



FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2002 Financial Statement And Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the half year ended 31 March 2002:-

1. PROFIT STATEMENT	Group			Company		
	----- Half year to -----			----- Half year to -----		
	<u>31/3/2002</u>	<u>31/3/2001</u>	<u>Change</u>	<u>31/3/2002</u>	<u>31/3/2001</u>	<u>Change</u>
	\$'000	(restated)# \$'000	%	\$'000	(restated)# \$'000	%
Revenue	1,583,745	1,487,638	6.5	-	-	-
Investment income	6,387	9,305	(31.4)	15,722	53,908	(70.8)
Other income including interest income	8,189	15,203	(46.1)	417	9,916	(95.8)
Operating profit	288,393	278,809	3.4	13,329	52,024	(74.4)
Income derived from associated and joint venture companies	18,377	14,875	23.5	-	-	-
Depreciation and amortisation	(66,621)	(61,723)	7.9	-	-	-
Foreign exchange gain	4,409	2,146	105.5	114	1,342	(91.5)
Operating profit before interest, taxation and exceptional items	244,558	234,107	4.5	13,443	53,366	(74.8)
Interest income	7,948	14,479	(45.1)	124	9,658	(98.7)
Interest on borrowings	(31,747)	(35,186)	(9.8)	(7,270)	(10,751)	(32.4)
Profit before taxation and exceptional items	220,759	213,400	3.4	6,297	52,273	(88.0)
Exceptional items	5,791	20,562	(71.8)	-	-	-
Profit before taxation	226,550	233,962	(3.2)	6,297	52,273	(88.0)
Taxation	(58,329)	(68,262)	(14.6)	(2,457)	(13,406)	(81.7)
Profit after taxation	168,221	165,700	1.5	3,840	38,867	(90.1)
Attributable to outside shareholders	(64,980)	(69,325)	(6.3)	-	-	-
Attributable net profit						
- Before exceptional items	100,665	91,540	10.0	3,840	38,867	(90.1)
- Exceptional items	2,576	4,835	(46.7)	-	-	-
	103,241	96,375	7.1	3,840	38,867	(90.1)

Attributable net profit had there been no change in accounting policy #

- Before exceptional items	102,854	96,097	7.0	3,840	2,208	73.9
- Exceptional items	2,576	4,835	(46.7)	-	-	-
	105,430	100,932	4.5	3,840	2,208	73.9

See paragraph 8



2. RATIOS

Group Figures	
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	----- Half year to -----	
	<u>31/3/2002</u>	<u>31/3/2001</u> (restated)#
Operating profit after tax before deducting minority interests as a percentage of revenue	10.6%	11.1%
Earnings per ordinary share based on weighted average share capital:		
- Before exceptional items	34.0 cents	30.7 cents
- After exceptional items	34.9 cents	32.3 cents
Earnings per ordinary share on a fully diluted basis:		
- Before exceptional items	33.9 cents	30.7 cents
- After exceptional items	34.7 cents	32.3 cents
Net tangible asset backing per ordinary share	\$10.48	\$10.24 **

** Comparative refers to NTA per ordinary share as at 30 Sep 2001.

Subsequent event: The foregoing per share statistics are based on the number of shares in issue during the respective periods. On 12 April 2002 the Company's issued capital was reduced by 10% to 266,801,108 shares by way of a capital distribution of 80 cents per each share held.

