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FRASER AND NEAVE, LIMITED
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Incorporated in the Republic of Singapore

FOR IMMEDIATE RELEASE

Fraser and Neave reports FY2006 interim PBIT of $337m on sales of $2.2b

- ***Development Property business enjoys mini boom***
- ***Interim net dividend of 20 cents per share declared***
- ***Group on track to achieve another record year in FY2006***

Financial Highlights (S$'m)	**31 Mar 2006**	**31 Mar 2005**	**% Change**
Revenue	2,218.6	1,954.2	+13.5%
Trading Profit	314.9	257.5	+22.3%
Profit before Interest, Taxation and Exceptional Items	337.4	297.2	+13.5%
Attributable Profit*	125.4	116.6	+7.6%
Earnings Per Share (basic)*	53.7c	50.2c	+7.0%
Net Asset Value ("NAV") per ordinary share	$13.39	$13.27	+0.9%

* before exceptional items

SINGAPORE – 11 May 2006 – Mainboard-listed Fraser and Neave, Limited (F&N) is on track to achieve another record financial year for FY2006 going by its robust interim performance.

And the star performer in the latest quarter continues to be its Development Property business which recorded a surge in both revenue and profit in line with the scintillating growth in the local and regional property markets.

As a result, the Group was able to achieve a 13.5% increase in profit before interest, tax and exceptional items (PBIT) to more than $337 million for the six months ended 31 March 2006 on the back of a 13.5% increase in revenue to $2.2 billion.

Group attributable profit (before exceptional items) for year-to-date showed a 7.6% increase to $125.4 million.

Based on the latest interim results, earnings per share (before exceptional items) amounted to 53.7 cents compared with 50.2 cents in the previous period.

Directors have declared an interim net dividend of 20 cents per share which will be paid on 15 June 2006. This is equivalent to a gross dividend of 25 cents per share.

Commenting on the 2Q results, Dr Han Cheng Fong, Group CEO of F&N said, "Apart from our Development Property business which is enjoying a mini boom, we continue to see satisfactory growth in our other areas of business."

PBIT from Property Development almost doubled to $37.8 million during the second quarter due to a 179% increase in revenue to nearly $200 million from sales of units in completed projects as well as recently launched projects.

Development projects in Singapore and other cities such as Kuala Lumpur, Sydney, London and Shanghai are progressing well. New launches in the quarter include the 194-unit "One Leicester" in Singapore and the 397-unit "Pano" riverfront condominium project in Bangkok.

In line with the buoyant property and retail market, rental income from Investment Property grew 12% on the back of near-100% occupancy amongst the Group's retail malls, as well as additional rental from the newly acquired basement level at Northpoint Shopping Centre and the inclusion of rental income from Frasers Property (China) Limited which became a subsidiary in September 2005.

Consequently, PBIT is up 10% to $31.2 million compared to the same quarter last year.

Giving an update on the retail malls front, Dr Han says the Group has completed restructuring some of its shopping malls in order to capture opportunities arising from securitized real estate business models such as Real Estate Investment Trusts (REITs).

"An application for the listing of our REIT on the Singapore Exchange has been submitted and we are currently awaiting clearance. Upon receiving all the necessary approvals, we will proceed to launch the IPO of our retail REIT."

Dr Han emphasizes that this will be the means through which the Group plans to expand its retail mall development and management business.

Review of Operations for Q2

Trading profit for the latest quarter rose a sharp 36% to $150.8 million from $111.0 million last year, resulting in an improvement in profit margins for Q2 at 14.7%.

Breweries

Revenue for the quarter grew 6.4% to $430.6 million as growth in emerging markets were offset by declines in more matured markets. Nevertheless, PBIT rose 8% to $68.2 million.

In particular, Indochina, a key growth market, reported double digit increases in sales and PBIT, while PBIT in Papua New Guinea rose on the back of strong demand and marginal price increase.

Similarly, the breweries in China continued to maintain double digit volume growth but incurred a loss in the quarter due to higher marketing investment to grow the ***Heineken*** brand.

In the matured markets of Singapore and Malaysia, PBIT in Singapore declined due to lower volumes and higher operating expenses. Weaker consumer sentiment from excise duty increases affected sales in Malaysia, however PBIT was maintained due to effective cost control.

Profit in Thailand also fell due to higher expenses to build brand equity for "***Cheers***" following its October 2005 launch. Meanwhile, the new markets in Sri Lanka and Mongolia incurred small gestation losses during the quarter.

APB unveiled its maiden venture in India in early May, with the acquisition of a 76% interest in Aurangabad Breweries Limited which has 2 breweries in Maharashtra and Goa.

Soft Drinks

At the Soft Drinks division, revenue for the quarter declined by 18% to $103.2 million due to the "last bite" orders in March last year in anticipation of price increases which came into effect on 1 April 2005.

As a result, PBIT fell 10% to $13.3 million.

Dairies

The Dairies division posted a 5% increase in revenue to $99.5 million with PBIT rising 34% to $3.5 million. Higher sales were achieved across all regions with higher sales and tight cost control in Vietnam and Australia helping to reduce losses in these new markets.

In April, F&N announced a proposed joint venture with its listed associate, China Dairy Group Ltd. to set up a premium milk powder plant in Xi'an, China.

Glass Containers

Due to a 17% growth in revenue to $29.9 million, PBIT for this operation more than doubled to $3.5 million. In particular, the performance of the glass plant in Sichuan Province, China improved significantly and registered a small profit during the quarter compared to a loss last year.

Printing and Publishing

Revenue for Printing and Publishing rose 3% to $103.4 million mainly as a result of newly acquired businesses. However, PBIT fell to $232,000 from $2.0 million previously due to a sharp decline in printing margins in its Guangdong plant as a result of intense competition and a switch by its customers to lower margin limp-bound books. This division also incurred losses during the commissioning of 2 state-of-the-art printing presses in Australia. Operations on these lines have stabilised in April.

Balance Sheet

The Company's short term borrowings increased as a result of the payment of dividend to shareholders.

At the Group level, the increase in investment in associated companies of $39.2 million is due mainly to investments in 33.3% of Krungthep Land in Thailand and investment in 44% interest in Qingdao Fung Choi Culture Development Company in China. The increase in short term and other investments of $120 million is mainly due to the additional investment of $49.4 million in Vinamilk and its fair value appreciation as at 31 March 2006.

Trade debtors decreased due to receipt of balance proceeds from ***Cote d'Azur*** project on receipt of certificate of statutory completion.

Commenting on the strong share price performance of its listed associates and investments, Dr Han said, "These are strategic investments in the future growth of the F&N Group, and that we are sitting on a substantial gain in the market value of these stakes is a nice bonus."

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