



## FRASER AND NEAVE, LIMITED

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

### FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

The Directors are pleased to make the following announcement of the unaudited results for the First Quarter ended 31 December 2011.

#### 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 31/12/2011 \$'000	1st Quarter to 31/12/2010 \$'000 (Restated)*	Change %
Revenue	1,356,774	1,518,172	(10.6)
Cost of sales	(831,345)	(986,224)	(15.7)
Gross profit	525,429	531,948	(1.2)
Other income (net)	9,724	2,929	NM
Operating expenses			
- Distribution	(59,892)	(57,561)	4.0
- Marketing	(122,457)	(120,445)	1.7
- Administration	(88,438)	(86,451)	2.3
	(270,787)	(264,457)	2.4
Trading profit	264,366	270,420	(2.2)
Share of joint venture companies' profits	5,904	5,694	3.7
Share of associated companies' profits	13,964	9,945	40.4
Gross income from investments	1,266	1,538	(17.7)
<b>Profit before interest and taxation ("PBIT")</b>	<b>285,500</b>	<b>287,597</b>	(0.7)
Finance income	12,327	9,306	32.5
Finance expense	(22,673)	(20,664)	9.7
Net finance cost	(10,346)	(11,358)	(8.9)
<b>Profit before taxation and exceptional items</b>	<b>275,154</b>	<b>276,239</b>	(0.4)
Exceptional items	29,018	101,525	(71.4)
<b>Profit before taxation</b>	<b>304,172</b>	<b>377,764</b>	(19.5)
Taxation	(62,830)	(71,916)	(12.6)
<b>Profit after taxation</b>	<b>241,342</b>	<b>305,848</b>	(21.1)
Attributable profit to:			
Shareholders of the Company			
- Before exceptional items	151,022	147,784	2.2
- Exceptional items	26,067	81,535	(68.0)
	177,089	229,319	(22.8)
Non-controlling interests	64,253	76,529	(16.0)
	<b>241,342</b>	<b>305,848</b>	(21.1)

NM – Not meaningful

\* Restated upon adoption of INT FRS 115 as detailed in paragraph 5, page 13 of this report.

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

	1st Quarter to 31/12/2011 \$'000	1st Quarter to 31/12/2010 \$'000 (Restated)	Change %
<b>Operating expenses</b>			
Included in operating expenses are:			
Depreciation & amortisation	(36,375)	(35,472)	2.5
Allowance for bad and doubtful debts	(362)	(486)	(25.5)
Allowance for inventory obsolescence	(1,146)	(3,128)	(63.4)
Employee share-based expense	(6,382)	(8,304)	(23.1)
	<u>(6,382)</u>	<u>(8,304)</u>	
<b>Other income (net)</b>			
Loss on disposal of fixed assets	(553)	(404)	36.9
Foreign exchange gain/(loss)	6,903	(222)	NM
	<u>6,903</u>	<u>(222)</u>	
<b>Taxation</b>			
Over/(Under) provision of prior year taxation	6,738	(230)	NM
	<u>6,738</u>	<u>(230)</u>	
<b>Exceptional items</b>			
Gain on disposal of associated and subsidiary companies	17,664	215	NM
Provisional excess of insurance claim relating to flood			
- Interim insurance claims	32,949	-	NM
- Inventories and fixed assets written off and other expenses	(26,531)	-	NM
	6,418	-	NM
Gain on corporate and debt restructuring of subsidiary companies	5,809	100,118	(94.2)
Others	(873)	1,192	NM
	<u>29,018</u>	<u>101,525</u>	
<b>Profit before interest and taxation ("PBIT") as a percentage of revenue</b>	<u>21.0%</u>	<u>18.9%</u>	

NM - Not meaningful

**1(a)(iii) ADDITIONAL INFORMATION**

	Revenue		PBIT	
	1st Quarter to 31/12/2011 \$'000	1st Quarter to 31/12/2010 \$'000 (Restated)	1st Quarter to 31/12/2011 \$'000	1st Quarter to 31/12/2010 \$'000 (Restated)
<b>Group revenue and profit analysis</b>				
<b>By Business Activity</b>				
Soft drinks	162,730	198,847	15,861	36,824
Dairies	203,570	275,969	2,271	13,838
Breweries	619,511	529,381	158,544	121,938
Printing & publishing	104,585	120,572	7,170	13,730
Commercial property	68,209	61,414	39,922	36,634
Development property	180,938	316,143	48,459	60,208
Others	17,231	15,846	13,273	4,425
	<u>1,356,774</u>	<u>1,518,172</u>	<u>285,500</u>	<u>287,597</u>
<b>By Territory</b>				
Singapore	407,823	518,845	106,982	116,011
Malaysia	270,177	327,684	24,993	49,793
Other ASEAN	392,804	394,759	101,340	92,210
North/South Asia	86,149	98,598	7,710	5,989
Oceania	187,732	165,811	43,774	31,950
Europe/USA	12,089	12,475	701	(8,356)
	<u>1,356,774</u>	<u>1,518,172</u>	<u>285,500</u>	<u>287,597</u>
<b>Attributable profit to shareholders of the Company</b>				
	1st Quarter to 31/12/2011 \$'000	1st Quarter to 31/12/2010 \$'000 (Restated)		
<b>By Business Activity</b>				
Soft drinks	6,188	15,679		
Dairies	820	4,969		
Breweries	69,418	49,047		
Printing & publishing	6,520	11,040		
Commercial property	26,914	22,156		
Development property	35,705	44,608		
Others	5,457	285		
	<u>151,022</u>	<u>147,784</u>		
Exceptional items	26,067	81,535		
	<u>177,089</u>	<u>229,319</u>		

