



FRASER AND NEAVE, LIMITED

(Company Registration No. 18980001R)
(Incorporated in the Republic of Singapore)

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

Financial Statement and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the year ended 30 September 2004:-

1. PROFIT STATEMENT	Group			Company		
	30/9/2004 \$'000	30/9/2003 \$'000	Change %	30/9/2004 \$'000	30/9/2003 \$'000	Change %
Revenue	3,446,259	3,657,789	(5.8)	2,285	1,888	21.0
Cost of sales	(2,188,956)	(2,386,034)	(8.3)	-	-	N/M
Gross profit	1,257,303	1,271,755	(1.1)	2,285	1,888	21.0
Operating expenses						
- Distribution	(140,267)	(133,442)	5.1	-	-	N/M
- Marketing	(417,650)	(375,528)	11.2	-	-	N/M
- Administration	(255,881)	(235,298)	8.7	(6,425)	(7,966)	(19.3)
	(813,798)	(744,268)	9.3	(6,425)	(7,966)	(19.3)
Trading profit/(loss)	443,505	527,487	(15.9)	(4,140)	(6,078)	(31.9)
Gross dividend from subsidiary companies						
- Quoted	-	-	N/M	24,606	20,516	19.9
- Unquoted	-	-	N/M	113,552	93,645	21.3
Share of joint venture companies' profits	27,568	23,061	19.5	-	-	N/M
Share of associated companies' profits/(losses)	30,066	(857)	N/M	-	-	N/M
Gain on Compass Point Securitisation	59,794	-	N/M	-	-	N/M
Gross income from investments	21,248	37,378	(43.2)	2,641	11,517	(77.1)
Profit before interest, taxation and exceptional items	582,181	587,069	(0.8)	136,659	119,600	14.3
Net interest expenses	(31,413)	(43,822)	(28.3)	(14,412)	(18,508)	(22.1)
Profit before taxation and exceptional items	550,768	543,247	1.4	122,247	101,092	20.9
Exceptional items	20,630	54,177	(61.9)	84,172	36,975	127.6
Profit before taxation	571,398	597,424	(4.4)	206,419	138,067	49.5
Taxation	(141,099)	(145,824)	(3.2)	(22,508)	(13,435)	67.5
Profit after taxation	430,299	451,600	(4.7)	183,911	124,632	47.6
Minority interests, net of taxes	(138,391)	(118,590)	16.7	-	-	N/M
Attributable profit						
- Before exceptional items	266,204	273,002	(2.5)	99,739	87,657	13.8
- Exceptional items	25,704	60,008	(57.2)	84,172	36,975	127.6
	291,908	333,010	(12.3)	183,911	124,632	47.6

N/M - Not meaningful



2. RATIOS

	Group	
	30/9/2004	30/9/2003
Profit before interest, taxation and exceptional items as a percentage of revenue	16.9%	16.0%
Earnings per ordinary share based on weighted average share capital		
- before exceptional items	115.1 cents	103.2 cents
- after exceptional items	126.2 cents	125.9 cents
Earnings per ordinary share on a fully diluted basis		
- before exceptional items	113.8 cents	102.8 cents
- after exceptional items	124.8 cents	125.4 cents
Net asset value per ordinary share	\$12.61	\$12.32

3. SEGMENTAL RESULTS

Group revenue and profit analysis	Revenue		PBIT *	
	30/9/2004	30/9/2003	30/9/2004	30/9/2003
	\$'000	\$'000	\$'000	\$'000
By Business Activity				
Soft drinks	412,908	392,976	48,737	39,464
Dairies	377,510	344,342	15,699	18,892
Breweries	1,550,398	1,366,862	207,011	177,425
Printing & publishing	441,214	478,736	28,374	28,673
Glass containers	106,383	114,789	5,764	14,234
Investment property	182,297	183,940	112,793	110,267
Development property	349,024	746,235	76,293	145,457
Investment & other income	26,525	29,909	87,510	52,657
	<u>3,446,259</u>	<u>3,657,789</u>	<u>582,181</u>	<u>587,069</u>
By Territory				
Singapore	1,203,926	1,562,855	286,460	334,213
Malaysia	744,965	720,845	92,760	79,941
Rest of South East Asia	505,539	461,581	111,425	107,233
North East Asia	304,202	220,473	(9,422)	(24,776)
South Pacific	594,013	554,418	85,922	83,833
Europe/USA	93,614	137,617	15,036	6,625
	<u>3,446,259</u>	<u>3,657,789</u>	<u>582,181</u>	<u>587,069</u>
			Attributable profit	
			30/9/2004	30/9/2003
			\$'000	\$'000
By Business Activity				
Soft drinks			21,392	17,422
Dairies			1,451	7,011
Breweries			41,417	33,644
Printing & publishing			18,084	16,256
Glass containers			2,440	6,025
Investment property			89,071	69,341
Development property			48,199	103,761
Investment & other income			44,150	19,542
			<u>266,204</u>	<u>273,002</u>
Exceptional items			25,704	60,008
			<u>291,908</u>	<u>333,010</u>

