Driving Value

Fraser and Neave, Limited
Annual Report 2006

CONTENTS

Driving Value

Since its formation 123 years ago by John Fraser and David Neave, Fraser and Neave, Limited (F&N), has been and is continuing to drive value for its shareholders, customers and employees. With the legacy of a pioneering spirit and entrepreneurial fervour, the Group ventures boldly from the Singapore shores to the rest of Asia and beyond.

Today, F&N is a leading Pan Asian Consumer Group with core expertise and dominant standing in the Food & Beverage, Properties and Publishing & Printing industries.

The Group's vision is to become a successful world-class multinational enterprise. Key to achieving this is its mission to uphold its tradition of encouraging entrepreneurial risk-taking with prudence. The Group zealously protects its reputation for integrity, competence and commitment to shareholders' interest as it is the cornerstone for its enduring success and the foundation for value creation for its shareholders.

Over the past decade, F&N has focused its efforts on seeking international growth and building brands. Having met most of its objectives, it is now in a stronger position to take advantage of further growth in the Asia Pacific region. Across its businesses, the Group looks to the future with great confidence as it focuses on driving even greater value and scaling greater heights in the years ahead.

Vision

To be a world-class multinational enterprise with an Asian base, providing superior returns with a focus on the Food & Beverage, Properties and Publishing & Printing businesses.

Mission

To be a world-class multinational enterprise providing superior returns to our shareholders, excellent value for our customers and a rewarding career for our employees.

Strategies

F&N's role as the parent company and entrepreneurial shareholder of our core businesses will remain unchanged. We will play a proactive and pivotal role, on the respective boards and board committees, in charting the strategic directions of the individual businesses, identifying and creating new opportunities of growth for our subsidiaries, and leveraging on our foundations, strengths and networks to steer the Group to even greater heights.

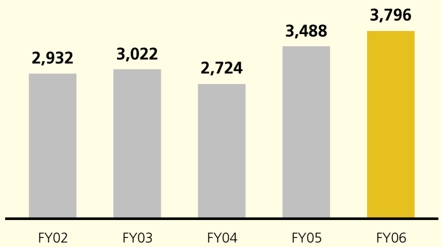
The strategy for growth based on the three core businesses is clear. Given Singapore's small domestic market, growth for the Group can only be achieved by extracting operating efficiencies, expanding into new markets and venturing into new businesses – measures that have been actively pursued by F&N. Continuing to drive shareholder value, the Group targets the following:

- Re-deployment of assets to higher-yielding activities to focus on asset-light, fee-based businesses;
- Effective capital management to improve returns to shareholders;
- Expand and grow core businesses through intra-market growth, expansion to new markets and new synergistic ventures; and
- Balance the existing business portfolios by increasing contribution from Food & Beverage and Publishing & Printing businesses.

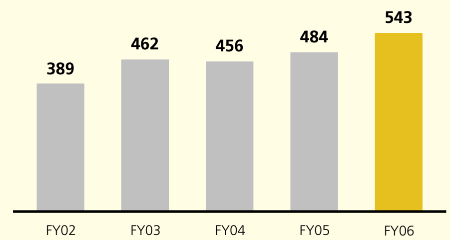
GROUP FINANCIAL HIGHLIGHTS

Year ended 30 September 2006

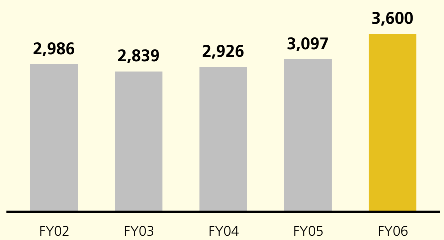
Revenue ($ million)



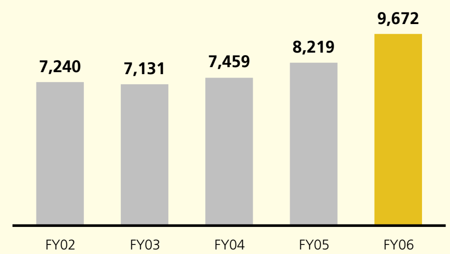
Profit before Taxation and Exceptional Items ($ million)



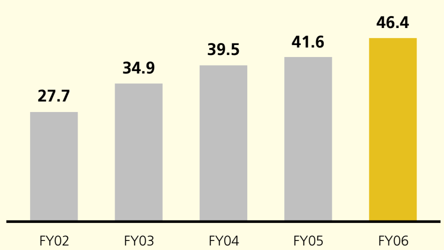
Net Asset Value ($ million)



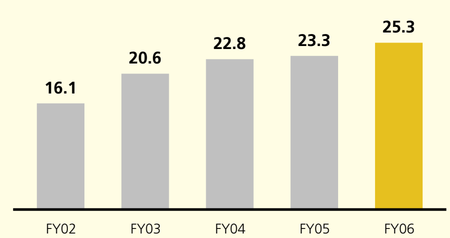
Total Assets Employed ($ million)



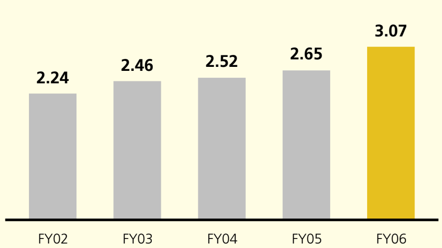
Profit before Taxation and Exceptional Items (cents per share)



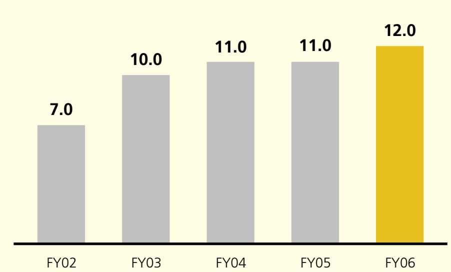
Attributable Profit before Exceptional Items (cents per share)



Net Asset Value ($ per share)



Dividend – Net (cents per share)



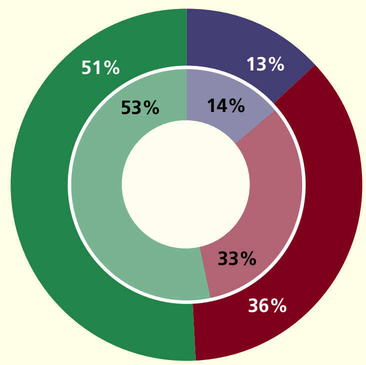
GROUP FINANCIAL HIGHLIGHTS

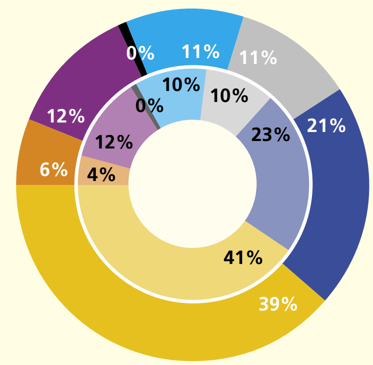
Year ended 30 September 2006

By Business Segment (%) | **By Geographical Segment (%)**

Revenue

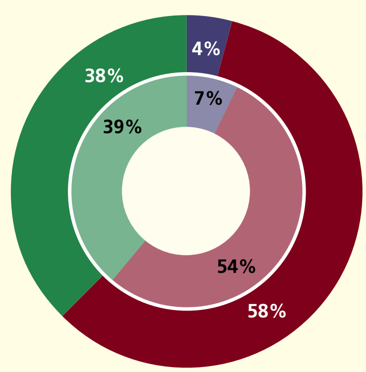
FY06: $3,796 million
FY05: $3,488 million

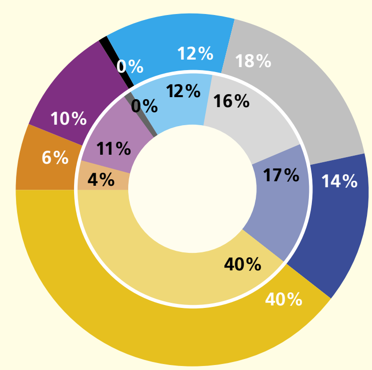




Profit before Interest, Taxation and Exceptional Items (PBIT)

FY06: $604 million
FY05: $525 million





Attributable Profit before Exceptional Items (APBE)

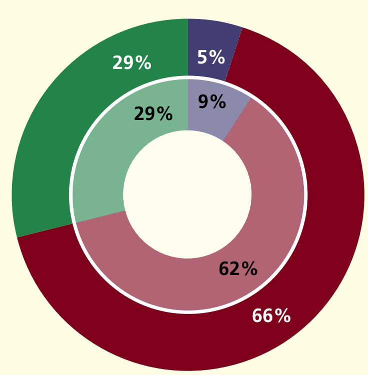
by Business Segment

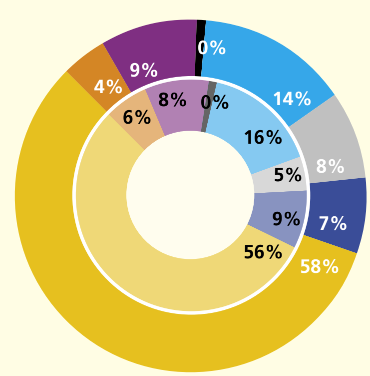
FY06: $295 million
FY05: $271 million

Assets Allocation

by Geographical Segment

FY06: $8,813 million
FY05: $7,632 million





FY05	FY06	
		Food & Beverage
		Publishing & Printing
		Properties/Others

FY05	FY06		FY05	FY06	
		North East Asia			Europe & USA
		Rest of Southeast Asia			South Pacific
		Malaysia			South Asia
		Singapore			

Driving Leadership Value

Driving leadership value as visionary leaders with clear foresight in Asia and beyond, F&N is making quantum leaps in achieving its goal to become a world-class multinational enterprise.

CHAIRMAN'S STATEMENT

"During the year, the Company remained focused on *Driving Value*. This has been our *raison d'etre* since our formation in 1883 and explains why F&N has been able to stand the test of time. Your Board and Management recognise that the interests of all our stakeholders are best served when we are committed to creating long-term sustainable earnings growth for our shareholders."

Dr Michael Fam, Chairman

I am very pleased to report that our management succession process has been smooth and that the Group was able to achieve another banner year. You may recall that I stepped down as Executive Chairman in January 2006 and at the Board's request, I have stayed on as non-executive Chairman and consultant to ensure a seamless transition to a new management team. Dr Han Cheng Fong was appointed Group CEO in February 2006. This separation of roles of Chairman and CEO complies with best practice in Corporate Governance.

FINANCIAL RESULTS

During the year, the Company remained focused on *Driving Value*. This has been our *raison d'etre* since our formation in 1883 and explains why F&N has been able to stand the test of time. Your Board and Management recognise that the interests of all our stakeholders are best served when we are committed to creating long-term sustainable earnings growth for our shareholders.

From FY01 to FY03, we have reduced our share capital by 23.6%, returning $578.7 million to shareholders. Despite a smaller capital base, we have steadily expanded the geographical footprint of our core businesses and intensified our presence in key markets. It is noteworthy that we were able to achieve consistent earnings growth over the past few years, whilst investing steadfastly for future growth. Earnings per share (before exceptional items) grew at a compound annual growth rate of 12.9% over the FY00 to FY06 period. Net asset value of the Group grew from $3.1 billion in FY00 to $3.6 billion in FY06, in spite of the return of capital to shareholders.

In the year under review, the Group continued to register improvements in all the key measures of value creation for shareholders:

- Group turnover was up 8.8%, to $3.8 billion. As explained in the Notes to The Financial Statements (page 91), Group turnover reflects our switch to proportionate consolidation of our joint ventures.

- Group attributable profit before exceptional items (at $295.4 million) was 9.0% higher than the record earnings of the previous year.

- Net asset value per share grew 15.8% to $3.07.

- Assuming shareholders' approval for the proposed final dividend, the dividend per share (net of tax) represents an increase of 9.1% to 12 cents.

- Our share price rose 20% over the year ended 30 September 2006. During this period, the Straits Times Index was up 11%. Assuming a purchase of 1,000 shares of F&N at the start of the financial year, the total return on your investment, including dividends, would be about 23%.

One important value-creating initiative during the year was the restructuring of three of our shopping malls for injection into Frasers Centrepoint Trust, which was successfully listed on the SGX-ST on 5 July 2006. This REIT vehicle will provide Frasers Centrepoint Ltd with a competitive edge when acquiring malls for growth. The Group has a 51% interest in Frasers Centrepoint Trust.

I am happy to report that the sub-division of each F&N share into five shares on 4 July 2006 has succeeded in increasing the number of shareholders on our register. Based on the Register of Members as at 8 December 2006, we had a 65% increase to 9,141 shareholders. As anticipated, the reduced price of each share following the sub-division has increased the affordability of our shares, encouraged greater participation and broadened our shareholder base. We expect that the sub-division will enhance the market liquidity of our shares over time.

DIVIDENDS

The Directors recommend for shareholders' approval, a final dividend of 8 cents per share. Due to the issuance of new shares (as explained under Subsequent Event), the final dividend will comprise 4 cents after deduction of Singapore tax at 20% and 4 cents 1-tier tax exempt. Taken with the interim dividend of 4 cents per share, this will give a total distribution of 12 cents, comprising 8 cents net of tax and 4 cents 1-tier tax exempt. Last year, the distribution was 11 cents per share, net of tax.

If approved by shareholders at the Annual General Meeting on 25 January 2007, the dividend will be paid on 14 February 2007. With this payment, the Company will have fully utilised its Section 44 tax credits before they expire on 31 December 2007 (1).

Barring unforeseen circumstances, it is the intention of the Company to maintain its net dividend at not less than 12 cents per share for the year ending 30 September 2007.

SUBSEQUENT EVENT

On 8 December 2006, the Company announced that it entered into a subscription agreement with Seletar Investments Pte Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Under this agreement, the Company will issue 205.5 million new ordinary shares to Seletar, representing about 14.9% of the enlarged share capital of the Company. This issuance of new shares is expected to be completed in January 2007.

The negotiated price of $4.38 per subscription share (cum dividend) took into account of, and approximated, the weighted average market price for the 10 trading days up to the close of 5 December 2006. The subscription price was a 2.2% discount to the weighted average price of trades on 6 and 7 December 2006. At the Company's request, trading was halted from 2 pm on Thursday, 7 December and resumed at 9 am Monday, 11 December 2006.

The proceeds of $900 million from the placement of new shares to Temasek will be deployed to achieve more exciting growth in our Food & Beverage business.

Under the terms of the subscription agreement, Temasek is entitled to nominate a maximum of two persons for appointment as Directors of F&N at the completion of the subscription. As prescribed in Article 122 of the Company's Articles of Association, the Board intends to appoint Temasek's nominee, Mr Simon Israel, as a Director of F&N with effect from the completion of the subscription. If completion occurs before the AGM, Mr Simon Israel will come up for re-election and we look forward to your support. With Temasek as our strategic investor and partner, we will accelerate the growth of our Food & Beverage business in the region.

ACKNOWLEDGEMENTS

During the year, we were fortunate to be able to welcome Mr Timothy Chia and Mr Koh Beng Seng to our main Board and Mr Bobby Chin, Mr Philip Eng and Mr Soh Kim Soon to the Board of Frasers Centrepoint Asset Management Ltd, the Manager of Frasers Centrepoint Trust.

I would like to thank all my directors on the main and subsidiary boards for their active support in yet another eventful year. With their expertise in various fields, they have provided rich insights to issues under deliberation and I am grateful for their wise counsel.

It is with sadness that I record the passing of our former Chairman of Times Publishing Ltd, Mr Lim Kim San, on 20 July 2006. We are indebted to him for laying solid foundations for our wholly-owned Publishing & Printing business.

I would like to commend the management and staff, under the strong leadership of Dr Han Cheng Fong, for delivering another set of record profits. My appreciation also extends to our shareholders, customers, consumers and all our strategic business partners. Your continued support has contributed in great measure to our good performance.

DR MICHAEL FAM
Chairman
3 January 2007

(1) *With effect from 1 January 2003, Singapore changed from an imputation system of taxation to a one-tier corporate tax system. Under the one-tier corporate tax system, dividends paid to shareholders are tax exempt and hence do not have any tax credits. However, transitional provisions allow companies such as F&N to remain on the imputation system so as to use up the Section 44 tax credits still remaining as at 31 December 2002 to pay tax-franked dividends to shareholders up to 31 December 2007.*

INTERVIEW WITH GROUP CHIEF EXECUTIVE OFFICER

Dr Han Cheng Fong
Group Chief Executive Officer

Dr Han Cheng Fong who became Group CEO in February 2006 shares his vision for the Group.

Under the stewardship of Dr Michael Fam, F&N has grown from strength to strength over the last two decades, both locally and regionally. Now that you have succeeded him as the Group CEO, what is your strategic vision and management philosophy for F&N?

Dr Han: When Dr Fam was appointed as Chairman in 1983, F&N's profits was $30 million. By the time I succeeded him as the Group CEO in FY05, profits had grown almost 10 fold to $271 million. The quantum leap in F&N's profitability was the product of the following strategies which he pursued:

- Grow our existing businesses by investing in our brands and human capital;
- Extend the reach of our businesses through acquisitions and business development; and
- Manage our capital well to deliver maximum shareholder value.

The overall direction remains relevant today.

However, for F&N to continue growing at the rates that it has achieved in the past, I intend to place even more emphasis on growing our overseas businesses while preserving F&N's strong positions in our core markets.

We are also faced with a situation where competition for talent has gotten more intense and it is my belief that we have to retain and reward talent well to ensure that our growth objectives are met and F&N remains one of the most desired employers to work for.

There will be challenges ahead of us as the competition gets keener and the world more globalised but I am confident that with talent that is motivated and a sound strategy, we can seize the many opportunities presented by the rapid growth in the region.

With the rise of Asia, how would you drive and position F&N going forward? Is there a need to re-balance the portfolio, or does F&N have any plans to explore and venture into new industries or regions?

Dr Han: We remain steadfast in our multiple-core business model. Business expansion, geographical diversification and brand focus remain the key elements of our growth strategy. The intent is to broaden our earnings base by capturing the numerous opportunities in the region.

Planting seeds for our future growth is a key priority and we continue to expend significant resources on this front. Besides setting up breweries in an increasing number of territories, we have made strategic investments in enterprises with potential to become market leaders.

An example of this is Fung Choi Media, which has expanded beyond printing into magazines and outdoor media. In the dairies sector, construction of our joint venture infant milk powder plant with China Dairy Group is in progress, while our investment in Vinamilk has paid good dividends. We are also building on the success of our property business in China and now have a near full strength China division. The combination of our international expertise and the knowledge of locals will enable us to ride on that country's transformation into a global economic powerhouse.

F&N has achieved another year of record profit in FY06. Trading profit for FY06 rose nearly 20% to $563.2 million, resulting in an improvement in margins to 14.8%. What are the key drivers of growth, and how do you intend to drive value in F&N's portfolio of businesses?

Dr Han: Indeed, despite rising costs, we have achieved another year of record profit. This continued growth momentum is sustained through successful execution of our business expansion strategy.

Once again, Properties and Breweries were the key contributors to the Group's earnings, accounting for about 84% of profits. Properties earnings grew by 31% while Breweries delivered a 17% increase in earnings.

In Food & Beverage, we will continue to build on the strength of our existing business to drive growth through product innovations, regionalisation, strategic acquisitions and alliances with strategic partners. The second phase of regionalisation for our breweries is on track and I'm pleased to report that in the span of a year, the number of breweries in operation has grown from 24 to 29. In addition, this year, marks our entry into the important Indian sub-continent market.

More recently, with the acquisition of Nestle's liquid milk business, we are on track to significantly increase the size of our dairy operations. This acquisition is well placed to provide a platform for growth in markets like Malaysia, Singapore, Thailand and Brunei.

In Property, we want to build a strong base for sustainable future earnings. To achieve this, we will leverage on our core competencies to drive growth through strengthening our presence in three overseas hubs of China, Australia, and United Kingdom and accelerating the pace for our asset-light strategy. The Group will transform its business model to be less reliant on asset ownership and to increase fee-based earnings and to maximise returns from its existing assets by our continuing focus on cost and capital management.

Publishing & Printing has been a weak spot for the Group. The new CEO for this division has been tasked with halting the decline and to focus on recovering earnings back to its previous levels.

With the launch of Frasers Centrepoint Trust, the Company has embarked on its asset-light strategy, leading to a more efficient capital structure. How far will you push this new financial strategy?

Dr Han: We have been talking about an asset-light strategy for some time and had taken an initial step through securitising Compass Point back in 2002. The launch of Frasers Centrepoint Trust (FCT) marks the next stage of implementation of this strategy. Besides the asset-light strategy, we have created a vehicle through which the Group will grow its retail property portfolio while seeding a fee-based Fund and Property Management business.

One of the challenges for F&N has been the need to balance return on equity against the desire to grow recurring earnings that investment properties offer. Forming REITs allows Frasers Centrepoint Limited (FCL) to continue adding properties by maximising total returns from development gains, property yield and management fees.

The success of this strategy provides compelling reasons for the Group to look at the possibility of launching two more REITs to hold industrial and office properties and serviced residences. This strategy allows us to unleash financial resources and release debt capacity to take on new projects and expand into new markets.

Will mergers and acquisitions play a more significant role than organic growth in F&N's future plans?

Dr Han: Acquisitions play a complementary role to the Group's organic growth endeavours. Our existing businesses provide very stable and incremental earnings at very low risk. Acquisitions offer a quantum leap; typically with infrastructure and routes to market, skill-sets, and in certain cases, useful brands.

However the acquisition route also presents challenges and higher risks. The Nestle transaction is a case in point. Beyond the headline of increasing the size of the Group's dairies business, F&N will gain a strong foothold in Thailand for its non-brewing food and beverage business, initially riding on Nestle's strong brand recognition and distribution network. We will also be able to consolidate our leadership in Malaysia, Singapore and Brunei. The price paid for this access is not insubstantial and we will need to manage the integration process well, otherwise we stand to lose the opportunity to create better value for the Group.

How is F&N managing its financial risks in the face of increasing volatility in the global economy?

Dr Han: In addition to managing a prudent capital structure, we also actively diversify both our business and income mix to prevent any systemic failures. Our business strategy actively manages and diversifies F&N's capital allocation over its core businesses in more than 10 geographical markets.

Additionally, F&N's financial risk management policy adopts strategies to manage the Group's liquidity risk and interest rate risk. The Group has insignificant foreign exchange exposure at the moment and maintains a buffer of unused credit lines, a mix of committed facilities and spreading the long and short term loan maturities to insulate the Group from sudden shifts in liquidity. Funding sources are also diversified among 20 banks and various capital market instruments.

A mix of fixed and floating rate loans is also proactively managed to hedge against volatility in interest rates.

F&N's focus on people, specifically talent management has been a priority in the business. What results would you like to achieve and what changes would you make?

Dr Han: As with every successful enterprise, development and retention of talent, and smooth succession planning are critical tools to achieving growth and progress for F&N. Fundamental to F&N's success is the nurturing of a culture inherent from its earliest days – a team based approach that harnesses talent, intelligence and experience, applying it for the benefit of the Group while encouraging individuals to achieve to the best of their ability.

F&N has a well-defined strategy in place to provide the vision and capacity that will take the Group forward for another 123 years and beyond.

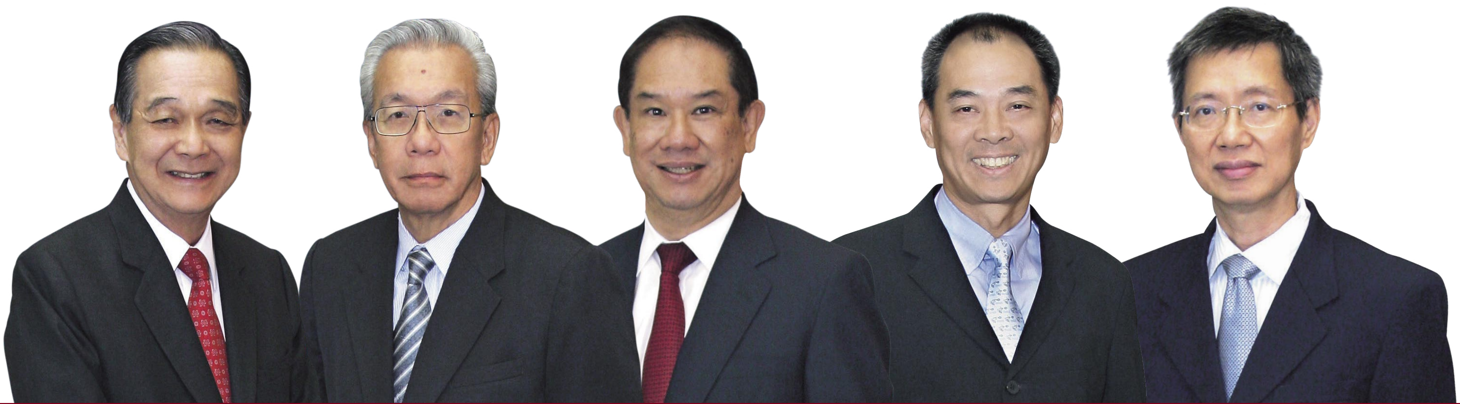
In closing, what was "top of your mind" when you assumed the CEO role?

Dr Han: Dr Fam handed to me a strong and solid company. I am grateful to him for that. I am also grateful to Dr Fam and the rest of the Board members for their support and guidance, and the confidence that they have in me and my team.

It will be no easy task to match the Group's achievements under Dr Fam's leadership. However, we will do our level best in meeting all the challenges and grow this company to its fullest potential.

DR HAN CHENG FONG
Group Chief Executive Officer
3 January 2007

BOARD OF DIRECTORS



Left to right:
Dr Michael Fam; Dr Han Cheng Fong; Mr Timothy Chia Chee Ming; Mr Ho Tian Yee; Mr Koh Beng Seng; Mr Stephen Lee; Mr Lee Ek Tieng; Dr Lee Tih Shih; Mr Nicky Tan Ng Kuang; Mr Anthony Cheong Fook Seng; Mr Patrick Goh (Alternate to Dr Han Cheng Fong).

DR MICHAEL FAM

Dr Fam was appointed to the Board of Directors in 1978 and has held the position of Chairman since 1983 and Executive Chairman from 1988 to January 2006. He serves as Chairman of Asia Pacific Breweries Limited, Frasers Centrepoint Limited and is on the board of Times Publishing Limited. Dr Fam was formerly the Chairman of Singapore Airlines Limited, Housing and Development Board, Mass Rapid Transit Corporation, Public Transport Council and the Council of Nanyang Technological University. He was also on the boards of Singapore Press Holdings Ltd, Oversea-Chinese Banking Corporation Limited, Singapore International Foundation, Temasek Holdings (Pte) Ltd, Public Utilities Board and Economic Development Board and was a Member of the Council of Presidential Advisers of the Republic of Singapore.

DR HAN CHENG FONG

Dr Han was appointed Group CEO in February 2006 and has held the position of Managing Director from April 2002 and Group Managing Director cum Deputy CEO from October 2004. He joined the Group in May 2001 as Deputy Chairman of Frasers Centrepoint Limited, a position that he still holds. Dr Han currently holds directorship positions in Asia Pacific Breweries Limited, Frasers Centrepoint Limited, Fraser & Neave Holdings Berhad, Asia Pacific Investment Pte Ltd, Times Publishing Limited and DB Breweries Ltd. He is also the Chairman of Frasers Property (China) Limited. Up to 11 January 2004, he was the Deputy Chairman of the Board of Trustees of Singapore Management University. Until April 2000, he held directorships in companies related to DBS Land Limited, including Deputy Chairman and Group Chief Executive Officer of DBS Land Limited, Chairman of Raffles Hotel (1886) Ltd, Raffles City Pte Ltd, RC Hotels Pte Ltd and Ascott Ltd and was Deputy Chairman of Raffles Holdings Ltd and Parkway Holdings Ltd. Dr Han also held previous regional business appointments as Chairman of Australand Holdings Ltd and Deputy Chairman of United Malayan Land Bhd.

MR TIMOTHY CHIA CHEE MING

Mr Chia was appointed a Director in January 2006. He is currently the Founding Chairman of Hup Soon Global Pte Ltd. Mr Chia was President of PAMA Group (previously known as Prudential Asset Management Asia Limited). He also serves on the boards of several private and public listed companies and government-linked companies. They include Macquarie Pacific Star Prime REIT Management Limited, FJ Benjamin Holdings Ltd, Banyan Tree Holdings Ltd, SP PowerGrid Limited, Singapore Post Limited, Magnecomp Precision Technology Co Ltd (Thailand) and Meritz Securities Co Ltd (Korea). Mr Chia is a Trustee of the Singapore Management University.

MR HO TIAN YEE

Mr Ho was appointed a Director in December 1997. He is currently the Executive Director of Pacific Asset Management (S) Pte Ltd. Mr Ho was previously the General Manager and Managing Director of Bankers Trust Company Singapore. He also serves on the boards of Singapore Exchange Limited, Great Eastern Holdings Ltd and Singapore Power Ltd.

MR KOH BENG SENG

Mr Koh was appointed a Director in January 2006. He is currently the Chief Executive Officer of Octagon Advisors. He is also a non-executive director of Singapore Technologies Ltd, BOC Hong Kong (Holdings), Bank of China (Hong Kong) Limited and Sing-Han Financial Services. He held various positions in his 24 years, up to 1998, with Monetary Authority of Singapore and his last appointment was Deputy Managing Director, Banking and Financial Institution Group. Thereafter, he was an advisor to the International Monetary Fund to reform Thailand's financial sector until 2000. He was also the Deputy President of Singapore's United Overseas Bank Ltd, a leading banking group in the country, from 2000 to 2004.

MR STEPHEN LEE

Mr Lee was appointed a Director in July 1997. He is currently the Managing Director of Great Malaysia Textile MFG Co. Pte Ltd and Shanghai Commercial & Savings Bank (Taiwan). Mr Lee is also the Chairman of Singapore Airlines Limited, Singapore Business Federation, President of Singapore National Employers Federation and Director of Singapore Labour Foundation. He was the Chairman of PSA International Limited from September 2002 till October 2005.

MR LEE EK TIENG

Mr Lee was appointed a Director in January 2001. He is currently the Group Managing Director of the Government of Singapore Investment Corporation, a position he has held since 1989. He is also on the panel of advisors to Temasek Holdings (Pte) Ltd. Mr Lee was previously the Chairman of the Public Utilities Board and Temasek Holdings (Pte) Ltd, and Deputy Chairman of the Monetary Authority of Singapore. Prior to his retirement in 1999, Mr Lee was the Head of Civil Service and Permanent Secretary (Special Duties) in the Prime Minister's Office.

DR LEE TIH SHIH

Appointed a Director in 1997, he is currently an associate professor in Duke-NUS Graduate Medical School, Singapore. Dr Lee graduated with a MD (Doctor of Medicine) degree from Yale University, and MBA with Distinction from University of London. He also serves on the board of Oversea-Chinese Banking Corporation.

MR NICKY TAN NG KUANG

Mr Tan was appointed a Director in October 2003. He currently runs nTan Corporate Advisory Pte Ltd and is also a Director of Singapore Telecommunications Ltd. Mr Tan was previously Partner, Head of Global Corporate Finance of Arthur Andersen Singapore and ASEAN region; Partner, Head of Financial Advisory Services of Price Waterhouse Singapore and Chairman of Financial Advisory Services of PricewaterhouseCoopers Asia Pacific region.

MR ANTHONY CHEONG FOOK SENG

Mr Cheong was appointed a Director in February 2005. He joined the Fraser & Neave Group in Times Publishing Limited as Corporate General Manager (Group Finance) and Company Secretary in 2001. Mr Cheong is the Group Company Secretary, and currently holds directorships in a number of the Group's other subsidiaries as well as Frasers Centrepoint Limited, Fraser & Neave Holdings Bhd and Asia Pacific Investment Pte Ltd and is also an alternate director to Dr Han Cheng Fong on the Asia Pacific Breweries Limited Board. Mr Cheong is a member of the Institute of Chartered Accountants in England & Wales and the Institute of Certified Public Accountants of Singapore.

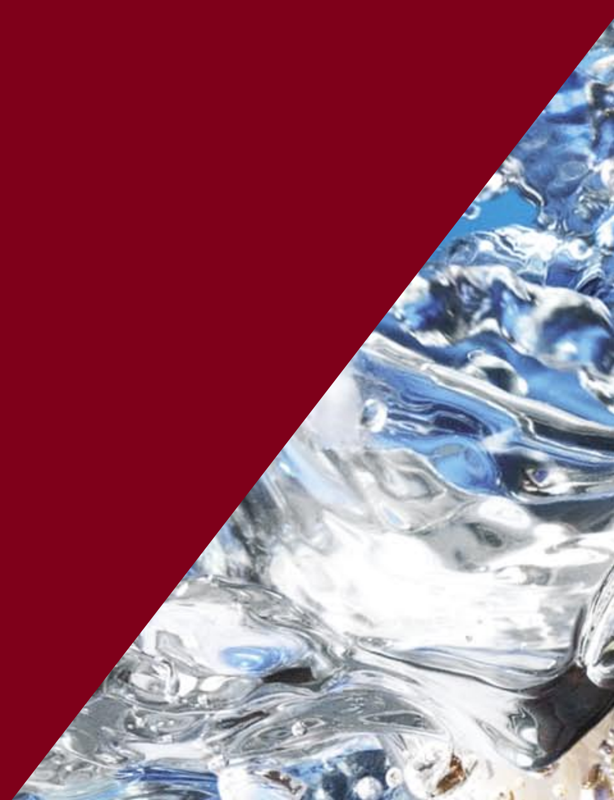
MR PATRICK GOH

Alternate to Dr Han Cheng Fong

Mr Goh, a member of the Institute of Certified Public Accountants of Singapore, was appointed an Alternate Director to Dr Han Cheng Fong in November 2002. He joined the Group in January 1969 and currently heads the Corporate Finance Office as Group Financial Controller. In addition, Mr Goh currently holds directorship positions in Frasers Property (China) Limited, a company listed in The Hong Kong Stock Exchange, Frasers Centrepoint Limited and other subsidiaries, joint venture and associated companies of the Group.

Growing Brand Value

Developing its portfolio of brands by pursuing strategic investments and winning greater mindshare in the marketplace, the Group is growing its brand name far and wide.



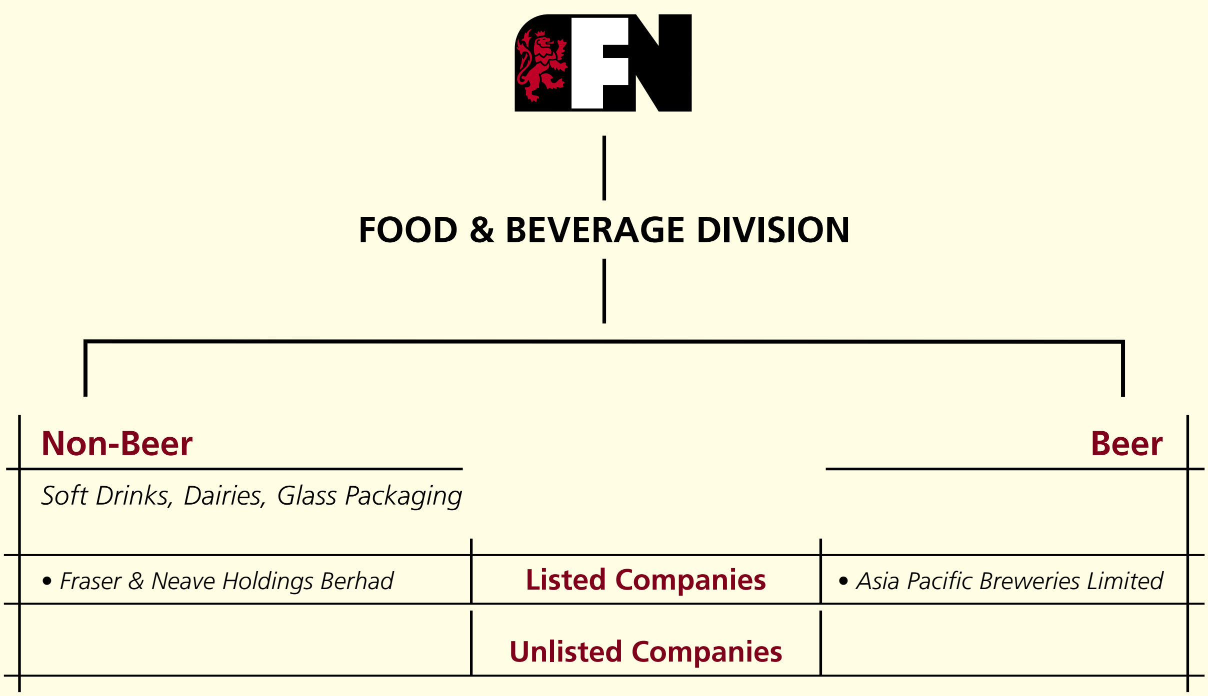

Tiger
EST
1932
TRADE
MARK
Tiger
EST.
Acclaimed
LAGER BEER

Food & Beverage

A household name to consumers in Singapore and Malaysia, F&N has been established as a leader in the Food & Beverage arena since 1930. Beyond carbonated soft drinks, it has successfully ventured into beer brewing, glass manufacturing as well as dairy products such as dairy beverages, ice cream, pasteurised soya, juices and teas, isotonic and Asian drinks. At the same time, F&N is building more and more reputable brands, which are well received in the region.

F&N's Food & Beverage business activities and operations are executed mainly through Asia Pacific Breweries Limited for beer, and Fraser & Neave Holdings Berhad for soft drinks, dairies, ice cream, non-carbonated beverages (juices, isotonic and Asian drinks) and glass packaging.

F&N's Food & Beverage Business



A household name to consumers in Singapore and Malaysia, F&N has been established as a leader in the Food & Beverage arena since 1930.

Asia Pacific Breweries is a leading brewer with a portfolio of more than 40 beer brands and brand variants in Asia Pacific. Its flagship beers, Tiger and Heineken, enjoy international standing.

Asia Pacific Breweries Limited (APB) is a 39.7% owned joint venture between F&N and Heineken, and is listed on the main board of the SGX. APB is a leading brewer with a portfolio of more than 40 beer brands and brand variants in Asia Pacific. Its flagship beers, Tiger and Heineken, enjoy international standing. Today, APB operates 28 breweries across 10 countries, namely Singapore, Malaysia, Thailand, Vietnam, Cambodia, China, New Zealand, Sri Lanka, India and Papua New Guinea.

Based in Malaysia, **Fraser & Neave Holdings Berhad (F&NHB)** is the local market leader in soft drinks, dairies and glass packaging. It also operates in property development and investment. Listed on the Bursa Malaysia, F&NHB is 58.7% owned by F&N. It dominates the ready-to-drink beverages market with a portfolio of products led by 100PLUS, Coca-Cola, F&N, Sprite, SEASONS and Fruit Tree; and F&N, Magnolia, Daisy, Farmhouse, Sunkist and Fruit Tree Fresh for canned and packaged milk and juices.

In **Singapore**, the Group manufactures, markets and distributes a wide range of canned and packaged milk, fruit juices, pasteurised tea and ice cream products. It commands strong market leadership in the milk category with Magnolia, Daisy and Farmhouse; in the fresh soya segment with Nutrisoy; juice segment with Fruit Tree Fresh and Sunkist; and pasteurised tea with Nutritea. The Group also **exports** to Brunei, Papua New Guinea, Hong Kong, Taiwan, Australia, the Maldives and Africa.

Thailand is the Group's centre of excellence and innovation in ice cream production, processing, marketing and exporting. Providing research and development, manufacturing and product support, ice creams are sold through the Group's dairy units regionally. It also contract packs ice cream products for customers throughout the Asia Pacific, with the overall goal of achieving economies of scale.

The Group's wholly-owned dairy plant in **Vietnam**, commenced packaging of milk powder and manufacturing of sterilised and UHT milk in November 2002. With this US$16 million plant, the Group is expected to strengthen its standing as a leading dairy player in Southeast Asia.

The Group maintained its leading position in the isotonic market with 100PLUS being the most popular isotonic drink in Singapore and Malaysia.

Delivering Prime Value

Delivering good returns to its shareholders by investing in key strategic businesses and by continuing to perform well, F&N is well positioned to achieve operational excellence.

Properties

Frasers Centrepoint Limited (FCL), a wholly-owned subsidiary of F&N, is a leading Singapore-based property company with a strong global foothold in property development, property investment, serviced residences and investment funds. FCL's business strategy focuses on the growth and leadership of three core business units: *Residential*, *Investment Properties, and Serviced Residences*.

RESIDENTIAL PROPERTIES

Ranked as one of the top-selling developers in the Singapore residential property market, FCL has successfully built over 8,000 local homes in over 25 developments since the launch of The Anchorage, its inaugural project in 1992. Residential properties are marketed under the Frasers Centrepoint Homes brand, which has today become synonymous with good locations, innovative product features and attractive pricing. The continued success of Frasers Centrepoint Homes is largely due to the inherent ability of FCL to meet and exceed the expectations of the market.

Frasers Property, the international arm of FCL, develops world-class residential and mixed-development projects in Australia, New Zealand, China, United Kingdom (UK), Thailand and Vietnam.

Its recent developments include the mixed-development Riverside Quarter in Central London, Lumière in Sydney, The Pano in Bangkok and Jingan Four Seasons in Shanghai.

INVESTMENT PROPERTIES

FCL owns and manages a portfolio of quality retail, industrial and office assets in Singapore and overseas.

- **Retail**
  FCL's seven retail malls in Singapore are operated under the widely recognised Frasers Centrepoint Malls brand. As part of the F&N Group's asset-light strategy, the Group listed Frasers Centrepoint Trust (FCT) in July 2006, as its primary vehicle to expand its retail mall investment and management business. Causeway Point, Northpoint and Anchorpoint are three malls which have been injected into the FCT. Overseas, FCL owns and operates a retail mall in Australia and is developing two retail malls in China.

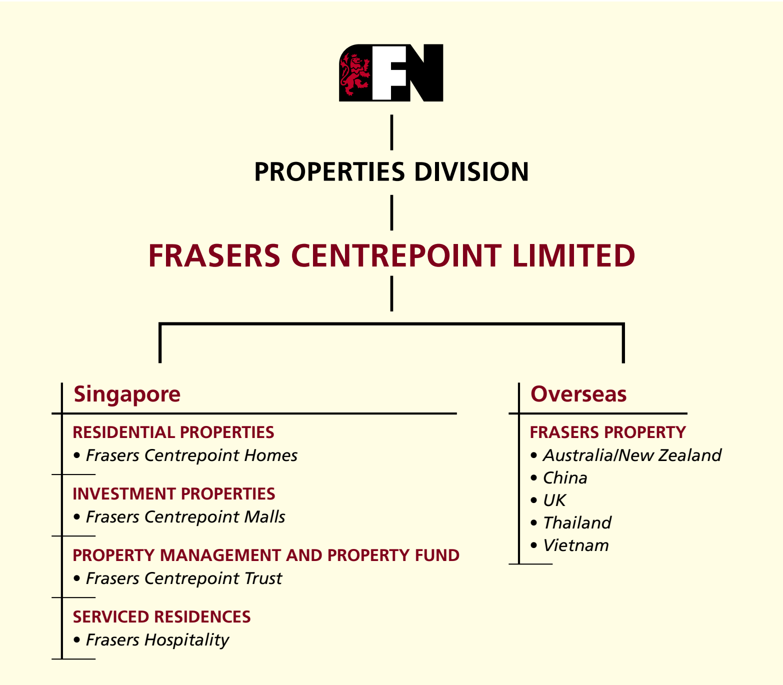
- **Office and Industrial**
  FCL owns and manages two office towers and a sizable high-tech industrial development in Singapore. In China, it also owns and operates industrial and office assets through its associated company, Frasers Property (China) Ltd.

SERVICED RESIDENCES

FCL is globally recognised as one of the leading international branded serviced apartment operators and managers. The Group's serviced residences are operated and marketed under the *"Frasers Hospitality"* brand. It boasts a portfolio of award-winning Gold Standard residences that is poised to grow from nine major gateway cities to 16 by end-2008. Underlying the achievements of Frasers Hospitality is the "Frasers Difference", an established array of services which are tailored specially to meet residents' unique lifestyle needs, and to ensure the delivery of its brand promise, "Where you're more than just a guest".

The Group looks to leverage on these strategic business units to propel FCL into the ranks of leading global real estate companies. These companies now compete in a new paradigm where success is dependent on a balance of real estate expertise, global networks and financial expertise in asset management and property services.

F&N's Properties Business



Frasers Centrepoint Limited is a leading Singapore-based property company with a strong global foothold in property development, property investment, serviced residences and investment funds.

Expanding Strategic Value

Growing its thriving operations and networks in the region and beyond with the aim of ensuring future successes, the Group is confident of moving from strength to strength.


Times NewsLink
er • learn • read
read • browse • discover
• learn • rea
discover
GREAT
READS
BELOW
S$15
JEFFREY
ARCHER

Publishing & Printing

Celebrating its 50 years in publishing in 2007, Times Publishing Group (TPL) is one of the pioneers of English-language publishing in Singapore. It has established a global network of publishing offices, printing plants, retail outlets, distributors, direct sales teams and value-added suppliers worldwide. It delivers a spectrum of multi-lingual content via books, magazines, directories and electronic media to its numerous customers all over the world, including UK, USA, Japan, Australia, Hong Kong and Malaysia.

TPL is recognised as Singapore's largest publishing and printing company. Its diverse publishing, printing, distribution and retail businesses are based on the Total Service Concept, spanning conceptualisation to consumption.

While its Publishing Group conceives and creates the products, the Printing Group manufactures them and the Retail & Distribution Group markets them. Complementing these is its Education Services Group.

TPL strives to grow by dominating the markets where it operates, focusing on its core businesses and expanding into related areas. Going global, promoting enterprise, nurturing innovation, building new capabilities and expanding its talent pool have always been TPL's key growth strategies.

F&N's Publishing & Printing Business

PUBLISHING & PRINTING BUSINESS

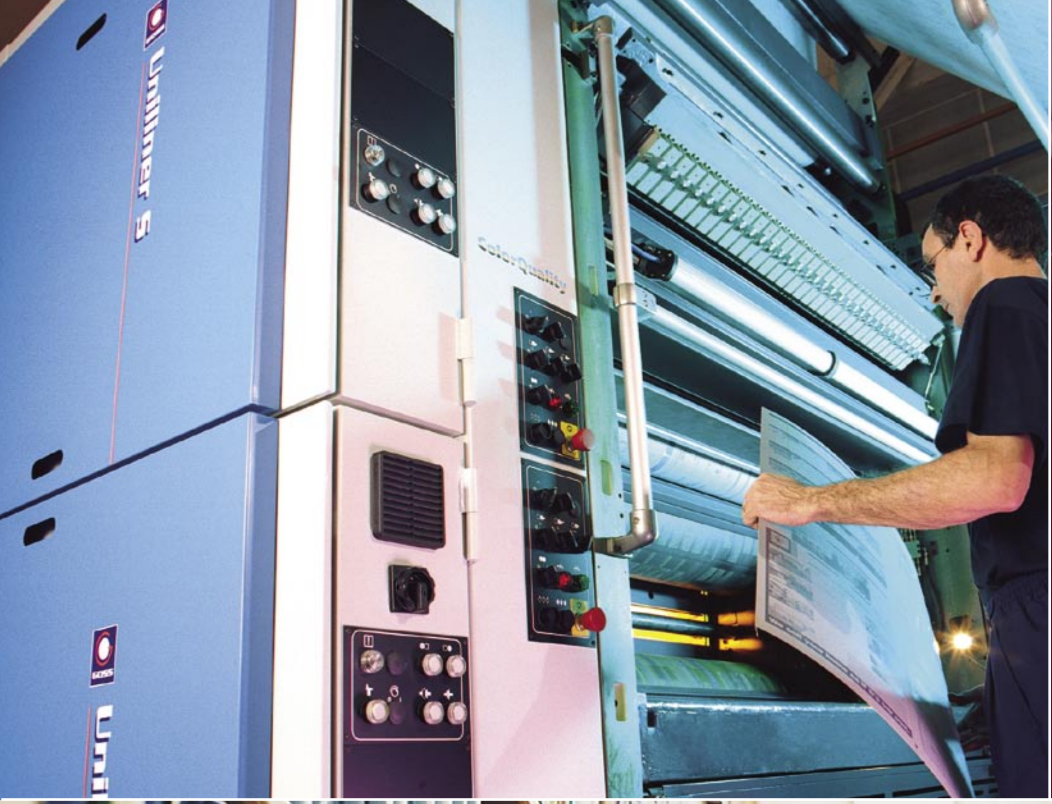
TIMES PUBLISHING GROUP

Publishing
MARSHALL CAVENDISH PUBLISHING GROUP

Printing
TIMES INTERNATIONAL PRINTING

Distribution
PANSING DISTRIBUTION GROUP

Retail
TIMES THE BOOKSHOP



Times Printers is one of the largest web offset printers in this region. It delivers international weekly magazines to the Asia region on time and without compromise on its quality.

