



FRASER AND NEAVE, LIMITED

(Registration No. 189800001R)
(Incorporated in the Republic of Singapore)

RESULTS FOR THE 2ND QUARTER ENDED 31 MARCH 2005 Financial Statements and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the 2nd Quarter ended 31 March 2005:-

1. GROUP PROFIT STATEMENT

	2nd Quarter to 31/3/2005 \$'000	2nd Quarter to 31/3/2004 \$'000	Change %	6 Months to 31/3/2005 \$'000	6 Months to 31/3/2004 \$'000	Change %
Revenue	874,819	780,865	12.0	1,954,200	1,698,483	15.1
Cost of sales	(561,366)	(505,441)	11.1	(1,271,667)	(1,080,388)	17.7
Gross profit	313,453	275,424	13.8	682,533	618,095	10.4
Operating expenses						
- Distribution	(38,923)	(33,339)	16.7	(77,364)	(70,251)	10.1
- Marketing	(94,251)	(81,476)	15.7	(214,268)	(189,067)	13.3
- Administration	(68,060)	(53,982)	26.1	(131,025)	(118,099)	10.9
	(201,234)	(168,797)	19.2	(422,657)	(377,417)	12.0
Trading profit	112,219	106,627	5.2	259,876	240,678	8.0
Share of joint venture companies' profits	8,278	5,731	44.4	19,256	13,446	43.2
Share of associated companies' profits/(losses)	14,479	109	N/M	17,094	(26)	N/M
Gain on Compass Point securitisation	-	-	-	-	25,648	N/M
Gross income from investments	1,583	8,581	(81.6)	3,335	16,893	(80.3)
Profit before interest, taxation and exceptional items	136,559	121,048	12.8	299,561	296,639	1.0
Net interest expense	(11,361)	(10,569)	7.5	(21,307)	(21,420)	(0.5)
Profit before taxation and exceptional items	125,198	110,479	13.3	278,254	275,219	1.1
Exceptional items	4,790	(773)	N/M	3,563	(3,743)	N/M
Profit before taxation	129,988	109,706	18.5	281,817	271,476	3.8
Taxation	(31,999)	(24,134)	32.6	(75,162)	(71,438)	5.2
Profit after taxation	97,989	85,572	14.5	206,655	200,038	3.3
Minority interests, net of taxes	(40,686)	(36,510)	11.4	(83,310)	(77,090)	8.1
Attributable profit						
- Before exceptional items	51,536	48,743	5.7	118,457	124,050	(4.5)
- Exceptional items	5,767	319	N/M	4,888	(1,102)	N/M
	57,303	49,062	16.8	123,345	122,948	0.3

N/M - Not meaningful

2. RATIOS

	Group			
	2nd Quarter to 31/3/2005	2nd Quarter to 31/3/2004	6 Months to 31/3/2005	6 Months to 31/3/2004
Profit before interest, taxation and exceptional items as a percentage of revenue	15.6%	15.5%	15.3%	17.5%
Earnings per ordinary share based on weighted average share capital				
- before exceptional items	22.2 cents	21.1 cents	51.0 cents	53.7 cents
- after exceptional items	24.6 cents	21.2 cents	53.1 cents	53.2 cents
Earnings per ordinary share on a fully diluted basis				
- before exceptional items	21.8 cents	20.8 cents	50.4 cents	53.0 cents
- after exceptional items	24.3 cents	20.9 cents	52.5 cents	52.6 cents
Net asset value ("NAV") per ordinary share			\$12.76	\$12.61 #

Refers to NAV per ordinary share as at 30 September 2004.

