



FRASER AND NEAVE, LIMITED

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

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2020 Financial Statements and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the half year ended 31 March 2020.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 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

	6 Months to 31/3/2020 \$'000	6 Months to 31/3/2019 \$'000	Change %
Revenue	976,686	931,767	4.8
Cost of sales	(655,303)	(626,231)	4.6
Gross profit	321,383	305,536	5.2
Other income	5,160	4,749	8.7
Operating expenses			
- Distribution	(85,608)	(80,255)	6.7
- Marketing	(87,363)	(83,545)	4.6
- Administration	(68,363)	(61,737)	10.7
	(241,334)	(225,537)	7.0
Trading profit	85,209	84,748	0.5
Share of results of joint venture companies	2,997	(1,355)	NM
Share of results of associated companies	53,680	53,193	0.9
Profit before interest and taxation ("PBIT")	141,886	136,586	3.9
Finance income	2,088	3,659	(42.9)
Finance cost	(12,542)	(10,560)	18.8
Net finance cost	(10,454)	(6,901)	51.5
Profit before taxation and exceptional items	131,432	129,685	1.3
Exceptional items	(199)	415	NM
Profit before taxation	131,233	130,100	0.9
Taxation	(25,666)	(22,928)	11.9
Profit after taxation	105,567	107,172	(1.5)
Attributable profit to:			
Shareholders of the Company	71,847	73,815	(2.7)
Exceptional items	(199)	225	NM
	71,648	74,040	(3.2)
Non-controlling interests	33,919	33,132	2.4
	105,567	107,172	(1.5)

NM – Not meaningful

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

	6 Months to 31/3/2020 \$'000	6 Months to 31/3/2019 \$'000	Change %
Operating expenses			
Included in operating expenses are:			
Depreciation & amortisation	(44,135)	(29,884)	47.7
Allowance for bad and doubtful debts	(147)	(161)	(8.7)
Allowance for inventory obsolescence	(4,158)	(3,491)	19.1
Employee share-based expense	(2,696)	(614)	NM
Other income			
Gain on disposal of fixed assets	70	101	(30.7)
Foreign exchange gain/(loss)	566	(987)	NM
Taxation			
(Under)/Over provision of prior year taxation	(32)	703	NM
Exceptional items			
(Provision for)/Write back of restructuring and re-organisation cost of operations	(199)	20	NM
Insurance claim relating to fire	-	574	NM
Investment property written off	-	(179)	NM
	(199)	415	NM
PBIT as a percentage of revenue	14.5%	14.7%	

NM - Not meaningful

1(a)(iii) ADDITIONAL INFORMATION

	Revenue		PBIT	
	6 Months to 31/3/2020 \$'000	6 Months to 31/3/2019 \$'000 (Restated)*	6 Months to 31/3/2020 \$'000	6 Months to 31/3/2019 \$'000 (Restated)*
Group revenue and profit analysis				
By Business Activity				
Beverages	241,055	235,378	7,596	3,246
Dairies	609,230	567,939	139,229	140,001
Printing & publishing	126,192	128,257	(11,018)	(7,100)
Others	209	193	6,079	439
	<u>976,686</u>	<u>931,767</u>	<u>141,886</u>	<u>136,586</u>
By Territory				
Singapore	220,523	210,792	541	(1,593)
Malaysia	347,848	363,054	23,081	25,296
Thailand	350,576	318,582	73,022	66,778
Vietnam	56	46	51,251	50,791
Others	57,683	39,293	(6,009)	(4,686)
	<u>976,686</u>	<u>931,767</u>	<u>141,886</u>	<u>136,586</u>
Attributable profit to shareholders of the Company				
	6 Months to 31/3/2020 \$'000	6 Months to 31/3/2019 \$'000 (Restated)*		
By Business Activity				
Beverages	172	(3,045)		
Dairies	91,571	91,579		
Printing & publishing	(11,478)	(7,675)		
Others	(8,418)	(7,044)		
	<u>71,847</u>	<u>73,815</u>		
Exceptional items	(199)	225		
	<u>71,648</u>	<u>74,040</u>		