* PBIT - Profit before interest, taxation and exceptional items



4. EXCEPTIONAL ITEMS	Group	
	30/9/2004 \$'000	30/9/2003 \$'000
Profit on disposal of other investments	30,093	85,275
Loss on disposal of investments in subsidiary and associated companies	(45)	(16,007)
Profit on disposal of properties	29,051	1,385
Share of exceptional items of joint venture companies	(4,374)	(43,670)
Restructuring and re-organisation cost	(36,297)	(8,697)
Write back of impairment in value of investments	2,202	35,891
	<u>20,630</u>	<u>54,177</u>

5. BALANCE SHEET	Group		Company	
	As at 30/9/2004 \$'000	As at 30/9/2003 \$'000	As at 30/9/2004 \$'000	As at 30/9/2003 \$'000
Fixed assets	1,333,023	1,344,906	-	-
Investment properties	2,227,432	2,266,738	-	-
Properties under development	1,833,290	1,100,052	-	-
Subsidiary companies	-	-	3,583,715	3,913,320
Joint venture companies	122,213	118,648	-	-
Associated companies	184,561	161,631	-	-
Intangible assets	224,512	38,959	-	-
Other investments	89,810	42,711	7,952	8,879
Brands	7,591	9,536	1,336	2,503
Deferred tax assets	12,399	15,412	-	-
Bank fixed deposits	157,887	88,856	-	-
CURRENT ASSETS				
Properties held for sale	398,862	369,398	-	-
Inventories	355,008	336,359	-	-
Trade debtors	412,514	636,767	-	-
Subsidiary companies	-	-	7,406	7,858
Joint venture companies	304	3,428	-	-
Associated companies	8,106	1,984	-	-
Other debtors	172,457	109,481	3,237	1,281
Short term investments	4,493	326,365	-	-
Bank fixed deposits	443,824	598,354	21,688	6,102
Cash and bank balances	133,546	160,561	364	4,985
	<u>1,929,114</u>	<u>2,542,697</u>	<u>32,695</u>	<u>20,226</u>
Deduct: CURRENT LIABILITIES				
Trade creditors	360,615	364,044	-	-
Subsidiary companies	-	-	28,272	12,326
Joint venture companies	14,038	5,245	686	686
Associated companies	33,317	93	-	-
Other creditors	432,992	404,658	5,365	7,439
Bank borrowings	890,642	1,171,685	32,980	555,055
Term loans	184,500	369,750	-	-
Provision for taxation	138,758	137,958	4,404	3,554
	<u>2,054,862</u>	<u>2,453,433</u>	<u>71,707</u>	<u>579,060</u>
NET CURRENT (LIABILITIES)/ASSETS	(125,748)	89,264	(39,012)	(558,834)
	<u>6,066,970</u>	<u>5,276,713</u>	<u>3,553,991</u>	<u>3,365,868</u>
Deduct: DEFERRED LIABILITIES				
Bank borrowings	128,542	156,961	-	-
Term loans	1,985,266	1,285,317	800,000	500,000
Employee benefits	23,760	24,650	-	-
Deferred tax liabilities	87,854	97,331	-	-
	<u>2,225,422</u>	<u>1,564,259</u>	<u>800,000</u>	<u>500,000</u>
	<u>3,841,548</u>	<u>3,712,454</u>	<u>2,753,991</u>	<u>2,865,868</u>
Financed by:				
Share capital	232,008	230,517	232,008	230,517
Share premium	143,598	135,111	143,598	135,111
Reserves	2,550,594	2,473,663	2,378,385	2,500,240
	<u>2,926,200</u>	<u>2,839,291</u>	<u>2,753,991</u>	<u>2,865,868</u>
Minority interests	915,348	873,163	-	-
	<u>3,841,548</u>	<u>3,712,454</u>	<u>2,753,991</u>	<u>2,865,868</u>



