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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.



# REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

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.



# REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

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.



# REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

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.



# REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

*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.



# REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

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 <sup>(4)</sup> %	Bonus %	Allowances & Benefits %	Total %
a) <u>Directors of the Company</u>					
i) <u>Between \$2,750,001 to \$3,000,000</u>					
Dr Michael Fam <sup>(1)</sup>	19	62	5	14	100
ii) <u>Between \$2,000,001 to \$2,250,000</u>					
Dr Han Cheng Fong <sup>(2)</sup>	–	59	33	8	100
iii) <u>Between \$750,001 to \$1,000,000</u>					
Mr Patrick Goh <sup>(5)</sup>	–	46	21	33	100
Mr Anthony Cheong Fook Seng	–	55	37	8	100
iv) <u>Below \$250,000</u>					
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) <u>Key Executives of the Group</u>					
i) <u>Between \$1,750,001 to \$2,000,000</u>					
Mr Koh Poh Tiong	–	62	37	1	100
ii) <u>Between \$1,000,001 to \$1,250,000</u>					
Mr Lim Ee Seng	–	52	47	1	100
iii) <u>Between \$500,001 to \$750,000</u>					
Dato' Ng Jui Sia <sup>(3)</sup>	–	67	24	9	100
Mr Huang Hong Peng <sup>(6)</sup>	–	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.

# REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

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](http://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.



# REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2006

*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

DIRECTORS	BOARD		EXCO		AUDIT		REMUNERATION & STAFF ESTABLISHMENT		NOMINATING		RISK MANAGEMENT	
	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
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 (CNA), 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 Division) First Capital Corporation Ltd 1996 – 2004 Managing Director MCL Land Ltd	Director and Chief Executive Officer Fraser's 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.



# DIRECTORS' REPORT

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

# DIRECTORS' REPORT

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

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

# DIRECTORS' REPORT

## 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.

# DIRECTORS' REPORT

## 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
<b>1989 Scheme</b>									
1999	23.12.1998	16,873	-	(9,288)	30,340	37,925	\$3.86	\$0.77	23.09.2001 – 22.11.2008
<b>1999 Scheme</b>									
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.