**1(a)(iv) STATEMENT OF COMPREHENSIVE INCOME**

	1st Quarter to 31/12/2011 \$'000	1st Quarter to 31/12/2010 \$'000 (Restated)
<b>Profit for the period</b>	241,342	305,848
<b>Other comprehensive income/(expense):</b>		
Net fair value changes on available-for-sale financial assets	7,910	(10,813)
Realisation of reserve on disposal of associated and subsidiary companies	716	421
Net fair value changes on derivative financial instruments	3,967	5,236
Currency translation differences	24,275	7,303
Share of other comprehensive income of associated companies	2,436	(414)
Other comprehensive (expense)/income for the period, net of tax	39,304	1,733
Total comprehensive income for the period	<u>280,646</u>	<u>307,581</u>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	201,595	230,737
Non-controlling interests	79,051	76,844
	<u>280,646</u>	<u>307,581</u>

**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 31/12/2011 \$'000	As at 30/09/2011 \$'000 (Restated)*	As at 30/09/2010 \$'000 (Restated)*	As at 31/12/2011 \$'000	As at 30/09/2011 \$'000
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital	1,437,218	1,417,404	1,374,502	1,437,218	1,417,404
Treasury shares	(23)	-	-	(23)	-
Reserves	5,628,671	5,436,107	4,713,691	2,745,309	2,755,660
	7,065,866	6,853,511	6,088,193	4,182,504	4,173,064
<b>NON-CONTROLLING INTERESTS</b>	914,308	835,246	805,661	-	-
	7,980,174	7,688,757	6,893,854	4,182,504	4,173,064
Represented by:					
<b>NON-CURRENT ASSETS</b>					
Fixed assets	1,217,313	1,187,048	1,104,216	-	-
Investment properties	2,563,744	2,476,740	2,139,026	-	-
Subsidiary companies	-	-	-	3,583,596	3,676,408
Joint venture companies	57,045	60,101	89,839	434,421	434,421
Associated companies	1,385,208	1,382,200	1,355,249	82,383	82,383
Intangible assets	561,940	570,565	576,219	-	-
Brands	72,235	72,452	74,275	212	-
Other investments	384,762	404,583	323,531	8,626	8,672
Other receivables	66,687	65,212	61,556	-	-
Other assets	41,000	41,000	41,000	-	-
Deferred tax assets	14,385	14,649	25,251	-	-
	6,364,319	6,274,550	5,790,162	4,109,238	4,201,884
<b>CURRENT ASSETS</b>					
Properties held for sale	4,348,179	4,052,043	4,214,732	-	-
Inventories	372,944	373,405	391,916	-	-
Trade receivables	797,668	961,457	1,021,283	-	-
Other receivables	227,615	317,142	252,327	308	316
Subsidiary companies	-	-	-	140,336	50,898
Joint venture companies	8,092	6,117	6,540	-	-
Associated companies	5,106	13,181	10,798	-	-
Short term investments	29,169	3,604	3,429	-	-
Bank fixed deposits	1,230,469	1,180,935	1,274,626	108,868	98,566
Cash and bank balances	533,362	418,672	424,290	1,222	1,002
	7,552,604	7,326,556	7,599,941	250,734	150,782
Assets held for sale	119,910	119,542	38,262	-	-
	7,672,514	7,446,098	7,638,203	250,734	150,782
<b>Deduct: CURRENT LIABILITIES</b>					
Trade payables	643,290	673,442	724,740	-	-
Other payables	709,445	737,503	742,529	5,033	5,125
Subsidiary companies	-	-	-	2,845	5,164
Joint venture companies	8,561	14,263	6,350	-	-
Associated companies	3,326	3,043	954	-	-
Borrowings	744,019	747,546	1,908,709	-	-
Provision for taxation	319,878	310,240	301,168	19,246	18,961
	2,428,519	2,486,037	3,684,450	27,124	29,250
Liabilities held for sale	38,324	38,292	2,297	-	-
	2,466,843	2,524,329	3,686,747	27,124	29,250
<b>NET CURRENT ASSETS</b>	5,205,671	4,921,769	3,951,456	223,610	121,532
<b>Deduct: NON-CURRENT LIABILITIES</b>					
Other payables	95,019	97,740	3,869	-	-
Borrowings	3,294,195	3,215,900	2,666,032	150,000	150,000
Provision for employee benefits	19,797	20,405	25,044	-	-
Deferred tax liabilities	180,805	173,517	152,819	344	352
	3,589,816	3,507,562	2,847,764	150,344	150,352
	7,980,174	7,688,757	6,893,854	4,182,504	4,173,064

\* Restated upon adoption of INT FRS 115 as detailed in paragraph 5, page 13 of this report.

