FRASER AND NEAVE, LIMITED

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

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

The Directors are pleased to make the following announcement of the unaudited results for the First Quarter ended 31 December 2019.

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 31/12/2019 $'000	1st Quarter to 31/12/2018 $'000	Change %
Revenue	505,237	464,416	8.8
Cost of sales	(335,484)	(308,982)	8.6
Gross profit	169,753	155,434	9.2
Other income (net)	1,259	1,604	(21.5)
Operating expenses			
- Distribution	(42,475)	(38,727)	9.7
- Marketing	(42,706)	(38,880)	9.8
- Administration	(34,546)	(31,428)	9.9
	(119,727)	(109,035)	9.8
Trading profit	51,285	48,003	6.8
Share of results of joint venture companies	2,217	(682)	NM
Share of results of associated companies	22,777	23,663	(3.7)
Profit before interest and taxation ("PBIT")	**76,279**	**70,984**	7.5
Finance income	1,194	2,085	(42.7)
Finance cost	(6,179)	(5,711)	8.2
Net finance cost	(4,985)	(3,626)	37.5
Profit before taxation and exceptional items	**71,294**	**67,358**	5.8
Exceptional items	-	218	NM
Profit before taxation	**71,294**	**67,576**	5.5
Taxation	(13,025)	(11,705)	11.3
Profit after taxation	**58,269**	**55,871**	4.3
Attributable profit to:			
Shareholders of the Company	39,691	37,949	4.6
Exceptional items	-	115	NM
	39,691	38,064	4.3
Non-controlling interests	18,578	17,807	4.3
	58,269	**55,871**	4.3

NM – Not meaningful

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

	1st Quarter to 31/12/2019 $'000	1st Quarter to 31/12/2018 $'000	Change %
Operating expenses			
Included in operating expenses are:			
Depreciation & amortisation	(21,176)	(15,993)	32.4
Allowance of bad and doubtful debts	(72)	(85)	(15.3)
Allowance for inventory obsolescence	(1,172)	(1,257)	(6.8)
Employee share-based expense	(1,196)	(640)	86.9
Other income (net)			
Gain on disposal of fixed assets	28	29	(3.4)
Foreign exchange loss	(619)	(667)	(7.2)
Taxation			
Over provision of prior year taxation	346	397	(12.8)
Exceptional items			
Insurance claim relating to fire	-	198	NM
Write back for restructuring and re-organisation costs of operations	-	20	NM
	-	218	
PBIT as a percentage of revenue	15.1%	15.3%	

NM - Not meaningful

1(a)(iii) ADDITIONAL INFORMATION

Group revenue and profit analysis	Revenue		PBIT	
	1st Quarter to 31/12/2019 $'000	1st Quarter to 31/12/2018 $'000 (Restated)*	1st Quarter to 31/12/2019 $'000	1st Quarter to 31/12/2018 $'000 (Restated)*
By Business Activity				
Beverages	124,514	113,249	6,256	2,833
Dairies	308,018	280,369	66,957	68,966
Printing & publishing	72,602	70,699	(266)	354
Others	103	99	3,332	(1,169)
	505,237	464,416	76,279	70,984
By Territory				
Singapore	115,928	109,788	3,592	1,727
Malaysia	188,674	182,854	15,204	16,096
Thailand	177,651	153,628	38,184	32,566
Vietnam	32	30	21,974	22,500
Others	22,952	18,116	(2,675)	(1,905)
	505,237	464,416	76,279	70,984

	Attributable profit to shareholders of the Company	
	1st Quarter to 31/12/2019 $'000	1st Quarter to 31/12/2018 $'000 (Restated)*
By Business Activity		
Beverages	1,068	(931)
Dairies	42,190	43,718
Printing & publishing	(1,147)	(430)
Others	(2,420)	(4,408)
	39,691	37,949
Exceptional items	-	115
	39,691	38,064

