 | 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 three months ended 31 December 2004

| RM'000 | First Quarter | |
|---|-----------------|-----------------|
| | 31/12/2004 | 31/12/2003 |
| Operating activities | | |
| Operating profit | 48,287 | 44,880 |
| Add non-cash : Depreciation & others | 23,194 | 20,649 |
| Changes in working capital & provisions | (51,906) | (34,680) |
| Tax paid | (8,679) | (8,358) |
| Net cash flows from operating activities | 10,896 | 22,491 |
| Investing activities | | |
| Interest income | 1,610 | 1,710 |
| Capital expenditure | (16,422) | (38,155) |
| Net cash flows from investing activities | (14,812) | (36,445) |
| Financing activities | | |
| Interest expenses | (1,130) | (1,475) |
| Draw down/(Repayment) of bank borrowings | 3,842 | (4,656) |
| Net cash flows from financing activities | 2,712 | (6,131) |
| Net change in cash & cash equivalents | (1,204) | (20,085) |
| Cash & cash equivalents at beginning of period | 291,581 | 307,290 |
| Cash & cash equivalents at end of quarter | 290,377 | 287,205 |

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 three months ended 31 December 2004

| 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 | - | - | 35,085 | 35,085 |
| <i>At 31 December 2004</i> | 356,493 | 420,691 | 308,115 | 1,085,299 |
| <i>At 1 October 2003</i> | 356,493 | 420,685 | 220,777 | 997,955 |
| Net profit for the period | - | - | 32,488 | 32,488 |
| <i>At 31 December 2003</i> | 356,493 | 420,685 | 253,265 | 1,030,443 |

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 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.
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.
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 quarter to date are as follows:

| RM'000 | 1 st Quarter Revenue | | 1 st Quarter Operating profit | |
|-----------------|------------------------------------|----------------|---|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Soft drinks | 259,496 | 252,266 | 30,793 | 31,285 |
| Dairy products | 133,563 | 127,668 | 8,102 | 7,940 |
| Glass packaging | 78,675 | 72,201 | 6,814 | 5,661 |
| Property | 6,406 | - | 1,512 | - |
| Others | 99 | 189 | 586 | (6) |
| | <u>478,239</u> | <u>452,324</u> | <u>47,807</u> | <u>44,880</u> |

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 are no changes in the composition of the Group in the current financial quarter except as follows:

a) Acquisition of dormant companies

Three dormant companies, namely Elsinburg Holdings Sdn Bhd, Vacaron Company Sdn Bhd and Lettricia Corporation Sdn Bhd were acquired. These companies were wholly owned and each had issued and paid-up share capital of 2 ordinary shares of RM1 each respectively.

(Announcement made on 8 November 2004 on 9 December 2004)

b) Overseas venture

Through a wholly owned subsidiary, Malaya Glass Product Sdn Bhd("MGP"), a conditional agreement had been signed with two other partners to establish a new company in Thailand to be known as Siam Malaya Glass (Thailand) Company Limited with the purpose of setting up a glass manufacturing plant. The total cost of investment is estimated at THB1,320million(RM125.4million) and will be funded by both equity and borrowings. MGP's equity participation in the new company is 70%.

(Announcement made on 27 December 2004)

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 | 31/12/04 |
|---------------------------------|-----------------------|
| Property, plant and equipment | |
| Approved and contracted for | 15,326 |
| Approved and not contracted for | 52,907 |
| | <u>68,233</u> |
| Investment | |
| Approved and contracted for | 43,890 |
| | <u><u>112,123</u></u> |

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

1. Operations review

Group revenue for the quarter grew 5.7% over the same quarter of last year, contributed mainly by soft drinks (up 3%) from improved volume, the dairies business (up 5%) due to lower discounts and higher output by the glass factory in China.

Group operating profit for the quarter was 6.5% higher than that of the corresponding quarter of last year. Lower losses in China and profit recognised from Jalan Foss development contributed to the improved results.

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

Group PBT for the quarter of RM48.3 million was 29% higher than the preceding quarter. Higher festive sales of soft drinks and better results from the Glass division contributed to the better performance.

3. Prospects

For the quarter ended, the Group achieved satisfactory performance.

In the year ahead, continued consumer sentiment is expected to contribute positively to spending on and consumption of the Group's beverages. Glass operation is expected to improve due to reinstatement of production capacity following rebuilding exercise last year. Furthermore, profit will be recognised as construction progresses in the maiden Jalan Foss Development. However, there are a number of challenges ahead arising mainly from cost pressure. Sharp price increases of aluminium, tin-plate, plastic resin, fuel and milk powder which are essential input materials to production, will put significant pressure on margins and this may have some adverse effects. Financial Year 2005 will be challenging, 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 |
| Current | 11,032 |
| Tax over provided in previous year | (628) |
| Deferred tax | 207 |
| | <u>10,611</u> |

The Group's effective tax rate in the current quarter 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.
7. Purchase and sale of quoted securities
There were no quoted securities acquired or disposed of in the current financial quarter.
8. Status of corporate proposal
There were no outstanding corporate proposals or new announcements made in the current financial quarter.
9. Group borrowings and debt securities
The details of the Group's borrowings as at 31 December 2004 are as follows:-

| RM'000 | <u>Currency</u> | <u>Current</u> | <u>Non-Current</u> |
|---------------------------|-----------------|----------------|--------------------|
| Unsecured Short Term Loan | USD | 10,792 | - |
| Unsecured Term Loan | USD | 9,193 | 9,193 |
| Secured Term Loan | Renminbi | 21,811 | 20,655 |
| | | <u>41,796</u> | <u>29,848</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
No dividend has been declared in this financial quarter.

At the recent Annual General Meeting held on 20 January 2005, shareholders approved a final dividend payment net of tax of approximately of 17 sen per share (2003: 10 sen tax exempt) amounting to RM61.6 million in respect of the financial year ended 30 September 2004. This will be paid on 15 February 2004.
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.