3. EXCEPTIONAL ITEMS

	Group			
	2nd Quarter to 31/3/2005 \$'000	2nd Quarter to 31/3/2004 \$'000	6 Months to 31/3/2005 \$'000	6 Months to 31/3/2004 \$'000
Profit on disposal of other investments	289	405	289	405
Profit/(Loss) on disposal/dilution of investments in subsidiary and associated companies	5,524	(89)	5,588	(89)
Profit on disposal of properties	357	88	516	88
Share of exceptional items of joint venture and associated companies	516	2,449	(231)	2,402
Restructuring and re-organisation costs	(1,896)	(3,247)	(2,599)	(6,170)
Goodwill arising from additional investments in subsidiary companies	-	(379)	-	(379)
	<u>4,790</u>	<u>(773)</u>	<u>3,563</u>	<u>(3,743)</u>

4. SEGMENTAL RESULTS

Group revenue and profit analysis

	2nd Quarter to 31/3/2005 \$'000	2nd Quarter to 31/3/2004 \$'000	6 Months to 31/3/2005 \$'000	6 Months to 31/3/2004 \$'000
Revenue				
By Business Activity				
Soft drinks	125,834	103,971	238,196	218,248
Dairies	94,510	88,647	188,684	181,158
Breweries	404,666	329,407	878,599	778,364
Printing and publishing	99,891	110,813	222,977	241,457
Glass containers	25,512	26,735	55,996	55,185
Investment property	48,307	45,862	95,383	91,092
Development property	70,758	69,065	262,976	119,612
Investment and other income	5,341	6,365	11,389	13,367
	874,819	780,865	1,954,200	1,698,483
By Territory				
Singapore	282,672	273,559	689,680	550,960
Malaysia	200,485	184,475	395,405	380,728
Rest of South East Asia	137,776	95,512	301,491	270,770
North East Asia	82,035	58,138	168,748	113,244
South Pacific	148,630	140,424	348,865	323,712
Europe/USA	23,221	28,757	50,011	59,069
	874,819	780,865	1,954,200	1,698,483
Profit Before Interest, Taxation and Exceptional Items				
By Business Activity				
Soft drinks	14,730	12,860	28,064	27,005
Dairies	2,595	2,254	6,744	6,842
Breweries	63,959	54,962	133,668	119,944
Printing and publishing	2,735	1,562	14,658	11,001
Glass containers	1,581	1,435	4,531	3,999
Investment property	28,513	29,200	57,501	56,712
Development property	18,622	11,316	38,432	21,654
Investment and other income	3,824	7,459	15,963	49,482
	136,559	121,048	299,561	296,639
By Territory				
Singapore	47,541	60,569	104,307	140,756
Malaysia	21,304	21,462	45,006	48,149
Rest of South East Asia	35,439	22,926	73,231	65,123
North East Asia	10,429	(7,468)	11,511	(16,369)
South Pacific	19,886	23,395	58,839	57,358
Europe/USA	1,960	164	6,667	1,622
	136,559	121,048	299,561	296,639
Attributable Profit				
By Business Activity				
Soft drinks	6,274	5,499	11,949	11,485
Dairies	(44)	(614)	1,511	793
Breweries	15,906	13,996	30,042	24,489
Printing and publishing	1,740	(43)	9,801	6,170
Glass containers	663	491	1,859	1,735
Investment property	19,495	21,773	40,247	40,271
Development property	11,129	7,317	24,545	13,484
Investment and other income	(3,627)	324	(1,497)	25,623
	51,536	48,743	118,457	124,050
Exceptional items	5,767	319	4,888	(1,102)
	57,303	49,062	123,345	122,948