* 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	
	1st Quarter to 31/12/2019 $'000	**1st Quarter to 31/12/2018 $'000**
Profit after taxation	58,269	55,871
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit statement		
Share of other comprehensive income of associated companies	3	-
Fair value changes on derivative financial instruments	(1,149)	-
Currency translation difference	(57,606)	5,471
	(58,752)	5,471
Items that will not be reclassified to profit statement		
Fair value changes on equity investments measured at fair value through other comprehensive income	258	(664)
Remeasurement of defined benefit obligations	-	3
	258	(661)
Other comprehensive income for the period, net of taxation	(58,494)	4,810
Total comprehensive income for the period	(225)	60,681
Total comprehensive income attributable to:		
Shareholders of the Company	(16,465)	44,492
Non-controlling interests	16,240	16,189
	(225)	60,681

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 31/12/2019 $'000	As at 30/9/2019 $'000	As at 31/12/2019 $'000	As at 30/9/2019 $'000
SHARE CAPITAL AND RESERVES				
Share capital	855,870	853,549	855,870	853,549
Reserves	2,061,508	2,079,881	807,362	841,355
	2,917,378	2,933,430	1,663,232	1,694,904
NON-CONTROLLING INTERESTS	416,441	398,947	-	-
	3,333,819	3,332,377	1,663,232	1,694,904
Represented by:				
NON-CURRENT ASSETS				
Fixed assets	744,456	687,140	7,985	1,101
Investment properties	17,379	17,501	-	-
Properties held for development	18,372	18,490	-	-
Subsidiary companies	-	-	2,222,649	2,222,649
Joint venture companies	170,996	169,898	38,965	38,965
Associated companies	2,571,274	2,620,675	-	-
Intangible assets	130,504	130,062	165	175
Brands	27,311	27,513	212	212
Other investments	7,913	7,656	184,255	207,800
Other receivables	2,481	2,735	-	2
Deferred tax assets	2,806	2,884	-	-
	3,693,492	3,684,554	2,454,231	2,470,904
CURRENT ASSETS				
Inventories	273,233	262,130	-	-
Trade receivables	315,209	277,025	-	-
Other receivables	91,695	66,256	2,801	855
Related parties	10,648	7,871	755	807
Subsidiary companies	-	-	11,102	12,000
Joint venture companies	1,153	1,162	-	-
Associated companies	5	14	2	5
Cash and bank deposits	390,901	420,333	10,824	15,418
	1,082,844	1,034,791	25,484	29,085
Deduct: CURRENT LIABILITIES				
Trade payables	194,900	182,475	-	-
Other payables	227,502	247,223	10,775	11,773
Related parties	9,090	7,222	925	1,593
Subsidiary companies	-	-	11,666	4,376
Associated companies	1,131	1,186	-	-
Lease liabilities	16,211	-	2,634	-
Borrowings	9,068	9,226	-	-
Provision for taxation	63,566	54,275	3,282	2,964
	521,468	501,607	29,282	20,706
NET CURRENT ASSETS/(LIABILITIES)	561,376	533,184	(3,798)	8,379
Deduct: NON-CURRENT LIABILITIES				
Other payables	18,249	25,564	-	-
Subsidiary companies	-	-	783,036	784,258
Lease liabilities	41,435	-	4,044	-
Borrowings	824,010	820,458	-	-
Provision for employee benefits	17,641	20,167	-	-
Deferred tax liabilities	19,714	19,172	121	121
	921,049	885,361	787,201	784,379
	3,333,819	3,332,377	1,663,232	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 31/12/2019 $'000	As at 30/9/2019 $'000
Secured	:	-	93
Unsecured	:	9,068	9,133
		9,068	9,226

Amount repayable after one year

		As at 31/12/2019 $'000	As at 30/9/2019 $'000
Secured	:	-	209
Unsecured	:	824,010	820,249
		824,010	820,458

