5 March 2003

Freeport announces record first half

Freeport plc, owner, developer and operator of factory outlet retail villages in Europe, today published its interim results for the 27 weeks ended 4 January 2003.

Results

- Pre-tax profits up 11% to £6.02m (2002: £5.44m)
- Group turnover up 3% to £9.32m (2002: £9.08m)
- Fully diluted earnings per share up 5% to 8.91p (2002: 8.51p)
- Fully diluted net assets per share up by 3% to 534p from 520p at 29 June 2002

Highlights

- Freeport Excalibur (on Czech/Austrian border) to open early Autumn 2003
- Freeport Lisbon to open Spring 2004
- Planning consent received to expand Freeport Talke, Stoke-on-Trent
- Opening of 'Leisure Box' at Braintree complements the retail offer

Commenting on today's results, Sean Collidge, Chief Executive, said:

"The first half-year has shown credible progress in a difficult trading environment which has continued this year. Our strong balance sheet and agreed banking facilities give us the ability to continue with our planned expansion programme with confidence"

For further information:

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Michael Henman/James Horsman

CHAIRMAN'S INTERIM STATEMENT

RESULTS

During the 27 weeks ended 4 January 2003, pre-tax profit increased by 11% to £6.0 million and group turnover rose 3% to £9.3 million compared with the corresponding period last year. Post-tax profit grew by 29%, assisted by the release of prior years' tax provisions. Following the two for seven Rights Issue in March 2002, fully diluted earnings per share increased by 5% to 8.91p per share. Fully diluted net assets per share increased by 3% to 534p from 29 June 2002.

DIVIDEND

As in previous years, the Board does not intend paying an interim dividend. Your Board will recommend a final dividend to shareholders at the year-end.

OPERATIONS AND SITE DEVELOPMENT

Our operating portfolio continued to perform profitably in the first half-year against the background of a difficult marketplace, with all sites contributing to Group profitability, including Freeport Kungsbacka, our Swedish development. Swedish market conditions have continued to prove difficult but our site has made progress with management replacing under-performing tenants for those with stronger financial covenants. Occupancy levels have remained constant during this process.

In the UK, we have received planning consent to expand the Freeport Talke Outlet Mall, near Stoke-on-Trent, by approximately 2,200 sq. metres (23,800 sq. ft) and our planning applications to expand our villages at Fleetwood and Castleford are in the planning process. The "Leisure Box" at our Braintree Designer Outlet Village opened last Autumn complementing the Freeport retail offer.

In the last statement to shareholders, it was reported that advanced negotiations and Heads of Terms representing approximately 49% of the lettable space were in place for our new designer outlet mall on the Czech Republic/Austrian border. We have now agreed terms for more than 60% of the space with a further 10% under negotiation and with other tenancy interest ongoing. However, the legal system and protracted legal processes in the Czech Republic have slowed the formal exchange of leases and we have, therefore, re-scheduled the opening of the outlet mall to early Autumn 2003. The launch will coincide with the opening by the Czech authorities of the significant highway improvements serving the border crossing/outlet mall. These roadworks were originally scheduled for 2004/5 but their acceleration to Autumn 2003 should considerably assist a successful site opening.

Construction of our major investment in Portugal – the Freeport Lisboa Designer Outlet Resort – is proceeding and a Spring 2004 opening is still planned. Our European leasing team is actively pre-leasing the retail and leisure elements of the scheme and have made good progress since our last report to shareholders in September. The retail space will provide consumers with a strong mix of international brands which will be complemented by exciting leisure and entertainment facilities designed to make the outlet resort an attractive daytime and nightime destination.

FUNDING

The Group's gearing position at 12% at the half-year remains conservative. However, this will increase as the Group develops its sites in mainland Europe and the UK. In the current economic climate we have suspended marketing of The Freeport Limited Partnership. We have, however, agreed terms for a syndicated €75 million loan representing the balance of the funds required to complete our Lisbon development. The Group's financial position is strong, with further bank facilities of £87 million available for development and the Group has the financial ability to complete its planned development programme.

CURRENT TRADING AND PROSPECTS

Our current trading figures for January and February 2003 indicate a continuation of last year's overall trading levels with little growth. The economy's resilience through to December 2002 may now be under threat with a slowdown in consumer spending now emerging. However, with our development programme progressing well in mainland Europe and with new planning applications in process in the UK, your directors continue to view the Group's prospects with confidence.