Operating and Financial Review

Overview

Listed on the Singapore Exchange Securities Trading Limited (SGX-ST), Fraser and Neave, Limited (F&N) is an Asia-Pacific consumer group with core expertise and leading market positions in the Food & Beverage, Properties and Publishing & Printing industries.

As at 30 September 2006, F&N had shareholders' funds of $3.6 billion and total assets employed of over $9 billion. F&N is present in more than 20 countries across Asia Pacific, Europe and United States of America (USA) and employs more than 14,000 employees worldwide.

Today, F&N owns an impressive array of renowned brands that enjoy market leadership spanning beer, dairies, soft drinks and beverages; residential properties, retail malls and serviced residences; as well as publishing and printing services.

F&N's Group Structure

FRASER AND NEAVE, LIMITED

"To be a world-class multinational enterprise with an Asian base, providing superior returns with a focus on the Food & Beverage, Properties and Publishing & Printing businesses."

Food & Beverage

ASIA PACIFIC BREWERIES GROUP
- *39 Subsidiary companies (9 dormant)*
- *4 Joint venture companies*
- *2 Associated companies*

FRASER & NEAVE HOLDINGS BERHAD
- *22 Subsidiary companies (4 dormant)*

OTHER LISTED AND UNLISTED COMPANIES
- *13 Subsidiary companies (6 dormant)*
- *1 Joint venture company*
- *1 Associated company*

Properties

FRASERS CENTREPOINT LIMITED GROUP
- *94 Subsidiary companies (8 dormant)*
- *2 Joint venture companies*
- *6 Associated companies*

FRASERS CENTREPOINT TRUST

FRASERS PROPERTY CHINA GROUP
- *75 Subsidiary companies (8 dormant)*
- *5 Associated companies (2 dormant)*

Publishing & Printing

TIMES PUBLISHING GROUP
- *68 Subsidiary companies (10 dormant)*
- *2 Joint venture companies*
- *2 Associated companies*

OTHER LISTED COMPANIES
- *1 Associated company*

Others

- *10 Subsidiary companies (4 dormant)*

GROUP FINANCIAL PERFORMANCE – FIVE-YEAR STATISTICS

F&N registered another year of strong earnings growth with record profit of $604.0 million. Despite the impact of rising costs, the Group is able to sustain its earnings growth momentum through business expansion, a singular focus on brands, and geographic diversification. The Group has achieved growth of close to 9% for both revenue and APBE to $3,795.6 million and $295.4 million, respectively. Earnings per share increased to 25.3 cents from 23.3 cents.

Notes	Year ended 30 September	2002	2003	2004	2005	**2006**
1	**Profit Statement** ($ million)					
	Revenue	2,932	3,022	2,724	3,488	**3,796**
	Profit before taxation					
	– before exceptional items	389	462	456	484	**543**
	– after exceptional items	407	516	479	513	**577**
	Attributable profit					
	– before exceptional items	226	273	264	271	**295**
	– after exceptional items	241	333	290	296	**320**
1 & 2	**Balance Sheet** ($ million)					
	Net asset value					
	(Share capital & reserves)	2,986	2,839	2,926	3,097	**3,600**
	Total assets employed	7,240	7,131	7,459	8,219	**9,672**
	Long-term borrowings	1,446	1,442	2,114	2,185	**2,835**
	Market Capitalisation ($ million) at close of business on the first trading day after preliminary announcement of results	2,069	2,628	3,271	3,944	**5,231**
	Financial Ratio					
	Return on average shareholders' equity					
	– profit before taxation and exceptional items (%)	12.8	15.9	15.8	16.1	**16.2**
3	– attributable profit before exceptional items (%)	7.4	9.4	9.2	9.0	**8.8**
4	Gearing ratio (%)					
	– without minority interest	81.1	78.5	84.1	89.7	**83.0**
	– with minority interest	71.0	67.9	72.5	74.7	**64.9**
	Per Share (cents)					
	Profit before taxation and exceptional items (cents)	27.7	34.9	39.5	41.6	**46.4**
	Attributable profit					
	– before exceptional items (cents)	16.1	20.6	22.8	23.3	**25.3**
	– after exceptional items (cents)	17.1	25.2	25.1	25.4	**27.3**
5	Net asset value ($)	2.24	2.46	2.52	2.65	**3.07**
	Dividend					
	– net (cents)	7.0	10.0	11.0	11.0	**12.0**
6	– cover (times)	2.3	2.1	2.1	2.1	**2.1**
	Stock Exchange Prices ($) at close of business on the first trading day after preliminary announcement of results	1.55	2.28	2.82	3.38	**4.46**

Notes:

1 In 2006, the Group adopted new FRS 102 Share-Based Payment. The profit statement and balance sheet for 2004 and 2005 have been restated from that previously reported to reflect the adoption of this new accounting policy.
In 2006, the Group also changed its accounting policy for Joint Venture Companies, from equity accounting to proportionate consolidation. The profit statement and balance sheet for 2002 to 2005 have been restated from that previously reported to reflect this change in accounting policy.

2 Pursuant to a Capital Reduction and Capital Distribution Exercise carried out in 2002 and 2003, the share capital and reserves of the Group were reduced by a sum of $237.2 million in 2002 and $317.6 million in 2003.

3 Attributable profit before exceptional items: Profit after taxation and minority interest but before exceptional items.

4 Gearing ratio: Sum of bank borrowings and term loans, less fixed deposits and cash and bank balances, expressed as a percentage of shareholders' funds.

5 Net asset value: Share capital and reserves.

6 Dividend cover: Attributable profit before exceptional items per share divided by net dividend per share.

7 Pursuant to the approval given by the shareholders at an Extraordinary General Meeting of the Company held on 31 May 2006 each ordinary share was sub-divided into 5 ordinary shares on 4 July 2006. The above ratios for 2002 to 2005 have been adjusted from that previously reported to reflect this sub-division of ordinary shares.

Food & Beverage

$1,936.10 million

Revenue increased by 3.5%

$227.88 million

PBIT increased by 10.3%

$85.55 million

APBE increased by 10.2%

SOFT DRINKS – MAINTAINING MARKET LEADERSHIP

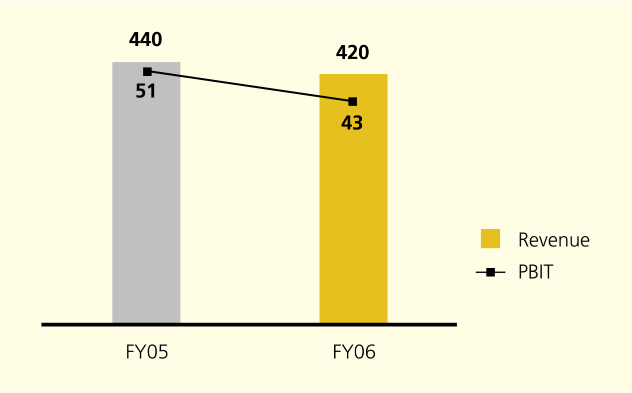
After delivering 7% average volume growth in the preceding four years, the Group's soft drinks business in Malaysia dipped by 4.6% in FY06 due to weak consumer sentiment, arising from higher fuel costs and resultant higher cost of living. Although selling prices were raised in the second half of last year, this could not fully offset the lower volume and higher distribution and packaging costs. PBIT as a result fell 14%.

Strong sales of 100PLUS and SEASONS strengthened the division's isotonic and non-carbonated portfolio, which helped to soften the impact of the weak carbonated soft drinks segment.

The Group maintained its dominance in the overall ready-to-drink market with 40% market share. Brands F&N and Coca-Cola maintained their respective shares despite the weakness in the carbonated soft drinks market. The isotonic market continues to be buoyant with 100PLUS consolidating its position as Malaysia's favourite isotonic drink, capturing 93% market share. The Group's non-carbonated portfolio with brands such as SEASONS and Fruit Tree performed better than expected against a backdrop of weak consumer sentiment.

Despite the slowdown in consumption, the Group did not stint on efforts to enhance brand recognition and loyalty via various marketing channels, including TV and radio, endorsements and sponsorships. This year's major promotion and marketing events included the 2006 FIFA World Cup, the introduction of ShiZen, marking the Group's participation in the ready-to-drink oriental tea category, 100PLUS product extension, and packaging innovation.

Soft Drinks: Revenue and PBIT ($ million)



The Group's quest for a stronger market presence and a wider portfolio of beverages culminated in the acquisition of East Malaysia's largest producer of bottled water, Borneo Springs Sdn Bhd. In addition, it also broke ground for a new state-of-the-art warehousing facility at its Kuching plant, which will provide for projected volume growth.

Going forward, the Group will continue to drive operational excellence to maximise brand presence. Additionally, it will continue to differentiate its brands from its competitors via exceptional marketing execution and pursue the strategy of building a strong and balanced portfolio of carbonated and non-carbonated beverages.

Outside Malaysia, the Group pursues its soft drinks business through licensees in Singapore and Indonesia. In line with the Group's regional expansion strategy, this year, F&N marked its foray into India, one of the fastest growing economies in the world, and Philippines, with the appointments of two licensees. In addition, the Group is also in discussions with strategic partners to strengthen and widen its footprint in Indonesia.

DAIRIES – DELIVERING HEALTHY GROWTH

Revenue and PBIT from dairies grew marginally by 2% and 4% respectively, despite higher raw material and marketing costs.

F&N bolstered its market position in the core territories of Singapore and Malaysia through product innovation and renovation. Together with a series of successful marketing activities, its Singapore dairies brands – Magnolia, Daisy, Farmhouse and Nutrisoy – continued to register good sales growth over last year.

Magnolia Fresh Milk and Magnolia UHT Milk continued to be market leaders in their respective categories in Singapore. Low Fat High Calcium milk volumes grew by 60%, with the introduction of Magnolia Oat Milk. In addition, Magnolia Smoo retained its top position in the Kids' UHT milk segment. Daisy also successfully launched Daisy Multigrain Milk in July.

Meanwhile, in Malaysia, Magnolia, Farmhouse and Daisy sales grew by 6%, led by Farmhouse's strong double-digit growth. Daisy High Calcium Low Fat Milk was relaunched with an improved taste while Magnolia Fresh Milk launched the first of its kind Magnolia Oat Milk.

In addition, the Group's core canned milk business in Malaysia, F&N sweetened condensed milk, continued to dominate the category, maintaining a 49% market share. This year, the Group's position in the canned milk category was also further strengthened by a 7% growth in evaporated milk sales volume.

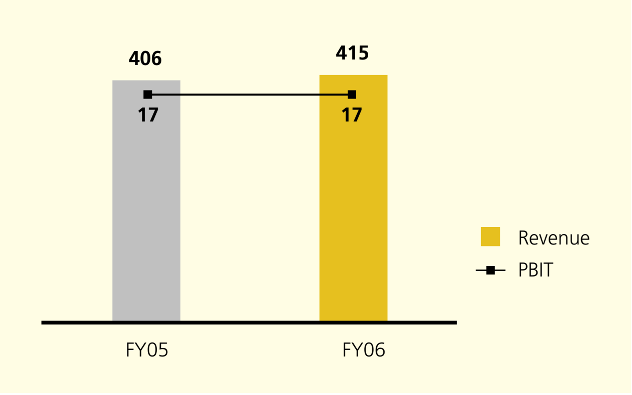
Nutrisoy continued to enjoy its No.1 status in the fresh soya beverage category in Singapore, claiming more than half the market share. Since the launch of the Nutrisoy Omega range, the brand has seen successful growth, enabling the healthy soya drink brand to make further headway into the healthy enjoyment market.

Fruit Tree Fresh and Sunkist continued to register healthy growth in combined sales volumes as a result of various product innovations and successful execution of brand building activities. This year, Fruit Tree Fresh successfully launched several new variants under its Juicy Bits range.

In the ice cream segment, Magnolia ice cream launched its latest sub-brand, the Italian-style Magnolia Gelazia. It was launched in Singapore and Malaysia in three distinctly premium flavours – French Vanilla and Tiramisu, Strawberry, and Dark Chocolate. In addition, the new Mag-a-Cone Supremo was launched. The roll-out of two new variants under the Magnolia Petite Bites variants also received favourable response from consumers.

NutriTea, the first pasteurised range of teas in Singapore, was launched in June as yet another option for health-conscious consumers. The NutriTea range comprises three flavours with health-promoting ingredients – Genmai Green Tea, Chrysanthemum with Wolfberry, and Herbal Tea.

Dairies: Revenue and PBIT ($ million)



In line with its strategy to expand its presence in China, the Group is setting up a joint venture company to produce and market infant milk powder products with its strategic partner, China Dairy Group in Xi'an, Shaanxi province. The launch is targeted for early 2007 and more products will be added to expand the product offering and improve income stream.

After the close of the financial year, the Group announced the proposed acquisition of Nestle's liquid milk products business in Malaysia, Thailand, Singapore and Brunei, further realising its vision to become a leading regional dairy player. This acquisition will enable the Group to significantly increase the size of its dairy business. It will also provide significant opportunities to extract operational synergies and present a platform for future growth.

Looking ahead, the Group will continue to seek growth through brand building and product innovations, and expanding its footprint in the region via strategic acquisitions and alliances that add synergies to its current operations.

BREWERIES – CONTINUING REGIONAL EXPANSION

The Group's breweries business continued its regional expansion during the year. Today, the Group has 29 operational breweries compared to 24 breweries last year.

This year, revenue and PBIT grew 7% and 17% respectively against last year. PBIT was also boosted by a one-off cancellation of prior years' royalties in Vietnam.

The beer market in **Singapore** grew last year on the back of the improving economy and growth in visitor numbers. Despite growing competition and increasing raw material costs, Singapore performed well, registering volume growth of 7%.

In July, the Archipelago Brewery (Archipelago) range of craft beers, namely Traveller's Wheat, Straits Pale and Traders Brown Ale were launched in Singapore. The launch of Archipelago is consistent with APB's objective of adding a new dimension to Singapore's beer industry and to continue to grow its presence and stature locally.

The successive years of excise duty hikes in **Malaysia** in the past years continued to weaken consumer sentiment, resulting in a 2% fall in sales volume. To overcome the challenges, emphasis was placed on organisational effectiveness, operational efficiency and on growing brand equity. In September 2006, Anchor Strong was launched and Malta rebranded.

The Group's **Vietnam** operations continued to perform strongly delivering volume growth and PBIT improvement over last year despite increasing foreign participation and growing strength of local brewery groups.

In the year, the Group continued to build its position in the mainstream market with Anchor whilst capturing the premium segment with Heineken and Tiger.

To meet increasing demand of its beer brands, the Group's brewery in the south expanded its capacity to 2.3 million hectolitres in March 2006. The Group also acquired Foster's Vietnam breweries in Danang and Tien Giang in August 2006 and added Foster's, La Rue and BGI brands to its portfolio.

In **Thailand**, volume grew 6% mainly driven by its new brand, Cheers while Heineken continued to garner a good following in the premium segment of the beer market. During the year, Tiger retained its focus on brand building and increasing its penetration into the Thai beer market.

Thanks to its excellent distribution as well as efficient and effective marketing programs, **Cambodia** reported a double-digit volume gain. All brands saw improved sales versus a year ago.

Papua New Guinea posted a 28% increase in PBIT and 13% volume growth. The robust performance was attributable to strong distribution and concerted promotional efforts which were successfully executed.

New Zealand had a challenging year. The beer market contracted and industry margins were squeezed by competitive pricing. Despite the unfavourable situation, Heineken, Monteith's, Tiger, Tui, Amstel Light, Sol and Budvar showed continued volume growth.

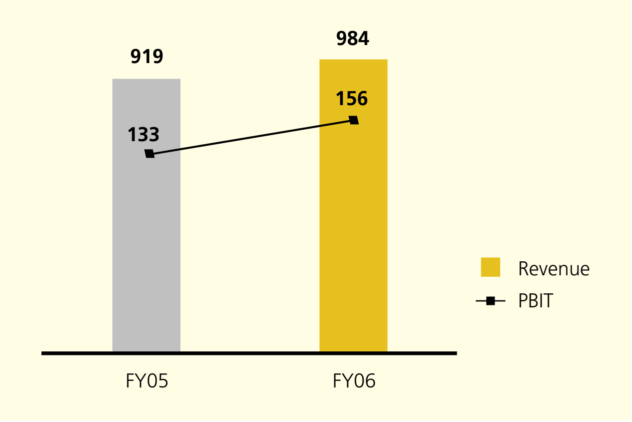
China turned in its full year maiden profit with strong volume growth of 30%, after years of losses. China owed its positive contribution at PBIT level to improved operations in Shanghai; strong performance in Hainan; and profit contribution from the Group's joint venture and associated companies – Jiangsu DaFuHao Breweries and Kingway Breweries, respectively.

During the year, Hainan widened its footprint and made tremendous progress in building its distribution network in Southern China.

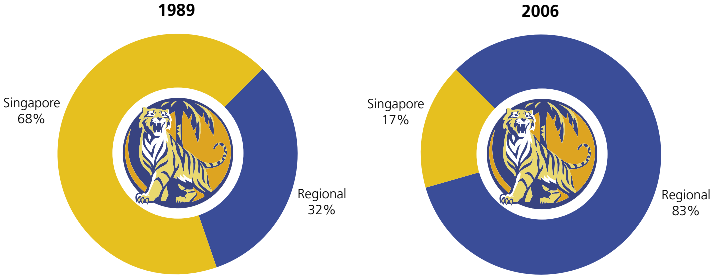
The same year also saw DaFuHao commissioning its fifth plant in Wujiang while Kingway started new brewery operations in Tianjin. Through its investment in Kingway, the Group's footprint would be extended to Chengdu, Xi'an and Foshan when the three breweries are commissioned by 2007/08.

In September 2005, APB made its entry into South Asia with the acquisition of a 60% stake in Asia Pacific Brewery (Lanka) in **Sri Lanka**. In **India**, the Group acquired a 76% stake in Aurangabad Breweries Limited which is located in Maharashtra and entered into a 67% joint venture to build a 250,000-hectolitre greenfield brewery in Hyderabad, Andhra Pradesh.

Breweries: Revenue and PBIT ($ million)



PBIT – Before and After Regionalisation



Via **Export**, the Group continued to seed new markets around the world and expanded the global footprint of Tiger. Tiger entered eight new markets during the year and they included Spain, Ukraine, Cyprus and Togo, amongst others.

Tiger once again re-affirmed its status as a Cool Brand Leader in the UK where it is available in 8,000 premium bars and clubs in the major cities of UK.

Since May 2006, Anheuser-Busch was appointed the importer of Tiger for USA. The tie-up gave Tiger access to 500 wholesalers and today, the brand is traded in 48 out of 50 states.

The Group's second phase of regionalisation is well on track with greenfield breweries being built in China, India, Laos and Mongolia. By the end of 2007/08, the Group will have 35 breweries in operation in 13 countries.

GLASS PACKAGING – STRENGTHENING REGIONAL LEADERSHIP

The glass packaging division registered revenue and PBIT growth of 12% and 79% respectively. All operating units performed better than last year except for Kuala Lumpur Glass (KL Glass) where the conversion to natural gas during the first quarter of the year and ageing machineries interrupted production.

The rationalisation of the two **Malaysia** operations – KL Glass and Malaya Glass Products – has resulted in improved production efficiency and improved quality. Integrating many of the operational functions of the two companies has strengthened the business further.

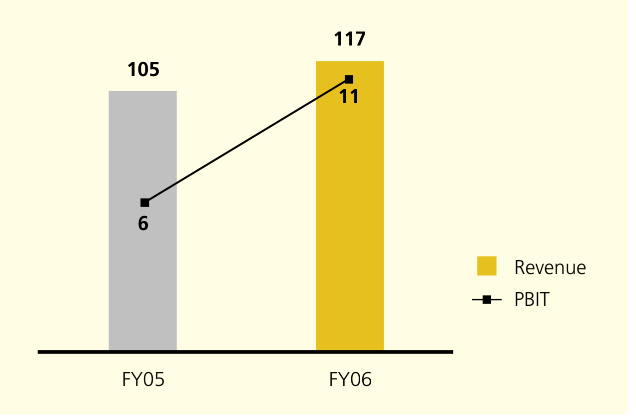
The Group's glass plant operation in Sichuan, **China** continued to show profit growth. It registered its maiden profit before interest and tax this year due to improvements in its customer base and sales revenue. The better performance was also attributed to improved production efficiency and operations.

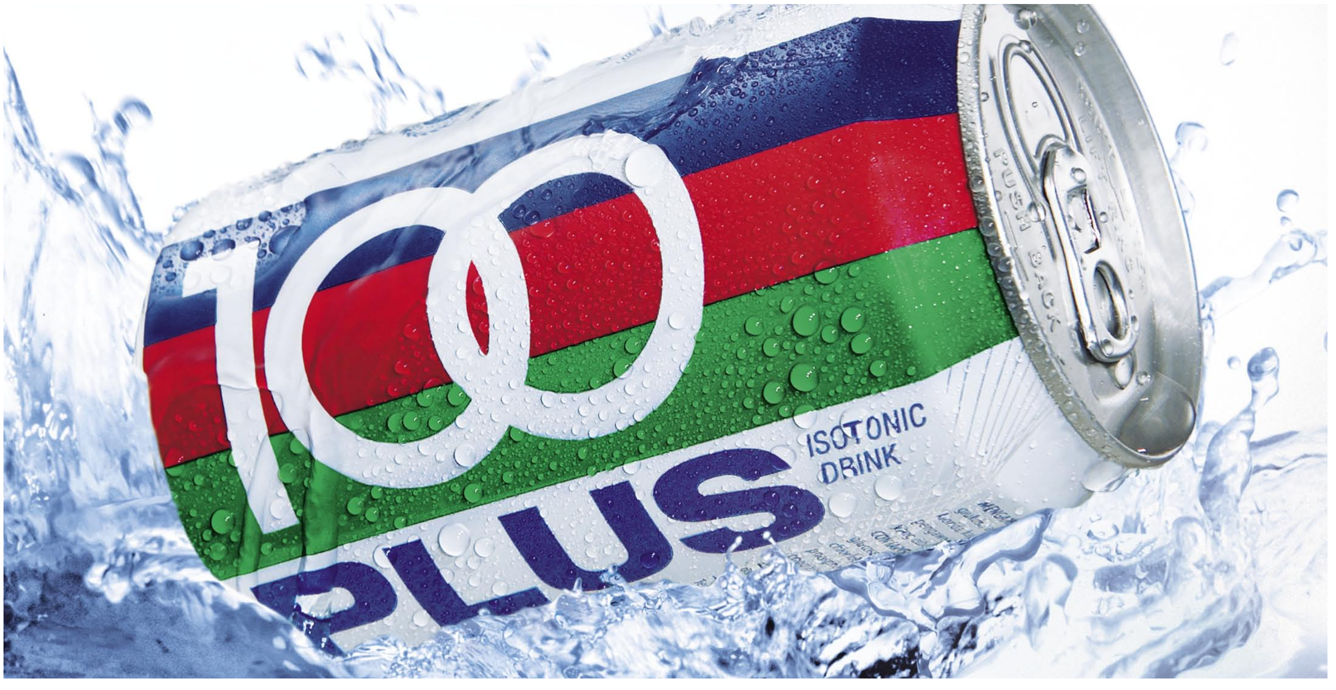
The Group's glass plant in **Vietnam** continued to perform well and deliver its profit commitments despite cost increases. Increased sales volume, higher selling prices and improved production efficiency more than offset these cost increases.

The Group aims to drive business growth by aggressively increasing **exports** to its traditional markets, especially Australia and New Zealand. It is also focusing on new markets such as the USA, Canada, South Korea and Mauritius.

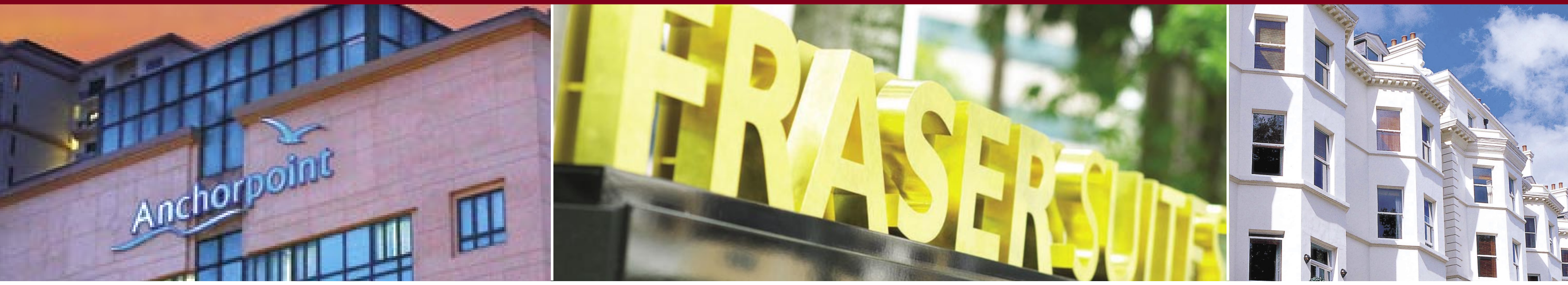
In keeping with the anticipated growth, the Group is in the midst of constructing a US$36m glass packaging plant in **Thailand**. This plant is scheduled to commence operations by October 2007. Together, these five strategically located plants – two in Malaysia, one each in Vietnam, China and Thailand – make F&N's glass packaging arm the only regional manufacturer that is capable of meeting multinational companies' demands.

Glass Packaging: Revenue and PBIT ($ million)





Properties



$1,347.64 million

Revenue increased by 20.9%

$350.90 million

PBIT increased by 31.1%

$226.98 million

APBE increased by 22.9%

REAL ESTATE INVESTMENT TRUST – ACHIEVING AN EFFICIENT CAPITAL STRUCTURE

During the year, the Group reached a milestone in implementing an asset-light strategy when Frasers Centrepoint Trust (FCT), a real estate investment trust (REIT) was launched on the SGX in July 2006. With the adoption of the new property fund business model, the Group aims to enhance its overall capital productivity, through increasing its fee-based activities as well as improving the quality of its property earnings. Moving forward, this is an efficient capital structure, which allows the Group greater access to capital for further development and ongoing fee business income.

FCT invests primarily in quality income-producing retail properties and its initial portfolio consists of three suburban malls with a combined appraised value of $936 million as at 30 September 2006. These well-established malls – Causeway Point, Northpoint and Anchorpoint, enjoy wide captive markets, good connectivity and high occupancy. This will provide the basis for a strong and sustainable income stream.

FCT will be the vehicle through which the Group will participate in future retail mall investments.

FRASERS CENTREPOINT TRUST – BUILDING QUALITY ASSETS

In its maiden report, FCT reported revenue of $17.4 million, PBIT of $10.5 million and distribution income of $8.9 million for the three months under review, exceeding forecast by 7.2%. Going forward, FCT expects to reap benefits from asset enhancement programmes, with the first initiative for Anchorpoint commencing in 2007. Furthermore, the Group intends to double FCT's assets under management within three years.

As a developer-sponsored REIT, FCT has the ability to tap into the Group's pipeline of quality assets and offer investors greater investment potential through its acquisition-led growth strategy and active asset enhancement initiatives.

The Group will continue to diversify its property development and investment incomes into fee-based income, to enhance quality of earnings. In addition, the Group has plans to launch more REITs for other classes of properties.

RESIDENTIAL PROPERTIES – PROVIDING PREMIUM RETURNS

Residential development division had another year of stellar performance. Revenue surged 22% over last year from improved sales of new developments, completed units inventory, progressive revenue recognition from projects under construction and contribution from overseas projects. PBIT was up sharply by 44%.

Frasers Centrepoint Homes launched six new projects in Singapore while Frasers Property launched numerous projects in China, UK, Australia and Thailand.

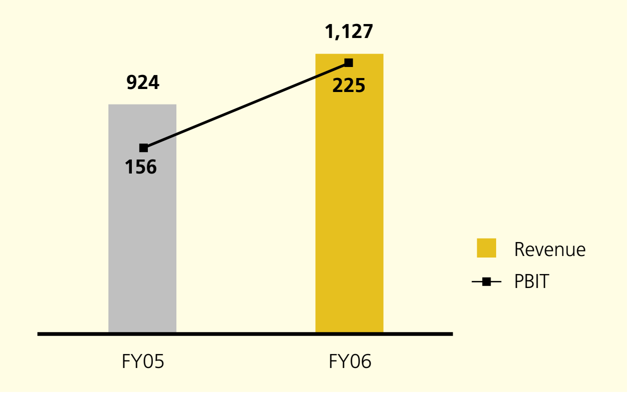
RESIDENCES	ESTIMATED NO. OF UNITS	YEAR OF COMPLETION	TENURE
Singapore			
The Raintree – *Bukit Timah Nature Reserve*	317	2008	Leasehold
One Leicester – *Leicester Road*	194	2008	Freehold
One Jervois – *Jervois Road*	275	2009	Freehold
The Infiniti – *West Coast Road*	315	2008	Freehold
The Sensoria – *Sembawang Road*	73	2007	Freehold
One St. Michael's – *St Michael's Road*	131	2009	Freehold
Overseas			
United Kingdom – *Wandsworth Riverside Quarter* – *Vincent Square*	 211 70	 2008 2006	 Freehold Freehold
Australia – *Lumière at Regent Place*	 456	 2008	 Freehold
China – *Jingan Four Seasons*	 452	 2007	 Leasehold
Thailand – *The Pano*	 397	 2009	 Freehold

In Singapore, sales were maintained at last year's level with six new residential development launches – The Raintree, One Leicester, One Jervois, The Infiniti, The Sensoria and One St. Michael's. The Group also acquired five new sites in Singapore to replenish its development land bank.

Overseas, in the UK, Australia, China and Thailand, sales and construction of residential projects are progressing as planned. These projects include Wandsworth Riverside Quarter and Vincent Square in UK, The Lumière at Regent Place in Sydney, Jingan Four Seasons in Shanghai and The Pano in Bangkok (a joint venture with 33% owned Krungthep Land). China contributed a healthy PBIT of $46 million following the successful launch of Phase Two of Jingan Four Seasons in Shanghai. During the year, the Group also acquired four adjoining parcels of land in Perth and three properties in Sydney.

In the next few years, the Group will continue to grow its residential property business in stronghold markets such as Singapore, Australia, UK and China. The Group has a development land bank of 25.5 million sq ft to ride on the growth momentum in Asian real estate markets. In China, the Group has increased its presence in second-tier cities while UK and Australia are being earmarked as strategic hubs. Determined not to lose sight of other fast-growing markets, the Group will concurrently seek to enhance its visibility in Vietnam and explore opportunities in India and possibly Russia.

Property Development: Revenue and PBIT ($ million)



Residential Properties: The Raintree, Singapore


Residential Properties: Fraser Suites Dubai International, Dubai

Investment Properties: Retail, China


Residential Properties: The Pano (interior), Thailand

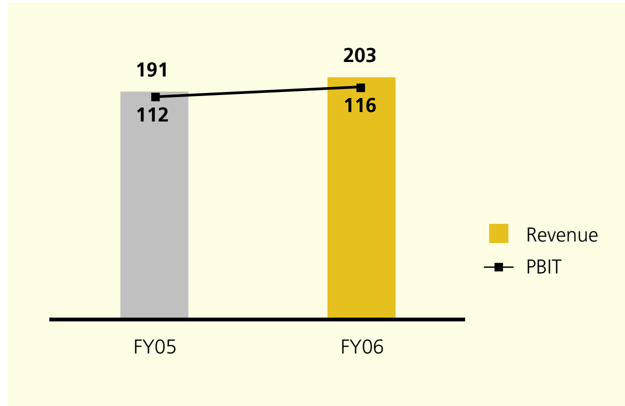

Residential Properties: The Pano (exterior), Thailand

INVESTMENT PROPERTIES – DELIVERING SUPERIOR VALUE

Revenue increased by 6% while PBIT rose by 3% over last year. This year, to improve the quality of its earnings, FCL transferred its three malls, Anchorpoint, Causeway Point and Northpoint, to the Group's retail mall REIT, Frasers Centrepoint Trust (FCT), of which it owns 51%. For comparison purposes, revenue and PBIT (both including FCT's results) rose by 15% and 13%, respectively, over last year.

Its stronger performance is attributed to improved rentals for the retail malls, better rates for serviced residences, higher occupancy for office and industrial properties, additional income from the acquired space in basement 1 of Northpoint, and higher rental income from the business parks in Shenzhen and Beijing.

Investment Properties: Revenue and PBIT ($ million)



Retail

The Group's retail malls maintained high occupancies throughout the year, with close to 100% average occupancy while average rentals also improved over last year.

On the new development front, in Singapore, FCL has acquired a piece of State land to build an extension to Northpoint. This extension is expected to be completed by the end of 2008. More recently, FCL acquired two properties with a total site area of 33,084 sq ft in Bedok Town Centre, for $40.8 million. Subject to the approval of Housing Development Board and other relevant authorities, this new site will provide FCL with the ability to develop a retail mall with a potential area of approximately 134,000 sq ft of gross floor area.

In China, FCL is developing a new shopping centre along Xin Jie Kou Road within Beijing's 2nd Ring Road, which is expected to be completed in 2008. Concurrently, FCL is also developing its Jingan Four Seasons in Shanghai, which is a 452-unit luxury residential development with a 2-storey retail podium of over 10,000 sq m of net retail space. Jingan Four Seasons is located in Shanghai's downtown, atop the existing First Shimen Lu underground mass rapid transit station along the main Nanjing West Road. This convenient location will offer proximity to the city's business hub, as well as recreational and entertainment facilities. These include international hotels such as Portman Ritz Carlton and JC Mandarin, and the Shanghai Exhibition Centre.

Singapore and overseas malls attract high shopper traffic and enjoy high occupancy rates.

MALLS	NET LETTABLE AREA (SQ FT)	OCCUPANCY AT 30 SEP 2006 (%)
REIT (FCT) – Singapore		
• Anchorpoint	71,000	95
• Causeway Point	425,239	100
• Northpoint	149,247	100
Non-REIT – Singapore		
• The Centrepoint	333,251	93
• Compass Point*	266,586	100
• Robertson Walk	97,605	94
• Valley Point	39,817	70
Non-REIT – Overseas		
• Bridgepoint (Australia)	71,819	93

* *Managed by FCL*

Office and Industrial

Occupancy at the office and industrial properties improved over last year but the average rental rate was marginally lower reflecting the weaker office rental market conditions then prevailing.

Office and industrial properties in Singapore and Vietnam enjoy high occupancy rates.

OPERATING PROPERTIES	NET LETTABLE AREA (SQ FT)	OCCUPANCY AT 30 SEP 2006 (%)
Singapore		
• Alexandra Point	198,143	81
• Alexandra Technopark	1,045,920	98
• Valley Point Office Tower	182,315	98
Overseas		
• Me Linh Point (Vietnam)	199,731	94

SERVICED RESIDENCES

Frasers Hospitality

Frasers Hospitality has established recognisable brand equity with its branded properties – Fraser Suites, Fraser Place and Fraser Corporate Residences. Posting occupancy of over 90%, Frasers' properties performed better than the industry average in the past financial year.

Frasers Hospitality has serviced residences in Singapore, South Korea, Philippines, UK, France, China and Thailand.

SERVICED RESIDENCES	NO. OF UNITS
Fully Operational Properties (Average Occupancy 90%)	
Fraser Place Singapore (Singapore)	161
Fraser Suites Singapore (Singapore)	251
Fraser Suites Seoul (South Korea)	213
Fraser Place Manila (Philippines)	143
Fraser Suites Kensington (UK)	69
Fraser Place Chelsea (UK)	29
Fraser Place Canary Wharf (UK)	63
Fraser Suites La Defense Paris (France)	134
Fraser Suites Glasgow (Scotland)	102
Fraser Corporate Residences – Futian, Shenzhen (China)	165
Prince of Wales Terrace (UK)	18
Properties Opened During the Year (Average Occupancy 70%)	
Fraser Place Shekou, Shenzhen (China)	232
Fraser Place Langsuan, Bangkok (Thailand)	129
Fraser Place, Central Seoul (South Korea)	238
Claridge, Champ Elysee Paris (France)	110

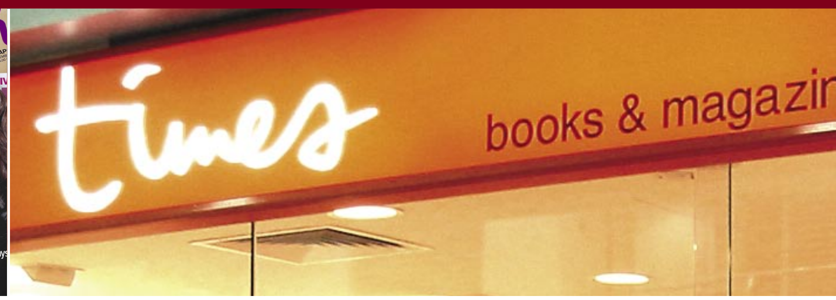
In the year under review, four properties in Seoul, Paris, Shenzhen and Bangkok, commenced management under Frasers Hospitality while six management contracts in the Middle East, Nanjing, Tokyo and Shanghai and two in Bangkok were secured. Frasers Hospitality also managed to secure two Memorandums of Understanding to manage residences in Hong Kong and India. More recently in November, the luxury Fraser Suites Sydney located in heart of the Sydney's business, shopping and entertainment hub opened its doors to guests.

Frasers Hospitality continued to expand and strengthen its global footprint. In the span of a year, it expanded into the Middle East and Japan and enlarged its presence in Australia, China and Thailand. Eight new developments – in Bahrain, Bangkok, Dubai, Nanjing, Shanghai, Tokyo, London and Singapore, will be ready in 2007 and 2008. When completed, these developments will continue Frasers Hospitality's tradition of offering premium services and excellent facilities.

With the progressive opening of new properties in the current year, the number of units under management is expected to rise to about 2,800 by September 2007.

Investment Properties: Fraser Suites Top Glory Shanghai, China

Publishing & Printing



This year TPL's sales revenue increased by 2% over last year as a result of recently acquired businesses. PBIT however fell 37% to $22.4 million due to margin erosion at the Printing Group as a result of intensified competition, rising material cost and lower margins from declining product segments. PBIT drop was partly mitigated by higher contribution from associated companies, Fung Choi Media, which ventured successfully into magazines and outdoor media and Times NewsLink which operates a chain of retail bookshops at the Singapore Changi Airport.

MARSHALL CAVENDISH PUBLISHING GROUP – BUILDING GLOBAL BRAND

In **Education Publishing**, Marshall Cavendish strengthened its position as the key educational publisher in Singapore and one of the leading educational publishers in Asia, following the acquisition of the PanPac educational publishing business. Consequently, the acquisition also led to a larger and stronger footprint in the Hong Kong and Malaysia educational publishing markets.

Marshall Cavendish Education has successfully established itself as a reputable educational publisher, bringing Singapore education to the rest of the world. Its global reach expanded into the Caribbean, Europe, South Asia, Africa and the Middle East. In addition, Marshall Cavendish Education now offers a wider suite of teaching and learning solutions as well as co-publishing expertise in these markets. Looking ahead, Marshall Cavendish Education is positioned to expand internationally to become a truly globalised brand for education.

This year, Marshall Cavendish's **Business Information** strengthened its position as the leading regional trade directory publisher with record sales for many of its directories. Sales were further boosted with the publication of two new launches, Singapore Printing Industry Directory and STB Calendar of Events.

Marshall Cavendish **Home Reference** is represented by Educational Technologies, which has been a leader in publishing and marketing children's home-education products in Asia for 32 years. It sells products in nine languages in 21 countries throughout Asia Pacific under the licensed Time Life brand, through a strong network of direct sales distributors and sales people in the region. Educational Technologies has some of the finest children's educational products including A Child's First Library of Learning and English-Time. In the year under review, one of its key initiatives was the launch of English for Modern Living English audio and book. The content of this new product was developed by Marshall Cavendish while Educational Technologies packaged the product, developed a website and an online test. Moving ahead, Education Technologies plans to gain a stronger foothold in India by tapping on the growing middle-income market.

In addition, Marshall Cavendish continues to invest in digital media with the launch of Marshall Cavendish Digital – its first online reference source for libraries, in the last quarter of 2006. This product will offer libraries in the United States the opportunity to create their own digital reference collection, based on products developed for the Marshall Cavendish Reference and Benchmark imprints.

The Group's associated company, Learning EDvantage (LEAD) was awarded the prestigious E50.Startup Award organised by Accenture and The Business Times. LEAD has gained a dominant share of the subscriptions for online e-learning portals.

TIMES INTERNATIONAL PRINTING GROUP – DEMONSTRATING QUALITY LEADERSHIP

Times Printers is one of the largest web offset printers in this region with 7 web presses that can meet the turn-around demands of its magazine publishers. It delivers international weekly magazines to the Asia region on time and without compromise on its quality.

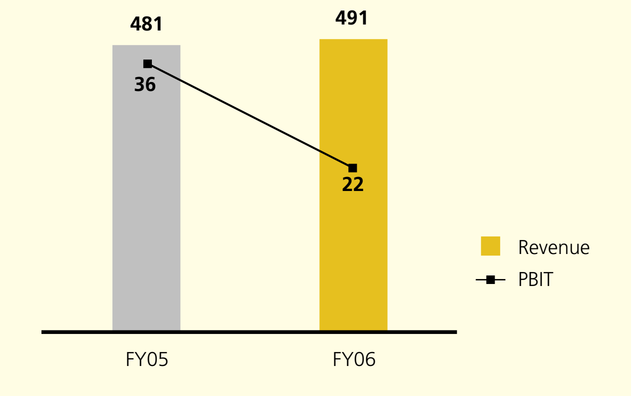
In **Malaysia**, the magazine and book printing operation has continued to reduce its reliance on export-oriented business. Local sales contributed about one third of its revenues with increasing share of the local magazine publishing business.

The **Australia** plant has recently changed its name to Times Printers Australia to align with the Group's branding and take on the magazine and catalogue printing market in Australia. A new sales office was established in Sydney to provide better customer support and enhance business development in the capital city and the region. This strategy has been successful, boosting sales quickly and further strengthening the Group's position in the Australian market.

The printing plants in **China** have been set up to take advantage of the lower production cost base to cater to both domestic and export markets. The China production capabilities provide a competitive edge to meet the high quality expectations of its customers in a cost efficient manner. Everbest printing plant in South China enjoys a strong reputation amongst the major Australian, American and European publishers for its quality limp and case bound books while Shanghai Times Sanyin printing plant is the key site for the printing of telephone directories in the Asia region. The Liaoning plant produces offset cartons and labels for the pharmaceutical, food and beverage industries.

During the year, the new joint venture Shanxi Xinhua Times Packaging Printing Co. commenced operation. It marked the beginning of operation in an inner city that is in line with the Group's strategy of expanding its business into the inland provinces of China. The factory is capable of five-colour printing and is the most complete and technologically advanced packaging printing plant in this region. Its clientele includes major pharmaceutical companies in cities both within and beyond the Shanxi province.

Publishing & Printing: Revenue and PBIT ($ million)



During the year, the Group's listed associate, Fung Choi Printing and Packaging Group, entered the magazine business in China through the acquisitions of businesses involved in magazine distribution and advertising sales. The company was renamed Fung Choi Media Group Ltd to better reflect its transformation into a leading media and marketing entity. Fung Choi also formed a 51% joint venture with a Chinese company to manufacture display products and commercial signages. The joint venture's contracts include one with PetroChina, which involves the design, manufacture and installation of large-scale signages at PetroChina's petrol stations in Southern China. Subsequent to the financial year end, the Group increased its stake in Fung Choi to 29.5%.

Strategy-wise, Times International Printing continues to develop and grow the business in other print segments and focuses on high growth markets like China.

PANSING DISTRIBUTION GROUP – SPREADING DISTRIBUTION NETWORK

Pansing Books continues to be very active in the marketing of the 50,000 current titles under its charge. Author tours are a vital part of this, with perhaps the most notable being Jeffrey Archer's in November 2005. Publicity for key books and authors, helped by extensive in-store promotions, was also a key driver of sales.

Moving ahead, Pansing will continue to sharpen its operational effectiveness and embark on value analysis to extract maximum value in the supply chain.

TIMES THE BOOKSHOP – INCREASING RETAIL PRESENCE

In Singapore, Times The Bookshop opened two new stores in the year at Marina Square and Funan bringing the total number of stores to seven in the Orchard tourist belt and business district. The chain together with its airport outlets will now have a total of 18 stores in Singapore, including the latest outlet in the Singapore Budget Terminal.

In the year, the Group launched Mag@zing, a chain of convenience kiosks providing a wide variety of imported magazines to people on the go. Going forward, Times The Bookshop is set to reposition itself by gearing towards more market-driven initiatives and better retail management.

Treasury Highlights

The Group aims to maintain a prudent financial structure to ensure that it will be able to access adequate capital at an attractive cost. The main sources of cash flow for the Group are from its three business divisions, and investment and management fee income. Management monitors the Group's cash flow position, debt maturity profile, cost of funds, interest rates exposures and overall liquidity position on a continuous basis. To ensure that the Group has adequate overall liquidity to finance its operations and investment requirements, the Group maintains a significant amount of available banking facilities with a number of banks.

Net Group Borrowings (net of cash) rose slightly from $2.78 billion to $2.99 billion during the financial year under review. The increase in debt resulted from the continuing expansion of the Group's assets from $8.22 billion to $9.67 billion during the financial year. Net Gearing (borrowings less cash) fell from 0.75 times to 0.65 times as a result of a 24% increase in total equity to $4.6 billion during the financial year. Group cash increased from $577.0 million to $835.0 million mainly due to strong cash flows from the Group's residential development projects.

Interest cost in 2006 was $133.2 million (of which $49.6 million was capitalised), 22.2% higher than the previous year's interest cost of $109.0 million (of which $48.0 million was capitalised) mainly due to higher borrowings and higher interest rates.

Source of Funding

The Group relies on the debt capital markets, equity market and bilateral banking facilities for its funding. As at 30 September 2006, the Group has $3.55 billion in banking facilities, $0.60 billion in Transferable Term Loan facilities and $2.1 billion in Medium Term Note Programmes to meet the funding requirements of the Group.

Available Bank Lines by Banks as at 30 Sep 2006

The Group maintains an active relationship with a network of over 20 banks of various nationalities. Four core banks provide 57% of the banking requirements to the Group. Two of these banks are headquartered in Singapore and the remaining two are international foreign banks with extensive global networks. The remaining 43% of the banking facilities are extended to the Group by a group of international banks and one Singapore bank. All banking relationships for the Group are maintained by Corporate Treasury in Singapore.

Maturity Profile of Group Debt (exclude Finance Leases)

Maturing within one year	$987	million
Maturing within two to three years	$1,065	million
Maturing within four to five years	$1,566	million
Maturing after five years	$ 201	million
	$3,819	million

Interest Rate Profile

The Group manages its interest costs by maintaining a prudent mix of fixed and floating rate borrowings. On a portfolio basis, 60% of the Group's borrowings are in fixed rates with an average fixed rate tenor of 2 years and 9 months as at 30 September 2006. Another 7% of the Group's borrowings are on floating interest rates with interest rate caps. The remaining 33% of Group borrowings are in floating rates as at 30 September 2006. The higher proportion of fixed rate funding offers protection against potential interest rate hikes. The floating rate loan portfolio allows the Group to maintain a flexible maturity profile to support divestments and expected cash inflows from sales of development properties where debt can be reduced quickly.

In managing the interest rate profile, the Group takes into account the interest rate outlook, cash flow generated from its business operations, holding period of long term investments and any acquisition and divestments plans.

