



## FRASER AND NEAVE, LIMITED

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

### RESULTS FOR THE 2ND QUARTER ENDED 31 MARCH 2006 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 2006:-

#### 1. GROUP PROFIT STATEMENT

	2nd Quarter to 31/3/2006 \$'000	2nd Quarter to 31/3/2005 (Restated) \$'000	Change %	6 Months to 31/3/2006 \$'000	6 Months to 31/3/2005 (Restated) \$'000	Change %
Revenue	1,023,493	874,819	17.0	2,218,597	1,954,200	13.5
Cost of sales	(670,680)	(561,365)	19.5	(1,441,099)	(1,271,667)	13.3
Gross profit	352,813	313,454	12.6	777,498	682,533	13.9
Operating expenses						
- Distribution	(40,551)	(38,923)	4.2	(87,547)	(77,364)	13.2
- Marketing	(88,898)	(94,251)	(5.7)	(218,275)	(214,268)	1.9
- Administration	(72,584)	(69,298)	4.7	(156,792)	(133,371)	17.6
	(202,033)	(202,472)	(0.2)	(462,614)	(425,003)	8.8
Trading profit	150,780	110,982	35.9	314,884	257,530	22.3
Share of joint venture companies' profits	5,998	8,278	(27.5)	12,330	19,256	(36.0)
Share of associated companies' profits/(losses)	(2,811)	14,479	NM	4,573	17,094	(73.2)
Gross income from investments	3,128	1,583	97.6	5,573	3,335	67.1
<b>Profit before interest, taxation and exceptional items</b>	<b>157,095</b>	<b>135,322</b>	<b>16.1</b>	<b>337,360</b>	<b>297,215</b>	<b>13.5</b>
Net interest expense	(11,968)	(11,361)	5.3	(24,404)	(21,307)	14.5
<b>Profit before taxation and exceptional items</b>	<b>145,127</b>	<b>123,961</b>	<b>17.1</b>	<b>312,956</b>	<b>275,908</b>	<b>13.4</b>
Exceptional items	5,234	4,790	9.3	6,406	3,563	79.8
<b>Profit before taxation</b>	<b>150,361</b>	<b>128,751</b>	<b>16.8</b>	<b>319,362</b>	<b>279,471</b>	<b>14.3</b>
Taxation	(41,737)	(31,999)	30.4	(93,883)	(75,162)	24.9
<b>Profit after taxation</b>	<b>108,624</b>	<b>96,752</b>	<b>12.3</b>	<b>225,479</b>	<b>204,309</b>	<b>10.4</b>
Attributable profit to:						
Shareholders of the Company						
- Before exceptional items	57,705	50,573	14.1	125,400	116,571	7.6
- Exceptional items	5,074	5,767	(12.1)	6,022	4,888	23.2
	<b>62,779</b>	<b>56,340</b>	<b>11.4</b>	<b>131,422</b>	<b>121,459</b>	<b>8.2</b>
Minority interest	45,845	40,412	13.4	94,057	82,850	13.5
	<b>108,624</b>	<b>96,752</b>	<b>12.3</b>	<b>225,479</b>	<b>204,309</b>	<b>10.4</b>

NM - Not meaningful



## 2. RATIOS

	Group			
	2nd Quarter to 31/3/2006	2nd Quarter to 31/3/2005 (Restated)	6 Months to 31/3/2006	6 Months to 31/3/2005 (Restated)
Profit before interest, taxation and exceptional items as a percentage of revenue	15.3%	15.5%	15.2%	15.2%
Earnings per ordinary share based on weighted average share capital				
- before exceptional items	24.7 cents	21.7 cents	53.7 cents	50.2 cents
- after exceptional items	26.8 cents	24.2 cents	56.2 cents	52.3 cents
Earnings per ordinary share on a fully diluted basis				
- before exceptional items	24.4 cents	21.5 cents	53.1 cents	49.6 cents
- after exceptional items	26.6 cents	23.9 cents	55.6 cents	51.7 cents
Net asset value ("NAV") per ordinary share			\$13.39	\$12.76

