



## FRASER AND NEAVE, LIMITED

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

### RESULTS FOR THE 2ND QUARTER ENDED 31 MARCH 2007

#### 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 2007.

#### 1. GROUP PROFIT STATEMENT

	2nd Quarter to 31/3/2007	2nd Quarter to 31/3/2006 (Restated)	Change %	6 Months to 31/3/2007	6 Months to 31/3/2006 (Restated)	Change %
	\$'000	\$'000		\$'000	\$'000	
Revenue	1,090,903	833,299	30.9	2,191,522	1,788,975	22.5
Cost of sales	(739,046)	(554,245)	33.3	(1,490,591)	(1,188,796)	25.4
Gross profit	351,857	279,054	26.1	700,931	600,179	16.8
Operating expenses						
- Distribution	(44,045)	(33,325)	32.2	(83,855)	(71,961)	16.5
- Marketing	(79,931)	(60,360)	32.4	(163,384)	(145,277)	12.5
- Administration	(51,801)	(59,690)	(13.2)	(117,103)	(124,020)	(5.6)
	(175,777)	(153,375)	14.6	(364,342)	(341,258)	6.8
Trading profit	176,080	125,679	40.1	336,589	258,921	30.0
Share of joint venture companies' profits	3,415	2,208	54.7	5,997	4,657	28.8
Share of associated companies' profits/(losses)	5,226	(3,519)	NM	10,375	1,970	NM
Gross income from investments	14,797	2,822	NM	16,771	4,572	NM
<b>Profit before interest, taxation and exceptional items</b>	<b>199,518</b>	<b>127,190</b>	<b>56.9</b>	<b>369,732</b>	<b>270,120</b>	<b>36.9</b>
Interest income	6,746	6,798	(0.8)	10,572	18,432	(42.6)
Interest expense	(21,445)	(18,507)	15.9	(42,088)	(42,282)	(0.5)
Net interest expense	(14,699)	(11,709)	25.5	(31,516)	(23,850)	32.1
<b>Profit before taxation and exceptional items</b>	<b>184,819</b>	<b>115,481</b>	<b>60.0</b>	<b>338,216</b>	<b>246,270</b>	<b>37.3</b>
Exceptional items	13,240	5,506	140.5	12,297	6,118	101.0
<b>Profit before taxation</b>	<b>198,059</b>	<b>120,987</b>	<b>63.7</b>	<b>350,513</b>	<b>252,388</b>	<b>38.9</b>
Taxation	(49,674)	(33,293)	49.2	(92,566)	(71,581)	29.3
<b>Profit after taxation</b>	<b>148,385</b>	<b>87,694</b>	<b>69.2</b>	<b>257,947</b>	<b>180,807</b>	<b>42.7</b>
Attributable profit to:						
Shareholders of the Company						
- Before exceptional items	104,022	57,705	80.3	181,531	125,400	44.8
- Exceptional items	3,071	5,074	(39.5)	2,138	6,022	(64.5)
	107,093	62,779	70.6	183,669	131,422	39.8
Minority interests	41,292	24,915	65.7	74,278	49,385	50.4
	148,385	87,694	69.2	257,947	180,807	42.7

NM - Not meaningful

**2. RATIOS**

	<b>Group</b>			
	<b>2nd Quarter to 31/3/2007</b>	<b>2nd Quarter to 31/3/2006 (Restated)</b>	<b>6 Months to 31/3/2007</b>	<b>6 Months to 31/3/2006 (Restated)</b>
Profit before interest, taxation and exceptional items as a percentage of revenue	18.3%	15.3%	16.9%	15.1%
Earnings per ordinary share based on weighted average share capital				
- before exceptional items	7.7 cents	4.9 cents	14.4 cents	10.7 cents
- after exceptional items	8.0 cents	5.4 cents	14.6 cents	11.2 cents
Earnings per ordinary share on a fully diluted basis				
- before exceptional items	7.6 cents	4.9 cents	14.3 cents	10.6 cents
- after exceptional items	7.8 cents	5.3 cents	14.4 cents	11.1 cents
			<b>31 Mar 2007</b>	<b>30 Sep 2006</b>
Net asset value ("NAV") per ordinary share			\$3.41	\$3.07