* Reclassification of segmental information have been made to the comparative period to conform with current period's presentation

1(a)(iii) STATEMENT OF COMPREHENSIVE INCOME

	Group	
	6 Months to 31/3/2020 \$'000	6 Months to 31/3/2019 \$'000
Profit after taxation	105,567	107,172
Other comprehensive income:		
<u>Items that may be reclassified subsequently to profit statement</u>		
Share of other comprehensive income of associated companies	4	(106)
Fair value changes on derivative financial instruments	(6,065)	-
Currency translation differences	59,534	(4,283)
	53,473	(4,389)
<u>Items that will not be reclassified to profit statement</u>		
Remeasurement of defined benefit obligations	-	3
Fair value changes on equity investments measured at fair value through other comprehensive income	(1,328)	(1,411)
	(1,328)	(1,408)
Other comprehensive income for the period, net of taxation	52,145	(5,797)
Total comprehensive income for the period	157,712	101,375
Total comprehensive income attributable to:		
Shareholders of the Company	123,591	66,459
Non-controlling interests	34,121	34,916
	157,712	101,375

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 SHEETS

	Group		Company	
	As at 31/3/2020 \$'000	As at 30/9/2019 \$'000	As at 31/3/2020 \$'000	As at 30/9/2019 \$'000
SHARE CAPITAL AND RESERVES				
Share capital	855,870	853,549	855,870	853,549
Reserves	2,144,361	2,079,881	726,158	841,355
	3,000,231	2,933,430	1,582,028	1,694,904
NON-CONTROLLING INTERESTS				
	416,844	398,947	-	-
	3,417,075	3,332,377	1,582,028	1,694,904
Represented by:				
NON-CURRENT ASSETS				
Fixed assets	756,648	687,140	7,070	1,101
Investment properties	17,586	17,501	-	-
Properties held for development	18,507	18,490	-	-
Subsidiary companies	-	-	2,222,656	2,222,649
Joint venture companies	169,815	169,898	38,965	38,965
Associated companies	2,746,530	2,620,675	-	-
Intangible assets	132,974	130,062	421	175
Brands	27,470	27,513	212	212
Other investments	6,328	7,656	149,573	207,800
Other receivables	2,169	2,735	-	2
Deferred tax assets	2,593	2,884	-	-
	3,880,620	3,684,554	2,418,897	2,470,904
CURRENT ASSETS				
Inventories	290,978	262,130	-	-
Trade receivables	307,075	277,025	-	-
Other receivables	72,456	66,256	1,061	855
Related parties	11,740	7,871	1,023	807
Subsidiary companies	-	-	13,747	12,000
Joint venture companies	1,189	1,162	-	-
Associated companies	15	14	12	5
Cash and bank deposits	249,225	420,333	15,519	15,418
	932,678	1,034,791	31,362	29,085
Deduct: CURRENT LIABILITIES				
Trade payables	182,220	182,475	-	-
Other payables	204,431	247,223	11,120	11,773
Related parties	7,002	7,222	300	1,593
Subsidiary companies	-	-	7,206	4,376
Associated companies	950	1,186	-	-
Lease liabilities	15,708	-	2,617	-
Borrowings	19,516	9,226	-	-
Provision for taxation	55,353	54,275	3,362	2,964
	485,180	501,607	24,605	20,706
NET CURRENT ASSETS	447,498	533,184	6,757	8,379
Deduct: NON-CURRENT LIABILITIES				
Other payables	23,414	25,564	-	-
Subsidiary companies	-	-	840,009	784,258
Lease liabilities	26,922	-	3,496	-
Borrowings	822,796	820,458	-	-
Provision for employee benefits	17,198	20,167	-	-
Deferred tax liabilities	20,713	19,172	121	121
	911,043	885,361	843,626	784,379
	3,417,075	3,332,377	1,582,028	1,694,904

