



FRASER AND NEAVE, LIMITED

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

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

The Directors are pleased to make the following announcement of the unaudited results for the First Quarter ended 31 December 2017.

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

1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)(i) GROUP PROFIT STATEMENT

	1st Quarter to 31/12/2017 \$'000	1st Quarter to 31/12/2016 \$'000	Change %
Revenue	487,063	495,031	(1.6)
Cost of sales	(318,940)	(312,725)	2.0
Gross profit	168,123	182,306	(7.8)
Other income (net)	39	7,174	(99.5)
Operating expenses			
- Distribution	(44,791)	(47,503)	(5.7)
- Marketing	(58,957)	(65,062)	(9.4)
- Administration	(30,915)	(30,833)	0.3
	(134,663)	(143,398)	(6.1)
Trading profit	33,499	46,082	(27.3)
Share of joint venture company's loss	(373)	(20)	NM
Share of associated companies' profits	17,349	311	NM
Profit before interest and taxation ("PBIT")	50,475	46,373	8.8
Finance income	3,928	2,781	41.2
Finance cost	(7,667)	(1,303)	NM
Net finance (cost)/income	(3,739)	1,478	NM
Profit before taxation and exceptional items	46,736	47,851	(2.3)
Exceptional items	(740)	(1,452)	(49.0)
Profit before taxation	45,996	46,399	(0.9)
Taxation	(4,856)	(5,924)	(18.0)
Profit after taxation	41,140	40,475	1.6
Attributable profit to:			
Shareholders of the Company	26,086	22,439	16.3
Exceptional items	(439)	(364)	20.6
	25,647	22,075	16.2
Non-controlling interests	15,493	18,400	(15.8)
	41,140	40,475	1.6

NM – Not meaningful

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

	1st Quarter to 31/12/2017 \$'000	1st Quarter to 31/12/2016 \$'000	Change %
Operating expenses			
Included in operating expenses are:			
Depreciation & amortisation	(15,469)	(16,376)	(5.5)
(Allowance)/Write back of bad and doubtful debts	(44)	39	NM
Allowance for inventory obsolescence	(2,549)	(2,133)	19.5
Employee share-based expenses	(1,253)	(964)	30.0
	<u> </u>	<u> </u>	
Other income (net)			
Gain/(Loss) on disposal of fixed assets	1,090	(55)	NM
Foreign exchange (loss)/gain	(2,758)	4,386	NM
	<u> </u>	<u> </u>	
Taxation			
Over provision of prior year taxation	394	1,973	(80.0)
	<u> </u>	<u> </u>	
Exceptional items			
Damaged inventories relating to fire	(955)	-	NM
Insurance claim relating to flood	215	-	NM
Provision for restructuring and re-organisation costs of operations	-	(3,318)	NM
Reversal of provision for litigation claims	-	1,866	NM
	<u> </u>	<u> </u>	
	(740)	(1,452)	
	<u> </u>	<u> </u>	
PBIT as a percentage of revenue	<u> </u>	<u> </u>	
	10.4%	9.4%	

NM - Not meaningful

1(a)(iii) ADDITIONAL INFORMATION

	Revenue		PBIT	
	1st Quarter to 31/12/2017 \$'000	1st Quarter to 31/12/2016 \$'000	1st Quarter to 31/12/2017 \$'000	1st Quarter to 31/12/2016 \$'000
Group revenue and profit analysis				
By Business Activity				
Beverages	116,798	139,042	1,587	8,712
Dairies	292,988	278,567	50,530	39,436
Printing & publishing	77,188	77,331	1,689	(2,265)
Others	89	91	(3,331)	490
	<u>487,063</u>	<u>495,031</u>	<u>50,475</u>	<u>46,373</u>
By Territory				
Singapore	115,992	120,266	(3,273)	1,427
Malaysia	194,754	206,837	13,927	21,174
Thailand	156,894	146,862	24,728	25,342
Vietnam	292	-	16,215	(385)
Others	19,131	21,066	(1,122)	(1,185)
	<u>487,063</u>	<u>495,031</u>	<u>50,475</u>	<u>46,373</u>
Attributable profit to shareholders of the Company				
	1st Quarter to 31/12/2017 \$'000	1st Quarter to 31/12/2016 \$'000		
By Business Activity				
Beverages	(2,021)	2,185		
Dairies	34,709	20,110		
Printing & publishing	1,064	(1,615)		
Others	(7,666)	1,759		
	<u>26,086</u>	<u>22,439</u>		
Exceptional items	(439)	(364)		
	<u>25,647</u>	<u>22,075</u>		

