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FRASER AND NEAVE, LIMITED

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

Fraser and Neave records profit of $151m in first quarter

- ***Attributable profit[1] improved marginally to $151 million***
- ***PBIT [2] declined marginally to $286 million***
- ***Food & Beverage recorded profit of $177 million***
  - ***Beer profit up 30 per cent to $159 million***
  - ***Soft Drinks moved into a new and exciting era; laying groundwork for future expansion***
  - ***Temporary plant closure in Thailand and removal of sugar subsidy for selected F&B manufacturers adversely affected Dairies profit***
- ***Properties profit continued to be underpinned by Development Property***
  - ***Adopted INT FRS 115 where overseas and certain Singapore development earnings are only recognised upon project completion***
  - ***Profit from pre-sold Singapore development projects remained strong***
  - ***Commercial Property operating performance remained strong***

Financial Highlights (S$ 'million)	3 months to 31 December 2011	3 months to 31 December 2010 (Restated)
Revenue	1,356.8	1,518.2
Trading Profit	264.4	270.4
PBIT[2]	285.5	287.6
PAT[3]	241.3	305.8
Attributable Profit[1]	151.0	147.8
Earnings Per Share[1] (basic)	10.7	10.5
Net Asset Value Per Share	$4.99	$4.86 (30 Sep 2011)

[1] *Before exceptional items*
[2] *PBIT denotes profit before interest, taxation and exceptional items*
[3] *PAT denotes profit after taxation and exceptional items*

SINGAPORE, 09 February, 2012 – Fraser and Neave, Limited ("F&N") achieved revenue of $1.36 billion in the first quarter ended 31 December 2011 ("1Q2012"), a decline of 11 per cent over the same period last year. Profit before interest and taxation ("PBIT") declined 1 per cent to $286 million. This quarter's exceptional gains of $29 million included an $18-million gain from the divestment of the Group's 29.5-per cent stake in China Dairy Group Ltd, and a $6-million provisional excess of insurance claim relating to the Rojana dairy plant flood damage. Notwithstanding these gains, profit after taxation ("PAT") was down 21 per cent to $241 million due mainly to the absence of $100 million exceptional gain from the completion of corporate and debt restructuring of the Group's UK property business recorded last year. Excluding exceptional items, PAT improved 4 per cent to $212 million.

Supported by the strength of its brands across multiple geographies, Beer continued to see strong revenue and profit growth in 1Q2012. Buoyed by strong topline gains particularly in its key markets namely Vietnam, Indonesia, Papua New Guinea and Myanmar, and the acquisition of Solomon Breweries last year, Beer earnings soared 30 per cent to $159 million.

FY2012 marked a new and exciting era for the Group's Soft Drinks business. Following the expiry of its transition arrangements with The Coca-Cola Company at the end of September 2011, the Group moved to defend its leading positions in Singapore and Malaysia with relentless focus on brand and market building strategies, as well as strengthening its route-to-market.

In Dairies, Thailand's unprecedented flooding in October and November 2011 temporarily halted the Group's Thai dairy operations in Rojana. Cleanup and flood recovery works commenced in December 2011, as soon as the Group regained access to its Rojana dairy plant. The Group expects the plant to return to operations, in stages, by March 2012, and resume full-scale production of all products by May 2012. For now, to mitigate supply disruption, the Group will continue to draw support from its manufacturing facilities in Malaysia as well as approved third-party manufacturers to supply Thailand and other Indochina markets. Meanwhile, discussions with the insurance carriers on assets and business interruption insurance claims are in progress. In Malaysia, profitability of Dairies continued to be adversely affected by the removal of sugar subsidy for selected

Food & Beverage ("F&B") manufacturers. However, despite the challenging environment, overall Dairies posted a profit of $2 million, versus $14 million in the last corresponding period. Excluding earnings impact from Thailand, PBIT improved 14 per cent to $6 million.

Earnings from Properties continued to be supported by pre-sold development projects. Despite a 34 per cent decline in revenue, PBIT dropped 9 per cent to $88 million due to the absence of impairment charges from development projects, as well as better performance from Commercial Property. In compliance with INT FRS 115, the Group applies completed contract accounting method to recognise revenue and income on overseas development projects as well as executive condominium[1] development projects and units sold on deferred payment terms in Singapore. Accordingly, FY2011 figures were restated to be comparable with the current year's results.

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[1] Executive condominium is a hybrid of public and private housing restricted by Singapore Housing Development Board's rules and regulations

Operations Review (First quarter ended 31 December 2011 "1Q2012")

Breweries

Breweries continued the positive growth momentum established in FY2011 with yet another set of strong results. Driven by the strength of its beer brands, revenue surged 17 per cent to $620 million on higher volumes, particularly in its top three markets of Vietnam, Indonesia and Papua New Guinea. Consequently, PBIT grew at an impressive 30 per cent to $159 million.