# DIRECTORS' REPORT

## 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.

# DIRECTORS' REPORT

## 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.

# DIRECTORS' REPORT

## 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.

# DIRECTORS' REPORT

## 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.



# DIRECTORS' REPORT

## 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		THE COMPANY	
		2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
			(Restated)		(Restated)
<b>REVENUE</b>	3				
Sale of goods		<b>3,791,611</b>	3,484,241	–	–
Other revenue		<b>3,948</b>	3,753	<b>3,559</b>	3,094
		<b>3,795,559</b>	3,487,994	<b>3,559</b>	3,094
Cost of sales		<b>(2,555,831)</b>	(2,397,928)	–	–
<b>Gross profit</b>		<b>1,239,728</b>	1,090,066	<b>3,559</b>	3,094
Operating expenses					
– Distribution		<b>(144,738)</b>	(127,102)	–	–
– Marketing		<b>(298,031)</b>	(291,319)	–	–
– Administration		<b>(233,798)</b>	(200,659)	<b>(9,286)</b>	(6,656)
		<b>(676,567)</b>	(619,080)	<b>(9,286)</b>	(6,656)
<b>TRADING PROFIT/(LOSS)</b>		<b>563,161</b>	470,986	<b>(5,727)</b>	(3,562)
Gross dividends from subsidiary and joint venture companies	6	–	–	<b>160,975</b>	145,255
Share of joint venture companies' profits		<b>16,065</b>	19,187	–	–
Share of associated companies' profits		<b>12,325</b>	26,953	–	–
Gross income from investments	7	<b>12,028</b>	7,463	<b>673</b>	1,620
<b>PROFIT BEFORE INTEREST, TAXATION AND EXCEPTIONAL ITEMS</b>		<b>603,579</b>	524,589	<b>155,921</b>	143,313
Interest income		<b>23,312</b>	20,104	<b>1,547</b>	605
Interest expense		<b>(83,663)</b>	(61,043)	<b>(39,192)</b>	(20,494)
Net interest expense	4	<b>(60,351)</b>	(40,939)	<b>(37,645)</b>	(19,889)
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS</b>	4	<b>543,228</b>	483,650	<b>118,276</b>	123,424
Exceptional items	8	<b>34,016</b>	29,304	–	10,005
<b>PROFIT BEFORE TAXATION</b>		<b>577,244</b>	512,954	<b>118,276</b>	133,429
Taxation	9	<b>(145,216)</b>	(137,354)	<b>(29,803)</b>	(29,193)
<b>PROFIT AFTER TAXATION</b>		<b>432,028</b>	375,600	<b>88,473</b>	104,236
<b>ATTRIBUTABLE PROFIT TO:</b>					
Shareholders of the Company					
– Before exceptional items		<b>295,414</b>	270,968	<b>88,473</b>	94,231
– Exceptional items		<b>24,111</b>	24,685	–	10,005
		<b>319,525</b>	295,653	<b>88,473</b>	104,236
Minority interests		<b>112,503</b>	79,947	–	–
		<b>432,028</b>	375,600	<b>88,473</b>	104,236
<b>Earnings per share attributable to the shareholders of the Company</b>	11				
Basic					
– before exceptional items		<b>25.3 cts</b>	23.3 cts		
– after exceptional items		<b>27.3 cts</b>	25.4 cts		
Fully diluted					
– before exceptional items		<b>25.0 cts</b>	23.1 cts		
– after exceptional items		<b>27.1 cts</b>	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		THE COMPANY	
		2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
			(Restated)		(Restated)
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital	12	<b>400,971</b>	233,359	<b>400,971</b>	233,359
Reserves	12	<b>3,199,509</b>	2,863,280	<b>2,321,320</b>	2,511,136
		<b>3,600,480</b>	3,096,639	<b>2,722,291</b>	2,744,495
<b>MINORITY INTERESTS</b>		<b>1,004,098</b>	621,256	–	–
		<b>4,604,578</b>	3,717,895	<b>2,722,291</b>	2,744,495
Represented by:					
<b>FIXED ASSETS</b>	13	<b>1,120,519</b>	1,157,857	–	–