- (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**

	<u>As at 31/12/2011</u> \$'000	<u>As at 30/09/2011</u> \$'000
Secured	183,922	171,528
Unsecured	560,097	576,018
	<u>744,019</u>	<u>747,546</u>

**Amount repayable after one year**

	<u>As at 31/12/2011</u> \$'000	<u>As at 30/09/2011</u> \$'000
Secured	938,005	770,365
Unsecured	2,356,190	2,445,535
	<u>3,294,195</u>	<u>3,215,900</u>

**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.**

**GROUP CASH FLOW STATEMENT**

	1st Quarter to 31/12/2011 \$'000	1st Quarter to 31/12/2010 \$'000 (Restated)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before taxation and exceptional items	275,154	276,239
Adjustments for:		
Depreciation of fixed assets	30,406	28,594
Impairment of fixed assets and intangible assets (net)	9,714	(226)
Provision for employee benefits (net)	631	866
(Writeback of)/allowance for foreseeable losses in properties held for sale	(2,200)	7,838
Loss on disposal of fixed assets (net)	553	404
Amortisation of brands and intangible assets	5,969	6,878
Amortisation of deferred income	-	(955)
Interest (income)/expenses (net)	(144)	11,359
Share of joint venture companies' profits	(5,904)	(5,694)
Share of associated companies' profits	(13,964)	(9,945)
Investment income	(1,266)	(1,538)
Profits on properties held for sale	(43,596)	(64,194)
Employee share-based expense	6,382	8,304
Fair value adjustment of financial instruments	7,160	10,207
Loss on disposal of financial instruments	13,413	2,576
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Operating cash before working capital changes	282,308	270,713
Change in inventories	837	13,057
Change in receivables	184,746	226,205
Change in joint venture and associated companies' balances	(570)	5,163
Change in payables	(62,547)	(103,119)
Currency realignment	11,827	(5,467)
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Cash generated from operations	416,601	406,552
Interest expenses paid	(446)	(12,518)
Income taxes paid	(49,438)	(32,992)
Payment of employee benefits	(1,254)	(388)
Payment of cash-settled options	(132)	(184)
Progress payment received/receivable on properties held for sale	212,828	249,829
Development expenditure on properties held for sale	(380,451)	(198,112)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>197,708</b>	<b>412,187</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Dividends from joint venture and associated companies	21,679	19,696
Investment income	1,266	1,538
Proceeds from sale of fixed assets and assets held for sale	405	4,487
Proceeds from sale of other and short term investments	716	205
Proceeds from disposal of a subsidiary company	-	2,136
Proceeds from disposal of an associated company	37,603	-
Purchase of fixed assets and investment properties	(68,273)	(89,256)
Acquisition of non-controlling interests of subsidiary companies	(2,795)	(776)
Acquisition of subsidiary and joint venture companies	(28,903)	(16,197)
Payment for intangible assets and brands	(4,431)	(2,510)
Development expenditure on investment properties under construction and properties held for sale	(11,848)	(2,316)
Investments in associated and joint venture companies	(12,534)	(25,494)
Repayment of/(additional) trade advances	1,231	(334)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(65,884)</b>	<b>(108,821)</b>

