



# FRASER AND NEAVE, LIMITED

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

## RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

### Financial Statements and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the year ended 30 September 2005:-

1. PROFIT STATEMENT	Group			Company		
	30/9/2005 \$'000	30/9/2004 \$'000	Change %	30/9/2005 \$'000	30/9/2004 \$'000	Change %
Revenue	4,269,808	3,446,259	23.9	3,094	2,285	35.4
Cost of sales	(2,841,772)	(2,188,956)	29.8	-	-	-
Gross profit	1,428,036	1,257,303	13.6	3,094	2,285	35.4
Operating expenses						
- Distribution	(156,848)	(140,267)	11.8	-	-	-
- Marketing	(456,111)	(417,650)	9.2	-	-	-
- Administration	(258,963)	(255,881)	1.2	(5,726)	(6,425)	(10.9)
	(871,922)	(813,798)	7.1	(5,726)	(6,425)	(10.9)
<b>Trading profit/(loss)</b>	556,114	443,505	25.4	(2,632)	(4,140)	(36.4)
Gross dividends from subsidiary companies	-	-	-	145,255	138,158	5.1
Share of joint venture companies' profits	35,046	27,568	27.1	-	-	-
Share of associated companies' profits	31,854	30,066	5.9	-	-	-
Gain on Compass Point Securitisation	-	59,794	N/M	-	-	-
Gross income from investments	9,326	21,248	(56.1)	1,620	2,641	(38.7)
<b>Profit before interest, taxation and exceptional items</b>	632,340	582,181	8.6	144,243	136,659	5.5
Net interest expenses	(39,739)	(31,413)	26.5	(19,889)	(14,412)	38.0
<b>Profit before taxation and exceptional items</b>	592,601	550,768	7.6	124,354	122,247	1.7
Exceptional items	29,594	20,630	43.5	10,005	84,172	(88.1)
<b>Profit before taxation</b>	622,195	571,398	8.9	134,359	206,419	(34.9)
Taxation	(171,266)	(141,099)	21.4	(29,193)	(22,508)	29.7
<b>Profit after taxation</b>	450,929	430,299	4.8	105,166	183,911	(42.8)
Minority interests, net of taxes	(151,429)	(138,391)	9.4	-	-	-
Attributable profit						
- Before exceptional items	274,815	266,204	3.2	95,161	99,739	(4.6)
- Exceptional items	24,685	25,704	(4.0)	10,005	84,172	(88.1)
	299,500	291,908	2.6	105,166	183,911	(42.8)

N/M - Not meaningful



**2. RATIOS**

	<b>Group</b>	
	<b>30/9/2005</b>	<b>30/9/2004</b>
Profit before interest, taxation and exceptional items as a percentage of revenue	14.8%	16.9%
Earnings per ordinary share based on weighted average share capital		
- before exceptional items	118.1 cents	115.1 cents
- after exceptional items	128.7 cents	126.2 cents
Earnings per ordinary share on a fully diluted basis		
- before exceptional items	116.9 cents	113.8 cents
- after exceptional items	127.4 cents	124.8 cents
Net asset value per ordinary share	\$13.27	\$12.61

**3. SEGMENTAL RESULTS**

<b>Group revenue and profit analysis</b>	<b>Revenue</b>		<b>PBIT *</b>	
	<b>30/9/2005</b>	<b>30/9/2004</b>	<b>30/9/2005</b>	<b>30/9/2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>By Business Activity</b>				
Soft drinks	439,877	412,908	50,598	48,737
Dairies	406,334	377,510	17,097	15,699
Breweries	1,720,381	1,550,398	234,997	207,011
Printing & publishing	458,526	441,214	35,983	25,874
Glass containers	105,120	106,383	6,417	5,764
Investment property	190,995	182,297	112,171	112,793
Development property	923,748	349,024	155,787	132,078
Investment income	-	-	9,326	21,248
Corporate office	24,827	26,525	9,964	12,977
	<u>4,269,808</u>	<u>3,446,259</u>	<u>632,340</u>	<u>582,181</u>
<b>By Territory</b>				
Singapore	1,604,373	1,203,959	221,286	286,460
Malaysia	801,995	744,965	97,640	92,760
Rest of South East Asia	580,742	505,506	136,788	111,425
North East Asia	460,923	304,202	56,695	(9,422)
South Asia	1,203	-	311	-
South Pacific	681,151	594,013	100,466	85,922
Europe/USA	139,421	93,614	19,154	15,036
	<u>4,269,808</u>	<u>3,446,259</u>	<u>632,340</u>	<u>582,181</u>
			<b>Attributable profit</b>	
<b>By Business Activity</b>			<b>30/9/2005</b>	<b>30/9/2004</b>
			<b>\$'000</b>	<b>\$'000</b>
Soft drinks			21,447	21,392
Dairies			4,058	1,451
Breweries			50,708	41,417
Printing & publishing			25,963	16,084
Glass containers			2,206	2,440
Investment property			80,843	89,071
Development property			104,021	90,323
Investment income			5,876	16,727
Corporate office			<u>(20,307)</u>	<u>(12,701)</u>
			274,815	266,204
Exceptional items			24,685	25,704
			<u>299,500</u>	<u>291,908</u>