<b>INVESTMENT PROPERTIES</b>	14	<b>2,708,016</b>	2,305,537	–	–
<b>PROPERTIES UNDER DEVELOPMENT</b>	15	<b>2,483,313</b>	2,018,336	–	–
<b>SUBSIDIARY COMPANIES</b>	16	–	–	<b>3,229,634</b>	3,296,860
<b>JOINT VENTURE COMPANIES</b>	17	<b>88,990</b>	75,992	<b>408,133</b>	312,740
<b>ASSOCIATED COMPANIES</b>	18	<b>295,898</b>	231,801	–	–
<b>INTANGIBLE ASSETS</b>	19	<b>286,432</b>	115,246	–	–
<b>OTHER INVESTMENTS</b>	21	<b>61,784</b>	81,737	<b>6,680</b>	6,579
<b>BRANDS</b>	23	<b>2,663</b>	3,715	–	169
<b>OTHER DEBTORS</b>	26	<b>17,537</b>	19,114	–	–
<b>DEFERRED TAX ASSETS</b>	32	<b>24,208</b>	9,675	–	–
<b>BANK FIXED DEPOSITS</b>	22	–	4,600	–	–
<b>CURRENT ASSETS</b>					
Properties held for sale	24	<b>178,393</b>	431,867	–	–
Inventories	25	<b>365,402</b>	374,816	–	–
Trade debtors	26	<b>481,774</b>	585,233	–	–
Subsidiary companies	16	–	–	<b>110,110</b>	47,332
Joint venture companies	17	<b>3,638</b>	4,141	–	–
Associated companies	18	<b>826</b>	688	–	–
Other debtors	26	<b>390,788</b>	222,887	<b>5,953</b>	2,944
Short term investments	28	<b>326,748</b>	2,566	<b>28,786</b>	–
Bank fixed deposits	22	<b>614,139</b>	315,251	<b>15,277</b>	22,618
Cash and bank balances	22	<b>220,752</b>	257,516	<b>285</b>	452
		<b>2,582,460</b>	2,194,965	<b>160,411</b>	73,346
<b>Deduct: CURRENT LIABILITIES</b>					
Trade creditors	29	<b>398,455</b>	403,135	–	–
Subsidiary companies	16	–	–	<b>16,349</b>	20,329
Joint venture companies	17	<b>1,199</b>	2,063	–	–
Associated companies	18	<b>35,724</b>	33,874	–	–
Other creditors	29	<b>467,430</b>	431,366	<b>16,124</b>	6,544
Borrowings	30	<b>988,544</b>	1,168,173	<b>94,923</b>	112,340
Provision for taxation		<b>197,216</b>	153,044	<b>5,986</b>	5,986
		<b>2,088,568</b>	2,191,655	<b>133,382</b>	145,199
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>493,892</b>	3,310	<b>27,029</b>	(71,853)
		<b>7,583,252</b>	6,026,920	<b>3,671,476</b>	3,544,495
<b>Deduct: NON-CURRENT LIABILITIES</b>					
Other creditors	29	<b>14,937</b>	14,420	–	–
Borrowings	30	<b>2,834,733</b>	2,186,824	<b>949,167</b>	800,000
Provision for employee benefits	31	<b>21,882</b>	22,538	–	–
Deferred tax liabilities	32	<b>107,122</b>	85,243	<b>18</b>	–
		<b>2,978,674</b>	2,309,025	<b>949,185</b>	800,000
		<b>4,604,578</b>	3,717,895	<b>2,722,291</b>	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)
<b>YEAR ENDED 30 SEPTEMBER 2006</b>												
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)
<b>Dividends</b>	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)
<b>YEAR ENDED 30 SEPTEMBER 2005</b>											
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)
<b>Dividends</b>	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)	
<b>YEAR ENDED 30 SEPTEMBER 2006</b>										
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)	–	–	–	–	–	
<b>Dividends</b>	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
<b>YEAR ENDED 30 SEPTEMBER 2005</b>										
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	
<b>Dividends</b>	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)	2005 (\$'000)
		(Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>Net cash from operating activities</b>	<b>265,553</b>	<b>309,598</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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)
<b>Net cash used in investing activities</b>	<b>(640,857)</b>	<b>(319,304)</b>