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

	<b>1st Quarter to 31/12/2011 \$'000</b>	<b>1st Quarter to 31/12/2010 \$'000 (Restated)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from/(repayment of) term loans and bank borrowings	21,925	(315,055)
Purchase of treasury shares	(8,093)	-
Proceeds from issue of shares:		
- by subsidiary companies to non-controlling interests	4,203	9,307
- by the Company to shareholders	14,748	13,634
Payment of dividends by subsidiary companies to non-controlling interests	(1,489)	(4,620)
<b>Net cash from/(used in) financing activities</b>	<b>31,294</b>	<b>(296,734)</b>
<b>Net increase in cash and cash equivalents</b>	<b>163,118</b>	<b>6,632</b>
Cash and cash equivalents at beginning of period	1,597,635	1,695,123
Effects of exchange rate changes on cash and cash equivalents	(502)	(10,986)
<b>Cash and cash equivalents at end of period</b>	<b>1,760,251</b>	<b>1,690,769</b>
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash and bank balances	1,763,831	1,697,804
Bank overdrafts	(3,580)	(7,035)
<b>Cash and cash equivalents at end of period</b>	<b>1,760,251</b>	<b>1,690,769</b>
<b>Analysis of acquisition and disposal of subsidiary and joint venture companies</b>		
<b>Net assets acquired:</b>		
Fixed assets	660	5,165
Investment properties	85,126	-
Non-current assets	-	145
Current assets	3,185	14,146
Current liabilities	(60,068)	(7,991)
Non-current liabilities	-	(368)
Non-controlling interests	-	(607)
Cash	362	5,143
	<u>29,265</u>	<u>15,633</u>
Goodwill on acquisition (net)	-	5,707
Consideration paid	29,265	21,340
Cash and cash equivalents of subsidiary companies acquired	(362)	(5,143)
Cash outflow on acquisition net of cash and cash equivalents acquired	<u>28,903</u>	<u>16,197</u>
<b>Net assets disposed:</b>		
Fixed assets	-	(215)
Non-current assets	-	(915)
Current assets	-	(12,168)
Current liabilities	-	10,097
Non-controlling interests	-	1,280
Cash	-	(1,548)
	<u>-</u>	<u>(3,469)</u>
Gain on disposal	-	(215)
Consideration received	-	(3,684)
Less: Cash of subsidiary companies	-	1,548
Cash inflow on disposal net of cash and cash equivalents disposed	<u>-</u>	<u>(2,136)</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	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
<b>1st Quarter ended 31 December 2011</b>												
Balance at 1 October 2011	1,417,404	-	267,906	4,965,458	(158,936)	202,303	(23,273)	41,966	169,382	6,882,210	838,814	7,721,024
Effects of adopting INT FRS 115	-	-	-	(29,375)	676	-	-	-	-	(28,699)	(3,568)	(32,267)
Balance at 1 October 2011, restated	1,417,404	-	267,906	4,936,083	(158,260)	202,303	(23,273)	41,966	169,382	6,853,511	835,246	7,688,757
<b>Comprehensive income</b>												
Share of other comprehensive income of associated companies	-	-	(609)	-	3,215	37	-	(207)	-	2,436	-	2,436
Realisation of reserve on disposal of associated company	-	-	(908)	721	971	-	(68)	-	-	716	-	716
Net fair value changes on derivative financial instruments	-	-	-	-	-	-	3,867	-	-	3,867	100	3,967
Net fair value changes on available-for-sale financial assets	-	-	-	-	-	7,910	-	-	-	7,910	-	7,910
Currency translation difference	-	-	-	-	9,577	-	-	-	-	9,577	14,698	24,275
Other comprehensive income for the period	-	-	(1,517)	721	13,763	7,947	3,799	(207)	-	24,506	14,798	39,304
Profit for the period	-	-	-	177,089	-	-	-	-	-	177,089	64,253	241,342
<b>Total comprehensive income for the period</b>	-	-	(1,517)	177,810	13,763	7,947	3,799	(207)	-	201,595	79,051	280,646
<b>Contribution by and distributions to owners</b>												
Employee share-based expense	-	-	-	-	-	-	-	4,939	-	4,939	181	5,120
Issue of shares in the Company upon exercise of share options and vesting of shares awarded	19,814	-	-	-	-	-	-	(5,066)	-	14,748	-	14,748
Purchase of treasury shares	-	(8,093)	-	-	-	-	-	-	-	(8,093)	-	(8,093)
Treasury shares reissued pursuant to share plans	-	8,070	(2,814)	-	-	-	-	(5,256)	-	-	-	-
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,203	4,203
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirement	-	-	2,322	(2,322)	-	-	-	-	-	-	-	-
<b>Dividends:</b>												
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,489)	(1,489)
Additional dividends due to exercise of share options and vesting of shares awarded	-	-	-	(552)	-	-	-	-	552	-	-	-
<b>Total contributions by and distributions to owners</b>	19,814	(23)	(492)	(2,874)	-	-	-	(5,383)	552	11,594	2,895	14,489
<b>Changes in ownership interests</b>												
Change of interests in subsidiary and joint venture companies	-	-	-	(834)	-	-	-	-	-	(834)	(2,884)	(3,718)
<b>Total changes in ownership interests</b>	-	-	-	(834)	-	-	-	-	-	(834)	(2,884)	(3,718)
<b>Total transactions with owners in their capacity as owners</b>	19,814	(23)	(492)	(3,708)	-	-	-	(5,383)	552	10,760	11	10,771
<b>Balance at 31 December 2011</b>	1,437,218	(23)	265,897	5,110,185	(144,497)	210,250	(19,474)	36,376	169,934	7,065,866	914,308	7,980,174