Gearing And Interest Cover

The Group aims to maintain a Net Debt to Total Equity ratio of below 1. As at 30 September 2006, this ratio was 0.65. Total interest paid during the year amounted to $133.2 million, of which $49.6 million was capitalised as part of Properties Under Development. The net interest charged to profit statement for the year was $60.4 million and net interest cover was at 10 times.

Risk Factors

The operations and performance of F&N's businesses are affected by a range of risk factors.

The Group has established an Enterprise-wide Risk Management ("ERM") methodology to identify and manage risks under the Group. The objectives of ERM are as follows:

(a) To maximise opportunities across the F&N Group to achieve the corporate mission and vision and strategies of each business unit;

(b) To identify and prioritise risks that may impact on the F&N Group, to assess the adequacy of controls in place, and to determine management actions to be taken; and

(c) To comply with Principle 12 of the Code of Corporate Governance (the "Code"):

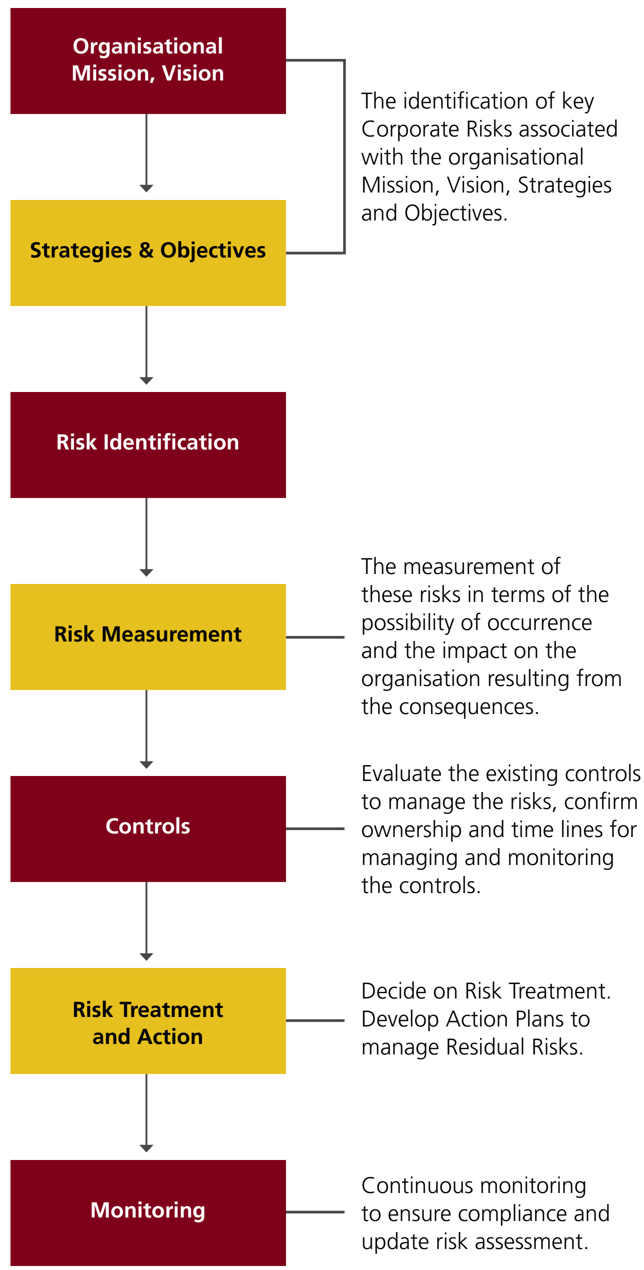
"The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investment and the company's assets."

Note:
The Guidance Note of the Code provides that:
"The Audit Committee should ensure that a review of the effectiveness of the company's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually."

The objective of the ERM is to provide a logical and systematic methodology for identifying, analysing, assessing, treating and monitoring risks. ERM enables the Group to formalise enterprise-wide processes, which in many cases are currently in place, but on an ad hoc basis. Risk registers are created through the use of the corporate risk scorecard records for:

(a) the risks identified;
(b) the possibility of the occurrence;
(c) the impact on the F&N Group; and
(d) the controls and management actions in place to mitigate risks, minimise losses and maximise opportunities.

The ERM process encompasses the following steps:



As many of the risks factors identified are beyond the control of the Group, the Group diversifies the risks by spreading its businesses in different geographical regions and industries. By leveraging on its strengths and core expertise in its three different core businesses, the Group can minimise the impact of any industry specific risks.

An analysis of the key risks faced by the Group:

Economic Risks
Changes in economic conditions in the markets we operate may have a material adverse effect on the demand for our products and services and the performance of the Group.

Political and Regulatory Risks
Political instability will have a material adverse impact on the economic and social conditions of the countries in which we operate. Changes in regulations may have a material adverse impact on the industry in which we operate and limit our flexibility to respond to competition and market conditions. The political and regulatory risks are generally higher in the developing countries that we operate in.

Business Interruption Risks
The Group has implemented a contingency plan to ensure business continuity and to mitigate any adverse impact on the operations of the Group by catastrophic events and interruptions. However, there are risks in plan execution and the Group's operations and financial performance may be adversely affected.

Human Resource Risks
Human Resource is a critical success factor for the Group. Any significant loss in our human capital and/or gaps in staff competencies will have a material adverse impact on the performance of our Group. The Group is constantly working on succession planning, staff training and talent identification and retention to ensure the Group remains competitive.

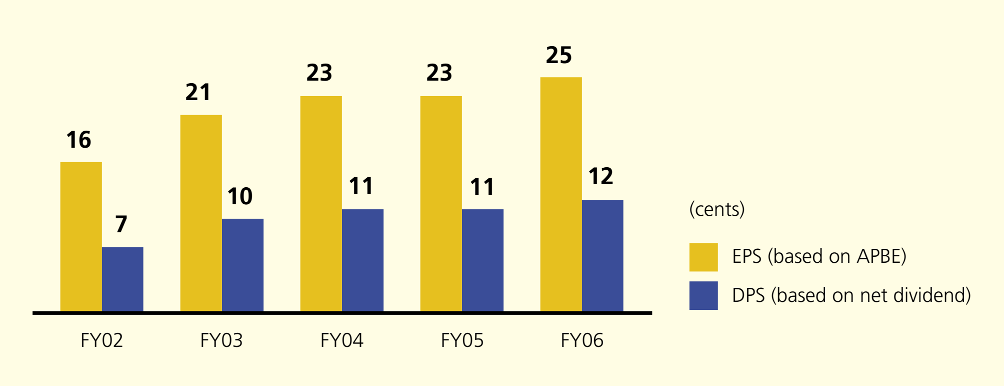
Financial Risks
The Group is exposed to various financial risks such as foreign currency risk, liquidity risk, credit risk and interest rate risk. The Group uses derivative financial instruments and other instruments to hedge against the financial risks. The Group's financial risk management is discussed in detail in Note 37 to the Financial Statements.

Shareholder Returns

The Group is committed to improving shareholder returns. Its underlying earnings per share has risen steadily over the last five years, with growth attributable to strong operational performance.

In addition, the Group maintained a track record of generous shareholder distributions and remains committed to paying close to 50 per cent of underlying profit. For the financial year ended 30 September 2006, the Board has recommended a final net dividend of 8 cents per share. Together with the interim dividend of 4 cents per share, this will give a total distribution of 12 cents per share for the year, which is 9% higher than the 11 cents (on a sub-divided basis) paid last year.

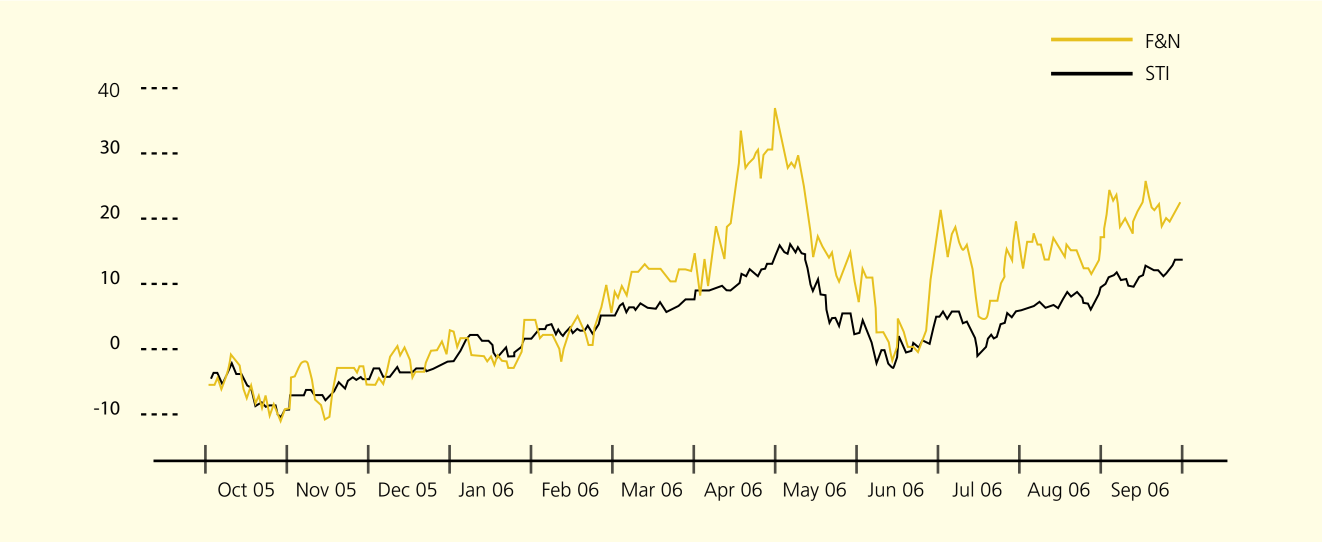
Shareholder Returns: Five-Year Earnings Per Share (EPS) and Dividend Per Share (DPS)



SHARE PRICE PERFORMANCE

F&N's share price has outperformed the Straits Times Index (STI) between October 2005 and September 2006 (+20% vs +11%).

F&N share price vs STI



AWARDS AND ACCOLADES

The Group receives numerous awards and accolades annually, affirming its leadership position, high quality standards, premium value and outstanding innovations.

Food & Beverage

In **Singapore**, the following prestigious awards were received:

- Asia Pacific Breweries was ranked no. 4 in Singapore's 15 Most Valuable Brands 2005 organised by IE Singapore
- Tiger was named Platinum Winner of Reader's Digest Trusted Brand Award (2005)
- Magnolia and Fruit Tree Fresh were bestowed the Gold Award for Singapore's Trusted Brands by Readers' Digest
- Heineken received numerous accolades at the Effies Singapore 2006; the DM Asia Awards 2006; the Promotion Marketing Awards Asia 2006; The Globes Worldwide Promotion Marketing Awards 2006; the Heineken BAR (Bates Asia Regional) Awards; and the Singapore Outdoor Awards 2006
- Magnolia, Daisy and Farmhouse once again reinforced their position as the preferred brands with a Superbrand award

In **Malaysia**, the accolades received were as follows:

- Tiger FC won a Silver award at the 2005 DMA International ECHO Awards while Guinness captured five awards at the DM Asia 2006
- Guinness, Direct Mail clinched a silver at the New York Festivals
- Heineken Greenspace campaign won Silver and Bronze awards in the Malaysian Media Awards 2006
- Malaysia's Soft Drinks Division's relentless drive to implement total quality systems was rewarded with the Shah Alam plant being named the first within The Coca-Cola Company's Southeast and West Asia division to be awarded an "A" rating for TCCQS Evo 3 Quality systems. The plant was also simultaneously awarded the ISO9001: 2000 certification
- The Kuching plant was also on the honours list for total quality systems clinching the second spot amongst Coca-Cola bottlers in the region

In **China**, the breweries did the Group proud by receiving the following awards:

- Hainan Asia Pacific Brewery was ranked amongst the 2005 Hainan Industrial Company Top 50, a company leading in food safety in Haikou in 2005
- Kingway brand received several accolades such as the Chinese Top Brand, Green Food and China Well-Known Trademark in 2005

In **Papua New Guinea**, South Pacific Brewery's brands won Gold, Silver and Bronze medals in Monde Selection and Australia International Beer Awards.

In **Vietnam**, the Group's efforts were recognised as follows:

- For the 5th consecutive year, the Golden Dragon award 2005 was been awarded to Vietnam Brewery Limited (VBL)
- VBL also won the Vietnamese High Quality Products Award 2005
- For the first time, VBL received the Golden Cup for community development 2006

Tiger Beer has again been awarded the CoolBrands status for the 3rd consecutive year in the United Kingdom in 2006.

In the 2006 Readers Digest annual awards:

- Coca-Cola retained its platinum position for the eighth consecutive years as Asia's most trusted brand in the 2006 Readers Digest's 8th Trusted Brands Annual Awards. It was voted top brand in Malaysia, India, Hong Kong, Singapore, Thailand, Taiwan and the Philippines based on its trustworthiness, credible image, quality value, understanding of consumer needs and innovation
- 100PLUS was also honoured clinching the Gold Trusted Award

Publishing & Printing

The excellent quality of Marshall Cavendish Children's books has been well acknowledged with significant accolades from various organisations. These include:

- The American Library Association selected one of its titles for a Pura Belpré Honor Book
- Best Children's Book of the Year from Bank Street College
- Notable Social Studies Trade Book for Young People
- Boston Globe-Hornbook Honor Award
- Gourmand Best Book for Children and Family Award
- A title from this imprint was named by Time magazine as one of the ten best children's books of the year

Properties

In recognition for its top-class services, highly regarded management and staff and premium value, Frasers Hospitality clinched several prestigious industry awards. These include:

- Superbrands Award – Singapore, for outstanding brand leadership
- A certified On-the-Job Training Centre to Frasers Hospitality by the Institute of Technical Education, Singapore for developing a quality workforce
- Best Brand Awards in Luxury Premier Serviced Residences (Seoul)
- Best in Management Team Award (Bangkok)
- Best in Service Award (Bangkok)
- Global Management Prize (Seoul)
- Korea Herald Readers' Best Brand Awards (Seoul)
- American Association of Webmasters Gold Award (International)

Frasers Centrepoint Trust was bestowed first place for the Most Transparent Company under the New Issues category at the Securities Investors Association (Singapore) Investors' Choice Awards held in September 2006.


FRASER

Developing People Value

Developing its people and supporting the community so as to provide outstanding leadership and significant value, F&N is building a strong legacy for now and the future.

DEVELOPING PEOPLE VALUE – IN OUR COMPANY AND COMMUNITY

DEVELOPING OUR PEOPLE

As the Group seeks to expand its global footprint, developing a larger talent pool becomes integral to its sustainable growth strategy. In this regard, Corporate Human Resource (CHR) continuously strives to implement initiatives in human resource management and people development so as to strengthen the competencies and capabilities of our people and develop our next generation of leaders. The Group believes that its future leaders must be developed from within as these "home-grown" leaders better understand and can sustain the corporate culture, mission and values.

To support these initiatives, CHR implemented a series of interesting programmes such as Career Development and Succession Plan, a programme where it establishes talents to fill key positions. Another programme is the F&N Group Management Development Programme, an intensive and interactive six-day residential management development programme, to train and develop F&N's future leaders.

To facilitate the Career Development and Succession Plan, CHR also regularly reviews the training needs of our people, honing their skills and raising their level of performance to maximise their full potential. The Group also provided sponsorship for external courses, including professional certification courses, undergraduate, graduate and executive development programmes at National University of Singapore, Nanyang Technological University, INSEAD and Harvard University.

As a final step to the development process, CHR implemented Total Performance Management System, a holistic performance management system that integrates performance evaluation, potential assessment, training needs analysis, career development and succession planning. This helps to assess and measure the performance of our people.

To promote wellness amongst staff, lunchtime health talks on general health, stress management and eating wisely were conducted by in-house doctors and nutritionists. Various social and recreational activities for employees such as the Dinner and Dance, and inter-company sports challenges such as bowling, badminton, soccer and golf tournaments were organised to encourage greater rapport and team spirit between staff from different business units.

BUILDING OUR COMMUNITY

The Group is committed to be a responsible corporate citizen, to support charitable causes that align with its mission, and to give back to the communities where its staff members live and work.

In Papua New Guinea, the Group supported various charities such as the Salvation Army, Rotary Club and Cancer Society. In New Zealand and Thailand, the employees supported anti-drink driving efforts and encourage responsible drinking. In Vietnam, gifts and food were donated to the elderly, disadvantaged children and orphans.

In Singapore, the Group worked closely with the Singapore Red Cross Society on various community projects, and supported various fundraising activities. Another initiative is the annual Budding Writers project organised by Marshall Cavendish. This event helps to encourage young children to develop their creative writing and artistic skills and to see their own works in print.

Marshall Cavendish also scored another record high of over 2,600 entries in another annual creative writing programme – WORDS + Art Programme. Into its fifth year, the WORDS + Art Programme promotes the appreciation of art and nurtures creative writing skills among youths through a multi-disciplinary approach.

In Malaysia, the company continued to show its commitment to conservation and protection of the environment. The Soft Drinks Division invested RM3 million towards the establishment of an innovative anaerobic wastewater treatment facility at its Kuching plant.

Efforts to stay in touch with the community especially the aged and the underprivileged were extended with a Lunar New Year luncheon for residents of Nature's Care Home in Johor Bahru and a Ramadan breaking of the fast and visit to the Sea of Wonders at Acquaria, KLCC for 71 children from two orphanages in the Klang Valley.

In Malaysia, the 100PLUS Super Cup football programme was launched to extend the company's role in developing and nurturing sports, especially soccer, at grassroots level. 100PLUS will invest RM1.5 million over a two-year period to nurture nationwide inter-schools football for 120,000 youngsters from 2,000 schools.

The Group is committed to be a responsible corporate citizen, to support charitable causes that align with its mission, and to give back to the communities where its staff members live and work.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr Michael Fam *(Chairman)*
Mr Timothy Chia Chee Ming
Dr Han Cheng Fong
Mr Ho Tian Yee
Mr Koh Beng Seng
Mr Stephen Lee
Mr Lee Ek Tieng
Dr Lee Tih Shih
Mr Nicky Tan Ng Kuang
Mr Anthony Cheong Fook Seng
Mr Patrick Goh
(Alternate to Dr Han Cheng Fong)

BOARD EXECUTIVE COMMITTEE
Dr Michael Fam *(Chairman)*
Mr Ho Tian Yee
Mr Stephen Lee
Mr Lee Ek Tieng

AUDIT COMMITTEE
Mr Lee Ek Tieng *(Chairman)*
Mr Stephen Lee
Mr Nicky Tan Ng Kuang

REMUNERATION & STAFF ESTABLISHMENT COMMITTEE
Mr Stephen Lee *(Chairman)*
Mr Ho Tian Yee
Mr Lee Ek Tieng

NOMINATING COMMITTEE
Mr Ho Tian Yee *(Chairman)*
Dr Michael Fam
Mr Stephen Lee
Dr Lee Tih Shih

RISK MANAGEMENT COMMITTEE
Mr Koh Beng Seng *(Chairman)*
Mr Timothy Chia Chee Ming
Mr Nicky Tan Ng Kuang

GROUP MANAGEMENT
Dr Han Cheng Fong
Group Chief Executive Officer
Fraser and Neave Group

Mr Anthony Cheong Fook Seng
Group Company Secretary

Mr Koh Poh Tiong
Chief Executive Officer
Asia Pacific Breweries Group

Mr Lim Ee Seng
Chief Executive Officer
Frasers Centrepoint Group

Mr Ang Ah Lay
Chief Executive Officer
Frasers Property (China) Limited

Dato' Ng Jui Sia
Chief Executive Officer
Times Publishing Group

Mr Tan Ang Meng
Chief Executive Officer
Fraser & Neave Holdings Bhd

Mr Christopher Tang
Chief Executive Officer
Frasers Centrepoint Asset Management Ltd
(Manager of Frasers Centrepoint Trust)

Mr Patrick Goh
Group Financial Controller
Fraser and Neave Group

Dr Kwok Kain Sze
Chief Scientific Officer
– Food & Beverage

Mr Wang Eng Chin
Acting Chief Executive Officer
– Food & Beverage

REGISTERED OFFICE
#21-00 Alexandra Point
438 Alexandra Road
Singapore 119958
Tel: (65) 6318 9393
Fax: (65) 6271 0811

SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Barbinder Share Registration Services
8 Cross Street
#11-00 PWC Building
Singapore 048424
Tel: (65) 6236 3333
Fax: (65) 6236 3405

AUDITOR
Ernst & Young
Partner-in-charge: Mr Kevin Kwok
(since financial year ended 30 Sep 2004)

PRINCIPAL BANKER
Oversea-Chinese Banking Corporation Ltd

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REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

Driving value, with its rich heritage, vision, and entrepreneurial spirit, Fraser and Neave, Limited ("**F&N**" or the "**Company**") is firmly committed to good corporate governance, and adherence to the principles and guidelines set out in the Code of Corporate Governance 2005 ("**Code 2005**"). In areas where F&N deviates from Code 2005, the rationale is provided.

Code 2005
Principle 1:
The Board's Conduct of Affairs

The Board of Directors comprises:

Dr Michael Fam	(Chairman – Non-executive)
Dr Han Cheng Fong	(Group Chief Executive Officer)
Mr Timothy Chia	(Non-executive)
Mr Ho Tian Yee	(Non-executive)
Mr Koh Beng Seng	(Non-executive)
Mr Stephen Lee	(Non-executive)
Mr Lee Ek Tieng	(Non-executive)
Dr Lee Tih Shih	(Non-executive)
Mr Nicky Tan Ng Kuang	(Non-executive)
Mr Anthony Cheong Fook Seng	(Executive)
Mr Patrick Goh* (alternate to Dr Han Cheng Fong)	

* Mr Patrick Goh retired on 28 July 2006 and is a consultant with the Company on a 3-year contract.

At the Company's 107th Annual General Meeting on 26 January 2006:

- Dr Fam retired as Chief Executive Officer, after 27 years of sterling service with the F&N Group, out of which 23 years were as Executive Chairman. Dr Fam has accepted the Board's invitation to continue as non-executive Chairman until a new Group Chairman is appointed, and to serve as consultant for a period of 2 years. This will ensure an orderly "changing of the guard" at Board and Management levels, and assist in succession planning;

- Dr Han was appointed Group Chief Executive Officer on 1 February 2006; and

- Mr Timothy Chia and Mr Koh Beng Seng were appointed to the Board as independent non-executive directors, increasing the Board strength from 8 to 10 members.

As the F&N Group enters a new phase with its expanded Board, and under the continued guidance of the Chairman, and the able leadership of Dr Han as the Group Chief Executive Officer, it is well poised to build on the solid foundations laid. The Board works hand-in-hand with Management to ensure the success of the Company.

Code 2005 Guideline 1.3: Delegation of authority on certain Board matters

The Board Executive Committee ("**Board EXCO**"), as a specialised Committee of the Board, is empowered, except for certain reserved matters, to exercise the full powers and authority of the Board, when the Board does not meet. Board EXCO, with the Board's endorsement, formulates for the F&N Group, strategic development initiatives, provides direction for new investments and material financial and non-financial matters to secure the achievement of its desired performance objectives and enhancement of long-term shareholder value. It also oversees the F&N Group's conduct and corporate governance structure. Board EXCO comprises the following members:

Dr Michael Fam	(Chairman)
Mr Ho Tian Yee	(Member)
Mr Stephen Lee	(Member)
Mr Lee Ek Tieng*	(Member)

* Mr Lee Ek Tieng was appointed a Board EXCO Member on 26 January 2006.

Code 2005 Guideline 1.4: Meetings of the Board and of Specialised Committees

Regular meetings of the Board and of specialised committees established by the Board, are convened, and the number of meetings and attendance by Board members are set out in the table on page 67. F&N's Articles of Association provide for telephone, video conference or any other form of electronic or instantaneous communication meetings.

Code 2005 Guideline 1.5: Chart of Authority

The levels of authorisation required for specified transactions, including those that require Board approval, are contained in a Chart of Authority.

The F&N Group has in place a programme for orientation of new Directors, and to update all Directors on the F&N Group's facilities and operations, and major new projects. Occasional visits are arranged for non-executive Directors to acquaint them with important operations overseas.

Courses have been tailored for senior management and newly appointed Directors on directors' duties and compliance with the relevant bodies of law in the performance of their duties. Sessions for Directors and senior management, on new statutory developments, including the Competition Act, and the Workplace Safety & Health Act, were conducted as part of the compliance programme for the F&N Group. With a few exceptions, all Directors are members of the Singapore Institute of Directors ("**SID**"), and eligible to receive updates and training from SID. The Company has amended its Articles of Association in line with the amendments made to the Companies (Amendment) Act 2005.

A formal letter is provided to each Director, upon his appointment, setting out the Director's duties and obligations. Directors and senior management are encouraged to attend SID courses and receive journal updates to keep abreast and updated of changes to the financial, legal, management and industry landscape.

Code 2005 Principle 2: Board Composition and Guidance

With more than one-third, indeed, a majority, of the Board comprising independent non-executive Directors, the Board is able to exercise objective judgment on corporate affairs independently, and no individual or small group of individuals dominate the Board's decision making.

REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

Code 2005 Guideline 2.2: Nature of a Director's Relationship

The Board, on the recommendation of the Nominating Committee, has confirmed the non-independent status of Dr Lee Tih Shih in view of his position as a non-executive director on the Board of Oversea-Chinese Banking Corporation Limited ("**OCBC**"), and his relationship with one non-executive director on the Board of OCBC who is also a member of the OCBC Executive Committee. OCBC is a substantial shareholder of F&N, with which the F&N Group has a business relationship, under normal commercial terms.

The Board, with its expanded size, and the stature, core competencies and experience of its Directors in various fields, is well positioned, effective and equipped to continue to chart the direction forward for the F&N Group, expanding its core businesses into new markets and boundaries. Non-executive Directors actively participate in setting the strategy and goals for the Company and the F&N Group. The Board meets regularly with Management, and reviews and monitors the performance of Management in meeting agreed goals and objectives set.

Code 2005 Principle 3: Chairman and Chief Executive Officer

There is clear division of responsibilities between the Chairman and the Group Chief Executive Officer, which ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The division of responsibilities between the Chairman and the Group Chief Executive Officer has been clearly established, and agreed by the Board. The Chairman continues to lead the Board to ensure its effectiveness on all aspects of its role, ensures that Directors receive accurate, timely and clear information, ensures effective communication with shareholders, encourages constructive relations between the Board and Management, as well as among Board members, and promotes high standards of corporate governance.

Code 2005 Guideline 3.1: Relationship between the Chairman and Group Chief Executive Officer

The Chairman and the Group Chief Executive Officer are not related to each other.

*Code 2005
Principle 4:
Board Membership*

The Nominating Committee makes recommendations to the Board on all board appointments. Two out of the four members of the Nominating Committee, including the Chairman, are independent:

Mr Ho Tian Yee	(Chairman)
Dr Michael Fam	(Member)
Mr Stephen Lee	(Member)
Dr Lee Tih Shih	(Member)

Although not in strict compliance with Guideline 4.1 of the Code 2005 which provides that the majority of the members should be independent, members of the Committee comprise persons of stature, integrity and accountability, who would be able to exercise independent judgement in the performance of their duties.

*Code 2005
Guideline 4.1:
Nominating Committee Member's association with Substantial Shareholder (with interest of 5% or more in the voting shares of F&N)*

The Nominating Committee Chairman, Mr Ho Tian Yee, is an independent non-executive director of both Oversea Assurance Company Ltd, as well as the holding company, Great Eastern Holdings Limited, which in turn is a subsidiary of OCBC. OCBC is a substantial shareholder of F&N, with which the F&N Group has a business relationship, under normal commercial terms. Mr Ho is not *directly associated with OCBC.

Note: * A director will be considered "directly associated" to a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

The Nominating Committee is also responsible for re-nomination and re-election of directors who retire at least once every three years. In recommending to the Board any re-nomination and re-election of existing Directors, the Nominating Committee takes into account the Directors' contribution and performance at Board meetings. All Directors submit themselves for re-nomination and re-election every three years.

The Nominating Committee, having considered the guidelines set out in the Code, has confirmed the status of the following non-executive Directors:

Mr Timothy Chia	Independent
Mr Ho Tian Yee	Independent
Mr Koh Beng Seng	Independent
Mr Stephen Lee	Independent
Mr Lee Ek Tieng	Independent
Dr Lee Tih Shih	Non-independent
Mr Nicky Tan Ng Kuang	Independent

Notwithstanding that some of the Directors have multiple board representations, the Nominating Committee is satisfied that each Director is able to and has been adequately carrying out his duties as a director of the Company.

Code 2005 Guideline 4.5: Description of Search & Nomination Process for New Directors

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates.

Code 2005 Guideline 4.6: Key Information regarding Directors

Key information regarding Directors is set out on pages 68 and 69.

Code 2005 Principle 5: Board Performance

Code 2005 Guideline 5.1: Process for Assessing Effectiveness of the Board & each Director

The Nominating Committee uses objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director. Such criteria includes Directors' attendance and contributions during Board meetings, as well as consideration of the factors set out in the Guidelines to *Principle 5 of the Code 2005*.

Code 2005 Principle 6: Access to Information

Adequate and timely information prior to Board meetings, and on an on-going basis, are provided to Board members, who have access to the Company's senior management, including the Group Company Secretary. Under the direction of the Chairman, the Group Company Secretary, who attends all Board meetings, ensures good information flows within the Board and its committees, and between senior management and non-executive Directors, as well as facilitating orientation, and assisting with professional development as required.

Directors may, in the furtherance of their duties, take independent professional advice at the Company's expense.

Code 2005 Principle 7: Remuneration Matters

The Remuneration Committee was renamed The Remuneration & Staff Establishment Committee on 7 April 2006 and its terms of reference expanded to include succession planning. The composition of the Committee comprises entirely non-executive Directors, all of whom, including the Chairman, are independent:

Mr Stephen Lee	(Chairman)
Mr Ho Tian Yee	(Member)
Mr Lee Ek Tieng	(Member)

The Remuneration & Staff Establishment Committee recommends for the endorsement of the Board, a framework of remuneration and the specific remuneration packages for each Executive Director, and reviews the remuneration of, and succession planning for, senior management. It also administers the F&N Executives Share Option Scheme (the "**F&N ESOS**").

Code 2005 Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the Remuneration & Staff Establishment Committee considers the level of remuneration to attract, retain and motivate Executive Directors, and to align their interests with those of shareholders, linking rewards to corporate and individual performance.

The remuneration of non-executive Directors is set at a competitive level, appropriate to their level of contribution, taking into account attendance and time spent, and their respective responsibilities.

Service contracts, if any, for Executive Directors, is for a fixed appointment period, is not excessively long, and all contracts do not contain onerous removal clauses. The Remuneration & Staff Establishment Committee aims to be fair, linking rewards with performance.

Long term incentive schemes are encouraged. Executive Directors are eligible for the grant of options under the F&N ESOS and are encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability.

F&N's remuneration policy is based on an annual appraisal system using the criteria of core values, competencies, key result areas, performance rating, potential, and training needs.

Code 2005 Principle 9: Disclosure on Remuneration

The remuneration of Directors and the top 5 key executives (who are not also Directors), is set out below. Disclosure is provided to enable investors to understand the link between remuneration paid to Directors, and key executives, and performance.

Code 2005 Guidelines 9.1 & 9.2: Remuneration of Directors and Top 5 Key Executives

			Fee %	Salary (4) %	Bonus %	Allowances & Benefits %	Total %
a)	Directors of the Company						
	i)	Between $2,750,001 to $3,000,000					
		Dr Michael Fam (1)	19	62	5	14	100
	ii)	Between $2,000,001 to $2,250,000					
		Dr Han Cheng Fong (2)	–	59	33	8	100
	iii)	Between $750,001 to $1,000,000					
		Mr Patrick Goh (5)	–	46	21	33	100
		Mr Anthony Cheong Fook Seng	–	55	37	8	100
	iv)	Below $250,000					
		Mr Stephen Lee	100	–	–	–	100
		Mr Ho Tian Yee	100	–	–	–	100
		Mr Lee Ek Tieng	100	–	–	–	100
		Dr Lee Tih Shih	100	–	–	–	100
		Mr Nicky Tan Ng Kuang	100	–	–	–	100
		Mr Koh Beng Seng	100	–	–	–	100
		Mr Timothy Chia	100	–	–	–	100
b)	Key Executives of the Group						
	i)	Between $1,750,001 to $2,000,000					
		Mr Koh Poh Tiong	–	62	37	1	100
	ii)	Between $1,000,001 to $1,250,000					
		Mr Lim Ee Seng	–	52	47	1	100
	iii)	Between $500,001 to $750,000					
		Dato' Ng Jui Sia (3)	–	67	24	9	100
		Mr Huang Hong Peng (6)	–	58	29	13	100
		Mr Tan Ang Meng	–	66	31	3	100

(1) In addition, Dr Michael Fam received an ex-gratia payment of $1,000,000 when he retired as the Executive Chairman of the Group at the close of the Annual General Meeting of the Company held on 26 January 2006.
(2) Dr Han Cheng Fong was appointed Group Deputy Chief Executive Officer and Managing Director up to 31 January 2006 and Group Chief Executive Officer from 1 February 2006.
(3) The remuneration paid to Dato' Ng Jui Sia, who was appointed Chief Executive Officer of Times Publishing Limited from 15 July 2006, includes his remuneration during the year as Managing Director, F&N Coca-Cola (Malaysia) Sdn Bhd.
(4) Includes fees paid to Dr Michael Fam and Mr Patrick Goh as consultants after their retirement.
(5) Mr Patrick Goh retired on 28 July 2006 and is a consultant with the Company on a 3-year contract.
(6) Mr Huang Hong Peng resigned from the Company on 30 September 2006, to take up a position with Asia Pacific Breweries Limited.

Code 2005 Guideline 9.4: Details of Employee Share Option Scheme

Information on the F&N ESOS is set out in the Directors' Report on page 75. Information on key executives is set out on pages 70 and 71.

REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

Code 2005 Principle 10: Accountability and Audit

The Board is responsible for providing a balanced and understandable assessment of F&N's performance, position and prospects. Management provides to members of the Board monthly management accounts which present a balanced and understandable assessment of F&N's performance, position and prospects.

Code 2005 Principle 11: Audit Committee

The Audit Committee comprises the following non-executive Directors, all of whom including the Chairman, are independent:

Code 2005 Guideline 11.8: Disclosure of Names of Members of Audit Committee & their Activities

Mr Lee Ek Tieng	(Chairman)
Mr Stephen Lee	(Member)
Mr Nicky Tan Ng Kuang	(Member)

The Board ensures that members of the Audit Committee are appropriately qualified to discharge their responsibilities, possessing the requisite accounting and related financial management expertise and experience.

The Audit Committee is empowered to investigate any matter within its terms of reference, and has full access to, and the co-operation of Management. It has reasonable resources to enable it to discharge its functions properly.

The authority and duties of the Audit Committee are set out in its terms of reference.

In performing its functions, the Audit Committee met with the internal and external auditors who have unrestricted access to the Audit Committee, and reviewed the overall scope of both internal and external audits, and the assistance given by Management to the auditors.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and recommends to the Board of Directors, the nomination of the external auditors for re-appointment.

The Audit Committee has recommended for endorsement by the Company, a Whistle-Blowing Policy, for the F&N Group. The Policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

Code 2005 Principle 12: Internal Controls

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' investments and the assets of the Company. The Audit Committee reviews the adequacy of such controls, including financial, operational and compliance controls, and risk management policies and systems established by Management.

Code 2005 Guideline 12.2: Internal Controls, including financial operational and compliance controls, and risk management

Enterprise-wide risk management ("**ERM**") continues to cascade to all levels of the F&N Group, in Singapore and overseas. Key risks, control measures and management actions are continually identified, updated and monitored by Management. An annual validation session is conducted, attended by the reporting risk units within the F&N Group, with oversight from the Group Chief Executive Officer. The internal auditors review the adequacy of ERM, as part of their routine audit.

The Risk Management Committee was constituted on 7 April 2006 comprising the following Board members:

Mr Koh Beng Seng	(Chairman)
Mr Timothy Chia	(Member)
Mr Nicky Tan Ng Kuang	(Member)

Focus is being given by the Risk Management Committee to key strategic risks, and to the management of such risks including business continuity plans and use of insurance as a tool for the transfer of a certain portion of the risks.

The Audit Committee, with the assistance of the internal and external auditors, have reviewed, and the Board is satisfied with, the adequacy of F&N's internal controls, including financial, operational and compliance controls, and risk management systems.

Code 2005 Principle 13: Internal Audit

The Internal Audit Department of the F&N Group is independent of the activities it audits. The Head of Internal Audit's primary line of reporting is to the Chairman of the Audit Committee, with an administrative line of reporting to the Director & Group Company Secretary.

The Internal Audit function is adequately resourced, and has appropriate standing within the F&N Group. The Head of Internal Audit is a certified public accountant.

The Audit Committee has reviewed and is satisfied with the adequacy of the Internal Audit function.

Code 2005 Principle 14: Communication with Shareholders

F&N engages in regular, effective and fair communication with its shareholders. Regular dialogues are held with investors, analysts, fund managers and the press. Material information is simultaneously disseminated to SGX, the press and posted on the Company's website at www.fraserandneave.com.

Code 2005 Principle 15: Communication with Shareholders

At the annual general meeting of the Company, shareholders are given opportunity to communicate their views on matters relating to F&N. The Chairpersons of the Audit, Nominating and Remuneration & Staff Establishment Committees are present and available to address questions at general meetings. The external auditors are also present to address shareholders' queries, if any, on the conduct of audit and the preparation and content of the auditors' report.

Code of Business Conduct

F&N's Code of Business Conduct also sets the standards and ethical conduct expected of employees of the F&N Group. Directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with the law and the regulations, and company policies.

Listing Rule 1207 sub-Rule (18) on Dealings in Securities

In line with Listing Rule 1207 (18) on Dealings in Securities, the F&N Group issues a quarterly circular to its Directors, officers and employees prohibiting dealings in listed securities of the F&N Group from one month or two weeks, as the case may be, before the announcement of F&N's quarterly, half-year and full-year financial results, and at any time they are in possession of unpublished material price sensitive information.

ATTENDANCE AT BOARD & SPECIALISED BOARD MEETINGS

	BOARD		EXCO		AUDIT		REMUNERATION & STAFF ESTABLISHMENT		NOMINATING		RISK MANAGEMENT	
DIRECTORS	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Michael Fam	7	7	12	12	NA	NA	NA	NA	1	1	NA	NA
Timothy Chia #	6	6	NA	NA	NA	NA	NA	NA	NA	NA	1	1
Han Cheng Fong	7	7	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ho Tian Yee	7	6	12	11	NA	NA	1	1	1	1	NA	NA
Koh Beng Seng #	6	6	NA	NA	NA	NA	NA	NA	NA	NA	1	1
Stephen Lee	7	7	12	12	5	4	1	1	1	1	NA	NA
Lee Ek Tieng **	7	7	9	9	5	5	1	1	NA	NA	NA	NA
Lee Tih Shih	7	5	NA	NA	NA	NA	NA	NA	1	1	NA	NA
Nicky Tan Ng Kuang	7	7	NA	NA	5	5	NA	NA	NA	NA	1	1
Anthony Cheong Fook Seng	7	7	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Patrick Goh *	–	–	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Note: The Risk Management Committee was constituted on 7 April 2006.
Mr Timothy Chia and Mr Koh Beng Seng were appointed to the Board on 26 January 2006.
* Mr Patrick Goh is an alternate director to Dr Han Cheng Fong.
** Mr Lee Ek Tieng was appointed an EXCO Member on 26 January 2006.

NA Not applicable

REPORT ON CORPORATE GOVERNANCE

Particulars of Directors as at 30 September 2006

Name of Director	Age	Academic & Professional Qualifications	Board Committees as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment whether Executive or Non-Executive	Due for re-election at next AGM
Dr Michael Fam	79	BBM, PJG, DUBC, DUNU (1st Class), Hon LLD, Hon D Eng, Hon D Litt, Bachelor of Engineering with 1st Class Honours in Civil Engineering, Hon Fellow of The Institution of Engineers, Australia	Chairman: Board Executive Committee Member: Nominating Committee	16.08.1978 26.01.2006	Non-Executive	Retirement pursuant to S153(6)
Mr Timothy Chia	55	cum laude in Management, Fairleigh Dickinson University, USA	Member: Risk Management Committee	26.01.2006	Independent Non-Executive	
Dr Han Cheng Fong	64	Bachelor of Science (Hons)(1st Class) in Physics, University of Singapore Master of Science, Doctor of Philosophy, University of Birmingham, UK	NIL	01.04.2002 26.01.2006	Executive – Group Chief Executive Officer	
Mr Ho Tian Yee	54	Bachelor of Arts (Hons) Economics (CNAA), Portsmouth University, UK Executive Program, Carnegie-Mellon University, USA	Chairman: Nominating Committee Member: Board Executive Committee Member: Remuneration & Staff Establishment Committee	01.12.1997 29.01.2004	Independent Non-Executive	Retirement by rotation
Mr Koh Beng Seng	54	Bachelor of Commerce (1st Class Hons), Nanyang University, Singapore MBA, Columbia University, New York	Chairman: Risk Management Committee	26.01.2006	Independent Non-Executive	
Mr Stephen Lee	59	DSO, MBA, Northwestern University, Evanston, USA	Chairman: Remuneration & Staff Establishment Committee Member: Board Executive Committee Member: Audit Committee Member: Nominating Committee	01.07.1997 27.01.2005	Independent Non-Executive	Retirement by rotation

REPORT ON CORPORATE GOVERNANCE

Particulars of Directors as at 30 September 2006

Name of Director	Age	Academic & Professional Qualifications	Board Committees as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment whether Executive or Non-Executive	Due for re-election at next AGM
Mr Lee Ek Tieng	73	DSO, PJG, Bachelor of Engineering Diploma in Public Health Engineering Fellow, Institution of Civil Engineers, UK Fellow, Chartered Institution of Water & Environmental Management, UK Hon Fellow, Institution of Engineers, Singapore Member, Institution of Engineers, Malaysia	Chairman: Audit Committee Member: Remuneration & Staff Establishment Committee Member: Board Executive Committee	08.01.2001 26.01.2006	Independent Non-Executive	Retirement pursuant to S153(6)
Dr Lee Tih Shih	43	Doctor of Medicine,Yale University Master of Business Administration with Distinction (London)	Member: Nominating Committee	01.12.1997 26.01.2006	Non-Independent Non-Executive	
Mr Nicky Tan Ng Kuang	48	Member, The Institute of Chartered Accountants in England and Wales Certified Public Accountant, Institute of Certified Public Accountants in Singapore	Member: Audit Committee Member: Risk Management Committee	21.10.2003 29.01.2004	Independent Non-Executive	Retirement by rotation
Mr Anthony Cheong Fook Seng	52	Member of the Institute of Chartered Accountants in England & Wales and the Institute of Certified Public Accountants in Singapore	NIL	01.02.2005 26.01.2006	Executive – Group Company Secretary	
Mr Patrick Goh	62	Fellow of The Association of Chartered Certified Accountants of UK, Associate of The Chartered Institute of Management Accountants of UK, and Member of the Institute of Certified Public Accountants in Singapore	NIL	15.11.2002	Alternate Director to Dr Han Cheng Fong	

Note: (1) Directors' shareholdings in the Company and its related Companies: please refer to pages 73 and 74.
(2) Directorships or Chairmanships in other listed companies and other major appointments, both present and over the preceding 3 years: please refer to pages 14 and 15.

REPORT ON CORPORATE GOVERNANCE

Particulars of Key Management Staff

Name	Age	Academic & Professional Qualifications	Working Experience	Area of Responsibility
Koh Poh Tiong	60	Bachelor of Science, University of Singapore	1985 – 1991 General Manager Asia Pacific Breweries Limited 1991 – 1993 Deputy Group General Manager Asia Pacific Breweries Limited	Director and Chief Executive Officer Asia Pacific Breweries Limited (Date appointed: 01.10.1993)
Lim Ee Seng	55	Bachelor of Engineering (Civil), University of Singapore Master of Science (Project Management), University of Singapore	1982 – 1989 Project Manager Singapore Land Ltd 1989 – 1996 General Manager (Property Divison) First Capital Corporation Ltd 1996 – 2004 Managing Director MCL Land Ltd	Director and Chief Executive Officer Frasers Centrepoint Limited (Date appointed: 15.10.2004)
Dato' Ng Jui Sia	54	Bachelor of Business Administration, University of Singapore Associate, Institute of Chartered Accountants in England and Wales	1978 Investment Officer Board of Commissioner of Currency of Singapore 1978 – 1980 Audit Assistant Michael Fenton and Co. 1982 – 1985 Audit Senior Price Waterhouse Singapore 1985 – 1989 Regional Financial Controller MK Electric SEA Pte Ltd 1989 – 1995 Regional Finance Manager Carnaud Metalbox Asia Pacific Sep 1995 – June 1999 General Manager Fraser and Neave, Limited/ F&N Coca-Cola (Singapore) Pte Ltd June 1999 – July 2006 Managing Director F&N Coca-Cola (Malaysia) Sdn Bhd	Director Times Publishing Limited (Date appointed: 31.08.2006) Chief Executive Officer Times Publishing Limited (Date appointed: 15.07.2006)

REPORT ON CORPORATE GOVERNANCE

Particulars of Key Management Staff

Name	Age	Academic & Professional Qualifications	Working Experience	Area of Responsibility
Tan Ang Meng	51	Certified Public Accountant Member, Malaysian Institute of Certified Public Accountants	1983 – 1991 Financial Controller Guinness Malaysian Berhad 1991 – 2001 Regional Director Asia Pacific Breweries Limited	Director and Chief Executive Officer Fraser & Neave Holdings Bhd (Date appointed: 24.05.2001)
Wang Eng Chin*	47	Bachelor of Business Administration and Master of Business Administration, University of Mississippi, USA	1987 – 1988 Corporate Development Executive Cold Storage (S) Pte Ltd 1988 – 1991 Manager, Plain Heaven Cold Storage (S) Pte Ltd Oct 1991 – Sep 1997 General Sales Manager F&N Foods Pte Ltd Oct 1997 – Sep 2003 Deputy General Manager F&N Foods Pte Ltd/ F&N Dairies (M) Sdn Bhd Oct 2003 – Sep 2006 General Manager F&N Foods Pte Ltd/ F&N Vietnam Foods Company Limited	Acting Chief Executive Officer, Food & Beverage Fraser and Neave Group (Date appointed: 01.10.2006)

* Mr Wang Eng Chin replaces Mr Huang Hong Peng who resigned from the Company on 30 September 2006, to take up a position with Asia Pacific Breweries Limited.

DIRECTORS' REPORT

Your directors have pleasure in submitting their report and the audited financial statements of the Company and of the Group for the financial year ended 30 September 2006.