**3. EXCEPTIONAL ITEMS**

	<b>Group</b>			
	<b>2nd Quarter to 31/3/2007</b>	<b>2nd Quarter to 31/3/2006 (Restated)</b>	<b>6 Months to 31/3/2007</b>	<b>6 Months to 31/3/2006 (Restated)</b>
Profit on disposal of other investments	16,985	-	16,985	968
(Loss)/gain on change in interest in subsidiary and associated companies	(9,960)	5,244	(9,960)	6,855
Profit on disposal of investment properties	7,128	471	7,128	729
Write back /(provision) for impairment of investment properties	-	1,497	(899)	1,072
Share of exceptional items of joint venture and associated companies	-	20	273	-
Restructuring and re-organisation costs	(913)	(1,525)	(1,230)	(2,989)
Provision for professional fees	-	(201)	-	(517)
	13,240	5,506	12,297	6,118

#### 4. SEGMENTAL RESULTS

<u>Group Revenue and Profit Analysis</u>	2nd Quarter to 31/3/2007	2nd Quarter to 31/3/2006 (Restated)	6 Months to 31/3/2007	6 Months to 31/3/2006 (Restated)
<u>Revenue</u>	\$'000	\$'000	\$'000	\$'000
<b>By Business Activity</b>				
Soft drinks	125,540	103,198	241,866	239,483
Dairies	185,451	99,501	291,424	199,262
Breweries	290,079	232,244	594,351	513,148
Printing & publishing	116,024	112,255	263,402	251,488
Glass containers	30,556	29,901	62,547	57,851
Investment property	40,803	54,036	78,648	105,808
REIT	19,591	-	38,811	-
Development property	277,028	197,219	609,352	411,547
Corporate office	5,831	4,945	11,121	10,388
	<u>1,090,903</u>	<u>833,299</u>	<u>2,191,522</u>	<u>1,788,975</u>
<b>By Territory</b>				
Singapore	395,395	304,058	800,582	674,652
Malaysia	248,526	191,563	460,466	417,533
Rest of South East Asia	183,810	106,444	310,948	215,900
North East Asia	104,110	81,999	227,329	168,442
South Asia	3,116	1,547	8,089	2,757
South Pacific	125,421	95,141	293,683	232,235
Europe/USA	30,525	52,547	90,425	77,456
	<u>1,090,903</u>	<u>833,299</u>	<u>2,191,522</u>	<u>1,788,975</u>
<b><u>Profit before interest, taxation and exceptional items</u></b>				
<b>By Business Activity</b>				
Soft drinks	13,924	13,252	27,803	30,188
Dairies	3,238	3,244	7,313	6,037
Breweries	46,424	38,848	93,838	82,949
Printing & publishing	612	308	16,213	9,657
Glass containers	3,923	3,543	7,045	5,767
Investment property	27,590	31,798	45,236	61,918
REIT	11,719	-	22,751	-
Development property	85,284	37,323	142,131	72,582
Investment income	14,798	2,822	16,772	4,572
Corporate office	(7,994)	(3,948)	(9,370)	(3,550)
	<u>199,518</u>	<u>127,190</u>	<u>369,732</u>	<u>270,120</u>
<b>By Territory</b>				
Singapore	65,887	53,495	148,927	114,694
Malaysia	25,113	21,926	48,147	48,205
Rest of South East Asia	45,734	27,487	73,114	51,740
North East Asia	43,935	2,585	40,819	11,611
South Asia	(392)	(111)	(963)	(199)
South Pacific	17,110	14,166	44,003	36,162
Europe/USA	2,131	7,642	15,685	7,907
	<u>199,518</u>	<u>127,190</u>	<u>369,732</u>	<u>270,120</u>
<b><u>Attributable profit</u></b>				
<b>By Business Activity</b>				
Soft drinks	5,404	5,155	10,805	11,804
Dairies	657	902	2,094	1,205
Breweries	17,766	15,470	35,635	31,424
Printing & publishing	(1,924)	(600)	10,000	6,160
Glass containers	1,677	1,288	2,971	2,095
Investment property	19,012	20,789	29,468	40,367
REIT	3,654	-	6,988	-
Development property	57,152	20,926	93,868	43,003
Investment income	14,437	2,596	16,026	3,861
Corporate office	(13,813)	(8,821)	(26,324)	(14,519)
	<u>104,022</u>	<u>57,705</u>	<u>181,531</u>	<u>125,400</u>
Exceptional items	3,071	5,074	2,138	6,022
	<u>107,093</u>	<u>62,779</u>	<u>183,669</u>	<u>131,422</u>



