FRASER AND NEAVE, LIMITED

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

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

The Directors are pleased to make the following announcement of the unaudited results for the First Quarter ended 31 December 2018.

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 31/12/2018 $'000	1st Quarter to 31/12/2017 $'000 (Restated)*	Change %
Revenue	464,416	462,537	0.4
Cost of sales	(308,982)	(319,400)	(3.3)
Gross profit	155,434	143,137	8.6
Other income (net)	1,604	39	NM
Operating expenses			
- Distribution	(38,727)	(38,295)	1.1
- Marketing	(38,880)	(40,467)	(3.9)
- Administration	(31,428)	(30,915)	1.7
	(109,035)	(109,677)	(0.6)
Trading profit	48,003	33,499	43.3
Share of joint venture companies' losses	(682)	(373)	82.8
Share of associated companies' profits	23,663	16,993	39.3
Profit before interest and taxation ("PBIT")	**70,984**	**50,119**	41.6
Finance income	2,085	3,928	(46.9)
Finance cost	(5,711)	(7,667)	(25.5)
Net finance cost	(3,626)	(3,739)	(3.0)
Profit before taxation and exceptional items	**67,358**	**46,380**	45.2
Exceptional items	218	(740)	NM
Profit before taxation	**67,576**	**45,640**	48.1
Taxation	(11,705)	(4,856)	141.0
Profit after taxation	**55,871**	**40,784**	37.0
Attributable profit to:			
Shareholders of the Company	37,949	25,730	47.5
Exceptional items	115	(439)	NM
	38,064	25,291	50.5
Non-controlling interests	17,807	15,493	14.9
	55,871	**40,784**	37.0

NM – Not meaningful

* Restated upon adoption of SFRS(I) 15 as detailed in paragraph 5, page 13 of this report and finalisation of the purchase price allocation in relation to our investment in Vietnam Dairy Products Joint Stock Company ("Vinamilk").

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

	1st Quarter to 31/12/2018 $'000	1st Quarter to 31/12/2017 $'000 (Restated)*	Change %
Operating expenses			
Included in operating expenses are:			
Depreciation & amortisation	(15,993)	(15,469)	3.4
Allowance of bad and doubtful debts	(85)	(44)	93.2
Allowance for inventory obsolescence	(719)	(2,549)	(71.8)
Employee share-based expense	(640)	(1,253)	(48.9)
Other income (net)			
Gain on disposal of fixed assets	29	1,090	(97.3)
Foreign exchange loss	(667)	(2,758)	(75.8)
Taxation			
Over provision of prior year taxation	397	394	0.8
Exceptional items			
Insurance claim relating to fire	198	-	NM
Write back for restructuring and re-organisation costs of operations	20	-	NM
Damaged inventories relating to fire	-	(955)	NM
Insurance claim relating to flood	-	215	NM
	218	(740)	
PBIT as a percentage of revenue	15.3%	10.8%	

NM - Not meaningful

* Restated upon adoption of SFRS(I) 15 as detailed in paragraph 5, page 13 of this report and finalisation of the purchase price allocation in relation to our investment in Vinamilk.

1(a)(iii) ADDITIONAL INFORMATION

	Revenue		PBIT	
	1st Quarter to 31/12/2018 $'000	1st Quarter to 31/12/2017 $'000 (Restated)*	1st Quarter to 31/12/2018 $'000	1st Quarter to 31/12/2017 $'000 (Restated)*
Group revenue and profit analysis				
By Business Activity				
Beverages	112,599	104,629	(161)	1,587
Dairies	281,019	280,631	71,960	50,174
Printing & publishing	70,699	77,188	354	1,689
Others	99	89	(1,169)	(3,331)
	464,416	462,537	70,984	50,119
By Territory				
Singapore	109,788	113,925	1,727	(3,273)
Malaysia	182,854	180,031	16,096	13,927
Thailand	153,628	149,451	32,566	24,728
Vietnam	30	162	22,500	15,859
Others	18,116	18,968	(1,905)	(1,122)
	464,416	462,537	70,984	50,119

