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Fraser and Neave records 1Q profit of $4.9 billion

- ***Attributable profit[1] surged to $4.9 billion mainly from disposal gain***
- ***PBIT [2] grew 14 per cent to $161 million***
- ***Food & Beverage profit grew 47 per cent to $49 million***
  - ***Beverages (Soft Drinks and Beer) profit up 10 per cent to $34 million***
  - ***Dairies profit returned to pre-flood level, at $15 million***
- ***Development Property and Commercial Property growth momentum continued***
  - ***Profit from pre-sold Singapore development projects remained strong***
  - ***Commercial Property's earnings boosted by strong performance in REIT and Hospitality***

Financial Highlights (S$ 'million)	3 months to 31 December 2012	3 months to 31 December 2011 (Restated)
Revenue	912.9	782.9
Trading Profit	144.4	126.5
PBIT[2]	160.8	141.5
PAT[3]	4,876.6	241.3
Attributable Profit[1]	4,859.9	177.1
Earnings Per Share (basic)(cents) - Before fair value adjustment and EI - After fair value adjustment and EI	 3.5 337.4	 6.3 8.1
Net Asset Value Per Share	$8.78	$5.32 (30 Sep 2012)

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

SINGAPORE, 7 February 2013 – Fraser and Neave, Limited ("F&N") achieved revenue of $913 million in the first quarter ended 31 December 2012 ("1Q2013"), an increase of 17 per cent over the same period last year. On the back of strong revenue growth, profit before interest and taxation ("PBIT") improved 14 per cent to $161 million. This quarter, the Group saw the completion of the disposal of its entire interest in Asia Pacific Breweries Limited ("APB") for $5.6 billion. Following the completion in November 2012, the Group realised a disposal gain of $4.8 billion, pushing 1Q2013 profit after taxation ("PAT") to $4.9 billion.

Subsequent to the divestment of F&N's entire interest in APB, Soft Drinks is grouped with the remaining beer business to form the Beverages division. After a year of separation from The Coca Cola Company's franchise, the Group saw its Soft Drinks division in Malaysia grow volume ahead of the market across key categories. This division continued to register volume growth despite intense competition. Similarly, the Group's 55-per cent held brewery in Myanmar Brewery Limited ("MBL") also delivered strong results for the quarter, continuing the good momentum from FY2012. MBL registered volume growth and maintained strong market leadership position in Myanmar with its leading beer brands like *Myanmar Beer, Myanmar Double Strong* and *Andaman Gold*. Together, this newly-formed Beverages division recorded a 10 per cent profit growth, to $34 million.

An efficient new plant in Pulau Indah, higher export volume and lower input cost boosted Dairies Malaysia volume and earnings growth. In Thailand, Dairies was supported by strong domestic and export sales, after the plant was shut down for about seven months due to floods in the 1H2012. Consequently, Dairies Thailand returned to profitability, compared with a loss in the same period last year. Overall Dairies division posted a profit of $15 million, versus $2 million in the same period last year.

Earnings from Properties continued to be supported by pre-sold development projects as well as improved performance from Commercial Property. On the back of a 38-per cent improvement in Development Property's revenue, PBIT grew 20 per cent to $58 million, mainly from projects currently under development in Singapore namely *Boathouse Residences, Eight Courtyards, Flamingo Valley, Seastrand, Waterfront Gold, Waterfront Isle* and *Watertown*. Commercial Property, which comprises Investment Property, REITs and Hospitality, recorded healthy earnings growth, despite the absence of rental income from two investment properties following the divestment of a listed subsidiary, Frasers Property China Limited, in September 2012. REITs and Hospitality each delivered strong performance with profit up by 36 per cent and 29 per cent, respectively. Overall, Commercial Property profit grew 6 per cent to $42 million this quarter.

Corporate Development

As at 5 February 2013, TCC Assets Limited and parties acting in concert ("TCC Group") with, owned, controlled or agreed to be acquired, including valid acceptances to the F&N Offer, approximately 75.7 per cent of the issued share capital of F&N, making TCC Group the major shareholder of F&N. This marks a new era for the F&N Group in its 130th year of operation.

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Operations Review (First quarter ended 31 December 2012 "1Q2013")

Beverages

Following the sale of the Group's entire interest in APB, the remaining beer business is grouped with the soft drinks business to form the Beverages division.

F&N's remaining brewery operations are conducted through its 55-per cent held brewery in Myanmar. Established in 1995, Myanmar Brewery Limited ("**MBL**") manufactures Myanmar's leading beer brands like *Myanmar Beer, Myanmar Double Strong* and *Andaman Gold*. Building on its portfolio of leading brands, this quarter, MBL maintained its market leadership position in Myanmar and delivered positive volume growth.

A year after the expiration of F&N's licensing arrangements with The Coca-Cola Company ("**TCCC**"), the Group continued to leverage its strong brand equity and extensive distribution network to solidify its leadership position in the ready-to-drink segment in Malaysia, as well as regain and expand its Soft Drinks business in Singapore and other parts of ASEAN.

In Malaysia, Soft Drinks division continued to grow its domestic volume through active promotional activities, posting volume growth in brands like *F&N Seasons* and *F&N Ice Mountain*. PBIT, excluding rebates received from TCCC in the same period last year, improved marginally on lower input cost and direct marketing expenses.

In Singapore, the focus remained on widening and deepening distribution of the Group's soft drinks products. Coupled with brand building initiatives, Soft Drinks Singapore revenue improved on increased *100PLUS, F&N Ice Mountain* and *F&N Seasons* sales.

Overall, Beverages revenue grew 5 per cent while PBIT improved 10 per cent.