**5. BALANCE SHEET**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31/3/2007 \$'000</b>	<b>As at 30/9/2006 \$'000</b>	<b>As at 31/3/2007 \$'000</b>	<b>As at 30/9/2006 \$'000</b>
<b>SHARE CAPITAL AND RESERVES</b>				
Share capital	1,306,777	400,971	1,306,777	400,971
Reserves	3,400,773	3,199,509	2,232,712	2,321,320
	<u>4,707,550</u>	<u>3,600,480</u>	<u>3,539,489</u>	<u>2,722,291</u>
Minority interests	1,040,124	1,004,098	-	-
	<u>5,747,674</u>	<u>4,604,578</u>	<u>3,539,489</u>	<u>2,722,291</u>
Represented by:				
Fixed assets	1,180,062	1,120,519	-	-
Investment properties	2,884,189	2,708,016	-	-
Properties under development	3,242,721	2,483,313	-	-
Subsidiary companies	-	-	3,916,226	3,229,634
Joint venture companies	93,726	88,990	410,137	408,133
Associated companies	348,742	295,898	-	-
Intangible assets	305,659	286,432	-	-
Other investments	63,985	61,784	26,803	6,680
Brands	34,914	2,663	-	-
Other debtors	18,726	17,537	-	-
Deferred tax assets	23,718	24,208	-	-
<b>CURRENT ASSETS</b>	<b>115,058</b>	<b>178,393</b>	<b>-</b>	<b>-</b>
Properties held for sale	393,294	365,402	-	-
Inventories	539,399	481,774	-	-
Trade debtors	-	-	91,798	110,110
Subsidiary companies	5,591	3,638	-	-
Joint venture companies	321	826	-	-
Associated companies	376,632	390,788	5,859	5,953
Other debtors	356,476	326,748	45,973	28,786
Short term investments	731,722	614,139	31,724	15,277
Bank fixed deposits	269,153	220,752	575	285
Cash and bank balances	<u>2,787,646</u>	<u>2,582,460</u>	<u>175,929</u>	<u>160,411</u>
<b>Deduct: CURRENT LIABILITIES</b>	<b>442,316</b>	<b>398,455</b>	<b>-</b>	<b>-</b>
Trade creditors	-	-	17,164	16,349
Subsidiary companies	1,724	1,199	-	-
Joint venture companies	1,090	35,724	-	-
Associated companies	568,419	467,430	15,456	16,124
Other creditors	985,932	988,544	-	94,923
Borrowings	218,929	197,216	7,630	5,986
Provision for taxation	<u>2,218,410</u>	<u>2,088,568</u>	<u>40,250</u>	<u>133,382</u>
<b>NET CURRENT ASSETS</b>	<b>569,236</b>	<b>493,892</b>	<b>135,679</b>	<b>27,029</b>
	<u>8,765,678</u>	<u>7,583,252</u>	<u>4,488,845</u>	<u>3,671,476</u>
<b>Deduct: NON-CURRENT LIABILITIES</b>	<b>16,166</b>	<b>14,937</b>	<b>-</b>	<b>-</b>
Other creditors	2,841,507	2,834,733	949,318	949,167
Borrowings	21,349	21,882	-	-
Provision for employee benefits	138,982	107,122	38	18
Deferred tax liabilities	<u>3,018,004</u>	<u>2,978,674</u>	<u>949,356</u>	<u>949,185</u>
	<u>5,747,674</u>	<u>4,604,578</u>	<u>3,539,489</u>	<u>2,722,291</u>