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

	<b>Group</b>										
	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
<b>1st Quarter ended 31 December 2010</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 October 2010	1,374,502	269,709	4,341,213	(171,716)	138,609	(16,169)	38,414	168,236	6,142,798	805,661	6,948,459
Effects of adopting INT FRS 115	-	-	(55,447)	842	-	-	-	-	(54,605)	-	(54,605)
Balance at 1 October 2010, restated	1,374,502	269,709	4,285,766	(170,874)	138,609	(16,169)	38,414	168,236	6,088,193	805,661	6,893,854
<b>Comprehensive income</b>											
Share of other comprehensive income of associated companies	-	47	-	(399)	(62)	-	-	-	(414)	-	(414)
Realisation of reserve on disposal of subsidiary company	-	-	-	421	-	-	-	-	421	-	421
Net fair value changes on derivative financial instruments	-	-	-	-	-	4,968	-	-	4,968	268	5,236
Net fair value changes on available-for-sale financial assets	-	-	-	-	(10,813)	-	-	-	(10,813)	-	(10,813)
Currency translation difference	-	-	-	7,256	-	-	-	-	7,256	47	7,303
Other comprehensive income for the period	-	47	-	7,278	(10,875)	4,968	-	-	1,418	315	1,733
Profit for the period	-	-	229,319	-	-	-	-	-	229,319	76,529	305,848
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>47</b>	<b>229,319</b>	<b>7,278</b>	<b>(10,875)</b>	<b>4,968</b>	<b>-</b>	<b>-</b>	<b>230,737</b>	<b>76,844</b>	<b>307,581</b>
<b>Contributions by and distributions to owners</b>											
Employee share-based expense	-	-	-	-	-	-	3,320	-	3,320	115	3,435
Issue of shares in the Company upon exercise of share options	16,584	-	-	-	-	-	(2,950)	-	13,634	-	13,634
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	9,307	9,307
<b>Dividends</b>											
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(75,831)	(75,831)
Additional dividend due to exercise of share options	-	-	(386)	-	-	-	-	386	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>16,584</b>	<b>-</b>	<b>(386)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>370</b>	<b>386</b>	<b>16,954</b>	<b>(66,409)</b>	<b>(49,455)</b>
<b>Changes in ownership interests</b>											
Change of interests in subsidiary and joint venture companies	-	-	3,659	(6,746)	-	(200)	-	-	(3,287)	3,215	(72)
Disposal of subsidiary company	-	-	-	-	-	-	-	-	-	(1,280)	(1,280)
<b>Total changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>3,659</b>	<b>(6,746)</b>	<b>-</b>	<b>(200)</b>	<b>-</b>	<b>-</b>	<b>(3,287)</b>	<b>1,935</b>	<b>(1,352)</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>16,584</b>	<b>-</b>	<b>3,273</b>	<b>(6,746)</b>	<b>-</b>	<b>(200)</b>	<b>370</b>	<b>386</b>	<b>13,667</b>	<b>(64,474)</b>	<b>(50,807)</b>
Balance at 31 December 2010	1,391,086	269,756	4,518,358	(170,342)	127,734	(11,401)	38,784	168,622	6,332,597	818,031	7,150,628

**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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1st Quarter ended 31 December 2011</b>								
Balance at 1 October 2011	1,417,404	-	1,039,274	1,506,196	1,717	39,091	169,382	4,173,064
<b>Comprehensive income</b>								
Net fair value changes on available-for-sale financial assets	-	-	-	-	(38)	-	-	(38)
Other comprehensive income for the period	-	-	-	-	(38)	-	-	(38)
Loss for the period	-	-	-	(1,881)	-	-	-	(1,881)
<b>Total comprehensive income for the period</b>	-	-	-	(1,881)	(38)	-	-	(1,919)
<b>Contributions by and distributions to owners</b>								
Employee share-based expense	-	-	-	-	-	4,704	-	4,704
Issue of shares in the Company upon exercise of share options and vesting of shares awarded	19,814	-	-	-	-	(5,066)	-	14,748
Purchase of treasury shares	-	(8,093)	-	-	-	-	-	(8,093)
Treasury shares reissued pursuant to share plans	-	8,070	(2,814)	-	-	(5,256)	-	-
Additional dividends due to exercise of share options and vesting of shares awarded	-	-	-	(552)	-	-	552	-
<b>Total contributions by and distributions to owners</b>	19,814	(23)	(2,814)	(552)	-	(5,618)	552	11,359
<b>Total transactions with owners in their capacity as owners</b>	19,814	(23)	(2,814)	(552)	-	(5,618)	552	11,359
Balance at 31 December 2011	1,437,218	(23)	1,036,460	1,503,763	1,679	33,473	169,934	4,182,504
<b>1st Quarter ended 31 December 2010</b>								
Balance at 1 October 2010	1,374,502	-	1,039,274	1,331,928	2,034	34,803	168,236	3,950,777
<b>Comprehensive income</b>								
Net fair value changes on available-for-sale financial assets	-	-	-	-	(248)	-	-	(248)
Other comprehensive income for the period	-	-	-	-	(248)	-	-	(248)
Loss for the period	-	-	-	(924)	-	-	-	(924)
<b>Total comprehensive income for the period</b>	-	-	-	(924)	(248)	-	-	(1,172)
<b>Contributions by and distributions to owners</b>								
Employee share-based expense	-	-	-	-	-	1,933	-	1,933
Issue of shares in the Company upon exercise of share options	16,584	-	-	-	-	(2,950)	-	13,634
Additional dividend due to exercise of share options	-	-	-	(386)	-	-	386	-
<b>Total contributions by and distributions to owners</b>	16,584	-	-	(386)	-	(1,017)	386	15,567
<b>Total transactions with owners in their capacity as owners</b>	16,584	-	-	(386)	-	(1,017)	386	15,567
Balance at 31 December 2010	1,391,086	-	1,039,274	1,330,618	1,786	33,786	168,622	3,965,172