1. DIRECTORATE

The directors of the Company in office at the date of this report are:

Dr Michael Fam
Mr Timothy Chia
Dr Han Cheng Fong
Mr Ho Tian Yee
Mr Koh Beng Seng
Mr Stephen Lee
Mr Lee Ek Tieng
Dr Lee Tih Shih
Mr Nicky Tan Ng Kuang
Mr Anthony Cheong Fook Seng
Mr Patrick Goh (Alternate to Dr Han Cheng Fong)

At the forthcoming Annual General Meeting the following directors retire and, being eligible, offer themselves for re-election:

– Pursuant to Section 153 of the Companies Act, Cap. 50:
  - Dr Michael Fam
  - Mr Lee Ek Tieng

– By rotation pursuant to Article 117 of the Company's Articles of Association:
  - Mr Stephen Lee
  - Mr Ho Tian Yee
  - Mr Nicky Tan Ng Kuang

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during the financial year did there subsist any arrangements to which the Company or the Group is a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted under the Fraser and Neave, Limited Executives' Share Option Scheme and Frasers Property (China) Limited ("FPCL") Share Option Scheme referred to under paragraphs 5(a) and 5(d) respectively. The options granted under the FPCL Share Option Scheme were offered prior to FPCL becoming a subsidiary of the Company. No executive shall, at any one time, be entitled to participate in more than one share option scheme implemented by the Company or any of its subsidiaries.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors who held office at the end of the financial year and their beneficial or deemed interests in the issued capital of the Company and its related corporations as recorded in the register required to be kept under Section 164 of the Companies Act, Cap. 50 were as follows:

	ORDINARY SHARES OF THE COMPANY		OTHER SECURITIES IN GROUP COMPANIES		
	As at 1 Oct 2005	As at 30 Sep 2006	As at 1 Oct 2005	As at 30 Sep 2006	NAME OF COMPANY
Michael Fam	1,165,005 (1)	5,425,025 (2) (3)	774,000	4,660,000 (3)	Fraser and Neave, Limited Share Options
			50,000 (4)	Nil (2)	Asia Pacific Breweries Limited Ordinary Shares
			2,315,794	3,500,000 (6)	Frasers Property (China) Limited Ordinary Shares
			Nil	1,000,000 (5)	Frasers Centrepoint Trust Units
Timothy Chia	Nil (8)	Nil	Nil (8)	Nil	
Han Cheng Fong	Nil	Nil	526,320	3,502,350 (3)	Fraser and Neave, Limited Share Options
			3,000,000	3,238,318 (6)	Frasers Property (China) Limited Share Options
(Alternate: Patrick Goh)	112,288 (1)	256,040 (3) (7)	216,720	1,363,400 (3)	Fraser and Neave, Limited Share Options
			60,000 (4)	Nil	Asia Pacific Breweries Limited Ordinary Shares
			1,000,000	1,079,439 (6)	Frasers Property (China) Limited Share Options
			Nil	300,000 (5)	Frasers Centrepoint Trust Units
Ho Tian Yee	Nil	Nil	Nil	Nil	
Koh Beng Seng	Nil (8)	Nil	Nil (8)	Nil	
Lee Ek Tieng	67,500	87,500 (3)	34,000	34,000	Asia Pacific Breweries Limited Ordinary Shares
Stephen Lee	Nil	Nil	Nil	Nil	

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (cont'd)

	ORDINARY SHARES OF THE COMPANY		OTHER SECURITIES IN GROUP COMPANIES		
	As at 1 Oct 2005	As at 30 Sep 2006	As at 1 Oct 2005	As at 30 Sep 2006	NAME OF COMPANY
Lee Tih Shih	Nil	Nil	Nil	100,000 (5)	Frasers Centrepoint Trust Units
Nicky Tan Ng Kuang	Nil	Nil	Nil	Nil	
Anthony Cheong Fook Seng	4,050	20,250 (3)	204,800	1,662,550 (3)	Fraser and Neave, Limited Share Options
			Nil	50,000 (5)	Frasers Centrepoint Trust Units

(1) Includes deemed interest in 80,000 ordinary shares held by Fraser & Neave (Singapore) Ltd Staff Provident Fund ("Fund") by reason of Dr Michael Fam and Mr Patrick Goh being Trustees of the Fund.
(2) Dr Michael Fam ceased to be a Trustee of the Fund w.e.f. 23 March 2006.
(3) Adjustment due to sub-division of shares on 4 July 2006.
(4) Includes deemed interest in 50,000 ordinary shares held by the Fund.
(5) Frasers Centrepoint Trust (managed by Frasers Centrepoint Asset Management Ltd), was listed on the Singapore Exchange Securities Trading Limited on 5 July 2006.
(6) Adjustment due to Rights Issue on 12 September 2006.
(7) Includes deemed interest in 35,000 ordinary shares held by the Fund.
(8) As at date of appointment, i.e. 26 January 2006.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit required to be disclosed by Section 201(8) of the Companies Act, Cap. 50 by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he had a substantial financial interest except in respect of remuneration as shown in the financial statements and in respect of participation by Dr Michael Fam, Dr Han Cheng Fong, Mr Anthony Cheong Fook Seng and Mr Patrick Goh in the Executives' Share Option Scheme of the Company.

5. SHARE OPTIONS

(a) Share Options pursuant to the Fraser and Neave, Limited Executives' Share Option Scheme Approved by Shareholders on 7 August 1989 ("the 1989 Scheme")

The 1989 Scheme expired on 30 September 1999 but Options already granted under that Scheme remain exercisable until the end of the relevant Option period.

Share Options pursuant to the Fraser and Neave, Limited Executives' Share Option Scheme Approved by Shareholders on 30 September 1999 ("the 1999 Scheme")

The 1999 Scheme succeeded the 1989 Scheme.

The Schemes are administered by the Remuneration & Staff Establishment Committee which comprises the following three non-executive directors who do not participate in the Schemes:

Mr Stephen Lee (Chairman)
Mr Ho Tian Yee
Mr Lee Ek Tieng

No options have been granted to controlling shareholders or their associates, or parent group employees and no employee has received 5% or more of the total options available under the schemes.

The following are details of options granted to and exercised by executive directors:

Name of Participants	Number of Ordinary Shares granted under Options during the financial year under review	Aggregate Number of Ordinary Shares granted under Options since commencement of Schemes to end of the financial year under review	Aggregate Number of Ordinary Shares granted under Options exercised since commencement of Schemes to end of the financial year under review	Options Lapsed	Adjustment due to Sub-division of Shares	Aggregate Number of Ordinary Shares granted under Options outstanding as at end of the financial year under review
Michael Fam	258,000	3,490,881	1,595,835	963,046	3,728,000	4,660,000
Han Cheng Fong	174,150	700,470	–	–	2,801,880	3,502,350
Anthony Cheong Fook Seng	127,710	332,510	–	–	1,330,040	1,662,550
Patrick Goh	92,880	771,503	321,965	176,858	1,090,720	1,363,400

Year 7 Options of the 1999 Scheme

During the financial year ended 30 September 2006, in consideration of the payment of $1 for each offer accepted, offers of options were granted pursuant to the Scheme in respect of 2,394,857 unissued shares of the Company at an exercise price of $17.32 (adjusted to $3.46) per share.

5. SHARE OPTIONS (cont'd)

Information pertaining to outstanding Options

At the end of the financial year, there were 30,863,510 unissued ordinary shares of the Company under options granted pursuant to the Schemes. Details of the options to subscribe for ordinary shares in the capital of the Company granted to executives pursuant to the Schemes are as follows:

Options	Offer Date	Balance as at 1.10.2005 or Offer Date if later	Options Lapsed #	Options Exercised	Adjustment due to Sub-division of Shares	Balance as at 30.9.2006	Previous Exercise Price	Adjusted Exercise Price *	Exercise Period
1989 Scheme									
1999	23.12.1998	16,873	–	(9,288)	30,340	37,925	$3.86	$0.77	23.09.2001 – 22.11.2008
1999 Scheme									
Year 1	23.11.1999	–	–	–	–	–	–	–	23.08.2002 – 22.10.2009
Year 2	21.11.2000	27,818	–	(12,347)	61,884	77,355	$6.43	$1.29	22.08.2003 – 21.10.2010
Year 3	08.10.2001	128,514	–	(80,606)	191,632	239,540	$6.98	$1.40	09.07.2004 – 08.09.2011
Year 3A	28.01.2002	11,845	–	(6,966)	19,516	24,395	$7.81	$1.56	29.10.2004 – 08.09.2011
Year 3B	02.07.2002	130,651	–	–	522,604	653,255	$7.79	$1.56	03.04.2005 – 02.06.2012
Year 4	01.10.2002	1,088,866	–	(540,821)	2,192,180	2,740,225	$7.54	$1.51	01.07.2005 – 31.08.2012
Year 5	08.10.2003	1,985,728	(50,736)	(579,254)	5,422,952	6,778,690	$10.58	$2.12	08.07.2006 – 07.09.2013
Year 6	08.10.2004	2,057,153	(188,422)	–	7,474,924	9,343,655	$14.08	$2.82	08.07.2007 – 07.09.2014
Year 7	10.10.2005	2,394,857	(201,163)	–	8,774,776	10,968,470	$17.32	$3.46	10.07.2008 – 09.09.2015
		7,842,305	(440,321)	(1,229,282)	24,690,808	30,863,510			

lapsed due to resignations (404,330) and non-acceptance (35,991)

* adjustment due to sub-division of shares on 4 July 2006

Subsequent to the financial year ended 30 September 2006, a total of 11,241,470 share options of Year 8 of the 1999 Scheme were offered on 10 October 2006 at an exercise price of $4.22 per share.

Statutory and other information regarding the Options

(i) The Exercise Price is equal to the market value of a share based on the average of the last done price on the Singapore Exchange Securities Trading Limited for the five market days preceding the option offer date.

(ii) The grantee may exercise an option during the Exercise Period (which commences 33 months after the Offer Date) by notice in writing accompanied by a remittance for the number of options at the full amount of the Exercise Price.

5. SHARE OPTIONS (cont'd)

Statutory and other information regarding the Options (cont'd)

(iii) Options expire 119 months after the Offer Date unless an option has previously lapsed by reason of the resignation of the grantee from employment with the group after the grant of an option and before its exercise.

(iv) The number of shares which may be acquired by a grantee and the Exercise Price are subject to adjustment, as confirmed by the auditors of the Company that such adjustment is fair and reasonable, by reason of any issue of additional shares in the Company by way of rights or capitalisation of profits or reserves, or repayment and reduction of capital, made while an option remains unexercised.

(v) The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company.

(b) Share Options pursuant to the Asia Pacific Breweries Limited Executives' Share Option Scheme ("APBL Scheme")

The APBL Scheme expired in July 2004 but options already granted under that Scheme remains exercisable until the end of the relevant Option period. The Phantom Share Option Plan approved by the Remuneration Committee of APBL on 24 September 2004 and endorsed by the APBL Board succeeded the APBL Scheme.

Information pertaining to outstanding Options

At the end of the financial year, 206,069 unissued ordinary shares of APBL were under options granted pursuant to the APBL Scheme. Details of the options to subscribe for ordinary shares in the capital of APBL granted to executives pursuant to the APBL Scheme are as follows:

Options	Offer Date	Balance as at 1.10.2005	Options Lapsed #	Options Exercised	Balance as at 30.9.2006	Exercise Price	Exercise Period
1999	23.12.1998	12,379	–	(6,100)	6,279	$3.61	22.09.2001 – 21.11.2008
2000	22.12.1999	17,820	–	(9,980)	7,840	$4.28	21.09.2002 – 20.11.2009
2001	20.12.2000	53,700	–	(38,750)	14,950	$3.91	19.09.2003 – 18.11.2010
2002	08.10.2001	140,625	–	(134,975)	5,650	$3.79	08.07.2004 – 07.09.2011
2003	15.10.2002	636,950	–	(599,850)	37,100	$4.79	15.07.2005 – 14.09.2012
2004	08.10.2003	1,031,525	(30,625)	(866,650)	134,250	$6.29	08.07.2006 – 07.09.2013
		1,892,999	(30,625)	(1,656,305)	206,069		

\# lapsed due to resignation

Statutory and other information regarding the APBL Options

The statutory and other information provided above at paragraph 5(a), sub-paragraphs (i) to (v) inclusive in respect of the Fraser and Neave, Limited Executives' Share Option Scheme, applies also to the APBL options.

5. SHARE OPTIONS (cont'd)

(c) Share Options pursuant to the Fraser & Neave Holdings Bhd Executives' Share Option Scheme ("F&NHB Scheme")

During the financial year ended 30 September 2006, in consideration of the payment of RM1 for each offer accepted, offers of options were granted by Fraser and Neave, Limited pursuant to the F&NHB Scheme to executives to acquire:

2007 Options – 2,318,700 shares of RM1 each in the capital of F&NHB at an exercise price of RM6.12 per share

Information pertaining to outstanding Options

At the end of the financial year, 8,395,800 F&NHB ordinary shares held by Fraser and Neave, Limited were under options granted pursuant to the F&NHB Scheme. Details of the options granted to executives pursuant to the F&NHB Scheme to acquire ordinary shares of RM1 each in the capital of F&NHB from Fraser and Neave, Limited are as follows:

Options	Offer Date	Balance as at 1.10.2005 or Offer Date if later	Options Lapsed #	Options Exercised	Balance as at 30.9.2006	Exercise Price	Exercise Period
2001	08.12.2000	45,599	(18,199)	(27,400)	–	RM 3.13	08.09.2003 – 07.11.2005
2002	31.12.2001	406,188	(7,400)	(363,088)	35,700	RM 3.56	01.10.2004 – 30.11.2006
2003	21.11.2002	1,531,800	(8,200)	(1,438,300)	85,300	RM 3.49	21.08.2005 – 20.10.2007
2004	24.11.2003	2,233,200	(55,500)	(700,200)	1,477,500	RM 3.83	24.08.2006 – 23.10.2008
2005	24.11.2004	2,328,900	(102,800)	–	2,226,100	RM 4.89	24.08.2007 – 23.10.2009
2006	26.08.2005	2,380,400	(127,900)	–	2,252,500	RM 5.54	26.05.2008 – 25.07.2010
2007	26.09.2006	2,318,700	–	–	2,318,700	RM 6.12	26.06.2009 – 25.08.2011
		11,244,787	(319,999)	(2,528,988)	8,395,800		

lapsed due to expiry (18,199) and resignations (301,800)

Statutory and other information regarding the F&NHB Options

The statutory and other information provided above at paragraph 5(a), sub-paragraphs (i) to (v) inclusive in respect of the Fraser and Neave, Limited Executives' Share Option Scheme, applies to the F&NHB options except that Singapore Exchange Securities Trading Limited should be replaced by Bursa Malaysia and that all options expire 59 months after the option offer date.

5. SHARE OPTIONS (cont'd)

(d) Share Options pursuant to Frasers Property (China) Limited Share Option Scheme ("FPCL Scheme")

Frasers Property (China) Limited ("FPCL") has in place a share option scheme, FPCL Scheme, since 20 May 2003 and, unless otherwise cancelled or amended will remain in force for 10 years from that date.

2005 Options

During the financial year ended 30 September 2006, offers of options were granted pursuant to the Scheme in respect of 13,100,000 unissued shares of HK$0.10 each of the Company at an exercise price of HK$0.1343 per share.

Information pertaining to outstanding Options

At the end of the financial year, there were 36,204,392 unissued ordinary shares of FPCL under options granted pursuant to the FPCL Scheme. Details of the options to subscribe for ordinary shares of HK$0.10 each in the capital of FPCL granted to employees pursuant to the FPCL Scheme are as follows:

Options	Offer Date	Balance as at 1.10.2005 or Offer Date if later	Options Lapsed #	Options Exercised	Adjustment due to Rights Issue *	Balance as at 30.9.2006	Previous Exercise Price	Adjusted Exercise Price *	Exercise Period
2003	31.12.2003	12,600,000	(2,599,720)	–	837,289	10,837,569	HK$0.1706	HK$0.1580	31.12.2004 – 30.12.2013
2004	31.12.2004	12,000,000	(1,323,832)	–	873,831	11,549,999	HK$0.1670	HK$0.1547	31.12.2005 – 30.12.2014
2005	31.12.2005	13,100,000	(323,832)	–	1,040,656	13,816,824	HK$0.1450	HK$0.1343	30.12.2006 – 29.12.2015
		37,700,000	(4,247,384)	–	2,751,776	36,204,392			

\# lapsed due to resignations

* adjustment due to Rights Issue on 12 September 2006

Statutory and other information regarding the Options

(i) The Exercise Price will be determined by FPCL Board, but shall not be less than the highest of:

(1) the closing price as stated in the daily quotation sheet of the Stock Exchange of Hong Kong Limited ("HKEX") on the date of grant, which must be a trading day;

(2) the average closing prices as stated in the HKEX's daily quotation sheets for the five trading days immediately preceding the date of grant; or

(3) the nominal value of FPCL share.

5. SHARE OPTIONS (cont'd)

(ii) The vesting period of the share options is in the following manner:

Vesting Schedule	Percentage of shares over which a share option is exercisable Granted before 2004 (%)	Granted after 2004 (%)
Before the first anniversary of the date of grant	Nil	Nil
On or after the first but before the second anniversary of the date of grant	25	40
On or after the second but before the third anniversary of the date of grant	25	30
On or after the third but before the fourth anniversary of the date of grant	25	30
On or after the fourth anniversary of the date of grant	25	NA

In relation to the share options, if the grantee, during any of the periods specified above, exercised that share options for such number of shares which, in aggregate, represents less than the number of shares for which the eligible participant may exercise in respect of such period, the balance of the shares comprised in that share option for which the grantee could have exercised (but did not exercise) in that period shall be carried forward and added to the number of shares which the grantee may exercise in the next succeeding period or periods.

(e) Other than those reported in this paragraph 5, no shares of the Company or any corporation in the Group were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group, whether granted before or during that financial year.

(f) Other than those reported in this paragraph 5, there were no unissued shares of the Company or any corporation in the Group under options as at the end of the financial year to which this report relates.

6. AUDIT COMMITTEE

At a series of meetings convened during the twelve months up to the date of this report, the Audit Committee reviewed reports prepared respectively by the external and the internal auditors and approved proposals for improvement in internal controls. The announcement of results quarterly and the financial statements of the Company and of the Group and the audit report thereon for the full year were also reviewed prior to consideration and approval of the Board.

The Audit Committee has nominated Ernst & Young for re-appointment by shareholders as auditor for the ensuing financial year.

7. AUDITORS

The auditors, Ernst & Young, Certified Public Accountants, Singapore have expressed willingness to accept re-appointment.

8. OTHER INFORMATION REQUIRED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

(a) The interests of the directors of the Company in the share capital of the Company and of its related companies as at the 21st day after the end of the financial year remained unchanged from those at 30 September 2006 as set out at paragraph 3 hereof, except for:

Dr Han Cheng Fong and Mr Anthony Cheong Fook Seng were respectively granted, under the 1999 Executives' Share Option Scheme, 1,015,875 and 696,600 Year 8 Options exercisable not earlier than 10 July 2009 at $4.22 per share.

(b) Since the end of the previous financial year, the Company and its subsidiary companies did not enter into any material contracts involving interests of the directors or controlling shareholders and no such material contracts still subsist at the end of the financial year, except for:

(i) the Sales and Purchase contract entered into on 19 July 2006 with Dr Han Cheng Fong for the purchase of a condominium unit at Jing An Si Ji Yuan in Shanghai, for a price of RMB6,299,753; and

(ii) those disclosed in this Directors' Report and in the Financial Statements.

On behalf of the Board

MICHAEL FAM
Director

HAN CHENG FONG
Director

Singapore,
10 November 2006

STATEMENT BY DIRECTORS

We, **MICHAEL FAM** and **HAN CHENG FONG**, being two of the Directors of Fraser and Neave, Limited, do hereby state that in the opinion of the Directors:

(a) the balance sheet, profit statement, statement of changes in equity and consolidated cash flow statement together with the notes thereto, set out on pages 84 to 182, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2006 and of the results of the businesses and changes in equity of the Company and of the Group and the cash flows of the Group for the year ended 30 September 2006; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

MICHAEL FAM
Director

HAN CHENG FONG
Director

Singapore,
10 November 2006

AUDITORS' REPORT

To the Members of Fraser and Neave, Limited

We have audited the accompanying financial statements of FRASER AND NEAVE, LIMITED (the "Company") and its subsidiary companies (the "Group") set out on pages 84 to 182 for the year ended 30 September 2006. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet, profit statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2006, and of the results and changes in equity of the Company and of the Group and the cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore,
10 November 2006

PROFIT STATEMENT

for the year ended 30 September 2006

	Notes	THE GROUP 2006 ($'000)	THE GROUP 2005 ($'000)	THE COMPANY 2006 ($'000)	THE COMPANY 2005 ($'000)
			(Restated)		(Restated)
REVENUE	3				
Sale of goods		**3,791,611**	3,484,241	**–**	–
Other revenue		**3,948**	3,753	**3,559**	3,094
		3,795,559	3,487,994	**3,559**	3,094
Cost of sales		**(2,555,831)**	(2,397,928)	**–**	–
Gross profit		**1,239,728**	1,090,066	**3,559**	3,094
Operating expenses					
– Distribution		**(144,738)**	(127,102)	**–**	–
– Marketing		**(298,031)**	(291,319)	**–**	–
– Administration		**(233,798)**	(200,659)	**(9,286)**	(6,656)
		(676,567)	(619,080)	**(9,286)**	(6,656)
TRADING PROFIT/(LOSS)		**563,161**	470,986	**(5,727)**	(3,562)
Gross dividends from subsidiary and joint venture companies	6	**–**	–	**160,975**	145,255
Share of joint venture companies' profits		**16,065**	19,187	**–**	–
Share of associated companies' profits		**12,325**	26,953	**–**	–
Gross income from investments	7	**12,028**	7,463	**673**	1,620
PROFIT BEFORE INTEREST, TAXATION AND EXCEPTIONAL ITEMS		**603,579**	524,589	**155,921**	143,313
Interest income		**23,312**	20,104	**1,547**	605
Interest expense		**(83,663)**	(61,043)	**(39,192)**	(20,494)
Net interest expense	4	**(60,351)**	(40,939)	**(37,645)**	(19,889)
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS	4	**543,228**	483,650	**118,276**	123,424
Exceptional items	8	**34,016**	29,304	**–**	10,005
PROFIT BEFORE TAXATION		**577,244**	512,954	**118,276**	133,429
Taxation	9	**(145,216)**	(137,354)	**(29,803)**	(29,193)
PROFIT AFTER TAXATION		**432,028**	375,600	**88,473**	104,236
ATTRIBUTABLE PROFIT TO:					
Shareholders of the Company					
– Before exceptional items		**295,414**	270,968	**88,473**	94,231
– Exceptional items		**24,111**	24,685	**–**	10,005
		319,525	295,653	**88,473**	104,236
Minority interests		**112,503**	79,947	**–**	–
		432,028	375,600	**88,473**	104,236
Earnings per share attributable to the shareholders of the Company	11				
Basic – before exceptional items		**25.3 cts**	23.3 cts		
– after exceptional items		**27.3 cts**	25.4 cts		
Fully diluted – before exceptional items		**25.0 cts**	23.1 cts		
– after exceptional items		**27.1 cts**	25.2 cts		

The Notes on pages 91 to 182 form an integral part of the Financial Statements.

BALANCE SHEET

as at 30 September 2006

	Notes	THE GROUP 2006 ($'000)	THE GROUP 2005 ($'000)	THE COMPANY 2006 ($'000)	THE COMPANY 2005 ($'000)
			(Restated)		(Restated)
SHARE CAPITAL AND RESERVES					
Share capital	12	**400,971**	233,359	**400,971**	233,359
Reserves	12	**3,199,509**	2,863,280	**2,321,320**	2,511,136
		3,600,480	3,096,639	**2,722,291**	2,744,495
MINORITY INTERESTS		**1,004,098**	621,256	**–**	–
		4,604,578	3,717,895	**2,722,291**	2,744,495
Represented by:					
FIXED ASSETS	13	**1,120,519**	1,157,857	**–**	–
INVESTMENT PROPERTIES	14	**2,708,016**	2,305,537	**–**	–
PROPERTIES UNDER DEVELOPMENT	15	**2,483,313**	2,018,336	**–**	–
SUBSIDIARY COMPANIES	16	**–**	–	**3,229,634**	3,296,860
JOINT VENTURE COMPANIES	17	**88,990**	75,992	**408,133**	312,740
ASSOCIATED COMPANIES	18	**295,898**	231,801	**–**	–
INTANGIBLE ASSETS	19	**286,432**	115,246	**–**	–
OTHER INVESTMENTS	21	**61,784**	81,737	**6,680**	6,579
BRANDS	23	**2,663**	3,715	**–**	169
OTHER DEBTORS	26	**17,537**	19,114	**–**	–
DEFERRED TAX ASSETS	32	**24,208**	9,675	**–**	–
BANK FIXED DEPOSITS	22	**–**	4,600	**–**	–
CURRENT ASSETS					
Properties held for sale	24	**178,393**	431,867	**–**	–
Inventories	25	**365,402**	374,816	**–**	–
Trade debtors	26	**481,774**	585,233	**–**	–
Subsidiary companies	16	**–**	–	**110,110**	47,332
Joint venture companies	17	**3,638**	4,141	**–**	–
Associated companies	18	**826**	688	**–**	–
Other debtors	26	**390,788**	222,887	**5,953**	2,944
Short term investments	28	**326,748**	2,566	**28,786**	–
Bank fixed deposits	22	**614,139**	315,251	**15,277**	22,618
Cash and bank balances	22	**220,752**	257,516	**285**	452
		2,582,460	2,194,965	**160,411**	73,346
Deduct: CURRENT LIABILITIES					
Trade creditors	29	**398,455**	403,135	**–**	–
Subsidiary companies	16	**–**	–	**16,349**	20,329
Joint venture companies	17	**1,199**	2,063	**–**	–
Associated companies	18	**35,724**	33,874	**–**	–
Other creditors	29	**467,430**	431,366	**16,124**	6,544
Borrowings	30	**988,544**	1,168,173	**94,923**	112,340
Provision for taxation		**197,216**	153,044	**5,986**	5,986
		2,088,568	2,191,655	**133,382**	145,199
NET CURRENT ASSETS/(LIABILITIES)		**493,892**	3,310	**27,029**	(71,853)
		7,583,252	6,026,920	**3,671,476**	3,544,495
Deduct: NON-CURRENT LIABILITIES					
Other creditors	29	**14,937**	14,420	**–**	–
Borrowings	30	**2,834,733**	2,186,824	**949,167**	800,000
Provision for employee benefits	31	**21,882**	22,538	**–**	–
Deferred tax liabilities	32	**107,122**	85,243	**18**	–
		2,978,674	2,309,025	**949,185**	800,000
		4,604,578	3,717,895	**2,722,291**	2,744,495

The Notes on pages 91 to 182 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

THE GROUP

	Notes	Share Capital ($'000)	Share Premium ($'000)	Capital Redemption Reserve ($'000)	Capital Reserve ($'000)	Revenue Reserve ($'000)	Exchange Reserve ($'000)	Fair Value Adjustment Reserve ($'000)	Employee Share Option Reserve ($'000)	Dividend Reserve ($'000)	Total ($'000)	Minority Interests ($'000)	Total Equity ($'000)
YEAR ENDED 30 SEPTEMBER 2006													
Balance at 1 October 2005 As previously stated		233,359	152,223	3,228	527,012	2,092,423	6,967	–	–	81,676	3,096,888	1,124,438	4,221,326
Effect of adopting FRS 102		–	–	–	–	(5,659)	–	–	5,410	–	(249)	(101)	(350)
Effect of adopting Proportionate Consolidation		–	–	–	–	–	–	–	–	–	–	(503,081)	(503,081)
As restated		233,359	152,223	3,228	527,012	2,086,764	6,967	–	5,410	81,676	3,096,639	621,256	3,717,895
Effect of adopting FRS 39		–	–	–	–	1,294	–	4,480	–	–	5,774	1,157	6,931
		233,359	152,223	3,228	527,012	2,088,058	6,967	4,480	5,410	81,676	3,102,413	622,413	3,724,826
Revaluation surplus on investment properties		–	–	–	326,600	–	–	–	–	–	326,600	21,825	348,425
Revaluation surplus on investment and properties for sale realised		–	–	–	(4,023)	977	–	–	–	–	(3,046)	–	(3,046)
Deferred taxation on revaluation of assets		–	–	–	(1,818)	–	–	–	–	–	(1,818)	–	(1,818)
Share of joint venture and associated companies' reserves		–	–	–	1,546	2,771	–	(194)	–	–	4,123	–	4,123
Change in minority interests' in reserves upon the issue of shares by subsidiary companies		–	–	–	(36)	(321)	–	–	–	–	(357)	357	–
Net fair value changes on available-for-sale financial assets		–	–	–	–	–	–	52,321	–	–	52,321	(196)	52,125
Currency translation difference		–	–	–	(115)	–	(79,791)	–	–	–	(79,906)	(31,001)	(110,907)
Net income recognised directly in equity		–	–	–	322,154	3,427	(79,791)	52,127	–	–	297,917	(9,015)	288,902
Profit after taxation		–	–	–	–	319,525	–	–	–	–	319,525	112,503	432,028
Total recognised income and expenses for the year		–	–	–	322,154	322,952	(79,791)	52,127	–	–	617,442	103,488	720,930
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirements		–	–	–	140	(140)	–	–	–	–	–	–	–
Employee share-based expense		–	–	–	–	–	–	–	5,748	–	5,748	301	6,049
Issue of shares in the Company upon exercise of share options	12	8,865	3,296	–	–	–	–	–	(1,211)	–	10,950	–	10,950
Transfer to share capital		158,747	(155,519)	(3,228)	–	–	–	–	–	–	–	–	–
Contribution of capital by minority interests		–	–	–	–	–	–	–	–	–	–	349,422	349,422
Change of interests in subsidiary and joint venture companies		–	–	–	–	–	–	–	–	–	–	(9,057)	(9,057)
Minority interests' loan		–	–	–	–	–	–	–	–	–	–	1,656	1,656
Equity's listing expenses		–	–	–	–	(7,412)	–	–	–	–	(7,412)	(7,120)	(14,532)
Dividends	10												
Dividend to minority interests, paid		–	–	–	–	–	–	–	–	–	–	(57,005)	(57,005)
Dividend to shareholders, paid		–	–	–	–	(46,985)	–	–	–	(81,676)	(128,661)	–	(128,661)
Dividend to shareholders, proposed		–	–	–	–	(93,835)	–	–	–	93,835	–	–	–
Balance at 30 September 2006		400,971	–	–	849,306	2,262,638	(72,824)	56,607	9,947	93,835	3,600,480	1,004,098	4,604,578

The Notes on pages 91 to 182 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

THE GROUP

	Notes	Share Capital ($'000)	Share Premium ($'000)	Capital Redemption Reserve ($'000)	Capital Reserve ($'000)	Revenue Reserve ($'000)	Exchange Reserve ($'000)	Employee Share Option Reserve ($'000)	Dividend Reserve ($'000)	Total ($'000)	Minority Interests ($'000)	Total Equity ($'000)
YEAR ENDED 30 SEPTEMBER 2005												
Balance at 1 October 2004 As previously stated		232,008	143,598	3,228	561,251	1,922,457	(17,545)	–	81,203	2,926,200	915,348	3,841,548
Effect of adopting FRS 102		–	–	–	–	(1,812)	–	1,812	–	–	–	–
Effect of adopting Proportionate Consolidation		–	–	–	–	–	–	–	–	–	(447,507)	(447,507)
As restated		232,008	143,598	3,228	561,251	1,920,645	(17,545)	1,812	81,203	2,926,200	467,841	3,394,041
Revaluation deficit on properties		–	–	–	(28,365)	–	–	–	–	(28,365)	–	(28,365)
Revaluation surplus reversed on transfer of investment properties to fixed assets		–	–	–	(1,467)	–	–	–	–	(1,467)	–	(1,467)
Revaluation surplus on investment and development properties realised		–	–	–	(1,799)	1,742	–	–	–	(57)	–	(57)
Deferred taxation on revaluation of assets		–	–	–	(3,448)	–	–	–	–	(3,448)	–	(3,448)
Share of joint venture and associated companies' reserves		–	–	–	685	(2,898)	–	–	–	(2,213)	–	(2,213)
Change in minority interests' in reserves upon the issue of shares by subsidiary companies		–	–	–	(22)	50	–	–	–	28	(28)	–
Currency translation difference		–	–	–	122	–	24,512	–	–	24,634	(4,393)	20,241
Net expenses recognised directly in equity		–	–	–	(34,294)	(1,106)	24,512	–	–	(10,888)	(4,421)	(15,309)
Profit after taxation		–	–	–	–	295,653	–	–	–	295,653	79,947	375,600
Total recognised income and expenses for the year		–	–	–	(34,294)	294,547	24,512	–	–	284,765	75,526	360,291
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirements		–	–	–	55	(55)	–	–	–	–	–	–
Employee share-based expense		–	–	–	–	–	–	3,598	–	3,598	–	3,598
Issue of shares in the Company upon exercise of share options	12	1,351	8,625	–	–	–	–	–	–	9,976	–	9,976
Contribution of capital by minority interests		–	–	–	–	–	–	–	–	–	9,437	9,437
Change of interests in subsidiary companies		–	–	–	–	–	–	–	–	–	125,173	125,173
Minority interests' loan		–	–	–	–	–	–	–	–	–	(37)	(37)
Dividends	10											
Dividend to minority interests, paid		–	–	–	–	–	–	–	–	–	(56,684)	(56,684)
Dividend to shareholders, paid		–	–	–	–	(46,697)	–	–	(81,203)	(127,900)	–	(127,900)
Dividend to shareholders, proposed		–	–	–	–	(81,676)	–	–	81,676	–	–	–
Balance at 30 September 2005		233,359	152,223	3,228	527,012	2,086,764	6,967	5,410	81,676	3,096,639	621,256	3,717,895

The Notes on pages 91 to 182 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

THE COMPANY

	Notes	Share Capital ($'000)	Share Premium ($'000)	Capital Redemption Reserve ($'000)	Capital Reserve ($'000)	Revenue Reserve ($'000)	Fair Value Adjustment Reserve ($'000)	Employee Share Option Reserve ($'000)	Dividend Reserve ($'000)	Total ($'000)
YEAR ENDED 30 SEPTEMBER 2006										
Balance at 1 October 2005 As previously stated		233,359	152,223	3,228	1,039,274	1,231,473	–	–	81,676	2,741,233
Effect of adopting FRS 102		–	–	–	–	(1,330)	–	4,592	–	3,262
As restated		233,359	152,223	3,228	1,039,274	1,230,143	–	4,592	81,676	2,744,495
Effect of adopting FRS 39		–	–	–	–	1,860	212	–	–	2,072
		233,359	152,223	3,228	1,039,274	1,232,003	212	4,592	81,676	2,746,567
Net fair value changes on available-for-sale financial assets		–	–	–	–	–	(141)	–	–	(141)
Net income recognised directly in equity		–	–	–	–	–	(141)	–	–	(141)
Profit after taxation		–	–	–	–	88,473	–	–	–	88,473
Total recognised income and expenses for the year		–	–	–	–	88,473	(141)	–	–	88,332
Employee share-based expense		–	–	–	–	–	–	5,103	–	5,103
Issue of shares in the Company upon exercise of share options	12	8,865	3,296	–	–	–	–	(1,211)	–	10,950
Transfer to share capital		158,747	(155,519)	(3,228)	–	–	–	–	–	–
Dividends	10									
Dividend to shareholders, paid		–	–	–	–	(46,985)	–	–	(81,676)	(128,661)
Dividend to shareholders, proposed		–	–	–	–	(93,835)	–	–	93,835	–
Balance at 30 September 2006		400,971	–	–	1,039,274	1,179,656	71	8,484	93,835	2,722,291
YEAR ENDED 30 SEPTEMBER 2005										
Balance at 1 October 2004 As previously stated		232,008	143,598	3,228	1,039,274	1,254,680	–	–	81,203	2,753,991
Effect of adopting FRS 102		–	–	–	–	(400)	–	1,473	–	1,073
As restated		232,008	143,598	3,228	1,039,274	1,254,280	–	1,473	81,203	2,755,064
Profit after taxation		–	–	–	–	104,236	–	–	–	104,236
Total recognised income for the year		–	–	–	–	104,236	–	–	–	104,236
Employee share-based expense		–	–	–	–	–	–	3,119	–	3,119
Issue of shares in the Company upon exercise of share options	12	1,351	8,625	–	–	–	–	–	–	9,976
Dividends	10									
Dividend to shareholders, paid		–	–	–	–	(46,697)	–	–	(81,203)	(127,900)
Dividend to shareholders, proposed		–	–	–	–	(81,676)	–	–	81,676	–
Balance at 30 September 2005		233,359	152,223	3,228	1,039,274	1,230,143	–	4,592	81,676	2,744,495

The Notes on pages 91 to 182 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

for the year ended 30 September 2006

	THE GROUP 2006 ($'000)	THE GROUP 2005 ($'000)
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	**543,228**	483,650
Adjustments for:		
Depreciation of fixed assets and investment properties	**116,859**	110,821
Impairment of fixed assets and other investments	**3,397**	361
Impairment reversal of fixed assets and properties developed for sale	**(1,320)**	(234)
Write off of intangible assets	**–**	1,870
Provision for employee benefits	**3,194**	1,901
Provision for foreseeable losses in properties developed for sale and properties held for sale	**20,583**	16,517
Loss on disposal of fixed assets (net)	**1,891**	902
Profit on disposal of investment properties and other investments (net)	**(4,502)**	(727)
Amortisation of development properties	**2,889**	105
Amortisation of brands and intangible assets	**5,562**	5,987
Interest expenses (net)	**58,162**	40,939
Share of joint venture companies' profits	**(16,065)**	(19,187)
Share of associated companies' profits	**(12,325)**	(26,953)
Investment income	**(12,028)**	(7,463)
Profit on properties developed for sale and properties held for sale	**(247,943)**	(151,569)
Employee share-based expense	**10,162**	4,205
Fair value adjustments of financial instruments	**3,252**	–
Operating cash before working capital changes	**474,996**	461,125
Change in inventories	**37,181**	(56,436)
Change in trade and other debtors	**(29,997)**	(194,727)
Change in joint venture and associated companies' balances	**1,351**	(6,651)
Change in trade and other creditors	**(1,037)**	113,666
Currency realignment	**(9,700)**	2,657
Cash generated from operations	**472,794**	319,634
Interest expenses paid, net	**(58,162)**	(40,882)
Income taxes paid	**(102,104)**	(92,683)
Payment of employee benefits	**(2,651)**	(2,571)
Progress payment received/receivable on properties developed for sale and properties held for sale	**1,114,092**	1,017,407
Development expenditure on properties developed for sale	**(1,158,416)**	(891,307)
Net cash from operating activities	**265,553**	309,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends from joint venture and associated companies	**12,740**	12,327
Investment income	**12,028**	7,655
Proceeds from return of capital from joint venture company	**–**	62
Proceeds from sale of fixed assets and properties	**26,652**	4,882
Proceeds from sale of associated companies	**–**	2,433
Proceeds from sale of other investments and short term investments	**5,220**	18,850
Proceeds from disposal of subsidiary companies	**–**	1,251
Proceeds from disposal of business	**1,390**	–
Purchase of fixed assets	**(116,479)**	(207,288)
Purchase of other investments	**(230,570)**	(31,267)
Acquisition of minority interests of subsidiary companies	**(1,845)**	(15,802)
Acquisition of subsidiary companies and businesses	**(39,750)**	(81,128)
Payment for intangible assets	**(9,184)**	(11,526)
Development expenditure on investment properties	**(49,984)**	(602)
Investments in joint venture and associated companies	**(250,073)**	(18,087)
Repayment of trade advances	**(1,002)**	(1,064)
Net cash used in investing activities	**(640,857)**	(319,304)

The Notes on pages 91 to 182 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

for the year ended 30 September 2006

	THE GROUP	
	2006	2005
	($'000)	($'000)
		(Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from term loans and bank borrowings	**481,487**	94,456
Transfer from secured bank deposits	**4,600**	153,287
Placement of fixed deposits pledged	**(6,082)**	–
Payment of equity's listing expenses	**(14,532)**	–
Loan from/(to) minority interests	**1,656**	(37)
Proceeds from issue of shares:		
– by subsidiary companies to minority interests	**349,422**	9,437
– by the Company to shareholders	**10,950**	9,976
Payment of dividends:		
– by subsidiary companies to minority interests	**(57,005)**	(56,684)
– by the Company to shareholders	**(128,661)**	(127,900)
Net cash from financing activities	**641,835**	82,535
Net increase in cash and cash equivalents	**266,531**	72,829
Cash and cash equivalents at beginning of year	**567,849**	491,706
Effects of exchange rate changes on cash and cash equivalents	**(17,644)**	3,314
Cash and cash equivalents at end of year	**816,736**	567,849
Cash and cash equivalents at end of year comprise:		
Cash and bank deposits (Note 22)	**834,891**	572,767
Bank overdrafts (Note 30)	**(12,073)**	(4,918)
	822,818	567,849
Less: Fixed deposits pledged	**(6,082)**	–
	816,736	567,849
Analysis of acquisition and disposal of subsidiary companies and businesses		
Net assets acquired:		
Fixed assets	**9,540**	18,740
Development properties	**–**	122,197
Investment properties	**–**	108,833
Other non-current assets	**8,160**	16,393
Current assets	**24,812**	143,792
Current liabilities	**(6,528)**	(39,749)
Non-current liabilities	**(284)**	(119,015)
Minority interests	**(489)**	(124,276)
Cash	**4,715**	62,984
	39,926	189,899
Cost of investment as a joint venture company	**–**	(37,290)
Goodwill on acquisition (net)	**4,539**	(4,336)
Consideration paid	**44,465**	148,273
Add: Loan on acquisition	**–**	(4,161)
	44,465	144,112
Less: Cash of subsidiary companies and businesses	**(4,715)**	(62,984)
Cash flow on acquisition net of cash and cash equivalents acquired	**39,750**	81,128
Net assets disposed:		
Fixed assets	**(154)**	–
Current assets	**(1,792)**	(2,681)
Current liabilities	**264**	16
Minority interests	**–**	1,522
Cash	**–**	(3,896)
	(1,682)	(5,039)
Translation difference	**–**	589
Loss/(Gain) on disposal	**292**	(697)
Consideration received	**(1,390)**	(5,147)
Less: Cash of subsidiary companies	**–**	3,896
Cash flow on disposal net of cash and cash equivalents disposed	**(1,390)**	(1,251)

The Notes on pages 91 to 182 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

The following Notes form an integral part of the Financial Statements on pages 84 to 90.

1. GENERAL

Fraser and Neave, Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore. The registered office of the Company is located at #21-00 Alexandra Point, 438 Alexandra Road, Singapore 119958.

The principal activities of the Group are:

(a) production and sale of soft drinks, beer, stout, dairy products and glass containers;
(b) development of and investment in property, and investment in and management of REIT; and
(c) printing and publishing.

During the year, following the listing of Frasers Centrepoint Trust, a Real Estate Investment Trust ("REIT") on SGX-ST, the principal activities of the Group have been expanded to include investment in and management of REIT.

These activities are carried out through the Company's subsidiary, joint venture and associated companies to which the Company provides management and administrative services.

There were no significant changes in the nature of these activities during the financial year.

The Company's operation is managed through a wholly-owned subsidiary company.

The financial statements of the Company and the consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Directors on 10 November 2006.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company and the consolidated financial statements of the Group are presented in Singapore dollars and all values are rounded to the nearest thousand ($'000) unless otherwise stated. The financial statements of the Company and of the Group are prepared on a historical cost basis except as disclosed in the accounting policies below. The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act, Cap.50.

2.2 Changes in Accounting Policies

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year and are consistent with those used in the previous financial year except for the changes in the accounting policies discussed below:

(i) The authorities have clarified the requirement to prepare accounts under Section 201 (1A), (3) and (3A) of the Companies Act ("Act"). Following this clarification, the Group reviewed its investments in subsidiary companies. Subsidiary companies that meet the definition under Section 5 of the Act but not that under FRS 27 will be accounted for in the consolidated financial statements of the Group under FRS 28 or 31 as appropriate. Only subsidiary companies that meet the definition in FRS 27 will be consolidated.

2. ACCOUNTING POLICIES (cont'd)

2.2 Changes in Accounting Policies (cont'd)

Consequent to the review, the Group had adopted proportionate consolidation in its Group policy for joint venture companies. This has resulted in the Group's joint venture companies, previously equity accounted for share of results, now being proportionately consolidated. The change in policy is applied retrospectively.

These adjustments do not affect the Group's attributable profit for the year and the retained profits in the consolidated balance sheet.

(ii) New or revised and Interpretations to FRS ("INT FRS")

On 1 October 2005, the Group and the Company adopted the new or revised FRS and Interpretations to FRS ("INT FRS") that are applicable in the current financial year. The following are the FRS and INT FRS that are relevant to the Group:

FRS 1	(revised 2004) Presentation of Financial Statements
FRS 2	(revised 2004) Inventories
FRS 8	(revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10	(revised 2004) Events after the Balance Sheet Date
FRS 16	(revised 2004) Property, Plant and Equipment
FRS 17	(revised 2004) Leases
FRS 21	(revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24	(revised 2004) Related Party Disclosures
FRS 27	(revised 2004) Consolidated and Separate Financial Statements
FRS 28	(revised 2004) Investments in Associates
FRS 31	(revised 2004) Interests in Joint Ventures
FRS 32	(revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33	(revised 2004) Earnings per Share
FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payments
FRS 105	Non-current Assets Held for Sale and Discontinued Operations
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities

Amendments to INT FRS 12 Consolidation – Special Purpose Entities

The impact of the changes in accounting policies is as follows:

FRS 39

The Group had adopted FRS 39 prospectively on 1 October 2005. At that date, financial assets within the scope of FRS 39 were classified as either (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments or (iv) available-for-sale financial assets, as appropriate. Financial assets that were classified as financial assets at fair value through profit or loss and available-for-sale financial assets were measured at fair value while loans and receivables and held-to-maturity investments were measured at amortised cost using the effective interest rate method.

2. **ACCOUNTING POLICIES** (cont'd)

2.2 **Changes in Accounting Policies** (cont'd)

(ii) New or revised and Interpretations to FRS ("INT FRS") (cont'd)

FRS 39 (cont'd)
At 1 October 2005, differences between the carrying values and fair values of financial assets at fair value through profit or loss were recognised in revenue reserve while the differences between carrying values and fair values of available-for-sale financial assets were recognised in the fair value adjustment reserve. For investments carried at amortised cost, any differences between the carrying values and amortised cost as at 1 October 2005 were recognised in revenue reserve.

At 1 October 2005, financial liabilities (other than derivative financial instruments) within the scope of FRS 39 were measured at amortised cost using the effective interest rate method. Any difference between the carrying values and amortised cost as at 1 October 2005 were recognised in revenue reserve.

In accordance with the transitional provisions of FRS 39, the financial effects arising from the measurement of financial instruments will be recorded prospectively. Consequently, the comparatives for 2005 are not restated. The financial effect of adopting FRS 39 is an increase of $5.8 million which has been adjusted to Group shareholders' equity on 1 October 2005 (made up of an increase in revenue reserve and fair value reserve of $1.3 million and $4.5 million respectively) and a decrease of $3.2 million to the Group's attributable profit for the year.

The financial effects to the Company is an increase of $2.1 million to Company's shareholders' equity on 1 October 2005 (made up of increase in revenue reserve and fair value reserve of $1.9 million and $0.2 million respectively) and a decrease of $3.3 million to the Company's attributable profit for the year.

FRS 102
The main impact of FRS 102 on the Group and Company is the recognition of an expense and a corresponding entry to equity for share options granted and the recognition of an expense and a corresponding liability for phantom share options granted.

The Group and the Company have applied FRS 102 retrospectively and have taken advantage of the transitional provisions of FRS 102 in respect of equity-settled awards. As a result, the Group and the Company have applied FRS 102 only to share options granted after 22 November 2002 and not vested by 1 October 2005. Consequently, the Group's opening reserves have been restated to take into account a cumulative charge of $5.7 million to revenue reserve and a credit of $5.4 million to employee share option reserve up to 30 September 2005. The charge to Group attributable profit for the year is $8.4 million (2005: $3.8 million) and credit to employee share option reserve is $4.5 million (2005: $ 3.6 million).

2. ACCOUNTING POLICIES (cont'd)

2.2 Changes in Accounting Policies (cont'd)

(ii) New or revised and Interpretations to FRS ("INT FRS") (cont'd)

FRS 102 (cont'd)
The financial effect to the Company is a cumulative charge of $1.3 million to revenue reserve and a credit of $4.6 million to employee share option reserve up to 30 September 2005. The charge to the Company attributable profit for the year is $1.7 million (2005: $0.9 million) and credit to employee share option reserve is $3.9 million (2005: $3.1 million).

Apart from the above, the Group and the Company adopted various revisions in FRS applicable from 1 October 2005. These do not have a material impact on the Group and the Company.

2.3 Basis of Consolidation

The Company's investments in subsidiary companies are stated at cost less accumulated impairment losses.

Subsidiary companies are consolidated from the effective date of acquisition or up to the effective date of disposal. Subsidiary companies are those controlled by the Group. The financial year of the Company and all its subsidiary companies ends on 30 September unless otherwise stated. The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiary companies made up to 30 September. The financial statements of subsidiary companies are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to conform to the Group's significant accounting policies.