1(a)(iv) STATEMENT OF COMPREHENSIVE INCOME

	Group	
	1st Quarter to 31/12/2017 \$'000	1st Quarter to 31/12/2016 \$'000
Profit after taxation	41,140	40,475
Other comprehensive income:		
<u>Items that may be reclassified subsequently to profit statement</u>		
Share of other comprehensive income of associated companies	-	133
Net fair value changes on available-for-sale financial assets	(9,190)	(187,205)
Currency translation difference	(20,297)	(3,065)
	(29,487)	(190,137)
Total comprehensive income for the period	11,653	(149,662)
Total comprehensive income attributable to:		
Shareholders of the Company	(10,437)	(164,697)
Non-controlling interests	22,090	15,035
	11,653	(149,662)

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

BALANCE SHEET

	Group		Company	
	As at 31/12/2017 \$'000	As at 30/9/2017 \$'000	As at 31/12/2017 \$'000	As at 30/9/2017 \$'000
SHARE CAPITAL AND RESERVES				
Share capital	851,941	849,301	851,941	849,301
Treasury shares	(267)	(267)	(267)	(267)
Reserves	1,957,464	1,969,551	920,648	864,916
	2,809,138	2,818,585	1,772,322	1,713,950
NON-CONTROLLING INTERESTS				
	339,461	317,108	-	-
	3,148,599	3,135,693	1,772,322	1,713,950
Represented by:				
NON-CURRENT ASSETS				
Fixed assets	522,317	505,643	318	332
Investment properties	40,794	40,581	-	-
Properties held for development	18,490	18,025	-	-
Subsidiary companies	-	-	2,007,940	1,915,824
Joint venture company	47,964	46,669	-	-
Associated companies	2,416,550	2,380,648	-	-
Intangible assets	98,756	93,574	162	167
Brands	27,748	27,115	212	212
Other investments	20,942	30,131	286,189	222,705
Other receivables	1,398	1,350	-	-
Deferred tax assets	10,021	9,677	-	-
Bank fixed deposits	2,928	2,927	-	-
	3,207,908	3,156,340	2,294,821	2,139,240
CURRENT ASSETS				
Inventories	249,767	247,085	-	-
Trade receivables	304,169	279,654	-	-
Other receivables	80,480	59,165	2,475	675
Related parties	7,468	7,054	9	1
Subsidiary companies	-	-	418,452	518,309
Joint venture companies	744	571	-	-
Associated companies	-	1	-	-
Bank fixed deposits	314,886	291,028	128,844	8,684
Cash and bank balances	730,923	843,953	166,646	287,584
	1,688,437	1,728,511	716,426	815,253
Assets held for sale	10,058	9,887	-	-
	1,698,495	1,738,398	716,426	815,253
Deduct: CURRENT LIABILITIES				
Trade payables	180,366	155,029	-	-
Other payables	177,145	202,234	7,988	7,993
Related parties	11,196	13,689	1,265	1,265
Subsidiary companies	-	-	326,284	328,014
Joint venture companies	1	11	-	-
Associated companies	1,666	1,583	-	-
Borrowings	841,743	785,591	360,000	360,000
Provision for taxation	35,442	32,990	3,748	3,148
	1,247,559	1,191,127	699,285	700,420
Liabilities held for sale	2,445	2,371	-	-
	1,250,004	1,193,498	699,285	700,420
NET CURRENT ASSETS				
	448,491	544,900	17,141	114,833
Deduct: NON-CURRENT LIABILITIES				
Other payables	13,087	13,169	-	-
Subsidiary companies	-	-	539,640	540,123
Borrowings	459,124	517,498	-	-
Provision for employee benefits	18,314	17,807	-	-
Deferred tax liabilities	17,275	17,073	-	-
	507,800	565,547	539,640	540,123
	3,148,599	3,135,693	1,772,322	1,713,950

