



FRASER AND NEAVE, LIMITED

(Company Registration No. 189800001R)

(Incorporated in the Republic of Singapore)

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

The Directors are pleased to make the following announcement of the unaudited results for the 1st Quarter ended 31 December 2004.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) GROUP PROFIT STATEMENT

	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000	Change %
Revenue	1,079,381	917,618	17.6
Cost of sales	(711,385)	(573,459)	24.1
Gross profit	367,996	344,159	6.9
Operating expenses			
- Distribution	(38,441)	(36,912)	4.1
- Marketing	(120,017)	(107,591)	11.5
- Administration	(61,881)	(65,605)	(5.7)
	(220,339)	(210,108)	4.9
Trading profit	147,657	134,051	10.1
Share of joint venture companies' profits	10,978	7,715	42.3
Share of associated companies' profits/(losses)	2,615	(135)	N/M
Gain on Compass Point securitisation	-	25,648	N/M
Gross income from investments	1,752	8,312	(78.9)
Profit before interest, taxation and exceptional items	163,002	175,591	(7.2)
Net interest expense	(9,946)	(10,851)	(8.3)
Profit before taxation and exceptional items	153,056	164,740	(7.1)
Exceptional items	(1,227)	(2,970)	(58.7)
Profit before taxation	151,829	161,770	(6.1)
Taxation	(43,163)	(47,304)	(8.8)
Profit after taxation	108,666	114,466	(5.1)
Minority interests, net of taxes	(42,624)	(40,580)	5.0
Attributable profit			
- Before exceptional items	66,921	75,307	(11.1)
- Exceptional items	(879)	(1,421)	(38.1)
	66,042	73,886	(10.6)

N/M - Not meaningful

1(a)(ii) BREAKDOWN AND EXPLANATORY NOTES TO GROUP PROFIT STATEMENT

	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000	Change %
Investment income			
(A) Gross income from investments	1,752	8,312	(78.9)
Net interest expense			
(B) Interest income	3,889	5,625	(30.9)
(C) Interest expense	(13,835)	(16,476)	(16.0)
	(9,946)	(10,851)	(8.3)
Operating expenses			
Included in operating expenses are:			
(D) Depreciation & amortisation	(34,815)	(35,993)	(3.3)
(E) Provision for doubtful debts & bad debts	(1,657)	(1,582)	4.7
(F) Provision for inventory obsolescence	(1,245)	(704)	76.8
(G) Impairment in value of investments	-	-	-
(H) Foreign exchange gain	4,037	6,639	(39.2)
(J) Loss on disposal of fixed assets	(94)	(342)	(72.5)
Taxation			
(I) Over/(Under) provision of prior year taxation	997	(692)	N/M
Exceptional items			
(K) Profit on disposal of other investments	64	-	N/M
Profit on disposal of properties	159	-	N/M
Share of exceptional items of joint venture companies	(747)	(47)	N/M
Restructuring and re-organisation costs	(703)	(2,923)	(75.9)
	(1,227)	(2,970)	(58.7)
(L) Extraordinary items	-	-	-
(M) Profit before interest, taxation and exceptional items as a percentage of revenue	15.1%	19.1%	