Dairies

Dairies profit surged over six-fold to nearly $15 million as Dairies Thailand recovered from the impact of 2011 floods, while Dairies Malaysia benefitted from improved efficiency and lower input costs.

Dairies Thailand continued on its fast recovery track as production and demand resumed. Buoyed by a recovery in demand from Thailand, as well as improved export sales from Indochina, and successful entry into Myanmar, Dairies Thailand's sales more than doubled, bringing its profit back to pre-flood levels.

In Malaysia, the successful re-positioning of the Group's brands to create value for consumers, and the relocation to the new technology-leading, eco-friendly dairy plant in Pulau Indah have yielded results. In addition to lower input cost, Dairies Malaysia volume grew 2 per cent and earnings jumped over 39 per cent.

Publishing & Printing

This quarter, despite healthy revenue growth in the Education Publishing segment, Publishing & Printing revenue fell 3 per cent to $101 million, attributed mainly to the divestment of Library Reference business in the USA and closure of education publishing in Malaysia. Excluding the above effects, revenue was flat against the same period last year, supported by growth in Education Publishing. Rising production costs in China and investment in overseas Education Publishing have also adversely affected profit. PBIT for the quarter fell to $4 million, from $7 million in the same period last year.

Properties

Properties recorded a first-quarter revenue and profit of $322 million and $100 million, up 29 per cent and 14 per cent, respectively, from the same period a year earlier. Property Development was again the main contributor to Properties earnings, with 20 per cent growth from the same period last year. Commercial Property, which comprises Investment Property, REITs and Hospitality segments, also recorded healthy earnings growth, despite the absence of rental income from two investment properties following the divestment of a listed subsidiary in September 2012. Similarly, REITs and Hospitality also delivered strong performance with profit up by 36 per cent and 29 per cent, respectively. Overall, Commercial Property profit grew 6 per cent this quarter.

(a) Development Property

1Q2013 Development Property revenue of $250 million continued to be underpinned by pre-sold development projects in Singapore. PBIT improved 20 per cent to $58 million. The rise in PBIT was mainly due to the commencement of earnings recognition from *Watertown*, as well as higher contribution from *Boathouse Residences, Eight Courtyards, Flamingo Valley, Seastrand, Waterfront Gold* and *Waterfront Isle,* in Singapore.

As a consequence of adopting INT FRS 115, no revenue was recognised at the Group's two executive condominium projects, *Esparina Residences* and *Twin Waterfalls*, even though they were near-fully sold. Income from these projects will only be recognised when the units are handed over to buyers. Similarly, revenue from pre-sold units in Australia (*Central Park* mixed-use development, *Putney Hill* and *QIII*) and China (*Baitang One* phase 2A) were also not recognised this quarter.

In Singapore, strong sales continued into 1Q2013. This quarter, the Group registered sales of 749 units mainly from the *Boathouse Residences, eCO*, *Flamingo Valley, Palm Isles and Twin Waterfalls* projects.

Recently, the Group successfully launched the 632-unit *Q Bay Residences* in Tampines. As at 21 January 2013, four days after the release of 510 units, 312 units (about 61 per cent of launched units) were sold at an average price of $1,007 per square foot. *Q Bay Residences* is jointly developed by F&N, Far East Organization and Sekisui House.

Following the launch of *Q Bay Residences*, F&N has one remaining site in its Singapore land bank. Acquired in October 2012 at $302 per square foot per plot ratio, the Group plans to launch this Woodlands executive condominium site by the second quarter of 2013. A joint venture project with Lum Chang Binjai Holdings, this project is expected to yield around 500 units. The Group's effective interest in this site is 70 per cent.

Sales in Australia remained healthy. In 1Q2013, the Group sold about 75 residential units from completed residential developments of *Habitat*, *Trio* and *Lorne Killara,* and from projects currently under development, namely *One Central Park, Park Lane, The Mark* (collectively the Central Park mixed-use development), *QIII* and *Putney Hill.* The construction of *One Central Park* and *Park Lane* is progressing well. Completion is scheduled in stages this year.

The Group's unrecognised revenue of $3.3 billion as at the end of the quarter from pre-sold projects in Singapore and overseas will support its Development Property earnings in the next several years.

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

Driven by higher contribution from *Causeway Point* and *Northpoint,* Frasers Centrepoint Trust ("FCT") (the Group's 41-per cent held retail REIT) posted a strong 1Q2013 performance. Gross revenue rose 6 per cent to $38 million while net property income grew 9 per cent to $27 million. Operationally, the average occupancy of FCT's portfolio as at 31 December 2012 improved to 97 per cent.

The Group's 27-per cent held office and business space REIT, Frasers Commercial Trust ("FCOT") recorded lower revenue of 3 per cent to $30 million due mainly to the absence of rental income from *Keypoint* and three Japanese properties following divestments in October 2012. Consequently, net property income declined 7 per cent to $23 million. Despite lower net property income, income available for distribution to unitholders improved 7 per cent due to lower interest costs. Operationally, average occupancy of FCOT's portfolio remained robust, at 95 per cent, boosted by healthy portfolio occupancy rates in Singapore and Australia.

The Group's non-REITed malls, office and business parks in Singapore and Vietnam continued to maintain strong occupancy levels. The latest business park, *One@Changi City*, a 50-per cent joint venture with Ascendas was completed in November 2012, with occupancy of about 63 per cent.

The Hospitality division recorded improved revenue and profit growth. This quarter, revenue grew 28 per cent to $41 million, boosted by new properties in Australia, Singapore and the UK, improved demand for most of its properties, and higher management fees. Consequently, PBIT grew 29 per cent, to $13 million. Hospitality continued to expand and strengthen its presence by securing management contracts and expanding the *Fraser's* gold-standard serviced residences franchise.