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

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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.





# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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) Determination 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 4. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

	THE GROUP		THE COMPANY	
	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
		(Restated)		(Restated)
<b>Profit before taxation and exceptional items have been arrived at after charging:</b>				
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	–
<b>and crediting:</b>				
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	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

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

	THE GROUP		THE COMPANY	
	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
		(Restated)		
<b>Details of Net Interest Expense:</b>				
<b>Interest income</b>				
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	–	–
	<b>23,312</b>	<b>20,104</b>	<b>1,547</b>	<b>605</b>
<b>Interest expense</b>				
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)	–	–
	<b>(83,663)</b>	<b>(61,043)</b>	<b>(39,192)</b>	<b>(20,494)</b>
	<b>(60,351)</b>	<b>(40,939)</b>	<b>(37,645)</b>	<b>(19,889)</b>

## 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.





# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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)	–
<b>Total revenue</b>	<b>419,677</b>	<b>415,416</b>	<b>983,868</b>	<b>490,951</b>	<b>137,072</b>	<b>204,941</b>	<b>1,127,480</b>	<b>17,392</b>	<b>102,490</b>	<b>(103,728)</b>	<b>3,795,559</b>
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
<b>PBIT *</b>	<b>43,384</b>	<b>17,479</b>	<b>155,531</b>	<b>22,376</b>	<b>11,482</b>	<b>115,678</b>	<b>224,704</b>	<b>10,515</b>	<b>2,430</b>	<b>–</b>	<b>603,579</b>
Interest income											23,312
Interest expense											(83,663)
<b>Profit before taxation and exceptional items</b>											<b>543,228</b>
Exceptional items											34,016
<b>Profit before taxation</b>											<b>577,244</b>
Taxation											(145,216)
<b>Profit after taxation</b>											<b>432,028</b>
Minority interest, net of taxes											(112,503)
<b>Attributable profit</b>											<b>319,525</b>
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
<b>Total assets</b>											<b>9,671,820</b>
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
<b>Total liabilities</b>											<b>5,067,242</b>
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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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)	–
<b>Total revenue</b>	<b>439,883</b>	<b>406,383</b>	<b>919,340</b>	<b>480,889</b>	<b>122,609</b>	<b>193,413</b>	<b>923,757</b>	<b>102,730</b>	<b>(101,010)</b>	<b>3,487,994</b>
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
<b>PBIT *</b>	<b>50,598</b>	<b>16,748</b>	<b>132,798</b>	<b>35,514</b>	<b>6,417</b>	<b>112,106</b>	<b>155,588</b>	<b>14,820</b>	<b>–</b>	<b>524,589</b>
Interest income										20,104
Interest expense										(61,043)
<b>Profit before taxation and exceptional items</b>										<b>483,650</b>
Exceptional items										29,304
<b>Profit before taxation</b>										<b>512,954</b>
Taxation										(137,354)
<b>Profit after taxation</b>										<b>375,600</b>
Minority interest, net of taxes										(79,947)
<b>Attributable profit</b>										<b>295,653</b>
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
<b>Total assets</b>										<b>8,218,575</b>
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
<b>Total liabilities</b>										<b>4,500,680</b>
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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 9. TAXATION

	THE GROUP		THE COMPANY	
	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
		(Restated)		
Based on profit for the year:				
Singapore tax	<b>55,719</b>	59,044	<b>28,561</b>	18,232
Overseas tax	<b>97,069</b>	56,570	<b>173</b>	9,961
Deferred tax	<b>(7,637)</b>	9,488	–	–
	<b>145,151</b>	125,102	<b>28,734</b>	28,193
(Over)/Under provision in preceding years				
– Current income tax	<b>(2,495)</b>	6,164	<b>1,069</b>	1,000
– Deferred tax	<b>(5,205)</b>	(2,929)	–	–
Share of taxation of joint venture companies	<b>2,795</b>	4,423	–	–
Share of taxation of associated companies	<b>4,970</b>	4,594	–	–
	<b>145,216</b>	137,354	<b>29,803</b>	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	<b>20.0</b>	20.0	<b>20.0</b>	20.0
Effect of different tax rate of other countries	<b>5.7</b>	4.8	<b>2.7</b>	2.1
Effect of tax losses of subsidiary not available for set-off against profits of other companies within the group	<b>1.2</b>	1.8	–	–
Income not subject to tax (tax incentive/exemption)	<b>(3.4)</b>	(3.1)	<b>(5.4)</b>	(4.7)
Expenses not deductible for tax purposes	<b>4.9</b>	3.6	<b>6.5</b>	3.5
Utilisation of previously unrecognised tax losses in determining taxable profit	<b>(1.4)</b>	(0.5)	–	–
(Over)/Under provision in prior years	<b>(1.1)</b>	0.5	<b>0.9</b>	0.7
Other reconciliation items	<b>(0.7)</b>	(0.3)	<b>0.5</b>	0.3
	<b>25.2</b>	26.8	<b>25.2</b>	21.9



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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

	<b>THE GROUP &amp; THE COMPANY</b>	
	<b>2006</b>	2005
	(\$'000)	(\$'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%)	<b>46,788</b>	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%)	<b>93,835</b>	81,676
	<b>140,623</b>	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).