- 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 31/3/2020	As at 30/9/2019
	\$'000	\$'000
Secured :	-	93
Unsecured :	19,516	9,133
	<u>19,516</u>	<u>9,226</u>

Amount repayable after one year

	As at 31/3/2020	As at 30/9/2019
	\$'000	\$'000
Secured :	-	209
Unsecured :	822,796	820,249
	<u>822,796</u>	<u>820,458</u>

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.**

	6 Months to 31/3/2020 \$'000	6 Months to 31/3/2019 \$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation and exceptional items	131,432	129,685
Adjustments for:		
Depreciation of fixed assets	37,481	24,098
Amortisation of brands and intangible assets	6,654	5,786
Impairment reversal of fixed assets	(6)	(19)
Fixed assets written off	165	126
Provision for employee benefits	947	744
Loss on lease modification and termination	95	-
Gain on disposal of fixed assets	(70)	(101)
Gain on disposal of intangible assets	-	(1)
Interest income	(2,088)	(3,659)
Interest expenses	12,542	10,560
Share of results of joint venture companies	(2,997)	1,355
Share of results of associated companies	(53,680)	(53,193)
Employee share-based expense	2,696	614
Fair value adjustment of financial instruments	(565)	200
Gain on disposal of financial instruments	(210)	(8)
Operating cash before working capital changes	132,396	116,187
Change in inventories	(28,848)	(6,565)
Change in receivables	(36,546)	(1,047)
Change in related parties, joint venture and associated companies' balances	(4,353)	1,588
Change in payables	(52,119)	3,626
Currency realignment	(4,987)	343
Cash generated from operations	5,543	114,132
Interest income received	2,319	3,148
Interest expenses paid	(12,212)	(11,484)
Income taxes paid	(20,665)	(5,680)
Payment of employee benefits	(1,242)	(1,641)
Net cash (used in)/from operating activities	(26,257)	98,475
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends from associated companies	22,443	21,802
Proceeds from disposal of fixed assets and intangible assets	356	209
Proceeds from sale of land lease	11,000	-
Purchase of fixed assets	(57,480)	(54,585)
Acquisition of non-controlling interests in a subsidiary company	(115)	-
Payment for intangible assets	(8,571)	(9,040)
Payment of deferred consideration for prior years' acquisition of subsidiary companies	(3,025)	-
Investments in an associated and a joint venture company	(41,747)	(587)
Deposits pledged in relation to acquisition of subsidiary companies	3,025	-
Net cash used in investing activities	(74,114)	(42,201)

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

	6 Months to 31/3/2020 \$'000	6 Months to 31/3/2019 \$'000
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from borrowings	19,062	63,905
Repayment of borrowings	(4,449)	(269,696)
Payment of lease liabilities	(9,902)	-
Purchase of shares by a subsidiary company	(1,257)	(624)
Capital contribution by non-controlling interests	1,595	5,476
Payment of dividends:		
- by subsidiary companies to non-controlling interests	(17,793)	(16,519)
- by the Company to shareholders	(58,003)	(43,471)
Net cash used in financing activities	<u>(70,747)</u>	<u>(260,929)</u>
Net decrease in cash and cash equivalents	(171,118)	(204,655)
Cash and cash equivalents at beginning of period	417,327	527,166
Effects of exchange rate changes on cash and cash equivalents	3,016	496
Cash and cash equivalents at end of period	<u>249,225</u>	<u>323,007</u>
Cash and cash equivalents at end of period comprise:		
Cash and bank deposits	249,225	325,969
Less: Fixed deposits relating to consideration for acquisition of subsidiary companies	-	(2,962)
Cash and cash equivalents at end of period	<u>249,225</u>	<u>323,007</u>