5. BALANCE SHEET

	Group		Company	
	As at 31/3/2005 \$'000	As at 30/9/2004 \$'000	As at 31/3/2005 \$'000	As at 30/9/2004 \$'000
Fixed assets	1,379,791	1,333,023	-	-
Investment properties	2,227,035	2,227,432	-	-
Properties under development	1,827,611	1,833,290	-	-
Subsidiary companies	-	-	3,601,075	3,583,715
Joint venture companies	128,608	122,213	-	-
Associated companies	203,103	184,561	-	-
Intangible assets	250,109	224,512	-	-
Other investments	127,227	89,810	7,963	7,952
Brands	6,681	7,591	753	1,336
Deferred tax assets	12,380	12,399	-	-
Bank fixed deposits	132,249	157,887	-	-
CURRENT ASSETS				
Properties held for sale	341,484	398,862	-	-
Inventories	372,016	355,008	-	-
Trade debtors	537,457	412,514	-	-
Subsidiary companies	-	-	7,335	7,406
Joint venture companies	626	304	-	-
Associated companies	7,672	8,106	-	-
Other debtors	177,095	172,457	3,377	3,237
Short term investments	606	4,493	-	-
Bank fixed deposits	374,265	443,824	38,321	21,688
Cash and bank balances	146,701	133,546	375	364
	1,957,922	1,929,114	49,408	32,695
Deduct: CURRENT LIABILITIES				
Trade creditors	339,891	360,615	-	-
Subsidiary companies	-	-	20,432	28,272
Joint venture companies	2,825	14,038	686	686
Associated companies	29,765	33,317	-	-
Other creditors	452,210	432,992	6,515	5,365
Bank borrowings	784,107	890,642	131,730	32,980
Term loans	675,750	184,500	-	-
Provision for taxation	147,768	138,758	4,404	4,404
	2,432,316	2,054,862	163,767	71,707
NET CURRENT LIABILITIES	(474,394)	(125,748)	(114,359)	(39,012)
	5,820,400	6,066,970	3,495,432	3,553,991
Deduct: DEFERRED LIABILITIES				
Bank borrowings	275,129	128,542	-	-
Term loans	1,500,000	1,985,266	800,000	800,000
Employee benefits	23,837	23,760	-	-
Deferred tax liabilities	89,740	87,854	-	-
	1,888,706	2,225,422	800,000	800,000
	3,931,694	3,841,548	2,695,432	2,753,991
Financed by:				
Share capital	232,559	232,008	232,559	232,008
Share premium	147,021	143,598	147,021	143,598
Reserves	2,587,882	2,550,594	2,315,852	2,378,385
	2,967,462	2,926,200	2,695,432	2,753,991
Minority interests	964,232	915,348	-	-
	3,931,694	3,841,548	2,695,432	2,753,991

6. CASH FLOW STATEMENTS

Group

	2nd Quarter to 31/3/2005 \$'000	2nd Quarter to 31/3/2004 \$'000	6 Months to 31/3/2005 \$'000	6 Months to 31/3/2004 \$'000
Profit before taxation and exceptional items	125,198	110,479	278,254	275,219
Adjustment for non-cash items	10,069	19,934	31,054	15,252
Change in inventories	3,991	2,532	(6,523)	5,289
Change in trade and other debtors	(84,910)	84,990	(116,401)	198,018
Change in joint venture and associated companies' balances	(10,463)	(885)	(14,653)	(168)
Change in trade and other creditors	(62,246)	(92,374)	(31,991)	(75,143)
Currency realignment	(1,503)	(4,232)	(6,252)	(6,367)
Income taxes paid	(32,579)	(42,504)	(55,202)	(73,012)
Adjustment for development properties profit	(7,517)	(11,365)	(26,672)	(18,279)
Progress payments from development properties sold	436,545	28,234	538,406	50,081
Development properties expenditure	(264,303)	(184,311)	(440,896)	(366,611)
Net cash from/(used in) operating activities	112,282	(89,502)	149,124	4,279
Proceeds from return of capital from associated companies	-	-	-	333
Proceeds from disposal of assets and investments	3,694	98,209	11,257	99,981
Acquisition of assets and investments	(83,221)	(194,035)	(160,928)	(238,536)
Acquisition of subsidiary companies	(28,728)	-	(34,238)	-
Acquisition of additional interest in subsidiary company	-	(79)	(2,842)	(79)
Proceeds from Compass Point securitisation	-	-	-	23,300
Investment income	3,334	8,634	13,240	23,493
Net cash used in investing activities	(104,921)	(87,271)	(173,511)	(91,508)
Capital contribution by minority interests, net	667	3,203	3,514	4,411
Issue of shares by parent company	2,372	3,905	3,974	5,080
(Repayment)/proceeds from term loans and bank borrowings	(3,350)	110,215	39,688	46,827
Loan from minority interests	953	2,479	9,289	3,655
Capital repayment to minority interests	-	-	(1,522)	-
Transfer from/(to) secured bank deposits	31,565	(3,818)	25,638	(43,395)
Payment of dividends	(104,825)	(89,011)	(110,689)	(105,969)
Net cash (used in)/from financing activities	(72,618)	26,973	(30,108)	(89,391)
Net decrease in cash and cash equivalents	(65,257)	(149,800)	(54,495)	(176,620)
Cash and cash equivalents at beginning of period	568,409	728,225	564,913	754,964
Effects of exchange rate changes on cash and cash equivalents	2,664	(3,986)	(4,602)	(3,905)
Cash and cash equivalents at end of period	505,816	574,439	505,816	574,439
Cash and cash equivalents at end of period comprise:				
- Bank fixed deposits	374,265	444,859	374,265	444,859
- Cash and bank balances	146,701	137,360	146,701	137,360
- Bank overdrafts	(15,150)	(7,780)	(15,150)	(7,780)
	505,816	574,439	505,816	574,439
Analysis of acquisition of subsidiary companies				
Net assets acquired:				
Fixed assets	397		8,402	
Non-current assets	402		402	
Current assets	14,140		23,803	
Current liabilities	(7,235)		(18,416)	
Non-current liabilities	(1,120)		(2,097)	
Minority interests	(457)		(457)	
Cash	625		1,537	
	6,752		13,174	
Goodwill on acquisition	22,601		22,601	
Consideration paid	29,353		35,775	
Less: Cash of subsidiary companies	(625)		(1,537)	
Cash flow on acquisition net of cash and cash equivalents acquired	28,728		34,238	