Acquisitions of subsidiary companies are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to Note 2.13 (b) for the accounting policy on goodwill on acquisition of subsidiary companies.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured as the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary company. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary company subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

A list of the Company's subsidiary companies is shown in Note 42.

2. ACCOUNTING POLICIES (cont'd)

2.4 Joint Venture Companies

A joint venture company (not being a subsidiary company) is a company in which the group has a long-term interest of not more than 50% of the equity and has a contractual agreement to jointly share the control with one or more parties in the joint venture company's commercial and financial affairs.

The Group recognises its interest in joint venture companies using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture companies with the similar items, line by line, in its consolidated financial statements.

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Joint venture companies ("JVC") that are held directly by the Group's joint venture companies are equity accounted for in accordance with the accounting policies of these joint venture companies. No adjustments have been made at the Group to recognise the interest of these JVC using proportionate consolidation as the contribution of these JVC to the Group are not material. Details of the Group's share of the consolidated results, assets and liabilities of the JVC can be found in Note 17.

In the Company's separate financial statements, interests in joint venture company is carried at cost less impairment losses.

A list of the joint venture companies is shown in Note 42.

2.5 Associated Companies

An associated company (not being a subsidiary company or joint venture company) is a company in which the Group exercises significant influence over the financial and operating policy decisions.

The Group's investments in associated companies are recorded at cost less accumulated impairment losses and adjusted to recognise the Group's share of post-acquisition reserves of the associated companies. Investments in associated companies include goodwill.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The Group's share of the results of associated companies includes the Group's share of taxation and exceptional items, and net assets of the associated companies are included in the consolidated financial statements under the equity method based on their latest audited financial statements except where their financial periods do not end on 30 September, then management accounts to 30 September are used.

Where an investment in an associated company is acquired or sold during the year, its results are included from the date of acquisition or excluded from the date of sale.

A list of associated companies is shown in Note 42.

2. ACCOUNTING POLICIES (cont'd)

2.6 Revenue Recognition

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold.

The profit and interest on hire purchase sales are credited to the profit statement by apportioning the estimated gross profit and interest evenly over the period to which the contract relates.

Rental income is accounted for on a straight-line basis over the lease terms on ongoing leases.

Revenue on properties developed for sale represents the proportion of sales proceeds of the actual floor area sold at the balance sheet date based on the percentage of completion method.

Revenue from completed properties held for sale is recognised upon signing of the sale and purchase agreement.

Interest income is taken up on an accrual basis (using the effective interest method).

Other dividend income is taken up according to the date when dividend is declared payable.

Other categories of revenue are taken up on an accrual basis.

2.7 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.8 Taxation

(a) Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred Tax

The tax charge is based on the profit for the year, as adjusted for tax purposes, together with a charge or credit for deferred taxation. Deferred income tax is provided in full, using the liability method, on all temporary differences as at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of fixed assets, revaluations of certain non-current assets and of derivative contracts, provisions for pensions and other post retirement benefits and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

2. ACCOUNTING POLICIES (cont'd)

2.8 Taxation (cont'd)

(b) Deferred Tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at or subsequently enacted after the balance sheet date.

Deferred income tax is provided on all temporary differences arising on investments in subsidiary, joint venture and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited directly to equity if the tax relates to items that are charged or credited, in the same or a different period, directly to equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.9 Fixed Assets

Fixed assets are carried at cost or valuation less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of fixed assets if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit statement. Subsequent expenditure relating to fixed assets that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

When assets are sold or retired, their cost or valuation and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit statement. Any amount in revaluation reserve relating to that asset is transferred to revenue reserve.

2. ACCOUNTING POLICIES (cont'd)

2.9 Fixed Assets (cont'd)

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset. Any surplus on revaluation is credited to asset revaluation reserve unless they offset previous revaluation losses of the same asset that were taken to the profit statement. A decrease in net carrying amount arising on revaluation of fixed assets is charged to the profit statement to the extent that it exceeds any surplus held in asset revaluation reserve relating to previous revaluations of the same class of assets.

Depreciation is calculated on the straight line method to write off the cost or valuation of fixed assets less residual value over their estimated useful lives. No depreciation is charged for freehold land and uncommissioned capital work-in-progress. The residual values, depreciation method and useful lives are reviewed and adjusted as appropriate at each balance sheet date. The annual depreciation rates applied to write down the fixed assets over their estimated useful lives are as follows:

Leasehold land	– Lease term (ranging from 10 to 99 years)
Building	– 2% to 5%
Plant, machinery and equipment	– 3.3% to 33%
Motor vehicle and forklift	– 10% to 20%
Postmix and vending machine	– 10%
Furniture and fitting, computer equipment and beer cooler	– 9% to 33%

Capital work-in-progress is not depreciated until each stage of development is completed and becomes operational.

2.10 Investment Properties

Investment properties are held to earn rental income and for capital appreciation and are treated as non-current investments.

Short leasehold investment properties (those with the balance of their lease of 50 years or less) are stated at cost (or directors' valuation carried out in the past, where applicable) less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis over 50 years or the term of the lease, if shorter.

Freehold and leasehold investments are stated at directors' valuation. The directors' valuation is guided by the open market value determined annually by independent professional valuers.

The surplus on revaluation is credited directly to revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. Any deficit on revaluation is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an investment property is credited to the profit statement on disposal of the property.

2. ACCOUNTING POLICIES (cont'd)

2.11 Properties Under Development

Properties under development are stated at cost (or directors' valuation based on an independent professional valuation, when applicable) less provision for foreseeable losses. The cost of properties under development includes cost of land and construction, related overhead expenditure and financing charges incurred during the period of construction and up to the completion of construction.

Provision for foreseeable losses of property under development is made when it is anticipated that the net realisable value has fallen below cost.

Developments are considered complete upon the issue of Temporary Occupation Permit. When completed, properties held for investment are classified as investment properties and properties for sale are transferred to current assets as completed properties held for sale.

Profit on properties developed for sale is recognised on partly completed projects which have been sold and is based on the percentage of completion. The percentage of completion is deemed to be the construction and related overhead costs incurred to the balance sheet date divided by the expected construction and related overhead costs of the project. The percentage of sales is deemed to be the floor area sold at the balance sheet date divided by the floor area in the project offered for sale. Profit is taken up on the basis of the total expected profit of the area sold multiplied by the percentage of completion, less profit if any, taken up in previous financial periods. The expected profit is assessed having regard to the sale proceeds less attributable total costs including the cost of land, construction and interest and after making due allowance for known potential cost over-runs and allowance for contingencies.

Revenue on development represents the proportion of sales proceeds of the actual floor area sold to the balance sheet date based on the percentage of completion.

Progress payments received from purchasers of properties under development are shown as a deduction from the cost of the property under development.

2.12 Borrowing Costs

Borrowing costs are generally expensed as incurred. However, borrowing costs that are directly attributable to acquisition and construction are capitalised as part of the cost of fixed assets or property under development. Capitalisation of borrowing costs commences when activities to prepare the fixed assets and property under development are in progress until the fixed asset is ready for its intended use or completion of development. Borrowing costs capitalised in property under development are after netting off interest income earned from progress billings received and placed on fixed deposits.

2.13 Intangible Assets

Intangible assets acquired separately are capitalised at cost. Intangible assets from a business acquisition are capitalised at fair value as at the date of acquisition. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment loss.

The useful lives of these intangible assets are assessed to be finite. Amortisation charged on finite intangible assets is taken to the profit statement as amortisation expense.

2. ACCOUNTING POLICIES (cont'd)

2.13 Intangible Assets (cont'd)

Internally generated goodwill and internally generated intangible asset arising from research are not capitalised and the expenditure is charged to the profit statement when it is incurred. Internally generated intangible asset arising from development is capitalised only when its future recoverability can reasonably be regarded as assured.

Intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value might be impaired. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

a) Deferred publishing development costs are amortised in accordance with their estimated economic useful lives, upon completion of published products as follows:

	Curriculum	**General**	**Reference**
1st year	33%	50%	33%
2nd year	33%	30%	27%
3rd year	34%	20%	20%
4th year	–	–	13%
5th year	–	–	7%

At each balance sheet date, the Group assesses whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

b) Goodwill on acquisition is identified as being the excess of the cost of acquisition over the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Where the cost of acquisition is lower than the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is recognised as negative goodwill. Negative goodwill is recognised immediately in profit statement.

Positive goodwill is carried at cost less any accumulated impairment loss. Goodwill is subjected to impairment test annually or more frequently if events or changes in circumstances indicate that the carrying value might be impaired.

Positive goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in the income statement when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in a subsequent period.

2. ACCOUNTING POLICIES (cont'd)

2.14 Brands

Brands with finite lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated to write off their cost over their estimated useful lives of up to 15 years on a straight line method.

Internally generated brands are not capitalised and the expenditure is charged against profit in the year in which the expenditure is incurred.

2.15 Properties Held For Sale

Properties developed for sale, when completed, are transferred to current assets as properties held for sale.

Properties held for sale are stated at the lower of cost and net realisable value. Provision is made when it is anticipated that the net realisable value has fallen below cost. Cost includes cost of land and construction, and interest incurred during the period of construction.

2.16 Inventories

All inventories including containers (comprising returnable bottles, cases and pallets) are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Cost in respect of raw materials, consumable stores and goods purchased for resale is stated based on first-in-first-out, weighted average or standard cost (which approximates average actual cost). Cost in respect of manufactured inventories and work-in-progress includes attributable production overheads. Engineering and other inventories are valued on the weighted average cost basis less appropriate allowances for obsolete items.

Soft drink container inventories comprise both containers on hand and those estimated to be in the market at deposit values. Cost is amortised to deposit value over a period up to the container's expected useful life of 36 months for returnable bottles and 96 months for plastic crates.

Beer containers comprise returnable bottles and crates. Returnable bottles are valued at repurchase price/ deposit value (including freight where significant; and the difference between the original cost and repurchase price/deposit value is written off over a period not exceeding 5 years) and crates are amortised over a period not exceeding 8 years; alternatively these assets are valued at net realisable value, if lower. Abnormally large purchases of bottle are accounted for by writing off, based on the estimated lifespan, a portion of the costs in excess of repurchase prices.

2.17 Trade and Other Debtors

Trade and other debtors including receivable from related parties are classified and accounted for as loans and receivables under FRS 39. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade debtors is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognised in the profit statement. Bad debts are written off as incurred.

2. ACCOUNTING POLICIES (cont'd)

2.18 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in bank, deposits with financial institutions and bank overdrafts. Bank overdrafts are included in bank borrowings on the balance sheet.

Cash on hand and in banks and fixed deposits are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.26.

2.19 Trade and Other Creditors

Trade and other creditors, including payables to related parties, are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Employee Benefits

(a) Retirement Benefits

Provision for retirement benefits is made in accordance with:

(i) the terms of agreements concluded by group companies with various categories of employees;

(ii) pension and retirement benefit schemes; or

(iii) defined contribution plans under statutory regulations in the country, where applicable.

Retirement benefits in accordance with agreements

The provisions represent the present value of the amounts likely to become payable in respect of services already rendered. An independent actuarial calculation of the provision is made every three years. Internal calculation of the provision is made each intervening year on the same basis as those used for the independent actuarial calculation.

Pension and retirement benefit schemes

Certain companies within the Group operate pension and retirement benefit schemes. The cost of retirement benefits is determined by using accrued or projected benefit valuation methods as appropriate. Costs are charged to the profit statement systematically relating to the receipt of the employees' services. Actuarial gains and losses are recognised as income or expenses when the cumulative unrecognised actuarial gains or losses for each plan exceeds the greater of 10% of present value of the obligation and 10% of the fair value of plan assets. These gains or losses are recognised over the average remaining working lives of the employees participating in the plans.

Defined contribution plans under statutory regulations

As required by the law in certain countries, companies within the Group make contribution to the state pension scheme. The companies pay fixed contributions into separate entities and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Contributions to state pension schemes are recognised as compensation expense in the profit statement in the same period as the employment that gives rise to the contribution.

2. ACCOUNTING POLICIES (cont'd)

2.20 Employee Benefits (cont'd)

(b) Share Options

The Company and certain listed subsidiary companies have in place Executives' Share Option Scheme for the granting of options to eligible executives of the Group to subscribe for shares or to acquire shares in the companies under the respective schemes.

(i) Equity-settled transactions

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the profit statement with a corresponding increase in the employee share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs and the corresponding share option reserve are credited to share capital when the options are exercised.

(ii) Cash-settled transactions

The cost of phantom share options granted is measured initially at fair value at the grant date taking into account the terms and conditions upon which the options were granted. Until the liability is settled, it is remeasured at each reporting date and the fair value is expensed over the period till vesting with recognition of a corresponding liability.

(c) Accrued Annual Leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employee entitlements to annual leave as a result of services rendered by employees up to the balance sheet date.

2.21 Functional and Foreign Currencies

(a) Functional Currency

The currency of the primary economic environment in which the Company operates ("the functional currency") is Singapore Dollars. The consolidated financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

2. ACCOUNTING POLICIES (cont'd)

2.21 Functional and Foreign Currencies (cont'd)

(b) Foreign Currency Transactions

Foreign currency transactions are recorded in the functional currencies of the Company and the respective subsidiary companies at rates of exchange approximating those ruling at transaction date. Foreign currency monetary assets and liabilities at the balance sheet date are translated at the rates ruling at that date. Exchange differences are dealt with in the profit statement except where exchange differences arise on foreign currency monetary items that in substance form part of the Group's net investment in the foreign entity. These exchange differences are taken to exchange reserve as a separate component of the shareholders' funds until the disposal of the net investment at which time they are recognised in the profit statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

Currency translation differences on non-monetary items, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Currency translation differences on non-monetary items, such as equity investments classified as available-for-sale financial assets, are included in the fair value reserve within equity.

Currency translation differences arising from events which are treated as exceptional are dealt with as exceptional items in the profit statement.

(c) Foreign Currency Translations

On consolidation of subsidiary companies, proportionate consolidation for joint venture companies and equity accounting for associated companies, profit statement items are translated into presentation currency at average exchange rates ruling during the year and assets and liabilities are translated into presentation currency at exchange rates ruling at the balance sheet date. Exchange differences arising from translation of foreign subsidiary companies, joint venture companies and associated companies are taken directly to exchange reserve as a separate component of the shareholders' funds.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 October 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisitions prior to 1 October 2005, the exchange rates at the dates of acquisition were used.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit statement as a component of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

2. ACCOUNTING POLICIES (cont'd)

2.22 Exceptional Items

Exceptional items are items of income and expense of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company and Group for the year.

2.23 Government Grants

Approved government grants for the development of multimedia products are taken up in profit statement based on actual qualifying expenditure incurred.

2.24 Leases

(a) As Lessee

A finance lease which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item is capitalised at the lower of the fair value of the leased item and the present value of the minimum lease payments at the inception of the lease term and disclosed as fixed asset. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit statement. Contingent rents, if any, are expensed in the periods in which they are incurred.

A lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, is classified as an operating lease. Operating lease payments are recognised as an expense in the profit statement on a straight line basis over the lease term.

(b) As Lessor

A lease whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, is classified as an operating lease. Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term. Contingents rents, if any, are recorded as income in the periods in which they are earned.

2.25 Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each reporting date or when annual impairment testing is required, to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the profit statement unless it reverses a previous revaluation in which case it will be charged to equity.

Reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be objectively related to an event occurring after the write down. Such reversal is taken to the profit statement unless the asset is carried at revalued amount in which case, such reversal is treated as a revaluation increase. However, the increased carrying amount is only recognised to the extent it does not exceed what the carrying amount, net of depreciation, that would have been had the impairment loss not been recognised. Impairment loss on goodwill is not reversed in a subsequent period.

2. ACCOUNTING POLICIES (cont'd)

2.26 Investments in Financial Assets

(a) Classification

The classification of financial assets is determined at initial recognition and re-evaluate at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is irrevocable. The Group classifies its investments in financial assets in the following categories:

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are included in trade and other debtors on the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the intention and ability to hold to maturity. The Group's held-to-maturity investments include investments in corporate bonds.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless there is intention to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and Derecognition

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss recognised directly in equity is recognised in the profit statement.

2. ACCOUNTING POLICIES (cont'd)

2.26 Investments in Financial Assets (cont'd)

(c) Initial Measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(d) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the profit statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in the fair value reserve within equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity will be released through the profit statement.

(e) Determinaton of Fair Value

The fair value of quoted financial assets are based on current bid prices. The unquoted investment that do not have quoted market prices in an active market nor methods of reasonably estimating the fair value, are carried at cost.

(f) Impairment

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit statement.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. ACCOUNTING POLICIES (cont'd)

2.26 Investments in Financial Assets (cont'd)

(f) Impairment (cont'd)

(iii) Available-for-sale financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit statement is removed from the fair value reserve within equity and recognised in the profit statement. Impairment losses recognised in the profit statement on equity investments are not reversed through the profit statement, until the equity investments are disposed of.

2.27 Derivative Financial Instruments

The Group uses derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations. Foreign exchange forward contracts are used to hedge its risks associated primarily with foreign currency fluctuations. Interest rate swap contracts are used to hedge its risks associated with interest rate fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit statement.

The fair value of forward foreign currency contracts is calculated by reference to current forward foreign exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

2.28 Significant Accounting Estimates and Judgements

Estimate and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. ACCOUNTING POLICIES (cont'd)

2.28 Significant Accounting Estimates and Judgements (cont'd)

(a) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and brands

The Group determines whether goodwill and brands are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and brand are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill and brands at balance sheet date is disclosed in Note 19, Note 20 and Note 23.

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of taxation and deferred taxation at balance sheet date is disclosed in the balance sheet.

(iii) Revenue recognition

The Group recognises contract revenue based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.11. Significant assumption is required in determining the percentage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group relies on past experience and the work of specialists.

(iv) Depreciation of fixed assets

Fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 3 to 99 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. ACCOUNTING POLICIES (cont'd)

2.28 Significant Accounting Estimates and Judgements (cont'd)

(b) Critical Judgements made in Applying Accounting Policies

Management is of the opinion that the instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates.

3. REVENUE

(a) Sale of Goods

Sale of goods represents the invoiced value of goods delivered and services rendered (including excise but excluding container deposits, trade discounts, and Goods and Services Tax) and rental income. Revenue on properties developed for sale represents the proportion of sales proceeds of the actual floor area sold based on the percentage of completion method. The revenue of associated companies and intra-group transactions are excluded.

(b) Other Revenue

Other revenue represents service fee, management fee and technical fee income.

4. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		(Restated)
Profit before taxation and exceptional items have been arrived at after charging:				
Depreciation of fixed assets	**112,071**	108,592	**–**	–
Depreciation of investment properties	**4,788**	2,229	**–**	–
Impairment of fixed assets	**2,885**	361	**–**	–
Impairment of properties under development	**12,830**	–	**–**	–
Amortisation of properties under development	**2,889**	105	**–**	–
Amortisation of brands	**661**	1,658	**169**	1,167
Amortisation of intangibles	**4,901**	4,329	**–**	–
Intangible assets written off	**–**	1,870	**–**	–
Provision for/(Write back of) doubtful trade debts and bad debts	**3,122**	(77)	**–**	–
Provision for inventory obsolescence	**9,223**	11,176	**–**	–
Provision for employee benefits	**3,456**	2,705	**–**	–
Directors of the Company:				
Fee	**1,080**	641	**803**	436
Remuneration of members of Board committees	**241**	204	**241**	204
Remuneration of executive directors	**4,985**	5,057	**–**	–
Central Provident Fund contribution for executive directors	**15**	19	**–**	–
Consultancy fees	**1,243**	–	**–**	–
Retirement gratuity of an executive director	**–**	3,000	**–**	–
Ex-gratia payment of an executive director	**1,000**	–	**–**	–
Share-based payments	**1,566**	921	**–**	–
Key executive officers:				
Remuneration	**4,785**	3,886	**–**	–
Provident Fund contribution	**136**	143	**–**	–
Share-based payments	**712**	312	**–**	–
Staff costs (exclude directors and key executives)	**315,021**	296,910	**–**	–
Defined contribution plans (exclude directors and key executives)	**18,810**	21,691	**–**	–
Share-based payments (exclude directors and key executives)	**7,884**	2,972	**1,698**	930
Auditors' remuneration:				
Auditor of the company	**1,218**	1,086	**158**	158
Other auditors	**2,399**	2,124	**2**	–
Professional fees paid to:				
Auditor of the company	**161**	116	**–**	7
Other auditors	**543**	600	**–**	–
Interest expense (see details)	**83,663**	61,043	**39,192**	20,494
Exchange loss	**4,845**	13	**177**	–
Loss on disposal of fixed assets	**1,891**	902	**–**	–
Provision for foreseeable losses on properties held for sale	**7,753**	16,517	**–**	–
Fair value loss on financial instruments	**1,136**	–	**814**	–
and crediting:				
Interest income (see details)	**23,312**	20,104	**1,547**	605
Exchange gain	**–**	7,093	**–**	72
Write back of provision for employee benefits	**262**	804	**–**	–
Reversal of impairment charge of fixed assets	**1,320**	234	**–**	–
Fair value gains on financial instruments	**180**	–	**–**	–

4. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS (cont'd)

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		
Details of Net Interest Expense:				
Interest income				
Subsidiary companies	**–**	–	**1,433**	329
Bank and other deposits	**11,922**	12,927	**114**	276
Interest rate swap contracts	**9,753**	5,496	**–**	–
Others	**1,637**	1,681	**–**	–
	23,312	20,104	**1,547**	605
Interest expense				
Subsidiary companies	**–**	–	**(1,221)**	(334)
Bank and other deposits	**(81,772)**	(59,872)	**(36,455)**	(24,930)
Interest rate swap contracts	**68**	(726)	**(1,516)**	4,770
Others	**(1,959)**	(445)	**–**	–
	(83,663)	(61,043)	**(39,192)**	(20,494)
	(60,351)	(40,939)	**(37,645)**	(19,889)

5. SEGMENT INFORMATION

The Group's operating businesses are organised and managed separately according to the nature of activities. During the year, following the listing of Frasers Centrepoint Trust, a Real Estate Investment Trust ("REIT") on SGX-ST, the principal activities of the Group have been expanded to include investment in and management of REIT. The Group's operating business segments are namely soft drinks, dairies, breweries, printing and publishing, glass containers, investment property, development property, REIT and others. The Group operates in seven main geographical areas, namely Singapore, Malaysia, Rest of South East Asia, North East Asia, South Asia, South Pacific, and Europe and USA. Geographical segment revenue are based on geographical location of the Group's customers.

Geographical segment assets are based on geographical location of the Group's assets. Segment accounting policies are the same as the policies described in Note 2, inter-segment sales are based on terms determined on a commercial basis.

5. SEGMENT INFORMATION (cont'd)

Year ended 30 September 2006

The following table presents financial information regarding business segments:

Business Segment	Soft Drinks ($'000)	Dairies ($'000)	Breweries ($'000)	Printing & Publishing ($'000)	Glass Containers ($'000)	Investment Property ($'000)	Development Property ($'000)	REIT ($'000)	Others ($'000)	Elimination ($'000)	Group ($'000)
Revenue – external	419,677	415,383	983,868	490,699	117,176	202,767	1,127,480	17,392	21,117	–	3,795,559
Revenue – inter-segment	–	33	–	252	19,896	2,174	–	–	81,373	(103,728)	–
Total revenue	**419,677**	**415,416**	**983,868**	**490,951**	**137,072**	**204,941**	**1,127,480**	**17,392**	**102,490**	**(103,728)**	**3,795,559**
Subsidiary companies	43,384	13,374	135,592	13,382	11,482	122,956	222,074	10,515	2,430	–	575,189
Joint venture and associated companies	–	4,105	19,939	8,994	–	(7,278)	2,630	–	–	–	28,390
PBIT *	**43,384**	**17,479**	**155,531**	**22,376**	**11,482**	**115,678**	**224,704**	**10,515**	**2,430**	**–**	**603,579**
Interest income											23,312
Interest expense											(83,663)
Profit before taxation and exceptional items											**543,228**
Exceptional items											34,016
Profit before taxation											**577,244**
Taxation											(145,216)
Profit after taxation											**432,028**
Minority interest, net of taxes											(112,503)
Attributable profit											**319,525**
Assets	260,315	290,465	922,210	779,357	182,463	2,289,412	2,611,919	942,039	534,541	–	8,812,721
Tax assets											24,208
Bank deposits & cash balances											834,891
Total assets											**9,671,820**
Liabilities	126,958	87,980	195,399	122,780	27,747	65,525	301,511	19,282	(7,555)	–	939,627
Tax liabilities											304,338
Borrowings											3,823,277
Total liabilities											**5,067,242**
Other segment information:											
Capital expenditure	14,279	10,251	43,369	32,933	24,610	53,261	21	–	4,714	–	183,438
Depreciation & amortisation	14,280	13,079	34,924	33,768	16,443	3,647	6,057	4	3,108	–	125,310
Impairment losses	277	1,685	216	707	–	–	–	–	–	–	2,885
Reversal of impairment losses	(667)	(139)	(514)	–	–	–	–	–	–	–	(1,320)
Attributable profit before exceptional items	17,318	5,624	58,036	15,865	4,570	77,561	146,195	3,227	(32,982)	–	295,414
Exceptional items	712	(715)	(1,396)	8,320	–	–	8,647	–	8,543	–	24,111
Attributable profit	18,030	4,909	56,640	24,185	4,570	77,561	154,842	3,227	(24,439)	–	319,525

The following table presents financial information regarding geographical segments:

Geographical Segment	Singapore ($'000)	Malaysia ($'000)	Rest of South East Asia ($'000)	North East Asia ($'000)	South Asia ($'000)	South Pacific ($'000)	Europe & USA ($'000)	Group ($'000)
Total revenue	1,479,671	792,889	408,498	434,499	10,390	451,135	218,477	3,795,559
PBIT *	244,410	87,001	106,035	70,489	(816)	60,296	36,164	603,579
Other geographical information:								
Assets	5,115,133	593,609	673,790	1,206,160	12,721	836,930	374,378	8,812,721
Capital expenditure	80,290	28,985	42,207	20,359	451	9,471	1,675	183,438

* PBIT = Profit before interest, taxation and exceptional items

Rest of South East Asia: Myanmar, Thailand, Cambodia and Vietnam
North East Asia: China, Taiwan, Japan, Korea and Mongolia
South Asia: India and Sri Lanka
South Pacific: Australia and New Zealand

5 SEGMENT INFORMATION (cont'd)

Year ended 30 September 2005 (Restated)

The following table presents financial information regarding business segments:

Business Segment	Soft Drinks ($'000)	Dairies ($'000)	Breweries ($'000)	Printing & Publishing ($'000)	Glass Containers ($'000)	Investment Property ($'000)	Development Property ($'000)	Others ($'000)	Elimination ($'000)	Group ($'000)
Revenue – external	439,878	406,334	919,340	480,561	105,118	190,933	923,757	22,073	–	3,487,994
Revenue – inter-segment	5	49	–	328	17,491	2,480	–	80,657	(101,010)	–
Total revenue	**439,883**	**406,383**	**919,340**	**480,889**	**122,609**	**193,413**	**923,757**	**102,730**	**(101,010)**	**3,487,994**
Subsidiary companies	50,598	13,264	110,908	28,952	6,417	113,934	139,556	14,820	–	478,449
Joint venture and associated companies	–	3,484	21,890	6,562	–	(1,828)	16,032	–	–	46,140
PBIT *	**50,598**	**16,748**	**132,798**	**35,514**	**6,417**	**112,106**	**155,588**	**14,820**	**–**	**524,589**
Interest income										20,104
Interest expense										(61,043)
Profit before taxation and exceptional items										**483,650**
Exceptional items										29,304
Profit before taxation										**512,954**
Taxation										(137,354)
Profit after taxation										**375,600**
Minority interest, net of taxes										(79,947)
Attributable profit										**295,653**
Assets	261,022	311,284	785,426	732,055	185,042	2,282,015	2,892,567	182,122	–	7,631,533
Tax assets										9,675
Bank deposits & cash balances										577,367
Total assets										**8,218,575**
Liabilities	103,774	72,045	178,683	128,100	21,449	94,787	272,871	35,687	–	907,396
Tax liabilities										238,287
Borrowings										3,354,997
Total liabilities										**4,500,680**
Other segment information:										
Capital expenditure	16,117	8,955	65,568	116,540	7,531	2,436	–	2,479	–	219,626
Depreciation & amortisation	14,283	15,687	33,273	28,626	18,018	3,422	18	3,586	–	116,913
Impairment losses	230	44	87	–	–	–	–	–	–	361
Reversal of impairment losses	(176)	(10)	(48)	–	–	–	–	–	–	(234)
Attributable profit before exceptional items	21,447	3,709	50,247	25,436	2,206	80,778	103,856	(16,711)	–	270,968
Exceptional items	(681)	(787)	(388)	5,631	–	1,433	2,543	16,934	–	24,685
Attributable profit	20,766	2,922	49,859	31,067	2,206	82,211	106,399	223	–	295,653

The following table presents financial information regarding geographical segments:

Geographical Segment	Singapore ($'000)	Malaysia ($'000)	Rest of South East Asia ($'000)	North East Asia ($'000)	South Asia ($'000)	South Pacific ($'000)	Europe & USA ($'000)	Group ($'000)
Total revenue	1,414,364	801,995	358,575	348,249	1,203	417,856	145,752	3,487,994
PBIT *	212,166	89,574	83,875	59,922	311	59,587	19,154	524,589
Other geographical information:								
Assets	4,291,658	640,415	409,202	1,228,402	3,686	635,888	422,282	7,631,533
Capital expenditure	50,500	42,384	28,765	44,890	–	47,894	5,193	219,626

* PBIT = Profit before interest, taxation and exceptional items

Rest of South East Asia: Myanmar, Thailand, Cambodia and Vietnam
North East Asia: China, Taiwan, Japan, Korea and Mongolia
South Asia: India and Sri Lanka
South Pacific: Australia and New Zealand

		THE GROUP		THE COMPANY	
		2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
			(Restated)		(Restated)
6.	**GROSS DIVIDENDS FROM SUBSIDIARY AND JOINT VENTURE COMPANIES**				
	Quoted subsidiary companies			**40,003**	39,317
	Quoted joint venture companies			**4,623**	4,283
	Unquoted subsidiary companies			**116,349**	101,655
				160,975	145,255
7.	**GROSS INCOME FROM INVESTMENTS**				
	Quoted equity investments in companies	**4,445**	1,726	**319**	948
	Quoted non-equity investments in companies	**2,056**	2,056	**–**	–
	Unquoted equity investments in companies	**2,047**	1,269	**354**	255
	Unquoted non-equity investments in companies	**3,480**	2,412	**–**	417
		12,028	7,463	**673**	1,620
8.	**EXCEPTIONAL ITEMS**				
	Gain on disposal of portfolio investments	**967**	11,457	**–**	10,005
	Gain on change in interest in subsidiary and associated companies	**7,615**	19,017	**–**	–
	Gain on disposal of properties	**16,483**	455	**–**	–
	Write back of impairment on properties	**14,922**	–	**–**	–
	Reorganisation cost of business operations	**(4,536)**	(256)	**–**	–
	Share of exceptional items of joint venture and associated companies	**55**	1,659	**–**	–
	Provision for professional fees	**(442)**	(3,028)	**–**	–
	Donation to APB Foundation	**(1,048)**	–	**–**	–
		34,016	29,304	**–**	10,005

9. TAXATION

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		
Based on profit for the year:				
Singapore tax	**55,719**	59,044	**28,561**	18,232
Overseas tax	**97,069**	56,570	**173**	9,961
Deferred tax	**(7,637)**	9,488	**–**	–
	145,151	125,102	**28,734**	28,193
(Over)/Under provision in preceding years				
– Current income tax	**(2,495)**	6,164	**1,069**	1,000
– Deferred tax	**(5,205)**	(2,929)	**–**	–
Share of taxation of joint venture companies	**2,795**	4,423	**–**	–
Share of taxation of associated companies	**4,970**	4,594	**–**	–
	145,216	137,354	**29,803**	29,193

A reconciliation of the statutory tax rate to the Company's and Group's effective tax rate applicable to profit for the year is as follows:

	THE GROUP		THE COMPANY	
	2006 %	2005 %	**2006 %**	2005 %
		(Restated)		(Restated)
Singapore statutory rate	**20.0**	20.0	**20.0**	20.0
Effect of different tax rate of other countries	**5.7**	4.8	**2.7**	2.1
Effect of tax losses of subsidiary not available for set-off against profits of other companies within the group	**1.2**	1.8	**–**	–
Income not subject to tax (tax incentive/exemption)	**(3.4)**	(3.1)	**(5.4)**	(4.7)
Expenses not deductible for tax purposes	**4.9**	3.6	**6.5**	3.5
Utilisation of previously unrecognised tax losses in determining taxable profit	**(1.4)**	(0.5)	**–**	–
(Over)/Under provision in prior years	**(1.1)**	0.5	**0.9**	0.7
Other reconciliation items	**(0.7)**	(0.3)	**0.5**	0.3
	25.2	26.8	**25.2**	21.9

9. TAXATION (cont'd)

As at 30 September 2006, certain Singapore subsidiary companies have unutilised tax losses of approximately $77,133,000 (2005: $73,501,000), unutilised investment allowances of approximately $7,657,000 (2005: $213,000) and unabsorbed capital allowances of $13,374,000 (2005: $1,021,000) available for set off against future profits. In addition, certain overseas subsidiary companies have unutilised tax losses carried forward of approximately $162,619,000 (2005: $166,058,000), unutilised investment allowances of approximately $25,749,000 (2005: $28,236,000) and unabsorbed capital allowances of $17,615,000 (2005: $19,785,000). The availability of these losses and capital allowances to set off against future profits is subject to the meeting of certain statutory requirements by those subsidiary companies in their countries of tax residence. The deferred tax benefits of these losses recognised in the financial statements are disclosed in Note 32.

For the year of assessment ("YA") 2006, certain subsidiaries have transferred loss items of $54,268,000 (YA 2005: $10,360,000) to offset against the taxable income of other companies in the Group. Tax benefits of $nil (YA 2005: $360,000) were recognised on the tax losses utilised under the group relief systems. Tax benefits of $10,854,000 (YA 2005: $1,931,000) arising from the utilisation of group relief are not recognised as they are subject to compliance with the relevant tax legislation governing group relief and agreement of the Inland Revenue Authority of Singapore.

10. DIVIDENDS

	THE GROUP & THE COMPANY	
	2006 ($'000)	2005 ($'000)
Interim paid of 4 cents per share after deducting Singapore tax at 20% (2005: 4 cents per share after deducting Singapore tax at 20%)	**46,788**	46,520
Final proposed of 8 cents per share comprising 5 cents after deducting Singapore tax at 20% and 3 cents 1-tier tax exempt (2005: 7 cents per share after deducting Singapore tax at 20%)	**93,835**	81,676
	140,623	128,196

The final dividend is proposed by the directors after the balance sheet date and subject to the approval of shareholders at the next annual general meeting of the Company.

The dividends per share is based on a sub-divided share (shareholders have at the Extraordinary General Meeting of the Company held on 31 May 2006 approved the sub-division of 1 share into 5 shares).

11. EARNINGS PER SHARE

(a) Basic Earnings Per Share

Basic earnings per share is computed by dividing the Group attributable profit to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Group attributable profit to shareholders of the Company		
– before exceptional items	**295,414**	270,968
– after exceptional items	**319,525**	295,653
	— No. of shares —	
Weighted average number of ordinary shares in issue	**1,169,795,825**	1,163,188,954
Earnings Per Share (Basic)		
– before exceptional items	**25.3 cts**	23.3 cts
– after exceptional items	**27.3 cts**	25.4 cts

(b) Diluted Earnings Per Share

Diluted earnings per share is computed by dividing the Group adjusted attributable profit to shareholders of the Company by the adjusted weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the Group attributable profit to shareholders of the Company is adjusted for changes in subsidiary companies attributable profit resulting from exercise of all dilutive share options. The reconciliation of the Group adjusted attributable profit to shareholders of the Company used to compute diluted earnings per share is as follows:

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Group attributable profit to shareholders of the Company before exceptional items	**295,414**	270,968
Change in attributable profit due to dilutive share options of subsidiary companies	**(767)**	(606)
Group adjusted attributable profit to shareholders of the Company before exceptional items	**294,647**	270,362
Group attributable profit to shareholders of the Company after exceptional items	**319,525**	295,653
Change in attributable profit due to dilutive share options of subsidiary companies	**(774)**	(598)
Group adjusted attributable profit to shareholders of the Company after exceptional items	**318,751**	295,055

11. EARNINGS PER SHARE (cont'd)

(b) Diluted Earnings Per Share (cont'd)

The weighted average number of ordinary shares is adjusted to assume exercise of all dilutive share options of the Company. The reconciliation of the weighted average number of ordinary shares used to compute diluted earnings per share is as follows:

	— No. of shares —	
Weighted average number of ordinary shares used to compute the basic earnings per share	**1,169,795,825**	1,163,188,954
Effect of dilutive share options	**7,315,510**	6,599,275
Weighted average number of ordinary shares used to compute diluted earnings per share	**1,177,111,335**	1,169,788,229
Earnings Per Share (Fully diluted)		
– before exceptional items	**25.0 cts**	23.1 cts
– after exceptional items	**27.1 cts**	25.2 cts

10,968,000 (2005: nil) share options granted to employees under share option plans have not been included in the computation of diluted earnings per share because these options were anti-dilutive for the current financial year.

(c) The calculation of earnings per share is based on a sub-divided share (shareholders have at the Extraordinary General Meeting of the Company held on 31 May 2006 approved the sub-division of 1 share into 5 shares).

12. SHARE CAPITAL AND RESERVES

	THE GROUP & THE COMPANY			
	2006		2005	
	No. of shares	**($'000)**	No. of shares	($'000)
SHARE CAPITAL				
Ordinary shares issued and fully paid up				
Balance at beginning of year	**233,359,335**	**233,359**	232,007,722	232,008
Issued during the year following exercise of Executives' Share Options	**3,598,030**	**8,865**	1,351,613	1,351
Subdivision of share	**935,985,720**	**–**	–	–
Transfer of share premium and capital redemption reserve to share capital	**–**	**158,747**	–	–
Balance at end of year	**1,172,943,085**	**400,971**	233,359,335	233,359

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

12. SHARE CAPITAL AND RESERVES (cont'd)

The Companies (Amendment) Act 2005 came into effect on 30 January 2006 and the concepts of "par value" and "authorised capital" were abolished. On that date, the shares of the Company ceased to have a par value. In addition, the amount standing in the share premium reserve and capital redemption reserve had become part of the Company's share capital.

Pursuant to the approval given by the shareholders at an Extraordinary General Meeting of the Company held on 31 May 2006, each ordinary share was sub-divided into 5 ordinary shares on 4 July 2006.

During the year, the consideration received following the exercise of Executives' Share Options was $12,161,000 (2005: $9,976,000).

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	($'000)	($'000)	**($'000)**	($'000)
		(Restated)		(Restated)
RESERVES				
The reserves comprise the following:				
Share Premium	**–**	152,223	**–**	152,223
Capital Redemption Reserve	**–**	3,228	**–**	3,228
Capital Reserve	**849,306**	527,012	**1,039,274**	1,039,274
Fair Value Adjustment Reserve	**56,607**	–	**71**	–
Employee Share Option Reserve	**9,947**	5,410	**8,484**	4,592
Revenue Reserve	**2,262,638**	2,086,764	**1,179,656**	1,230,143
Dividend Reserve	**93,835**	81,676	**93,835**	81,676
Exchange Reserve	**(72,824)**	6,967	**–**	–
Total reserves	**3,199,509**	2,863,280	**2,321,320**	2,511,136

Based on prevailing legislation and income tax rates of 20% and 28% for Singapore and Malaysia respectively, the Company has sufficient tax credits to pay up to $67,043,000 (2005: $195,704,000) as Singapore tax franked dividend and $65,615,000 (2005: $38,961,000) as Malaysian tax franked dividend out of revenue reserve. The Company did not exercise the option to move to the one tier corporate tax system in Singapore during the financial year.

Capital reserve of the Company comprises mainly surplus from revaluation of investments. The capital reserve of the Group comprises statutory reserve and asset revaluation reserve of subsidiary companies.

Fair value adjustment reserve comprises the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

Employee share option reserve represents the equity-settled share options granted to employees and is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

Exchange reserve comprises the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

During the year, $140,000 (2005: $55,000) of revenue reserve was transferred to capital reserve by certain subsidiary companies as required by local legislation. The reserve comprises realised profits and can only be distributed with approval from their respective local authorities.

13. GROUP FIXED ASSETS

	Freehold Land ($'000)	Leasehold Land ($'000)	Building ($'000)	Plant & Machinery ($'000)	Capital Work-in -Progress ($'000)	Other Assets ($'000)	Total ($'000)
For the year ended 30 September 2006							
At cost/valuation							
Balance at beginning of year	74,430	70,723	377,242	1,217,883	43,257	312,450	2,095,985
Currency realignment	(3,318)	(3,179)	(15,949)	(56,942)	(1,935)	(10,702)	(92,025)
Additions	4,183	4,323	2,486	25,358	54,517	27,181	118,048
Acquisition of subsidiary company/ business assets	2,111	4,038	1,347	6,725	1,449	1,777	17,447
Acquisition of joint venture companies	1,659	4,357	11,156	43,052	1,442	5,073	66,739
Disposals	(729)	–	(3,286)	(14,887)	–	(23,298)	(42,200)
Disposal of subsidiary companies	–	–	–	–	–	(361)	(361)
Reclassification	(6)	–	6,854	19,028	(30,629)	4,753	–
Transfer (to)/from current assets	–	–	–	(107)	(1,247)	4,839	3,485
Transfer to properties under development	(17,232)	–	–	–	–	–	(17,232)
Balance at end of year	61,098	80,262	379,850	1,240,110	66,854	321,712	2,149,886
Analysis of cost/valuation							
At cost	35,965	57,718	343,723	1,231,208	66,854	321,712	2,057,180
At directors' valuation 1976	–	–	–	2,636	–	–	2,636
At directors' valuation 1983	–	–	1,327	–	–	–	1,327
At directors' valuation 1988	–	–	2,532	6,266	–	–	8,798
At directors' valuation 1996	25,133	22,544	32,268	–	–	–	79,945
	61,098	80,262	379,850	1,240,110	66,854	321,712	2,149,886
Accumulated depreciation and impairment							
Balance at beginning of year	66	16,407	106,253	603,955	–	211,447	938,128
Currency realignment	(2)	(872)	(4,056)	(28,610)	–	(6,988)	(40,528)
Depreciation charge for the year	–	1,771	9,898	72,037	14	28,351	112,071
Impairment charge for the year	–	–	–	2,527	–	358	2,885
Impairment reversal for the year	(5)	–	(177)	(698)	–	(440)	(1,320)
Acquisition of subsidiary company/ business assets	964	1,001	166	4,518	175	1,083	7,907
Acquisition of joint venture companies	–	3,999	4,972	27,396	182	3,657	40,206
Disposal of subsidiary companies	–	–	–	–	–	(207)	(207)
Disposals	–	–	(2,332)	(10,539)	–	(20,258)	(33,129)
Reclassification	–	–	(100)	790	–	2,664	3,354
Balance at end of year	1,023	22,306	114,624	671,376	371	219,667	1,029,367
Net book value	60,075	57,956	265,226	568,734	66,483	102,045	1,120,519

13. GROUP FIXED ASSETS (cont'd)

	Freehold Land ($'000)	Leasehold Land ($'000)	Building ($'000)	Plant & Machinery ($'000)	Capital Work-in -Progress ($'000)	Other Assets ($'000)	Total ($'000)
For the year ended 30 September 2005 (Restated)							
At cost/valuation							
Balance at beginning of year	64,304	68,186	354,579	1,085,739	35,373	295,694	1,903,875
Currency realignment	746	582	3,167	14,016	322	2,617	21,450
Additions	–	1,754	2,575	116,993	58,824	27,142	207,288
Acquisition of subsidiary companies	9,009	370	10,338	2,762	–	6,355	28,834
Disposals	(118)	(169)	(3,102)	(36,830)	–	(25,712)	(65,931)
Reclassification	386	–	8,768	35,203	(50,331)	6,358	384
Transfer to current assets	–	–	–	–	(931)	(4)	(935)
Transfer from investment properties	103	–	917	–	–	–	1,020
Balance at end of year	74,430	70,723	377,242	1,217,883	43,257	312,450	2,095,985
Analysis of cost/valuation							
At cost	50,431	50,493	345,776	1,208,701	43,257	312,450	2,011,108
At directors' valuation 1976	–	–	–	2,745	–	–	2,745
At directors' valuation 1983	–	–	1,385	–	–	–	1,385
At directors' valuation 1988	–	–	2,542	6,437	–	–	8,979
At directors' valuation 1996	23,999	20,230	27,539	–	–	–	71,768
	74,430	70,723	377,242	1,217,883	43,257	312,450	2,095,985
Accumulated depreciation and impairment							
Balance at beginning of year	45	14,631	97,468	560,713	–	200,034	872,891
Currency realignment	–	129	892	7,027	–	2,155	10,203
Depreciation charge for the year	–	1,595	9,394	69,996	–	27,607	108,592
Impairment charge for the year	–	–	–	73	–	288	361
Impairment reversal for the year	(364)	–	(2,264)	(14)	–	(174)	(2,816)
Acquisition of subsidiary companies	–	79	1,903	2,004	–	4,776	8,762
Disposals	–	(27)	(1,810)	(35,578)	–	(23,235)	(60,650)
Reclassification	385	–	267	(266)	–	–	386
Transfer to current assets	–	–	–	–	–	(4)	(4)
Transfer from investment properties	–	–	403	–	–	–	403
Balance at end of year	66	16,407	106,253	603,955	–	211,447	938,128
Net book value	74,364	54,316	270,989	613,928	43,257	101,003	1,157,857

13. GROUP FIXED ASSETS (cont'd)

(a) The valuations for 1976, 1983, 1988 and 1996 were made by the directors of the respective subsidiary companies and were based on appraisals by independent valuers.

(b) Other assets comprise motor vehicle and forklift, postmix and vending machine, beer cooler, fixture and fitting and computer equipment.

(c) If the fixed assets stated at revaluation had been included in the financial statements at cost less depreciation, the net book value would have been as follows :

	Freehold Land ($'000)	Leasehold Land ($'000)	Building ($'000)	Plant & Machinery ($'000)	Capital Work-in -Progress ($'000)	Other Assets ($'000)	Total ($'000)
At 30 September 2006	23,737	8,573	16,359	6,885	–	–	55,554
At 30 September 2005	18,360	7,014	10,298	60	–	–	35,732

(d) Additions in the consolidated financial statements include $1,571,000 (2005: $2,413,000) of other assets acquired under finance leases. The carrying amount of other assets held under finance leases at 30 September 2006 amounted to $4,380,000 (2005: $3,502,000).

(e) The net book value of fixed assets pledged to financial institutions as security for the borrowings are as follows:

	2006 ($'000)	2005 ($'000)
Plant & Machinery	**47,667**	56,790
Building	**7,024**	7,603

14. GROUP INVESTMENT PROPERTIES

	Freehold Land ($'000)	Leasehold Land ($'000)	Building ($'000)	Total ($'000)
At cost/valuation				
Balance at beginning of year	617,067	858,997	844,043	2,320,107
Currency realignment	(1,582)	(3,418)	(7,785)	(12,785)
Additions	–	36,500	13,485	49,985
Disposals	(1,388)	–	(10,232)	(11,620)
Revaluation surplus	44,042	269,630	34,350	348,022
Transfer from properties under development	–	7,925	26,753	34,678
Transfer to properties held for sale	(309)	–	(1,636)	(1,945)
Balance at end of year	657,830	1,169,634	898,978	2,726,442
Analysis of cost/valuation				
At cost	–	3,725	47,484	51,209
At directors' valuation 2005	–	55,548	53,285	108,833
At directors' valuation 2006	657,830	1,110,361	798,209	2,566,400
	657,830	1,169,634	898,978	2,726,442
Accumulated depreciation and impairment				
Balance at beginning of year	–	669	13,901	14,570
Currency realignment	–	(71)	(861)	(932)
Depreciation charge for the year	–	1,545	3,243	4,788
Balance at end of year	–	2,143	16,283	18,426
Net book value				
At 30 September 2006	657,830	1,167,491	882,695	2,708,016
At 30 September 2005	617,067	858,328	830,142	2,305,537

Investment properties of the Group stated at 2006 valuation made by the directors are based on open market valuation at 30 September 2006 carried out by independent professional valuers, namely, DTZ Debenham Tie Leung (Singapore), BEM Property Consultants (Australia), CB Richard Ellis (Hong Kong) and Jones Lang LaSalle (Singapore). The investment properties of the Group are situated in Singapore, Hong Kong, Australia, China and Vietnam.