	Attributable profit to shareholders of the Company	
	1st Quarter to 31/12/2018 $'000	1st Quarter to 31/12/2017 $'000 (Restated)*
By Business Activity		
Beverages	(2,141)	(2,021)
Dairies	44,928	34,353
Printing & publishing	(430)	1,064
Others	(4,408)	(7,666)
	37,949	25,730
Exceptional items	115	(439)
	38,064	25,291

* Restated upon adoption of SFRS(I) 15 as detailed in paragraph 5, page 13 of this report and finalisation of the purchase price allocation in relation to our investment in Vinamilk.

1(a)(iii) STATEMENT OF COMPREHENSIVE INCOME

	Group	
	1st Quarter to 31/12/2018 $'000	1st Quarter to 31/12/2017 $'000 (Restated)*
Profit after taxation	55,871	40,784
Other comprehensive income:		
Items that may be reclassified subsequently to profit statement		
Net fair value changes on available-for-sale financial assets	-	(9,190)
Currency translation difference	5,471	(20,293)
	5,471	(29,483)
Items that will not be reclassified to profit statement		
Remeasurement of defined benefit obligations	3	-
Changes in fair value of equity investments measured at fair value through other comprehensive income	(664)	-
	(661)	-
Other comprehensive income for the period, net of taxation	4,810	(29,483)
Total comprehensive income for the period	60,681	11,301
Total comprehensive income attributable to:		
Shareholders of the Company	44,492	(10,789)
Non-controlling interests	16,189	22,090
	60,681	11,301

* Restated upon adoption of SFRS(I) 15 as detailed in paragraph 5, page 13 of this report and finalisation of the purchase price allocation in relation to our investment in Vinamilk.

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 31/12/2018 $'000	As at 30/9/2018 $'000 (Restated)*	As at 31/12/2018 $'000	As at 30/9/2018 $'000
SHARE CAPITAL AND RESERVES				
Share capital	853,549	851,941	853,549	851,941
Treasury shares	-	(267)	-	(267)
Reserves	2,009,429	1,968,272	827,855	860,910
	2,862,978	2,819,946	1,681,404	1,712,584
NON-CONTROLLING INTERESTS	367,859	347,586	-	-
	3,230,837	3,167,532	1,681,404	1,712,584
Represented by:				
NON-CURRENT ASSETS				
Fixed assets	572,637	561,459	253	269
Investment properties	41,582	41,672	-	-
Properties held for development	18,462	18,529	-	-
Subsidiary companies	-	-	2,087,620	2,087,620
Joint venture companies	47,893	48,257	-	-
Associated companies	2,571,882	2,560,292	-	-
Intangible assets	106,444	104,430	142	147
Brands	27,574	27,704	212	212
Other investments	13,216	13,879	196,245	222,485
Other receivables	1,329	1,298	-	-
Deferred tax assets	4,805	6,609	-	-
	3,405,824	3,384,129	2,284,472	2,310,733
CURRENT ASSETS				
Inventories	248,431	242,512	-	-
Trade receivables	285,422	272,192	-	-
Other receivables	70,582	50,310	1,969	358
Related parties	9,320	9,607	1	9
Subsidiary companies	-	-	16,986	22,486
Joint venture companies	1,866	1,863	-	-
Associated companies	9	12	-	-
Bank fixed deposits	71,569	214,830	2,267	92,263
Cash and bank balances	254,905	315,295	54,016	108,704
	942,104	1,106,621	75,239	223,820
Deduct: CURRENT LIABILITIES				
Trade payables	170,611	160,961	-	-
Other payables	188,812	199,710	8,027	7,996
Related parties	9,423	9,121	1,265	1,265
Subsidiary companies	-	-	7,101	9,137
Associated companies	926	1,253	-	-
Borrowings	169,372	374,131	40,000	180,000
Provision for taxation	40,598	32,959	3,891	3,931
	579,742	778,135	60,284	202,329
NET CURRENT ASSETS	362,362	328,486	14,955	21,491
Deduct: NON-CURRENT LIABILITIES				
Other payables	9,877	12,575	-	-
Subsidiary companies	-	-	618,023	619,640
Borrowings	492,830	497,288	-	-
Provision for employee benefits	18,167	18,256	-	-
Deferred tax liabilities	16,475	16,964	-	-
	537,349	545,083	618,023	619,640
	3,230,837	3,167,532	1,681,404	1,712,584

