



FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2003 Financial Statement and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the year ended 30 September 2003:-

1. PROFIT STATEMENT	Group			Company		
	30/9/2003 \$'000	30/9/2002 \$'000	Change %	30/9/2003 \$'000	30/9/2002 \$'000	Change %
Revenue	3,640,012	3,483,841	4.5	1,888	718	163.0
Cost of sales	(2,402,625)	(2,335,916)	2.9	-	-	-
Gross profit	1,237,387	1,147,925	7.8	1,888	718	163.0
Operating expenses						
- Distribution	(133,917)	(126,553)	5.8	-	-	-
- Marketing	(341,992)	(326,408)	4.8	-	-	-
- Administration	(233,730)	(240,401)	(2.8)	(7,966)	(4,999)	59.4
	(709,639)	(693,362)	2.3	(7,966)	(4,999)	59.4
Trading profit/(loss)	527,748	454,563	16.1	(6,078)	(4,281)	42.0
Gross dividends from subsidiary companies						
- quoted	-	-	-	20,516	13,644	50.4
- unquoted	-	-	-	93,645	464,944	(79.9)
Share of joint venture companies' profits	23,061	31,387	(26.5)	-	-	-
Share of associated companies' losses	(857)	(2,251)	(61.9)	-	-	-
Gross income from investments	37,378	16,996	119.9	11,517	2,631	337.7
Profit before interest, taxation and exceptional items	587,330	500,695	17.3	119,600	476,938	(74.9)
Net interest expenses	(43,822)	(47,490)	(7.7)	(18,508)	(16,961)	9.1
Profit before taxation and exceptional items	543,508	453,205	19.9	101,092	459,977	(78.0)
Exceptional items	54,177	17,982	201.3	36,975	5,432	N/M
Profit before taxation	597,685	471,187	26.8	138,067	465,409	(70.3)
Taxation	(146,085)	(122,985)	18.8	(13,435)	(104,143)	(87.1)
Profit after taxation	451,600	348,202	29.7	124,632	361,266	(65.5)
Attributable to outside shareholders	(118,590)	(107,187)	10.6	-	-	-
Attributable net profit						
- Before exceptional items	273,002	225,860	20.9	87,657	355,834	(75.4)
- Exceptional items	60,008	15,155	N/M	36,975	5,432	N/M
	333,010	241,015	38.2	124,632	361,266	(65.5)

N/M - Not meaningful

2. RATIOS

	Group	
	30/9/2003	30/9/2002
Profit before interest, taxation and exceptional items as a percentage of revenue	16.1%	14.4%
Earnings per ordinary share based on weighted average share capital		
- before exceptional items	103.2 cents	80.3 cents
- after exceptional items	125.9 cents	85.7 cents
Earnings per ordinary share on a fully diluted basis		
- before exceptional items	102.8 cents	79.9 cents
- after exceptional items	125.4 cents	85.3 cents
Net asset value per ordinary share	\$12.32	\$11.18

3. SEGMENTAL RESULTS

	Revenue		PBIT *	
	30/9/2003	30/9/2002	30/9/2003	30/9/2002
Group revenue and profit analysis				
By Business Activity	\$'000	\$'000	\$'000	\$'000
Soft drinks	392,976	366,539	39,464	33,669
Dairies	344,342	347,317	19,153	15,672
Breweries	1,349,085	1,192,271	177,425	137,919
Printing & publishing	479,699	434,792	26,902	17,812
Glass containers	114,789	98,476	14,234	14,290
Investment property	183,940	188,287	110,267	117,688
Development property	746,235	834,689	145,457	133,744
Investment & other income	28,946	21,470	54,428	29,901
	=====	=====	=====	=====
	3,640,012	3,483,841	587,330	500,695
By Territory				
Singapore	1,545,078	1,613,092	334,213	304,858
Malaysia	720,845	705,681	79,941	75,827
Rest of South East Asia	461,581	403,450	107,494	61,399
North East Asia	220,473	189,390	(24,776)	(11,577)
South Pacific	554,418	427,649	83,833	64,868
Europe/USA	137,617	144,579	6,625	5,320
	=====	=====	=====	=====
	3,640,012	3,483,841	587,330	500,695

	Attributable net profit	
	30/9/2003	30/9/2002
By Business Activity	\$'000	\$'000
Soft drinks	17,422	15,380
Dairies	7,011	6,108
Breweries	33,644	28,648
Printing & publishing	14,839	9,376
Glass containers	6,025	5,847
Investment property	69,341	73,098
Development property	103,761	83,875
Investment & other income	20,959	3,528
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	273,002	225,860
Exceptional items	60,008	15,155
	-----	-----
	333,010	241,015
	=====	=====

