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FRASER AND NEAVE, LIMITED

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

Fraser and Neave records profit of $255 million

- ***Attributable profit[1] dropped 9 per cent to $255 million***
- ***PBIT [2] declined 11 per cent to $475 million***
- ***Food & Beverage recorded profit of $294 million***
    - ***Beer profit up 30 per cent to $270 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 affected by accounting policy change; continued to be underpinned by Development Property***
    - ***Adopted INT FRS 115 wherein overseas and certain Singapore development earnings are only recognised upon project completion***
    - ***Profit from pre-sold Singapore development projects remained strong***
    - ***Commercial Property (Investment Property and REIT) operating performance remained strong***

Financial Highlights (S$ 'million)	3 months to 31 March 2012	3 months to 31 March 2011 (Restated)	6 months to 31 March 2012	6 months to 31 March 2011 (Restated)
Revenue	1,231.8	1,320.3	2,588.6	2,838.5
Trading Profit	163.6	223.5	427.9	494.0
PBIT[2]	189.6	245.3	475.1	532.9
PAT[3]	127.4	186.9	368.8	492.7
Attributable Profit[1]	103.5	131.2	254.5	279.0
Earnings Per Share[1] (basic)			18.0	19.8
Net Asset Value Per Share			$4.91	$4.85 (30 Sep 2011)

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

SINGAPORE, 11 May 2012 – Fraser and Neave, Limited ("F&N") has achieved profit before interest and taxation ("PBIT") of $475 million for the first six months of FY2012 ("1H2012") and $190 million in 2Q2012, compared with a restated profit of $533 million and $245 million respectively. This quarter's exceptional loss of $34 million included a $31-million provisional charge for the Group's investment in

Jiangsu Dafuhao, following the termination of its planned divestment. Coupled with the non-recurrence of $100 million exceptional gain from the completion on corporate and debt restructuring of the Group's UK property business recorded last year, profit after tax ("PAT") decreased to $369 million, from $493 million. Excluding exceptional items, PAT dropped 3 per cent to $374 million, from $385 million on the same basis.

Beer delivered solid half-year results, with strong volume growth across all regions. Supported by the strength of its brands across 15 markets, Beer profit grew 30 per cent to $270 million, on higher volume and improved margins from price increases. Topline grew 18 per cent to $1,129 million, driven by double-digit growth in key markets like Vietnam, Myanmar and Papua New Guinea.

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

In Dairies, post-flood clean-up and recovery work at the Group's Rojana dairy plant commenced in December 2011, and returned to full commercial production for all its products in May 2012. Meanwhile, discussions with the insurance carriers on business interruption insurance claims are on-going. In Malaysia, the removal of sugar subsidy for selected Food & Beverage ("F&B") manufacturers, as well as increased supply capacity from new canned milk entrants have put downward pressure on Dairies prices and profits. Consequently, Dairies broke-even in 1H2012, compared with $24 million profit recorded last year. Excluding earnings impact from Thailand, PBIT improved 24 per cent to $13 million.

Earnings from Properties continued to be supported by pre-sold development projects in Singapore and Commercial Property. On a 30-per cent decline in revenue, PBIT dropped 22 per cent to $176 million due largely to the adoption of INT FRS 115, cushioned by improved earnings from Commercial Property. In compliance with INT FRS 115, revenue and income on overseas development projects as well as executive condominium[1] development projects and units sold on deferred payment terms in Singapore are recognised under the completed contract accounting method. Consequently, no revenue from pre-sales of *One Central Park* (83 per cent pre-sold), *Park Lane* (46 per cent pre-sold), *Putney Hill* and *QIII* in Australia, and at *Esparina Residences* (99 per cent pre-sold) and *Twin Waterfalls* (3 per cent pre-sold) in Singapore were recognised in 1H2012. FY2011 figures were restated to reflect units sold under the deferred payment terms at *Soleil@Sinaran* and *Martin Place Residences*.

Mr Lee Hsien Yang, Chairman of F&N, said "Although the global financial and economic landscape continues to be confronted with stress and uncertainty, Asia's economies, supported by strong economic fundamentals, continue to show great promises. Robust domestic demand, favourable financial environment and potential for policy easing are expected to drive Asia's growth, which may present opportunities for the Group to further expand our core businesses in these markets. With our continued focus on capital management, our balance sheet today remains strong, placing us in good stead to invest for an even firmer foundation for F&N."

The Directors have declared an interim dividend of 6 cents per share, the same as last year. The dividend will be paid on 20 June 2012.

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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

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Operations Review (Half-year ended 31 March 2012 "1H2012")

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 18 per cent to $1,129 million on higher volumes, particularly in its top three markets of Vietnam, Indonesia and Papua New Guinea. Coupled with improved margins from price increases in several markets, PBIT grew at an impressive 30 per cent to $270 million.