- 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	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
6 Months ended 31 March 2020											
Balance at 1 October 2019	853,549	(5,257)	2,031,134	21,678	(32,099)	(1,447)	7,911	57,961	2,933,430	398,947	3,332,377
Comprehensive income											
Share of other comprehensive income of associated companies	-	-	103	(92)	(7)	-	-	-	4	-	4
Fair value changes on derivative financial instruments	-	-	-	-	-	(6,065)	-	-	(6,065)	-	(6,065)
Fair value changes on equity investments measured at fair value through other comprehensive income	-	-	-	-	(1,328)	-	-	-	(1,328)	-	(1,328)
Currency translation difference	-	-	-	59,332	-	-	-	-	59,332	202	59,534
Other comprehensive income for the period	-	-	103	59,240	(1,335)	(6,065)	-	-	51,943	202	52,145
Profit for the period	-	-	71,648	-	-	-	-	-	71,648	33,919	105,567
Total comprehensive income for the period	-	-	71,751	59,240	(1,335)	(6,065)	-	-	123,591	34,121	157,712
Contributions by and distributions to owners											
Employee share-based expense	-	-	-	-	-	-	2,445	-	2,445	635	3,080
Issue of shares in the Company upon vesting of shares awarded	2,321	-	-	-	-	-	(2,321)	-	-	-	-
Purchase of shares by a subsidiary company	-	-	(697)	-	-	-	-	-	(697)	(560)	(1,257)
Share of a subsidiary company reissued pursuant to its share plans	-	(88)	1,172	-	-	-	(1,084)	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	1,595	1,595
Dividends:											
Dividends paid	-	-	(42)	-	-	-	-	(57,961)	(58,003)	(17,793)	(75,796)
Dividends proposed	-	-	(21,751)	-	-	-	-	21,751	-	-	-
Total contributions by and distributions to owners	2,321	(88)	(21,318)	-	-	-	(960)	(36,210)	(56,255)	(16,123)	(72,378)
Changes in ownership interests											
Change of interests in a subsidiary company	-	-	(14)	-	-	-	-	-	(14)	14	-
Changes in carrying value of put option granted to non-controlling interests	-	(521)	-	-	-	-	-	-	(521)	-	(521)
Acquisition of non-controlling interests in a subsidiary company	-	-	-	-	-	-	-	-	-	(115)	(115)
Total changes in ownership interests	-	(521)	(14)	-	-	-	-	-	(535)	(101)	(636)
Total transactions with owners in their capacity as owners	2,321	(609)	(21,332)	-	-	-	(960)	(36,210)	(56,790)	(16,224)	(73,014)
Balance at 31 March 2020	855,870	(5,866)	2,081,553	80,918	(33,434)	(7,512)	6,951	21,751	3,000,231	416,844	3,417,075