\* PBIT - Profit before interest, taxation and exceptional items

**4. EXCEPTIONAL ITEMS**

	<b>Group</b>	
	<b>30/9/2005</b>	<b>30/9/2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit on disposal of portfolio investments	12,150	30,093
Gain/(loss) on disposal of investments in subsidiaries and associated companies and change in interest in associated company	12,634	(45)
Profit on disposal of properties	875	29,051
Write back of impairment in value of investments	-	2,202
Write back of/(provision for) assets and other costs in respect of re-organisation and restructuring of operations	1,760	(32,908)
Provision for professional fee	(5,779)	(3,389)
Negative goodwill arising from investment in subsidiary company	6,384	-
Share of associated and joint venture companies' write back of/(provision for) impairment in value of assets and restructuring costs	1,570	(4,374)
	<u>29,594</u>	<u>20,630</u>

**5. BALANCE SHEET**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30/9/2005</b>	<b>As at 30/9/2004</b>	<b>As at 30/9/2005</b>	<b>As at 30/9/2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fixed assets	1,499,004	1,333,023	-	-
Investment properties	2,305,537	2,227,432	-	-
Properties under development	1,994,012	1,833,290	-	-
Subsidiary companies	-	-	3,608,227	3,583,715
Joint venture companies	144,733	122,213	-	-
Associated companies	308,074	184,561	-	-
Intangible assets	164,873	224,512	-	-
Other investments	116,749	81,180	6,579	7,952
Brands	5,747	7,591	169	1,336
Deferred tax assets	10,247	12,399	-	-
Bank fixed deposits	4,600	157,887	-	-
<b>CURRENT ASSETS</b>				
Properties held for sale	431,867	398,862	-	-
Inventories	434,090	355,008	-	-
Trade debtors	632,450	412,514	-	-
Subsidiary companies	-	-	45,033	7,406
Joint venture companies	228	304	-	-
Associated companies	7,547	8,106	-	-
Other debtors	235,937	172,457	2,942	3,237
Short term investments	11,796	13,123	-	-
Bank fixed deposits	360,425	443,824	22,618	21,688
Cash and bank balances	280,687	133,546	452	364
	<u>2,395,027</u>	<u>1,937,744</u>	<u>71,045</u>	<u>32,695</u>
<b>Deduct: CURRENT LIABILITIES</b>				
Trade creditors	486,645	360,615	-	-
Subsidiary companies	-	-	20,329	28,272
Joint venture companies	3,938	14,038	-	686
Associated companies	33,874	33,317	-	-
Other creditors	512,533	432,992	6,132	5,365
Bank borrowings	716,153	890,642	112,340	32,980
Term loans	500,000	184,500	-	-
Provision for taxation	167,550	138,758	5,986	4,404
	<u>2,420,693</u>	<u>2,054,862</u>	<u>144,787</u>	<u>71,707</u>
<b>NET CURRENT LIABILITIES</b>	<u>(25,666)</u>	<u>(117,118)</u>	<u>(73,742)</u>	<u>(39,012)</u>
	6,527,910	6,066,970	3,541,233	3,553,991
<b>Deduct: DEFERRED LIABILITIES</b>				
Bank borrowings	686,011	128,542	-	-
Term loans	1,500,000	1,985,266	800,000	800,000
Provision for employee benefits	23,951	23,760	-	-
Deferred tax liabilities	96,622	87,854	-	-
	<u>2,306,584</u>	<u>2,225,422</u>	<u>800,000</u>	<u>800,000</u>
	<u>4,221,326</u>	<u>3,841,548</u>	<u>2,741,233</u>	<u>2,753,991</u>
<b>Financed by:</b>				
Share capital	233,359	232,008	233,359	232,008
Share premium	152,223	143,598	152,223	143,598
Reserves	<u>2,711,306</u>	<u>2,550,594</u>	<u>2,355,651</u>	<u>2,378,385</u>
	3,096,888	2,926,200	2,741,233	2,753,991
Minority interests	1,124,438	915,348	-	-
	<u>4,221,326</u>	<u>3,841,548</u>	<u>2,741,233</u>	<u>2,753,991</u>