6. GROUP CASH FLOW STATEMENTS	30/9/2004	30/9/2003
	\$'000	\$'000
Profit before taxation and exceptional items	550,768	543,247
Adjustment for non-cash items	8,616	98,687
Changes in working capital	151,578	(64,986)
Income taxes paid	(140,366)	(124,423)
Adjustment for development properties profit	(62,292)	(158,321)
Progress payments from development properties sold	165,377	939,199
Development properties expenditure	(658,084)	(499,158)
Cash flow from operating activities	15,597	734,245
Proceeds from return of capital from joint venture and associated companies	336	323
Proceeds from disposal of assets and investments	447,611	191,239
Acquisition of assets and investments	(438,981)	(278,223)
Acquisition of additional interest in subsidiary companies	(106,538)	(7,404)
Disposal of associated companies	28,178	7,979
Investment income	39,797	51,214
Cash flow used in investing activities	(29,597)	(34,872)
Capital contribution by minority interests, net	12,315	639
Issue of shares by parent company	9,978	7,618
Payment on capital reduction by parent company	-	(317,645)
Proceeds/(Repayment) of term loans and borrowings	58,149	(14,609)
Loan from minority interests	3,826	-
Transfer to secured bank deposits	(69,031)	(88,856)
Payment of dividends	(193,763)	(174,783)
Cash flow used in financing activities	(178,526)	(587,636)
Net (decrease)/increase in cash	(192,526)	111,737
Cash at beginning of year	754,964	642,192
Effects of exchange rate changes on cash and cash equivalents	2,475	1,035
Cash at end of year	564,913	754,964
Cash and cash equivalents comprise:		
- Bank fixed deposits	443,824	598,354
- Cash and bank balances	133,546	160,561
- Bank overdrafts	(12,457)	(3,951)
	564,913	754,964

7. STATEMENT OF CHANGES IN EQUITY

	Group		Company	
	30/9/2004 \$'000	30/9/2003 \$'000	30/9/2004 \$'000	30/9/2003 \$'000
Issued Capital				
Balance at beginning of year	230,517	266,995	230,517	266,995
Issued upon exercise of share options	1,491	1,116	1,491	1,116
Cancelled upon capital reduction	-	(37,594)	-	(37,594)
Balance at end of year	232,008	230,517	232,008	230,517
Share Premium				
Balance at beginning of year	135,111	333,472	135,111	333,472
Increase upon exercise of share options	8,487	6,502	8,487	6,502
Capital reduction	-	(204,863)	-	(204,863)
Balance at end of year	143,598	135,111	143,598	135,111
Reserves				
Balance at beginning of year	2,473,663	2,385,722	2,500,240	2,559,469
Attributable profit for the year	291,908	333,010	183,911	124,632
Capital reduction	-	(75,188)	-	(75,188)
Deficit on revaluation of properties	(33,921)	(99,388)	-	-
Surplus on revaluation of investment in associated companies	9,290	-	-	-
Revaluation reserve arising from revaluation of investment	-	60,541	-	-
Write back of revaluation in subsidiary companies	-	-	-	(1,628)
Revaluation on investment and fixed assets	(60,541)	(38,878)	(190,119)	25
Deferred taxation on capital reserve	(2,342)	-	-	-
Adjustment to reserves due to changes in minority interests	304	151	-	-
Currency translation difference	(12,120)	14,763	-	-
Dividend payment	(115,647)	(107,070)	(115,647)	(107,070)
Balance at end of year	2,550,594	2,473,663	2,378,385	2,500,240
Total Shareholders' Equity	2,926,200	2,839,291	2,753,991	2,865,868

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

9. REVIEW OF PERFORMANCE

Group Profit Statement - Year ended 30 September 2004

The Group

The Directors are pleased to report an increase of 11.5% to \$1.15 (last year \$1.03) in earnings per share (before exceptional items) for the year.

Excluding the impact of the Compass Point securitisation last year, Group revenue was maintained at \$3.4 billion, as continued robust growth in its major food and beverage businesses offset weak Singapore development property sales, and lower sales in Times Publishing due to closure of an under-performing plant in the UK.