7. STATEMENT OF CHANGES IN EQUITY

	Group			
	2nd Quarter to 31/3/2005 \$'000	2nd Quarter to 31/3/2004 \$'000	6 Months to 31/3/2005 \$'000	6 Months to 31/3/2004 \$'000
Issued Capital				
Balance at beginning of period	232,223	230,699	232,008	230,517
Issue upon exercise of share options	336	602	551	784
Balance at end of period	232,559	231,301	232,559	231,301
Share Premium				
Balance at beginning of period	144,985	136,104	143,598	135,111
Increase upon exercise of share options	2,036	3,303	3,423	4,296
Balance at end of period	147,021	139,407	147,021	139,407
Reserves				
Balance at beginning of period	2,614,995	2,525,974	2,550,594	2,473,663
Attributable profit	57,303	49,062	123,345	122,948
Revaluation surplus on investment realised	(78)	-	(78)	(26,317)
Adjustment to reserves due to changes in minority interests	113	218	132	417
Transfer of reserves by overseas subsidiary companies in accordance with statutory requirements	(31)	-	(31)	-
Currency translation difference	(3,040)	(7,828)	(4,700)	(3,285)
Dividend payment	(81,380)	(69,382)	(81,380)	(69,382)
Balance at end of period	2,587,882	2,498,044	2,587,882	2,498,044
Total Shareholders' Equity	2,967,462	2,868,752	2,967,462	2,868,752

	Company			
	2nd Quarter to 31/3/2005 \$'000	2nd Quarter to 31/3/2004 \$'000	6 Months to 31/3/2005 \$'000	6 Months to 31/3/2004 \$'000
Issued Capital				
Balance at beginning of period	232,223	230,699	232,008	230,517
Issue upon exercise of share options	336	602	551	784
Balance at end of period	232,559	231,301	232,559	231,301
Share Premium				
Balance at beginning of period	144,985	136,104	143,598	135,111
Increase upon exercise of share options	2,036	3,303	3,423	4,296
Balance at end of period	147,021	139,407	147,021	139,407
Reserves				
Balance at beginning of period	2,371,774	2,501,022	2,378,385	2,500,240
Attributable profit	25,458	234,418	18,847	235,200
Revaluation surplus realised upon disposal of subsidiary companies	-	(190,119)	-	(190,119)
Dividend payment	(81,380)	(69,382)	(81,380)	(69,382)
Balance at end of period	2,315,852	2,475,939	2,315,852	2,475,939
Total Shareholders' Equity	2,695,432	2,846,647	2,695,432	2,846,647

8. CHANGE IN ACCOUNTING POLICY

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 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 \$1.9 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 activities 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

The Group

Group profit before interest and tax ("PBIT") for the quarter under review grew by 12.8% to \$136.6 million in line with a 12% increase in revenue to \$874.8 million compared to the corresponding quarter last year, driven by strong festive sales in soft drinks and breweries. Group attributable profit (before exceptional items) for the quarter and year to date were \$51.5 million (up 5.7%) and \$118.5 million (down 4.5%) respectively.