* PBIT - Profit before interest, taxation and exceptional items

4. EXCEPTIONAL ITEMS

	Group		Company	
	30/9/2003 \$'000	30/9/2002 \$'000	30/9/2003 \$'000	30/9/2002 \$'000
Profit on disposal of OCBC shares	85,275	-	46,771	-
(Loss)/profit on disposal of investments in subsidiary, associated and joint venture companies	(16,007)	2,370	(59)	5,432
Profit on disposal of properties	1,385	16,202	-	-
Provision for impairment in value in investments	(2,972)	(17,708)	(9,737)	-
Share of exceptional items of joint venture companies	(4,807)	(3,132)	-	-
Restructuring and re-organisation cost	(8,697)	(8,567)	-	-
Negative goodwill arising from additional investments in subsidiary companies	-	28,817	-	-
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	54,177	17,982	36,975	5,432
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5. BALANCE SHEET

	As at	As at	As at	As at
	30/9/2003 \$'000	30/9/2002 \$'000	30/9/2003 \$'000	30/9/2002 \$'000
Fixed assets	1,344,906	1,311,021	-	-
Investment properties	2,266,738	2,360,900	-	-
Properties under development	1,100,052	1,024,162	-	-
Subsidiary companies	-	-	3,913,320	3,984,447
Joint venture companies	118,648	163,428	-	-
Associated companies	161,631	118,256	-	-
Other investments	42,711	109,980	8,879	60,820
Intangible assets	38,959	40,422	-	-
Brands	9,536	10,601	2,503	-
Deferred tax assets	15,412	16,009	-	-
Current assets				
- Cash	847,771	659,569	11,087	7,508
- Others	1,783,782	1,979,255	9,139	19,951
Current liabilities				
- Borrowings	(1,541,435)	(1,557,247)	(555,055)	(279,194)
- Others	(911,998)	(861,004)	(24,005)	(33,596)
Non-current liabilities				
- Borrowings	(1,442,278)	(1,446,572)	(500,000)	(600,000)
- Others	(121,981)	(122,373)	-	-
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	3,712,454	3,806,407	2,865,868	3,159,936
	=====	=====	=====	=====
Financed by:-				
Share capital	230,517	266,995	230,517	266,995
Share premium	135,111	333,472	135,111	333,472
Reserves	2,473,663	2,385,722	2,500,240	2,559,469
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	2,839,291	2,986,189	2,865,868	3,159,936
Outside shareholders	873,163	820,218	-	-
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	3,712,454	3,806,407	2,865,868	3,159,936
	=====	=====	=====	=====

6. GROUP CASH FLOW STATEMENTS	30/9/2003	30/9/2002
	\$'000	\$'000
Profit before taxation and exceptional items	543,508	453,205
Adjustment for non-cash items	98,687	112,197
Changes in working capital	(64,212)	(19,630)
Income taxes paid	(124,423)	(97,958)
Adjustment for development properties profit.....	(158,321)	(153,286)
Progress payments from development properties sold	939,199	714,168
Development properties expenditure	(499,158)	(516,575)
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Cash flow from operating activities	735,280	492,121
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Proceeds from return of capital from joint venture and associated companies and investments	323	27
Proceeds from disposal of assets and investments	191,239	65,204
Acquisition of assets and investments	(278,223)	(383,080)
Acquisition of additional interest in subsidiary companies	(7,404)	(336,822)
Disposal of associated companies	7,979	-
Investment income	51,214	38,270
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Cash flow used in investing activities	(34,872)	(616,401)
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Capital contribution by outside shareholders, net	639	14,822
Issue of shares by parent company	7,618	8,213
Payment on shares buyback by parent company	-	(3,913)
Payment on capital reduction by parent company	(317,645)	(237,156)
(Repayment)/proceeds from term loans and borrowings	(14,611)	532,940
Payment of dividends	(174,783)	(158,402)
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Cash flow (used in) / from financing activities	(498,782)	156,504
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Net increase in cash	201,626	32,224
Cash at beginning of year	642,194	609,970
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Cash at end of year	843,820	642,194
	=====	=====
Cash and cash equivalents comprise:		
- Bank fixed deposits	687,210	539,989
- Cash and bank balances	160,561	119,580
- Bank overdrafts	(3,951)	(17,375)
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	843,820	642,194
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7. STATEMENT OF CHANGES IN EQUITY

