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FRASER AND NEAVE, LIMITED

Company Registration No. 189800001R
Incorporated in the Republic of Singapore

Fraser and Neave closes FY2004 with 11.5% growth in EPS to 115.1 cents

- *Recurrent revenue held steady at \$3.4 billion*
- *Declares final net dividend of 35 cents per share*

Financial Highlights (S\$'m)	30 Sept 2004	30 Sept 2003	Change
Revenue	3,446.3	3,657.8	-5.8%
Trading Profit	443.5	527.5	-15.9%
Profit before Interest, Taxation and Exceptional Items	582.2	587.1	-0.8%
Attributable profit			
- before exceptional items	266.2	273.0	-2.5%
- after exceptional items	291.9	333.0	-12.3%
Earnings per share (basic)			
- before exceptional items	115.1c	103.2c	+11.5%
- after exceptional items	126.2c	125.9c	+0.2%
Net asset value ("NAV") per ordinary share	\$12.61	\$12.32	+2.4%

SINGAPORE - [12 November 2004] - Reflecting the success of its ongoing capital management actions, mainboard-listed Fraser and Neave Limited (F&N) today reported a 11.5% increase in earnings per share (before exceptional items) to \$1.15 for the financial year ended 30 September 2004.

Group revenue for the year, excluding the impact of the Compass Point securitisation, held steady at \$3.4 billion. Weaker Singapore development property sales and lower sales in Times Publishing following the closure of an under-performing plant in the UK, were more than offset by continued robust growth in its major food and beverage businesses, especially breweries which delivered record performance in both revenue and profits.

Group PBIT for the year, excluding the Compass Point impact, was up 3.0% to \$522.4 million due to good performance in Breweries (up 16.7%); Soft Drinks (up 23.5%); and Investment Property (up 2.3%).

Through effective management of interest rates, net interest expenses during the year were reduced by nearly 30% to \$31.4 million from \$43.8 million last year.

Directors have declared a final net dividend of 35 cents per share which, together with an interim of 20 cents, bring the total post-tax dividend for the year to 55 cents per share. This is 22.2% higher than FY2003's normal dividend of 45 cents per share (in addition to which a special dividend of 5 cents to commemorate the Group's 120th anniversary was paid). The final dividend, if approved by shareholders, will be paid on 18 February 2005.

As at 30 September 2004, net asset value per share rose to \$12.61 from \$12.32 as at 30 September 2003.

Dr Michael Fam, Executive Chairman of F&N, said, "Despite the challenges to our businesses, we have delivered yet another year with improved EPS despite the significant reduction in our balance sheet due to distributions to shareholders of \$440 million for FY2003. This shows the robustness of our business model, based on our three core businesses - Food & Beverage, Properties and Printing & Publishing."

"This is our fifth year of increase in dividend payments to shareholders and clearly underscores the Board's stated intention to maintain an enhanced after-tax dividend payment and to fully utilize the Section 44 tax credits before they expire in 2007," says Dr Fam.

"Moving forward, we are confident we can continue to build on the growth momentum and maintain earnings in the year ahead."

Review of FY2004 Operations

While trading profit for the year under review declined to \$443.5 million from \$527.5 million last year, PBIT margins were maintained at 17%.

Soft Drinks

At the Soft Drinks division, sales grew 5.1% to \$412.9 million on the back of successful promotions tying in with UEFA Euro 2004 and the Athens Olympics, while PBIT grew 23.5% to \$48.7 million, due to successful new product launches such as Vanilla Coke and lower operating expenses. PBIT margin increased to 11.8% from 10.0%.

Dairies

The Dairies division posted a 9.6% increase in revenue to \$377.5 million but PBIT fell nearly 17% to \$15.7 million as a result of start-up losses in the Vietnam greenfield operations. The impact of high raw material prices were however mitigated by better operating efficiencies.

Breweries

The Breweries division was again a star performer, posting record revenue and earnings. Sales for the year rose 13.4% to \$1.55 billion with PBIT rising nearly 17% to \$207 million. The record performance was due to volume growth in Malaysia, Papua New Guinea, New Zealand and Indochina boosted by favorable PNG Kina and NZ dollar exchange rates as well as a maiden profit contribution from newly acquired associate, Kingway Brewery.

Glass Containers

Revenue from the Glass Container business declined 7.3% to \$106.4 million with PBIT more than halved to \$5.8 million, resulting from the planned shut down of furnaces for re-building in Malaysia and Vietnam, start-up losses in China and high fuel costs affecting all operations.

Development Property

Excluding the impact of the Compass Point securitisation last year, revenue from Development Property showed a sharp 36.0% decline to \$349.0 million, reflecting the slow sales of residential projects in Singapore. Notwithstanding this decline in revenue, PBIT for the year increased by 16.8% due to better margins.

The lower Singapore sales were offset by profit contributions from overseas projects, namely the 116-unit Riverside Quarter in Wandsworth in London and the 88-residential unit Jin Lin Tian Di project in Shanghai.

Investment Property

During the year, occupancy at Malls of Centrepoint remained high. Revenue was maintained at \$182.3 million while PBIT increased by 2.3% to \$112.8 million, helped by improvements in shopping mall rentals and profit contribution from serviced residences which have continued to increase its spread and coverage.

Printing and Publishing

Revenue for printing and publishing declined by 7.8% to \$441.2 million, due largely to the decision to close an under-performing printing plant in the UK and less partwork launches by the publishing arm. Meanwhile, newly-acquired printing associate, Fung Choi, made a contribution to profit in the last quarter of the year and topped this off with a successful initial public offer on the Main Board of the Singapore Exchange.

Outlook

Taken as a group, the **Soft Drinks, Dairies and Glass Containers** businesses are expected to perform better as continued favourable sentiment is likely to contribute to increased spending and consumption of these products. However, significant price increases in raw and packaging materials and fuel could put pressure on margins and profits.

Breweries

The Breweries group is well-positioned to continue the profit growth due to a combination of factors: good growth in Indochina; better results from China with the launch of Tiger Crystal Lite in Shanghai; and further progress by Kingway Brewery as well as the successful privatization of DB Breweries in New Zealand.

Properties

There are some signs of pick up in residential property sales in Singapore. The latest property indices reveal that residential property prices have bottomed out in tandem with improved take-up in the third quarter of 2004 as more projects were launched. Continued improvement in sentiment and confidence will accelerate the take-up rate, at a time when a number of projects are ready for launch.

The Company has been actively acquiring development sites in anticipation of this recovery and is poised to launch new developments in choice sites such as Mount Sophia, Jervois, Hindhede and Sentosa Cove in the coming years.

Profit contribution from overseas investments in China and the UK is also expected to support profit growth. Progressive recognition on the fully sold Fraser Park shop/office development in Malaysia will also contribute positively to earnings.

Printing and Publishing

With the divestment of non-core assets and loss-making operations, improvements in operational efficiency and new investments, the Printing and Publishing operation is expected to improve in the year ahead.

Overall

Barring unforeseen circumstances, the Directors expect to maintain earnings for the year ahead.

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