Excluding the \$20 million impact of the securitisation of Compass Point in the first quarter of the previous year, the attributable profit for the 6 months to date increased by 13.9% over last year.

Soft Drinks

PBIT grew by 14.5% as a result of a 21% increase in Soft Drinks revenue from festive sales and deliveries to distributors prior to price increase effective 1 April 2005.

Dairies

Revenue and PBIT for Dairies were up by 6.6% and 15.1% respectively compared to last year. Higher profit from Singapore and profit contribution from China were eroded by initial losses from a new acquisition in Australia and lower profit, as a result of high raw material and packaging costs, from Malaysia.

Glass Containers

Despite a 4.6% decline in revenue, PBIT for Glass Containers increased by 10.2% from higher profit in Vietnam after furnace rebuilding.

Breweries

Revenue for the quarter grew strongly by 22.8% to \$404.7 million, helped by Chinese New Year and Tet spending, and PBIT rose by 16.4% to \$64 million. Sales volume in the Indochina region jumped 55.6% and PBIT increased by 70.6%. In China, sales volume growth of 11.9% and 44.5% respectively were registered in Shanghai and Hainan for the quarter and the investment in Kingway Brewery Holdings Limited made a steady contribution to profit. PBIT from Malaysia, Papua New Guinea and New Zealand improved (higher sales, effective cost management and price increases) but were offset by the declines from Singapore and Thailand due mainly to higher marketing expenses.

Printing and Publishing

Revenue from Printing and Publishing declined by 9.9%. The loss of revenue from the closure of the under-performing printing plant in the UK and the curtailment of partwork launches were partially offset by new sources of revenue from investments in Singapore, Malaysia and China. Coupled with profit contribution from Fung Choi (acquired in the latter half of last year), PBIT increased by 75.1% to \$2.7 million for the 2nd quarter.



Investment Property

Revenue from Investment Property increased by 5.3% over the corresponding quarter last year but PBIT decreased by 2.4%. Higher rentals from retail malls and serviced residences were offset by lower rentals from offices and industrial park.

Development Property

The 277-unit residential project, 8 @ Mount Sophia, launched in March 2005 was hugely successful. This will underpin profits for the second half year. For the quarter under review, revenue from Development Property increased by 2.5% compared to last year. PBIT was up 64.6% to \$18.6 million due to recognition of profit by the associated company from the Jin Lin Tian Di project in Shanghai, China.

Investment and Other Income

Investment income was significantly lower due to the liquidation of investments in the previous year.

Balance Sheet

The Company's short term borrowings increased as a result of the payment of dividends to shareholders.

At the Group, the increase in intangible assets and other investments arose from new investments made during the 6 months to date. Trade debtors increased as a result of billing of sale proceeds upon Cote d'Azur obtaining TOP in December 2004.

Group Cash Flows

Cash and cash equivalents decreased by \$65 million during the quarter under review and this is \$85 million lower than the net outflow for the corresponding quarter last year and is attributed to higher collections from Development Property projects.

11. OUTLOOK

While we were able to mitigate the impact on profit, rising raw material and packaging costs remain a challenge to the Group. Barring unforeseen circumstances in the next few months, the Directors are cautiously optimistic that earnings for the full year will be maintained.

12. DIVIDEND/BOOK CLOSURE DATES

- (a) The Directors have declared an interim dividend of 20 Singapore cents (last year: 20 cents) per share of \$1, being after deduction of Singapore tax, to be paid on 15 June 2005. This is equivalent to a gross dividend of 25 cents per share.
- (b) Registrable transfers received by the Company's Registrars, Barbinder & Co Pte Ltd, 8 Cross Street #11-00 PWC Building, Singapore 048424 up to 5.00 pm on 6 June 2005 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed on 7 June 2005 and 8 June 2005, for the preparation of dividend warrants.

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

13 May 2005