## 3. EXCEPTIONAL ITEMS

	Group			
	2nd Quarter to 31/3/2006 \$'000	2nd Quarter to 31/3/2005 \$'000	6 Months to 31/3/2006 \$'000	6 Months to 31/3/2005 \$'000
Profit on disposal of other investments	-	289	1,847	289
Gain on change in interest in subsidiary and associated companies	5,244	5,524	6,855	5,588
Profit on disposal of properties	471	357	729	516
Write back of impairment for assets	1,072	-	1,072	-
Share of exceptional items of joint venture and associated companies	-	516	-	(231)
Restructuring and re-organisation costs	(1,170)	(160)	(3,111)	(263)
Provision for professional fees	(383)	(1,736)	(986)	(2,336)
	5,234	4,790	6,406	3,563

**4. SEGMENTAL RESULTS**

<b>Group revenue and profit analysis</b>	<b>2nd Quarter to 31/3/2006</b>	<b>2nd Quarter to 31/3/2005 (Restated)</b>	<b>6 Months to 31/3/2006</b>	<b>6 Months to 31/3/2005 (Restated)</b>
<b>Revenue</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>By Business Activity</b>				
Soft drinks	103,198	125,834	239,483	238,196
Dairies	99,501	94,510	199,262	188,684
Breweries	430,622	404,666	955,753	878,599
Printing and publishing	103,371	99,891	237,093	222,977
Glass containers	29,901	25,512	57,851	55,996
Investment property	54,036	48,277	105,808	95,340
Development property	197,219	70,758	411,547	262,976
Corporate office	5,645	5,371	11,800	11,432
	<b>1,023,493</b>	<b>874,819</b>	<b>2,218,597</b>	<b>1,954,200</b>
<b>By Territory</b>				
Singapore	350,360	281,082	774,964	686,265
Malaysia	191,317	200,485	417,287	395,405
Rest of South East Asia	171,080	137,385	351,336	301,491
North East Asia	108,751	82,035	222,862	168,748
South Asia	2,507	-	4,475	-
South Pacific	147,810	148,630	371,096	348,865
Europe/USA	51,668	25,202	76,577	53,426
	<b>1,023,493</b>	<b>874,819</b>	<b>2,218,597</b>	<b>1,954,200</b>
<b>Profit Before Interest, Taxation and Exceptional Items</b>				
<b>By Business Activity</b>				
Soft drinks	13,252	14,730	30,188	28,064
Dairies	3,475	2,595	6,419	6,744
Breweries	68,205	63,148	147,997	133,061
Printing and publishing	232	2,029	10,182	13,248
Glass containers	3,543	1,581	5,767	4,531
Investment property	31,220	28,506	62,022	57,494
Development property	37,784	19,332	73,003	40,785
Investment income	3,128	1,583	5,573	3,335
Corporate office	(3,744)	1,818	(3,791)	9,953
	<b>157,095</b>	<b>135,322</b>	<b>337,360</b>	<b>297,215</b>
<b>By Territory</b>				
Singapore	59,992	47,341	123,320	101,993
Malaysia	23,961	21,303	53,203	45,006
Rest of South East Asia	42,588	35,407	83,343	73,199
North East Asia	(784)	9,425	6,514	11,511
South Asia	(356)	-	(597)	-
South Pacific	24,020	19,886	63,538	58,839
Europe/USA	7,674	1,960	8,039	6,667
	<b>157,095</b>	<b>135,322</b>	<b>337,360</b>	<b>297,215</b>
<b>Attributable Profit</b>				
<b>By Business Activity</b>				
Soft drinks	5,155	6,274	11,804	11,949
Dairies	1,061	(44)	1,515	1,511
Breweries	15,468	15,539	31,424	29,814
Printing and publishing	(805)	1,149	6,160	8,621
Glass containers	1,288	663	2,095	1,859
Investment property	20,776	19,472	41,318	40,240
Development property	22,350	11,618	45,858	26,727
Investment income	2,596	724	3,861	1,822
Corporate office	(10,184)	(4,822)	(18,635)	(5,972)
	<b>57,705</b>	<b>50,573</b>	<b>125,400</b>	<b>116,571</b>
Exceptional items	5,074	5,767	6,022	4,888
	<b>62,779</b>	<b>56,340</b>	<b>131,422</b>	<b>121,459</b>