	Group		Company	
	30/9/2003 \$'000	30/9/2002 \$'000	30/9/2003 \$'000	30/9/2002 \$'000
Issued Capital				
Balance at beginning of year	266,995	295,875	266,995	295,875
Issued upon exercise of share options	1,116	1,438	1,116	1,438
Repurchased and cancelled	-	(674)	-	(674)
Cancelled upon capital reduction	(37,594)	(29,644)	(37,594)	(29,644)
Balance at end of year	230,517	266,995	230,517	266,995
Share Premium				
Balance at beginning of year	333,472	534,209	333,472	534,209
Increase upon exercise of share options	6,502	6,775	6,502	6,775
Capital reduction	(204,863)	(207,512)	(204,863)	(207,512)
Balance at end of year	135,111	333,472	135,111	333,472
Reserves				
Balance at beginning of year	2,385,722	2,267,970	2,559,469	2,303,693
Net profit for the year	333,010	241,015	124,632	361,266
Share buyback	-	(3,239)	-	(3,239)
Capital reduction	(75,188)	-	(75,188)	-
Deficit on revaluation of properties	(99,388)	(40,652)	-	-
Revaluation reserve arising from revaluation of investment	60,541	-	-	-
Write back of revaluation in subsidiary companies	-	-	(1,628)	-
Revaluation on investment and fixed assets realised	(38,878)	-	25	-
Adjustment to reserves due to changes in outside shareholders' interest	151	433	-	-
Currency exchange difference arising from translating foreign subsidiary, joint venture and associated companies	14,763	22,446	-	-
Dividend payment	(107,070)	(102,251)	(107,070)	(102,251)
Balance at end of year	2,473,663	2,385,722	2,500,240	2,559,469
Total Shareholders' Equity	2,839,291	2,986,189	2,865,868	3,159,936

8. CAPITAL REDUCTION AND CASH DISTRIBUTION TO SHAREHOLDERS

At an extraordinary general meeting of the Company held on 29 July 2003, shareholders approved a capital reduction of approximately 14.03% of the issued share capital of the Company in the following sequence:

- (a) a Pro-rata Capital Reduction by cancelling 10% of the shares held by shareholders in proportion to their shareholding in the Company, and making a cash distribution to the shareholders of \$8.57 for each share cancelled, and
- (b) a Selective Capital Reduction by cancelling 10.8 million shares, representing approximately 4.03% of the issued share capital, held by the OCBC Bank Group, and making a cash distribution of \$8.15 for each share cancelled.

The capital reduction was completed in September 2003 and the number of ordinary shares in issue reduced by 37,594,115. The issued share capital of the Company, immediately after the capital reduction, became 230,347,029 ordinary shares.

9. PRINCIPAL ACTIVITIES OF THE COMPANY AND THE GROUP

The principal activities of the Company are investment holding and the provision of management and administrative services to its subsidiary, joint venture and associated companies.

The principal activities of the Group comprise:

- (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.

10. REVIEW OF OPERATIONS

The Company

The Company derives its investment income mainly from dividends paid by its subsidiary companies. Last year, a substantial amount of dividends (together with the attached tax credit) was declared by certain Singapore subsidiary companies to transfer their related tax credits to the Company, to be passed on to shareholders in the future. The Magnolia brand was transferred to the Company from one of its subsidiary companies at the beginning of the financial year and the increase in the Company's administration expenses reflects mainly the amortisation cost of this brand.

At the Company level, the lower investments in subsidiary company compared to a year ago reflects the provision for impairment loss made this year. This has no impact on the Group's results for the year. The reduction in Other Investments refers to the disposal of OCBC shares.

The Group

Profits

Three years ago, the Group set itself an ambitious Earnings per Share ("EPS") target of \$1.00 per share.

The Directors are pleased to report that, despite the global economic uncertainties following the Iraq war and SARS outbreak in some of our major markets, the Group has exceeded this target with EPS (before exceptional items) for the year of \$1.03 per share.

In addition, attributable net profit before exceptional items reached a record high of \$273 million, helped by an after tax development profit of \$63 million from the securitisation of the Compass Point shopping mall and capital management initiatives undertaken during the year.

Balance Sheet

The reduction of \$101 million in the book value of Group Investment Properties to \$2.27 billion arose from an annual revaluation of such properties, in accordance with accounting policy. The Group has also begun to replenish its land bank for construction, resulting in an increase in Properties under development. The Group's annual revaluation of investments gave rise to a reduction of \$45 million in Joint venture companies while its disposal of its interest in a project in Kuala Lumpur and acquisition of bonds in the Compass Point securitisation increased Associated companies by \$43 million.

Soft Drinks

Soft drinks enjoyed higher volumes and favourable margins and product mix and consequently revenue and PBIT grew by 7% and 17% respectively. Strong growth in volume was recorded for F&N brands, 100Plus and Seasons and together with the Coca-Cola brand market leadership was maintained in the carbonated segment in Malaysia.

Dairies

The commencement of commercial operations in November 2002 of a new dairy processing plant in Vietnam offset a decline in sales in Malaysia due to intense competition and the discontinuation of contract packing arrangements for a customer. However, PBIT grew by 22%, due mainly to lower cost.