**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	<b>Number of Shares</b>	
	<b>1st Quarter to 31/12/2011</b>	<b>4th Quarter to 30/09/2011</b>
Issued and fully paid ordinary shares:		
As at beginning of period	1,411,514,577	1,408,482,727
Issued during the period		
- pursuant to the exercise of share options	4,203,929	3,031,850
- pursuant to share plans	398,300	-
As at end of period	<u>1,416,116,806</u>	<u>1,411,514,577</u>
	<b>As at 31/12/2011</b>	<b>As at 31/12/2010</b>
The number of shares that may be issued on exercise of shares options outstanding at the end of the period	<u>23,190,828</u>	<u>34,471,842</u>
The number of shares awarded conditionally under Share Plans as at the end of the period	<u>6,627,033</u>	<u>5,670,388</u>
The number of issued shares excluding treasury shares at the end of the period	<u>1,416,112,706</u>	<u>1,405,185,340</u>

The Company held 4,100 number of treasury shares as at 31 December 2011 (31 December 2010: NIL).

**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 1,416,112,706 as at 31 December 2011 and 1,411,514,577 as at 30 September 2011.

**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.**

	<b>Number of Shares</b>
	<b>1st Quarter to 31/12/2011</b>
As at 1/10/2011	-
Purchase of treasury shares	1,425,000
Treasury shares reissued pursuant to share plans	(1,420,900)
As at end of period	<u>4,100</u>

**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 2011.

**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 revised and amendments to FRS and INT FRS which became effective from this financial year. Except for INT FRS 115, the adoption of these FRS and INT FRS do not have any significant impact on the financial statements of the Group and Company.

**INT FRS 115 Agreements for the Construction of Real Estate**

The Group has adopted INT FRS 115 Agreements for the Construction of Real Estate from 1 October 2011.

On 26 August 2010, the Accounting Standards Council issued INT FRS 115 with an accompanying note that explains the application of INT FRS 115 to property development sales in Singapore by considering the Singapore legal framework. INT FRS 115 supersedes RAP 11 Pre-Completion Contracts for the Sale of Development Property and becomes effective for annual periods beginning on or after 1 January 2011. When adopted INT FRS 115 is to be applied retrospectively.

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not classify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Before 1 October 2011, the Group's accounting policy for all residential property sales was to recognise revenue using the POC method as construction progresses. Upon applying INT FRS 115 retrospectively, the comparatives have been restated. The effects on the Group's financial statements are as follows:

**GROUP PROFIT STATEMENT**

	<b>1st Quarter to 31/12/2010 \$'000</b>
Decrease in:	
Revenue	(36,054)
Cost of sales	(24,532)
Taxation	(2,424)
Profit after taxation	(9,098)
Attributable profit to:	
- Shareholders of the Company	(8,738)
- Non-controlling interests	(360)

## GROUP BALANCE SHEET

	As at 30/09/2011 \$'000	As at 1/10/2010 \$'000
(Decrease)/Increase in:		
Revenue reserve	(29,375)	(55,447)
Exchange reserve	676	842
Non-controlling interests	(3,568)	-
Total equity	(32,267)	(54,605)
Properties held for sale	(51,839)	(94,453)
Other payables	(9,439)	(21,676)
Provision for taxation	(7,408)	(12,607)
Deferred taxation	(2,725)	(5,565)

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 31/12/2011	1st Quarter to 31/12/2010 (Restated)
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares in issue (cents)		
- before exceptional items	10.7	10.5
- after exceptional items	12.5	16.3
(b) On a fully diluted basis (cents)		
- before exceptional items	10.6	10.4
- after exceptional items	12.4	16.2
	<b>\$'000</b>	<b>\$'000</b>
Attributable profit	177,089	229,319
Change in attributable profit due to dilutive share options	(42)	(159)
Adjusted attributable profit	177,047	229,160

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

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

	Group		Company	
	As at 31/12/2011	As at 30/09/2011 (Restated)	As at 31/12/2011	As at 30/09/2011
Net asset value per ordinary share based on issued share capital	\$4.99	\$4.86	\$2.95	\$2.96

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 soft drinks, dairy products, beer and stout;
- (ii) development of and investment in property; and
- (iii) 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**

Revenue decreased 11% to \$1.36 billion for the quarter ended 31 December 2011, compared to the corresponding period last year. Soft drinks recorded lower revenue due to cessation of the transition agreement with The Coca-Cola Company ("Coca-Cola") while Dairies recorded lower revenue due to the massive flood in Thailand which caused the dairy plant to temporarily cease production. Breweries continued to record higher revenue mainly due to higher sales volume. Commercial Property revenue increased 11% as both existing and newly acquired serviced residences contributed positively. Development Property revenue declined 43% mainly due to the effects of completed projects in Singapore and also lower sales from overseas development projects. Printing and Publishing revenue decreased 13% due to divestment of the school bookstore business in December 2010. PBIT (profit before interest and tax) of \$286 million was marginally lower than last year.