## 5. BALANCE SHEET

	Group		Company	
	As at 31/3/2006 \$'000	As at 30/9/2005 (Restated) \$'000	As at 31/3/2006 \$'000	As at 30/9/2005 (Restated) \$'000
Fixed assets	1,431,141	1,499,004	-	-
Investment properties	2,376,036	2,305,537	-	-
Properties under development	2,063,559	1,994,012	-	-
Subsidiary companies	-	-	3,636,957	3,613,231
Joint venture companies	159,660	144,733	-	-
Associated companies	347,316	308,074	-	-
Intangible assets	190,200	164,873	-	-
Other investments	90,737	116,749	6,677	6,579
Brands	5,229	5,747	-	169
Deferred tax assets	9,098	10,247	-	-
Bank fixed deposits	4,661	4,600	-	-
<b>CURRENT ASSETS</b>				
Properties held for sale	391,348	431,867	-	-
Inventories	407,638	434,090	-	-
Trade debtors	577,329	632,450	-	-
Subsidiary companies	-	-	92,460	45,033
Joint venture companies	561	228	-	-
Associated companies	7,771	7,547	-	-
Other debtors	280,900	235,937	7,419	2,942
Short term investments	157,784	11,796	-	-
Bank fixed deposits	375,408	360,425	20,434	22,618
Cash and bank balances	243,407	280,687	366	452
	2,442,146	2,395,027	120,679	71,045
<b>Deduct: CURRENT LIABILITIES</b>				
Trade creditors	374,120	486,645	-	-
Subsidiary companies	-	-	18,549	20,329
Joint venture companies	1,993	3,938	-	-
Associated companies	33,424	33,874	-	-
Other creditors	509,080	513,228	14,084	6,544
Bank borrowings	684,553	716,153	87,058	112,340
Term loans	448,500	500,000	-	-
Provision for taxation	190,708	167,550	5,986	5,986
	2,242,378	2,421,388	125,677	145,199
<b>NET CURRENT LIABILITIES</b>	199,768	(26,361)	(4,998)	(74,154)
	6,877,405	6,527,215	3,638,636	3,545,825
<b>Deduct: DEFERRED LIABILITIES</b>				
Bank borrowings	807,214	686,011	-	-
Term loans	1,670,000	1,500,000	950,000	800,000
Employee benefits	23,191	23,951	-	-
Deferred tax liabilities	115,516	96,622	19	-
	2,615,921	2,306,584	950,019	800,000
	4,261,484	4,220,631	2,688,617	2,745,825
<b>Financed by:</b>				
Share capital	393,151	233,359	393,151	233,359
Share premium	-	152,223	-	152,223
Reserves	2,738,573	2,711,046	2,295,466	2,360,243
	3,131,724	3,096,628	2,688,617	2,745,825
Minority interests	1,129,760	1,124,003	-	-
	4,261,484	4,220,631	2,688,617	2,745,825