3. SEGMENTAL RESULTS

	Revenue		PBIT *	
	----- Half year to -----			
	<u>31/3/2002</u>	<u>31/3/2001</u> (restated)#	<u>31/3/2002</u>	<u>31/3/2001</u> (restated)#
	\$'000	\$'000	\$'000	\$'000
Group revenue and profit analysis				
By Business Activity				
Soft drinks	192,918	179,529	18,822	15,810
Dairies	173,414	173,561	4,507	5,708
Breweries	598,627	558,495	82,914	75,435
Printing & publishing	213,411	212,320	9,144	20,524
Glass products	52,905	48,644	7,650	7,357
Investment property	99,691	97,458	64,031	58,746
Development property	252,300	217,310	51,550	44,042
Other	479	321	5,940	6,485
	<u>1,583,745</u>	<u>1,487,638</u>	<u>244,558</u>	<u>234,107</u>
By Territory				
Singapore	665,861	622,199	143,981	139,642
Malaysia	363,553	363,571	39,079	36,295
Other South East Asia	219,162	190,677	36,141	29,018
North East Asia	73,236	73,698	(7,418)	(9,005)
South Pacific	191,416	169,250	30,657	27,628
Europe/USA	70,517	68,243	2,118	10,529
	<u>1,583,745</u>	<u>1,487,638</u>	<u>244,558</u>	<u>234,107</u>

* PBIT = Profit before interest, taxation and exceptional items

See paragraph 8



4. ATTRIBUTABLE NET PROFIT

	Group	
	----- Half year to -----	
	<u>31/3/2002</u>	<u>31/3/2001</u>
		(restated)#
	\$'000	\$'000
By Business Activity		
Soft drinks	8,097	7,043
Dairies	1,072	1,723
Breweries	17,192	14,822
Printing & publishing	5,197	11,854
Glass products	3,231	3,108
Investment property	33,328	26,028
Development property	35,048	30,944
Other	(2,500)	(3,982)
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Exceptional items	100,665	91,540
	2,576	4,835
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	103,241	96,375
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5. BALANCE SHEET

	Group		Company	
	<u>31/3/2002</u>	<u>30/9/2001</u>	<u>31/3/2002</u>	<u>30/9/2001</u>
		(restated)#		(restated)#
	\$'000	\$'000	\$'000	\$'000
Fixed assets	1,284,227	1,259,564	-	-
Investment properties	2,378,344	2,373,323	-	-
Properties under development	1,672,963	1,518,401	-	-
Subsidiary companies	-	-	3,681,191	3,331,836
Joint venture companies	68,237	63,283	-	-
Associated companies	50,588	16,358	-	-
Other investments	439,991	384,965	60,840	60,872
Intangible assets	36,574	32,030	-	-
Brands	11,541	12,344	-	-
Deferred tax assets	4,239	2,629	-	-
Current assets				
- Cash	672,186	679,988	13,278	63,551
- Others	1,166,303	1,220,263	18,767	56,767
Current liabilities				
- Borrowings	(1,317,041)	(812,885)	(347,607)	(54,050)
- Others	(847,164)	(748,007)	(31,711)	(25,199)
Deferred liabilities				
- Borrowings	(1,522,157)	(1,697,922)	(300,000)	(300,000)
- Others	(144,554)	(145,294)	-	-
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	3,954,277	4,159,040	3,094,758	3,133,777
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Financed by:-				
Share capital	296,406	295,875	296,406	295,875
Share premium	539,763	534,209	539,763	534,209
Reserves	2,308,345	2,236,286	2,258,589	2,303,693
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	3,144,514	3,066,370	3,094,758	3,133,777
Outside shareholders	809,763	1,092,670	-	-
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	3,954,277	4,159,040	3,094,758	3,133,777
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See paragraph 8



6. GROUP CASH FLOW STATEMENT

	----- Half year to -----	
	<u>31/3/2002</u>	<u>31/3/2001</u> (restated)#
	\$'000	\$'000
Profit before taxation and exceptional items	220,759	213,400
Adjustment for non-cash items	43,311	38,830
Changes in working capital	42,609	(98,998)
Income taxes paid	(44,776)	(39,217)
Adjustment for development properties profit	(51,550)	(44,042)
Progress payments from development properties sold	227,179	283,458
Development properties expenditure	(247,267)	(317,615)
Cash flow from operating activities	190,265	35,816
Proceeds from return of capital from investments	32	-
Proceeds from disposal of assets and investments	25,441	133,237
Acquisition of assets and investments	(459,777)	(174,147)
Investment income	16,712	16,047
Cash flow from investing activities	(417,592)	(24,863)
Capital contribution by outside shareholders, net	13,904	15,013
Issue of shares by parent company	6,759	-
Payment on share buyback	(3,913)	-
Proceeds from loans	287,641	189,977
Payment of dividends	(84,866)	(50,935)
Cash flow from financing activities	219,525	154,055
Net (decrease)/increase in cash	(7,802)	165,008
Cash at beginning of period	679,988	687,398
Cash at end of period	672,186	852,406