## 6. GROUP CASH FLOW STATEMENTS

	2nd Quarter to 31/3/2007	2nd Quarter to 31/3/2006 (Restated)	6 Months to 31/3/2007	6 Months to 31/3/2006 (Restated)
	\$'000	\$'000	\$'000	\$'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Profit before taxation and exceptional items	184,819	115,481	338,216	246,270
Adjustments for non-cash items	32,498	45,070	77,957	83,240
Changes in working capital	(27,224)	90,722	(75,699)	(81,394)
Income taxes paid	(53,069)	(31,202)	(72,044)	(47,341)
Adjustment for development properties profit	(82,902)	(42,543)	(140,472)	(85,691)
Progress payment received/receivable on properties developed for sale and properties held for sale	252,977	137,001	584,644	557,858
Development properties expenditure	(578,565)	(203,095)	(1,038,993)	(593,128)
<b>Net cash (used in)/from operating activities</b>	<b>(271,466)</b>	<b>111,434</b>	<b>(326,391)</b>	<b>79,814</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Investment income	14,874	3,980	22,955	11,135
Proceeds from disposal of other assets	78,573	2,914	231,209	8,168
Proceeds from disposal of business	-	1,242	-	1,242
Acquisition of assets and investments	(159,832)	(44,980)	(233,007)	(201,332)
Acquisition of minority interests of subsidiary companies	(17,552)	-	(17,552)	(1,845)
Acquisition of subsidiary companies and business	(22,326)	(37,061)	(22,326)	(37,061)
Repayment of/(additional) trade advances	588	284	766	(2,043)
<b>Net cash used in investing activities</b>	<b>(105,675)</b>	<b>(73,621)</b>	<b>(17,955)</b>	<b>(221,736)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Proceeds from term loans and bank borrowings	(298,626)	(2,152)	(225,345)	234,048
Placement of fixed deposits pledged	5,964	-	6,082	-
Payment of equity's listing expenses	-	-	6	-
Loan to minority interest	(4,514)	277	(4,386)	1,399
Proceeds from issue of shares	902,456	6,412	907,834	7,660
Payment of dividends	(140,169)	(103,100)	(155,446)	(111,945)
Transfer to secured bank deposits	-	(44)	-	(61)
<b>Net cash from/(used in) financing activities</b>	<b>465,111</b>	<b>(98,607)</b>	<b>528,745</b>	<b>131,101</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>87,970</b>	<b>(60,794)</b>	<b>184,399</b>	<b>(10,821)</b>
Cash and cash equivalents at beginning of period	905,749	609,321	816,736	567,849
Effects of exchange rate changes on cash and cash equivalents	(2,198)	(5,757)	(9,614)	(14,258)
<b>Cash and cash equivalents at end of period</b>	<b>991,521</b>	<b>542,770</b>	<b>991,521</b>	<b>542,770</b>
<b>Cash and cash equivalents at end of period comprise:</b>				
- Cash and bank deposits	1,000,875	552,269	1,000,875	552,269
- Bank overdrafts	(9,354)	(9,499)	(9,354)	(9,499)
	<b>991,521</b>	<b>542,770</b>	<b>991,521</b>	<b>542,770</b>

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

	2nd Quarter to 31/3/2007 \$'000	2nd Quarter to 31/3/2006 (Restated) \$'000	6 Months to 31/3/2007 \$'000	6 Months to 31/3/2006 (Restated) \$'000
<b>Analysis of acquisition/disposal of businesses/ subsidiary companies</b>				
Net assets acquired:				
Fixed assets	256	448	256	448
Development properties	115,814	-	115,814	-
Investment properties	103,666	-	103,666	-
Other non-current assets	8,010	181	8,010	181
Properties held for sale	22,392	-	22,392	-
Other current assets	10,919	20,084	10,919	20,084
Current liabilities	7,058	(5,147)	7,058	(5,147)
Non-current liabilities	2,410	-	2,410	-
Bank borrowings	(238,164)	-	(238,164)	-
Minority interests	(23,824)	-	(23,824)	-
Cash	2,401	221	2,401	221
	<u>10,938</u>	<u>15,787</u>	<u>10,938</u>	<u>15,787</u>
Goodwill on acquisition	13,789	21,495	13,789	21,495
Consideration paid	24,727	37,282	24,727	37,282
Less: Cash of subsidiary companies	(2,401)	(221)	(2,401)	(221)
	<u>22,326</u>	<u>37,061</u>	<u>22,326</u>	<u>37,061</u>
Cash flow on acquisition net of cash and cash equivalents acquired	<u>22,326</u>	<u>37,061</u>	<u>22,326</u>	<u>37,061</u>
Net assets disposed:				
Current assets		2,066		2,066
Non-current liabilities		(279)		(279)
		<u>1,787</u>		<u>1,787</u>
Loss on disposal		(545)		(545)
		<u>1,242</u>		<u>1,242</u>
Cash flow on disposal net of cash and cash equivalents disposed		<u>1,242</u>		<u>1,242</u>