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 31/12/2019 $'000	1st Quarter to 31/12/2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	71,294	67,358
Adjustments for:		
Depreciation of fixed assets	18,022	12,142
Impairment reversal of fixed assets	(3)	(10)
Fixed assets written off	111	54
Provision for employee benefits	480	382
Gain on disposal of fixed assets (net)	(28)	(29)
Gain on disposal of intangible assets	-	(1)
Amortisation of brands and intangible assets	3,154	3,851
Interest income	(1,194)	(2,085)
Interest expenses	6,179	5,711
Share of results of joint venture companies	(2,217)	682
Share of results of associated companies	(22,777)	(23,663)
Employee share-based expense	1,196	640
Fair value adjustment of financial instruments	83	419
Gain on disposal of financial instruments	(158)	(77)
Operating cash before working capital changes	74,142	65,374
Change in inventories	(11,103)	(5,919)
Change in receivables	(65,282)	(36,241)
Change in related parties' and joint venture and associated companies' balances	19,443	20,825
Change in payables	(20,633)	(4,310)
Currency realignment	(2,294)	(1,878)
Cash generated from operations	(5,727)	37,851
Interest income received	1,210	1,950
Interest expenses paid	(4,084)	(5,443)
Income taxes paid	(846)	(1,617)
Payment of employee benefits	(373)	(283)
Net cash (used in)/from operating activities	**(9,820)**	**32,458**
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends from an associated company	2,039	1,230
Proceeds from disposal of fixed assets	104	92
Proceeds from sale of land lease	11,000	-
Proceeds from disposal of intangible assets	-	18
Purchase of fixed assets	(28,568)	(25,319)
Payment for intangible assets	(3,950)	(5,933)
Net cash used in investing activities	**(19,375)**	**(29,912)**

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

	1st Quarter to 31/12/2019 $'000	1st Quarter to 31/12/2018 $'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	8,757	-
Repayment of borrowings	(4,537)	(208,619)
Payment of lease liabilities	(3,349)	-
Purchase of shares by a subsidiary company	(1,248)	(624)
Contribution of capital by non-controlling interests	1,595	3,839
Net cash from/(used in) financing activities	**1,218**	**(205,404)**
Net decrease in cash and cash equivalents	(27,977)	(202,858)
Cash and cash equivalents at beginning of period	417,327	527,166
Effects of exchange rate changes on cash and cash equivalents	(1,471)	(795)
Cash and cash equivalents at end of period	**387,879**	**323,513**
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	390,901	326,474
Less: Fixed deposits relating to consideration for acquisition of subsidiary companies	(3,022)	(2,961)
Cash and cash equivalents at end of period	**387,879**	**323,513**

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
1st Quarter ended 31 December 2019											
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	-	-	99	(92)	(4)	-	-	-	3	-	3
Fair value changes on derivative financial instruments	-	-	-	-	-	(1,149)	-	-	(1,149)	-	(1,149)
Fair value changes on equity investments measured at fair value through other comprehensive income	-	-	-	-	258	-	-	-	258	-	258
Currency translation difference	-	-	-	(55,268)	-	-	-	-	(55,268)	(2,338)	(57,606)
Other comprehensive income for the period	-	-	99	(55,360)	254	(1,149)	-	-	(56,156)	(2,338)	(58,494)
Profit for the period	-	-	39,691	-	-	-	-	-	39,691	18,578	58,269
Total comprehensive income for the period	-	-	39,790	(55,360)	254	(1,149)	-	-	(16,465)	16,240	(225)
Contributions by and distributions to owners											
Employee share-based expense	-	-	-	-	-	-	1,352	-	1,352	229	1,581
Issue of shares in the Company upon vesting of shares awarded	2,321	-	-	-	-	-	(2,321)	-	-	-	-
Purchase of shares by a subsidiary company	-	-	(692)	-	-	-	-	-	(692)	(556)	(1,248)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	1,595	1,595
Dividends:											
Additional dividends due to vesting of shares awarded	-	-	(42)	-	-	-	-	42	-	-	-
Total contributions by and distributions to owners	2,321	-	(734)	-	-	-	(969)	42	660	1,268	1,928
Changes in ownership interests											
Change of interests in subsidiary company	-	-	14	-	-	-	-	-	14	(14)	-
Changes in carrying value of put option granted to non-controlling interests	-	(261)	-	-	-	-	-	-	(261)	-	(261)
Total changes in ownership interests	-	(261)	14	-	-	-	-	-	(247)	(14)	(261)
Total transactions with owners in their capacity as owners	2,321	(261)	(720)	-	-	-	(969)	42	413	1,254	1,667
Balance at 31 December 2019	855,870	(5,518)	2,070,204	(33,682)	(31,845)	(2,596)	6,942	58,003	2,917,378	416,441	3,333,819