**6. GROUP CASH FLOW STATEMENTS**

	2nd Quarter to 31/3/2006	2nd Quarter to 31/3/2005 (Restated)	6 Months to 31/3/2006	6 Months to 31/3/2005 (Restated)
	\$'000	\$'000	\$'000	\$'000
Profit before taxation and exceptional items	145,127	123,961	312,956	275,908
Adjustment for non-cash items	48,239	23,413	87,997	55,522
Change in working capital	93,426	(166,285)	(105,405)	(188,599)
Income taxes paid	(38,225)	(32,579)	(60,523)	(55,202)
Adjustment for development properties profit	(42,543)	(7,517)	(85,691)	(26,672)
Progress payments received/receivable on properties developed for sale and properties held for sale	142,468	436,545	554,584	538,406
Development properties expenditure	(209,905)	(264,303)	(589,765)	(440,896)
<b>Net cash from operating activities</b>	<b>138,587</b>	<b>113,235</b>	<b>114,153</b>	<b>158,467</b>
Investment income	5,369	3,334	17,140	13,240
Proceeds from disposal of other assets	3,012	3,694	10,160	11,257
Proceeds from disposal of business	1,242	-	1,242	-
Acquisition of assets and investments	(70,954)	(83,058)	(246,087)	(153,126)
Acquisition of businesses/subsidiary companies	(37,061)	(28,728)	(37,061)	(34,238)
Acquisition of minority interests in subsidiary companies	-	-	(1,845)	(2,842)
Repayment of/(additional) trade advances	284	(163)	(3,901)	(7,802)
<b>Net cash used in investing activities</b>	<b>(98,108)</b>	<b>(104,921)</b>	<b>(260,352)</b>	<b>(173,511)</b>
Proceeds from issue of shares	7,509	3,039	9,111	7,488
(Repayment)/proceeds from term loans and bank borrowings	(7,132)	(3,350)	250,457	39,688
Loan from minority interests	278	-	1,400	(54)
Capital repayment to minority interests	-	-	-	(1,522)
Transfer (to)/from secured bank deposits	(44)	31,565	(61)	25,638
Payment of dividends	(109,035)	(104,825)	(124,641)	(110,689)
<b>Net cash (used in)/from financing activities</b>	<b>(108,424)</b>	<b>(73,571)</b>	<b>136,266</b>	<b>(39,451)</b>
Net decrease in cash and cash equivalents	(67,945)	(65,257)	(9,933)	(54,495)
Cash and cash equivalents at beginning of period	684,408	568,409	635,865	564,913
Effects of exchange rate changes on cash and cash equivalents	(7,212)	2,664	(16,681)	(4,602)
<b>Cash and cash equivalents at end of period</b>	<b>609,251</b>	<b>505,816</b>	<b>609,251</b>	<b>505,816</b>
Cash and cash equivalents at end of period comprise:				
- Cash and bank deposits	618,815	520,966	618,815	520,966
- Bank overdrafts	(9,564)	(15,150)	(9,564)	(15,150)
	<b>609,251</b>	<b>505,816</b>	<b>609,251</b>	<b>505,816</b>

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

	2nd Quarter to 31/3/2006 \$'000	2nd Quarter to 31/3/2005 \$'000	6 Months to 31/3/2006 \$'000	6 Months to 31/3/2005 \$'000
<b>Analysis of acquisition/disposal of businesses/subsidiary companies</b>				
Net assets acquired:				
Fixed assets	448	8,402	448	8,402
Non-current assets	181	402	181	402
Current assets	20,084	23,803	20,084	23,803
Current liabilities	(5,147)	(18,416)	(5,147)	(18,416)
Non-current liabilities	-	(2,097)	-	(2,097)
Minority interests	-	(457)	-	(457)
Cash	221	1,537	221	1,537
	15,787	13,174	15,787	13,174
Goodwill on acquisition	21,495	22,601	21,495	22,601
Consideration paid	37,282	35,775	37,282	35,775
Less: Cash of subsidiary companies	(221)	(1,537)	(221)	(1,537)
Cash flow on acquisition net of cash and cash equivalents acquired	37,061	34,238	37,061	34,238
Less: Cash flow on acquisition recognised in the previous quarter	-	(5,510)		
Cash flow on acquisition recognised in the current quarter	37,061	28,728		
Net assets disposed:				
Current assets	2,066		2,066	
Non-current liabilities	(279)		(279)	
Loss on disposal	1,787		1,787	
	(545)		(545)	
Cash flow on disposal net of cash and cash equivalent disposed	1,242		1,242	