The valuations for the investment properties were based on a combination of the Direct Comparison Method, Income Approach and Discounted Cash Flow Analysis.

15. GROUP PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Balance at beginning of year	**2,018,336**	1,855,902
Expenditure incurred during the year	**1,107,364**	852,708
Acquisition of subsidiary companies	**–**	122,196
	3,125,700	2,830,806
Development profit	**203,023**	129,789
Progress payments received and receivable	**(716,345)**	(737,838)
Amortisation charge	**(2,889)**	(105)
Write back of provision for impairment in value of development (net)	**1,983**	–
Transfer to properties held for sale	**(84,268)**	(215,364)
Transfer to properties held for investment	**(34,678)**	–
Transfer from fixed assets	**17,232**	–
Currency realignment	**(26,445)**	11,048
Balance at end of year	**2,483,313**	2,018,336

Group properties under development comprise:		
Freehold land		
At cost	**911,984**	761,276
At directors' valuation 1996	**99,000**	99,000
Leasehold land		
At cost	**737,551**	405,575
Development expenditure	**1,116,364**	903,960
Interest cost	**102,078**	89,030
Currency realignment	**(20,360)**	13,575
Property tax	**17,943**	12,680
	2,964,560	2,285,096
Development profit	**298,338**	109,620
Progress payments received and receivable	**(722,731)**	(320,291)
Accumulated amortisation	**(4,008)**	(1,259)
Provision for foreseeable losses	**(52,846)**	(54,830)
	2,483,313	2,018,336

Interest capitalised during the year was $49,577,000 (2005: $47,984,000). A capitalisation rate of 5.54% (2005: 4.00%) per annum was used, representing the borrowing cost of the loans used to finance the projects.

Certain subsidiary companies have granted fixed and floating charge over their assets and undertaking to banks as well as mortgage on their freehold and leasehold land. As at 30 September 2006, the bank loans drawn down amounted to $426,726,000 (2005: $373,708,000).

15. GROUP PROPERTIES UNDER DEVELOPMENT (cont'd)

(a) The valuation for 1996 was made by the directors based on appraisals by independent professional valuers.

(b) Properties under development include:

		Effective Group Interest %
	Singapore	
(i)	The Azure – leasehold land (99-year tenure commencing 3 January 2005) of approximately 10,926.5 sqm on Land Parcel C1⁄2 at Sentosa Cove on Lot 1391C Mukim 34, Sentosa Island for the development of 116 condominium units of 19,675 sqm of gross floor area for sale.	100
(ii)	Freehold land of approximately 5,227 sqm at MK 17 Lot 3309 situated at St Michael's Road for the development of approximately 131 condominium units of approximately 15,288 sqm of gross floor area for sale.	100
(iii)	Freehold land of approximately 23,819.7 sqm situated at Holland Park, off Holland Road, for the development of approximately 12 bungalow units of approximately 19,137 sqm of gross floor area for sale.	100
(iv)	The Sensoria – Freehold land of approximately 6,196.5 sqm at Lot 994W MK 13 at No. 1 Jalan Ulu Sembawang for the development of approximately 73 condominium units of approximately 8,243 sqm of gross floor area for sale.	100
(v)	Quintet – leasehold land (99-year tenure commencing 19 June 2003) of approximately 20,954.6 sqm at Lot 3254X MK 11 at Choa Chu Kang Street 36/46 for the development of 459 executive condominium units of approximately 61,804 sqm of gross floor area for sale.	100
(vi)	8 @ Mount Sophia – 103-year leasehold land of approximately 16,170.2 sqm title commencing from the date of issuance of subsidiary strata certificate of title on Lots 361, 593V, 594 and 183N of Town Subdivision 19 at Mount Sophia for the development of 277 condominium units of 33,971 sqm of gross floor area for sale.	100
(vii)	Tangerine Grove – freehold land of approximately 10,236.1 sqm at Lots 1595T and 1596A Mukim 23 at 1 Paya Lebar Crescent for the development of 125 condominium units of 14,336 sqm of gross floor area for sale.	100
(viii)	The Raintree – leasehold land (99-year tenure commencing 1 March 2003) of approximately 16,253.5 sqm at Mk16 Lot 2253P situated at Bukit Drive Road for the development of 315 condominium units and 2 shop units of 38,011 sqm of gross floor area for sale.	100
(ix)	One Jervois – Freehold land of approximately 11,669 sqm at Lots 803V, 787V, 788P and on Town Subdivision 24 at Jervois Road/Close and Nos. 5, 5A, 6 and 6A at Jervois Road for the development of approximately 275 condominium units of approximately 32,673.2 sqm of gross floor area for sale.	100

15. GROUP PROPERTIES UNDER DEVELOPMENT (cont'd)

(b) Properties under development include (cont'd):

		Effective Group Interest %
	Singapore (cont'd)	
(x)	One Leicester – Freehold land of approximately 10,221.1 sqm at Lots 4840A, 5804W, 5805V, SL5806P, 6096M, SL6097W, 6163K, 6164N, 6165X, 6749V, 6750M, 97844P, 97845T and 97846A comprising Mukim 17 at Leicester Road/ Jalan Toa Payoh/ Woodsville Close for a residential development comprising approximately 194 condominium units of approximately 21,906.4 sqm of gross floor area for sale.	100
(xi)	The Infiniti – Freehold land of approximately 23,018.6 sqm at Lot 3385K of Mukim 5 at 89 West Coast Park (Clementi Planning Area) for a residential development comprising approximately 315 condominium units of approximately 36,829.8 sqm of gross floor area for sale.	100
(xii)	Freehold land of approximately 12,992 sqm at Lots 99709T and 112N TS 21 situated at ST Thomas Walk for the development of approximately 176 condominium units of approximately 36,376 sqm of gross floor area for sale.	100
(xiii)	Leasehold land of approximately 20,062 sqm at Lot 1201K MK 3 situated at 50 West Coast Road for the development of approximately 240 condominium units of approximately 31,469 sqm of gross floor area for sale.	100
(xiv)	Leasehold land (99-year tenure commencing 1 April 1990) of Lots 2569C-PT and 2348W-PT MK 19 at Yishun Central for the development of a commerical building with five levels of retail space including a retail basement floor and a basement carpark.	100
	Malaysia	
(xv)	Fraser Park – freehold land of approximately 23,354 sqm at Jalan Yew, Kuala Lumpur, Malaysia for the development of shop office of approximately 76,864 sqm of gross floor area for sale.	59
(xvi)	Freehold land of approximately 16,094 sqm at Jalan Yew, Kuala Lumpur, Malaysia for the development of commerical buildings with retail space, city campus and hostel, hotels and carparks.	59
(xvii)	Freehold land of approximately 6,313 sqm at Jalan Ampang, Kuala Lumpur, Malaysia for a proposed development of service apartments and office suites.	59
	Vietnam	
(xviii)	Leasehold land (35-year tenure commencing 3 April 1995) of approximately 2,160 sqm at No. 3 Nguyen Sieu Street, Ho Chi Minh City, Vietnam for the development of approximately 106 residential units of approximately 11,845 sqm of gross floor area for sale.	70

15. GROUP PROPERTIES UNDER DEVELOPMENT (cont'd)

(b) Properties under development include (cont'd):

		Effective Group Interest %
	Australia	
(xix)	Freehold land of approximately 3,966 sqm situated at the junction of George Street, Bathurst Street and Kent Street, Sydney, Australia for the development of a retail podium of 8,922 sqm, a block of approximately 456 residential units and a block of approximately 145 serviced apartment units of a total of approximately 62,000 sqm of gross floor area for sale.	81
(xx)	Freehold land of approximately 193 hectares situated at Wanjeep Street, Mandurah, Western Australia for a proposed development of approximately 1,250 landed housing units for sale.	56
(xxi)	Freehold land of approximately 1.19 hectares situated at Riverside, East Perth, Australia for a proposed mixed development comprising approximately 285 private apartment units,140 serviced suites and commerical space.	88
(xxii)	Freehold land of approximately 4,022 sqm situated at 25-29 Lorne Avenue, Killara, Sydney, Australia for a proposed development of approximately 40 apartments for sale.	75
(xxiii)	Freehold land of approximately 4.92 hectares situated at Morton Strett, Parramatta, Sydney, Australia for a proposed development of approximately 534 apartments for sale.	75
(xxiv)	Freehold land of approximately 0.74 hectares situated in Camperdown's City Quarter, Sydney, Australia for a proposed development of approximately 421 apartments for sale.	88
	China	
(xxv)	Jingan Four Seasons – Leasehold land (70-year tenure commencing 7 November 2001) of approximately 13,843 sqm situated at No. 169 Wujiang Road, Shanghai, China for a mixed development comprising 4 blocks of approximately 419 apartment units and a retail podium of a total of approximately 69,494 sqm of gross floor area for sale.	95
(xxvi)	Leasehold land (40/50-year tenure commencing 15 June 2005) of approximately 7,111 sqm situated in Xi Cheng District, Xin Jie Kou, Beijing, China for a retail mall development of a total of approximately 20,317 sqm of gross floor area for sale.	95
(xxvii)	Leasehold land (50-year tenure commencing 22 August 1999) of approximately 633,153 sqm situated at Teng Qiao He Chu Hai Kou, Hainan, China for a low density resort and tourist development of a total of approximately 316,668 sqm of gross floor area for sale.	100

15. GROUP PROPERTIES UNDER DEVELOPMENT (cont'd)

(b) Properties under development include (cont'd):

		Effective Group Interest %
	China (cont'd)	
(xxviii)	Leasehold land (50-year tenure commencing 21 April 1999) of approximately 338,577.6 sqm at Lots Nos. T205-0021, T205-0050 and T205-0030 situated at High and New Technological Industrial Park South Zone, Shenzhen, Guangdong, China for the development of a composite development with a total gross floor area of 536,480 sqm.	52
(xxix)	Leasehold land (70-year tenure commencing 6 December 2003) of approximately 711,101 sqm located near the future Light Rapid Transit station at Si Chen Road in Song Jiang district, Shanghai, China for the exclusive residential development comprising three phases yielding 4,928 residential units with communal club facilities and a small commercial quantum of a total of 837,291 sqm of gross floor area for sale.	72
	New Zealand	
(xxx)	Freehold land of approximately 6,831 sqm in Queenstown, South Island, New Zealand for a proposed development of 15 luxury residential apartments of approximately 5,200 sqm of gross floor area for sale. Approval from the relevant authorities is being sought to double the number of apartments.	75
(xxxi)	Freehold land of approximately 27 hectares located in Tauranga in the Bay of Plenty, New Zealand for a proposed development of approximately 741 houses and a beach front condominium complex for sale.	68
	United Kingdom	
(xxxii)	Freehold land of approximately 4 hectares on the south bank of River Thames, London, United Kingdom for a proposed residential and commercial development of 211 residential units and ancillary office and retail space of a total of approximately 31,839 sqm of gross floor area for sale.	50
(xxxiii)	Freehold land of approximately 2,346 sqm situated at 63-69 Rochester Row, 68 Vincent Square, London, United Kingdom for a proposed development of 70 residential units of approximately 6,197 sqm of gross floor area for sale.	50
	Thailand	
(xxxiv)	49% proportionate share of a freehold land of approximately 40,608 sqm situated at Rama III Road, Bangkok, Thailand known as The Pano for the development of 397 condominium units of approximately 61,868 sqm of gross floor area for sale.	49

16. SUBSIDIARY COMPANIES

	THE COMPANY 2006 ($'000)	THE COMPANY 2005 ($'000)
		(Restated)
Quoted shares at cost	**260,215**	262,981
Unquoted shares at cost	**3,403,226**	3,787,684
	3,663,441	4,050,665
Amounts owing by subsidiary companies (unsecured)	**292,701**	41,130
Amounts owing to subsidiary companies (unsecured)	**(726,508)**	(794,935)
	3,229,634	3,296,860
MARKET VALUE		
Quoted shares	**549,641**	527,089

The Company's investments in subsidiary companies include an interest in 58.67% (2005: 59.37%) of the issued ordinary shares of Fraser & Neave Holdings Bhd. This interest will be reduced to 55.75% by 31 December 2006 by the operation of an Executives' Share Option Scheme.

The amounts owing by subsidiary companies are due on loan account, not repayable within the next 12 months and are interest-free except for an amount of $3,154,000 (2005: $3,361,000) which bears interest at an average rate of 7.10% (2005: 5.34%) per annum and an amount of $242,299,000 (2005: $nil) which bears interest at an average rate of 3.48% (2005: nil%) per annum.

The amounts owing from and to subsidiary companies disclosed under current assets and current liabilities are unsecured, non-trade in nature, no fixed repayment term and interest-free.

(a) During the financial year, the Group incorporated the following subsidiary companies:

Name of Company	Country of incorporation and place of business	Equity interest held %	Date of incorporation
Frasers Centrepoint Asset Management Ltd	Singapore	100.0	27 January 2006
FCL Investments Pte Ltd	Singapore	100.0	2 May 2006
FCL Trust Holdings Pte Ltd	Singapore	100.0	2 May 2006
Frasers Highbury Limited	United Kingdom	75.0	25 November 2005
Frasers Town Hall Residences Pty Ltd	Australia	80.5	5 April 2006
Frasers Morton Pty Ltd	Australia	75.0	6 April 2006
Frasers City Quarter Pty Ltd	Australia	87.5	6 April 2006
Frasers Queens Pty Ltd	Australia	87.5	21 April 2006
Frasers Killara Pty Ltd	Australia	75.0	8 August 2006

16. SUBSIDIARY COMPANIES (cont'd)

(b) During the financial year, the Group acquired the following subsidiary company and businesses:

(i) Soft drinks

On 12 April 2006, the Group's subsidiary company, Fraser & Neave Holdings Bhd, acquired a 95% shareholding interest in Borneo Springs Sdn Bhd (formerly known as Sime Oleander Sdn Bhd), a company incorporated in Malaysia for cash consideration of RM16,108,000.

(ii) Printing and Publishing

On 1 March 2006, the Group's subsidiary company, Times Publishing Limited, acquired the publishing businesses of educational books and reference materials in Singapore, Malaysia and Hong Kong from SNP Corporation Ltd for $37,525,000.

The fair value of the identifiable assets and liabilities of subsidiary company and businesses acquired as at the date of acquisition are:

	Fair value at date of acquisition ($'000)	**Carrying value at date of acquisition ($'000)**
Fixed assets	9,540	9,542
Other non-current assets	8,160	–
Current assets	24,812	21,420
Current liabilities	(6,528)	(6,831)
Non-current liabilities	(284)	(284)
Minority interests	(489)	–
Cash	4,715	4,715
Net asset value as at acquisition	39,926	28,562
Goodwill on acquisition, net	4,539	
Consideration	44,465	
Less: Cash of subsidiary company and businesses	(4,715)	
Cash flow on acquisition net of cash and cash equivalents acquired	39,750	

The attributable profit contribution by the acquired subsidiary company and businesses from the date of acquisition was $2.2 million. If the acquisition had taken place from 1 October 2005, the Group's revenue would have been $3.8 billion and attributable profit would have been $320 million.

16. SUBSIDIARY COMPANIES (cont'd)

(c) Frasers Centrepoint Trust ("FCT"), a subsidiary of Frasers Centrepoint Limited was admitted to the Official List of Singapore Exchange Securities Trading Limited (the "Listing") on 5 July 2006. Prior to the Listing, the following investment properties were transferred to HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of FCT (the "Trustee"), pursuant to sale and purchase agreements made on the same date between the respective companies and the Trustee:

1. Causeway Point from Woodlands Complex Pte Ltd
2. Northpoint from Yishun Development Pte Ltd
3. Anchorpoint from Anchor Developments Pte Ltd

In this connection, 313,500,000 units and 39,200,000 units were issued respectively to FCL Trust Holdings Pte Ltd and FCL Investments Pte Ltd, both wholly-owned subsidiaries of the Group in part satisfaction of the purchase price payable for the transfer of the above properties.

(d) During the financial year, the Group increased issued and paid-up capital of a subsidiary, FCL Loft Pte Ltd ("FCL Loft") through an ordinary resolution passed at a general meeting on 17 July 2006. FCL Loft increased its issued and paid-up capital from $1 to $1,000,000 by the allotment of 999,999 ordinary shares in the capital of FCL Loft to the Group for a consideration of $999,999 in cash.

Details of significant subsidiaries are included in Note 42.

17. JOINT VENTURE COMPANIES

		THE COMPANY	
		2006 ($'000)	2005 ($'000)
			(Restated)
(a)	Unquoted investment, at cost	**276,126**	276,126
	Quoted investment, at cost	**132,007**	36,614
		408,133	312,740

Details of joint venture companies are included in Note 42.

(b) The following amounts represent the Group's share of the revenue and expenses and assets and liabilities of the joint venture companies and are included in the consolidated profit statement and balance sheet using the line-by-line format of proportionate consolidation.

		THE GROUP	
		2006 ($'000)	2005 ($'000)
			(Restated)
(i)	The Group's share of the consolidated results of the joint venture companies for the year is as follows:		
	Revenue	**954,761**	894,680
	Profit before taxation and exceptional items	**132,870**	117,164
	Exceptional items	**(1,265)**	2,872
	Taxation	**(37,335)**	(37,286)
	Minority interests	**(50,448)**	(40,636)

(ii) The Group's share of the consolidated assets and liabilities of the joint venture companies is as follows:

Non-current assets	**742,690**	630,783
Current assets	**286,873**	223,024
Current liabilities	**(375,504)**	(275,324)
Long term liabilities	**(31,181)**	(15,121)
	622,878	563,362

17. JOINT VENTURE COMPANIES (cont'd)

(iii) The share of the results, assets and liabilities as stated in paragraphs (i) and (ii) above are based on the accounts of the joint venture companies to 30 September 2006.

(iv) The amounts owing from/to joint venture companies classified under current assets and current liabilities are unsecured, trade in nature and interest-free.

(v) The Group and the Company's share of capital commitments of the joint venture companies is $20,781,000 (2005: $48,527,000).

(vi) The Group and the Company's share of contingent liabilities of the joint venture companies is $2,772,000 (2005: $3,057,000).

Details of joint venture companies are included in Note 42.

(c) **Joint Venture Company's Investment in Joint Venture**

Joint venture companies ("JVC") that are held directly by the Group's joint venture companies are equity accounted for in accordance with the accounting policies of these joint venture companies. No adjustments have been made at the Group to recognise the interests of these JVC using proportionate consolidation as the contribution of these JVC to the Group are not material. Details of the Group's investment in and share of the consolidated results, assets and liabilities of the JVC are as follows:

	THE GROUP	
	2006	2005
	($'000)	($'000)
		(Restated)
Investment in joint venture companies	**88,990**	75,992
Share of profit from joint venture companies	**16,065**	19,187

(i) The Group's share of the consolidated results of the joint venture companies for the year is as follows:

Revenue	**206,787**	183,821
Profit before taxation and exceptional items	**16,065**	19,187
Exceptional items	**50**	(102)
Taxation	**(2,795)**	(4,423)

(ii) The Group's share of the consolidated assets and liabilities of the joint venture companies is as follows:

Non-current assets	**77,443**	69,378
Current assets	**68,703**	63,967
Current liabilities	**(41,869)**	(37,168)
Long term liabilities	**(26,129)**	(29,401)
	78,148	66,776

18. ASSOCIATED COMPANIES

	THE GROUP 2006 ($'000)	2005 ($'000)
		(Restated)
Investments in associated companies, at cost	**165,958**	142,618
Acquisition of interests	**53,202**	18,776
Share of net post acquisition reserves	**6,907**	(781)
	226,067	160,613
Loans owing from associated companies (unsecured)	**69,831**	71,188
	295,898	231,801

(a) The loans owing from associated companies are interest-free, non-trade in nature and are not repayable within one year.

(b) The amounts owing from/to associated companies classified under current assets and current liabilities are unsecured, trade in nature and interest-free.

(c) The summarised financial statements of the associates are as follows:

	2006	2005
Revenue	**740,491**	740,430
Profit before taxation and exceptional items	**83,460**	124,938
Exceptional items	**(1,069)**	(3,560)
Taxation	**(11,973)**	(15,326)
Non-current assets	**1,311,966**	1,532,499
Current assets	**477,383**	545,096
Current liabilities	**(414,433)**	(363,158)
Long term liabilities	**(526,510)**	(620,137)
	848,406	1,094,300

(d) The share of the results, assets and liabilities as stated in paragraph (c) above are based on the accounts of the associated companies to 30 September 2006.

(e) The Group's share of capital commitments of the associated companies is $1,528,000 (2005: $nil).

(f) The Group's share of contingent liabilities of the associated companies is $307,000 (2005: $325,000).

Details of associated companies are included in Note 42.

19. INTANGIBLE ASSETS

	THE GROUP				
	Goodwill ($'000)	Franchise ($'000)	Deferred Development Costs ($'000)	Other Intangible Assets ($'000)	Total ($'000)
For the year ended 30 September 2006					
At cost					
Balance at beginning of year	85,966	219	31,886	10,536	128,607
Currency realignment	(226)	–	(988)	–	(1,214)
Additional expenditure during the year	79,658	–	7,778	7,627	95,063
Acquisition of subsidiary companies and additional interests in subsidiary companies	6,909	–	–	–	6,909
Acquisition of additional interests in joint venture companies	76,282	–	–	–	76,282
Write off for the year	(631)	–	(631)	–	(1,262)
Balance at end of year	247,958	219	38,045	18,163	304,385
Accumulated amortisation and impairment					
Balance at beginning of year	–	156	12,305	900	13,361
Currency realignment	–	–	319	–	319
Amortisation charge for the year	–	22	3,260	1,619	4,901
Write off for the year	–	–	(631)	3	(628)
Balance at end of year	–	178	15,253	2,522	17,953
Net book value	247,958	41	22,792	15,641	286,432
For the year ended 30 September 2005 (Restated)					
At cost					
Balance at beginning of year	154,910	219	21,769	212	177,110
Currency realignment	(114)	–	275	–	161
Additional expenditure during the year	–	–	11,735	–	11,735
Acquisition of subsidiary companies and additional interests in subsidiary companies	16,583	–	2,458	10,324	29,365
Reclassification to associated companies	(75,023)	–	–	–	(75,023)
Write off for the year	(1,715)	–	(4,351)	(102)	(6,168)
Reclassification	(102)	–	–	102	–
Reclassification from accumulated amortisation	(8,573)	–	–	–	(8,573)
Balance at end of year	85,966	219	31,886	10,536	128,607
Accumulated amortisation and impairment					
Balance at beginning of year	10,526	134	11,166	5	21,831
Currency realignment	(238)	–	310	–	72
Amortisation charge for the year	–	22	3,412	895	4,329
Write off for the year	(1,715)	–	(2,583)	–	(4,298)
Reclassification to cost	(8,573)	–	–	–	(8,573)
Balance at end of year	–	156	12,305	900	13,361
Net book value	85,966	63	19,581	9,636	115,246

Except for Goodwill, all intangible assets have finite useful lives of not more than 20 years.

20. IMPAIRMENT TESTS FOR GOODWILL

The carrying value of the Group's goodwill arising from acquisitions of subsidiary and joint venture companies were assessed for impairment during the financial year.

	As at 30 Sep 2006 ($'000)	Basis on which recoverable values are determined	Terminal growth rate	Pre-tax Discount rate
Carrying value of capitalised goodwill based on cash generating units				
Subsidiary companies:				
Printing and Publishing Group	21,425	Value-in-use	0%	7.0% – 7.8%
Soft Drinks Group	17,642	Fair value less costs to sell	–	–
	39,067			
Joint venture companies:				
Breweries Group	208,891	Value-in-use and Fair value less costs to sell	2%	8.6% – 16.8%
	247,958			

	As at 30 Sep 2005 ($'000)	Basis on which recoverable values are determined	Terminal growth rate	Pre-tax Discount rate
	(Restated)			
Carrying value of capitalised goodwill based on cash generating units				
Subsidiary companies:				
Printing and Publishing Group	13,338	Value-in-use	0%	7.0% – 7.4%
Dairies Group	631	Value-in-use	0%	7.1%
Soft Drinks Group	17,642	Fair value less costs to sell	–	–
	31,611			
Joint venture companies:				
Breweries Group	54,355	Value-in-use	2%	9.0% – 11.9%
	85,966			

Goodwill is allocated for impairment testing purposes to the individual entity which is also the cash generating unit. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering 3 to 5 year periods. Cash flows beyond these periods are extrapolated using the estimated growth rates stated in the table above. The fair value less costs to sell calculations are based on quoted market prices obtained from active markets.

The terminal growth rate used does not exceed the long term average growth rate of the respective industry and country in which the entity operates.

The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of assessment of the respective cash generating units.

No impairment loss was required for the financial years ended 30 September for the goodwill assessed as their recoverable values were in excess of their carrying values.

21. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		(Restated)
Quoted				
Quoted available-for-sale financial assets				
Non-equity investments				
At cost	**–**	25,761	**–**	–
At fair value	**25,729**	–	**–**	–
Equity investments				
At cost	**–**	16,753	**–**	6,039
At fair value	**22,922**	–	**6,130**	–
Quoted total	**48,651**	42,514	**6,130**	6,039
Unquoted				
Unquoted available-for-sale financial assets				
Non-equity investments				
At cost	**549**	945	**–**	–
At fair value	**332**	–	**–**	–
Equity investments				
At cost	**1,124**	33,750	**550**	540
Unquoted held-to-maturity financial assets				
Equity investments				
At fair value	**6,980**	–	**–**	–
Provision for impairment				
Balance at beginning of year	**(1,155)**	(1,155)	**–**	–
Additions	**(512)**	–	**–**	–
Balance at end of year	**(1,667)**	(1,155)	**–**	–
Unquoted total	**7,318**	33,540	**550**	540
Loan receivables	**5,815**	5,683	**–**	–
Total	**61,784**	81,737	**6,680**	6,579
Market Value of Quoted Investments				
Available-for-sale financial assets				
Non-equity investments	**25,729**	25,450	**–**	–
Equity investments	**22,922**	23,903	**6,130**	6,251
	48,651	49,353	**6,130**	6,251

21. OTHER INVESTMENTS (cont'd)

(a) Other investments as at 30 September 2006 were reclassified into "Available-for-sale financial assets (non-current)" and "Held-to-maturity financial assets" to conform to the presentation adopted in the year ended 30 September 2006 in accordance with FRS 39. With the adoption of FRS 39, the Group states available-for-sale investments at fair value except for unquoted equity investments. The difference between the fair values and the carrying amounts of the investments which are stated at fair value at 1 October 2005 are taken to the opening balance of the fair value adjustment reserves at that date.

(b) The quoted non-equity investments carry interest rate of 8% (2005: 8%).

(c) The unquoted non-equity investments carry interest rates of 9.75% to 12.75% (2005: 8.5% to 14%).

(d) The unquoted investments do not have quoted market prices in an active market nor are there other methods of reasonably estimating the fair values readily available. Hence it is not practicable to determine their fair value with sufficient reliability without incurring excessive costs.

(e) Market value of quoted investments are determined by reference to stock exchange quoted prices.

22. CASH AND BANK DEPOSITS

	THE GROUP		**THE COMPANY**	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		
Cash and bank balances	**220,752**	257,516	**285**	452
Bank fixed deposits	**614,139**	315,251	**15,277**	22,618
	834,891	572,767	**15,562**	23,070
Secured bank fixed deposits	**–**	4,600	**–**	–
	834,891	577,367	**15,562**	23,070

The weighted average effective interest rate for bank fixed deposits is 4.53% (2005: 2.86%).

22. CASH AND BANK DEPOSITS (cont'd)

Included in the Group's cash and bank balances, and bank fixed deposits are amounts of $11,730,000 (2005: $2,233,000) and $106,400,000 (2005: $50,707,000) respectively held under the Project Account Rules (1997 Ed), withdrawals from which are restricted to payments for development expenditure incurred on properties developed for sale.

Included in secured fixed deposits is $nil (2005: $4,600,000) which served as collateral deposit for a $nil (2005: $4,154,000 (RMB 20,000,000)) bank facility granted to a subsidiary company.

As at 30 September 2006, the composition of cash and bank deposits held in foreign currency by the Group is as follows: Chinese Renminbi – 30.0% (2005: 21.0%), Malaysia Ringgit – 11.5% (2005: 19.5%) and US Dollars – 8.2% (2005: 14.1%).

23. BRANDS

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		
At cost				
Balance at beginning of year	**14,569**	14,538	**8,435**	8,435
Currency realignment	**27**	31	**–**	–
Acquisition of additional interests in joint venture companies	**82**	–	**–**	–
Balance at end of year	**14,678**	14,569	**8,435**	8,435
Accumulated amortisation				
Balance at beginning of year	**10,854**	9,182	**8,266**	7,099
Currency realignment	**28**	14	**–**	–
Amortisation for the year	**661**	1,658	**169**	1,167
Acquisition of additional interests in joint venture companies	**35**	–	**–**	–
Write off for the year	**437**	–	**–**	–
Balance at end of year	**12,015**	10,854	**8,435**	8,266
Net book value	**2,663**	3,715	**–**	169

24. PROPERTIES HELD FOR SALE

	THE GROUP 2006 ($'000)	2005 ($'000)
		(Restated)
At cost		
Balance at beginning of year	**467,029**	443,070
Currency realignment	**(5,039)**	1,500
Transfer from properties under development	**94,691**	215,364
Transfer from investment properties	**1,945**	563
Acquisition of subsidiary companies	**–**	46,708
Cost adjustments	**(22,354)**	(229)
Sold during the year	**(335,450)**	(239,947)
Balance at end of year	**200,822**	467,029
Less: Provision for foreseeable losses		
Balance at beginning of year	**35,162**	44,208
Acquisition of subsidiary companies	**–**	700
Provision for the year	**7,753**	16,517
Transfer from properties under development	**10,423**	–
Sold during the year	**(30,909)**	(26,263)
Balance at end of year	**22,429**	35,162
Net book value	**178,393**	431,867

25. INVENTORIES

	THE GROUP 2006			2005 (Restated)		
	At cost ($'000)	**At net realisable value ($'000)**	**Total ($'000)**	At cost ($'000)	At net realisable value ($'000)	Total ($'000)
Containers	**28,723**	**747**	**29,470**	30,443	2,706	33,149
Raw materials	**49,311**	**22,972**	**72,283**	64,768	28,373	93,141
Manufactured inventories	**95,915**	**20,533**	**116,448**	95,810	16,168	111,978
Engineering spares, work-in-progress and other inventories	**66,817**	**18,534**	**85,351**	67,359	7,048	74,407
Packaging materials	**19,478**	**243**	**19,721**	19,439	268	19,707
Goods purchased for resale	**15,266**	**26,863**	**42,129**	16,481	25,953	42,434
	275,510	**89,892**	**365,402**	294,300	80,516	374,816

Write back of provision for inventory obsolescence during the year amounted to $4,692,000 (2005: $2,216,000).

26. TRADE AND OTHER DEBTORS

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		
Trade debtors	**481,774**	585,233	**–**	–
Other debtors:				
Current				
Accrued income	**1,136**	3,474	**5**	1,806
Prepayments	**30,735**	23,834	**25**	–
Deposits paid	**248,122**	102,952	**1**	1
Tax recoverable	**18,979**	17,040	**125**	–
Staff loans	**6,825**	7,909	**–**	–
Amounts receivable from joint venture partners	**6,949**	2,314	**–**	–
Derivative financial instruments (Note 27)	**6,674**	–	**5,735**	–
Advanced project cost paid	**1,917**	1,521	**–**	–
Other receivables	**69,451**	63,843	**62**	1,137
	390,788	222,887	**5,953**	2,944
	872,562	808,120	**5,953**	2,944
Non-current				
Prepayments	**14,274**	15,241	**–**	–
Staff loans	**3,263**	3,873	**–**	–
	17,537	19,114	**–**	–
	890,099	827,234	**5,953**	2,944

(a) Trade debtors of the Group are stated after deducting provision for doubtful debts of $15,188,000 (2005: $15,284,000).

(b) Included in Trade debtors is an amount of $90,782,000 (2005: $210,443,000) which relates to the balance of sale proceeds from completed condominium projects which will be received upon issuance of certificate of statutory completion, notice of vacant possession, expiry of defect liability period and/or title subdivision.

(c) Included in Deposits paid is an amount of $115,387,000 (2005: $25,214,000) being payment for purchase of land which will be transferred to properties under development upon the completion of sale and purchase agreement.

(d) Included in Deposits paid is a payment of approximately $93,867,000 (2005: $68,472,000) for certain land in China of which formal land use right certificates have not yet been obtained.

(e) As at 30 September 2006, the composition of Trade and Other debtors held in foreign currency by the Group is as follows: Chinese Renminbi – 17.5% (2005: 12.1%), Malaysia Ringgit – 17.5% (2005: 21.1%) and Australia Dollars – 6.7% (2005: 6.9%).

27. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
Assets				
Interest rate swap contracts	**6,441**	–	**5,735**	–
Forward currency contracts	**233**	–	**–**	–
	6,674	–	**5,735**	–
Liabilities				
Interest rate swap contracts	**3,312**	–	**3,312**	–
Forward currency contracts	**453**	–	**–**	–
	3,765	–	**3,312**	–
Net position	**2,909**	–	**2,423**	–

28. SHORT TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		
Quoted				
Quoted available-for-sale financial assets				
Equity investments at fair value	**145,077**	132	**–**	–
Non-equity investments at fair value	**188**	183	**–**	–
	145,265	315	**–**	–
Unquoted				
Unquoted available-for-sale financial assets				
Non-equity investments at cost	**2,697**	2,251	**–**	–
Non-equity investments at fair value	**150,000**	–	**–**	–
Unquoted financial assets at fair value through profit statement				
Non-equity investments at fair value	**28,786**	–	**28,786**	–
	181,483	2,251	**28,786**	–
Total	**326,748**	2,566	**28,786**	–

Included in non-equity investments are notes with interest rates of 3.5% to 12.75% (2005: 8.5% to 14%) per annum and maturing within the next 12 months.

29. TRADE AND OTHER CREDITORS

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		(Restated)
Trade creditors	**398,455**	403,135	**–**	–
Other creditors:				
Current				
Advances from joint venture partners	**16,123**	26,323	**–**	–
Interest payable	**30,215**	20,983	**7,830**	4,217
Accrued operating expenses	**118,693**	110,384	**1,404**	320
Sundry accruals	**56,209**	51,351	**6**	68
Sundry deposits	**58,027**	47,642	**–**	–
Staff costs payable	**52,134**	53,329	**–**	–
Accrual for unconsumed leave	**10,335**	9,636	**–**	–
Amounts due to minority shareholders of subsidiary companies	**59,296**	42,783	**–**	–
Deferred income	**9,801**	937	**–**	–
Provisions	**2,227**	5,382	**–**	–
Derivative financial instruments (Note 27)	**3,765**	–	**3,312**	–
Other payables	**50,605**	62,616	**3,572**	1,939
	467,430	431,366	**16,124**	6,544
	865,885	834,501	**16,124**	6,544
Non-current				
Amounts due to minority shareholders of subsidiary companies	**14,937**	14,420	**–**	–
	880,822	848,921	**16,124**	6,544

(a) Advances from joint venture partners are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

(b) As at 30 September 2006, the composition of Trade and Other creditors held in foreign currency by the Group is as follows: Malaysia Ringgit –15.4% (2005: 17.7%), Chinese Renminbi – 11.3% (2005: 11.6%) and Sterling Pound – 9.2% (2005: 6.1%).

30. BORROWINGS

	Weighted average effective interest rate %	Notes	THE GROUP 2006 ($'000)	THE GROUP 2005 ($'000) (Restated)	THE COMPANY 2006 ($'000)	THE COMPANY 2005 ($'000)
Repayable within one year:						
Unsecured						
Bank loans	4.89		**514,460**	332,344	**94,923**	112,340
Bank overdrafts			**12,017**	3,051	**–**	–
			526,477	335,395	**94,923**	112,340
Term loans	3.08		**280,000**	500,000	**–**	–
Secured						
Bank loans	5.96	(b)	**180,856**	330,035	**–**	–
Bank overdrafts		(b)	**56**	1,871	**–**	–
			180,912	331,906	**–**	–
Finance leases			**1,155**	872	**–**	–
			988,544	1,168,173	**94,923**	112,340
Repayable after one year:						
Unsecured						
Bank loans	5.00		**168,692**	179,832	**–**	–
Term loans	3.67		**1,688,339**	1,500,000	**949,167**	800,000
Secured						
Bank loans	4.39	(b)	**974,807**	504,400	**–**	–
Finance leases			**2,895**	2,592	**–**	–
		(d)	**2,834,733**	2,186,824	**949,167**	800,000
Total			**3,823,277**	3,354,997	**1,044,090**	912,340
Fair value		(c)	**3,811,593**	3,330,601	**1,034,306**	922,140

Notes

(a) Term loans comprise variable rate notes, medium term notes, fixed rate notes, transferable term loan and floating rate bonds issued by the Company and subsidiary companies.

(b) The secured bank loans and overdrafts are secured by certain subsidiary companies by way of a charge over fixed deposits, plant and machinery, pledge of shares of a subsidiary company, fixed and floating charge over certain assets and mortgages on freehold and leasehold land under development.

A subsidiary company's issue of 330,000 redeemable non-voting Class A Preference Shares of an aggregate value of $330,000,000 (2005: $330,000,000) are classified as bank borrowings in the consolidated financial statements of the Group.

30. BORROWINGS (cont'd)

(c) The carrying amount of bank borrowings and finance leases approximate fair value as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements except for the term loans of an amount of $1,369,167,000 (2005: $795,108,000) bank loan which has a fair value of $1,357,483,000 (2005: $777,039,000).

The aggregate fair value of term loans are determined by reference to market value.

(d) Maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		
Between 1 and 2 years	**1,064,658**	645,124	**300,000**	300,000
Between 2 and 5 years	**1,568,899**	1,514,172	**499,167**	500,000
After 5 years	**201,176**	27,528	**150,000**	–
	2,834,733	2,186,824	**949,167**	800,000

(e) As at 30 September 2006, the composition of borrowings held in foreign currency by the Group is as follows: Australia Dollars – 9.8% (2005: 4.3%), Chinese Renminbi – 7.0% (2005: 9.2%) and US Dollars – 4.1% (2005: 2.8%).

(f) As at 30 September 2006, the Company and Group had interest rate swaps in place, which have the economic effect of converting borrowings from fixed rates to variable rates or vice versa. The fair value of these interest rate swaps is discussed in Note 37. The weighted average effective interest rates are as at 30 September 2006 and include the effect of related interest rate swaps.

31. PROVISION FOR EMPLOYEE BENEFITS

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Balance at beginning of year	**22,538**	22,706
Currency realignment	**(1,119)**	187
(Disposal)/acquisition of subsidiary companies	**(43)**	315
Write back	**(262)**	(804)
Provision for the year	**3,456**	2,705
Payment for the year	**(2,651)**	(2,571)
Transfer	**(37)**	–
Balance at end of year	**21,882**	22,538

31. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(a) Defined Contribution Plan

The Group makes contributions to several post employment benefit plans. Most of these plans are defined contribution plans whereby contributions are made to approved provident and superannuation funds in Singapore, Malaysia, Hong Kong, Australia, Papua New Guinea, Vietnam, Cambodia, Sri Lanka, USA and Europe.

(b) Defined Benefit Plan

The defined benefit plans in the United Kingdom, New Zealand and Japan are funded, defined benefit pension scheme, the assets of which are held in separate trustee-administrated funds. The defined benefit plans in Malaysia do not have separately funded assets. They provide lump sum benefit at normal retirement age.

The major assumptions used by the qualified independent actuaries were:

	THE GROUP	
	2006	2005
Rate of increase in salaries	**3.5% to 5.0%**	3.5% to 5.0%
Expected rate of return on assets	**5.0% to 6.1%**	5.0% to 6.1%
Discount rate	**3.9% to 7.0%**	4.1% to 7.0%

The following tables summarise the components of net benefit expense and benefit liability:

	2006 ($'000)	2005 ($'000)
Net benefit expense		
Benefits earned during the year	**702**	248
Interest cost on benefit obligation	**2,949**	862
Net actuarial loss	**(2,392)**	314
Curtailment loss	**(196)**	–
Transition obligation recognised	**190**	166
Net benefit expense	**1,253**	1,590
Benefit liability		
Present value of benefit obligation	**65,080**	22,375
Fair value of plan assets	**(41,326)**	(2,194)
Unfunded benefit obligation	**23,754**	20,181
Unrecognised net actuarial loss	**(630)**	(734)
Unrecognised transition obligation	**–**	(1,576)
Deferred tax	**(1,531)**	–
Benefit liability	**21,593**	17,871
Present value of unfunded benefit obligation	**15,835**	16,837
Present value of funded benefit obligation	**49,245**	5,538
	65,080	22,375

31. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(b) Defined Benefit Plan (cont'd)

The following table summaries the components of benefit (asset)/liability not taken up in the Group's consolidated financial statements:

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Benefit (asset)/liability		
Present value of benefit obligation	**9,838**	52,338
Fair value of plan assets	**(11,935)**	(48,432)
Unfunded benefit obligation	**(2,097)**	3,906
Unrecognised net actuarial loss	**513**	566
Deferred tax	**–**	(1,865)
Benefit (asset)/liability	**(1,584)**	2,607

(c) Long Service Leave/Severance Allowances/Gratuity

Long service leave, severance allowances and gratuity are provided by joint venture companies based on the number of years of service the employees have rendered at the end of each financial year as required by local legislation in Vietnam, Papua New Guinea, Cambodia and Sri Lanka.

(d) Share Options

The equity-based share option schemes of the Group are:

			Approval by Shareholders
(i)	Fraser and Neave, Limited Executives' Share Option Scheme, 1989	("1989 Scheme")	7 August 1989
(ii)	Fraser and Neave, Limited Executives' Share Option Scheme, 1999	("1999 Scheme")	30 September 1999
(iii)	Asia Pacific Breweries Limited Executives' Share Option Scheme	("APBL Scheme")	21 February 1995
(iv)	Fraser & Neave Holdings Bhd Executives' Share Option Scheme	("F&NHB Scheme")	–
(v)	Frasers Property (China) Limited's Share Option Scheme	("FPCL Scheme")	20 May 2003

The options granted under the above Schemes are for a term no longer than 10 years from date of grant.

31. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(d) Share Options (cont'd)

Information regarding the 1989 Scheme, 1999 Scheme, APBL Scheme and F&NHB Scheme

(i) The Exercise price is equal to the market value of a share based on the average of the last done price on the exchange which the respective shares are traded, for the five market days preceeding the option offer date.

(ii) The grantee may exercise an option during the Exercise Period which commences 33 months after the Offer Date.

(iii) Options expire 119 months after the Offer Date, except F&NHB Scheme options which expire 59 months after the option Offer Date.

Information regarding FPCL Scheme

(i) The Exercise Price will be determined by FPCL Board, but shall not be less than the highest of:

(1) the closing price as stated in the daily quotation sheet of the Stock Exchange of Hong Kong Limited ("HKEX") on the date of grant, which must be a trading day;

(2) the average closing prices as stated in the HKEX's daily quotation sheets for the five trading days immediately preceeding the date of grant; or

(3) the nominal value of FPCL share.

(ii) The vesting period of the share options is in the following manner:

	Percentage of shares over which a share option is exercisable	
Vesting Schedule	**Granted before 2004 (%)**	**Granted after 2004 (%)**
Before the first anniversary of the date of grant	Nil	Nil
On or after the first but before the second anniversary of the date of grant	25	40
On or after the second but before the third anniversary of the date of grant	25	30
On or after the third but before the fourth anniversary of the date of grant	25	30
On or after the fourth anniversary of the date of grant	25	NA

31. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(d) Share Options (cont'd)

In relation to the share options, if the grantee, during any of the periods specified above, exercised that share options for such number of shares which, in aggregate, represents less than the number of shares for which the eligible participant may exercise in respect of such period, the balance of the share comprised in that share option for which the grantee could have exercised (but did not exercise) in that period shall be carried forward and added to the number of shares which the grantee may exercise in the next succeeding period or periods.

Information with respect to the number of options granted under the respective share options scheme is as follows:

Fraser and Neave, Limited Executives' Share Option Scheme

Options	Offer Date	Balance as at 1.10.2005 or Offer Date if later	Options Lapsed	Options Exercised	Adjustment due to Sub-division of Shares *	Balance as at 30.9.2006	Previous Exercise Price	Adjusted Exercise Price *	Exercise Period
1989 Scheme									
1999	23.12.1998	16,873	–	(9,288)	30,340	37,925	$3.86	$0.77	23.09.2001 – 22.11.2008
1999 Scheme									
Year 1	23.11.1999	–	–	–	–	–	–	–	23.08.2002 – 22.10.2009
Year 2	21.11.2000	27,818	–	(12,347)	61,884	77,355	$6.43	$1.29	22.08.2003 – 21.10.2010
Year 3	08.10.2001	128,514	–	(80,606)	191,632	239,540	$6.98	$1.40	09.07.2004 – 08.09.2011
Year 3A	28.01.2002	11,845	–	(6,966)	19,516	24,395	$7.81	$1.56	29.10.2004 – 08.09.2011
Year 3B	02.07.2002	130,651	–	–	522,604	653,255	$7.79	$1.56	03.04.2005 – 02.06.2012
Year 4	01.10.2002	1,088,866	–	(540,821)	2,192,180	2,740,225	$7.54	$1.51	01.07.2005 – 31.08.2012
Year 5	08.10.2003	1,985,728	(50,736)	(579,254)	5,422,952	6,778,690	$10.58	$2.12	08.07.2006 – 07.09.2013
Year 6	08.10.2004	2,057,153	(188,422)	–	7,474,924	9,343,655	$14.08	$2.82	08.07.2007 – 07.09.2014
Year 7	10.10.2005	2,394,857	(201,163)	–	8,774,776	10,968,470	$17.32	$3.46	10.07.2008 – 09.09.2015
		7,842,305	(440,321)	(1,229,282)	24,690,808	30,863,510			

* adjustment for sub-division of shares on 4 July 2006

The weighted average fair value of options granted during the year was $3.15 (2005: $2.38).
The weighted average share price for options exercised during the year was $3.78 (2005: $3.13).

31. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(d) Share Options (cont'd)

Fraser & Neave Holdings Bhd Executives' Share Option Scheme

Options	Offer Date	Balance as at 1.10.2005 or Offer Date if later	Options Lapsed	Options Exercised	Balance as at 30.9.2006	Exercise Price	Exercise Period
2001	08.12.2000	45,599	(18,199)	(27,400)	–	RM 3.13	08.09.2003 – 07.11.2005
2002	31.12.2001	406,188	(7,400)	(363,088)	435,700	RM 3.56	01.10.2004 – 30.11.2006
2003	21.11.2002	1,531,800	(8,200)	(1,438,300)	85,300	RM 3.49	21.08.2005 – 20.10.2007
2004	24.11.2003	2,233,200	(55,500)	(700,200)	1,477,500	RM 3.83	24.08.2006 – 23.10.2008
2005	24.11.2004	2,328,900	(102,800)	–	2,226,100	RM 4.89	24.08.2007 – 23.10.2009
2006	26.08.2005	2,380,400	(127,900)	–	2,252,500	RM 5.54	26.05.2008 – 25.07.2010
2007	26.09.2006	2,318,700	–	–	2,318,700	RM 6.12	26.06.2009 – 25.08.2011
		11,244,787	(319,999)	(2,528,988)	8,795,800		

The weighted average fair value of options granted during the year was RM0.62 (2005: RM0.47).
The weighted average share price for options exercised during the year was RM6.06 (2005: RM5.09).