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 2018											
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											
Remeasurement of defined benefit obligations	-	-	-	3	-	-	-	-	3	-	3
Fair value changes on 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	1,985,995	(22,463)	(26,537)	7,395	43,471	2,860,361	367,859	3,228,220

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 2019								
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	-	-	-	-	(23,545)	-	-	(23,545)
Other comprehensive income for the period	-	-	-	-	(23,545)	-	-	(23,545)
Loss for the period	-	-	-	(9,192)	-	-	-	(9,192)
Total comprehensive income for the year	-	-	-	(9,192)	(23,545)	-	-	(32,737)
Contributions by and distributions to owners								
Employee share-based expense	-	-	-	-	-	1,065	-	1,065
Issue of shares in the Company upon vesting of shares awarded	2,321	-	-	-	-	(2,321)	-	-
Dividends:								
Additional dividends due to vesting of shares awarded	-	-	-	(42)	-	-	42	-
Total transactions with owners in their capacity as owners	2,321	-	-	(42)	-	(1,256)	42	1,065
Balance at 31 December 2019	855,870	-	(1,091)	713,359	34,394	2,697	58,003	1,663,232
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								
Fair value changes on 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

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 31/12/2019	**4th Quarter to 30/9/2019**
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 period	1,450,085,578	1,449,028,178

	As at 31/12/2019	**As at 31/12/2018**
The number of shares awarded conditionally under Share Plans as at the end of the period	2,410,300	3,413,638
The number of issued shares excluding treasury shares at the end of the period	1,450,085,578	1,449,028,178

The Company did not hold any treasury shares as at 31 December 2019 (31 December 2018: Nil). The treasury shares held represents Nil% (31 December 2018: Nil) of the total number of issued shares (excluding treasury shares).

The Company does not have any subsidiary holdings as at 31 December 2019 and 31 December 2018.

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 December 2019 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 three months ended 31 December 2019.

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 2019 and 31 December 2018.

There were no sales, transfers, cancellation and/or use of subsidiary holdings during the three months ended 31 December 2019.

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

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)
	53,201
Liabilities	
Lease liabilities	52,957
Other payables	244
	53,201

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 31/12/2019	1st Quarter to 31/12/2018
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before fair value adjustment and exceptional items	2.7	2.6
- after fair value adjustment and exceptional items	2.7	2.6
(b) On a fully diluted basis (cents)		
- before fair value adjustment and exceptional items	2.7	2.6
- after fair value adjustment and exceptional items	2.7	2.6
	$'000	$'000
Attributable profit	39,691	38,064
Change in attributable profit due to dilutive potential shares under share plans of a subsidiary company	(67)	(65)
Adjusted attributable profit	39,624	37,999

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 31/12/2019	As at 30/9/2019	As at 31/12/2019	As at 30/9/2019
Net asset value per ordinary share based on issued share capital	$2.01	$2.02	$1.15	$1.17

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 by the Company and it's subsidiary, joint venture and associated companies to which the Company provides management and administrative services.

Profit Statement – 1st Quarter

Revenue increased 8.8% to $505.2 million from $464.4 million in the corresponding period last year. PBIT (profit before interest and taxation) of $76.3 million increased 7.5% while attributable profit before exceptional items of $39.7 million increased 4.6% as compared to the corresponding period last year.

Beverages

Overall Beverages revenue of $124.5 million was 9.9% higher as compared to the corresponding period last year. This was mainly due to contribution from Emerald Brewery in Myanmar upon commencement of commercial operations. Earlier sell-in for the Lunar New Year festivities also contributed to the revenue growth in Soft Drinks Malaysia and Singapore.

PBIT more than doubled to a profit of $6.3 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 $308.0 million increased 9.9% as compared to the corresponding period last year. The growth in revenue was mainly attributed to Dairies Thailand as a result of successful execution of branding and customer loyalty campaigns and launch of new *Teapot* variants.