N/M - Not meaningful



1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEET	Group		Company	
	As at 31/12/2004 \$'000	As at 30/9/2004 \$'000	As at 31/12/2004 \$'000	As at 30/9/2004 \$'000
Fixed assets	1,349,174	1,333,023	-	-
Investment properties	2,227,058	2,227,432	-	-
Properties under development	1,964,682	1,833,290	-	-
Subsidiary companies	-	-	3,582,218	3,583,715
Joint venture companies	129,551	122,213	-	-
Associated companies	186,549	184,561	-	-
Intangible assets	224,785	224,512	-	-
Other investments	102,173	89,810	7,961	7,952
Brands	7,137	7,591	1,044	1,336
Deferred tax assets	12,607	12,399	-	-
Bank fixed deposits	163,814	157,887	-	-
CURRENT ASSETS				
Properties held for sale	369,893	398,862	-	-
Inventories	371,416	355,008	-	-
Trade debtors	460,078	412,514	-	-
Subsidiary companies	-	-	7,161	7,406
Joint venture companies	273	304	-	-
Associated companies	8,061	8,106	-	-
Other debtors	160,649	172,457	2,530	3,237
Short term investments	655	4,493	-	-
Bank fixed deposits	421,128	443,824	20,946	21,688
Cash and bank balances	161,353	133,546	191	364
	1,953,506	1,929,114	30,828	32,695
Deduct: CURRENT LIABILITIES				
Trade creditors	401,024	360,615	-	-
Subsidiary companies	-	-	26,152	28,272
Joint venture companies	12,725	14,038	686	686
Associated companies	30,364	33,317	-	-
Other creditors	443,161	432,992	8,470	5,365
Bank borrowings	920,611	890,642	33,357	32,980
Term loans	184,500	184,500	-	-
Provision for taxation	154,711	138,758	4,404	4,404
	2,147,096	2,054,862	73,069	71,707
NET CURRENT LIABILITIES	(193,590)	(125,748)	(42,241)	(39,012)
	6,173,940	6,066,970	3,548,982	3,553,991
Deduct: DEFERRED LIABILITIES				
Bank borrowings	146,076	128,542	-	-
Term loans	1,985,266	1,985,266	800,000	800,000
Employee benefits	23,647	23,760	-	-
Deferred tax liabilities	88,452	87,854	-	-
	2,243,441	2,225,422	800,000	800,000
	3,930,499	3,841,548	2,748,982	2,753,991
Financed by:				
Share capital	232,223	232,008	232,223	232,008
Share premium	144,985	143,598	144,985	143,598
Reserves	2,614,995	2,550,594	2,371,774	2,378,385
	2,992,203	2,926,200	2,748,982	2,753,991
Minority interests	938,296	915,348	-	-
	3,930,499	3,841,548	2,748,982	2,753,991

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31/12/2004		As at 30/9/2004	
Secured	Unsecured	Secured	Unsecured
\$'000 275,040	\$'000 830,071	\$'000 279,640	\$'000 795,502

Amount repayable after one year

As at 31/12/2004		As at 30/9/2004	
Secured	Unsecured	Secured	Unsecured
\$'000 394,161	\$'000 1,737,181	\$'000 374,409	\$'000 1,739,399

Details of any collateral

Secured borrowings are generally bank overdrafts and bank loans secured by the borrowing companies' land and buildings, plant and machinery, equivalent amounts placed in fixed deposits and share pledge on a subsidiary.

A secured term loan is secured by a first fixed and floating charge over all assets and undertakings of a special purpose company and an assignment of all rights, benefits and title of the borrowing company.