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	Share- based Payment Reserve	Dividend Reserve	Total	Non- controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6 Months ended											
31 March 2019											
Balance at 1 October 2018	851,941	(267)	18,943	1,948,847	(29,552)	(25,873)	8,910	43,444	2,816,393	347,291	3,163,684
Comprehensive income											
Share of other comprehensive income of associated companies	-	-	-	(29)	(75)	(2)	-	-	(106)	-	(106)
Remeasurement of defined benefit obligations	-	-	-	3	-	-	-	-	3	-	3
Fair value changes on equity investments measured at fair value through other comprehensive income	-	-	-	-	-	(1,411)	-	-	(1,411)	-	(1,411)
Currency translation difference	-	-	-	-	(6,067)	-	-	-	(6,067)	1,784	(4,283)
Other comprehensive income for the period	-	-	-	(26)	(6,142)	(1,413)	-	-	(7,581)	1,784	(5,797)
Profit for the period	-	-	-	74,040	-	-	-	-	74,040	33,132	107,172
Total comprehensive income for the period	-	-	-	74,014	(6,142)	(1,413)	-	-	66,459	34,916	101,375
Contributions by and distributions to owners											
Employee share-based expense	-	-	-	-	-	-	612	-	612	2	614
Treasury shares reissued pursuant to share plans	-	267	8	-	-	-	(275)	-	-	-	-
Issue of shares in the Company upon vesting of shares awarded	1,608	-	-	-	-	-	(1,608)	-	-	-	-
Purchase of shares by a subsidiary company	-	-	-	(346)	-	-	-	-	(346)	(278)	(624)
Shares of a subsidiary company reissued pursuant to its share plans	-	-	(218)	1,266	-	-	(1,048)	-	-	-	-
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	5,476	5,476
Dividends:											
Dividends paid	-	-	-	(27)	-	-	-	(43,444)	(43,471)	(16,519)	(59,990)
Dividends proposed	-	-	-	(21,735)	-	-	-	21,735	-	-	-
Total contributions by and distributions to owners	1,608	267	(210)	(20,842)	-	-	(2,319)	(21,709)	(43,205)	(11,319)	(54,524)
Changes in ownership interests											
Change of interests in subsidiary companies	-	-	-	(546)	-	-	-	-	(546)	546	-
Total changes in ownership interests	-	-	-	(546)	-	-	-	-	(546)	546	-
Total transactions with owners in their capacity as owners	1,608	267	(210)	(21,388)	-	-	(2,319)	(21,709)	(43,751)	(10,773)	(54,524)
Balance at 31 March 2019	853,549	-	18,733	2,001,473	(35,694)	(27,286)	6,591	21,735	2,839,101	371,434	3,210,535

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
6 months ended 31 March 2020								
Balance at 1 October 2019	853,549	-	(1,091)	722,593	57,939	3,953	57,961	1,694,904
Comprehensive income								
Fair value changes on equity investments measured at fair value through other comprehensive income	-	-	-	-	(58,227)	-	-	(58,227)
Other comprehensive income for the period	-	-	-	-	(58,227)	-	-	(58,227)
Profit for the period	-	-	-	1,702	-	-	-	1,702
Total comprehensive income for the period	-	-	-	1,702	(58,227)	-	-	(56,525)
Contributions by and distributions to owners								
Employee share-based expense	-	-	-	-	-	1,652	-	1,652
Issue of shares in the Company upon vesting of shares awarded	2,321	-	-	-	-	(2,321)	-	-
Dividends:								
Dividends paid	-	-	-	(42)	-	-	(57,961)	(58,003)
Dividends proposed	-	-	-	(21,751)	-	-	21,751	-
Total transactions with owners in their capacity as owners	2,321	-	-	(21,793)	-	(669)	(36,210)	(56,351)
Balance at 31 March 2020	855,870	-	(1,091)	702,502	(288)	3,284	21,751	1,582,028
6 months ended 31 March 2019								
Balance at 1 October 2018	851,941	(267)	(1,099)	741,673	72,624	4,268	43,444	1,712,584
Comprehensive income								
Fair value changes on equity investments measured at fair value through other comprehensive income	-	-	-	-	(5,772)	-	-	(5,772)
Other comprehensive income for the period	-	-	-	-	(5,772)	-	-	(5,772)
Profit for the period	-	-	-	8,343	-	-	-	8,343
Total comprehensive income for the period	-	-	-	8,343	(5,772)	-	-	2,571
Contributions by and distributions to owners								
Employee share-based expense	-	-	-	-	-	610	-	610
Issue of shares in the Company upon vesting of shares awarded	1,608	-	-	-	-	(1,608)	-	-
Treasury shares reissued pursuant to share plans	-	267	8	-	-	(275)	-	-
Dividends:								
Dividends paid	-	-	-	(27)	-	-	(43,444)	(43,471)
Dividends proposed	-	-	-	(21,735)	-	-	21,735	-
Total transactions with owners in their capacity as owners	1,608	267	8	(21,762)	-	(1,273)	(21,709)	(42,861)
Balance at 31 March 2019	853,549	-	(1,091)	728,254	66,852	2,995	21,735	1,672,294