Indochina (comprising Cambodia, Laos, Myanmar, Thailand and Vietnam) entered FY2012 in a position of strength as Beer's largest PBIT contributor at 51 per cent. In 1Q2012, this region recorded volume gain of 15 per cent. Strong double-digit volume growth in Vietnam and Cambodia helped offset an 11 per cent decline in Thailand where wide-spread flooding adversely affected beer consumption. PBIT of this region rose 20 per cent, owing to higher volume, better margins from price increases in Vietnam and favourable sales mix in Cambodia, despite weakening of the Vietnamese Dong.

South and South East Asia (comprising Indonesia, Malaysia, Singapore, Sri Lanka and Export) is Beer's second largest PBIT contributor at 24 per cent. In 1Q2012, this region saw volume and PBIT rise by 9 per cent and 18 per cent, respectively. Strong results were mainly driven by continued volume growth in all markets except Singapore where beer consumption was dampened by wet weather. Supported by double-digit volume growth in Indonesia, Export and Sri Lanka, and margin improvement from price increases, PBIT grew 18 per cent.

Oceania (comprising New Caledonia, New Zealand, Papua New Guinea and Solomon Islands) contributed 25 per cent of Beer PBIT. This quarter, strong consumer demand in Papua New Guinea, favourable translation gain from Kina appreciation, and contributions from the newly acquired brewery in Solomon Islands in June 2011 helped push up profits for Oceania by 48 per cent. This strong performance was in spite of a modest 3 per cent overall volume growth due to challenging market conditions in New Zealand. Excluding the contribution from Solomon Islands and translation gains, PBIT grew 30 per cent.

Results from North Asia (comprising China and Mongolia) continued to strengthen. This region posted a breakeven quarter, versus a loss of $1 million in the same period last year. This improved performance reflects the progress of the Group's strategic focus on the international premium beer segment in China.

Soft Drinks

The expiration of the Group's 20-month transition arrangements at the end of September 2011 with The Coca-Cola Company ("TCCC") marked a historic milestone for the 128-year old company. The transition arrangements took effect following the expiration of its licensing arrangement with TCCC in January 2010. Leveraging its strong brand equity and extensive distribution network, the Group successfully rolled out new products and expanded its product offering, solidifying its leadership position in the ready-to-drink segment in Malaysia during this transition period. The conclusion of the licensing arrangement in Malaysia also opened doors for the Group to expand into new markets. These initiatives put the Group in good stead to achieve its target of at least maintaining FY2009 volume, the final year of TCCC's franchise.

In Singapore, October 01 2011 signaled the homecoming of all the brands. Besides the Group's focus on widening and deepening distribution to ensure widest availability of its products in Singapore, the focus on brand and volume building initiatives has resulted in more marketing and sales activities. In addition, the Group continued to roll out products that embraced F&N's philosophy of *Pure Enjoyment*

Pure Goodness. This quarter, it launched *100PLUS Edge,* a non-carbonated version of its flagship brand, *100PLUS*, and a refreshing lemon-lime flavoured sparkling drink, *F&N Clearly Citrus*. Such consumer-focused innovation, together with increased support of key brands, enabled the Group to maintain a substantial part of the sales volume that its brands enjoyed while licensed to TCCC.

Soft Drinks Malaysia maintained its focus on defending its leadership positions and building interest in new ones through sustained brand investments and consumer-focused innovation. In 1Q2012, Soft Drinks Malaysia recorded sales volume of 15 million cases. Excluding TCCC's volume from the last corresponding period, Soft Drinks Malaysia registered volume increase of 12 per cent, contributed by growth across key brands, new product launches and exports. Overall, Soft Drinks revenue and PBIT declined 18 per cent and 57 per cent respectively due mainly to the absence of TCCC's contribution.

Dairies

1Q2012 Dairies revenue and earnings were adversely affected by the temporary cessation of operations at the Group's Rojana dairy plant in Thailand due to massive floods, as well as high input cost, particularly in Malaysia where the removal of sugar subsidy for selected F&B manufacturers has adversely affected sales and margins. In 1Q2012, despite the challenging environment, Dairies posted profit of $2 million, versus a profit of $14 million in the last corresponding period. Excluding the impact of Thailand's operations, for this quarter, Dairies PBIT improved 14 per cent to $6 million, versus $5 million in 1Q2011.

Cleanup and flood recovery works commenced in December 2011. The Group expects the Rojana plant to return to operations, in stages, by March 2012, and resume full-scale production of all products by May 2012. To mitigate supply disruption, the Group will continue to draw support from its manufacturing facilities in Malaysia, as well as approved third-party manufacturers to supply Thailand and other Indochina markets. Meanwhile discussions with the insurance carriers on assets and business interruption insurance claims are in progress.

In Malaysia, while the continuing practice of sugar subsidy removal for selected F&B manufacturers places the Group in a cost disadvantage, it is working to re-position its brand to create value for consumers and drive product differentiation from its competitors. In addition, the Group's new high-tech, eco-friendly dairy plant in Pulau Indah, is expected to improve operational efficiency and increase productivity going forward. Once commercial production commences in 2H2012, the Group will also be able to realise deferred tax asset of about $30 million in relation to the halal hub tax incentive.

