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FRASER AND NEAVE, LIMITED

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

FOR IMMEDIATE RELEASE

Fraser and Neave achieves record sales and profit for FY2005

- *Continued good growth in F&B and big jump in development property sales boost group revenue to record **$4.27 billion***
- *Group attributable profit (before exceptional items) reaches **$275m***
- *Directors declare final dividend of **35** cents per share*
- *Group optimistic of another record year in FY2006*

Financial Highlights (S$'m)	30 Sep 2005	30 Sep 2004	% Change
Revenue	4,269.8	3,446.3	+23.9%
Trading Profit	556.1	443.5	+25.4%
Profit before Interest, taxation and Exceptional Items	632.3	582.2	+8.6%
Attributable Profit			
▪ Before exceptional items	274.8	266.2	+3.2%
▪ After exceptional items	299.5	291.9	+2.6%
Earnings Per Share (basic)			
▪ Before exceptional items	118.1c	115.1c	+2.6%
▪ After exceptional items	128.7	126.2c	+2.0%
Net Asset Value ("NAV") per ordinary share	$13.27	$12.61	+5.2%

SINGAPORE – 11 November 2005 – Mainboard-listed Fraser and Neave, Limited (F&N) has reported record sales and profits for FY2005, boosted by continued strong growth in food and beverage as well as a big surge in development property sales.

Group revenue for the year ended 30 September 2005 increased by 24% to a record $4.27 billion, due in part to a 165% surge in development property sales during the year under review.

Group profit before interest and tax (PBIT) rose nearly 9% to $632 million. At the attributable level (before exceptional items), profit was up 3% to $275 million, translating into earnings per share of $1.18.

Directors have declared a final net dividend of 35 cents per share which, together with interim dividend of 20 cents, bring total post-tax dividend for the year to 55 cents per share. This final dividend, if approved by shareholders, will be paid on 17 February 2006.

As at 30 September 2005, net asset value per share rose to $13.27 from $12.61 as at 30 September 2004.

Commenting on FY2005 results, Dr Michael Fam, Executive Chairman of F&N said, "We are continuing to build on the growth momentum of our three core businesses and in the process, deliver robust returns to shareholders."

"For FY2005, we definitely benefited from the strong pick-up in the residential property markets in Singapore, where Centrepoint Homes sold in excess of 1,100 residential units, as well as overseas. This resulted in a 165% surge in development property sales during the year with the highly successful launches of *8@Mount Sophia* which was a sell-out, *The Spectrum* and *Tangerine Grove* in Singapore and Phase 1 of *Jingan Four Seasons* in Shanghai, also a sell-out."

"And just before the close of the financial year, all the units of our lifestyle development in Sentosa, *The Azure*, were snapped up," says Dr Fam. "Sales revenue and profit from this project will be recognized from the new financial year."

"We are also particularly pleased with the performance of our Breweries division which saw growth in most regions particularly in China where we achieved sales growth of more than 30%. This, together with profits from our two investments there, helped to pare losses down significantly," says Dr Fam.

Moving forward, Dr Fam says the Group is positive with the outlook for the next 12 months. "The improved sentiment in the Singapore residential market is expected to continue into the new financial year, with rental income from investment properties remaining stable, underpinned by high occupancy in an improved economy."

However, high material and packaging costs continue to challenge the Group's efforts to improve margins in its food & beverage business. "Steps are being taken to manage these costs and where possible, prices have been increased to mitigate their impact on profit," says Dr Fam.

Overall, barring unforeseen circumstances, the Directors expect attributable profit before exceptional items in the new financial year to be higher than the year just ended.

Review of Operations for FY2005

Trading profit for the year rose 25.4% to $556.1 million from $443.5 million last year, resulting in a slight improvement in margins at 13%.

Soft Drinks

At the soft drinks division, sales grew by 3%, and together with price increase in the middle of the year to mitigate across-the-board increases in raw materials and packaging costs, revenue and PBIT are higher by 7% and 4% respectively.

Breweries

Revenue for the year grew strongly by 11% to a record $1.72 billion while PBIT rose 14% to $235 million.

Except for Thailand which recorded a marginally lower profit due to higher brand promotion costs, all regions performed better than last year. In Singapore and Malaysia, despite declining sales, PBIT improved from effective cost management. Higher sales and price increases in Papua New Guinea and New Zealand, and a strong NZ$ exchange rate, led to significant improvement in PBIT. Strong double-digit growth was recorded in sales and PBIT for Cambodia and Vietnam.

In China, sales growth of more than 30% and profits from Hainan and the investments in Kingway Brewery and Jiangsu DaFuHao Brewery helped pare losses down significantly.

Dairies

Revenue and PBIT were respectively up by 8% and 9% compared with last year with all business units in the dairies operation achieving improved sales. In Malaysia, selling prices were raised towards the financial year-end to partially recover margins lost as a result of higher raw material and packaging costs. Profit contribution from associated company, China Dairy Group, was offset by initial loss from the newly-acquired A2 Milk business in Australia.

Glass Containers

Sales revenue were flat as higher sales in China and Vietnam were offset by lower output in Malaysia due to disruption to production caused by furnace leakage and fire.

China is expected to break even at the operating level in the next financial year on the back of initiatives to improve productivity and reduce overheads. PBIT for the glass containers operation is up by 11% benefiting from lower operating expenses.

Ongoing efforts to improve productivity and reduce overheads are expected to help the China plant breakeven next year.

Printing and Publishing

Sales revenue increased by 4% over the last year, attributable to the new businesses acquired during the year and higher sales achieved by printing plants in Malaysia, China and Australia. PBIT improved by a sharp 39% boosted by the elimination of losses from the closure of the under-performing UK printing plant and the Hong Kong publishing and retail operations and full year profit contributions from Fung Choi.

Development Property

This is the star performer for the year. Sales surged strongly with the highly successful launches of four new developments – three in Singapore and one in Shanghai, China. Together with sales of units from its existing inventory of completed developments and progressive recognition of revenue and profit from Fraser Park in Malaysia and other projects under development, revenue jumped 165% over the last year but PBIT rose at a lower 18% as last year had the one-off gains from the disposal of the Compass Point bonds.

Sales and development projects in the UK and Australia are progressing as scheduled and contributed also to profits.

During the year, Centrepoint Properties replenished its land bank with the acquisition of development sites in Singapore, Australia and New Zealand.

Towards the end of the financial year, following the successful completion of a restructuring exercise, the Group increased its stake in Vision Century Corporation Ltd. The 56% owned subsidiary of the Group was renamed Frasers Property (China) Ltd. The revised name reflects the new global branding for Centrepoint's overseas property development business – Frasers Property Group.

Investment Property

Group revenue from investment property increased by 5%. The higher revenue from the Group's retail malls in Singapore which had another good year enjoying continued high occupancy of close to 100% and Fraser Serviced Residences were offset by lower income from offices and industrial properties. Group PBIT was flat compared to last year.

Its flagship retail mall, Centrepoint Shopping Centre in Orchard Road, is undergoing a major renewal with the addition of a 6-storey extension under progress. Completion is expected before Christmas in 2006.

Meanwhile, restructuring of selected malls within the Malls of Centrepoint for a possible REIT (real estate investment trust) is in progress and is expected to be launched in mid-2006. However, Centrepoint Shopping Centre will not be part of the proposed REIT due to ongoing works. Also, the Group is reviewing opportunities to dispose of remaining non-core assets.

"Despite the many challenges we face, we are confident we can continue to build on the growth momentum and hopefully, not only maintain but deliver another year of record earnings in FY2006," says Dr Fam.

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