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>6 Months to 31/3/2020</u>	<u>6 Months to 30/9/2019</u>
Issued and fully paid ordinary shares:		
As at beginning of the period	1,449,028,178	1,449,028,178
Issued during the period – pursuant to share plans	1,057,400	-
As at end of the period	<u>1,450,085,578</u>	<u>1,449,028,178</u>
	<u>As at 31/3/2020</u>	<u>As at 31/3/2019</u>
The number of shares awarded conditionally under Share Plans as at the end of the period	<u>2,399,450</u>	<u>3,381,763</u>
The number of issued shares excluding treasury shares at the end of the period	<u>1,450,085,578</u>	<u>1,449,028,178</u>

The Company did not hold any treasury shares as at 31 March 2020 (31 March 2019: Nil). The treasury shares held represents Nil% (31 March 2019: Nil) of the total number of issued shares (excluding treasury shares).

The Company does not have any subsidiary holdings as at 31 March 2020 and 31 March 2019.

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 1,450,085,578 as at 31 March 2020 and 1,449,028,178 as at 30 September 2019.

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, disposal, cancellation and/or use of treasury shares by the Company during the 6 months ended 31 March 2020.

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 March 2020 and 31 March 2019.

There were no sales, transfers, cancellation and/or use of subsidiary holdings during the 6 months ended 31 March 2020.

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 2019.

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 above, the Group and Company have adopted the following new, amendments to and interpretations of SFRS(I) which became effective from this financial year.

SFRS(I) 16	<i>Leases</i>
Amendments to SFRS(I) 9	<i>Prepayment Features with Negative Consideration</i>
Amendments to SFRS(I) 1-28	<i>Long Term Interests in Associates and Joint Ventures</i>
Amendments to SFRS(I) 1-19	<i>Plan Amendments, Curtailment or Settlement</i>
Annual Improvements to SFRS(I)s 2015-2017 cycle	
Amendment to SFRS(I) 3	<i>Business Combinations</i>
Amendment to SFRS(I) 11	<i>Joint Arrangements</i>
Amendment to SFRS(I) 1-12	<i>Income Taxes</i>
Amendment to SFRS(I) 1-23	<i>Borrowing Costs</i>
SFRS(I) INT 23	<i>Uncertainty over Income Tax Treatments</i>

Except for SFRS(I) 16, the adoption of the above new, amendments to and interpretations of the standards had no material impact on the financial statements of the Group and the Company.

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group and the Company applied SFRS(I) 16 initially on 1 October 2019, using the modified retrospective approach, with no restatement of comparative information. The Group and the Company applied the practical expedient to grandfather the definition of a lease on transition and to recognise ROU assets equal to its lease liabilities as at 1 October 2019.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 October 2019. ROU assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

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.**
(cont'd)

Upon applying SFRS(I) 16, the effects on the Group's balance sheet are as follows:

GROUP BALANCE SHEET

	As at 1 October 2019 \$'000
Increase/(Decrease) in:	
Assets	
Right-of-use assets included in Fixed assets	53,236
Other receivables	(35)
	<u>53,201</u>
Liabilities	
Lease liabilities	52,957
Other payables	244
	<u>53,201</u>

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	
	6 Months to 31/3/2020	6 Months to 31/3/2019
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before exceptional items	5.0	5.1
- after exceptional items	4.9	5.1
	<u> </u>	<u> </u>
(b) On a fully diluted basis (cents)		
- before exceptional items	4.9	5.1
- after exceptional items	4.9	5.1
	<u> </u>	<u> </u>
	\$'000	\$'000
Attributable profit	71,648	74,040
Change in attributable profit due to dilutive potential shares under share plans of a subsidiary company	(121)	(120)
Adjusted attributable profit	<u>71,527</u>	<u>73,920</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 31/3/2020	As at 30/9/2019	As at 31/3/2020	As at 30/9/2019
Net asset value per ordinary share based on issued share capital	\$2.07	\$2.02	\$1.09	\$1.17
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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) seasonal 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 by the Company and its subsidiary, joint venture and associated companies to which the Company provides management and administrative services.