1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP CASH FLOW STATEMENT

	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation and exceptional items	153,056	164,740
Adjustments for:		
Depreciation of fixed assets and investment properties	32,310	33,271
Provision for fixed assets write off	139	575
Write off of intangible assets	961	-
Provision for employee benefits	483	370
Write back of employee benefits	(153)	-
Provision for impairment of intangibles	-	157
Provision for loan to associated company	60	-
Loss on disposal of fixed assets (net)	94	342
Gain on Compass Point securitisation	-	(25,648)
Amortisation of development properties	26	27
Amortisation of brands	465	468
Amortisation of intangible assets	2,014	2,227
Interest expenses (net)	9,946	10,851
Share of joint venture companies' profits	(10,978)	(7,715)
Share of associated companies' (profits)/losses	(2,615)	135
Investment income	(1,752)	(8,312)
Profit on properties developed/held for sale	(19,155)	(6,914)
Operating cash before working capital changes	164,901	164,574
Change in inventories	(10,514)	2,757
Change in trade and other debtors	(31,491)	113,028
Change in joint venture and associated companies' balances	(4,190)	717
Change in trade and other creditors	30,255	18,407
Currency realignment	(9,986)	(1,782)
Cash generated from operations	138,975	297,701
Interest expenses paid, net	(9,946)	(10,851)
Income taxes paid	(22,623)	(30,508)
Payment of employee benefits	(69)	(579)
Progress payment received/receivable on properties developed/held for sale	101,861	21,847
Development expenditure on properties developed for sale	(176,593)	(182,300)
Net cash from operating activities	31,605	95,310
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends from joint venture and associated companies	8,152	6,547
Investment income	1,754	8,312
Proceeds from return of capital from joint venture companies	-	342
Proceeds from Compass Point securitisation	-	23,300
Proceeds from sale of fixed assets	1,161	536
Proceeds from sale of other investments and short term investments	6,402	11,239
Purchase of fixed assets	(63,766)	(32,447)
Purchase of other investments and short term investments	(10,810)	(14,889)
Acquisition of minority interests in subsidiary company	(2,842)	-
Acquisition of subsidiary company	(5,510)	-
Acquisition of intangible assets	(1,425)	(3,057)
Development expenditure on investment properties	(55)	-
Investments in joint venture and associated companies	(1,651)	(4,108)
Net cash used in investing activities	(68,590)	(4,225)

**GROUP CASH FLOW STATEMENT (cont'd)**

	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds/(Repayment) of term loans and bank borrowings	43,038	(63,388)
Loan from minority interests	8,336	-
Transfer to secured bank deposits	(5,927)	(39,578)
Capital repayment to minority interests	(1,511)	-
Proceeds from issue of shares:		
- by subsidiary companies to minority interests	2,847	1,208
- by parent company to shareholders	1,602	1,175
Payment of dividends by subsidiary companies to minority interests	(5,864)	(17,145)
Net cash from/(used in) financing activities	42,521	(117,728)
Net increase/(decrease) in cash and cash equivalents	5,536	(26,643)
Cash and cash equivalents at beginning of period	564,913	754,964
Effects of exchange rate changes on cash and cash equivalents	(2,040)	(97)
Cash and cash equivalents at end of period	568,409	728,224
Cash and cash equivalents at end of period comprise:		
Bank fixed deposits	421,128	604,644
Cash and bank balances	161,353	131,540
Bank overdrafts	(14,072)	(7,960)
	568,409	728,224
Analysis of acquisition of subsidiary companies	\$'000	
Net assets acquired:		
Fixed assets	8,005	
Current assets	9,663	
Current liabilities	(11,181)	
Non-current liabilities	(977)	
Cash	912	
Consideration paid	6,422	
Less: Cash of subsidiary companies	(912)	
Cash flow on acquisition net of cash and cash equivalent acquired	5,510	

- 1(d)(i) A statement (for the issuer and group) showing either
- (i) all changes in equity or
 - (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

	Group							Total
	Share Capital	Share Premium	Capital Redemption Reserve	Capital Reserve	Revenue Reserve	Exchange Reserve	Dividend Reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Quarter ended 31 December 2004								
Balance at 1 October 2004	232,008	143,598	3,228	561,251	1,922,457	(17,545)	81,203	2,926,200
Revaluation surplus on investment and properties for sale realised	-	-	-	(320)	320	-	-	-
Change in minority interests' in reserves upon the issue of shares by subsidiary companies	-	-	-	(3)	22	-	-	19
Transfer of distributable reserves by overseas subsidiary companies in compliance with statutory requirements	-	-	-	52	(52)	-	-	-
Currency translation difference	-	-	-	-	-	(1,660)	-	(1,660)
Net (losses)/gains not recognised in the profit statement	-	-	-	(271)	290	(1,660)	-	(1,641)
Issue of shares upon exercise of share options	215	1,387	-	-	-	-	-	1,602
Attributable profit	-	-	-	-	66,042	-	-	66,042
Additional dividend due to exercise of share options	-	-	-	-	(75)	-	75	-
Balance at 31 December 2004	232,223	144,985	3,228	560,980	1,988,714	(19,205)	81,278	2,992,203