- 1(b)(ii) **Aggregate amount of Group's borrowings and debt securities.**
The Group's borrowings and debt securities as at the end of the financial period reported on, and comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

	As at 31/12/2017 \$'000	As at 30/9/2017 \$'000
Secured :	-	6
Unsecured :	841,743	785,585
	<hr/>	<hr/>
	841,743	785,591
	<hr/>	<hr/>

Amount repayable after one year

	As at 31/12/2017 \$'000	As at 30/9/2017 \$'000
Unsecured :	459,124	517,498
	<hr/>	<hr/>

Details of any collateral

Secured borrowings are generally bank overdrafts and bank loans secured on the land and buildings, plant and machinery of the borrowing companies, pledge of shares held in a subsidiary and/or a first fixed and floating charge over the assets, and assignment of all rights, benefits and title in contracts of the respective borrowing companies.

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

	1st Quarter to 31/12/2017 \$'000	1st Quarter to 31/12/2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	46,736	47,851
Adjustments for:		
Depreciation of fixed assets	11,076	11,346
Impairment reversal of fixed assets	(36)	(268)
Fixed assets written off	340	57
Provision for employee benefits	389	411
(Gain)/Loss on disposal of fixed assets (net)	(1,090)	55
Amortisation of brands and intangible assets	4,393	5,030
Interest income	(3,928)	(2,781)
Interest expenses	7,667	1,303
Share of joint venture company's loss	373	20
Share of associated companies' profits	(17,349)	(311)
Employee share-based expenses	1,253	964
Fair value adjustment of financial instruments	644	(235)
(Gain)/Loss on disposal of financial instruments	(672)	461
Operating cash before working capital changes	49,796	63,903
Change in inventories	(1,407)	20,555
Change in receivables	(25,363)	(42,721)
Change in related parties' and joint venture and associated companies' balances	(3,006)	(1,436)
Change in payables	(8,149)	(35,916)
Currency realignment	4,295	1,441
Cash generated from operations	16,166	5,826
Interest income received	3,152	3,363
Interest expenses paid	(5,952)	(1,516)
Income taxes paid	(955)	(2,268)
Payment of employee benefits	(108)	(92)
Net cash from operating activities	12,303	5,313
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	1,195	111
Purchase of fixed assets	(20,097)	(15,750)
Purchase of other investments	-	(716,812)
Investment in an associated company	(78,013)	-
Payment for intangible assets	(2,070)	(3,194)
Loan to a joint venture company	-	(644)
Net cash used in investing activities	(98,985)	(736,289)

1(c) GROUP CASH FLOW STATEMENT (cont'd)

	1st Quarter to 31/12/2017 \$'000	1st Quarter to 31/12/2016 \$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Payment)/Proceeds from term loans and bank borrowings	(5,738)	51,498
Acquisition of non-controlling interests in subsidiary companies	-	(7,539)
Net cash (used in)/from financing activities	(5,738)	43,959
Net decrease in cash and cash equivalents	(92,420)	(687,017)
Cash and cash equivalents at beginning of period	1,134,383	1,037,871
Effects of exchange rate changes on cash and cash equivalents	2,978	(3,775)
Cash and cash equivalents at end of period	1,044,941	347,079
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	1,048,737	354,713
Bank overdrafts	(868)	(868)
	1,047,869	353,845
Less: Fixed deposits relating to consideration for acquisition of subsidiary companies	(2,928)	(6,766)
Cash and cash equivalents at end of period	1,044,941	347,079
Analysis of acquisition of subsidiary companies		
Net assets acquired:		
Non-current assets	7,630	-
Current assets	6,783	-
Current liabilities	(6,864)	-
Cash and cash equivalents	231	-
	7,780	-
Provisional goodwill on acquisition	451	-
Consideration paid	8,231	-
Less: Deposit paid in last financial year	(8,000)	-
Cash and cash equivalents of subsidiary companies acquired	(231)	-
Net cash outflow on acquisition of subsidiary companies	-	-