Publishing & Printing

This quarter, Printing & Publishing revenue fell 13 per cent to $105 million, attributed mainly to the divestment of the school bookstores business in December 2010. Excluding this divested business, revenue grew 1 per cent, buoyed by Education Publishing where it remained focused on driving export sales to the USA and developing countries. In Print, growth in domestic commercial advertising print work helped offset softer international print demand.

PBIT for the quarter fell to $7 million. This was partly due to increased investment in the development of new educational materials for the upcoming 2013 Singapore curriculum, and for overseas expansion programs.

Properties

For the 1Q2012, Properties recorded revenue and profit of $249 million and $88 million, compared with the restated revenue and profit of $378 million and $97 million, respectively, in the same period last year. The FY2011 results were restated following the adoption of INT FRS 115 for overseas residential development projects as well as executive condominium projects and units sold on deferred payment terms in Singapore to recognise revenue and profit only upon construction completion. The lower profit in 1Q2012 versus 1Q2011 was due to lower contributions from completed projects. However, lower Development Property earnings in 1Q2012 was mitigated by better performance from Commercial Property, as well as the absence of impairment charges which was recorded last year.

(a) Development Property

The Group continued to progressively recognise revenue and profit on pre-sold residential properties namely *Caspian, Eight Courtyards, Flamingo Valley, Residences Botanique, Seastrand, Soleil@Sinaran, Waterfront Gold, Waterfront Isle, Waterfront Key* and *8@Woodleigh* in Singapore. Overseas, revenue and profit were recognised from completed projects, namely *Lorne Killara* and *Trio* in Australia and phase 1a of *Shanshui Four Seasons* in China.

As a consequence of the adoption of INT FRS 115, revenue from sale of Singapore private residential projects are recognised progressively while overseas development projects, as well as executive condominium projects in Singapore, are recognised upon construction completion. Consequently, 1Q2012 Development Property revenue was underpinned by pre-sold development projects in Singapore, at $181 million, down 43 per cent from the last corresponding period. Development Property PBIT of $48 million was 20 per cent lower than last year due to lower contributions from completed projects, mitigated by the absence of impairment charges recorded last year.

This quarter, the Group sold about 260 residential units in Singapore from projects like *Boathouse, Eight Courtyards, Esparina Residences, Flamingo Valley, Seastrand, Soleil@Sinaran, Waterfront Gold, Waterfront Isle* and *Waterfront Key.* In Australia, upward sales trend continued with nearly 170 residential units sold from completed residential developments of *Lumiere Residences, Trio* and *Lorne Killara, and* projects currently under development namely *One Central Park, Park Lane, QIII* and *Putney Hill.*

Last month, the Group, together with its joint venture partners, successfully launched the 992-unit *Watertown*, the residential component of its integrated retail-cum-residential development site in Punggol. Launched at prices ranging from $980 per square foot ("psf") to $1,500 psf, over 800 options have been issued to date. In Australia, stage 1 of phase 1 *Putney Hill,* which comprises 69 houses and 47 apartments, was launched for sale as planned. This quarter, 24 units of *Putney Hill* were sold. Similarly, the 265-unit *QIII* residential block of the Queens Riverside mixed-use project in Perth also achieved good sales with 70 units sold.

In November 2011, the Group commenced operations of its 208,000-sqf retail mall, *Changi City Point*, located within Changi City – a high quality, integrated development comprising *Changi City Point*, a 640,000-sqf business park named *One @ Changi City*, and a 313-room hotel. Jointly developed with Ascendas Land, *Changi City Point* spans three levels of retail space and a 350-seat roof-top amphitheatre. The Group plans to inject *Changi City Point*, which is more than 90-per cent leased, into its 42-per cent held retail real estate investment trust, Frasers Centrepoint Trust ("FCT") once operations stabilise, subject to favourable capital market conditions.

<u>(b) Commercial Property (Investment Property, Real Estate Investment Trust ("REIT") and Hospitality)</u>

Operationally, FCT posted strong 1Q2012 performance with strong occupancy rates at 98 per cent. Driven by strong performance from its largest retail mall, *Causeway Point*, and aided by contributions from new mall *Bedok Point*, gross revenue rose 30 per cent to $36 million while net property income grew 34 per cent to $25 million. Distribution to unitholders also improved 21 per cent, to $18 million.

Similarly, the Group's 26-per cent held office and business space REIT, Frasers Commercial Trust ("FCOT") also recorded healthy growth in revenue and net property income. This quarter, FCOT delivered a topline growth of 6 per cent to $31 million, mainly on improved occupancy rate and higher rental income at *Central Park,* Perth. Consequently, net property income for the period edged up 7 per cent to $25 million.

The Group's non-REITed malls and office and business parks in Singapore, China and Vietnam continued to achieve strong occupancies.

The Hospitality division recorded strong revenue and profit growth. This quarter, it commenced operations of its first property in India, the 92-unit *Fraser Suites New Delhi*. In addition, it completed the acquisition of *Fraser Place Queens Gate*, a 106-unit serviced residence in Kensington, London which it has managed since 2006.