Sir Michael Pickard
Chairman
5 March 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the 27 weeks ended 4 January 2003

	Note	Reviewed 27 weeks ended 4 January 2003 £000	Reviewed 27 weeks ended 5 January 2002 £000	Audited Year ended 29 June 2002 £000
TURNOVER				
Group and share of joint venture		9,	9,	18,
Less: share of joint venture		(599)	(719)	(1,
GROUP TURNOVER	2	9,	9,	17,
Cost of sales		(1,	(1,	(2,
Gross profit		7,	7,	14,
Administrative expenses		(2,	(2,	(3,
GROUP OPERATING PROFIT		5,	5,	10,
Share of operating profit in joint venture		537	668	1,
TOTAL OPERATING PROFIT		6,	6,	12,
Interest receivable and similar income		200	390	523
Interest payable and similar charges		(331)	(1,	(2,
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,	5,	10,
Tax on profit on ordinary activities	3	(1,	(1,	(2,
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,	3,	7,
Final dividend on equity shares	4	-	-	(1,
RETAINED PROFIT FOR THE PERIOD/YEAR		4,	3,	6,
Undiluted earnings per share (pence)	5	8.	8.	16.
Fully diluted earnings per share (pence)	5	8.	8.	16.

All activities derive from continuing operations

CONSOLIDATED BALANCE SHEET
As at 4 January 2003

	Note	Reviewed as at 4 January 2003 £000	Reviewed as at 5 January 2002 £000	Audited as at 29 June 2002 £000
FIXED ASSETS				
Tangible assets	6	315,	297,	301,
Investments		373	242	373
Investment in joint venture:				
Share of gross assets		17,	17,	17,
Share of gross liabilities		(13,	(13,	(13,
		4,	3,	3,
		320,	301,	305,
CURRENT ASSETS				
Development property held for sale		10,	-	9,
Debtors	7	11,	9,	8,
Cash at bank and in hand		4,	444	1,
		26,	10,	19,
CREDITORS: amounts falling due within one year	8	(10,	(28,	(10,
NET CURRENT ASSETS/(LIABILITIES)		16,	(18,	9,
TOTAL ASSETS LESS CURRENT LIABILITIES		336,	282,	315,
CREDITORS: amounts falling due after more than one year	8	(38,	(41,	(21,
PROVISIONS FOR LIABILITIES AND CHARGES		(9,	(4,	(9,
NET ASSETS		289,	236,	285,
CAPITAL AND RESERVES				
Called up share capital		13,	10,	13,
Capital redemption reserve	9	21	-	-
Share premium account		115,	69,	115,
Revaluation reserve		131,	137,	131,
Profit and loss account		28,	19,	24,
EQUITY SHAREHOLDERS' FUNDS	10	289,	236,	285,

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the 27 weeks ended 4 January 2003

	Reviewed 27 weeks ended 4 January 2003 £000	Reviewed 27 weeks ended 5 January 2002 £000	Audited Year ended 29 June 2002 £000
Profit for the period/year	4,	3,	7,
Unrealised gain/(deficit) on revaluation of investment properties			
- Group	-	-	(5,
- Share of joint venture	-	-	481
Foreign exchange translation differences on foreign currency net investments in subsidiaries (note 10)	(192)	847	2,
Total recognised gains and losses in the period/year	4,	4,	4,

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS
For the 27 weeks ended 4 January 2003

	Reviewed 27 weeks ended 4 January 2003 £000	Reviewed 27 weeks ended 5 January 2002 £000	Audited Year ended 29 June 2002 £000
Profit for the period/year	4,	3,	7,
Dividends	-	-	(1,
Issue of ordinary share capital	-	-	49,
Purchase of shares for cancellation (note 9)	(254)	-	-
Deficit on revaluation	-	-	(5,
	4,	3,	50,
Foreign exchange translation differences on foreign currency net investments in subsidiaries (note 10)	(192)	847	2,
Net addition to shareholders' funds	4,	4,	52,
Opening shareholders' funds	285,	232,	232,
Closing shareholders' funds	289,	236,	285,

CONSOLIDATED CASH FLOW STATEMENT
For the 27 weeks ended 4 January 2003

	Reviewed 27 weeks ended 4 January 2003 £000	Reviewed 27 weeks ended 5 January 2002 £000	Audited Year ended 29 June 2002 £000
Net cash inflows from operating activities (note i)	2,	5,	3,
Returns on investments and servicing of finance	(529)	(1,	(2,
Taxation	(225)	-	(862)
Capital expenditure and financial investment	(14,	(17,	(25,
Equity dividends paid	(1,	(735)	(739)
Cash outflow before financing	(13,	(14,	(25,
Financing	16,	17,	33,1
Increase in cash in the period/year	2,	3,	7,

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
For the 27 weeks ended 4 January 2003

	Reviewed 27 weeks ended 4 January 2003 £000
Increase in cash in period	2,
Cash inflow from increase in debt	(17,
Change in net debt resulting from cashflows	(14,
Net debt at start of period	(19,
Net debt at end of period	(33,