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

STATEMENT OF CHANGES IN EQUITY

	Group										
	Share Capital	Treasury Shares	Capital Reserve	Revenue Reserve	Exchange Reserve	Fair Value Adjustment Reserve	Share-based Payment Reserve	Dividend Reserve	Total	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1st Quarter ended											
31 December 2017											
Balance at 1 October 2017	849,301	(267)	19,416	2,104,868	(208,709)	1,264	9,304	43,408	2,818,585	317,108	3,135,693
Comprehensive income											
Net fair value changes on available-for-sale financial asset	-	-	-	-	-	(9,190)	-	-	(9,190)	-	(9,190)
Currency translation difference	-	-	-	-	(26,894)	-	-	-	(26,894)	6,597	(20,297)
Other comprehensive income for the period	-	-	-	-	(26,894)	(9,190)	-	-	(36,084)	6,597	(29,487)
Profit for the period	-	-	-	25,647	-	-	-	-	25,647	15,493	41,140
Total comprehensive income for the period	-	-	-	25,647	(26,894)	(9,190)	-	-	(10,437)	22,090	11,653
Contributions by and distributions to owners											
Employee share-based expenses	-	-	-	-	-	-	990	-	990	263	1,253
Issue of shares in the Company upon vesting of shares awarded	2,640	-	-	-	-	-	(2,640)	-	-	-	-
Dividends:											
Additional dividends due to vesting of shares awarded	-	-	-	(35)	-	-	-	35	-	-	-
Total transactions with owners in their capacity as owners	2,640	-	-	(35)	-	-	(1,650)	35	990	263	1,253
Balance at 31 December 2017	851,941	(267)	19,416	2,130,480	(235,603)	(7,926)	7,654	43,443	2,809,138	339,461	3,148,599

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

	Group											
	Share Capital	Treasury Shares	Capital Reserve	Revenue Reserve	Exchange Reserve	Fair Value Adjustment Reserve	Hedging Reserve	Share-based Payment Reserve	Dividend Reserve	Total	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1st Quarter ended 31 December 2016												
Balance at 1 October 2016	849,301	(2,655)	18,746	889,151	(142,346)	1,177,590	(425)	10,349	43,373	2,843,084	309,460	3,152,544
Comprehensive income												
Share of other comprehensive income of associated companies	-	-	-	-	133	-	-	-	-	133	-	133
Net fair value changes on available-for-sale financial assets	-	-	-	-	-	(187,205)	-	-	-	(187,205)	-	(187,205)
Currency translation difference	-	-	-	-	300	-	-	-	-	300	(3,365)	(3,065)
Other comprehensive income for the period	-	-	-	-	433	(187,205)	-	-	-	(186,772)	(3,365)	(190,137)
Profit for the period	-	-	-	22,075	-	-	-	-	-	22,075	18,400	40,475
Total comprehensive income for the period	-	-	-	22,075	433	(187,205)	-	-	-	(164,697)	15,035	(149,662)
Contributions by and distributions to owners												
Employee share-based expenses	-	-	-	-	-	-	-	760	-	760	204	964
Treasury shares reissued pursuant to share plans	-	2,388	901	-	-	-	-	(3,289)	-	-	-	-
Dividends:												
Additional dividends due to vesting of shares awarded	-	-	-	(35)	-	-	-	-	35	-	-	-
Total contributions by and distributions to owners	-	2,388	901	(35)	-	-	-	(2,529)	35	760	204	964
Changes in ownership interests												
Change of interests in subsidiary companies	-	-	-	(2,093)	-	-	-	-	-	(2,093)	(5,446)	(7,539)
Total changes in ownership interests	-	-	-	(2,093)	-	-	-	-	-	(2,093)	(5,446)	(7,539)
Total transactions with owners in their capacity as owners	-	2,388	901	(2,128)	-	-	-	(2,529)	35	(1,333)	(5,242)	(6,575)
Balance at 31 December 2016	849,301	(267)	19,647	909,098	(141,913)	990,385	(425)	7,820	43,408	2,677,054	319,253	2,996,307