## 7. STATEMENT OF CHANGES IN EQUITY

	Group			
	2nd Quarter to 31/3/2007 \$'000	2nd Quarter to 31/3/2006 (Restated) \$'000	6 Months to 31/3/2007 \$'000	6 Months to 31/3/2006 (Restated) \$'000
<b>Share Capital</b>				
Balance at beginning of period	404,182	233,491	400,971	233,359
Issue upon exercise of share options	2,505	913	5,716	1,045
Transfer from share premium and reserves	-	158,747	-	158,747
Issue of new shares	900,090	-	900,090	-
Balance at end of period	<u>1,306,777</u>	<u>393,151</u>	<u>1,306,777</u>	<u>393,151</u>
<b>Share Premium</b>				
Balance at beginning of period	-	153,059	-	152,223
Increase upon exercise of share options	-	2,460	-	3,296
Transfer to share capital	-	(155,519)	-	(155,519)
Balance at end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Reserves</b>				
Balance at beginning of period	3,323,775	2,746,567	3,199,509	2,711,057
Effects of adopting FRS 39	-	-	-	5,774
Attributable profit	107,093	62,779	183,669	131,422
Revaluation surplus on investment and properties for sale realised	-	(476)	-	(476)
Share of joint venture and associated companies' reserves	6,670	128	6,697	678
Adjustment to reserves due to changes in minority interests	185	145	185	225
Issue of shares in the Company upon exercise of share options	(309)	-	(754)	-
Net fair value changes on available-for-sale financial assets	72,684	53,194	128,940	51,938
Fair value gain realised	(10,570)	-	(10,570)	-
Net fair value changes on cash flow hedge	-	(364)	-	(399)
Transfer to share capital	-	(3,228)	-	(3,228)
Currency translation difference	9,807	(40,099)	(467)	(79,855)
Equity's issue expenses	(9)	-	374	-
Employee share-based expenses	1,879	1,540	3,622	3,050
Dividend payment	(110,432)	(81,866)	(110,432)	(81,866)
Balance at end of period	<u>3,400,773</u>	<u>2,738,320</u>	<u>3,400,773</u>	<u>2,738,320</u>
Equity attributable to shareholders of the Company	4,707,550	3,131,471	4,707,550	3,131,471
Minority interests	1,040,124	620,002	1,040,124	620,002
	<u>5,747,674</u>	<u>3,751,473</u>	<u>5,747,674</u>	<u>3,751,473</u>

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

	<b>Company</b>			
	<b>2nd Quarter to 31/3/2007 \$'000</b>	<b>2nd Quarter to 31/3/2006 (Restated) \$'000</b>	<b>6 Months to 31/3/2007 \$'000</b>	<b>6 Months to 31/3/2006 (Restated) \$'000</b>
<b>Share Capital</b>				
Balance at beginning of period	404,182	233,491	400,971	233,359
Issue upon exercise of share options	2,505	913	5,716	1,045
Transfer from share premium and reserves	-	158,747	-	158,747
Issue of new shares	900,090	-	900,090	-
Balance at end of period	<u>1,306,777</u>	<u>393,151</u>	<u>1,306,777</u>	<u>393,151</u>
<b>Share Premium</b>				
Balance at beginning of period	-	153,059	-	152,223
Increase upon exercise of share options	-	2,460	-	3,296
Transfer to share capital	-	(155,519)	-	(155,519)
Balance at end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Reserves</b>				
Balance at beginning of period	2,314,364	2,366,740	2,321,320	2,358,913
Effects of adopting FRS 39	-	-	-	2,072
Attributable profit	27,211	11,188	19,007	15,659
Net fair value changes on available-for-sale financial assets	52	(79)	101	(140)
Transfer to share capital	-	(3,228)	-	(3,228)
Issue of shares in the Company upon exercise of share options	(309)	-	(754)	-
Employee share-based expenses	1,826	1,381	3,470	2,726
Dividend payment	(110,432)	(81,866)	(110,432)	(81,866)
Balance at end of period	<u>2,232,712</u>	<u>2,294,136</u>	<u>2,232,712</u>	<u>2,294,136</u>
<b>Total Equity</b>	<u><b>3,539,489</b></u>	<u><b>2,687,287</b></u>	<u><b>3,539,489</b></u>	<u><b>2,687,287</b></u>

## 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 investment in and management of REIT; and
- (iii) printing and publishing.

