



FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2003 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 2003:-

1. PROFIT STATEMENT	Group			Company		
	----- Half year to -----			----- Half year to -----		
	<u>31/3/2003</u>	<u>31/3/2002</u>	<u>Change</u>	<u>31/3/2003</u>	<u>31/3/2002</u>	<u>Change</u>
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,878,191	1,585,064	18.5	347	293	18.4
Cost of sales	(1,228,814)	(1,024,415)	20.0	-	-	-
Gross profit	649,377	560,649	15.8	347	293	18.4
Operating expenses						
- Distribution	(66,626)	(64,376)	3.5	-	-	-
- Marketing	(174,733)	(158,903)	10.0	-	-	-
- Administration	(120,148)	(117,576)	2.2	(2,766)	(2,572)	7.5
	(361,507)	(340,855)	6.1	(2,766)	(2,572)	7.5
Trading profit/(loss)	287,870	219,794	31.0	(2,419)	(2,279)	6.1
Gross dividends from subsidiary companies						
- quoted	-	-	-	8,802	6,680	31.8
- unquoted	-	-	-	42,019	8,494	394.7
Share of joint venture companies' profits	8,823	19,061	(53.7)	-	-	-
Share of associated companies' losses	(1,529)	(684)	123.5	-	-	-
Gross income from investments	12,242	6,387	91.7	120	548	(78.1)
Profit before interest, taxation and exceptional items	307,406	244,558	25.7	48,522	13,443	260.9
Interest income	10,698	7,948	34.6	322	124	159.7
Interest on borrowings	(32,025)	(31,747)	0.9	(10,381)	(7,270)	42.8
Net interest expenses	(21,327)	(23,799)	(10.4)	(10,059)	(7,146)	40.8
Profit before taxation and exceptional items .	286,079	220,759	29.6	38,463	6,297	510.8
Exceptional items	(2,745)	5,791	N/M	2,679	-	N/M
Profit before taxation	283,334	226,550	25.1	41,142	6,297	553.4
Taxation	(74,756)	(58,329)	28.2	(8,715)	(2,457)	254.7
Profit after taxation	208,578	168,221	24.0	32,427	3,840	744.5
Attributable to outside shareholders	(69,660)	(64,980)	7.2	-	-	-
Attributable net profit						
- Before exceptional items	141,376	100,665	40.4	29,748	3,840	674.7
- Exceptional items	(2,458)	2,576	N/M	2,679	-	N/M
	138,918	103,241	34.6	32,427	3,840	744.5

N/M - Not meaningful



2. RATIOS

	Group	
	----- Half year to -----	
	<u>31/3/2003</u>	<u>31/3/2002</u>
Profit before interest, taxation and exceptional items as a percentage of revenue	16.4%	15.4%
Earnings per ordinary share based on weighted average share capital:		
- before exceptional items	52.9 cents	34.0 cents
- after exceptional items	52.0 cents	34.9 cents
Earnings per ordinary share on a fully diluted basis:		
- before exceptional items	52.7 cents	33.9 cents
- after exceptional items	51.8 cents	34.7 cents
Net asset value per ordinary share	\$11.74	\$11.18 ##

Refers to NAV per ordinary share as at 30 Sep 2002

3. SEGMENTAL RESULTS

	Revenue		PBIT *	
	----- Half year to -----		----- Half year to -----	
	<u>31/3/2003</u>	<u>31/3/2002</u>	<u>31/3/2003</u>	<u>31/3/2002</u>
Group revenue and profit analysis				
By Business Activity	\$'000	\$'000	\$'000	\$'000
Soft drinks	206,260	192,918	21,445	18,822
Dairies	157,235	173,414	7,348	4,578
Breweries	684,389	598,627	99,344	82,914
Printing & publishing	250,148	213,411	9,065	4,897
Glass containers	56,871	52,905	6,769	7,650
Investment property	93,194	94,451	56,217	59,376
Development property	414,305	252,300	87,064	51,550
Investment & other income	15,789	7,038	20,154	14,771
	<u>1,878,191</u>	<u>1,585,064</u>	<u>307,406</u>	<u>244,558</u>
By Territory				
Singapore	833,025	662,116	179,220	143,798
Malaysia	362,872	365,632	40,845	38,983
Rest of South East Asia	245,653	219,167	59,140	37,385
North East Asia	95,539	74,278	(19,528)	(7,967)
South Pacific	265,107	191,654	47,521	30,403
Europe/USA	75,995	72,217	208	1,956
	<u>1,878,191</u>	<u>1,585,064</u>	<u>307,406</u>	<u>244,558</u>