Frasers Property (China) Limited Share Option Scheme

Options	Offer Date	Balance as at 1.10.2005 or Offer Date if later	Options Lapsed	Options Exercised	Adjustment due to Rights Issue #	Balance as at 30.9.2006	Previous Exercise Price	Adjusted Exercise Price #	Exercise Period
2003	31.12.2003	12,600,000	(2,599,720)	–	837,289	10,837,569	HK$0.1706	HK$0.1580	31.12.2004 - 30.12.2013
2004	31.12.2004	12,000,000	(1,323,832)	–	873,831	11,549,999	HK$0.1670	HK$0.1547	31.12.2005 - 30.12.2014
2005	31.12.2005	13,100,000	(323,832)	–	1,040,656	13,816,824	HK$0.1450	HK$0.1343	30.12.2006 - 29.12.2015
		37,700,000	(4,247,384)	–	2,751,776	36,204,392			

adjustment due to Rights Issue on 12 September 2006

The weighted average fair value of options granted during the year was HK$0.09 (2005: HK$0.10).
No options were exercised during the year.

31. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(d) Share Options (cont'd)

Asia Pacific Breweries Limited Executives' Share Option Scheme

Options	Offer Date	Balance as at 1.10.2005	Options Lapsed	Options Exercised	Balance as at 30.9.2006	Exercise Price	Exercise Period
1999	23.12.1998	12,379	–	(6,100)	6,279	$3.61	22.09.2001 – 21.11.2008
2000	22.12.1999	17,820	–	(9,980)	7,840	$4.28	21.09.2002 – 20.11.2009
2001	20.12.2000	53,700	–	(38,750)	14,950	$3.91	19.09.2003 – 18.11.2010
2002	08.10.2001	140,625	–	(134,975)	5,650	$3.79	08.07.2004 – 07.09.2011
2003	15.10.2002	636,950	–	(599,850)	37,100	$4.79	15.07.2005 – 14.09.2012
2004	08.10.2003	1,031,525	(30,625)	(866,650)	134,250	$6.29	08.07.2006 – 07.09.2013
		1,892,999	(30,625)	(1,656,305)	206,069		

No options were issued during the year.
The weighted average fair value of options exercised during the year was $10.69 (2005: $8.26).

Included within the number of equity-settled options as at 1 October 2005 are equity-settled options that have not been recognised in accordance with FRS 102 as these equity-settled options were granted on or before 22 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 102.

The fair value of share options, granted during the year, (including both equity and cash-settled options) as at the date of grant, is determined using the Binomial valuation model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used are as follows:

Fraser and Neave, Limited Executives' Share Option Scheme, 1989 and 1999

	Year 5	Year 6	Year 7
Dividend yield (%)	4.5%	3.9%	3.1%
Expected volatility (%)	27.8%	25.0%	21.9%
Risk-free interest rate (%)	2.2%	2.2%	3.1%
Expected life of option (years)	4.0	4.0	4.0
Share price at date of grant (S$)	2.20	2.82	3.54
Exercise share price (S$)	2.12	2.82	3.46

31. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(d) Share Options (cont'd)

Fraser & Neave Holdings Bhd Executives' Share Option Scheme

	2004	2005	2006	2007
Dividend yield (%)	3.9%	5.1%	5.7%	5.1%
Expected volatility (%)	23.6%	17.2%	12.9%	15.6%
Risk-free interest rate (%)	5.6%	4.8%	3.6%	3.7%
Expected life of option (years)	4.5	4.5	4.5	4.5
Share price at date of grant (MYR)	3.84	4.86	5.35	6.15
Exercise share price (MYR)	3.83	4.89	5.54	6.12

Frasers Property (China) Limited Share Option Scheme

	2004	2005	2006
Dividend yield (%)	–	–	–
Expected volatility (%)	80.0%	80.0%	75.0%
Risk-free interest rate (%)	3.5%	2.9%	4.1%
Expected life of option (years)	6.3	5.8	5.2
Share price at date of grant (HKD)	0.167	0.167	0.145
Exercise share price (HKD)	0.171	0.167	0.145

Asia Pacific Breweries Limited Executives' Share Option Scheme

	Share option 2004	Phantom share option 2005	Phantom share option 2006
Dividend yield (%)	4.1%	3.9%	3.3%
Expected volatility (%)	30.6%	25.0%	16.3%
Risk-free interest rate (%)	2.2%	2.4%	2.7%
Expected life of option (years)	6.0	4.6	3.7
Share price at date of grant (S$)	6.39	7.60	8.94
Exercise share price (S$)	6.29	7.48	8.96

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

31. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(e) Phantom Share Option Plan

Asia Pacific Breweries Limited ("APBL"), has in place a cash-based Phantom Share Option Plan ("APBL PSOP") which succeeds their Executives' Share Option Scheme. No shares will be issued and participants of the plan are not entitled to, and have no right or interest in the shares of APBL.

Information with respect to the number of options granted under the APBL PSOP is as follows:

(i) The Exercise Price is equal to the average closing market price for the thirty market days immediately before the grant.

(ii) The grantee may exercise an option during the Exercise Period which commences 33 months after the date of grant.

(iii) The options expire 57 months after the Offer Date.

(iv) Upon exercise of the options, an amount in cash equal to the excess (if any) of the average of the closing price for the thirty days immediately preceding the date the options are exercised over the Exercise Price, would be paid to the grantee. In the event the excess exceeds the Exercise Price, the amount payable to the grantee shall not exceed the Exercise Price.

Options	Offer Date	Balance as at 1.10.2005 or Offer Date if later	Options Lapsed	Options Exercised	Balance as at 30.9.2006	Exercise Price	Exercise Period
2005	8.10.2004	1,192,700	(65,700)	–	1,127,000	$7.58	08.07.2007 – 08.07.2009
2006	9.11.2005	1,318,825	(95,100)	–	1,223,725	$8.96	09.08.2008 – 09.08.2010
		2,511,525	(160,800)	–	2,350,725		

The weighted average fair value of options granted during the year was $0.94 (2005: $0.62).

The carrying amount of the liability recognised in the Group's balance sheet relating to cash-settled option granted under the PSOP as at 30 September 2006 is $4,493,000 (2005: $364,000). No option granted under this plan had vested as at 30 September 2006.

32. DEFERRED TAX ASSETS AND LIABILITIES

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
		(Restated)		

The deferred tax liabilities of certain subsidiary companies at the end of the financial year are related to the following:

	THE GROUP 2006 ($'000)	THE GROUP 2005 ($'000)	THE COMPANY 2006 ($'000)	THE COMPANY 2005 ($'000)
Deferred tax liabilities				
Differences in depreciation	**72,906**	84,256	**–**	–
Tax effect on revaluation surplus	**13,649**	7,684	**–**	–
Provisions	**7,388**	8,132	**–**	–
Other deferred tax liabilities	**23,157**	3,759	**18**	–
Gross deferred tax liabilities	**117,100**	103,831	**18**	–
Less: Deferred tax assets				
Employee benefits	**(4,724)**	(5,499)	**–**	–
Unabsorbed losses and capital allowances	**(2,504)**	(8,120)	**–**	–
Provisions	**(2,741)**	(4,807)	**–**	–
Other deferred tax assets	**(9)**	(162)	**–**	–
Gross deferred tax assets	**(9,978)**	(18,588)	**–**	–
Net deferred tax liabilities	**107,122**	85,243	**18**	–

Some overseas subsidiary companies have net deferred tax assets relating to the following:

	THE GROUP 2006 ($'000)	THE GROUP 2005 ($'000)	THE COMPANY 2006 ($'000)	THE COMPANY 2005 ($'000)
Employee benefits	**(2,912)**	(2,991)	**–**	–
Differences in depreciation	**11,098**	5,002	**–**	–
Unabsorbed losses and capital allowances	**(21,114)**	(4,755)	**–**	–
Provisions	**(6,037)**	(6,610)	**–**	–
Others	**(5,243)**	(321)	**–**	–
Net deferred tax assets	**(24,208)**	(9,675)	**–**	–

The deferred tax taken to equity during the year relating to (i) revaluation surpluses was $1,818,000 (2005: $3,448,000) and (ii) fair value adjustment was $17,651,000 (2005: $nil).

Deferred tax liabilities of $37,673,000 (2005: $40,759,000) have not been recognised in the consolidated financial statements for the withholding and other taxes that would be payable on the unremitted earnings as such amounts are permanently reinvested; such unremitted earnings totalled $191,035,000 at 30 September 2006 (2005: $206,464,000).

33. FUTURE COMMITMENTS

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Commitments not provided for in the financial statements:		
(a) Commitments in respect of contract placed:		
– Fixed assets	**51,225**	58,578
– Properties under development	**629,902**	612,773
	681,127	671,351
(b) Other amounts approved by directors but not contracted for:		
– Fixed assets	**46,290**	41,296
– Properties under development	**1,544,968**	1,978,062
	1,591,258	2,019,358
Total	**2,272,385**	2,690,709

(c) Other commitments

(i) On completion of the development, one of the Group's subsidiary company is committed to deliver 45,000 sq ft of built up units on the land acquisition.

(ii) The Group provided a Corporate Guarantee for Baht 374,142,440 as security for bank facility granted to a joint venture company in respect of the acquisition of land.

(iii) The Group provided Letters of Financial Support for certain of its subsidiary companies.

34. LEASE COMMITMENTS

Operating Leases

Lease commitments under non-cancellable operating leases where the Group is a lessee:

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Payable within one year	**16,329**	15,703
Payable between one and five years	**27,316**	29,338
Payable after five years	**40,376**	31,408
	84,021	76,449
Operating lease expense	**29,467**	28,758

The operating leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

Lease commitments under non-cancellable operating leases where the Group is a lessor:

Receivable within one year	**155,112**	149,894
Receivable between one and five years	**182,638**	187,797
Receivable after five years	**3,675**	6,193
	341,425	343,884

Contingent rents, generally determined based on a percentage of tenants' revenue, of $3,621,000 (2005: $2,173,000) have been recognised as income by the Group in the profit statement during the year.

34. LEASE COMMITMENTS (cont'd)

Finance Leases

Lease commitments under non-cancellable finance leases where the Group is a lessee:

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Minimum lease payments due:		
Payable within one year	**1,275**	1,025
Payable between one and five years	**3,027**	2,837
Payable after five years	**–**	–
	4,302	3,862
Less: Future finance charges	**(388)**	(398)
	3,914	3,464

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

35. RELATED PARTY TRANSACTIONS

The following were the significant related party transactions entered into by the Group with:

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Directors		
Sale of condominium units	**1,247**	15,175
Joint venture companies		
Rental received	**892**	596
Management fees received	**2,200**	2,200
Sale of bottles	**19,740**	17,443
Management fees paid	**284**	250
Purchase of cullets	**57**	47

These transactions were based on agreed fees or terms determined on a commercial basis.

36. CONTINGENT LIABILITIES

The Group may be subject to business taxes on the profits from overseas development projects. The tax expense will be recorded once it can be reasonably ascertained and the related assessment received from the tax authorities.

37. FINANCIAL RISK MANAGEMENT

The Company and the Group are exposed to financial risks, including primarily the effects of changes in currency exchange rates and interest rates and use derivatives and other instruments in connection with their risk management activities. The Company and the Group do not hold or issue derivative financial instruments for trading purposes.

The Group has established processes to monitor and control hedging transactions in a timely and accurate manner.

These policies are reviewed regularly by the Audit and Executive Committees to ensure that the Group's policies and guidelines are adhered to. The Group's accounting policies in relation to derivatives are set out in Note 2.

Foreign Currency Risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. Where exposures are certain, it is the Group's policy to hedge these risks as they arise. For those exposures less certain in their timing and extent, it is the Group's policy to cover 50% to 90% of anticipated exposures for a maximum period of 12 months forward. The Group uses foreign currency forward exchange contracts to manage these foreign exchange risks.

At 30 September 2006, the Group had entered into foreign currency forward exchange buy contracts amounting to $41 million (2005: $87 million) and foreign currency forward exchange sell contracts amounting to $40 million (2005: $58 million). The fair value adjustments of the buy contracts and sell contracts (which is the difference between the notional principal amount and market value of the contracts) are loss of $212,000 (2005: $1,672,000) and $8,000 (2005: $763,000) respectively.

The fair values of foreign currency forward exchange contracts have been calculated using rates quoted by the Group's bankers to terminate the contracts at the balance sheet date.

37. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity Risk

The Company's and the Group's exposure to liquidity risk arises in the general funding of the Company's and the Group's business activities. It includes the risks of being able to fund business activities in a timely manner.

The Group adopts a prudent approach to managing its liquidity risk. The Group always maintain sufficient cash and marketable securities, and have available funding through diverse sources of committed and uncommitted credit facilities from various banks.

As at 30 September 2006, the Group's net borrowings to shareholders' fund and total equity ratios are as follows:

	THE GROUP	
	2006 ($'000)	2005 ($'000)
		(Restated)
Cash & bank deposits	**834,891**	577,367
Borrowings	**(3,823,277)**	(3,354,997)
Net borrowings	**(2,988,386)**	(2,777,630)
Shareholders' fund	**3,600,480**	3,096,639
Total equity (including Minority interests)	**4,604,578**	3,717,895
Net borrowings/Shareholders' fund	**0.83**	0.90
Net borrowings/Total equity	**0.65**	0.75

Credit Risk

The Company's and the Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of 30 September 2006 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet. The Company and the Group have no significant concentration of credit risk. The Company and the Group have policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure for foreign exchange contracts and interest rate swap contracts are limited to the fair value adjustments of these contracts. It is the Company's and the Group's policy to enter into financial instruments with a diversity of credit worthy counterparties. The Company and the Group do not expect to incur material credit losses on their financial assets or other financial instruments.

The Company and the Group do not have significant exposure to any individual customer or counterparty.

37. FINANCIAL RISK MANAGEMENT (cont'd)

Interest Rate Risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to debt obligation with financial institutions. The Company's and the Group's policy is to manage interest cost using a mix of fixed and variable rate debts, and interest rate swaps. The Company and the Group sometimes use interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from fixed rates to variable rates or vice versa.

Under the interest rate swaps, the Company and the Group agree with other parties to exchange, at specified intervals, mainly quarterly, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Company and the Group have the following interest rate swap arrangements in place:

	THE GROUP		THE COMPANY	
	2006 ($'000)	2005 ($'000)	**2006 ($'000)**	2005 ($'000)
Notional Amount				
Within one year	**90,000**	10,000	**90,000**	–
Between one and three years	**325,000**	165,000	**325,000**	90,000
After three years	**241,309**	645,238	**150,000**	465,000
	656,309	820,238	**565,000**	555,000
Net Fair Value				
Fair value gain on interest rate swap contracts	**6,441**	8,373	**5,735**	7,474
Fair value loss on interest rate swap contracts	**(3,312)**	(5,477)	**(3,312)**	(4,950)

The fair values of interest rate swap contracts as at the balance sheet date have been calculated using rates quoted by the Group's bankers to terminate the contracts at the balance sheet date.

At 30 September 2006, the fixed interest rate of the outstanding interest rate swap contracts is 3.7% (2005: 2.1% to 3.0%), while the floating interest rates are mainly linked to Singapore and London Interbank Offered Rates.

37. FINANCIAL RISK MANAGEMENT (cont'd)

Interest Rate Risk (cont'd)

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	THE GROUP			
	Variable rates	Fixed rates		
	Less than 1 year ($'000)	Less than 1 year ($'000)	Between 1 and 5 years ($'000)	After 5 years ($'000)
Year ended 30 September 2006				
Assets				
Cash and bank deposits	330,886	355,981	215	–
Other financial assets	–	150,000	–	25,450
Liabilities				
Borrowings	1,505,128	408,036	1,521,738	360,044
Year ended 30 September 2005				
Assets				
Cash and bank deposits	376,544	89,395	604	–
Other financial assets	–	–	–	25,450
Liabilities				
Borrowings	1,300,719	576,959	1,234,672	223,908

37. FINANCIAL RISK MANAGEMENT (cont'd)

Interest Rate Risk (cont'd)

	THE COMPANY			
	Variable rates	**Fixed rates**		
	Less than 1 year ($'000)	**Less than 1 year ($'000)**	**Between 1 and 5 years ($'000)**	**After 5 years ($'000)**
Year ended 30 September 2006				
Assets				
Cash and bank deposits	15,277	–	–	–
Liabilities				
Borrowings	394,923	–	299,554	349,614
Year ended 30 September 2005				
Assets				
Cash and bank deposits	22,618	–	–	–
Liabilities				
Borrowings	412,340	–	300,000	200,000

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The Company and the Group are in a net interest expense position for the years ended 30 September 2006 and 2005.

37. FINANCIAL RISK MANAGEMENT (cont'd)

Market Risk

The Company and the Group are exposed to market risk and the risk of impairment in the value of investments held. The Company and the Group manage the risk of impairment by evaluation of investment opportunities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

Fair Values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

(a) Cash and Bank Balances, Other Debtors and Other Creditors

The carrying amounts of these items approximate fair value due to their short term nature.

(b) Trade Debtors and Trade Creditors

The carrying amounts of receivables and payables approximate fair value because these are subject to normal trade credit terms.

(c) Amounts due from/to Related Companies

The carrying amounts of amounts due from/to related companies in current assets and current liabilities approximate fair value due to their short term nature. For amounts due from related companies included in long term assets, no disclosure of the fair value has been made, as it is not practicable to determine the fair value with sufficient reliability since these balances have no fixed terms of repayment.

(d) Short Term Investments

Market value of quoted investment is determined by reference to stock exchange quoted prices.

The unquoted investment do not have quoted market prices in an active market nor are there other methods of reasonably estimating the fair value readily available. It is not practicable to determine fair value with sufficient reliability without incurring excessive costs.

(e) Bank Borrowings and Term Loans

The fair value of fixed rate bank borrowings and term loans are disclosed in Note 30. The carrying value of bank borrowings and term loans within one year and floating rate borrowings and loans approximate their fair value.

38. UNUSUAL ITEM

As previously announced in September 2003, the former Finance Manager of a joint venture company, Asia Pacific Breweries (S) Pte Ltd ("APBS"), Chia Teck Leng ("CTL"), was arrested by the police and subsequently charged in Court and convicted on multiple charges for cheating and using forged documents to obtain and operate unauthorised bank accounts in the name of APBS with CTL as the sole signatory.

In September 2004, four banks, Bayerische Hypo-und Vereinsbank Aktiengesellschaft, Skandinaviska Enskilda Banken, Mizuho Corporate Bank Ltd and Sumitomo Mitsui Banking Corporation, commenced separate actions against APBS for a total sum amounting to approximately $117.1 million.

Drew & Napier LLC has been instructed to defend APBS in each of these actions. Parties are in the midst of interrogatories and there is a pending appeal in respect of discovery. Our lawyers have advised that based on the existing documents and instructions, APBS has good arguable defences and will be vigorously defending the claims. Consequently, no provision in the financial statements is considered necessary.

39. SUBSEQUENT EVENTS

(a) On 3 October 2006, the Group's subsidiary company, Fraser & Neave Holdings Bhd ("F&NHB"), incorporated a wholly-owned subsidiary in Thailand namely, F&N Dairies (Thailand) Limited ("F&N Thai"). The issued and paid up share capital of F&N Thai is Baht 100,000 comprising 1,000 shares of Baht 100 each.

(b) On 13 October 2006, F&NHB acquired two wholly-owned companies, namely Arolys Singapore Pte Ltd ("Arolys") and Lion Share Management Limited ("LSM Ltd"). Arolys was incorporated in Singapore and LSM Ltd was incorporated in the British Virgin Islands. Both companies have issued and paid up share capital of one Singapore Dollar and one US Dollar respectively.

(c) On 16 October 2006, the following were announced by F&NHB through Bursa Malaysia:

(i) F&NHB and F&N Thai, entered into a Master Agreement with Nestle (Thai) Limited ("Navanakorn Vendor") and Nestle Dairy (Thailand) Limited ("Pakchong Vendor") for the following:

(a) Proposed acquisition by F&N Thai of the canned liquid milk production assets ("Navanakorn Assets") from the Navanakon Vendor together with the relevant raw materials, packaging, partially completed products, finished products and spare parts ("Navanakorn Transferable Stocks") owned by the Navanakorn Vendor; and

(b) Proposed acquisition by F&N Thai of the chilled dairy and juice production assets together with the building on which the production assets are located ("Pakchong Assets") from Pakchong Vendor together with the relevant raw materials, packaging, partially completed products, finished products and spare parts ("Pakchong Transferable Stocks") owned by Pakchong Vendor.

(Both the Navanakorn Assets and Pakchong Assets shall collectively be referred to as the "Thai Assets", whilst both Navanakorn Transferable Stock and Pakchong Transferable Stocks shall collectively referred to as the "Transferable Stocks").

The cash consideration for the Thai Assets is approximately $42 million (RM 97.56 million) and the cash consideration for the Transferable Stock is $46.5 million (RM107.87 million).

39. SUBSEQUENT EVENTS (cont'd)

(ii) F&NHB and LSM Ltd, entered into a sale agreement with Societe des Produits Nestle S.A. to acquire the "Tea Pot" brand from Societe Nestle for a cash consideration of approximately $36.8 million (RM85.45 million).

(iii) F&NHB entered into a conditional sale and purchase agreement with Nestle S.A. to acquire the remaining 6,000,000 ordinary shares of RM1 each in Premier Milk (Malaya) Sdn Bhd, for a cash consideration of approximately $8.2 million (RM19.12 million).

The above proposed acquisitions are still pending approvals from shareholders and relevant authorities.

(d) On 27 October 2006, the Group's subsidiary company, Times Publishing Ltd, through its wholly-owned subsidiary company, Times The Bookshop Pte Ltd ("TTB"), acquired 49% of the issued share capital of Pacific Bookstores Pte Ltd ("Pacific Bookstores"). TTB has also been granted (i) an option ("Call Option 1") to acquire, within 2 years of completion of the acquisition, further shares in the capital of Pacific Bookstores so as to increase its shareholding to 60%, and (ii) a further option to acquire, at any time after exercising Call Option 1 but before the expiry of 5 years from date of of completion of the acquisition, the balance 40% of the issued share capital of Pacific Bookstores.

Pacific Bookstores carries on the business of selling books and stationery through bookstores in schools and online cyber bookstores.

The consideration for the acquisition is $2.65 million, subject to adjustment under a profit warranty. The net asset value of Pacific Bookstores as at 30 September 2006 is estimated to be $3.87 million.

(e) On 1 November 2006, the Group's subsidiary company, F&N Dairy Investments Pte Ltd ("F&NDI"), entered into a conditional agreement with its associated company, China Dairy Group Ltd ("CDG") to acquire CDG's entire interest in Tien Chun Pte Ltd ("TCPL").

TCPL has jointly with Xi'an Yinqiao Biological Science & Technology Co., Ltd ("Yinqiao"), an ultimate wholly-owned subsidiary company of CDG, established PaediaNutrition Company, Limited ("PaediaNutrition"). It is proposed that the Group grants PaediaNutrition licence to use certain of the Group's trademark, and PaediaNutrition will enter into certain business agreements with Yinqiao in relation to the contract packing of Yinqiao's milk powder products by PaediaNutrition and the distribution of PaediaNutrition's milk products by Yinqiao in certain authorised territories. This agreement is conditional upon shareholders' approval being obtained by CDG.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

40. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATION

Certain new accounting standards and interpretations have been issued as at balance sheet date but are not yet effective. The Group's assessment of those standards and interpretations that are relevant to the Group is as follows:

(a) FRS 1 (revised) Presentation of Financial Statements

The Group will adopt this standard on 1 October 2007. FRS 1 (revised) requires the Group to make new disclosures to enable the users of the financial statements to evaluate the Group's objectives, policies and processes for managing its capital.

(b) FRS 40 Investment Property

The Group will adopt FRS 40 for the financial year starting 1 October 2007.

Currently, investment properties are accounted for as set out in Note 2.10. Under FRS 40, changes in fair values of investment properties are required to be included in the profit statement. On transition to FRS 40 on 1 October 2007, the amount accumulated in the asset revaluation reserve, as at 30 September 2007, relating to investment property will be adjusted against the opening retained earnings at 1 October 2007.

(c) FRS 107 Financial Instruments: Disclosure

The Group will adopt FRS 107 for the financial year starting 1 October 2007. This standard requires quantitative disclosures of nature and extent of risks arising from financial instruments in addition to the disclosures currently required under FRS 32. Adoption of this standard will result in additional disclosures in the financial statements.

(d) INT FRS 104 Determining whether an Asset Contains a Lease

The Group will adopt INT FRS 104 for the financial year starting 1 October 2006. This interpretation requires the determination of whether an arrangement is, or contains a lease to be based on the substance of the arrangement and requires an assessment of whether the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(e) RAP 11 Pre-Completion Contracts for the Sale of Development Property

RAP 11 was issued by the Institute of Certified Public Accountants of Singapore in October 2005. This statement mentioned that a property developer's sale and purchase agreement is not a construction contract as defined in FRS 11 (Construction Contract) and the percentage of completion (POC) method of recognising income, which is allowed under FRS 11 for construction contracts may not be applicable for property developers.

The relevant standard for revenue recognition by property developers is FRS 18 (Revenue), which addresses revenue recognition generally and for all types of entities. However, there is no clear conclusion in FRS 18 whether the POC method or the completion of construction method is more appropriate for property developers. The issue is being addressed by the International Accounting Standards Board.

40. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATION (cont'd)

The Group uses the POC method for recognising revenues from partly completed residential projects which are held for sale. If the Group had adopted the COC method, the impact on the financial statements will be as follows:

	GROUP 2006 ($'000)
Profit statement	
Decrease in revenue recognised for the year	**(428,800)**
Decrease in profit for the year	**(129,356)**
Balance sheet	
Decrease in opening accumulated profits	**(79,380)**
Decrease in properties under development	
At 1 October 2005	**(114,231)**
At 30 September 2006	**(291,496)**
Decrease in minority interests	
At 1 October 2005	**(4,328)**
Share of profit for the year	**(6,678)**

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the requirements of the new and revised FRS, as disclosed in Note 2.2 and to be consistent with the current year's presentation.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

	Effective Shareholding 2006	Effective Shareholding 2005	Principal Activities
SUBSIDIARY COMPANIES OF THE COMPANY			
Country of Incorporation and Place of Business: **Singapore**			
Fraser & Neave (Singapore) Pte Ltd	**100.0%**	100.0%	Management Services
F&N Investments Pte Ltd	**100.0%**	100.0%	Investment Holding
F&N Foods Pte Ltd	**100.0%**	100.0%	Manufacture of Dairy Products
Premier Milk (S) Pte Ltd	**100.0%**	100.0%	Dormant
Asia Dairies (S) Pte Ltd	**100.0%**	100.0%	Dormant
F&N Dairy Investments Pte Ltd	**100.0%**	100.0%	Investment Holding
Interflavine Pte Ltd	**100.0%**	100.0%	Beverage Base Manufacturing
International Theme Parks (Singapore) Pte Ltd	**100.0%**	100.0%	Dormant
Phoenix (Singapore) Pte Ltd	**100.0%**	100.0%	Dormant
Fannet Online Pte Ltd	**100.0%**	100.0%	Dormant
Times Publishing Ltd	**100.0%**	100.0%	Investment Holding
Frasers Centrepoint Limited [formerly Centrepoint Properties Ltd]	**100.0%**	100.0%	Investment Holding
F&N Boncafe Beverages Pte Ltd [held by a subsidiary company]	**60.0%**	60.0%	Marketing Ready-To-Drink Coffee Beverages
F&N DCH Holding Pte Ltd [held by a subsidiary company]	**51.0%**	51.0%	Dormant

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	2005	Principal Activities
	SUBSIDIARY COMPANIES OF THE COMPANY (cont'd)			
	Country of Incorporation and Place of Business: **Hong Kong**			
(A)	Fraser & Neave Investments (HK) Ltd	**100.0%**	100.0%	Investment Holding
	Country of Incorporation and Place of Business: **Malaysia**			
(A)	Fraser & Neave Holdings Bhd	**58.7%**	59.4%	Investment Holding
(A)	Tiger Taverns Sdn Bhd	**100.0%**	100.0%	Dormant
(A)	Magnolia – PDL Dairies (1993) Sdn Bhd	**100.0%**	100.0%	Dormant
(A)	Fannet Online Sdn Bhd	**100.0%**	100.0%	Dormant
(A)	F&N Services (L) Bhd	**100.0%**	100.0%	Investment Holding
	Country of Incorporation and Place of Business: **Vietnam**			
(A)	F&N Vietnam Foods Co. Ltd [held by a subsidiary company]	**100.0%**	100.0%	Manufacture and Distribution of Dairy Products and Beverages
	Country of Incorporation and Place of Business: **Thailand**			
(A)	F&N United Ltd [held by a subsidiary company]	**95.0%**	95.0%	Manufacture and Distribution of Dairy Products
	Country of Incorporation and Place of Business: **Myanmar**			
(C)	Myanmar Brewery Ltd [Accounting year ends on 31 March]	**55.0%**	55.0%	Brewing and Distribution of Beer
	Country of Incorporation and Place of Business: **Australia**			
(A)	Red Lion Holdings Pty Ltd [formerly A2 Australia Pty Limited] [held by a subsidiary company]	**100.0%**	100.0%	Dormant
	Country of Incorporation: **British Virgin Islands** Place of Business: **Hong Kong**			
(B)	Vision Century Limited	**100.0%**	100.0%	Investment Holding
	Country of Incorporation: **Bermuda** Place of Business: **Hong Kong**			
(A)	Frasers Property (China) Limited [F&N Group's effective shareholdings are held through Vision Century Limited (17.7%) and Frasers Centrepoint Limited (39.06%)]	**56.2%**	55.0%	Investment Holding
	SUBSIDIARY COMPANIES OF FRASER & NEAVE HOLDINGS GROUP			
	Country of Incorporation and Place of Business: **Malaysia**			
(A)	Fraser & Neave (Malaya) Sdn Bhd	**58.7%**	59.4%	Management Services and Property Investment Holdings

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	2005	Principal Activities
	SUBSIDIARY COMPANIES OF FRASER & NEAVE HOLDINGS GROUP			
	Country of Incorporation and Place of Business: **Malaysia**			
(A)	F&N Coca-Cola (Malaysia) Sdn Bhd	**52.8%**	53.4%	Distribution of Soft Drinks
(A)	F&NCC Beverages Sdn Bhd	**52.8%**	53.4%	Manufacture of Soft Drinks
(A)	F&N Dairies (Malaysia) Sdn Bhd	**58.7%**	59.4%	Distribution of Dairy Products
(A)	Premier Milk (Malaya) Sdn Bhd	**44.0%**	44.5%	Manufacture of Dairy Products
(A)	Four Eights Sdn Bhd	**58.7%**	59.4%	Dormant
(A)	F&N Foods Sdn Bhd	**58.7%**	59.4%	Manufacture of Dairy Products
(A)	Malaya Glass Products Sdn Bhd	**58.7%**	59.4%	Manufacture and Sale of Glass Containers
(A)	Kuala Lumpur Glass Manufacturers Company Sdn Bhd	**58.7%**	59.4%	Manufacture and Sale of Glass Containers
(A)	Wimanis Sdn Bhd	**58.7%**	59.4%	Property Development
(A)	Brampton Holdings Sdn Bhd	**58.7%**	59.4%	Property Investment Holding
(A)	Lettricia Corporation Sdn Bhd	**41.1%**	41.6%	Property Development
(A)	Elsinburg Holdings Sdn Bhd	**58.7%**	59.4%	Property Development
(A)	Vacaron Company Sdn Bhd	**58.7%**	59.4%	Dormant
(A)	Nuvak Company Sdn Bhd	**58.7%**	59.4%	Dormant
(A)	Greenclipper Corporation Sdn Bhd	**58.7%**	59.4%	Dormant
(C)	Utas Mutiara Sdn Bhd	**58.7%**	59.4%	Property Investment Holding
(A)	Borneo Springs Sdn Bhd	**55.7%**	–	Manufacture and Sale of Mineral Water, Carbonated Drinks and Bottles
	Country of Incorporation and Place of Business: **Thailand**			
(A)	Siam Malaya Glass (Thailand) Co Ltd	**41.1%**	41.6%	Manufacture and Sale of Glass Containers
	Country of Incorporation and Place of Business: **Vietnam**			
(A)	Malaya Vietnam Glass Ltd	**41.1%**	41.6%	Manufacture and Sale of Glass Containers
	Country of Incorporation and Place of Business: **China**			
(A)	Sichuan Malaya Glass Co Ltd [Accounting year ends on 31 December]	**35.2%**	35.6%	Manufacture and Sale of Glass Containers
	SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (FORMERLY CENTREPOINT PROPERTIES GROUP)			
	Country of Incorporation and Place of Business: **Singapore**			
	FCL Property Investments Pte Ltd [formerly CPL Property Investments Pte Ltd]	**100.0%**	100.0%	Property Investment
	FCL Enterprises Pte Ltd [formerly CPL Enterprises Pte Ltd]	**100.0%**	100.0%	Property Investment

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding 2006	Effective Shareholding 2005	Principal Activities
SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (cont'd)			
Country of Incorporation and Place of Business: **Singapore**			
Riverside Property Pte Ltd	**100.0%**	100.0%	Property Investment
FCL Centrepoint Pte Ltd [formerly CS Centrepoint Pte Ltd]	**100.0%**	100.0%	Investment Holding
Anchor Developments Pte Ltd	**100.0%**	100.0%	Property Investment and Development
Orrick Investments Pte Ltd	**100.0%**	100.0%	Property Investment
Yishun Development Pte Ltd	**100.0%**	100.0%	Property Investment
Frasers Centrepoint Developments Pte Ltd [formerly Centrepoint Developments Pte Ltd]	**100.0%**	100.0%	Dormant
FCL Alexandra Point Pte Ltd [formerly CPL Alexandra Point Pte Ltd]	**100.0%**	100.0%	Property Investment
Woodlands Complex Pte Ltd	**100.0%**	100.0%	Property Investment
FCL Woodlands Pte Ltd [formerly CPL Woodlands Pte Ltd]	**100.0%**	100.0%	Dormant
Chempaka Development Pte Ltd	**100.0%**	100.0%	Dormant
Riverside Walk Pte Ltd	**100.0%**	100.0%	Property Development
FCL Ventures Pte Ltd [formerly CPL Ventures Pte Ltd]	**100.0%**	100.0%	Property Development
Nasidon Investments Pte Ltd	**100.0%**	100.0%	Property Development
FCL Management Services Pte Ltd [formerly CPL Management Services Pte Ltd]	**100.0%**	100.0%	Management Services
Northspring Development Pte Ltd	**100.0%**	100.0%	Property Development
Riverside Investments Pte Ltd	**100.0%**	100.0%	Property Development
Yishun Land Pte Ltd	**100.0%**	100.0%	Property Development
Yishun Property Pte Ltd	**100.0%**	100.0%	Property Development
FCL Tampines Pte Ltd [formerly CPL Tampines Pte Ltd]	**80.0%**	80.0%	Property Development
FCL Homes Pte Ltd [formerly CPL Homes Pte Ltd]	**100.0%**	100.0%	Property Development
FCL Land Pte Ltd [formerly CPL Land Pte Ltd]	**100.0%**	100.0%	Property Development
FCL Assets Pte Ltd [formerly CPL Assets Pte Ltd]	**100.0%**	100.0%	Investment Holding
FCL Estates Pte Ltd [formerly CPL Estates Pte Ltd]	**100.0%**	100.0%	Dormant
FCL (Korea) Pte Ltd [formerly CPL (Korea) Pte Ltd]	**100.0%**	100.0%	Dormant
Frasers Hospitality Pte Ltd [formerly Fraser Serviced Residences Pte Ltd]	**100.0%**	100.0%	Management Services
Frasers (UK) Pte Ltd	**75.0%**	75.0%	Investment Holding

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding 2006	2005	Principal Activities
SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (cont'd)			
Country of Incorporation and Place of Business: **Singapore** (cont'd)			
Frasers (Australia) Pte Ltd	**75.0%**	75.0%	Investment Holding
FCL (China) Pte Ltd [formerly CPL (China) Pte Ltd]	**100.0%**	100.0%	Investment Holding
Marine Parade View Pte Ltd	**100.0%**	100.0%	Property Development
FCL (Fraser) Pte Ltd [formerly CPL (Fraser) Pte Ltd]	**100.0%**	100.0%	Investment Holding
FCL Boon Lay Pte Ltd [formerly CPL Boon Lay Pte Ltd]	**100.0%**	100.0%	Property Development
FCL Sophia Pte Ltd [formerly CPL Sophia Pte Ltd]	**100.0%**	100.0%	Property Development
Frasers Centrepoint Retail Concepts Pte Ltd [formerly Centrepoint Retail Concepts Pte Ltd]	**100.0%**	100.0%	Management Services
FCL Choa Chu Kang Pte Ltd [formerly CPL Choa Chu Kang Pte Ltd]	**100.0%**	100.0%	Property Development
FCL Joo Chiat Place Pte Ltd [formerly CPL Joo Chiat Place Pte Ltd]	**100.0%**	100.0%	Property Development
Frasers (NZ) Pte Ltd	**75.0%**	75.0%	Investment Holding
FCL China Development Pte Ltd [formerly CPL China Development Pte Ltd]	**100.0%**	100.0%	Investment Holding
FCL Court Pte Ltd [formerly CPL Court Pte Ltd]	**100.0%**	100.0%	Property Development
FCL Lodge Pte Ltd [formerly CPL Lodge Pte Ltd]	**100.0%**	100.0%	Property Development
FCL Place Pte Ltd [formerly CPL Place Pte Ltd]	**100.0%**	100.0%	Property Development
FCL Rise Pte Ltd [formerly CPL Rise Pte Ltd]	**100.0%**	100.0%	Property Development
Frasers (Thailand) Pte Ltd	**100.0%**	100.0%	Investment Holding
MLP Co Pte Ltd	**100.0%**	100.0%	Investment Holding
SAJV Co Pte Ltd	**100.0%**	100.0%	Investment Holding
River Valley Properties Pte Ltd	**100.0%**	100.0%	Investment Holding & Property Development
River Valley Shopping Centre Pte Ltd	**100.0%**	100.0%	Property Investment
River Valley Tower Pte Ltd	**100.0%**	100.0%	Property Investment
River Valley Apartments Pte Ltd	**100.0%**	100.0%	Property Investment
Lion (Singapore) Pte Ltd	**100.0%**	100.0%	Property Development
Sinomax International Pte Ltd	**100.0%**	100.0%	Investment Holding
FCL View Pte Ltd [formerly CPL View Pte Ltd]	**100.0%**	100.0%	Property Development

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	2005	Principal Activities
	SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (cont'd)			
	Country of Incorporation and Place of Business: **Singapore** (cont'd)			
	Frasers Hospitality (China) Pte Ltd [formerly Fraser Serviced Residences (China) Pte Ltd]	**100.0%**	100.0%	Property Investment
	FCL (Xian) Pte Ltd [formerly CPL (Xian) Pte Ltd]	**100.0%**	100.0%	Dormant
	FCL Tower Pte Ltd [formerly CPL Tower Pte Ltd]	**100.0%**	100.0%	Property Development
	FCL Loft Pte Ltd [formerly CPL Loft Pte Ltd]	**100.0%**	100.0%	Property Development
	Riviera Investment Ltd [Accounting year ends on 31 December]	**100.0%**	–	Investment Holding
	Emerald Hill Developments Pte Ltd	**100.0%**	100.0%	Property Investment
	FCL Peak Pte Ltd [formerly CPL Peak Pte Ltd]	**100.0%**	100.0%	Property Development
	Frasers Centrepoint Asset Management Ltd	**100.0%**	–	Management Services
	FCL Investments Pte Ltd	**100.0%**	–	Investment Holding
	FCL Trust Holdings Pte Ltd	**100.0%**	–	Investment Holding
	Frasers Centrepoint Trust	**51.0%**	–	Real Estate Investment Trust
	Country of Incorporation and Place of Business: **Malaysia**			
(A)	Centrepoint Utama Sdn Bhd	**100.0%**	100.0%	Dormant
	Country of Incorporation and Place of Business: **Vietnam**			
(A)	Me Linh Point Ltd	**75.0%**	75.0%	Property Investment
(A)	Saigon Apartments Joint Venture Company	**70.0%**	70.0%	Property Development
	Country of Incorporation and Place of Business: **China**			
(A)	Shanghai Sian Jin Property Development Co., Ltd	**100.0%**	100.0%	Property Development
(A)	Shanghai Frasers Management Consultancy Co., Ltd	**100.0%**	100.0%	Management Services
(A)	Beijing Sin Hua Yan Real Estate Development Co., Ltd	**95.0%**	95.0%	Property Development
(A)	Hainan Jian Feng Tourism Development Co., Ltd	**100.0%**	100.0%	Property Development
	[All the above companies, incorporated in China, accounting year ends on 31 December]			
	Country of Incorporation and Place of Business: **Hong Kong**			
(A)	Metro Charm Holdings Limited	**100.0%**	100.0%	Investment Holding
	Country of Incorporation and Place of Business: **Philippines**			
(C)	Frasers Hospitality Philippines, Inc [formerly Fraser Serviced Residences Philippines, Inc]	**100.0%**	100.0%	Provision of Management Services in the Lodging Industry

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	Effective Shareholding 2005	Principal Activities
	SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (cont'd)			
	Country of Incorporation: **Singapore**			
	Place of Business: **Australia**			
	FCL Bridgepoint Pte Ltd [formerly CPL Bridgepoint Pte Ltd]	**100.0%**	100.0%	Property Investment
	Country of Incorporation and Place of Business: **Australia**			
(A)	Frasers Glebe Point Pty Ltd	**75.0%**	75.0%	Property Development
(A)	Frasers Greencliff Developments Pty Ltd	**75.0%**	75.0%	Management Services
(A)	Frasers (Chandos) Pty Ltd	**75.0%**	75.0%	Property Development
(A)	Frasers Town Hall Pty Ltd	**80.5%**	80.5%	Property Development
(A)	Frasers Lorne Pty Limited	**75.0%**	75.0%	Property Development
(A)	Frasers Mandurah Pty Limited	**56.3%**	56.3%	Property Development
(A)	Frasers City Quarter Pty Limited	**87.5%**	–	Property Development
(A)	Frasers Queens Pty Limited	**87.5%**	–	Property Development
(A)	Frasers Killara Pty Ltd	**75.0%**	–	Property Development
(A)	Frasers Town Hall Residences Pty Ltd	**80.5%**	–	Provision of Management Services in the Lodging Industry
(A)	Frasers Morton Pty Ltd	**75.0%**	–	Property Development
	Country of Incorporation and Place of Business: **New Zealand**			
(A)	Frasers Broadview Ltd	**75.0%**	75.0%	Property Development
(A)	Frasers Papamoa Ltd	**67.5%**	67.5%	Property Development
	Country of Incorporation: **Singapore**			
	Place of Business: **United Kingdom**			
	FCL Resort Pte Ltd [formerly CPL Resort Pte Ltd]	**75.0%**	75.0%	Property Development
	Country of Incorporation and Place of Business: **United Kingdom**			
(C)	Frasers Property Developments Limited	**75.0%**	75.0%	Management Services
(C)	Wandsworth Riverside Quarter Ltd	**50.0%**	50.0%	Property Development
(C)	Fairpoint Properties (Vincent Square) Ltd	**50.0%**	50.0%	Property Development
(C)	Frasers Hospitality (UK) Limited [formerly Fraser Residences Ltd]	**62.5%**	61.0%	Management Consultancy Services & Serviced Apartments
(C)	Frasers Highbury Limited	**75.0%**	–	Property Development
	Country of Incorporation and Place of Busines: **British Virgin Islands**			
(B)	Reaves Ltd	**100.0%**	100.0%	Dormant

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	Effective Shareholding 2005	Principal Activities
	SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP			
	Country of Incorporation and Place of Business: **Singapore**			
	Marshall Cavendish International Pte Ltd	**100.0%**	100.0%	Investment Holding
	Marshall Cavendish International (Asia) Pte Ltd	**100.0%**	100.0%	Electronic Publishing
	Marshall Cavendish International (Singapore) Pte Ltd	**100.0%**	100.0%	Electronic Publishing
	STP Distributors Pte Ltd	**100.0%**	100.0%	Books and Magazines
	Marshall Cavendish Business Information Pte Ltd [formerly Times Business Information Pte Ltd]	**100.0%**	100.0%	Directory Publishing and Conferences & Exhibitions
	Times-Dharmala Pte Ltd	**51.0%**	51.0%	Distribution of Books
	Times Educational Services Pte Ltd	**100.0%**	100.0%	Education and Training
	Times Graphic Pte Ltd	**100.0%**	100.0%	Commercial Printing
	Times Conferences & Exhibitions Pte Ltd	**100.0%**	100.0%	Dormant
	Times Editions Pte Ltd	**100.0%**	100.0%	Dormant
	Panpac Education Pte Ltd [formerly Times Media Pte Ltd]	**100.0%**	100.0%	Books
	TransQuest Asia Publishers Pte Ltd [in voluntary liquidation]	**100.0%**	100.0%	Dormant
(C)	Cultured Lotus Pte Ltd	**100.0%**	100.0%	Books and Magazines
	IMM Singapore Holdings Pte Ltd	**51.0%**	51.0%	Magazines Distribution
(C)	Pansing Distribution Pte Ltd	**100.0%**	100.0%	Books and Magazines
(C)	Pansing International Library Services Pte Ltd	**100.0%**	100.0%	Books and Magazines
	Country of Incorporation: **Singapore** Place of Business: **Singapore and Malaysia**			
	Times The Bookshop Pte Ltd	**100.0%**	100.0%	Retail
	Country of Incorporation: **Singapore** Place of Business: **Singapore, Australia, United Kingdom and United States of America**			
	Times Printers Pte Ltd	**100.0%**	100.0%	Commercial Printing
	Country of Incorporation and Place of Business: **Malaysia**			
(A)	Eastern Universities Press (Malaysia) Sdn Bhd [in voluntary liquidation]	**60.0%**	60.0%	Dormant
(A)	Marshall Cavendish (Malaysia) Sdn Bhd	**100.0%**	100.0%	Books
(A)	Pansing Marketing Sdn Bhd	**100.0%**	100.0%	Distribution of Books & Magazines
(A) (1)	STP Distributors (M) Sdn Bhd	**30.0%**	30.0%	Books and Magazines
(A)	Times Corporation Sdn Bhd [in voluntary liquidation]	**100.0%**	100.0%	Dormant
(A)	Times Distri-Services Sdn Bhd	**100.0%**	100.0%	Distribution of Books & Magazines
(A)	Times Offset (Malaysia) Sdn Bhd	**100.0%**	100.0%	Commercial Printing

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.
(1) Company is treated as a subsidiary of the Group by virtue of management control over financial and operating policies of the company.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	2005	Principal Activities
	SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (cont'd)			
	Country of Incorporation: **Hong Kong**			
	Place of Business: **Thailand**			
(A)	Far East Publications Ltd	**100.0%**	100.0%	Books
	Country of Incorporation and Place of Business: **Thailand**			
(A)	Marshall Cavendish International (Thailand) Co. Ltd	**49.0%**	49.0%	Publishing
	Country of Incorporation and Place of Business: **Hong Kong**			
(A)	Educational Associates Ltd	**100.0%**	100.0%	Investment Holding
(C)	Everbest Printing Holdings Ltd	**85.3%**	85.3%	Investment Holding
(C)	Everbest Printing Investment Ltd	**85.3%**	85.3%	Investment Holding
(C)	Everbest Printing Company Ltd	**85.3%**	85.3%	Printing
(A)	Marshall Cavendish Business Information Private Limited [formerly Times Business Information (Hong Kong) Ltd]	**100.0%**	100.0%	Publishing
(A)	Times Education (Hong Kong) Ltd	**100.0%**	100.0%	Dormant
(A)	Times Printers (Hong Kong) Ltd	**100.0%**	100.0%	Investment Holding
(A)	Times Publishing (Hong Kong) Ltd	**100.0%**	100.0%	Books and Magazines
(A)	United Publishers Services Ltd	**100.0%**	100.0%	Books
	Country of Incorporation: **Hong Kong**			
	Place of Business: **Hong Kong and Taiwan**			
(A)	Educational Technologies Limited	**100.0%**	100.0%	Publishing and Distribution of Home Library
	Country of Incorporation and Place of Business: **China**			
(C)	Everbest Printing (Panyu Nansha) Co. Ltd	**85.3%**	85.3%	Property Investment
(A)	Liaoning Times Xinhua Printers Ltd	**51.0%**	51.0%	Commercial Printing
(A)	Shenyang Times Packaging Printing Co Ltd	**60.0%**	60.0%	Commercial Printing & Packaging
(C)	Times Publications Design and Production (Beijing) Co., Ltd	**100.0%**	100.0%	Publishing Design & Production Services
(C)	Guangzhou Times Advertising Company Limited	**100.0%**	100.0%	Publication and Distribution of Directories
(A)	Shanxi Xinhua Times Packaging Printing Co Ltd	**51.0%**	51.0%	Commercial Printing & Packaging
(C)	Beijing 21st Century Times Education Centre	**90.0%**	90.0%	Education and Training
	(All the above companies, incorporated in China, accounting year ends on 31 December)			
	Country of Incorporation and Place of Business: **Japan**			
(A)	Kabushiki Kaisha Educational Technologies Limited	**100.0%**	100.0%	Educational Training and Distribution of Home Library Reference Books
	Country of Incorporation and Place of Business: **India**			
(A)	Direct Educational Technologies India Pte Ltd	**100.0%**	100.0%	Distribution of Home Library Reference Books