* Restated upon adoption of SFRS(I) 15 and SFRS(I) 1 as detailed in paragraph 5, page 13 of this report.

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 31/12/2018 $'000	As at 30/9/2018 $'000
Unsecured	:	169,372	374,131

Amount repayable after one year

		As at 31/12/2018 $'000	As at 30/9/2018 $'000
Unsecured	:	492,830	497,288

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 31/12/2018 $'000	1st Quarter to 31/12/2017 $'000 (Restated)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	67,358	46,380
Adjustments for:		
Depreciation of fixed assets	12,142	11,076
Impairment reversal of fixed assets	(10)	(36)
Fixed assets written off	54	340
Provision for employee benefits	382	389
Gain on disposal of fixed assets (net)	(29)	(1,090)
Gain on disposal of intangible assets	(1)	-
Amortisation of brands and intangible assets	3,851	4,393
Interest income	(2,085)	(3,928)
Interest expenses	5,711	7,667
Share of joint venture companies' losses	682	373
Share of associated companies' profits	(23,663)	(16,993)
Employee share-based expense	640	1,253
Fair value adjustment of financial instruments	419	644
Gain on disposal of financial instruments	(77)	(672)
Operating cash before working capital changes	65,374	49,796
Change in inventories	(5,919)	(1,407)
Change in receivables	(36,241)	(25,363)
Change in related parties' and joint venture and associated companies' balances	20,825	(3,006)
Change in payables	(4,310)	(8,149)
Currency realignment	(1,878)	4,295
Cash generated from operations	37,851	16,166
Interest income received	1,950	3,152
Interest expenses paid	(5,443)	(5,952)
Income taxes paid	(1,617)	(955)
Payment of employee benefits	(283)	(108)
Net cash from operating activities	**32,458**	**12,303**
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends from an associated company	1,230	-
Proceeds from sale of fixed assets	92	1,195
Proceeds from sale of intangible assets	18	-
Purchase of fixed assets	(25,319)	(20,097)
Investment in an associated company	-	(78,013)
Payment for intangible assets	(5,933)	(2,070)
Net cash used in investing activities	**(29,912)**	**(98,985)**

* Restated upon the finalisation of the purchase price allocation in relation to our investment in Vinamilk.