7. STATEMENT OF CHANGES IN EQUITY

	Group		Company	
	----- Half Year to -----		----- Half Year to -----	
	<u>31/3/2002</u>	<u>31/3/2001</u> (restated)#	<u>31/3/2002</u>	<u>31/3/2001</u> (restated)#
	\$'000	\$'000	\$'000	\$'000
Issued Capital				
Balance at beginning of period	295,875	298,263	295,875	298,263
Issued upon exercise of ESOS	1,205	-	1,205	-
Repurchased and cancelled	(674)	-	(674)	-
Balance at end of period	296,406	298,263	296,406	298,263
Share Premium				
Balance at beginning of period	534,209	533,301	534,209	533,301
Increase upon exercise of ESOS	5,554	-	5,554	-
Balance at end of period	539,763	533,301	539,763	533,301
Reserves				
Balance at beginning of period	2,296,214	2,244,055	2,303,693	2,333,650
Restatement due to changes in accounting policies	(59,928)	(51,252)	-	-
Adjusted balance at beginning of period	2,236,286	2,192,803	2,303,693	2,333,650
Net profit for the period as reported.....		100,932		
Restatement due to changes in accounting policies		(4,557)		
Net profit for the period	103,241	96,375	3,840	38,867
Revaluation of investment	-	-	16,512	-
Share buyback	(3,239)	-	(3,239)	-
Revaluation reserve realised	-	(152)	-	478
Currency exchange difference arising from translating foreign subsidiary, joint venture and associated company	34,274	5,064	-	-
Dividend payment	(62,217)	(26,844)	(62,217)	(26,844)
Balance at end of period	2,308,345	2,267,246	2,258,589	2,346,151
Total Shareholders' Equity	3,144,514	3,098,810	3,094,758	3,177,715

See paragraph 8



8. CHANGE IN ACCOUNTING POLICY

In compliance with Singapore Statements of Accounting Standard, the group has this period modified its accounting policy in respect of:

- (i) deferred taxation; and
- (ii) provision for employee entitlements to annual leave for services rendered up to end of financial period.

In consequence, deferred taxation and accrued annual leave as at 1 October 2000, \$51,252,000 have been adjusted by a charge against reserves. The comparative figures in the profit statement for the six months to 31 March 2001 have been restated in compliance with the new policy resulting in group attributable net profit for that period, \$96,375,000, being lower than previously reported by \$4,557,000 (last year as reported \$100,932,000).

The comparatives in the Company column have been restated in consequence of a change in accounting policy relating to dividend income which is recognised when the dividends are declared and approved. This change in accounting policy is to comply with Singapore Statements of Accounting Standard and has been adopted in the Financial Statements for the year ended 30 September 2001.

9. CORPORATE RESTRUCTURING

In November 2001 the Company announced that it would offer to acquire all the issued ordinary shares it did not already own in Centrepont Properties Ltd and Times Publishing Ltd for \$2.07 and \$4.48 per share respectively in cash. These acquisitions were completed and the two companies were delisted in March 2002.

At an extraordinary general meeting on 15 March 2002, shareholders approved a capital reduction and capital distribution of 80 cents in cash per share held and the cancellation of one share for every ten shares held. The capital reduction and capital distribution were confirmed by the High Court and implemented in April 2002. The capital reduction is expected to improve earnings per share.

10. REVIEW OF OPERATIONS

The principal activities of the group are:-

- (i) production and sale of soft drinks, beer, stout, dairy products and glass containers,
- (ii) development of and investment in property, and
- (iii) printing, publishing and the provision of education services.