**7. STATEMENT OF CHANGES IN EQUITY**

	<b>Group</b>			
	<b>2nd Quarter to 31/3/2006 \$'000</b>	<b>2nd Quarter to 31/3/2005 (Restated) \$'000</b>	<b>6 Months to 31/3/2006 \$'000</b>	<b>6 Months to 31/3/2005 (Restated) \$'000</b>
<b>Share Capital</b>				
Balance at beginning of period	233,491	232,223	233,359	232,008
Issue upon exercise of share options	913	336	1,045	551
Transfer from share premium and reserves	158,747	-	158,747	-
Balance at end of period	393,151	232,559	393,151	232,559
<b>Share Premium</b>				
Balance at beginning of period	153,059	144,985	152,223	143,598
Increase upon exercise of share options	2,460	2,036	3,296	3,423
Transfer to share capital	(155,519)	-	(155,519)	-
Balance at end of period	-	147,021	-	147,021
<b>Reserves</b>				
Balance at beginning of period	2,746,880	2,614,995	2,711,306	2,550,594
- effects of adopting FRS 102	-	(62)	(260)	-
As restated	2,746,880	2,614,933	2,711,046	2,550,594
- effects of adopting FRS 39	-	-	5,789	-
	2,746,880	2,614,933	2,716,835	2,550,594
Attributable profit	62,779	56,340	131,422	121,459
Revaluation surplus on investment and properties for sale realised	(476)	(78)	(476)	(78)
Share of joint venture and associated companies' reserves	128	-	678	-
Adjustment to reserves due to changes in minority interests	145	113	225	132
Transfer of distributable reserves by overseas subsidiary companies in accordance with statutory requirements	-	(31)	-	(31)
Net fair value changes on available-for-sale financial assets	53,194	-	51,938	-
Net fair value changes on cash flow hedge	(424)	-	(150)	-
Transfer to share capital	(3,228)	-	(3,228)	-
Currency translation difference	(40,099)	(3,040)	(79,855)	(4,700)
Employee share-based expenses	1,540	898	3,050	1,759
Dividend payment	(81,866)	(81,380)	(81,866)	(81,380)
Balance at end of period	2,738,573	2,587,755	2,738,573	2,587,755
<b>Equity attributable to shareholders of the Company</b>				
Minority interests	3,131,724	2,967,335	3,131,724	2,967,335
	1,129,760	964,020	1,129,760	964,020
Total Equity	4,261,484	3,931,355	4,261,484	3,931,355

**7. STATEMENT OF CHANGES IN EQUITY (cont'd)**

	Company			
	2nd Quarter to 31/3/2006 \$'000	2nd Quarter to 31/3/2005 (Restated) \$'000	6 Months to 31/3/2006 \$'000	6 Months to 31/3/2005 (Restated) \$'000
<b>Share Capital</b>				
Balance at beginning of period	233,491	232,223	233,359	232,008
Issue upon exercise of share options	913	336	1,045	551
Transfer from share premium and reserves	158,747	-	158,747	-
Balance at end of period	393,151	232,559	393,151	232,559
<b>Share Premium</b>				
Balance at beginning of period	153,059	144,985	152,223	143,598
Increase upon exercise of share options	2,460	2,036	3,296	3,423
Transfer to share capital	(155,519)	-	(155,519)	-
Balance at end of period	-	147,021	-	147,021
<b>Reserves</b>				
Balance at beginning of period	2,368,070	2,371,774	2,355,651	2,378,385
- effects of adopting FRS 102	-	2,232	4,592	1,473
As restated	2,368,070	2,374,006	2,360,243	2,379,858
- effects of adopting FRS 39	-	-	2,072	-
	2,368,070	2,374,006	2,362,315	2,379,858
Attributable profit	11,188	25,458	15,659	18,847
Net fair value changes on available-for-sale financial assets	(79)	-	(140)	-
Transfer to share capital	(3,228)	-	(3,228)	-
Currency translation difference	-	-	-	-
Employee share-based expense	1,381	778	2,726	1,537
Dividend payment	(81,866)	(81,380)	(81,866)	(81,380)
Balance at end of period	2,295,466	2,318,862	2,295,466	2,318,862
<b>Total Equity</b>	<b>2,688,617</b>	<b>2,698,442</b>	<b>2,688,617</b>	<b>2,698,442</b>



## 8. CHANGE IN ACCOUNTING POLICY

The Group has applied the same accounting policies and methods of computations in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 30 September 2005 except for the adoption of the following new Financial Reporting Standards (FRS) that are mandatory to the Group for the financial year beginning on 1 October 2005.