STATEMENT OF CHANGES IN EQUITY

Group

	Share Capital	Share Premium	Capital Redemption Reserve	Capital Reserve	Revenue Reserve	Exchange Reserve	Dividend Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Quarter ended 31 December 2003								
Balance at 1 October 2003	230,517	135,111	3,228	650,750	1,755,025	(4,495)	69,155	2,839,291
Revaluation surplus on investment and properties for sale realised	-	-	-	(26,588)	271	-	-	(26,317)
Change in minority interests' in reserves upon the issue of shares by subsidiary companies	-	-	-	(8)	207	-	-	199
Transfer of distributable reserves by overseas subsidiary companies in compliance with statutory requirements	-	-	-	49	(49)	-	-	-
Currency translation difference	-	-	-	950	-	3,593	-	4,543
Net (losses)/gains not recognised in the profit statement	-	-	-	(25,597)	429	3,593	-	(21,575)
Issue of shares upon exercise of share options	182	993	-	-	-	-	-	1,175
Attributable profit	-	-	-	-	73,886	-	-	73,886
Additional dividend due to exercise of share options	-	-	-	-	(55)	-	55	-
Balance at 31 December 2003	230,699	136,104	3,228	625,153	1,829,285	(902)	69,210	2,892,777

1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

	Company						
	Share Capital	Share Premium	Capital Redemption Reserve	Capital Reserve	Revenue Reserve	Dividend Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Quarter ended 31 December 2004</u>							
Balance at 1 October 2004	232,008	143,598	3,228	1,039,274	1,254,680	81,203	2,753,991
Issue of shares upon exercise of share options	215	1,387	-	-	-	-	1,602
Attributable loss (see note below)	-	-	-	-	(6,611)	-	(6,611)
Additional dividend due to exercise of share options	-	-	-	-	(75)	75	-
Balance at 31 December 2004	232,223	144,985	3,228	1,039,274	1,247,994	81,278	2,748,982
<u>Quarter ended 31 December 2003</u>							
Balance at 1 October 2003	230,517	135,111	3,228	1,229,393	1,198,464	69,155	2,865,868
Issue of shares upon exercise of share options	182	993	-	-	-	-	1,175
Attributable profit	-	-	-	-	782	-	782
Additional dividend due to exercise of share options	-	-	-	-	(55)	55	-
Balance at 31 December 2003	230,699	136,104	3,228	1,229,393	1,199,191	69,210	2,867,825

Note:

The loss for the quarter under review was due to no dividend income from subsidiary companies was declared.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	1st Quarter to 31/12/2004	4th Quarter to 30/9/2004
Issue and fully paid ordinary shares of \$1.00 each:		
As at beginning of period	232,007,722	231,339,958
Issued during the period - Exercise of share options	215,150	667,764
As at end of period	<u>232,222,872</u>	<u>232,007,722</u>
	As at 31/12/2004	As at 31/12/2003
The number of shares that may be issued on exercise of share options outstanding at the end of the period	<u>6,910,495</u>	<u>6,486,418</u>

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the most recently audited annual financial statements, except as noted in paragraph 5 below.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 July 2004, the Council on Corporate Disclosure and Governance issued Financial Reporting Standard ("FRS") 103 Business Combinations, revised FRS 36 Impairment of Assets and revised FRS 38 Intangible Assets.

The Group adopted these standards with effect from 1 October 2004 which resulted in a change in the accounting treatment for goodwill. FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill shall no longer be amortised. Instead, impairment is tested annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The effect of the adoption of these standards has led to an increase in current quarter attributable profit of the Group by \$1.7 million.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	1st Quarter to 31/12/2004	1st Quarter to 31/12/2003
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before exceptional items	28.8	32.7
- after exceptional items	28.4	32.0
(b) On a fully diluted basis (cents)		
- before exceptional items	28.4	32.3
- after exceptional items	28.1	31.7
	\$'000	\$'000
Attributable profit after exceptional items	66,042	73,886
Change in attributable net profit due to dilutive share options of subsidiary companies	(345)	(242)
	65,697	73,644

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	As at 31/12/2004	As at 30/9/2004	As at 31/12/2004	As at 30/9/2004
Net asset value per ordinary share	\$12.89	\$12.61	\$11.84	\$11.87

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF PERFORMANCE

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.