	Attributable net profit	
	----- Half year to -----	
	<u>31/3/2003</u>	<u>31/3/2002</u>
By Business Activity	\$'000	\$'000
Soft drinks	8,999	8,097
Dairies	1,764	1,114
Breweries	20,519	17,192
Printing & publishing	5,012	2,358
Glass containers	2,707	3,231
Investment property	33,460	33,689
Development property	63,426	29,939
Investment & other income	5,489	5,045
	<u>141,376</u>	<u>100,665</u>
Exceptional items.....	(2,458)	2,576
	<u>138,918</u>	<u>103,241</u>

* PBIT - Profit before interest, taxation and exceptional items



4. EXCEPTIONAL ITEMS

	Group		Company	
	-----Half year to -----		----- Half year to -----	
	<u>31/3/2003</u>	<u>31/3/2002</u>	<u>31/3/2003</u>	<u>31/3/2002</u>
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of properties	131	15,263	-	-
(Provision)/write back for impairment in value of investments	(1,926)	(8,000)	2,679	-
Restructuring cost	(950)	(1,472)	-	-
	<u>(2,745)</u>	<u>5,791</u>	<u>2,679</u>	<u>-</u>

5. BALANCE SHEET

	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>31/3/2003</u>	<u>30/9/2002</u>	<u>31/3/2003</u>	<u>30/9/2002</u>
	\$'000	\$'000	\$'000	\$'000
Fixed assets	1,309,917	1,311,021	-	-
Investment properties	2,364,882	2,360,900	-	-
Properties under development	1,302,131	1,024,162	-	-
Subsidiary companies	-	-	3,934,561	3,984,447
Joint venture companies	156,561	163,428	-	-
Associated companies	176,423	118,256	-	-
Other investments	91,433	109,980	60,823	60,820
Intangible assets	39,682	40,422	-	-
Brands	10,061	10,601	3,087	-
Deferred tax assets	15,546	16,009	-	-
Current assets				
- Cash	584,916	659,569	4,483	7,508
- Others	1,790,698	1,979,255	10,306	19,951
Current liabilities				
- Borrowings	(1,920,571)	(1,557,247)	(533,106)	(279,194)
- Others	(875,727)	(861,004)	(36,996)	(33,596)
Deferred liabilities				
- Borrowings	(921,524)	(1,446,572)	(300,000)	(600,000)
- Others	(121,186)	(122,373)	-	-
	<u>4,003,242</u>	<u>3,806,407</u>	<u>3,143,158</u>	<u>3,159,936</u>
Financed by:-				
Share capital	267,485	266,995	267,485	266,995
Share premium	336,359	333,472	336,359	333,472
Reserves	2,537,324	2,385,722	2,539,314	2,559,469
	<u>3,141,168</u>	<u>2,986,189</u>	<u>3,143,158</u>	<u>3,159,936</u>
Outside shareholders	862,074	820,218	-	-
	<u>4,003,242</u>	<u>3,806,407</u>	<u>3,143,158</u>	<u>3,159,936</u>