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

	1st Quarter to 31/12/2018 $'000	1st Quarter to 31/12/2017 $'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans and bank borrowings	(208,619)	(5,738)
Purchase of shares by a subsidiary company	(624)	-
Contribution of capital by non-controlling interests	3,839	-
Net cash used in financing activities	**(205,404)**	**(5,738)**
Net decrease in cash and cash equivalents	(202,858)	(92,420)
Cash and cash equivalents at beginning of period	527,166	1,134,383
Effects of exchange rate changes on cash and cash equivalents	(795)	2,978
Cash and cash equivalents at end of period	**323,513**	**1,044,941**
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	326,474	1,048,737
Bank overdrafts	-	(868)
	326,474	1,047,869
Less: Fixed deposits relating to consideration for acquisition of subsidiary companies	(2,961)	(2,928)
Cash and cash equivalents at end of period	**323,513**	**1,044,941**
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 2018											
Balance at 30 September 2018, previously reported	851,941	(267)	18,943	2,162,297	(238,179)	(25,873)	8,910	43,444	2,821,216	348,604	3,169,820
Effects of adopting SFRS (I) 1	-	-	-	(208,671)	208,671	-	-	-	-	-	-
Effects of adopting SFRS (I) 15	-	-	-	(1,270)	-	-	-	-	(1,270)	(1,018)	(2,288)
Balance at 30 September 2018, restated	851,941	(267)	18,943	1,952,356	(29,508)	(25,873)	8,910	43,444	2,819,946	347,586	3,167,532
Effects of adopting SFRS (I) 9	-	-	-	(936)	-	-	-	-	(936)	(295)	(1,231)
Balance at 1 October 2018, restated	851,941	(267)	18,943	1,951,420	(29,508)	(25,873)	8,910	43,444	2,819,010	347,291	3,166,301
Comprehensive income											
Remeasurement of defined benefit obligations	-	-	-	3	-	-	-	-	3	-	3
Changes in fair value of equity investments measured at fair value through other comprehensive income	-	-	-	-	-	(664)	-	-	(664)	-	(664)
Currency translation difference	-	-	-	-	7,089	-	-	-	7,089	(1,618)	5,471
Other comprehensive income for the period	-	-	-	3	7,089	(664)	-	-	6,428	(1,618)	4,810
Profit for the period	-	-	-	38,064	-	-	-	-	38,064	17,807	55,871
Total comprehensive income for the period	-	-	-	38,067	7,089	(664)	-	-	44,492	16,189	60,681
Contributions by and distributions to owners											
Employee share-based expense	-	-	-	-	-	-	368	-	368	272	640
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)
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	3,839	3,839
Dividends:											
Additional dividends due to vesting of shares awarded	-	-	-	(27)	-	-	-	27	-	-	-
Total contributions by and distribution to owners	1,608	267	8	(373)	-	-	(1,515)	27	22	3,833	3,855
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	8	(919)	-	-	(1,515)	27	(524)	4,379	3,855
Balance at 31 December 2018	853,549	-	18,951	1,988,568	(22,419)	(26,537)	7,395	43,471	2,862,978	367,859	3,230,837

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
1st Quarter ended 31 December 2017											
Balance at 1 October 2017	849,301	(267)	19,416	2,101,244	(208,671)	1,264	9,304	43,408	2,814,999	317,108	3,132,107
Effects of adopting SFRS (I) 1	-	-	-	(208,671)	208,671	-	-	-	-	-	-
Effects of adopting SFRS (I) 15	-	-	-	(1,488)	-	-	-	-	(1,488)	(1,193)	(2,681)
Balance at 1 October 2017, restated	849,301	(267)	19,416	1,891,085	-	1,264	9,304	43,408	2,813,511	315,915	3,129,426
Comprehensive income											
Net fair value changes on available-for-sale financial asset	-	-	-	-	-	(9,190)	-	-	(9,190)	-	(9,190)
Currency translation difference	-	-	-	-	(26,890)	-	-	-	(26,890)	6,597	(20,293)
Other comprehensive income for the period	-	-	-	-	(26,890)	(9,190)	-	-	(36,080)	6,597	(29,483)
Profit for the period	-	-	-	25,291	-	-	-	-	25,291	15,493	40,784
Total comprehensive income for the period	-	-	-	25,291	(26,890)	(9,190)	-	-	(10,789)	22,090	11,301
Contributions by and distributions to owners											
Employee share-based expense	-	-	-	-	-	-	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	1,916,341	(26,890)	(7,926)	7,654	43,443	2,803,712	338,268	3,141,980