The Group

Group revenue for the quarter under review rose by 18% compared to the same period last year, on the back of higher development property sales. Group profit before interest and taxation ("PBIT") decreased by 7% to \$163 million and attributable profit (before exceptional items) decreased by 11% to \$66.9 million. Excluding the gain on securitisation of Compass Point of \$25.6 million (pre-tax) last year, PBIT increased by 9% (+\$13.1 million) and attributable profit by 21% (+\$11.6 million) compared to the same period last year.

Earnings (before exceptional items) per share for the quarter is 28.8 cents compared with 32.7 cents last year.

Soft Drinks

PBIT from Soft Drinks for the quarter decreased by 6% as a result of a marginal 2% drop in revenue and the impact of across-the-board increases in packaging costs.

Dairies

Despite a 2% increase in Dairies revenue, PBIT was down by 10% due to the continued losses from the green-field dairy plant in Vietnam, which is receiving attention, higher raw material and packaging costs, partially offset by profit from China.

Glass Containers

Revenue and PBIT improved by 7% and 15% respectively from higher volumes, improved selling prices in China and the reinstated capacity in Vietnam after furnace rebuilding.

Breweries

Breweries' revenue for the quarter grew by 6% to \$473.9 million. Except for Malaysia and Indochina (in the corresponding quarter, Vietnam enjoyed a surge in sales due to an earlier TET celebrations and anticipation of the introduction of value added tax in January 2004), higher sales were reported in China, Singapore (exports), Papua New Guinea, New Zealand and Thailand. With improved sales, favourable NZ\$ exchange rates and profit contribution from Kingway Brewery Holdings Limited, PBIT grew by 7% to \$69.7 million.

Printing and Publishing

Sales from Printing and Publishing declined by 6% from the closure of the under-performing printing plant and the curtailment of new partworks launches, in the UK. This, together with higher contribution from China, led to an increase in PBIT by 26% over the same quarter last year.

Investment Property

Revenue increased by 4% from rental and management fee income from Fraser Residences in the UK. PBIT from Investment Property increased by 5% over the same quarter last year due largely to a foreign exchange gain on loan receivable from an associated company.



Development Property

Revenue from Development Property increased to \$192.2 million for the quarter under review from \$50.5 million in the corresponding quarter, as a result of the launch of Ris Grandeur and the completion of Cote d'Azur in Singapore and sales from projects in the UK and Australia. Together with profit contribution from Fraser & Neave Holdings Bhd's maiden development project, Fraser Business Park, PBIT nearly doubled to \$19.8 million for the quarter.

Investment and Other Income

Investment income has been substantially reduced following the disposal in April last year of our entire holding of shares in Coca-Cola Amatil Limited.

Balance Sheet

Properties Under Development increased by \$131.4 million as a result of the acquisition of development sites and increase in development expenditure. The increase in trade debtors and creditors during the quarter is due mainly to the increased sales for the festive seasons.

9. Where as forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK

Indications of some weakness in sentiment in certain markets in the immediate aftermath of the tsunami tragedy, and higher raw materials and packaging costs will be a challenge for the Group. Subject to this, the directors affirmed that earnings before exceptional items will be maintained for the full year ahead.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? No.

(b) *Corresponding period of the immediately preceding financial year*

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) *Date payable*

Not applicable.

(d) *Book closure date*

Not applicable.

12. If no dividend has been declared or recommended, a statement to that effect.

No dividend has been declared for the current financial period.

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Group Company Secretary

11 February 2005