Breweries

Breweries enjoyed a strong performance, despite adverse economic conditions and the impact of SARS in the second half, recording revenue growth of 13% to \$1.3 billion. PBIT grew 29% to \$177 million. Attributable net profit before exceptional items grew 17% to a record \$34 million

The results were helped by strong performances in New Zealand and Vietnam, continued growth in Thailand, improvements in Papua New Guinea and a strong NZ exchange rate. The losses in China increased slightly, impacted by the sudden withdrawal of VAT benefits in January 2003, but are under control.

The new Hatay Brewery commenced production as planned in October 2003, while the doubling of capacity in Thailand will be completed by end 2003. The local production of Heineken beer in Shanghai is proposed.

Glass Containers

Revenue grew 17% with a new stream of revenue from the start up of a new plant in China which made a positive contribution to PBIT in its maiden year of operation. PBIT was maintained despite higher fuel oil prices and lower export prices as a result of stiff competition.

Investment Properties

Revenue from Investment Properties declined by a marginal 2% compared with the previous year. The Group's retail malls continued to enjoy high occupancy of 98%, and office and industrial buildings saw some renewals at lower rates reflecting market conditions. These, together with higher operating costs, led to a 6% drop in PBIT for Investment Properties.

Development Properties

Revenue from Development Properties declined by 11% with only one new project, Lakeholmz at Boon Lay, launched during the year. However, PBIT grew 9% compared to the previous year.

In line with the group's asset-light, fee-based strategy, Compass Point, the retail mall at Sengkang, was securitised in November 2002 and made a significant contribution to PBIT. Centrepoint Properties Ltd retained management of the mall.

In line with the depressed state of the Singapore market, sales of residential projects were slow. Sales of our overseas development projects in Australia and the United Kingdom are progressing satisfactorily. Construction work on the project in Luwan District, Shanghai is in progress and the 1st phase marketing has commenced.

Printing and Publishing

Revenue from Times Publishing rose by 10%. Strong growth came from Printing following the acquisition in China and the increase in capacity in Australia and healthy increases in Publishing activities but Retail and Distribution was adversely affected by weak consumer sentiments and a consolidation of the market in Japan. Increased revenue and successful measures to reduce overheads raised PBIT by a significant 51% compared with the previous year.

Investment Income

Investment income of the Group grew 120% compared to last year mainly as a result of higher dividends from portfolio investments.

11. OUTLOOK

Fraser & Neave Holdings Bhd

Consumer sentiment in Malaysia are expected to improve. Official projection of the domestic economy is that it will continue to grow. F&NHB's operating performance is expected to improve.

Centrepoint Properties Ltd

Occupancy at Malls of Centrepoint is expected to continue at a high level and rentals maintained while the full year impact of rental renewals at lower rates during the current year for office and industrial buildings is expected to be negative. Consequently, profits from Investment Properties is expected to decline.

Progressive recognition of sales from development projects launched and units already sold will underpin earnings from Development Properties. The Group plans to launch four new residential projects in Singapore in the new financial year, subject to satisfactory market conditions. Further profit would be realised from the disposal of junior bonds held in the special purpose company holding Compass Point.

A maiden contribution to profit in the new financial year is expected from the project in Luwan district, Shanghai with the planned launch of the 1st phase of the residential portion shortly.

Overall, earnings from investment and development properties are expected to be maintained.

Asia Pacific Breweries Limited

With the positive economic outlook for the region, attributable net profit before exceptional items from the breweries are expected to be higher in the new financial year.

Times Publishing Limited

Sales and profit are expected to improve further in the new financial year with planned expansion in its publishing programme, increased printing capacity from past investments and a stabilisation in the retail and distribution business following the rationalisation and restructuring efforts.

Overall

In the coming year, the Group will focus on consolidating the significant growth it has achieved in the past year. Barring unforeseen circumstances, Group EPS before exceptional items is expected to improve further in the coming year.

No significant trend or event affecting the earnings of the Company or the Group has occurred between the end of the financial year, 30 September 2003, and the date of this announcement.

12. DIVIDEND/NOTICE OF ANNUAL GENERAL MEETING

- (a) In view of the strong earnings achieved, the directors propose, subject to shareholders' approval at the Annual General Meeting to be held on 29 January 2004, a final dividend of 30 cents per share of \$1, being after deduction of tax, to be paid on 19 February 2004. Taken with the special dividend of 5 cents and interim dividend of 15 cents this will give an enhanced total distribution for the year of 50 cents per share after tax (last year: 35 cents per share after tax).
- (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 9 February 2004 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed from 10 to 12 February 2004, both dates inclusive, for preparation of dividend warrants.
- (c) Notice is hereby given that the Annual General Meeting of the Company will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on Thursday 29 January 2004 at 10.00 am.

BY ORDER OF THE BOARD
Anthony Cheong Fook Seng
Group Company Secretary

14 November 2003