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 2018								
Balance at 1 October 2018	851,941	(267)	(1,099)	741,673	72,624	4,268	43,444	1,712,584
Comprehensive income								
Changes in fair value of equity investments measured at fair value through other comprehensive income	-	-	-	-	(26,240)	-	-	(26,240)
Other comprehensive income for the period	-	-	-	-	(26,240)	-	-	(26,240)
Loss for the period	-	-	-	(4,969)	-	-	-	(4,969)
Total comprehensive income for the period	-	-	-	(4,969)	(26,240)	-	-	(31,209)
Contributions by and distributions to owners								
Employee share-based expense	-	-	-	-	-	29	-	29
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:								
Additional dividends due to vesting of shares awarded	-	-	-	(27)	-	-	27	-
Total transactions with owners in their capacity as owners	1,608	267	8	(27)	-	(1,854)	27	29
Balance at 31 December 2018	853,549	-	(1,091)	736,677	46,384	2,414	43,471	1,681,404
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
Comprehensive income								
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
Contributions by and distributions to owners								
Employee share-based expense	-	-	-	-	-	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

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.

	Number of Shares	
	1st Quarter to 31/12/2018	**4th Quarter to 30/9/2018**
Issued and fully paid ordinary shares:		
As at beginning of period	1,448,252,279	1,448,252,279
Issued during the period – pursuant to share plans	775,899	-
As at end of period	1,449,028,178	1,448,252,279

	As at 31/12/2018	**As at 31/12/2017**
The number of shares awarded conditionally under Share Plans as at the end of the period	3,413,638	3,143,250
The number of issued shares excluding treasury shares at the end of the period	1,449,028,178	1,448,121,153

The Company did not hold any treasury shares as at 31 December 2018 (31 December 2017: 131,126). The treasury shares held represents NIL% (31 December 2017: 0.01%) of the total number of issued shares (excluding treasury shares).

The Company does not have any subsidiary holdings as at 31 December 2018 and 31 December 2017.

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 1,449,028,178 as at 31 December 2018 and 1,448,121,153 as at 30 September 2018.

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.

	Number of shares
	1st Quarter to 31/12/2018
As at beginning of period	131,126
Treasury shares reissued pursuant to share plans	(131,126)
As at end of period	-

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 2018 and 31 December 2017.

There were no sales, transfers, cancellation and/or use of subsidiary holdings during the three months ended 31 December 2018.

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 2018.

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 required by the listing requirements of the Singapore Exchange, the Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 October 2018. In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group expects that the adoption of SFRS(I)s will have no material impact on the financial statements in the year of initial application, other than the election of optional exemption to reset its cumulative currency translation differences for all foreign operations to nil at the date of transition at 1 October 2017. After the date of transition, any gain or loss on disposal of foreign operations will exclude the currency translation differences that arose before the date of transition.

The following are the new, amendments to and interpretations of the standards that are mandatory for application from 1 October 2018:

SFRS(I) 15	Revenue from Contracts with Customers
Amendments to SFRS(I) 15	Clarifications to FRS 115 Revenue from Contracts with Customers
SFRS(I) 9	Financial Instruments
Amendments to SFRS(I) 2	Classification and Measurement of Share-based Payment Transactions
Amendments to SFRS(I) 40	Transfers of Investment Property
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration Illustrative Examples
Amendment to SFRS(I) 1	First-time adoption of financial reporting standards
Amendment to SFRS(I) 1- 28	Investments in associates and joint ventures
Amendments to SFRS(I) 4	Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

Except for SFRS(I) 15 and SFRS(I) 9, 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) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 superseded the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related interpretations when it became effective. The core principle of SFRS(I) 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

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)

The Group adopted SFRS(I) 15 using the retrospective approach with practical expedients.

The Group's contracts with customers contain product sales and also consideration payable to customers. Each of these components is either recognised as revenue or operating expenses. With the adoption of SFRS(I) 15, the consideration payable to customers which were previously recognised as expenses would be required to be recognised as part of the transaction price and hence to be reclassified and netted off against revenue.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 Financial Instruments replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. SFRS(I) 9 includes revised guidance on the classification and measurement of financial instruments, including classification and measurement of financial assets, impairment of financial assets and hedge accounting.

The Group adopted the new standard on 1 October 2018 and elected to apply the short term exemption under SFRS(I) 1, which allowed the Group not to restate the comparative information in its FY2019 financial statements. Differences in the carrying amounts of financial assets and liabilities resulting from the adoption of SFRS(I) 9 are to be recognised in the opening retained earnings.