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.

## 9. REVIEW OF PERFORMANCE FOR THE QUARTER

### Profit Statement

#### **The Group**

##### 2<sup>nd</sup> Quarter

Revenue grew to \$1,091 million for the quarter ended 31 March 2007, an increase of 31% over the corresponding period last year. Revenue growth was underpinned by strong sales from Property Development and Breweries, and by sales from the canned liquid milk business acquired from Nestle, completed this quarter.

PBIT (profit before interest and tax) for the quarter of \$200 million, up \$72.3 million or 57% from last year, was boosted by several non-recurring items totalling \$41.8 million, and by the increase in sales. These items, while operational in nature are one-off, and comprise mainly, \$25.4 million from a disposal of an interest in a China development site, \$11.9 million from a disposal of investments and \$4.5 million recovered from an aborted project.

Consequently, attributable profit (before exceptional items) increased by 80% to \$104 million for the quarter and earnings per share improved to 7.7 cents, up 57% over the same period last year. Excluding the one-off gains, PBIT and attributable profit improved by a normalised 24% and 33% respectively.

##### 6 Months To-Date

Revenue grew by 23% and PBIT improved by 37% for the 6 months to-date. Attributable profit (before exceptional items) increased to \$182 million, 45% higher than last year. Excluding the one-off gains referred to above, PBIT and attributable profit (before exceptional items) improved by 21% and 23% respectively. Basic earnings per share increased by 35% to 14.4 cents.

#### **Soft Drinks**

Soft drinks revenue and PBIT for the quarter were higher by 22% and 5% respectively as a result of strong festive sales.

#### **Dairies**

Revenue increased by 86%. The canned liquid milk business acquired from Nestle added \$67 million of sales in Malaysia and Thailand but adversely impacted PBIT with start-up and integration costs. Despite this, and rising raw and packaging materials costs, PBIT for Dairies was maintained at the same level as the same period of last year.

#### **Breweries**

Breweries revenue rose by 25% but translation differences and gestation losses and start-up costs in the new markets of Sri Lanka, Mongolia and India mitigated PBIT improvement to a lower rate of 20%. Sales volume grew in all existing markets except for Thailand where volume fell 15% as a result of competition, economic uncertainties and local anti-alcohol regulations. Revenue in Singapore rose as a result of strong export and contract brew sales but higher investment in marketing resulted in PBIT growth of 1%. In Malaysia, PBIT rose on strong festive demand. PBIT in Papua New Guinea improved from price increases and volume gains while the weak NZ\$ adversely impacted results and PBIT declined marginally in New Zealand. The robust performance in Indochina was boosted by the acquisition of 2 breweries in Vietnam (Da Nang and Tien Giang) from the Foster's Group. In China, synergies were realized from integration of operational activities and overall losses reduced significantly. Despite lower sales, PBIT in Thailand rose as a result of lower marketing expenses.

**Printing and Publishing**

Revenue for Printing and Publishing was 3% higher than the same period last year mainly as a result of contribution from the recently acquired Panpac Education and from increased printing work orders from publishers in Singapore, Australia and China. However, PBIT growth of the segment was partially offset by a decline in profits from partworks operations in UK and printing sales mix. Share of profits from associated company, Fung Choi Media Group was higher than last year. Overall, PBIT grew from last year, albeit off a low base.

**Glass Containers**

Higher volume in Vietnam and better overall selling prices led revenue to grow by 2% and profit by 11%. All the glass plants, except for Kuala Lumpur Glass (where the furnace is due for a re-build), performed better than the corresponding quarter last year.

**Investment Property**

Three shopping malls have been transferred to Frasers Centrepoint Trust ("FCT") and their results were separately reported under the REIT segment. Together with the remaining Investment Property business rental revenue grew by 12%. PBIT for the quarter, which included the recovery of \$4.5 million that had previously been written off when the project was aborted, improved by 24%. Excluding this one-off gain, PBIT improved by 10% compared to last year. Office occupancy improved while the retail malls and industrial parks maintained high occupancy rates. Performance from Frasers Hospitality improved through higher occupancy, and commencement of operations of Frasers Suites, Sydney and new management contracts.