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

	Company							
	Share Capital	Treasury Shares	Capital Reserve	Revenue Reserve	Fair Value Adjustment Reserve	Share- based Payment Reserve	Dividend Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1st Quarter ended 31 December 2017								
Balance at 1 October 2017	849,301	(267)	(1,099)	734,205	83,813	4,589	43,408	1,713,950
<u>Comprehensive income</u>								
Net fair value changes on available-for-sale financial assets	-	-	-	-	63,484	-	-	63,484
Other comprehensive income for the period	-	-	-	-	63,484	-	-	63,484
Loss for the period	-	-	-	(5,774)	-	-	-	(5,774)
Total comprehensive income for the period	-	-	-	(5,774)	63,484	-	-	57,710
<u>Contributions by and distributions to owners</u>								
Employee share-based expenses	-	-	-	-	-	662	-	662
Issue of shares in the Company upon vesting of shares awarded	2,640	-	-	-	-	(2,640)	-	-
Dividends:								
Additional dividends due to vesting of shares awarded	-	-	-	(35)	-	-	35	-
Total transactions with owners in their capacity as owners	2,640	-	-	(35)	-	(1,978)	35	662
Balance at 31 December 2017	851,941	(267)	(1,099)	728,396	147,297	2,611	43,443	1,772,322
1st Quarter ended 31 December 2016								
Balance at 1 October 2016	849,301	(2,655)	(2,000)	753,938	75,014	5,687	43,373	1,722,658
<u>Comprehensive income</u>								
Net fair value changes on available-for-sale financial asset	-	-	-	-	(12,907)	-	-	(12,907)
Other comprehensive income for the period	-	-	-	-	(12,907)	-	-	(12,907)
Profit for the period	-	-	-	484	-	-	-	484
Total comprehensive income for the period	-	-	-	484	(12,907)	-	-	(12,423)
<u>Contributions by and distributions to owners</u>								
Employee share-based expenses	-	-	-	-	-	506	-	506
Treasury shares reissued pursuant to share plans	-	2,388	901	-	-	(3,289)	-	-
Dividends:								
Additional dividends due to vesting of shares awarded	-	-	-	(35)	-	-	35	-
Total transactions with owners in their capacity as owners	-	2,388	901	(35)	-	(2,783)	35	506
Balance at 31 December 2016	849,301	(267)	(1,099)	754,387	62,107	2,904	43,408	1,710,741

1(d)(ii) SHARE CAPITAL

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	<u>Number of Shares</u>	
	<u>1st Quarter to 31/12/2017</u>	<u>4th Quarter to 30/9/2017</u>
Issued and fully paid ordinary shares:		
As at beginning of period	1,447,077,754	1,447,077,754
Issued during the period – pursuant to share plans	1,174,525	-
As at end of period	<u>1,448,252,279</u>	<u>1,447,077,754</u>
	<u>As at 31/12/2017</u>	<u>As at 31/12/2016</u>
The number of shares awarded conditionally under Share Plans as at the end of the period	<u>3,143,250</u>	<u>3,215,826</u>
The number of issued shares excluding treasury shares at the end of the period	<u>1,448,121,153</u>	<u>1,446,946,628</u>

The Company held 131,126 treasury shares as at 31 December 2017 (31 December 2016: 131,126). The treasury shares held represents 0.01% (31 December 2016: 0.01%) of the total number of issued shares (excluding treasury shares).

The Company does not have any subsidiary holdings as at 31 December 2017 and 31 December 2016.

1(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company's total number of issued shares excluding treasury shares is 1,448,121,153 as at 31 December 2017 and 1,446,946,628 as at 30 September 2017.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares by the Company during the three months ended 31 December 2017.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Company does not have any subsidiary holdings as at 31 December 2017 and 31 December 2016.

There were no sales, transfers, cancellation and/or use of subsidiary holdings during the three months ended 31 December 2017.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group and Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared with the audited financial statements for the year ended 30 September 2017.