(i) Classification and measurement: financial assets
For financial assets currently held at amortised cost and at fair value, the Group continues to measure these financial assets at amortised cost and fair value under SFRS(I) 9. The adoption of SFRS(I) 9 has resulted in the reclassification of certain equity investments previously classified as available for sale financial assets at fair value to financial assets at fair value through other comprehensive income.

(ii) Impairment
SFRS(I) 9 requires the Group to record expected credit losses on all its loans and receivables, either on a 12 month or lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on all trade receivables.

Upon applying SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9, the comparatives have been restated. The effects on the Group's financial statements are as follows:

GROUP PROFIT STATEMENT

	3 Months to 31/12/2017 $'000
(Decrease)/Increase in:	
Revenue	(24,526)
Cost of sales	460
Distribution expense	(6,496)
Marketing expense	(18,490)

GROUP BALANCE SHEET

	As at 1/10/2018 $'000	As at 30/9/2018 $'000	As at 1/10/2017 $'000
(Decrease)/Increase in:			
Revenue reserve	(210,877)	(209,941)	(210,159)
Exchange reserve	208,671	208,671	208,671
Non-controlling interests	(1,313)	(1,018)	(1,193)
Trade receivables	(1,231)	-	-
Other payables	2,288	2,288	2,681

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	
Earnings per ordinary share:	**1st Quarter to 31/12/2018**	**1st Quarter to 31/12/2017 (Restated)***
(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before exceptional items	2.6	1.8
- after exceptional items	2.6	1.7
(b) On a fully diluted basis (cents)		
- before exceptional items	2.6	1.8
- after exceptional items	2.6	1.7
	$'000	**$'000**
Attributable profit	38,064	25,291
Change in attributable profit due to dilutive potential shares under share plans of a subsidiary company	(65)	(70)
Adjusted attributable profit	37,999	25,221

* Restated upon the finalisation of the purchase price allocation in relation to our investment in Vinamilk.

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 31/12/2018	**As at 30/9/2018**	**As at 31/12/2018**	**As at 30/9/2018**
Net asset value per ordinary share based on issued share capital	$1.98	$1.95	$1.16	$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 $464.4 million increased marginally from $462.5 million in the corresponding period last year. However, PBIT (profit before interest and taxation) of $71.0 million and attributable profit before exceptional items of $37.9 million were 41.6% and 47.5% respectively higher than the corresponding period last year mainly due to higher contributions from Dairies operations.

Beverages

Beverages revenue increased by 7.6% as compared to the corresponding period last year. Growth in Soft Drinks Malaysia and Soft Drinks Singapore were mainly contributed by *100PLUS* and *F&N CSD* on the back of strong activations and promotions as a result of early sell-in for 2019 Chinese New Year festivities.

Despite the improvements in revenue, PBIT decreased from a profit of $1.6 million in the corresponding period last year to a loss of $0.2 million for the current period. PBIT was impacted by pre-operating costs incurred for the greenfield brewery in Myanmar and higher overall increase in materials and manufacturing costs for Soft Drinks.

Dairies

Revenue remained flat at $281.0 million. Dairies Thailand recorded double digit growth in export sales to Indochina on the back of distribution coverage expansion while domestic sales increased following the successful execution of brand loyalty campaigns. The increase recorded by Dairies Thailand was offset by the decrease in revenue by Dairies Singapore as a result of slower off-take for domestic chilled products and timing of export sales.

Despite revenue remaining flat, PBIT increased 43.4% to $72.0 million from $50.2 million for the corresponding period last year. The increase was mainly due to higher contributions from the Group's associated company in Vietnam, Vinamilk, and stronger performances by Dairies Malaysia and Dairies Thailand. PBIT for Dairies Malaysia and Dairies Thailand increased mainly on lower input cost for milk-based commodities, sugar and palm oil despite higher advertising and promotion expenses.