**REIT**

FCT was constituted in June 2006 with 3 suburban retail properties, namely Causeway Point, Northpoint and Anchorpoint, and no comparative results are available. Revenue and PBIT for the quarter was respectively \$19.6 million and \$11.7 million and these were 6% and 4% higher than the pro-rated pro-forma results of the corresponding quarter. The better results were due to higher occupancy and rental rates from Northpoint and Causeway Point, partially offset by the planned vacancies at Anchorpoint in preparation for up-grading works to re-position the mall.

**Development Property**

Riding on the strong recovery in the Singapore residential property market, the Group launched the 240-unit ClementiWoods (100% sold) in January this year followed by the exclusive 176-unit St Thomas Suites (as at 31 March 2007, 45% were sold with options issued for another 25%). Consequently, and as a result of good sales last year, Development Property achieved another set of very strong results. Revenue recorded for the quarter rose by 40% compared with the same period last year and PBIT, including a one-off gain of \$25.4 million from the disposal of interest in a development site in China, improved by 129%. Excluding this one-off gain, PBIT was still 60% higher than last year. Progress of construction for all projects, locally and overseas, was on schedule.

**Investment Income**

Investment income for the quarter included a one-off gain of \$11.9 million realized from the disposal of the Group's entitlements to a rights issue.

**Taxation**

The effective tax rate of 25.1% for the quarter, which is higher than the Singapore corporate tax rate, is due to higher profit contributions from higher tax jurisdictions but offset by the write back of both current and deferred tax provision.

**Balance Sheet****The Group**

The increase in Properties Under Development ("PUD") was due to the completion of the acquisition of land in Singapore, Australia, Malaysia and China. This was partially offset by completed property projects being transferred to Investment Properties ("IP") and Properties Held for Sale. The increase in IP was mainly due to the completion of a project in Australia which was transferred from PUD and the consolidation of serviced apartments in United Kingdom ("UK") upon restructuring of our Property Group in UK.

The increase in Associated Companies represented our increased stakes in Fung Choi Media Group and Krunghthep Land, Thailand. The increase in Intangible Assets was mainly due to goodwill arising from the restructuring of our UK Property Group. Short Term Investments increased mainly due to increase in fair value of our investment in Vinamilk.

During the quarter, our Dairies operations in Malaysia completed the acquisition from Nestlé. This resulted in increases in fixed assets and working capital.

The higher provision for tax and deferred tax liabilities arose from higher profits earned across the Group and tax provision on increases in fair value of investment respectively. This was partially offset by lower corporate tax rate in Singapore.

### **The Company**

During the quarter, the Company issued a total of 206.7 million new shares, of which 205.5 million shares were issued pursuant to a share subscription agreement with Seletar Investments Pte Ltd ("Seletar"), a wholly owned subsidiary of Temasek Holdings (Private) Limited, and the balance upon exercise of share options. The proceeds of \$900 million from the share issue to Seletar will be used to strengthen the growth potential of the Company's food and beverage business. The Company's reserve decreased as a result of payment of dividends to shareholders.

### **Group Cash Flow Statement for quarter ended 31 March 2007**

The cash inflows and outflows are detailed in the Group Cash Flow Statement. Net cash outflow on operating activities was mainly due to development expenditure on properties development which was partially offset by progress payment received on properties developed for sale and cash generated from operations. Net cash outflow on investing activities was mainly due to acquisition of assets and brands from Nestlé. Net cash from financing activities was due to proceeds from issuance of shares by the Company.

## **10. OUTLOOK**

Barring unforeseen circumstances, the Group is positive on the outlook for the full year. Earnings per share on the enlarged share capital should not be lower than last year.

## **11. DIVIDEND/BOOK CLOSURE DATES**

- (a) The Directors have declared an interim dividend of 5 cents, 1-tier tax exempt, to be paid on 15 June 2007 (last year: 4 cents after deduction of Singapore tax at 20%).

Note: Each ordinary share was sub-divided into 5 ordinary shares on 4 July 2006. The calculation of dividend per share is based on the sub-divided ordinary shares as if the sub-division had taken place.

- (b) Registrable transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services, 8 Cross Street, #11-00 PWC Building, Singapore 048424 up to 5.00 pm on 4 June 2007 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed on 5 June 2007 and 6 June 2007, for the preparation of dividend warrants.

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

11 May 2007