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
For the 27 weeks ended 4 January 2003

i) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Reviewed 27 weeks ended 4 January 2003 £000	Reviewed 27 weeks ended 5 January 2002 £000	Audited Year ended 29 June 2002 £000
Group operating profit	5,6	5,	10,
Depreciation	148	158	333
Amortisation	-	101	(30)
Loss on disposal of fixed assets	15	10	22
Increase in development property held for sale	(1,6	-	(9,
(Increase)/decrease in debtors	(2,2	248	1,
Increase/(decrease) in creditors	201	(993)	117
Net cash inflow from operating activities	2,0	5,	3,

ii) ANALYSIS OF NET DEBT

	At 29 June 2002 £000	Cash Flow £000	At 4 January 2003 £000
Cash in hand and at bank	1,8	2,	4,
Debt due after one year	(21,0	(17	(38,
Total	(19,1	(14,	(33,

NOTES TO THE INTERIM ACCOUNTS

For the 27 weeks ended 4 January 2003

1. BASIS OF PREPARATION

The reviewed interim financial statements, which have been approved by the Board of Directors, have been prepared on the basis of accounting policies set out in the Group's financial statements for the year ended 29 June 2002. This Interim Report does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. These results are unaudited but have been reviewed by the auditors. The comparative figures for the 27 weeks ended 5 January 2002 are unaudited and are derived from the Interim Report for the 27 weeks ended 5 January 2002, which was also reviewed by the auditors. The comparative figures for the year ended 29 June 2002 are not the Company's statutory accounts for that financial year, but are an abridged version of the financial statements for that year, as filed with the Registrar of Companies. The auditors report on the statutory accounts for the year ended 29 June 2002 was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

2. TURNOVER

The total turnover of the Group for the period has been derived from its principal activity in the UK and mainland Europe. The Directors consider that the operations in mainland Europe do not represent a specific segment as their results are not currently significant.

3. TAXATION

The interim taxation charge is calculated by applying the Directors' best estimate of the annual tax rate of 31% (27 weeks ended 5 January 2002: 31%; year ended 29 June 2002: 30%) to the profit for the period. The Group has also released £675,000 (27 weeks ended 5 January 2002: £nil; year ended 29 June 2002: £589,000) of tax provisions relating to previous years that are now no longer required.

4. EQUITY DIVIDEND

The Directors have not declared a dividend for the 27 weeks ended 4 January 2003 (27 weeks ended 5 January 2002: £nil; year ended 29 June 2002: £1,084,000).

5. EARNINGS PER SHARE

The calculation of undiluted earnings per Ordinary Share is based on profits after tax and on the weighted average number of shares in issue during the period of 54,198,554 (27 weeks ended 5 January 2002: weighted average of 43,599,684 as restated; year ended 29 June 2002: weighted average of 45,657,565), after deduction for own shares held by the company. The calculation of fully diluted earnings per Ordinary Share is based on profits after tax and on the weighted number of shares in issue during the period of 54,198,554 (27 weeks ended 5 January 2002: weighted average of 44,096,109 as restated; year ended 29 June 2002: weighted average of 46,094,559), after deduction for own shares held by the company. Any difference in the number of Ordinary Shares between the earnings and diluted earnings per share is due to the effect of outstanding warrants and options being exercised.

6. TANGIBLE FIXED ASSETS

Investment properties are stated at the professional valuation carried out as at 29 June 2002 of £279,250,000, together with subsequent additions at cost.

7. DEBTORS

Included within debtors is a loan of £6,500,000 to the joint venture Freeport Stoke Limited (5 January 2002: £6,570,000; 29 June 2002: £6,549,000).

8. CREDITORS

Included within creditors falling due within one year are bank loans and overdrafts of £nil (5 January 2002: £16,052,000; 29 June 2002: £nil).
Creditors falling due after more than one year relate to bank loans of £38,000,000 (5 January 2002: £41,350,000; 29 June 2002: £21,000,000).

9. CAPITAL REDEMPTION RESERVE

This represents the nominal value of 85,000 Ordinary Shares which were purchased for cancellation during the 27 weeks ended 4 January 2003. The total cost of the purchase of £254,000 has been charged to the profit and loss reserve.

10. EQUITY SHAREHOLDERS' FUNDS

A loss of £192,000 on foreign exchange translation differences on foreign currency net investments in subsidiaries which arose during the 27 week period (27 weeks ended 5 January 2002: gain £847,000; year ended 29 June 2002: gain £2,603,000) has been charged against the profit and loss reserve.

11. INTERIM REPORT

The interim report will be sent to all registered shareholders. Further copies will be available from the Company's registered office: 9-13 George Street, London W1U 3FL.