FRS 39: Financial Instruments: Recognition and Measurement

FRS 102: Share-based Payment

The impact of the changes in accounting policies is as follows:

### FRS 39

In accordance with FRS 39, the financial effects arising from the measurement of financial instruments and financial assets at fair value will be recorded prospectively. Consequently, the comparatives for 2005 are not restated. The financial effect of implementing FRS 39 is an increase of \$5.8 million which has been adjusted to Group shareholders' equity on 1 October 2005 (made up of an increase in hedging reserve and fair value reserve of \$6.3 million and \$4.5 million respectively offset by a reduction in revenue reserve of \$5.0 million) and an increase of \$2.3 million in Group attributable profit for the quarter.

### FRS 102

In accordance with FRS 102, the implementation of the new standard will be recorded retrospectively and applied to share options granted after 22 November 2002 and not vested by 1 October 2005. Consequently, the Group's opening reserves have been restated to take into account a cumulative charge of \$5.7 million up to 30 September 2005. The charge to the Group attributable profit for the quarter is \$1.6 million (same quarter last year: \$1.0 million).

In addition to the adoption of the above mentioned FRS, the Group adopted other revisions in FRS from 1 October 2005. These do not have a material impact on the Group's results.

## 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 FOR THE QUARTER

### Profit Statement

#### **The Group**

Group profit before interest and tax ("PBIT") at \$157.1 million for the quarter is up 16%, in line with the 17% growth in revenue, principally from the surge in revenue from the Development Property business. Group attributable profit (before exceptional items) to shareholders of the Company of \$57.7 million is 14% higher than the corresponding period last year.

#### **Soft Drinks**

Soft Drinks revenue for the quarter declined by 18% due to low post-festive consumer demand, exacerbated by unusually high sales in March last year due to "last bite" orders in anticipation of the price increase effective 1 April 2005. PBIT was 10% lower than the same period last year. Nevertheless revenue for the six months to date has been maintained compared to last year, while PBIT rose 8%.

#### **Dairies**

Revenue and PBIT for Dairies were respectively 5% and 34% higher than a year ago. Higher sales were reported across all regions and higher sales and tight cost control in Vietnam and Australia succeeded in reducing the losses in these new markets.

#### **Glass Containers**

PBIT for Glass Containers more than doubled compared to last year, from revenue growth of 17%. In particular, the performance of the glass plant in Sichuan Province, China significantly improved and registered a small profit during the quarter compared to a loss last year.

#### **Breweries**

Breweries PBIT increased by 8%, in line with sales revenue growth for the quarter, compared to the same period last year. In Singapore, PBIT declined due to lower volumes and higher operating expenses. Prevailing weak consumer sentiment from successive excise duty increases in past years resulted in lower sales in Malaysia but PBIT was maintained due to effective cost control. In Papua New Guinea, PBIT rose on the back of strong demand and marginal price increase. Due to the weaker NZ\$, PBIT in New Zealand is lower, in Singapore dollar terms, compared to last year. Indochina reported double digit growth in sales volume and PBIT. The breweries in China continued to maintain double digit volume growth but the loss for the quarter was higher due to higher marketing investment in the *Heineken* brand. Profit in Thailand also fell due to higher expenses to build the "*Cheers*" brand following its October 2005 launch. The new markets in Sri Lanka and Mongolia incurred small gestation losses during the quarter.