Indochina (comprising Cambodia, Laos, Myanmar, Thailand and Vietnam) entered FY2012 in a position of strength as Beer's largest PBIT contributor at 52 per cent. In 1H2012, this region recorded revenue gain of 22 per cent on 11 per cent volume growth, led by Vietnam. Together with better margins from price increases in Vietnam and favourable sales mix in Cambodia, PBIT grew 20 per cent.

South and South East Asia (comprising Indonesia, Malaysia, Singapore, Sri Lanka and Export) is Beer's second largest PBIT contributor. In 1H2012, this region saw volume and PBIT rise by 9 per cent and 22 per cent, respectively. Strong results were mainly driven by double-digit volume gains in Indonesia, Sri Lanka and Export. Improved margins from price increases contributed to the PBIT improvement.

Oceania (comprising New Caledonia, New Zealand, Papua New Guinea and Solomon Islands), despite a modest volume increase of 4 per cent, PBIT rose 53 per cent. This was driven by improved margins in Papua New Guinea, favourable translation gain from a 20-per cent appreciation in the Kina, as well as contribution from the newly acquired brewery in Solomon Islands in June 2011. On a comparable basis, excluding the results from Solomon Islands and translation gain, PBIT grew 32 per cent.

North Asia (comprising China and Mongolia) registered a loss of $3 million this period. Following the termination of the Sale and Purchase Agreement with China Resources Snow Breweries Limited, the financial results for both Shanghai Asia Pacific Brewery Co. Ltd. ("SAPB") and Heineken-APB China ("HAPBC") for the period October to December 2011 are now incorporated in 2Q2012's financials.

Soft Drinks

The expiration of the Group's licensing arrangements with The Coca-Cola Company ("TCCC") represented a fresh start for F&N. Leveraging its strong brand equity and extensive distribution network, the Group was able to successfully roll out new products and to expand its product offering, solidifying its leadership position in the ready-to-drink segment in Malaysia. 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, since the homecoming of all its soft drinks brands on 1 October 2011, the Group's focus on widening and deepening distribution to ensure widest availability of its products remained its top priority. Supported by consumer-focused innovation and brand and volume building initiatives, the Group retained a substantial part of last year's brand volume when it was licensed to TCCC.

Soft Drinks Malaysia continued to focus on strengthening its leadership positions and building interest in new ones through sustained brand investments and consumer-focused innovation. In 1H2012, Soft Drinks Malaysia recorded sales volume of 29 million cases. Excluding TCCC's volume from the last corresponding period, Soft Drinks Malaysia registered an increase of 11 per cent, contributed by growth across key brands, new product launches and export.

Overall, Soft Drinks revenue and PBIT declined 19 per cent and 63 per cent respectively due mainly to the absence of TCCC's contribution.

Dairies

1H2012 Dairies revenue and earnings continued to be adversely affected by the temporary cessation of operations at the Group's Rojana dairy plant in Thailand due to massive floods. In Malaysia, besides the impact of high input cost, new entrants into canned milk market has increased supply capacity, putting further pressure on price and margins. Consequently, Dairies broke-even in 1H2012, versus a profit of $24 million in the last corresponding period. Excluding the impact of Thailand's operations, Dairies PBIT improved 24 per cent to $13 million, versus $10 million in 1H2011.

Post-flood cleanup and recovery work at the Rojana dairy plant commenced in December 2011. The plant returned to full commercial production for all products this month.

In Malaysia, while the continuing practice of sugar subsidy removal for selected F&B manufacturers places the Group in a cost disadvantage, it has moved 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. During the quarter, the Group recognised a deferred tax asset ("DTA") of about $23 million in relation to the Halal Hub tax incentive. Once commercial production commences in 2H2012, the Group will also be able to recognise another $9 million of DTA.

Publishing & Printing

Revenue for Publishing and Printing fell 6 per cent to $192 million, largely due to the divestment of school retail business. Continuing businesses however grew 2 per cent, driven by strong export revenue in Education Publishing. Printing continued to be challenging due to a contraction in demand from Western markets, albeit cushioned partly by growth in domestic print market. However, pricing pressure due to keen competition and increase labor cost reduced Printing margins.

The strong growth momentum in Education Publishing continued to support Publishing & Printing's profits. Distribution sector saw more book returns from the market, partly due to the closure of key retail bookstores in Singapore while poor consumer sentiments in Australia affected overall volume.

Properties

For 1H2012, Properties recorded revenue and profit of $500 million and $176 million, compared with the restated revenue and profit of $719 million and $224 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 1H2012 versus 1H2011 was due to lower sales from overseas projects where most of the sales have been previously recognised, and sales of pre-sold development properties in Australia were not recognised. Rental and management fee income from Commercial Property rose during the period, the increase coming mainly from Singapore retail malls and overseas office/business parks. Frasers Hospitality, the Group's serviced residence business unit, also

recorded higher revenue from improved demand for most of its properties, as well as contribution from new properties in Australia, Indonesia, Singapore and the UK.