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	2005	Principal Activities
	SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (cont'd)			
	Country of Incorporation and Place of Business: **Australia**			
(A)	Times Printers (Australia) Pty Limited [formerly Argyle Times Graphics Pty Limited]	**100.0%**	100.0%	Commercial Printing
(A)	Marshall Cavendish (Australia) Pty Ltd	**100.0%**	100.0%	Dormant
(A)	Musicway Corporation Ltd	**100.0%**	100.0%	Distribution of Cassettes & Hi-fi Accessories
(A)	Rainbow Products Ltd	**100.0%**	100.0%	Distribution of Records, Cassettes & Videos
(A)	Times Properties Pty Limited	**100.0%**	100.0%	Investment Holding
(A)	Pansing IMM Pty Limited	**51.0%**	51.0%	Magazines Distribution
	Country of Incorporation: **United Kingdom** Place of Business: **Russia**			
(A)	MC East Limited	**100.0%**	100.0%	Partworks
	Country of Incorporation and Place of Business: **United Kingdom**			
(A)	ALP Ltd	**100.0%**	100.0%	Investment Holding
(A)	Hazeldean Ltd	**100.0%**	100.0%	Dormant
(A)	Marshall Cavendish Ltd	**100.0%**	100.0%	Investment Holding
(A)	Shendene Ltd	**100.0%**	100.0%	Dormant
(A)	Marshall Cavendish International Ltd	**100.0%**	100.0%	Partworks
(A)	Marshall Cavendish Partworks Ltd	**100.0%**	100.0%	Partworks
(A)	TPL Printers (UK) Ltd	**100.0%**	100.0%	Commercial Printing/Binders Manufacturing
(A)	Marshall Cavendish Language Centre Ltd	**100.0%**	100.0%	Dormant
	Country of Incorporation and Place of Business: **Czech Republic**			
(A)	Marshall Cavendish CR,s.r.o.	**100.0%**	100.0%	Partworks
	Country of Incorporation and Place of Business: **France**			
(A)	Marshall Cavendish Editions S.A.	**100.0%**	100.0%	Partworks
	Country of Incorporation and Place of Business: **Poland**			
(A)	Marshall Cavendish Polska Sp. zo.o	**100.0%**	100.0%	Partworks
	Country of Incorporation and Place of Busines: **Romania**			
(A)	Marshall Cavendish Romania S.R.L	**100.0%**	100.0%	Partworks
	Country of Incorporation and Place of Business: **Ukraine**			
(A)	A Wholly Owned Subsidiary Marshall Cavendish Ukraine	**100.0%**	100.0%	Partworks

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	Effective Shareholding 2005	Principal Activities
	SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (cont'd)			
	Country of Incorporation and Place of Business: **United States of America**			
(B)	Marshall Cavendish Corporation	**100.0%**	100.0%	Books
	SUBSIDIARY COMPANIES OF FRASERS PROPERTY (CHINA) LIMITED GROUP			
	Country of Incorporation and Place of Business: **Hong Kong**			
(A)	Vision Century Secretaries Limited	**56.2%**	55.0%	Secretarial and Nominee Services
(A)	Best Keeping Resources Limited	**56.2%**	55.0%	Property and Golf Club Membership Holding
(A)	Great Project Property Limited	**56.2%**	55.0%	Investment Holding
(A)	Prosper Advance Investments Limited	**56.2%**	55.0%	Property Development
(A)	Readworld.com Limited	**56.2%**	55.0%	Investment Holding
(A)	Vision Century Administration Limited	**56.2%**	55.0%	Management Consultancy Services
(A)	Vision Century Capital Limited	**56.2%**	55.0%	Group Financing
(A)	Vision Century Investment (Dalian) Limited	**56.2%**	55.0%	Investment Holding
(A)	Wide Best Development Limited	**56.2%**	55.0%	Property Development
(A)	Vision Century Property Management Limited	**56.2%**	55.0%	Property Management
	Country of Incorporation: **British Virgin Islands** Place of Business: **Hong Kong**			
(B)	Bestday Assets Limited	**56.2%**	55.0%	Investment Holding
(B)	Limbo Enterprise Limited	**56.2%**	55.0%	Property Holding
(B)	Tenways Investments Limited	**56.2%**	55.0%	Investment Holding
(B)	Vision Business Park (TH) Limited	**56.2%**	55.0%	Investment Holding
(B)	Vision Century Property Consultancy Services Ltd	**56.2%**	55.0%	Property Consultancy Services
	Country of Incorporation and Place of Business: **China**			
(A)	Shanghai Zhong Jun Real Estate Development Co. Ltd	**72.2%**	71.6%	Property Development
(A)	Beijing Gang Lu Real Estate Development Co. Ltd	**56.2%**	55.0%	Property Development
(C)	Beijing Vision Century Property Management Co. Ltd	**56.2%**	55.0%	Property Management
(C)	Vision Century Real Estate Development (Dalian) Co. Ltd	**56.2%**	55.0%	Property Development
(C)	Vision Property Management (Dalian) Co. Ltd	**56.2%**	55.0%	Property Management
(A)	Vision (Shenzhen) Business Park Co. Ltd	**53.4%**	52.3%	Business Park Development
(C)	Vision Huaqing (Beijing) Development Co. Ltd	**33.7%**	33.0%	Business Park Development
	[All the above companies, incorporated in China, accounting year ends on 31 December]			
	Country of Incorporation and Place of Business: **British Virgin Islands**			
(A)	Supreme Asia Investments Limited	**76.0%**	75.3%	Investment Holding

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	Effective Shareholding 2005	Principal Activities
	JOINT VENTURE COMPANIES OF THE COMPANY			
	Country of Incorporation and Place of Business: **Singapore**			
*	Asia Pacific Investment Pte Ltd	**50.0%**	50.0%	Investment Holding
	JOINT VENTURE COMPANIES OF FRASERS CENTREPOINT GROUP			
	Country of Incorporation and Place of Business: **Thailand**			
(A)	Riverside Homes Development Co., Ltd	**66.0%**	49.0%	Property Development
	Country of Incorporation and Place of Business: **Singapore**			
(A)	FCL Peak Pte Ltd	**50.0%**	–	Property Development
	JOINT VENTURE COMPANIES OF TIMES PUBLISHING GROUP			
	Country of Incorporation and Place of Business: **Singapore**			
	Times-Newslink [Accounting year ends on 31 December]	**50.0%**	50.0%	Retail of Books and Magazines
	Country of Incorporation and Place of Business: **China**			
(C)	Shanghai Times Sanyin Printers Co Ltd [Accounting year ends on 31 December]	**40.0%**	40.0%	Commercial Printing
	ASSOCIATED COMPANIES OF THE COMPANY			
	Country of Incorporation: **Singapore** Place of Business: **China**			
(C)	China Dairy Group Ltd [Accounting year ends on 31 December]	**29.5%**	29.5%	Manufacturing & Distribution of Dairy Products
	Country of Incorporation: **Bermuda** Place of Business: **China**			
(C)	Fung Choi Media Group Limited [formerly Fung Choi Printing and Packaging Group Limited] [Accounting year ends on 30 June]	**25.0%**	27.1%	Printing & Packaging

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.
* Asia Pacific Investment Pte Ltd ("APIPL") which holds 64.8% of the issued capital of Asia Pacific Breweries Limited is owned equally by Fraser and Neave, Limited and the Heineken group. Under the provisions of the Companies Act, Cap. 50, Fraser and Neave, Limited is the ultimate holding company by reason of its rights to appoint a majority of the directors of APIPL.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	Effective Shareholding 2005	Principal Activities
	ASSOCIATED COMPANIES OF FRASERS CENTREPOINT GROUP			
	Country of Incorporation and Place of Business: **United Kingdom**			
(C)	Fairbrair Residential Investment Partnership [Accounting year ends on 31 December]	**20.0%**	20.0%	Investment in Residential Property Fund
(C)	Fairdace Limited [formerly Pressdale Ltd]	**33.3%**	33.3%	Property Ownership and Investment
(C)	FairBriar Holdings Limited [formerly BidFair Limited]	**25.0%**	25.0%	Investment Holding
(C)	Islington Theatre Developments Limited	**25.0%**	–	Property Development
	Country of Incorporation and Place of Business: **Singapore**			
	Hua Li Holdings Pte Ltd	**45.7%**	45.7%	Investment Holding
	Country of Incorporation and Place of Business: **Thailand**			
(A)	Krungthep Land Public Company Limited	**33.0%**	–	Property Development
	ASSOCIATED COMPANIES OF TIMES PUBLISHING GROUP			
	Country of Incorporation and Place of Business: **Singapore**			
(C)	Learning Edvantage Pte Ltd	**31.0%**	31.0%	Multi Media Publishing
	Country of Incorporation and Place of Business: **China**			
(C)	Beijing Universal Times Culture Development Co Ltd [Accounting year ends on 31 December]	**40.0%**	40.0%	Publishing
	SUBSIDIARY COMPANIES OF ASIA PACIFIC BREWERIES GROUP			
	Country of Incorporation and Place of Business: **Singapore**			
	Asia Pacific Breweries Limited	**39.7%**	37.4%	Investment Holding and Management Services
	Asia Pacific Breweries (Singapore) Pte Ltd	**39.7%**	37.4%	Brewing and Distribution of Beer and Stout
	Tiger Export Pte Ltd	**39.7%**	37.4%	Export of Beer and Stout
	Archipelago Brewery Co (1941) Pte Ltd	**39.7%**	37.4%	Dormant
	Tiger Marketing Pte Ltd	**39.7%**	37.4%	Investment Holding
	Heineken-APB (China) Pte Ltd	**44.8%**	43.7%	Investment Holding
	Country of Incorporation and Place of Business: **Cambodia**			
(C)	Cambodia Brewery Ltd	**31.8%**	29.9%	Brewing and Distribution of Beer

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	2005	Principal Activities
	SUBSIDIARY COMPANIES OF ASIA PACIFIC BREWERIES GROUP (cont'd)			
	Country of Incorporation and Place of Business: **Vietnam**			
(A)	Vietnam Brewery Ltd	**23.8%**	22.4%	Brewing and Distribution of Beer
(A)	Hatay Brewery Ltd	**39.7%**	37.4%	Brewing and Distribution of Beer
(A)	Beers and Beverages International Ltd	**39.7%**	–	Distribution of Beer
(C)	Foster's Vietnam Co., Ltd	**39.7%**	–	Distribution of Beer
(C)	Foster's Da Nang Co., Ltd	**39.7%**	–	Brewing of Beer
(C)	Foster's Tien Giang Co., Ltd	**39.7%**	–	Brewing of Beer
	Country of Incorporation and Place of Business: **China**			
(A)	Hainan Asia Pacific Brewery Co Ltd	**44.8%**	43.7%	Brewing and Distribution of Beer
(A)	Shanghai Asia Pacific Brewery Co Ltd	**43.5%**	42.4%	Brewing and Distribution of Beer
(A)	Heineken Trading (Shanghai) Co Ltd	**44.8%**	43.7%	Distribution of Beer
(A)	Heineken-APB (China) Management Services Co Ltd [All the above companies, incorporated in China, accounting year ends on 31 December]	**44.8%**	43.7%	Provision of Investment, Management and Consulting Services
	Country of Incorporation and Place of Business: **India**			
(C)	Asia Pacific Breweries (India) Private Ltd	**39.7%**	37.4%	Dormant
(A)	Aurangabad Breweries Limited	**30.2%**	28.4%	Brewing and Distribution of beer
(B)	Asia Pacific Breweries – Pearl Breweries Pte Limited	**26.6%**	–	Brewing and Distribution of beer
	Country of Incorporation and Place of Business: **Sri Lanka**			
(A)	APB Lanka Ltd [formerly United Breweries Lanka Limited]	**23.8%**	22.4%	Brewing and Distribution of Beer
	Country of Incorporation and Place of Business: **New Zealand**			
(A)	DB Breweries Ltd	**39.7%**	37.4%	Investment Holding and Brewing and Distribution of Beer
(A)	DB Nominees Ltd	**39.7%**	37.4%	Trustee Company
(A)	DB South Island Brewery Ltd	**21.7%**	20.5%	Brewing and Distribution of Beer
(A)	DBG Insurances Ltd	**39.7%**	37.4%	Insurance Company
(A)	Liquorland Ltd	**39.7%**	37.4%	Franchise Manager
(A)	Monteith's Brewing Company Ltd	**39.7%**	37.4%	Dormant
(A)	Robbie Burns Ltd	**39.7%**	37.4%	Dormant
(A)	Tui Brewery Ltd	**39.7%**	37.4%	Dormant
(A)	Black Dog Brewery Ltd	**39.7%**	37.4%	Dormant
(A)	O Pure Water Ltd	**39.7%**	37.4%	Dormant
(A)	Mainland Brewery Ltd	**39.7%**	37.4%	Dormant
(A)	Waitemata Brewery Ltd	**39.7%**	37.4%	Dormant

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2006	Effective Shareholding 2005	Principal Activities
	SUBSIDIARY COMPANIES OF ASIA PACIFIC BREWERIES GROUP (cont'd)			
	Country of Incorporation and Place of Business: **Papua New Guinea**			
(C)	South Pacific Brewery Ltd	**30.1%**	28.4%	Brewing and Distribution of Beer
	Country of Incorporation and Place of Business: **United Kingdom**			
(C)	Tiger Beer UK Ltd	**39.7%**	37.4%	Distribution of Beer and Stout
	Country of Incorporation and Place of Business: **United States of America**			
(C)	Tiger Beer USA Inc	**39.7%**	37.4%	Distribution of Beer
	Country of Incorporation and Place of Business: **Mongolia**			
(B)	MCS Asia Pacific Brewery	**21.8%**	–	Distribution of Beer
	Country of Incorporation and Place of Business: **Australia**			
(B)	Asia Pacific Breweries (Australia) Pty Ltd	**39.7%**	–	Investment Holding
(B)	FBG Vietnam Holdings Pty Ltd	**39.7%**	–	Investment Holding
	JOINT VENTURE COMPANIES OF ASIA PACIFIC BREWERIES GROUP			
	Country of Incorporation and Place of Business: **Singapore**			
(C)	GAPL Pte Ltd	**19.8%**	18.7%	Investment Holding & Distribution of Stout
	Country of Incorporation and Place of Business: **China**			
(C)	Jiangsu DaFuHao Breweries Co. Ltd [Accounting year ends on 31 December]	**22.0%**	17.5%	Brewing and Distribution of Beer
	Country of Incorporation and Place of Business: **Thailand**			
(C)	Thai Asia Pacific Brewery Co Ltd	**13.9%**	13.1%	Brewing and Distribution of Beer
(C)	Thai Asia Pacific Trading Co Ltd	**13.9%**	13.1%	Distribution of Beer
	ASSOCIATED COMPANIES OF ASIA PACIFIC BREWERIES GROUP			
	Country of Incorporation and Place of Business: **New Zealand**			
(A)	The Associated Bottlers Company Ltd	**19.8%**	18.7%	Hire of Returnable Beer Bottles
	Country of Incorporation: **Bermuda** Place of Business: **Hong Kong**			
(A)	Kingway Brewery Holdings Limited [Accounting year ends on 31 December]	**9.6%**	9.4%	Brewing and Distribution of Beer

Notes:
(A) Audited by Ernst & Young in the respective countries.
(B) Not required to be audited under the laws of the country of incorporation.
(C) Audited by other firms of auditors.

PARTICULARS OF GROUP PROPERTIES

The main properties as at 30 September 2006 and their net book values are indicated below:
("F&N" refers to Fraser and Neave Group, "APBL" refers to Asia Pacific Breweries Group, "FCL" refers to Frasers Centrepoint Limited Group , "TPL" refers to Times Publishing Group and "FPCL" refers to Frasers Property (China) Limited)

(A) CLASSIFIED AS GROUP FIXED ASSETS

(Note 13 to the Financial Statements)

				Land ($'000)	Building ($'000)
FREEHOLD					
Singapore					
F&N	–		Other properties	29	–
TPL	–	1.1	hectares industrial property at Times Centre, 1 New Industrial Road	6,100	6,497
APBL	–		Other properties	412	–
Peninsular Malaysia					
F&N	–	18.0	hectares industrial property at Lion Industrial Park, Shah Alam	20,928	29,162
	–	2.1	hectares industrial property at 3724 to 3726 Sungei Nyior, Butterworth	2,033	1,033
	–	2.7	hectares industrial property at Jln Lahat, Ipoh	1,213	1,111
	–	5.8	hectares industrial property at Jln Tampoi, Johor Bahru	2,268	3,336
	–	0.6	hectare industrial property at Jln Liat, Seremban	1,478	124
	–	0.6	hectare industrial property at Jln Tampoi, Johor Bahru	452	1,756
	–	1.1	hectares vacant land, Johor Bahru	8,358	–
	–		Other properties	193	1,547
TPL	–	3.4	hectares industrial property at Lot 46 Subang Hi-Tech Industrial Park, Batu Tiga, Shah Alam	1,659	3,297
East Malaysia					
F&N	–	1.1	hectares industrial property at Matang Land District, Sarawak	1,886	803
Thailand					
F&N	–	9.1	hectares industrial property at Amphur Nong Khae, Saraburi Province	4,313	–
New Zealand					
APBL	–	17.4	hectares industrial property for Waitemata Brewery site at Auckland	3,736	20,419
	–	9.1	hectares industrial property for Mainland Brewery at Timaru	164	2,153
	–	10.8	hectares industrial property for Tui Brewery at Pahiatua	326	–
	–	7.0	hectares industrial property for Aurangabad Brewery at Arlem, Goa	1,553	762
Australia					
TPL	–	0.2	hectare commercial property at Unites 7 & 8 Monash Business Park, 29 Business Park Drive, Nottinghill, Melbourne – Victoria	913	471
	–	1.7	hectares industrial property at 1 Diamond Drive, Sunshine – Victoria	1,269	12,200
United States of America					
TPL	–	3.4	hectares commercial property at 99 White Plains Road, Tarrytown, New York	792	4,151
Total Freehold				**60,075**	**88,822**

PARTICULARS OF GROUP PROPERTIES

(A) CLASSIFIED AS GROUP FIXED ASSETS (cont'd)
(Note 13 to the Financial Statements)

			Land ($'000)	Building ($'000)
LEASEHOLD				
Singapore				
F&N	–	4.0 hectares industrial property at 214 Pandan Loop (Lease expires year 2010)	–	15,504
	–	Other properties	2,186	–
APBL	–	8.8 hectares industrial property at Jurong (Lease expires year 2046)	–	19,796
	–	Other properties	1,271	–
TPL	–	Commercial property at Unit #04-08/11 Centrepoint (Lease expires year 2078)	–	564
	–	1.8 hectares industrial property at 16 & 18 Tuas Avenue 5 (Lease expires year 2013)	–	15,712
	–	0.7 hectare industrial property at 438 Ang Mo Kio industrial park (Lease expires year 2038)	–	6,401
	–	1.2 hectares warehouse at No. 24 Senoko Drive (Lease expires year 2011)	906	–
Peninsular Malaysia				
F&N	–	3.6 hectares industrial property at 70 Jln University, Petaling Jaya (Lease expires year 2058)	8,684	7,408
	–	1.6 hectares industrial property at 16 Jln Bersatu 13/4, Petaling Jaya (Lease expires year 2058)	4,584	2,083
	–	1.9 hectares industrial property at Lot 5, Jalan Kilang, 460500 Petaling Jaya, State 3136 (Lease expires year 2058)	2,959	1,785
	–	Other properties	1,296	520
East Malaysia				
F&N	–	1.8 hectares industrial property at Penrissen Road, Kuching (Lease expires year 2038)	742	3,110
	–	2.6 hectares industrial property at Tuaran Road, Kota Kinabalu (Lease expires year 2062)	1,378	855
	–	1.2 hectares industrial property at KNLD, Kuching (Lease expires year 2038)	3,270	–
	–	2.4 hectares industrial property at Matang Land District, Sarawak (Lease expires year 2038)	2,257	291
	–	Other properties	268	381
Cambodia				
APBL	–	11.3 hectares industrial property at Kandal Province (Land rights expires year 2065)	–	8,226

(A) CLASSIFIED AS GROUP FIXED ASSETS (cont'd)
(Note 13 to the Financial Statements)

	Land ($'000)	Building ($'000)
LEASEHOLD (cont'd)		
Vietnam		
F&N – 3.4 hectares industrial property at Ton That Thuyet, Vietnam (Lease expires year 2006)	113	3,958
– 6.0 hectares industrial property at VSIP, Thuan An District, Binh Duong Province (Lease expires year 2045)	5,582	6,144
APBL – 13.0 hectares industrial property at Ho Chi Minh City (Lease expires year 2021)	2,240	8,258
– 30.0 hectares industrial property at Van Tao Village – Ha Tay Province (Lease expires year 2046)	–	10,276
– 5.1 hectares industrial property at Foster's Brewery – Tien Giang Province (Lease expires year 2022)	–	1,432
– 4.8 hectares industrial property at Foster's Brewery – Danang City (Lease expires year 2024)	138	1,497
– 1.0 hectare industrial property at Foster's Brewery – Ho Chi Minh City (Lease expires year 2010)	–	90
Thailand		
F&N – 0.9 hectare industrial property at No.19/111 Moo 7 Thakarm Road, Samaedam, Bangkhuntien, Bangkok 10150 (Lease expires year 2029)	550	2,513
TPL – Warehouse at Soi Wat Kok #20/526-527, Rama II Road, Bangkok (Lease expires year 2021)	–	47
Myanmar		
F&N – 5.0 hectares industrial property at Mingaladon Township, Yangon (Lease expires year 2023)	2,017	11,036
China/Hong Kong		
F&N – Residential property at Liu Shu Town, SheHong Country, Sichuan Province, China (Lease expires year 2058)	–	45
APBL – 20.0 hectares industrial property at Haikou, Hainan, China (Lease expires year 2065)	5,127	17,097
– 11.0 hectares industrial property at Shanghai, China (Lease expires year 2038)	5,388	8,888
TPL – Residential property at Unite 1AF Riverside Garden, Shenyang, China	–	207
– Residential property at Vanke Garden, Shenyang, China	–	103
– 0.4 hectare industrial property at 13A Xingshun Street, Tiexi District, Shenyang, China (Lease expires year 2009)	43	724

PARTICULARS OF GROUP PROPERTIES

(A) CLASSIFIED AS GROUP FIXED ASSETS (cont'd)
(Note 13 to the Financial Statements)

	Land ($'000)	Building ($'000)
LEASEHOLD (cont'd)		
China/Hong Kong (cont'd)		
TPL – Warehouse at Unit D, 2nd Floor, Freder Centre, 68 Sung Wong Toi Road, Tokwawan, Kowloon, Hong Kong (Lease expires year 2022)	–	117
– Industrial property at Dachong Western Industrial District, Nansha Panyu, Guangdong, China (Lease expires year 2044)	1,414	8,046
– Industrial property at Unit A1,C5, Ko Fai Industrial Building 7 Ko Fai Road, Yau Tong, Kowloon, Hong Kong (Lease expires year 2048)	–	661
– 1.9 hectares commercial property at 18 Jianshe Zhong Road, China	3,483	3,039
– Factory at 665 Kong Jiang Road, Yang Pu District, Shanghai 200093 (Lease expires year 2030)	568	2,393
– Factory at 1 Zhao Yu Street, Yuci Economic Development Zone, Jin Zhong City, Shanxi Province (Lease expires year 2026)	–	864
FPCL – Residential property at Shenzhen, China	230	749
Papua New Guinea		
APBL – 2.2 hectares industrial property at Port Moresby (Lease expires year 2067)	818	4,183
– 7.7 hectares industrial property at Lae and Goroka (Lease expires year 2057 and year 2067)	226	325
– 1.0 hectare residential properties (Lease expires year 2057 and year 2071)	82	105
Sri Lanka		
APBL – 2.3 hectares industrial property at Mawathagama (Lease expires year 2027)	23	386
India		
APBL – 7.0 hectares industrial property at Waluj, Aurangabad, Maharashtra (Lease expires year 2028)	113	585
Total Leasehold	**57,956**	**176,404**
TOTAL PROPERTIES (CLASSIFIED AS GROUP FIXED ASSETS)	**118,031**	**265,226**

PARTICULARS OF GROUP PROPERTIES

(B) CLASSIFIED AS GROUP INVESTMENT PROPERTIES

(Note 14 to the Financial Statements)

		Land ($'000)	Building ($'000)
Singapore			
FCL	– A 24-storey office building at 438 Alexandra Road, Freehold lettable area – 18,408 sqm	79,130	55,350
	– Retained interests (excluding apartments) in a 7-storey shopping cum residential complex with 2 basement floors at Centrepoint, 176 Orchard Road Freehold and Leasehold (lease expires year 2078), lettable area – 30,959 sqm	423,130	86,862
	– Retained interests in a 4-storey shopping complex with 2 basement shopping levels and one basement carpark at 930, Yishun Avenue 2 Leasehold (Lease expires year 2089), lettable area – 13,865 sqm	207,900	55,100
	– A 2-storey shopping complex at 368 & 370 Alexandra Road, situated on the 1st storey and 1st basement level of a 5-storey commercial cum residential block and a 2-storey free-standing restaurant building Freehold, lettable area – 6,596 sqm	16,420	21,580
	– Two 8-storey high-tech industrial building with basement carpark at 438A and 438B Alexandra Road Freehold, lettable area – 97,166 sqm	179,010	168,590
	– A 10-storey commercial cum serviced apartment complex at Robertson Walk Shopping Centre and Fraser Place Serviced Residences, 11 Unity Street, with 2 basement carparks comprising a 2-storey retail podium and serviced apartment units Leasehold (999 years) Lettable area: Retail 9,068 sqm; Serviced apartments 14,293 sqm; Total 23,361 sqm	121,320	68,980
	– A 7-storey shopping/entertainment complex at 1, Woodlands Square with 3 basement floors (comprising 2 basement carparks and 1 basement shop) Leasehold (Lease expires year 2094), lettable area – 39,506 sqm	479,400	155,600
	– A 20-storey commercial cum serviced apartment complex with a 3-storey covered carpark, a 5-storey podium block, a 2-storey retail podium and serviced apartment units at River Valley Road Leasehold (999 years) Lettable area: Retail 3,699 sqm; Serviced apartments 20,232 sqm; Office 16,937 sqm; Total 40,868 sqm	231,180	132,220
	– Other properties	497	928

PARTICULARS OF GROUP PROPERTIES

(B) CLASSIFIED AS GROUP INVESTMENT PROPERTIES (cont'd)
(Note 14 to the Financial Statements)

	Land ($'000)	Building ($'000)
Vietnam		
FCL – A 22-storey retail/office building plus 2 basements at 2 Ngoc Duc Ke Street, District 1, Ho Chi Minh City Leasehold (Lease expires year 2045), lettable area – 18,555 sqm	2,990	32,352
China		
FPCL – A 5-storey building for I.T research and development centres and offices, and for ancillary uses at Shenzhen Hi-Tech Industrial Park GaoXin South Ring Road/ Keji South Road, ShenZhen Leasehold (Lease expires year 2049), lettable area – 69,248 sqm	2,356	55,987
– A 13-storey office and/or research and development facilities with two levels of basement car parks and ancillary facilities at Tsinghua Science Park No 1 Zhongguancun East Road, Haidian District, Beijing Leasehold (Lease expires year 2053), lettable area – 33,090 sqm	56,518	20,621
Hong Kong		
TPL – Shop unit at Houston Centre, Tsimshatsui East, Kowloon Leasehold (Lease expires year 2053), lettable area – 68 sqm	–	509
– Offices at Seaview Estate – 10th Floor Block C, No. 8 Watson Road, North Point, Hong Kong (Lease expires year 2057), lettable area 1,052 sqm	–	4,680
– Offices at Seaview Estate – 9th Floor Block C, No. 8 Watson Road, North Point, Hong Kong (Lease expires year 2056), lettable area 1,052 sqm	–	4,579
Australia		
FCL – Bridgepoint Shopping Centre, MosMan, Sydney Freehold, lettable area – 6,672 sqm	25,470	18,757
TOTAL PROPERTIES (CLASSIFIED AS INVESTMENT PROPERTIES)	**1,825,321**	**882,695**

PARTICULARS OF GROUP PROPERTIES

(C) CLASSIFIED AS PROPERTIES HELD FOR SALES

(Note 24 to the Financial Statements)

			Effective Group interest %
Singapore			
FCL	–	The Petal Freehold land of approximately 20,454.4 square metres situated at 85 Hillview Avenue. The development has a gross floor area of 39,365 sqm and consists of 270 condominium units.	100
	–	Euphony Gardens Leasehold land of approximately 26,383.6 square metres situated at Jalan Mata Ayer. The development has a gross floor area of 36,937 sqm and consists of 304 condominium units.	100
	–	Yishun Sapphire Leasehold land of approximately 22,383 square metres situated at Yishun. The development has a gross floor area of 47,004 sqm and consists of 380 condominium units.	100
	–	Yishun Emerald Leasehold land of approximately 21,038.5 square metres situated at Yishun. The development has a gross floor area of 52,596 sqm and consists of 436 condominium units.	100
	–	Compass Heights Leasehold land of approximately 27,067.3 square metres situated at Sengkang Square for a mixed development comprising a block of 4-storey commercial building with 4 basements and 2 blocks of 15-storey, 536 condominium units. The condominium development has a gross floor area of 68,209 sqm.	100
	–	Lake Holmz Leasehold land of approximately 17,000 square metres situated at Boon Lay Way/Corporation Road. The development has a gross floor area of 48,455 sqm and consists of 369 condominium units.	100
	–	Ris Grandeur Freehold land of approximately 26,441.5 square metres situated at Elias Road. The development has a gross floor area of 60,968 square metres and consists of 453 condominium units.	80
Australia			
FCL	–	The Habitat Freehold land of approximately 862 square metres situated at Chandos Streets, North Sydney. The development has a gross floor area of 7,855 sqm and consists of 60 condominium units.	75
Peninsular Malaysia			
TPL	–	Freehold commerical property of approximately 645 sqm situated at 59/61 Jalan Nilam 1/2, Subang Square, Subang Hi-Tech Industrial Park, 40000 Shah Alam	30
	–	Leasehold commercial property of approximately 395 sqm situated at LG-28 Queensbay Megamall, Penang (formerly known as Bayan World Megamall)	30

(C) CLASSIFIED AS PROPERTIES HELD FOR SALES (cont'd)
(Note 24 to the Financial Statements)

			Effective Group interest %
China/Hong Kong			
FPCL	–	Scenic Place Leasehold land of approximately 26,052 square metres situated at No.305 Guang An Men Wai Avenue. The development has a gross floor area of 95,855 sqm and consists of 788 residential units and 154 carpark lots.	56
	–	Ninth ZhongShan Leasehold land of approximately 73,152 square metres situated at No.2 Xinglin Street Zhongshan District. The development has a gross floor area of 63,054 sqm and consists of 439 residential units and 107 carpark lots.	56
	–	Greenery Place Leasehold land of approximately 6,796 square metres situated at Town Park Road South, Yuan Long, Hong Kong. The development has a gross floor area of 22,106 sqm and consists of 330 residential units and 133 carpark lots.	56
United Kingdom			
FCL	–	Wandsworth Freehold land of approximately 40,000 square metres situated at South Bank of River Thames. The development has a gross floor area of 27,000 sqm and consists of 402 condominium units.	50
TPL	–	Freehold property of approximately 15,817 square metres situated at Hartlebury, Worcestershire.	100

(D) CLASSIFIED AS PROPERTIES UNDER DEVELOPMENT

(Note 14 to the Financial Statements)

Details of the properties under development are included in Note 14 to the Financial Statements. Additional information as follows:

		Stage of Completion	Estimated Date of Completion
Singapore			
FCL	– Quintet	95%	1st Quarter FY 2007
	– Tangerine Grove	72%	2nd Quarter FY 2007
	– 8 @ Mount Sophia	69%	3rd Quarter FY 2007
	– Holland Park	27%	1st Quarter FY 2008
	– St Thomas Walk	–	–
	– The Raintree	36%	2nd Quarter FY 2008
	– The Azure	32%	2nd Quarter FY 2008
	– One Leicester	30%	2nd Quarter FY 2008
	– West Coast Park Site	23%	3rd Quarter FY 2008
	– The Infiniti	23%	3rd Quarter FY 2008
	– Yishun Central Site	–	1st Quarter FY 2009
	– One St Michael's	5%	2nd Quarter FY 2009
	– Sensoria	73%	2nd Quarter FY 2009
	– One Jervois	14%	3rd Quarter FY 2009
Malaysia			
F&N	– Fraser Park	95%	1st Quarter FY 2007
	– Jalan Yew, Kuala Lumpur site	–	–
	– Jalan Ampang, Kuala Lumpur site	–	–
Vietnam			
FCL	– Nguyen Sieu Street Site	–	–
Thailand			
FCL	– The Pano	10%	3rd Quarter FY 2009
Australia			
FCL	– Regent Theatre Site	56%	3rd Quarter FY 2008
	– Wanjeep Street Site	–	–
	– Lorne Avenue Site	–	–
	– City Quarter Site	–	–
	– Queen's Precint Site	–	–
	– Morton Site	–	–
China			
FCL	– Jingan Four Seasons (Wu Jiang Lu Site)	61%	1st Quarter FY 2007
	– Xi Cheng Site	–	3rd Quarter FY 2008
	– Teng Qiao He Chu Hai Kou Site	–	–
FPCL	– Scenic Place Phase 2	–	–
	– Vision (ShenZhen) Business Park Phase 2B and 3	–	4th Quarter FY 2007
	– Song Jiang Site	–	–
New Zealand			
FCL	– Broadview Queenstown Site	–	–
	– Tauranga in the Bay of Plenty	–	–
United Kingdom			
FCL	– Vincent Square	74%	1st Quarter FY 2007
	– Wandsworth Site	–	3rd Quarter FY 2008

SHAREHOLDING STATISTICS

as at 8 December 2006

Class of shares – Ordinary share
Voting rights – One vote per share

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 – 999	312	3.41	119,501	0.01
1,000 – 10,000	5,944	65.03	24,322,797	2.07
10,001 – 1,000,000	2,854	31.22	182,146,646	15.51
1,000,001 and above	31	0.34	967,501,791	82.41
	9,141	100.00	1,174,090,735	100.00

TWENTY LARGEST SHAREHOLDERS (as shown in the Register of Members)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	DBS Nominees Pte Ltd	238,621,147	20.32
2	DBSN Services Pte Ltd	98,000,505	8.35
3	Citibank Nominees Singapore Pte Ltd	94,446,881	8.04
4	Great Eastern Life Assurance Co Ltd	83,511,755	7.11
5	Great Eastern Life Assurance (Malaysia) Berhad	79,925,320	6.81
6	HSBC (Singapore) Nominees Pte Ltd	75,555,171	6.44
7	United Overseas Bank Nominees Pte Ltd	71,065,312	6.05
8	Raffles Nominees Pte Ltd	52,177,905	4.44
9	Oversea-Chinese Bank Nominees Pte Ltd	49,905,135	4.25
10	The Overseas Assurance Corporation Ltd	48,408,725	4.12
11	Lee Latex Pte Limited	10,656,115	0.91
12	Tropical Produce Company Pte Ltd	8,665,400	0.74
13	The Asia Life Assurance Society Ltd	6,699,950	0.57
14	DB Nominees (Singapore) Pte Ltd	5,780,670	0.49
15	Michael Fam Yue Onn	5,425,025	0.46
16	Selat Pte Limited	5,265,000	0.45
17	Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,934,455	0.42
18	Merrill Lynch (Singapore) Pte Ltd	4,187,055	0.36
19	Lee Pineapple Company Pte Ltd	3,867,515	0.33
20	DBS Vickers Securities (Singapore) Pte Ltd	2,476,415	0.21
		949,575,456	80.87

SUBSTANTIAL SHAREHOLDERS (as shown in the Register of Substantial Shareholders)

	DIRECT INTEREST (Number of shares)	DEEMED INTEREST (Number of shares)
Oversea-Chinese Banking Corporation Limited	46,226,850	212,753,185
Great Eastern Life Assurance Company Limited	83,572,255	79,925,320
Great Eastern Holdings Limited	–	212,293,685
Great Eastern Life Assurance (Malaysia) Berhad	79,925,320	–
Great Eastern Capital (Malaysia) Berhad (formerly known as GEL Capital (Malaysia) Berhad)	–	79,925,320

Based on the Register of Substantial Shareholders, the percentage of shareholding of the Company held in the hands of the public is more than 10 percent and this complies with Rule 723 of the Listing Manual.

Note:

* 'Substantial Shareholders' are those shareholders who own at least 5% of the equity of the Company.

* 'Deemed Interests' in shares arise, for example, when a person (including a company) owns at least 20% of another company which in turn owns shares in Fraser and Neave, Limited. The person is "deemed" to have an interest in the Fraser and Neave, Limited shares owned by that other company. It is, therefore, possible for several persons to be deemed interested in the same shares.

This note is merely illustrative. For a full understanding of the scope of the regulations, it is necessary to refer to the Companies Act.

FRASER AND NEAVE, LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

Date: Thursday 25 January 2007
Place: Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958

NOTICE IS HEREBY GIVEN that the 108th Annual General Meeting of FRASER AND NEAVE, LIMITED will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on Thursday 25 January 2007 at 10.00am for the following purposes:

ROUTINE BUSINESS

1. To receive and adopt the report of the directors and audited financial statements for the year ended 30 September 2006.

2. To approve a final dividend of 8 cents per share, comprising 4 cents after tax and 4 cents 1-tier tax exempt, in respect of the year ended 30 September 2006.

3. To pass the following resolutions on recommendation of the Nominating Committee and endorsement of the Board of Directors in respect of appointment of Directors:

   (a) "That pursuant to Section 153(6) of the Companies Act, Cap.50, Dr Michael Fam be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting of the Company."

   Subject to his re-appointment, Dr Fam will be re-appointed as Chairman of the Board of Directors, Chairman of the Board Executive Committee and a Member of the Nominating Committee.

   (b) "That pursuant to Section 153(6) of the Companies Act, Cap.50, Mr Lee Ek Tieng be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting of the Company."

   Subject to his re-appointment, Mr Lee who is considered an independent director, will be re-appointed as Chairman of the Audit Committee and a Member of the Board Executive and Remuneration & Staff Establishment Committees.

   (c) "That Mr Ho Tian Yee, who retires by rotation, be and is hereby re-appointed as a Director of the Company."

   Subject to his re-appointment, Mr Ho who is considered an independent director, will be re-appointed as Chairman of the Nominating Committee and a Member of the Board Executive and Remuneration & Staff Establishment Committees.

   (d) "That Mr Stephen Lee, who retires by rotation, be and is hereby re-appointed as a Director of the Company."

   Subject to his re-appointment, Mr Lee who is considered an independent director, will be re-appointed as Chairman of the Remuneration & Staff Establishment Committee and a Member of the Board Executive, Audit and Nominating Committees.

   (e) "That Mr Nicky Tan Ng Kuang, who retires by rotation, be and is hereby re-appointed as a Director of the Company."

   Subject to his re-appointment, Mr Tan who is considered an independent director, will be re-appointed as a Member of the Audit and Risk Management Committees.

4. To approve directors' fees of $980,000 payable by the Company for the year ending 30 September 2007 (last year: $980,000).

5. To re-appoint auditors for the ensuing year and authorise the Directors to fix their remuneration.

SPECIAL BUSINESS
To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:

6.* "That pursuant to Article 122 of the Company's Articles of Association, Mr Simon Israel, who holds office until this Annual General Meeting and being eligible for re-election, be and is hereby re-elected as a Director of the Company."

Subject to his re-election, Mr Israel will be re-appointed as a Member of the Board Executive Committee.

* This resolution will be considered only if Mr Israel is a Director of the Company at the commencement of the Annual General Meeting. Please see below paragraph (a) of the Statement Pursuant to Article 64 of the Company's Articles of Association.

7. "That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights or bonus; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

on a pro rata basis to shareholders of the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. "

8. “That approval be and is hereby given to the Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Fraser and Neave, Limited Executives’ Share Option Scheme.”

9. “That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Fraser and Neave, Limited Executives’ Share Option Scheme 1999 (“**the 1999 Scheme**”) and to allot and issue such shares as may be issued pursuant to the exercise of options under the 1999 Scheme, provided always that the aggregate number of shares to be issued pursuant to the 1999 Scheme shall not exceed 15 per cent of the issued share capital of the Company from time to time.”

OTHER

10. To transact any other business which may properly be brought forward.

By Order of the Board
Anthony Cheong Fook Seng
Group Company Secretary

Singapore, 3 January 2007

A member of the Company entitled to attend the meeting and vote is entitled to appoint a proxy to attend and vote instead of him; a proxy need not be a member of the Company. The instrument appointing a proxy (a form is enclosed) must be deposited with the Company Secretary at the registered office not less than 48 hours before the time appointed for holding the meeting.

STATEMENT PURSUANT TO ARTICLE 64 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The effects of the resolutions under the heading "Special Business" in this Notice of the 108th Annual General Meeting are:

(a) As announced by the Company on 8 December 2006, the Company entered into a subscription agreement with Seletar Investments Pte Ltd ("**Seletar**") for the subscription by Seletar of new ordinary shares in the capital of the Company representing approximately 14.9 per cent of the enlarged share capital of the Company. Under the terms of the subscription agreement, Seletar is entitled to nominate a maximum of two persons for appointment as Directors of the Company at the completion of the subscription. Under Article 122 of the Company's Articles of Association, the Board of the Company is empowered to appoint additional Directors. In exercise of that power, the Board intends to appoint Seletar's nominee, Mr Simon Israel, as a Director of the Company with effect from, completion. As at the date of the printing of this Notice of the 108th Annual General Meeting, completion of the subscription has not occurred. If completion shall have occurred by the date of the 108th Annual General Meeting, Mr Simon Israel will have been appointed a Director of the Company holding office until the 108th Annual General Meeting and he would be eligible for re-election at the 108th Annual General Meeting under Article 122 of the Company's Articles of Association. In this situation, Ordinary Resolution 6 for the re-election of Mr Simon Israel will be proposed for consideration and passing at the 108th Annual General Meeting. However, if completion of the subscription shall not have occurred by the date of the 108th Annual General Meeting, Ordinary Resolution 6 will not be necessary for consideration at the 108th Annual General Meeting.

(b) Ordinary Resolution No. 7 is to allow the Directors of the Company from the date of that meeting until the next Annual General Meeting to issue, or agree to issue shares and/or grant instruments that might require shares to be issued on a pro rata basis to shareholders of the Company, up to an amount not exceeding 50 per cent of the issued shares in the capital of the Company (calculated as described).

(c) Ordinary Resolution No. 8 is to authorise the Directors to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of such options under the Fraser and Neave, Limited Executives' Share Option Scheme.

(d) Ordinary Resolution No. 9 is to authorise the Directors to offer and grant options in accordance with the provisions of the Fraser and Neave, Limited Executives' Share Option Scheme 1999 (the "**1999 Scheme**") and to allot and issue such shares as may be issued pursuant to the exercise of options under the 1999 Scheme up to an amount not exceeding 15 per cent of the issued share capital of the Company from time to time (the "**15 per cent Limit**"). The 15 per cent Limit is calculated by including the shares which have already been allotted and issued pursuant to the exercise of options under the 1999 Scheme since the implementation of the 1999 Scheme."

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FRASER AND NEAVE, LIMITED

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

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT:
1. For investors who have used their CPF monies to buy Fraser and Neave, Limited shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used, or purported to be used, by them.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary, Fraser and Neave, Limited. (Agent Banks: please see Note No. 9 on required format).

I/We, ____ being a member/members of Fraser and Neave, Limited hereby appoint Michael Fam whom failing Timothy Chia Chee Ming, whom failing Han Cheng Fong, whom failing Ho Tian Yee, whom failing Koh Beng Seng, whom failing Stephen Lee, whom failing Lee Ek Tieng, whom failing Lee Tih Shih, whom failing Nicky Tan Ng Kuang, whom failing Anthony Cheong Fook Seng all being Directors of the Company or (Note 2)

Name	**Address**	**NRIC/Passport No.**	**Proportion of shareholdings (Note 3)**

and/or (delete as appropriate)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 25 January 2007 and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy may vote or abstain from voting at his discretion, as he may on any other matter arising at the meeting):

(Please indicate with an "X" in the spaces provided, whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting.)

NO.	RESOLUTIONS RELATING TO:	FOR	AGAINST
	ROUTINE BUSINESS		
1	To receive and adopt the report of the directors and audited financial statements for the year ended 30 September 2006.		
2	To approve a final dividend of 8 cents per share, comprising 4 cents after tax and 4 cents 1-tier tax exempt, in respect of the year ended 30 September 2006.		
3	(a) To re-appoint Director: Dr Michael Fam		
	(b) To re-appoint Director: Mr Lee Ek Tieng		
	(c) To re-appoint Director: Mr Ho Tian Yee		
	(d) To re-appoint Director: Mr Stephen Lee		
	(e) To re-appoint Director: Mr Nicky Tan Ng Kuang		
4	To approve Directors' Fees of $980,000 payable by the Company for the year ending 30 September 2007.		
5	To re-appoint auditors for the ensuing year and authorise Directors to fix their remuneration.		
	SPECIAL BUSINESS		
6*	To re-elect Director: Mr Simon Israel		
7	To authorise Directors to issue shares, make or grant offers.		
8	To authorise Directors to allot and issue shares pursuant to the Fraser and Neave, Limited Executives' Share Option Scheme.		
9	To authorise Directors to offer and grant options and to allot and issue shares in accordance with the provisions of the Fraser and Neave, Limited Executives' Share Option Scheme 1999.		
	OTHER		
10	To transact any other business which may properly be brought forward.		

* This resolution will be considered only if Mr Simon Israel is a Director of the Company at the commencement of the 108th Annual General Meeting.

As witness my/our hand this ________ day of ________________ 2007.

Total Number of Shares in:	**No. of Shares (Note 5)**
Depository Register	
Register of Members	

____
Signature/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

fold and seal here

NOTES TO PROXY FORM:

1. A member of the Company entitled to attend the meeting and vote is entitled to appoint a proxy to attend and vote instead of him; a proxy need not be a member of the Company. The instrument appointing a proxy must be deposited with the Company Secretary at the registered office not less than 48 hours before the time appointed for holding the meeting.
2. If any other proxy is preferred, the member should strike out the names of the directors mentioned and add the name and address of the proxy desired in the blank boxes provided.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the meeting.
5. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap.50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of CPF investors who wish to attend the meeting as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the meeting.

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THE COMPANY SECRETARY
FRASER AND NEAVE, LIMITED
#21-00 Alexandra Point
438 Alexandra Road
Singapore 119958

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FINANCIAL CALENDAR

25 January 2007 (10am)
Annual General Meeting

09 February 2007
(after close of trading) (tentative)
Announcement of 1st Quarter Results

14 February 2007
Payment of Final Dividend for
Year ended 30 September 2006

11 May 2007
(after close of trading) (tentative)
Announcement of 2nd Quarter and
Half Year Results

10 August 2007
(after close of trading) (tentative)
Announcement of 3rd Quarter Results

09 Nov 2007
(after close of trading) (tentative)
Announcement of Full Year Results

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

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