#### **Printing and Publishing**

Revenue grew 3% from newly acquired businesses. However, PBIT for Printing and Publishing fell compared to the same quarter last year from a sharp decline in printing margins in our Guangdong plant as a result of intense competition and a switch by our customers to lower cost limp-bound books and costs and losses incurred in commissioning 2 new state-of-art printing presses in Australia. The printing presses have started to operate smoothly in the past month.



## 10. REVIEW OF PERFORMANCE (cont'd)

### **Development Property**

Profit from the Development Property business almost doubled to \$37.8 million, due to 179% increase in revenue in the quarter from sales of units in completed projects as well as recently launched projects. During the quarter, the Group launched the 194-unit "One Leicester" in Singapore and, with our Thai partners, the 397-unit "Pano" riverfront condominium housing project in Bangkok. Progress of other development projects overseas, in Kuala Lumpur, Sydney, Perth, London and Shanghai is on schedule.

### **Investment Property**

Rental income from Investment Property grew by 12% on the back of near-100% occupancy in the Group's retail malls, additional rental from the newly acquired basement level-1 of Northpoint Shopping Centre, and inclusion of rental income from Frasers Property (China) which became a subsidiary in September 2005 (previously an associated company). Consequently, PBIT is up 10% compared to same quarter last year.

### **Taxation**

The effective tax rate for the quarter of 27.8% is higher than Singapore statutory rate of 20% due to higher overseas corporate tax rates and losses that could not be set off against the profits of other group companies.

### **Balance Sheet**

#### **The Group**

The increase in Investment in Associated Companies of \$39.2 million is mainly due to investment in 33.3% of Krungthep Land in Thailand and investment in 44% interest in Qingdao Fung Choi Culture Development Company in China. The increase in Short Term and Other Investments of \$120 million is mainly due to the additional investment of \$49.4 million in Vinamilk and its fair value appreciation as at 31 March 2006. Trade Debtors decrease due to receipt of balance sheets proceeds from "Cote d'Azur" project upon obtaining Certificate of Statutory Completion. Trade Creditors balance decrease mainly due to payment of project expenditure and payment to suppliers after the festive period in the previous quarter.

#### **The Company**

In accordance with the amendments to the Companies Act that came into effect on 30 January 2006, the Company's Share Premium and Capital Redemption Reserves have been combined into the Share Capital Account. The Company's borrowings increased as a result of the payment of dividends to shareholders.

### **Group Cash Flow Statement for quarter ended 31 March 2006**

During the quarter, net cashflow from operating activities is mainly due to collection of trade debts and progress payment received. During the quarter, net cash used in investing activities is mainly for capital expenditure and investments in Qingdao Fung Choi and the acquisition of an educational publishing business.

## 11. OUTLOOK

Barring any unforeseen circumstances, the outlook for the year is positive.



## 12. DIVIDEND/BOOK CLOSURE DATES

- (a) The Directors have declared an interim dividend of 20 Singapore cents (last year: 20 cents) per share, being after deduction of Singapore tax, to be paid on 15 June 2006. This is equivalent to a gross dividend of 25 cents per share.
- (b) Registrable transfers received by the Company's Registrars, Tricor Barbinder Share Registration Services, 8 Cross Street #11-00 PWC Building, Singapore 048424 up to 5.00 pm on 5 June 2006 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed on 6 June 2006 and 7 June 2006, for the preparation of dividend warrants.

## 13. SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Accounting and Corporate Regulatory Authority ("ACRA") issued on 27 April 2006 Practice Direction No. 4 of 2006 "Interpretation of Requirement to Prepare Accounts under Section 201(1A), (3) and (3A) of the Companies Act". The Company is reviewing the interpretation of the Practice Direction on the presentation of the consolidated financial statements of the Group. Pending the completion of this review, the Group consolidated financial statements for the 2nd quarter and 6 months to 31 March 2006 are presented on the same basis as that of the previous quarter. In the event that the Company decides to change the method of consolidation, there will be no impact on the Group attributable profit and the Group shareholders' funds for 6 months ended 31 March 2006 and those announced previously.

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

11 May 2006