(a) Development Property

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. Therefore, 1H2012 Development Property revenue, underpinned by pre-sold development projects in Singapore, stood at $365 million, down 39 per cent from the corresponding period last year. Development Property PBIT of $91 million was 36 per cent lower than last year due mainly to a lower recognition from the overseas projects where there were fewer completed units available for sale this year. The shortfall was partly cushioned by new earnings stream from *Eight Courtyards, Waterfront Gold* and *Waterfront Isle,* as well as continued earnings recognition from *8@Woodleigh, Flamingo Valley, Soleil@Sinaran and Waterfront Key* 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.

In Singapore, the Group continued to see robust buying momentum in its residential development projects. In 1H2012, the Group sold about 1,270 residential units in Singapore from projects like *Boathouse, Eight Courtyards, Esparina Residences, Flamingo Valley, Seastrand, Soleil@Sinaran, Twin Waterfalls, Waterfront Gold, Waterfront Isle, Waterfront Key and Watertown.* Australia also did well in 1H2012 with over 260 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.* The Group

remained on track to launch new residential projects in Australia and China later this year.

This quarter, the Group, together with its joint venture partners, successfully launched the 992-unit private residential condominium, *Watertown*, and the 728-unit executive condominium, *Twin Waterfalls*, in Punggol. Dubbed as Singapore's first integrated waterfront development, *Watertown* was launched in end-January 2012 at prices ranging from $980 per square foot ("psf") to $1,500 psf. As at 1H2012, close to 900 units have been sold. Located within minutes from *Watertown*, *Twin Waterfalls,* which was launched in mid-February 2012, also attracted relatively strong demand. In the first weekend of launch, more than 230 options were issued at an average price of $700psf. Last month, the Group rolled out its third residential development project in Singapore, the 430-unit *Palm Isles*. Located at Flora Drive in Upper Changi, *Palm Isles*, comprising a mix of five- to seven-storey blocks as well as 28 "garden homes" with four to five bedrooms, a private carpark space and garden for each unit, was launched at an average price of $830psf. The Group expects $1.9 billion in future revenues from these pre-sold projects in Singapore to support its development property earnings over the next few years.

In Australia, the iconic Central Park development project in Sydney continued to draw healthy demand. To date, 83 per cent of the 623-unit *One Central Park*, phase 1 of Central Park, has been sold at an average selling price of A$1,050psf. The 393-unit *Park Lane*, phase 2 of Central Park which was soft launched in June 2011, has seen take-up of nearly 50 per cent at an average selling price of A$1,060psf. The launch of *Putney Hill*, another iconic development in Sydney, also received keen interest. A new residential community spanning 13 hectares on the former Royal Rehabilitation Centre, between Putney and Ryde, the Group has nearly sold out *Putney Hill's* initial release of the 21 parkside homes and ten semi-detached homes for between A$875,000 to A$999,000. Following the first release success, the Group

has released another 12 grand, contemporary terraces and ten semi-detached homes, priced from A$895,000 upward, and is preparing to release the first collection of boutique, low-rise garden apartments in May 2012. Similarly, the 265-unit *QIII* residential block at the Queens Riverside mixed-use project in Perth also achieved good sales with nearly 140 units sold. Future revenues of $0.7 billion as at 1H2012 from units sold in Australia will be recognised when construction of these projects complete.

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 named *Capri by Fraser*. Jointly developed with Ascendas Land, *Changi City Point* spans three levels of retail space and a 350-seat roof-top amphitheatre. Construction of *One @ Changi City* and *Capri by Fraser* is expected to complete by end-2012. The Group has ear-marked *Changi City Point*, which is almost fully leased, for injection into its 42-per cent held retail real estate investment trust, Frasers Centrepoint Trust ("FCT"), subject to favourable capital market conditions.

(b) Commercial Property (Investment Property, Real Estate Investment Trust ("REIT") and Hospitality)

Boosted by contribution from its new retail mall, *Bedok Point* and improved contribution from its largest retail mall, *Causeway Point* following the completion of a substantial portion of asset enhancement work, FCT posted a strong 1H2012 performance. Gross revenue rose 29 per cent to $73 million while net property income grew 32 per cent to $51 million.

Similarly, the Group's 27-per cent held office and business space REIT, Frasers Commercial Trust ("FCOT") also recorded healthy growth in revenue and net

property income. FCOT delivered a topline growth of 5 per cent to $62 million, mainly on higher rental income at *Central Park,* Perth and *China Square Central*, Singapore. Consequently, net property income for the period edged up 6 per cent to $49 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 growth. Boosted by contributions from new properties in Australia, Indonesia, Singapore and the UK, improved demand from most of its properties and higher management fees, revenue grew 21 per cent to $63 million. Enhancement works at the Singapore and UK properties adversely affected profit. Consequently, PBIT grew at a more moderate rate of 8 per cent, to $19 million. This period, Hospitality 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.