Group attributable profit (before exceptional items) and basic earnings per share (before exceptional items) grew 2% to \$151 million and 10.7 cents respectively.

The Profit Statement of the corresponding period last year was restated as the Group adopted INT FRS 115 from 1 October 2011. The effects of the restatement are set out in paragraph 5, page 13 of this report.

#### **Soft Drinks**

From 1 October 2011, the Group no longer manufactures and distributes Coca-Cola products in Malaysia.

Soft Drinks revenue and volume were down 18% and 13% over the corresponding period last year. Excluding Coca-Cola's contribution last year, revenue and volume would have grown 14% and 18% from higher sales of F&N Fun Flavours, Redbull energy drink and recently launched Zesta and Clearly Citrus. PBIT was lower by 57% mainly due to lower sales volume, higher sugar and aluminium cost.

#### **Dairies**

Dairies revenue was 26% lower than corresponding period last year. Despite the flood and complete production shut down of the Thailand plant, Dairies Thailand managed to deliver about half of the revenue recorded in the corresponding period last year. In Malaysia, revenue was lower in this quarter as compared to the same quarter in the previous year which had the benefit of higher sales volume before price increases due to removal of sugar subsidy in January 2011. In Singapore, revenue was flat as lower export sales were cushioned by higher domestic sales. The result of F&N Creameries which was acquired in December 2010 was consolidated into the Dairies segment. PBIT was lower due to lower volume, higher raw material costs particularly with sugar prices in Malaysia and operating losses incurred in flood-hit Thailand.

### **Breweries**

Revenue and PBIT grew 17% and 30% respectively over the corresponding period last year. In the South and South East Asia region, volume grew in all operating markets except Singapore domestic sales where wet weather conditions have dampened sales marginally. PBIT grew on strong volume growth in Indonesia, Export Markets and Sri Lanka as well as improved margins from price increases. In Indochina and Thailand, volume grew strongly in Vietnam and Cambodia while Thailand was affected by the flood crisis. PBIT was higher on better margins from price increases in Vietnam and favourable sales mix in Cambodia.

In the North Asia region, PBIT improved as the Group's operations in China reported improved margins following the restructuring of investments to focus on a premium-led brand strategy. In the Oceania region, volume grew modestly as the effects of challenging market conditions in New Zealand was cushioned by positive contribution from the newly acquired brewery in Solomon Islands. PBIT grew strongly driven mainly by continued strong consumer demand in Papua New Guinea and contribution from Solomon Breweries.

### **Printing and Publishing**

The revenue decline of 13% to \$105 million arose mainly from the divestment of the school bookstore business in December 2010. Revenue for continuing businesses however grew 1%. Education Publishing continues to drive export sales to the USA and developing countries while Print has increased work in the local commercial advertising segment which offset softer international print demand. PBIT for the quarter fell below last year to \$7 million. This was partly due to increased investment in recruiting more Education Publishing talents in preparation for the development of new education materials for the upcoming 2013 Singapore curriculum change and for overseas expansion programs.

### **Commercial Property**

Overall revenue and PBIT grew 11% and 9% respectively over the corresponding period last year.

Revenue and PBIT from Investment Properties grew 1% respectively. Occupancy rates among the retail malls remain high in Singapore except for Valley Point whose occupancy fell to 48%. The Industrial and Office properties in Singapore achieved average occupancy of 96%. In China and Vietnam, all industrial and office properties achieved 100% occupancy. On the average, rental rates were also higher resulting in higher revenue & PBIT. Bridgepoint Mall in Australia was disposed in August 2011.

Hospitality revenue and PBIT grew 25% and 14% respectively. The stronger results were mainly due to room revenue contributed by properties opened in the last financial year and from the newly acquired Fraser Place Queensgate in the United Kingdom (acquired in December 2011). Fee based income from management of serviced residences were also higher in this quarter.

The REIT associated companies, Fraser Centrepoint Trust and Fraser Commercial Trust, both reported higher distributable income.



### **Development Property**

The Group has adopted INT FRS 115 Agreements for Construction of Real Estate from 1 October 2011 and continues to use the Percentage of Completion method for private residential properties development projects in Singapore. Revenue for Executive Condominium development projects and private residential units sold on deferred payment scheme in Singapore and overseas development projects will be recognised on the Completion of Construction method. The results of Development Property segment of the corresponding period last year was restated in compliance with INT FRS 115.

Revenue from Development Property declined 43% to \$181 million as compared to the corresponding period last year, mainly due to effects of completed projects in Singapore and also lower sales from overseas development projects. The PBIT decline of 20% reflected a better profit margin in this quarter mainly due to a provision for foreseeable losses in the same quarter last year.