6. GROUP CASH FLOW STATEMENT

	Half year to	
	31/3/2003	31/3/2002
	\$'000	\$'000
Profit before taxation and exceptional items	286,079	220,759
Adjustment for non-cash items.....	46,890	43,061
Changes in working capital.....	(34,333)	42,778
Income taxes paid.....	(44,996)	(44,776)
Adjustment for development properties profit	(97,789)	(51,550)
Progress payments from development properties sold	530,466	227,179
Development properties expenditure	(370,629)	(247,267)
Cash flow from operating activities	315,688	190,184
Proceeds from return of capital from investments	-	32
Proceeds from disposal of assets and investments	23,300	25,441
Acquisition of assets and investments	(181,390)	(459,777)
Investment income	18,646	16,793
Cash flow used in investing activities	(139,444)	(417,511)
Capital contribution by outside shareholders, net	(877)	13,904
Issue of shares by parent company	3,377	6,759
Payment on share buyback	-	(3,913)
(Repayment)/proceeds from loans	(167,175)	287,641
Payment of dividends	(86,222)	(84,866)
Cash flow (used in)/from financing activities	(250,897)	219,525
Net decrease in cash	(74,653)	(7,802)
Cash at beginning of period	659,569	679,988
Cash at end of period	584,916	672,186

7. STATEMENT OF CHANGES IN EQUITY

	Group		Company	
	Half Year to		Half Year to	
	31/3/2003	31/3/2002	31/3/2003	31/3/2002
	\$'000	\$'000	\$'000	\$'000
Issued Capital				
Balance at beginning of period	266,995	295,875	266,995	295,875
Issued upon exercise of ESOS	490	1,205	490	1,205
Repurchased and cancelled	-	(674)	-	(674)
Balance at end of period	267,485	296,406	267,485	296,406
Share Premium				
Balance at beginning of period	333,472	534,209	333,472	534,209
Increase upon exercise of ESOS	2,887	5,554	2,887	5,554
Balance at end of period	336,359	539,763	336,359	539,763
Reserves				
Balance at beginning of period	2,385,722	2,267,970	2,559,469	2,303,693
Net profit for the period	138,918	103,241	32,427	3,840
Share buyback	-	(3,239)	-	(3,239)
Revaluation of investment	-	-	-	16,512
Write back of prior year provision	-	-	915	-
Revaluation reserve arising from valuation of properties ..	60,651	-	-	-
Currency exchange difference arising from translating foreign subsidiary, joint venture and associated company	5,530	34,274	-	-
Dividend payment	(53,497)	(62,217)	(53,497)	(62,217)
Balance at end of period	2,537,324	2,340,029	2,539,314	2,258,589
Total Shareholders' Equity	3,141,168	3,176,198	3,143,158	3,094,758



8. 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.

In commemoration of the Company's 120th anniversary, the directors have declared a special dividend of 5 cents. In addition they have also declared an interim dividend of 15 cents making a total dividend of 20 cents per share.

Dividend income of the Company

Dividend income of the Company is derived mainly from dividends from its subsidiary companies. The substantial increase in dividend income for this period represents the receipt of a full year dividend from certain Singapore subsidiary companies.

Group

The directors are pleased to report a strong 40% improvement to \$141.4 million in group net profit attributable to shareholders (before exceptional items) for the half year under review. Earnings per share rose 56% to 52.9 cents compared to the same period last year helped by a very large development gain from the securitisation of Compass Point mall, and the capital management initiatives undertaken in the last financial year.

Profit before interest and taxation (PBIT) increased by 26% to \$307.4 million and revenue grew by 18% to \$1,878.2 million.

Soft Drinks

Revenue and PBIT for Soft Drinks grew by 7% and 14% respectively on higher volumes.

Dairies

Revenue declined 9% as a result of cessation of contract packing arrangements. However PBIT of the Dairies operations grew by 61% compared to the corresponding period last year due mainly to lower cost of materials.

The new dairy plant in Vietnam commenced commercial operations in November 2002.

Investment Property

Rental revenue slipped only marginally compared to the corresponding period last year despite the poor economic environment, which affected occupancy at Fraser Serviced Residences. Office rentals have also come under pressure as a result of the over-supply of office space in Singapore. As a result PBIT declined by 5% to \$56.2 million.