Group PBIT, excluding the Compass Point impact, was \$522.4 million up 3.0% over last year. Good performance in Breweries (up 16.7%), Soft Drinks (up 23.5%) and Investment Property (up 2.3%) contributed to the improvement in Group PBIT.

Through effective management of interest rates, net interest expenses were reduced to \$31.4 million (last year \$43.8 million).

Soft Drinks

PBIT from Soft Drinks jumped by 23.5% on the back of a 7% growth in volumes, following successful new product launches, and lower operating expenses.

Dairies

While revenue from Dairies grew 9.6% as volumes increased, PBIT declined by 16.9%, as a result of start-up losses in the Vietnam greenfield operations. The impact of high raw material prices were mitigated by better operating efficiencies.

Glass Containers

Sales decreased 7.3%, and PBIT declined by 59.5% for the year, due to 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. The China plant is progressing well, with sales increasing steadily.

Breweries

A record performance was delivered with revenue and PBIT respectively 13.4% and 16.7% higher than last year. Higher profits from volume growth in Malaysia, Papua New Guinea, New Zealand and Indochina, were boosted by favourable PNG Kina and NZ\$ exchange rates and maiden profit contribution from newly acquired associate, Kingway Brewery.

Printing and Publishing

Revenue for Printing and Publishing was lower than last year by 7.8% due largely to the closure of an under performing printing plant and less partwork launches. The newly acquired printing associate, Fung Choi, made a contribution of profit in the last quarter of the year.

Investment Property

Occupancy at Malls of Centrepoint remained high. Revenue was maintained and PBIT for the year increased by 2.3% helped by improved profit contribution from Malls of Centrepoint and serviced residences which has continued to increase its spread and coverage.

Development Property

Excluding the impact of the Compass Point securitisation last year, revenue from Property Development was lower by 36.0% but PBIT was up 16.8% due to better margins. Slow sales of residential projects in Singapore were offset by profit contributions from overseas projects namely, Riverside Quarter in Wandsworth in London, and Jing Lin Tian Di in Shanghai, China.

Group Balance Sheet As at 30 September 2004**Group**

Investment properties were revalued and a reduction in value of \$33.9 million at balance sheet date was recognised against previous revaluation surpluses. Properties under development at the balance sheet date increased by \$733.2 million as replenishment of the stocks of development land continue and construction progresses. Increases in investment in associated companies and intangible assets arose from the investments in Fung Choi (printing and publishing), China Dairy Group (dairies), Kingway Brewery (breweries) and Fairbriar (properties).

10. OUTLOOK**Soft Drinks, Dairies and Glass Containers**

Continued favourable consumer sentiment is likely to contribute to spending on and consumption of products from the Soft Drinks, Dairies and Glass Containers businesses. However, significant price increases in raw and packaging materials and fuel will put pressure on margins and profits.

Breweries

Breweries should continue to enjoy good growth in Indochina. Results from China are expected to improve with the launch of *Tiger Crystal Lite* in Shanghai, and further progress by Kingway Brewery. Coupled with the successful privatization of DB Breweries, the Breweries group is well positioned to continue the profit growth.

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.

Properties

Sentiment in the Singapore residential property market has shown signs of improvement with improved take-up in the 3rd 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.

Profit contribution from overseas investments in China and the UK is expected to support profit growth.

Overall

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



11. DIVIDEND/NOTICE OF ANNUAL GENERAL MEETING

- (a) The Directors propose, subject to shareholders' approval at the Annual General Meeting to be held on 27 January 2005, a final dividend of 35 cents per share, being AFTER deduction of tax (last year: 30 cents), to be paid on 18 February 2005. This is equivalent to a gross dividend of 43.8 cents per share. Taken with the interim dividend of 20 cents per share (last year: 15 cents per share plus 5 cents per share special dividend) this will give a total distribution for the year of 55 cents per share after tax, or 68.8 cents per share gross (last year: 45 cents per share plus 5 cents per share special dividend after tax or in total 63.1 cents per share gross).
- (b) Registrable transfers received by the Company's Registrar, Barbinder & Co Pte Ltd, 8 Cross Street #11-00 PWC Building, Singapore 048424 up to 5.00 pm on 4 February 2005 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed from 7 to 11 February 2005, 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 27 January 2005 at 10.00 am.

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

12 November 2004