Profit Statement – 6 Months Ended 31 March 2020

Revenue increased 4.8% to \$976.7 million from \$931.8 million in the corresponding period last year. PBIT (profit before interest and taxation) of \$141.9 million reflected an increase of 3.9% while attributable profit before exceptional items decreased 2.7% to \$71.8 million.

Beverages

Beverages revenue of \$241.1 million was 2.4% higher as compared to the corresponding period last year. This was mainly due to the revenue contribution from Emerald Brewery in Myanmar upon the start of its commercial operations, partly offset by decrease in revenue from Soft Drinks Malaysia impacted by flooding in East Malaysia and the outbreak of COVID-19.

PBIT more than doubled to \$7.6 million as compared to the corresponding period last year. Earnings improved on the back of higher sales and lower overheads and marketing spend in new markets.

Dairies

Dairies revenue at \$609.2 million was an increase of 7.3% from the corresponding period last year mainly attributed to Dairies Thailand on the back of successful execution of marketing and branding campaigns. Revenue growth in Malaysia and Singapore also contributed to the increase.

Despite improvements in revenue, Dairies PBIT decreased 0.6% to \$139.2 million as compared to the corresponding period last year due to higher supply chain costs, unfavourable input costs and higher marketing spend.

Printing and Publishing

Printing and Publishing achieved a revenue of \$126.2 million, and a corresponding PBIT loss of \$11.0 million. The impact of COVID-19 pandemic has caused PBIT loss to worsen to \$11.0 million compared to a loss of \$7.1 million for the same period last year stemming from the closure of print plants in China and Malaysia, significant weak retail traffic flow and the deferment of textbook adoptions in key markets.

Tax

The Group effective tax rate ("ETR") of 19.6% (2019: 17.6%) is mainly due to withholding tax and non-deductible expenses. A marked increase in withholding tax expense is the main reason for the higher ETR in the current period.

Group Balance Sheet as at 31 March 2020

The increase in Reserves was mainly due to profits of \$71.6 million retained for the period and currency translation arising from the appreciation of the Vietnamese Dong against the Singapore Dollar on the Group's interest in Vietnam Dairy Products Joint Stock Company ("Vinamilk").

Non-current assets increased by \$196.1 million or 5.3% from \$3,684.6 million to \$3,880.6 million as at 31 March 2020 mainly due to the appreciation of the Vietnamese Dong against the Singapore Dollar on the Group's interest in Vinamilk and acquisition of additional shares in Vinamilk. Acquisition of fixed assets during the period and recognition of ROU upon the adoption of SFRS(I) 16 also contributed to the increase.

Current assets decreased by \$102.1 million or 9.9% from \$1,034.8 million to \$932.7 million as at 31 March 2020 mainly due to cash and bank deposits utilised for the acquisition of shares in Vinamilk. This was partly offset by the increase in inventories due to build-up for the upcoming festive season and increase in trade receivables arising from higher sales from the past festive season.

Group Cash Flow Statement for the 6 Months Ended 31 March 2020

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

Net cash outflow due to operating activities for the period was \$26.3 million while the corresponding period last year generated a net cash inflow of \$98.5 million. This was mainly due to higher working capital required for the current period and higher income taxes paid.

Net cash outflow due to investing activities of \$74.1 million was higher than \$42.2 million for the corresponding period last year mainly due to increased investment in Vinamilk partly offset by proceeds received from the termination of a land lease arrangement.

Net cash outflow due to financing activities of \$70.7 million was lower than \$260.9 million for the corresponding period last year. The higher cash outflow last year were mainly due to the repayment of bank borrowings taken up previously for the acquisition of shares in Vinamilk.

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.