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

As disclosed in paragraph 4, the Group and Company have adopted the following amendments to FRS which became effective from this financial year.

Amendments to FRS 7	Disclosure Initiative
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Improvements to FRSs (December 2016):	
Amendments to FRS 112	Disclosures of Interests in Other Entities

The adoption of the above amendments to standards had no material effect on the financial performance or position of the Group and the Company.

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

- (a) based on the weighted average number of ordinary shares on issue and
 (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	1st Quarter to 31/12/2017	1st Quarter to 31/12/2016
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before exceptional items	1.8	1.6
- after exceptional items	1.8	1.5
(b) On a fully diluted basis (cents)		
- before exceptional items	1.8	1.5
- after exceptional items	1.8	1.5
	\$'000	\$'000
Attributable profit	25,647	22,075
Change in attributable profit due to dilutive potential shares under share plans of a subsidiary company	(70)	(124)
Adjusted attributable profit	<u>25,577</u>	<u>21,951</u>

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

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

	Group		Company	
	As at 31/12/2017	As at 30/9/2017	As at 31/12/2017	As at 30/9/2017
Net asset value per ordinary share based on issued share capital	\$1.94	\$1.95	\$1.22	\$1.18

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

REVIEW OF PERFORMANCE

The principal activities of the Group are:

- (i) production and sale of beverages and dairy products; and
(ii) printing and publishing.

These activities are carried out through the Company's subsidiary, joint venture and associated companies to which the Company provides management and administrative services.

Profit Statement – 1st Quarter

Group revenue of \$487.1 million was a decrease of 1.6% as compared to corresponding period last year. However PBIT (profit before interest and taxation) of \$50.5 million and attributable profit before exceptional items of \$26.1 million were 8.8% and 16.3% respectively higher than last year.

Beverages

Overall Beverages revenue was 16.0% lower as compared to last year. Soft Drinks Malaysia was mainly affected by price competition and the shift in sales for Chinese New Year to the 2nd quarter as the celebration will fall in mid-February this year. In Singapore, certain soft drinks segments were also negatively affected by campaigns against diabetes, while sales in new markets were impacted by challenges faced in the route-to-market.

PBIT decreased \$7.1 million as compared to last year. Soft Drinks Malaysia PBIT decreased as a result of lower sales and higher raw material prices, partly cushioned by lower overheads and operational cost savings, while Soft Drinks Singapore was impacted by higher discounting and higher marketing spend. Higher operating costs were incurred in the new markets as a result of the set-up and expansion of local offices.

Dairies

Dairies revenue at \$293.0 million increased 5.2% as compared to the corresponding period last year. Dairies Thailand growth was fuelled by exports sales and continued innovations in new products and packaging, while Dairies Malaysia growth was boosted by sales of *Teapot* and *Farmhouse*. Dairies Singapore revenue was flat as compared to last year. While export sales showed strong growth contributed by new canned milk business in Indonesia, this was offset by decline in domestic sales.

Dairies PBIT increased 28.1% to \$50.5 million mainly due to the increase in profit contribution from Vietnam Dairy Products Joint Stock Company ("Vinamilk"). Since April 2017, Vinamilk has been equity accounted for as an Associated Company, whereas it was previously accounted for as Other Investment with dividend income being recognised upon declaration. The contribution from Vinamilk was partly offset by the decrease in PBIT contribution from Dairies operations mainly as a result of higher input prices of milk and tin packaging.

Printing and Publishing

Printing and Publishing revenue of \$77.2 million for the quarter was flat as compared to the corresponding period last year. The successful completion of the acquisition of Penguin Random House Pte. Ltd. and Penguin Books Malaysia Sdn. Bhd. coupled with the healthy sell through from the existing book distribution business has helped to stabilise revenue, mitigating lower print volume and timing differences in education textbook sales.

Despite the flat revenue, Printing and Publishing's PBIT turned around from a loss of \$2.3 million last year to a profit of \$1.7 million in the current quarter. This was mainly achieved through enhancements in operational efficiencies, improvements in productivity and benefits reaped from cost rationalisation measures taken last year. The acquisition of Penguin Random House Pte. Ltd. and Penguin Books Malaysia Sdn. Bhd. also made its maiden profit contribution.