These activities are carried out through the Company's subsidiary, joint venture and associated companies to which the Company also provides management and administrative services.

The group is pleased to have achieved a 10% improvement, to \$100.7 million, in attributable net profit (before exceptionals) for a half year which began shortly after the September 11 attacks in the US. These, combined with global economic uncertainties, adversely affected consumer sentiment particularly in the earlier part of the period.

Investment Income

Investment income of the Company is derived mainly from dividends from its subsidiaries.

Group

Group revenue increased by 6.5% to \$1,583.7 million and profit before interest and tax (PBIT) by 4.5% to \$244.6 million for the half year. Net profit after tax attributable to shareholders of \$100.7 million, represents earnings per share before exceptional items of 34 cents.

Soft Drinks

Soft drinks' sales revenue for the half year increased by 7.5% to \$192.9 million on volume increase of 2% over the same period last year. PBIT was up 19% due to better product mix, lower material costs and benefits from ongoing cost rationalisation. A stronger RM exchange rate enhanced revenue and profit in S\$ terms.



Dairies

Group dairies' sales for the half year were flat at \$173.4 million but PBIT was down 21% to \$4.5 million.

Sales in Malaysia were adversely impacted by intense discounting by competitors, but margins were maintained as we did not participate in these activities. The weak economy exerted pressure on pricing and eroded margins in Singapore. In Thailand domestic sales were affected by the economic recession.

Glass

Sales revenue for the half year increased by 8.8% to \$52.9 million over the same period last year due to improved sales in Vietnam. PBIT increased by 4% to \$7.7 million.

Breweries

The breweries group posted a 7.2% increase in revenue to \$598.6 million and a 9.9% increase in PBIT to \$82.9 million for the half year compared with the same period last year.

In Singapore, higher marketing spend to boost beer sales and market share under competitive but subdued economic conditions resulted in lower profitability. Improved sales in Malaysia, Vietnam and Thailand lifted PBIT in these territories. In Papua New Guinea, notwithstanding a weaker Kina, profit increased on the back of improved sales and product mix whereas New Zealand benefited from a stronger NZ\$. Losses in China were stable even though competitive pressures escalated in southern China.

Development Property

Revenue from development property for the half year rose by 16.1% to \$252.3 million. PBIT increased by 17% to \$51.6 million in line with increase in revenue.

In Singapore, the group successfully launched two new residential projects (Lilydale and Rosewood) and completed two existing projects (Euphony Gardens and Yishun Sapphire) during the half year. Sales achieved for Lilydale (224 units) and Rosewood (258 units) were 70% and 59% of available units respectively. Progressive recognition of revenue and profit from existing projects, Yishun Emerald and Compass Heights, also contributed to the higher revenue and profit. Total units sold during the half year were 655 units compared to 270 units for the same period last year.

In Australia, the group launched two residential projects: the 46 unit Pavilions on the Bay at Glebe Point, Sydney (28 units sold to date) and The Habitat at Chandos Street, Sydney - a development of 60 residential and 11 commercial units (30 units sold to date).

In the United Kingdom, the group's 35.6% investment in Riverside Quarter, a residential cum commercial development at Wandsworth on the south bank of the River Thames, was launched in March 2002 (total 315 residential units).

Investment Property

Rental income for the half year at \$99.7 million is an increase of 2.3% over the same period last year. PBIT increased by 9% to \$64 million.

The group's investment properties continued to enjoy high occupancy of 98% and achieved improvement in rentals upon renewal of leases. Reduction in property tax expense from the government's off-budget measures (half of which was shared with our tenants) also contributed to the improved profit.

For the hospitality business, the group's 25% owned Fraser Suites Serviced Residences in Seoul, Korea opened for business shortly after the financial period.