Against a backdrop of global and domestic economic uncertainties in response to the ongoing COVID-19 outbreak, we expect to see weaker consumer demand in our beverage and dairies operations in the second half of our financial year due to extended movement restrictions imposed in the various markets we operate in and the general decline of economic activities in these markets. Movement restrictions in these markets have resulted in the closure of certain customer channels, however this has been mitigated by higher purchases in the off-trade channel. Our production facilities continue to operate to meet consumer demand for essential goods. We are not experiencing any material supply chain issues for our raw materials. Our distribution logistics across the markets we operate in remain largely intact and unaffected by the COVID-19 disruptions.

Management remains positive that our strong fundamentals, financials and banking facilities will help us weather the ongoing economic headwinds, although it is still too early to rule out adverse financial impact that COVID-19 may further bring as the crisis is still unfolding. We are strengthening our businesses to be ready when economy activities eventually return and consumer demand recovers. In the next 2 months, we will focus on adjusting and sharpening our execution of route-to-market initiatives in view of the movement restrictions and in preparation for 2020 Ramadan festive sales. Management is also seeking to collaborate with overseas and e-commerce companies to expand and intensify distribution coverage. In Myanmar, we have commenced commercial operation of our brewery in this financial year and its sales performance has been better than planned. This will contribute to revenue growth for our beverage business.

The recovery of the COVID-19 pandemic is expected to take longer than expected. Hence, action plans have been taken to contain losses in the Printing and Publishing segment, with the key objectives of safeguarding our people's safety and strengthening our cash flows, during and post COVID-19 pandemic. In the last few years, Printing and Publishing have strengthened through various strategic initiatives. Its business is more resilient and will be able to ride out the negative impact from the COVID-19 pandemic in the long term.

11. If a decision regarding dividend has been made:

(a) **Whether an interim ordinary dividend has been declared:** Yes

(b) (i) Amount per share : 1.5 cents, tax-exempt (one-tier)

(ii) Previous corresponding period : 1.5 cents, tax-exempt (one-tier)

(c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Tax-exempt (one-tier).

(d) **The date the dividend is payable.**

The Directors have declared an interim dividend of 1.5 cents per share, tax-exempt (one-tier), to be paid on 18 June 2020 (last year: 1.5 cents per share, tax-exempt (one-tier)).

(e) **The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Registrable transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 pm on 3 June 2020 will be registered before entitlements to the dividend are determined.

Notice is hereby given that the share registers will be closed on 4 – 5 June 2020 for the preparation of dividend warrants.

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 6 months to 31 March 2020.

<u>Name of interested person</u>	<u>Nature of relationship</u>	<u>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</u> \$'000
Companies and entities in the TCC Group	Associates (as defined in the SGX Listing Manual) of Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, who are the Chairman and Vice-Chairman of the Board of Directors respectively, and the controlling shareholders of the Company.	14,103

13. SUBSEQUENT EVENT

On 9 April 2020, Fraser & Neave Holdings Bhd ("F&NHB"), a subsidiary of the Company, announced that MSM Perlis Sdn Bhd ("MSM Perlis") had informed F&N AgriValley Sdn Bhd (a direct wholly-owned subsidiary of F&NHB, "F&N AgriValley") that, MSM Perlis has rescinded the conditional sale and purchase agreement ("SPA") it had entered into on 8 October 2019 with F&N AgriValley in relation to the proposed acquisition of approximately 4,453.92 hectares of leasehold land located in Mukim Chuping, Daerah Perlis in the state of Perlis, Malaysia; and that the retention sum held by the solicitors of MSM Perlis and deposit will be refunded to F&N AgriValley in accordance with the SPA. On 24 April 2020, F&NHB announced that F&N AgriValley had received the refund of the deposit paid under the SPA, and that the F&NHB Group will pursue and evaluate other opportunities for its proposed integrated crop and dairy farming project when such opportunities arise.

14. 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.

**15. 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

11 May 2020