**6. GROUP CASH FLOW STATEMENTS**

	<b>30/9/2005</b>	<b>30/9/2004</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before taxation and exceptional items	592,601	550,768
Adjustment for non-cash items	85,759	8,616
Changes in working capital	(130,040)	151,578
Income taxes paid	(121,583)	(140,366)
Adjustment for development properties profit	(151,569)	(62,292)
Progress payment received/receivable on properties developed for sale and properties held for sale	1,017,407	165,377
Development properties expenditure	(889,595)	(658,084)
Net cash from operating activities	<u>402,980</u>	<u>15,597</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Investment income	30,218	39,797
Proceeds from return of capital from joint venture and associated companies	62	336
Proceeds from disposal of other assets	30,341	447,611
Proceeds from disposal of subsidiary companies	1,251	-
Acquisition of assets and investments	(354,621)	(438,981)
Acquisition of minority interests of subsidiary companies	(17,155)	(117,169)
Acquisition of subsidiary companies	(86,610)	10,631
Disposal of associated companies	-	28,178
Net cash used in investing activities	<u>(396,514)</u>	<u>(29,597)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from term loans and bank borrowings	90,877	58,149
Loan from minority interests	4,166	3,826
Transfer from/(to) secured bank deposits	153,287	(69,031)
Proceeds from issue of shares	21,327	22,293
Payment of dividends	(208,762)	(193,763)
Net cash used in financing activities	<u>60,895</u>	<u>(178,526)</u>
Net increase/(decrease) in cash	67,361	(192,526)
Cash and cash equivalents at beginning of year	564,913	754,964
Effects of exchange rate changes on cash and cash equivalents	3,591	2,475
Cash and cash equivalents at end of year	<u>635,865</u>	<u>564,913</u>
Cash and cash equivalents at end of year comprise:		
- Cash and bank deposits	641,112	577,370
- Bank overdrafts	(5,247)	(12,457)
	<u>635,865</u>	<u>564,913</u>
<b>Analysis of acquisition and disposal of subsidiary companies</b>		
Net assets acquired:		
Fixed assets	21,283	20,281
Development properties	122,197	153,890
Investment properties	108,833	-
Other non-current assets	17,883	-
Current assets	143,791	92,607
Current liabilities	(43,533)	(71,156)
Non-current liabilities	(122,150)	(142,747)
Minority interests	(124,276)	(11,705)
Cash	63,641	21,447
	<u>187,669</u>	<u>62,617</u>
Cost of investment as a joint venture company	(37,290)	(53,156)
Translation difference	-	1,242
Goodwill on acquisition (net)	4,033	113
Consideration paid	154,412	10,816
Add: Loan on acquisition	(4,161)	-
	<u>150,251</u>	<u>10,816</u>
Less: Cash of subsidiary companies	(63,641)	(21,447)
Cash flow on acquisition net of cash and cash equivalents acquired	<u>86,610</u>	<u>(10,631)</u>

**6. GROUP CASH FLOW STATEMENTS (cont'd)**

	<b>30/9/2005</b>
	<b>\$'000</b>
Net assets disposed:	
Current assets	(2,681)
Current liabilities	16
Minority interests	1,522
Cash	(3,896)
	<u>(5,039)</u>
Translation difference	589
Gain on disposal	(697)
Consideration received	(5,147)
Less: Cash of subsidiary companies	3,896
	<u>(1,251)</u>
Cash flow on disposal net of cash and cash equivalent disposed	<u><u>(1,251)</u></u>