Printing and Publishing

Printing and Publishing revenue of $70.7 million was 8.4% lower than the corresponding period last year mainly due to lower print and distribution volume for magazines and timing difference in the publication of business directories.

PBIT of $0.4 million was lower than last year by $1.3 million largely due to a one-off gain last year on the sale of fixed assets. Excluding the one-off gain, the underlying business has registered positive PBIT despite lower revenue arising from better margin contribution and operating cost efficiencies.

Tax

The low Group effective tax rate ("ETR") of 17.3% (31 Dec 2017: 10.6%) is mainly due to the share of associated companies' profits which are non-taxable. This has been adversely impacted by the high taxes posted by overseas subsidiaries including the one which enjoyed tax incentives until last financial year; thereby giving rise to a higher ETR in the current quarter.

Group Balance Sheet as at 31 December 2018

The increase in Reserves was mainly due to profits of $38.1 million retained for the period and positive currency translation arising from the appreciation of the Vietnamese Dong against the Singapore Dollar on the Group's interest in Vinamilk.

Non-current assets increased by $21.7 million or 0.6% from $3,384.1 million to $3,405.8 million as at 31 December 2018 mainly due to acquisition of fixed assets during the quarter and share of the Group's associated companies' profits.

Current assets decreased by $164.5 million or 14.9% from $1,106.6 million to $942.1 million as at 31 December 2018 attributed mainly to a decrease in cash and bank deposits which were utilised for the repayment of borrowings and acquisition of fixed assets. This was partly offset by the following:
(i) an increase in trade receivables for Dairies Thailand and Beverages Malaysia on the back of higher revenue; and
(iii) an increase in other receivables mainly due to the accrual of dividend income receivable from Vinamilk.

Liabilities decreased by $206.1 million or 15.6% from $1,323.2 million to $1,117.1 million as at 31 December 2018 mainly due to the decrease in borrowings as a result of the repayment of loans previously taken up for the purchase of shares in Vinamilk.

Group Cash Flow Statement for the Quarter Ended 31 December 2018

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

Net cash inflow from operating activities of $32.5 million was higher than the $12.3 million last year mainly due to an increase in cash generated from operations.

Net cash outflow from investing activities of $29.9 million was lower than the $99.0 million last year mainly due to the acquisition of additional shares in Vinamilk last year.

Financing activities recorded a cash outflow of $205.4 million arising from the repayment of borrowings as compared to a cash outflow of $5.7 million last year.

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.

Consumer sentiments in the Food & Beverage segment is expected to remain challenging with continuing competition as well as volatility in foreign currency movements and commodity prices. In Malaysia, we are awaiting further details on the implementation of excise duty at 40 sen per litre on ready-to-drink beverages that contain sugar exceeding 5 grams per 100 millilitres starting 1 April 2019 as announced in the Malaysian Budget 2019. We will assess and closely monitor its impact on the Group. In the meanwhile, we are prioritising efforts to accelerate innovation and the development of new product offerings. With the expiry of tax incentive on the profits of an overseas subsidiary in the current financial year, the Group will focus on improving operation efficiencies, expanding distribution network and maximising the benefits of recent capex projects to mitigate the increase in tax expenses. The Group will also continue to pursue new investment opportunities to further grow its beverages and dairies businesses.

Leveraging on our strength as a major international content provider, Publishing will continue to focus on international markets for growth opportunities. Printing will diversify into digital print and form strategic partnerships with other printers to help mitigate the fall in volume of our traditional print business. Retail & Distribution will sharpen its focus on delivering refreshing merchandise to our customers.

11. If no dividend has been declared (recommended), a statement to the effect and the reason(s) for the decision.

No dividend has been declared for the current financial period (as per the corresponding period of the immediately preceding financial year). The Board remains committed to paying dividends, and this is usually paid every half year.

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 2018 to 31 December 2018.

Name of interested person	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]	3,680

[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

11 February 2019