In Singapore, revenue and PBIT declined 40% and 27% respectively. The progressive recognition of revenue from projects namely, Flamingo Valley, Waterfront Key, Isles and Gold, Residences Botanique, The Caspian, 8@Woodleigh, Eight Courtyards and Seastrand, were offset by the effects of completed projects of Soleil@Sinaran, Martin Place Residences, Waterfront Waves and Woodsville 28. During the quarter a total of 258 units were sold including 5 units from Soleil@Sinaran.

Overseas revenue declined 57% mainly due to lower sales achieved from the completed projects in Australia and China. In Australia, 15 units were sold on completed projects at Lorne Killara, Lumiere Residences and Trio at City Quarter. For projects under construction, 60 units were sold at One Central Park and Park Lane, and at Queens Riverside Perth, 70 units were sold. The soft launch of Putney Hill, Sydney in November 2011 achieved 24 sales. In China, one completed unit was sold at Shanshui Four Seasons Phase 1 and another unit was sold at Baitang One Phase 1B which is under construction. PBIT improved mainly due to the effect of a provision for foreseeable losses in the same quarter last year.

### **Others**

The gains for the quarter were mainly due to foreign exchange gains arising from translation of foreign currency loans and higher management fee income.

### **Tax**

The group effective tax rate of 20.7% (2010: 19.0%) is reflective of the high proportion of profit contribution by subsidiaries located in high tax rate countries and non-deductible expenses. The higher group effective tax rate in this quarter is mainly due to the tax-free gain on corporate and debt restructuring in the corresponding period last year.

### **Exceptional Items**

The exceptional items this quarter were mainly the \$17.7 million gain on disposal of China Dairy Group, a \$6.4 million provisional excess of insurance claim relating to the flood damage in the dairy plant in Rojana, Thailand, and a \$5.8 million gain relating to the corporate and debt restructuring by a subsidiary in the United Kingdom.

## **Balance Sheet as at 31 December 2011**

### **The Group**

The increase in Reserves was mainly due to retained earnings, currency translation gains and fair value gains on derivative instruments and investment in Vinamilk in Vietnam.

The increase in Investment Properties was mainly due to the acquisition of Fraser Place Queensgate in United Kingdom.

The purchase of land in Singapore and additional development expenditure incurred resulted in an increase in Properties Held for Sale, which was partly offset by progress billings. The decrease in Trade Receivables and Other Receivables was mainly due to collection of receivables from the sale of development properties in Singapore, and refund of an amount held in trust released upon the disposal of a subsidiary company in China.

The increase in Borrowings was mainly due to loans taken for the acquisition of land in Singapore and development expenditure incurred. This was partly offset by the repayment of bank loans.

### **Group Cash Flow Statement**

The cash inflows and outflows are detailed in the Group Cash Flow Statement. Lower net cash inflow from operating activities of \$197.7 million as compared to \$412.2 million last year was mainly due to higher development expenditure incurred on properties held for sale.

Lower net cash outflow from investing activities of \$65.9 million as compared to \$108.8 million was mainly due to the purchase of Fraser Residence Sudirman in Jakarta, Indonesia last year. This was partly offset by higher development expenditure on investment properties under construction in the current year.

Net cash inflow from financing activities of \$31.3 million as compared to a cash outflow of \$296.7 million was mainly due to bank loans drawn down partly offset by the purchase of treasury shares.

**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.**

The Food & Beverage segment will have to contend with high raw material and energy cost. To mitigate the effects of rising costs, the Group has locked-in the prices for most key raw materials for the next 3 to 12 months. At the Rojana dairy factory in Thailand, the flood water has receded and is scheduled to recommence production in stages beginning March 2012. As such sales volume will continue to remain low for the 2<sup>nd</sup> Quarter. Material financial losses including consequential loss of profit are expected to be recovered through insurance.

Recent land tenders in Singapore have reflected moderation in developers' market expectation, coupled with the imposition of additional buyer's stamp duties announced on 8 December 2011, will have an impact on Singapore residential property market. For the month of December 2011, new private home sales in Singapore dropped to 632 units from 1,702 units sold in November 2011, signaling the cautious stand taken by potential buyers. Despite this, the Group had a very successful launch of the Punggol Watertown on 18 January 2012, over 800 options have been issued to date. The Group will continue to monitor market conditions before proceeding with launches in Singapore whilst focusing on delivering its pipeline in Australia and China. Recognition of income from pre-sold units will continue to support Group earnings in the next 12 months.

The global economic outlook remains uncertain. The Group's diversified business operations and strong market positions in resilient Food & Beverage and Commercial Property businesses will enable it to better manage risks under these challenging conditions. While the strength of Singapore Dollar will alleviate some pressure on import costs, it will also impact on the financial performance of the Group as a high proportion of earnings are derived from outside Singapore.

**11. If no dividend has been declared or recommended, a statement to that 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.**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

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

We, Lee Hsien Yang and Koh Beng Seng, 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

Lee Hsien Yang  
Director

Koh Beng Seng  
Director

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

9 February 2012