**7. STATEMENT OF CHANGES IN EQUITY**

	<b>Group</b>		<b>Company</b>	
	<b>30/9/2005</b>	<b>30/9/2004</b>	<b>30/9/2005</b>	<b>30/9/2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Issued Capital</b>				
Balance at beginning of year	232,008	230,517	232,008	230,517
Issued upon exercise of share options	1,351	1,491	1,351	1,491
	<u>233,359</u>	<u>232,008</u>	<u>233,359</u>	<u>232,008</u>
<b>Share Premium</b>				
Balance at beginning of year	143,598	135,111	143,598	135,111
Increase upon exercise of share options	8,625	8,487	8,625	8,487
	<u>152,223</u>	<u>143,598</u>	<u>152,223</u>	<u>143,598</u>
<b>Reserves</b>				
Balance at beginning of year	2,550,594	2,473,663	2,378,385	2,500,240
Attributable profit for the year	299,500	291,908	105,166	183,911
Revaluation deficit on properties	(28,365)	(33,921)	-	-
Revaluation surplus reversed on transfer of investment properties to fixed assets	(1,467)	-	-	-
Revaluation surplus on investment in associated company	-	9,290	-	-
Revaluation surplus on investment and properties for sale realised	(57)	(60,541)	-	-
Share of joint venture and associated companies' reserves	(2,213)	-	-	-
Revaluation surplus upon disposal of subsidiary companies	-	-	-	(190,119)
Deferred taxation on revaluation of assets	(3,448)	(2,342)	-	-
Adjustment to reserves due to changes in minority interests	28	304	-	-
Currency translation difference	24,634	(12,120)	-	-
Dividend payment	(127,900)	(115,647)	(127,900)	(115,647)
	<u>2,711,306</u>	<u>2,550,594</u>	<u>2,355,651</u>	<u>2,378,385</u>
<b>Total Shareholders' Equity</b>	<u><u>3,096,888</u></u>	<u><u>2,926,200</u></u>	<u><u>2,741,233</u></u>	<u><u>2,753,991</u></u>



## 8. CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous year except that the Group has adopted 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 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 year attributable profit of the Group by \$9.2 million.

## 9. 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.

## 10. REVIEW OF PERFORMANCE

### Group Profit Statement - Year ended 30 September 2005

#### **The Group**

The Directors are pleased to announce a 3% improvement in Group attributable profit (before exceptional items) to \$275 million for the financial year ended 30 September 2005. Earnings per share rose to \$1.18, compared to \$1.15 last year.

Group revenue increased by 24% to \$4.27 billion for the year under review with continued growth in food and beverage and a 165% jump in development property sales. Group profit before interest and tax (PBIT) at \$632 million is up by 9% over last year.

#### **Soft Drinks**

Sales volume for soft drinks grew by 3% and, together with a price increase in the middle of the year to mitigate across-the-board increases in raw materials and packaging costs, revenue and PBIT are higher by 7% and 4% respectively.

#### **Dairies**

Revenue and PBIT are respectively up by 8% and 9% compared with last year with all business units in the dairies operation achieving improved sales. In Malaysia selling prices were raised towards the financial year end to partially recover margins lost as a result of higher raw material and packaging costs. Profit contribution from our associated company in China was offset by initial loss from the newly acquired A2 Milk business in Australia.

#### **Glass Containers**

Sales revenue was flat as higher sales in China and Vietnam were offset by lower output in Malaysia (due to disruption to production caused by furnace leakage and fire). PBIT for the glass containers operation is up by 11% benefiting from lower operating expenses.



### **Breweries**

The Group's breweries achieved high sales revenue of \$1.72 billion and PBIT of \$235 million, an increase of 11% and 14% respectively over last year. Except for Thailand with a marginally lower profit as a result of higher brand promotion costs, all regions performed better than last year. In Singapore and Malaysia, despite declining sales, PBIT improved from effective cost management. Higher sales and price increases in Papua New Guinea and New Zealand, and a strong NZ\$ exchange rate, led to significant improvement in PBIT. Strong double digit growth was recorded in sales and PBIT for Cambodia and Vietnam. In China, sales growth of more than 30% and profits from investments in Kingway Brewery Limited and Jiangsu DaFuHao Breweries Co Ltd pared losses down significantly.