Despite the improvements in revenue, Dairies PBIT decreased 2.9% to $67.0 million as compared to the corresponding period last year. PBIT was impacted by unfavourable input costs, higher marketing spend ahead of the Lunar New Year festivities and higher supply chain costs incurred to support higher production volumes.

Printing and Publishing

Revenue was up 2.7% to $72.6 million against the corresponding period last year mainly due to contribution from Print Lab and Hallmark Distribution which helped offset shortfall in revenue from Education Publishing and Book Distribution.

Printing and Publishing incurred losses before interest and taxation of $0.3 million. This was mainly due to lower education royalty income from USA, a result of slower take up on education textbooks which was partially offset by improved profitability from the Printing Group.

Tax

The Group effective tax rate ("ETR") of 18.3% (31 Dec 2018: 17.3%) is mainly due to non-deductible expenses and the taxes paid by overseas subsidiaries operating in high tax countries. The increase in non-deductible expenses resulted in a higher ETR in the current quarter.

Group Balance Sheet as at 31 December 2019

The decrease in Reserves was mainly due to negative currency translation arising from the depreciation of the Vietnamese Dong against the Singapore Dollar on the Group's interest in Vinamilk and partly offset by profits of $39.7 million retained for the period.

Non-current assets increased by $8.9 million or 0.2% from $3,684.6 million to $3,693.5 million as at 31 December 2019 mainly due to the acquisition of fixed assets and right-of-use assets recognised upon the adoption of SFRS(I) 16 offset by the depreciation of the Vietnamese Dong against the Singapore Dollar on the Group's interest in Vinamilk.

Current assets increased by $48.1 million or 4.6% from $1,034.8 million to $1,082.8 million as at 31 December 2019 mainly due to

(i) increase in trade and other receivables due to increase in sales as a result of the festive season and dividends receivable from an associated company; partly offset by
(ii) cash and bank deposits utilised in acquisition of fixed assets.

Liabilities increased by $55.5 million or 4.0% from $1,387.0 million to $1,442.5 million as at 31 December 2019 mainly due to

(i) lease liabilities recognised upon the adoption of SFRS(I) 16; and
(ii) increase in trade payables due to increased purchases in anticipation of increased production for the upcoming Lunar New Year festive season; partly offset by
(iii) decrease in other payables mainly due to lower accruals made for marketing spend and subsequent payments made for accruals outstanding as at 30 September 2019.

Group Cash Flow Statement for the Quarter Ended 31 December 2019

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

Net cash outflow from operating activities for the period was $9.8 million while the corresponding period last year generated a net cash inflow of $32.5 million. This was mainly due to higher working capital required for the current period.

Net cash outflow from investing activities of $19.4 million was lower than $29.9 million for the corresponding period last year. Despite purchase of fixed assets during the period, the current period received proceeds from the termination of a land lease arrangement.

Net cash inflow from financing activities for the period was $1.2 million while the corresponding period's net cash outflow was $205.4 million. Current year's cashflows were mainly the result of proceeds from bank borrowings being offset by repayment of bank borrowings and lease liabilities. The 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.

Consumer sentiments in the Food & Beverage segment continues to remain challenging amidst competitive pressure as well as volatility in raw and packaging material prices and governments' drive to reduce sugar consumption. The recent outbreak of the coronavirus has added further uncertainty. Management will continue to focus on efficient execution of route-to-market initiatives to ensure opportunities in markets and channels are captured. Management is also seeking to collaborate with overseas and e-commerce companies to expand and intensify distribution coverage. New healthier product offerings and new product innovations are also in the pipeline to increase our presence in healthier categories and to further underscore our leadership in our core categories. With the commencement of commercial operation of our brewery in Myanmar this quarter, our brewery operations will contribute to our revenue growth this year. The Group will continue to explore new investment opportunities to further grow its beverages and dairies businesses.

Printing and Publishing embarked on a transformation programme since 2017 which resulted in a leaner and more agile operations. These changes taking place in Printing and Publishing will take some time to deliver sustainable profitability.

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 2019 to 31 December 2019.

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]	10,450

[1] This refers to the companies and entities in the TCC Group which are regarded as associates (as defined in the SGX Listing Manual) of 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

6 February 2020