Tax

The Group effective tax rate ("ETR") of 10.6% (31 Dec 2016: 12.8%) is attributed to non-taxable income including the tax exempt profits of an overseas subsidiary. The increase in non-taxable income results in a more favourable Group ETR for the current quarter.

Balance Sheet as at 31 December 2017

The Group

The decrease in Reserves was mainly due to negative currency translation and fair value loss on the investment in PMP. This was largely offset by profits of \$25.6 million retained for the period.

Non-current assets increased by \$51.6 million or 1.6% from \$3,156.3 million to \$3,207.9 million as at 31 December 2017 mainly due to the acquisition of additional shares in Vinamilk and acquisition of fixed assets during the quarter and partly offset by fair value loss on the investment in PMP.

Current assets decreased by \$39.9 million or 2.3% from \$1,738.4 million to \$1,698.5 million as at 31 December 2017 attributed mainly to:

- (i) a decrease in cash and bank deposits due to the acquisition of additional shares in Vinamilk; and partly offset by
- (ii) an increase in trade receivables mainly due to Dairies sales growth and consolidation of Penguin Random House Singapore and Malaysia's balances upon completion of acquisition; and
- (iii) an increase in other receivables mainly due to the accrual of dividend income receivable from Vinamilk.

Liabilities decreased by \$1.2 million or 0.1% from \$1,759.0 million to \$1,757.8 million as at 31 December 2017 mainly due to:

- (i) a decrease in other payables due to payments made for accrued staff costs and advisory fees outstanding as at 30 September 2017; and largely offset by
- (ii) an increase in trade payables mainly due to higher level of purchases to support increased Dairies sales and consolidation of Penguin Random House Singapore and Malaysia's balances upon completion of acquisition.

Group Cash Flow Statement for Quarter Ended 31 December 2017

The cash inflows and outflows are detailed in the Group Cash Flow Statement.

Net cash inflow from operating activities of \$12.3 million was higher than the \$5.3 million last year mainly due to an increase in cash generated from operations.

Net cash outflow from investing activities of \$99.0 million was lower than the \$736.3 million last year mainly due to the acquisition of an additional 5.4% stake in Vinamilk last year.

Financing activities recorded a cash outflow of \$5.7 million arising from the repayment of borrowings as compared to a net cash inflow of \$44.0 million last year mainly arising from the proceeds of borrowings drawn down.

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

Not applicable.

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

Contribution from our associated company, Vinamilk, is expected to increase as the Group will equity account the results of Vinamilk for the full 12 months in this new financial year. We will continue to invest in new markets and at the same time strive to maximise the benefits of capex projects and harmonised distribution network. Raw material prices are expected to be relatively stable compared to last year but we will continue to be vigilant of volatile price movement. The Group will continue to pursue new investment opportunities to further grow its beverages and dairies businesses.

As a result of restructuring activities undertaken by the Printing and Publishing business over the past year, the Group expects losses to continue to narrow in the new financial year. Publishing will continue to invest in its digital business and overseas markets by leveraging on its strength in the education content segment. The Group will continue to ensure that the cost structure remains sustainable, while at the same time explore opportunities to enter into new business segments.

11. If no dividend has been declared (recommended), a statement to the effect.

No dividend has been declared for the current financial period.

12. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Particulars of interested person transactions (“IPTs”) for the period 1 October 2017 to 31 December 2017.

<u>Name of interested person</u>	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$’000
TCC Group of Companies ¹	5,458

¹ This refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

13. Confirmation By the Company Pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

**14. CONFIRMATION BY THE BOARD OF DIRECTORS
Pursuant to Rule 705(5) of the SGX Listing Manual**

We, Siripen Sitasuwan and Sithichai Chaikriangkrai, being two Directors of Fraser and Neave, Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company, that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial results to be false or misleading in any material respect.

On behalf of the Board

Siripen Sitasuwan
Director

Sithichai Chaikriangkrai
Director

BY ORDER OF THE BOARD
Hui Choon Kit
Company Secretary

9 February 2018