### **Printing and Publishing**

Sales revenue increased by 4% over last year, attributable to the new businesses acquired during the year and higher sales achieved by the printing plants in Malaysia, China and Australia. PBIT improved by 39% boosted by the full year profit contribution from the investment in Fung Choi and elimination of losses from the closure of the under-performing UK printing plant and the Hong Kong publishing and retailing operations.

### **Development Property**

Sales of development property surged strongly in the year under review with the highly successful launches of The Spectrum and 8 @ Mount Sophia in Singapore and phase 1 of Jingan Four Seasons in Shanghai, China. Together with sales of units from its existing inventory of completed development and progressive recognition of revenue and profit from Frasers Park in Malaysia and other projects under development, revenue jumped 165% over last year. PBIT rose 18% due to last year's one-off gains from the disposal of the Compass Point bonds. Sales and development of projects in the UK and Australia are progressing as scheduled and contributed to profits. Just before the close of the financial year, all the units of the Group's lifestyle development on Sentosa, The Azure, were snapped up. This will contribute to sales revenue and profit from the new financial year.

During the year, Centrepoint Properties replenished its land bank with the acquisition of development sites in Singapore, Australia and New Zealand.

### **Investment Property**

Group rental revenue from investment property increased by 5%. The higher revenue from the Group's retail malls in Singapore, which had another good year enjoying continued high occupancy of close to 100%, and Fraser Serviced Residences were offset by lower income from offices and industrial properties. In the circumstances maintaining Group PBIT was a satisfactory performance.

Our flagship retail mall, Centrepoint Shopping Centre on Orchard Road, is undergoing a major renewal with the addition of a 6-storey extension which will add approximately 55,000 sq ft of space. Completion is expected before Christmas 2006.

### **Taxation**

The higher effective tax rate of the Group of 27.5% (2004: 24.7%) is attributable mainly to the higher profits from operations in countries with higher corporate tax rates.

### **Group Balance Sheet as at 30 September 2005**

The increase in investment properties and properties under development is due to the additions from Frasers Property (China) Limited ("FPCL"), and respectively offset by the decrease in valuation of the Group's other investment properties at the year end over last year and the transfer of units to current assets upon completion of development. FPCL became a subsidiary after the Group raised its equity interest to 55% (from 27% before). The increase in investments in joint venture companies is due to the acquisition of a 40% shareholding in Jiangsu DaFuHao Breweries Co Ltd less the re-classification of FPCL.

The increase in investments in associated companies is due to the additional investments in Fung Choi and China Dairy Group and a change in presentation of the goodwill arising from investments in associated companies. As required by FRS, the goodwill of associated companies (previously shown as part of intangible assets) is reclassified to investments in associated companies. This change, partially offset by the goodwill paid for investments in subsidiary companies, accounts for the decrease in intangible assets compared to 30 September 2004.



**Group Cash Flow Statement for the year ended 30 September 2005**

The cash inflows and outflows are detailed in the Group cash flow statement. Cash inflows from operations and increase in borrowings were utilized for investing activities and payment of dividends, with a resultant net increase in cash and cash equivalents of \$67 million.

**11. OUTLOOK**

The outlook on all our businesses generally is positive. High material, energy and packaging costs continue to challenge the Group's efforts to improve margins in its beverage business.

Improved sentiment in the Singapore residential property market is expected to continue in the new financial year. Rental income from investment properties will be underpinned by high occupancy in an improved economy.

Overall, barring unforeseen circumstances, the Directors expect attributable profit before exceptional items in the new financial year to be higher than the year just ended.

**12. DIVIDEND/NOTICE OF ANNUAL GENERAL MEETING**

- (a) The Directors propose, subject to shareholders' approval at the Annual General Meeting to be held on 26 January 2006, a final dividend of 35 cents per share, being AFTER deduction of tax (last year: 35 cents), to be paid on 17 February 2006. 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: 20 cents per share) 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: 55 cents per share or in total 68.8 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 7 February 2006 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed from 8 to 11 February 2006, 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 26 January 2006 at 10.00 am.

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

11 November 2005