Development Property

PBIT from Development Properties of \$87.1 million was 69% higher than the same period last year. Compass Point, the retail mall at Sengkang was securitised in November 2002, in line with the group's asset-light, fee-based strategy. Centrepoint Properties Ltd retained management of the mall. One new project, Lakeholmz at Boon Lay Way was soft launched during the period under review. In line with the depressed state of the Singapore residential property market, sales of projects were slow.

Sales of our overseas development projects in Australia and the United Kingdom are progressing. Construction work on the development in Luwan District, Shanghai is in progress and that of Wujiang Road will commence shortly.



Breweries

The group's Breweries division reported a strong performance despite adverse economic conditions in several of its markets. PBIT increased by 20% to \$99.3 million.

In New Zealand, Indochina and Thailand, profit grew strongly on the back of improved sales, with the profit of the operations in New Zealand further enhanced by a strong NZ\$. In Papua New Guinea, PBIT improved marginally despite a 8% depreciation of the PNG Kina against the S\$.

The Singapore operations were affected by the soft economic conditions which were further aggravated by the war in Iraq and the outbreak of SARS. The breweries in China continued to progress with increased market share in Hainan and stable sales in Shanghai, but results were affected by the sudden withdrawal of VAT exemption in Hainan from January 2003, which mainly accounted for an increase of \$1.6 million in losses.

Printing & Publishing

Contributions from the acquisitions of new printing businesses in Australia and China, and higher publishing sales in Singapore and Europe, contributed to improvements in revenue and PBIT for the half year which were respectively 17% and 85% higher than the same period last year.

Sales of reference books were softer in the United States and in Japan, while revenue from Retail and Distribution was maintained at the same level as last year with better performance in Australia offset by poor sales in Singapore and Malaysia.

Group Investment and Other Income

The substantial increase in the group investment and other income is mainly due to improved income from portfolio investments and foreign exchange gains.

9. OUTLOOK

Recent regional economic and political uncertainties like the war in Iraq and the outbreak of SARS, have given rise to many challenges for the group in the coming months.

Fraser & Neave Holdings Bhd (F&NHB)

On-going rationalisation efforts to increase sales and improve productivity are expected to moderate the negative impact of global and regional events on the domestic economy.

Barring any further deterioration in the situation, F&NHB is cautiously optimistic for a better operating performance compared with last year.

Breweries

In view of the positive performance in the half year, and if the spread of SARS can be contained, and barring any other unforeseen circumstances, the directors expect the Breweries results for the full year to be at least comparable, if not better, than the previous year.

Properties

Trading conditions are expected to continue to be difficult for the rest of the financial year. On-going cost management of development projects will contain the impact of lower sales volume. It is expected that for the financial year as a whole, current year's performance will exceed that of the previous year.

Printing & Publishing

The repercussions of curtailed discretionary retail spending on books and publications would reverberate upstream into printing and publishing. Management will double their efforts to restructure and downsize certain operations to cut costs and improve profitability. The directors expect PBIT for the full year to be the same as that of last year.



Overall

Difficulties presented by current global economic uncertainties may adversely affect the group's performance in the second half of this financial year. Notwithstanding this, the directors and management are still aiming for full year results that will be ahead of the previous year.

In the meantime efforts continue to improve operational efficiencies and manage capital and assets in order to increase shareholder value.

10. DIVIDEND/BOOK CLOSURE DATES

- (a) In commemoration of the 120th anniversary of the founding of Fraser and Neave Limited in 1883, the directors have pleasure in declaring a special dividend of 5 Singapore cents per share, being after deduction of Singapore tax.
- (b) The directors also declare an interim dividend of 15 Singapore cents (last year: 15 cents) per share being after deduction of Singapore tax. The special dividend and the interim dividend total 20 Singapore cents per share being after deduction of Singapore tax. This is equivalent to a gross (pre-tax) dividend of 25.6%. Both dividends will be paid on 18 June 2003.

The directors shall use their best endeavours to ensure that the total dividend for the year will not be lower than the 35 cents per share, being after deduction of tax, last year.

- (c) 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 4 June 2003 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed on 5 and 6 June 2003 for preparation of dividend warrants.

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

16 May 2003