Printing & Publishing

PBIT for the printing and publishing group declined by 55.4% to \$9.1 million for the half year. This was due principally to lower profit from the publishing division (which last year had benefited from a release of VAT provisions no longer required) and to lower revenue from the printing division, the area in the group most severely affected by the economic uncertainties which led to advertising being withheld resulting in lower print runs. Profitability was also affected by start up losses in new printing operations in China and Australia.



Income Tax

The group effective tax rate of 25.7% is higher than the Singapore statutory tax rate due to higher overseas tax rates and disallowable expenses. The government has announced a 2.5% points cut in the Singapore corporate tax from 24.5% to 22% and this has reduced the group current tax charge for the half year by \$3.2 million.

Exceptional Items

The exceptional items of \$5.8 million comprise:-

(i) gain from disposal of property	\$ 15.3 million
(ii) provision for impairment in value of investment	(8.0)
(iii) restructuring cost	(1.5)
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	<u>\$ 5.8 million</u>

11. OUTLOOK

Fraser & Neave Holdings Bhd (F&NHB)

Compared to last year, a better performance from F&NHB is expected for the full year if the present business sentiment in Malaysia continues into the next six months. Glass operations have been extended to China where a new plant is being built at Tuopai in Sichuan province. It is expected to be commissioned near the end of the financial year.

Breweries

After divesting its non-core businesses, Asia Pacific Breweries Limited (APBL) continues to benefit from its focus on the brewery business. Vietnam and Thailand continue to grow strongly. The breweries group is committed to reducing its losses and growing its presence in China in the medium term. The improved economic environment is likely to have a positive effect on sales. APBL is actively exploring new growth opportunities in the region. The recommencement of the Hatay brewery and the doubling of the Thailand brewery's capacity are part of its second phase of regionalisation. Profit for the full year is expected to be ahead of last year.

Properties

With full ownership after privatisation, contribution from Centrepont Properties Ltd to group attributable net profit after tax is expected to be higher in the second half year than the first.

Subject to market conditions, the group plans to launch another two residential projects (Marine Parade and Boon Lay) before the end of the financial year and expects further sales from the remaining 1,075 units of its existing projects. Profit recognition in the second half year is expected to be maintained at the level of the period under review.

Rental income from investment properties is expected to be maintained. Towards the end of the financial year the group's newest shopping centre, Compass Point at Sengkang, is expected to be completed and to commence operations. The property is fully leased out.

Interest expense charged against income is expected to increase in the second half year as projects are completed and interest ceases to be capitalised into project costs.

When releasing its results for the last financial year the Company stated that it was examining the possibility of launching a retail mall property fund. This, and other methods (such as securitisation) by which the Company's capital may be redeployed into higher yielding investments, continue to be actively pursued.

Printing and Publishing

Profit before interest and tax excluding exceptional items for the second half year will not be less than that in the first half. The corresponding profit for the year as a whole will be lower than last year.



Overall

The reduction in the Singapore corporate tax rate will help to improve attributable net profit for the second half year.

Barring unforeseen circumstances, the Directors expect group attributable net profit (before exceptional items) for the full year to show improvement over the prior year.

Except as stated above, no significant trend or event affecting the earnings of the Company or the group has occurred between the end of the period, 31 March 2002, and the date of this announcement.

12. DIVIDEND

- (a) The Directors have declared an interim dividend of 15 Singapore cents (last year: 9 cents) per share, being AFTER deduction of Singapore tax, to be paid on 19 June 2002. This is equivalent to a gross (pre-tax) dividend of 19.2%.
- (b) Registrable transfers received by the Company's Registrars, Barbinder & Co Pte Ltd, 8 Cross Street, #11-00 PWC Building, Singapore 048424 up to 5.00 pm on 5 June 2002 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed on 6 and 7 June 2002 for preparation of dividend warrants.

13. DIRECTORATE

In accordance with plan, Mr Tan Yam Pin, Managing Director, and Mr I A MacLean, Finance Director and Company Secretary, will be retiring from the Board and from their executive positions at the end of the current financial year, 30 September 2002.

BY ORDER OF THE BOARD

I A MacLean
Company Secretary

17 May 2002