#21-00 Alexandra Point
438 Alexandra Road
Singapore 119958

Tel : (65) 6318 9393
Fax : (65) 6271 0811
Website: www.fraserandneave.com

FRASER AND NEAVE, LIMITED

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

Fraser and Neave reports first quarter 2014 results

- ***Attributable profit[1,4] grew 3.2 per cent to $36 million***
- ***PBIT [2] jumped 17.8 per cent to $61 million***
- ***Food & Beverage profit grew 22.5 per cent to $60 million***
  - ***F&B PBIT margin improved to 11.9 per cent***
  - ***Beverages (Soft Drinks and Beer) profit up 28.2 per cent to $44 million on higher sales and favourable product mix***
  - ***Dairies profit improved 9.5 per cent to $16 million on improved sales***

Financial Highlights (S$ 'million)	3 months to 31 December 2013	3 months to 31 December 2012 (Restated)
Revenue	597.0	568.7
Trading Profit	58.7	50.8
PBIT[2]	61.1	51.8
PAT[3,4]	56.4	(4.9)
Attributable Profit[1,4]	36.0	34.9
Earnings Per Share (basic)(cents)[1,4]	2.5	2.4
Net Asset Value Per Share	$1.66	$5.90 (30 Sep 2013)

[1] *Before 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*
[4] *Continuing operations*

SINGAPORE, 11 February 2013 – Fraser and Neave, Limited ("**F&N**") achieved revenue of $597 million in the first quarter ended 31 December 2013 ("**1Q2014**"), an increase of 5 per cent over the same period last year. On the back of revenue growth and favourable sales and channel mix, profit before interest and taxation ("**PBIT**") improved 18 per cent to $61 million. Led by margin expansion in Food & Beverage, Group PBIT margins improved to 10.2 per cent.

This quarter, Beverages PBIT rose 28 per cent to $44 million on higher soft drinks and beer sales, as well as favourable sales and channel mix. Soft Drinks sales grew 3 per cent, led by growth in key brands like *100PLUS, F&N SEASONS* and *F&N NutriSoy,* and retained leading positions in the ready-to-drink segments of Singapore and Malaysia. Soft Drinks PBIT jumped 36 per cent, lifted by strong sales and favourable product mix. Similarly, the Group's 55-per cent held brewery[1] in Myanmar also delivered strong results for the quarter, continuing the good momentum from FY2013. Leveraging the strengths of its multi-brand portfolio and innovative marketing strategies, Beer maintained its strong leading positions with volume growth of 43 per cent. Despite unfavourable foreign exchange effects, sales and PBIT grew 29 per cent and 23 per cent, respectively.

This quarter, Dairies PBIT grew 9 per cent to $16 million. This growth was buoyed mainly by improved sales, lower input and conversion costs, and better bad debts recovery.

Corporate Development

The distribution of a dividend *in specie* of all the issued shares in Frasers Centrepoint Limited ("**FCL**") (the "**FCL Distribution**") was completed on 08 January 2014. After the FCL Distribution, F&N no longer holds an interest in FCL. Consequently, net asset value per share dropped to $1.66, from $5.90. Returning to its roots from 130 years ago, F&N is now primarily a food and beverage company with a vision to become a leading consumer group in Southeast Asia.

In December 2013, F&N announced a proposed cash distribution of approximately $607 million (or $0.42 per share) to shareholders via a capital reduction exercise ("**Capital Reduction**"). This exercise, if effected, will allow F&N to achieve a more

[1] Myanmar Brewery Limited is currently the subject of an ongoing arbitration

efficient capital structure, taking into account the nature of the remaining F&N businesses following the spin-off of FCL. This exercise will not result in a cancellation of shares or a change in the number of shares held by shareholders immediately after the Capital Reduction. Upon the completion of this exercise, F&N will have distributed about $12 billion to shareholders within a year, demonstrating the Company's prudent financial management as well as a testament of its unwavering commitment to maximise shareholder value.

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For clarification and further enquiries, please contact:

Mr Hui Choon Kit
Chief Financial Officer
DID: 6318 9272
Email: huick@fngroup.com.sg

Ms Jennifer Yu
Head, Investor Relations
DID: 6318 9231
Email: jenniferyu@fngroup.com.sg

Operations Review (First quarter ended 31 December 2013 "**1Q2014**")

Beverages (Beer and Soft Drinks)

The Group's beer business remained focused on extending the visibility of its beer brands in Myanmar through effective marketing initiatives and strategic sponsorships, including the support of the 27th SEA Games 2013. Accordingly, Beer volume jumped 43 per cent, retaining its leading positions in this highly competitive market. Sales improved 29 per cent during this period due mainly to unfavourable foreign exchange effects. PBIT improved 23 per cent on higher sales, offset by higher marketing spend and distribution cost.

Soft Drinks 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. On the back of a 3-per-cent sales growth, Soft Drinks PBIT jumped 36 per cent on improved performance in Malaysia and a return to profitability in Singapore which has benefited from operational efficiencies.

In Malaysia, Soft Drinks division continued to reach new heights by achieving high efficiency in its production and supply chain management, and delivering volume growth through innovative and effective sales and marketing initiatives. Soft Drinks Malaysia recorded sales growth of 3 per cent this quarter, with *100PLUS* consolidating its position as the most popular isotonic beverage brand with a market share of 85 per cent. Supported by favourable sales mix, Malaysia Soft Drinks PBIT improved 16 per cent.

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 sales improved 4 per cent on increased *F&N* and *F&N SEASONS* sales. Improved sales helped Soft Drinks Singapore record a profit this quarter, compared to an operating loss in the previous corresponding quarter which was saddled with start-up logistics cost.

Dairies

Led by strong sales growth in Malaysia and Thailand, Dairies profit grew 9 per cent to $16 million.

Dairies Thailand achieved a 15 per cent sales growth, mainly supported by recovering domestic demand compared to the previous year. Correspondingly, PBIT jumped 13 per cent.

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 continued to yield positive results. The 6-per-cent sales growth, lower input costs, conversion cost savings arising from the best-in-class Pulau Indah plant and better bad debt recovery led to a 33-per-cent increase in Dairies Malaysia earnings.

Publishing & Printing

Despite stronger performance from the Distribution unit, revenue for Publishing & Printing was down 10 per cent, to $91 million largely attributable to lower textbook sales and weak print demand. Textbook revenue was affected due to cautious buying by local booksellers and lower export sales to the Latin American market. Despite a drop in print volume, print prices were relatively stable during this period.

Publishing & Printing PBIT declined 55 per cent to $2 million on lower sales from Education Publishing. This decline was partially cushioned by higher contributions from associated companies and improved printing margins resulting from lower material costs and tighter cost management.