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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	<b>295,414</b>	270,968
– after exceptional items	<b>319,525</b>	295,653
	<hr/>	
	— No. of shares —	
Weighted average number of ordinary shares in issue	<b>1,169,795,825</b>	1,163,188,954
	<hr/>	
Earnings Per Share (Basic)		
– before exceptional items	<b>25.3 cts</b>	23.3 cts
– after exceptional items	<b>27.3 cts</b>	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	<b>295,414</b>	270,968
Change in attributable profit due to dilutive share options of subsidiary companies	<b>(767)</b>	(606)
	<hr/>	
Group adjusted attributable profit to shareholders of the Company before exceptional items	<b>294,647</b>	270,362
	<hr/>	
Group attributable profit to shareholders of the Company after exceptional items	<b>319,525</b>	295,653
Change in attributable profit due to dilutive share options of subsidiary companies	<b>(774)</b>	(598)
	<hr/>	
Group adjusted attributable profit to shareholders of the Company after exceptional items	<b>318,751</b>	295,055
	<hr/>	

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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	<b>1,169,795,825</b>	1,163,188,954
Effect of dilutive share options	<b>7,315,510</b>	6,599,275
Weighted average number of ordinary shares used to compute diluted earnings per share	<b>1,177,111,335</b>	1,169,788,229
Earnings Per Share (Fully diluted)		
– before exceptional items	<b>25.0 cts</b>	23.1 cts
– after exceptional items	<b>27.1 cts</b>	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)
<b>SHARE CAPITAL</b>				
<b>Ordinary shares issued and fully paid up</b>				
Balance at beginning of year	<b>233,359,335</b>	<b>233,359</b>	232,007,722	232,008
Issued during the year following exercise of Executives' Share Options	<b>3,598,030</b>	<b>8,865</b>	1,351,613	1,351
Subdivision of share	<b>935,985,720</b>	–	–	–
Transfer of share premium and capital redemption reserve to share capital	–	<b>158,747</b>	–	–
Balance at end of year	<b>1,172,943,085</b>	<b>400,971</b>	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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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)
<b>RESERVES</b>				
The reserves comprise the following:				
Share Premium	–	152,223	–	152,223
Capital Redemption Reserve	–	3,228	–	3,228
Capital Reserve	<b>849,306</b>	527,012	<b>1,039,274</b>	1,039,274
Fair Value Adjustment Reserve	<b>56,607</b>	–	<b>71</b>	–
Employee Share Option Reserve	<b>9,947</b>	5,410	<b>8,484</b>	4,592
Revenue Reserve	<b>2,262,638</b>	2,086,764	<b>1,179,656</b>	1,230,143
Dividend Reserve	<b>93,835</b>	81,676	<b>93,835</b>	81,676
Exchange Reserve	<b>(72,824)</b>	6,967	–	–
Total reserves	<b>3,199,509</b>	2,863,280	<b>2,321,320</b>	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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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)
<b>For the year ended 30 September 2006</b>							
<b>At cost/valuation</b>							
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
<b>Analysis of cost/valuation</b>							
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
<b>Accumulated depreciation and impairment</b>							
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
<b>Net book value</b>	60,075	57,956	265,226	568,734	66,483	102,045	1,120,519

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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)
<b>For the year ended 30 September 2005 (Restated)</b>							
<b>At cost/valuation</b>							
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
<b>Analysis of cost/valuation</b>							
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
<b>Accumulated depreciation and impairment</b>							
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
<b>Net book value</b>	<b>74,364</b>	<b>54,316</b>	<b>270,989</b>	<b>613,928</b>	<b>43,257</b>	<b>101,003</b>	<b>1,157,857</b>



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 14. GROUP INVESTMENT PROPERTIES

	Freehold Land (\$'000)	Leasehold Land (\$'000)	Building (\$'000)	Total (\$'000)
<b>At cost/valuation</b>				
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
<b>Analysis of cost/valuation</b>				
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
<b>Accumulated depreciation and impairment</b>				
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
<b>Net book value</b>				
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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 15. GROUP PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2006 (\$'000)	2005 (\$'000)
		(Restated)
Balance at beginning of year	<b>2,018,336</b>	1,855,902
Expenditure incurred during the year	<b>1,107,364</b>	852,708
Acquisition of subsidiary companies	–	122,196
	<b>3,125,700</b>	2,830,806
Development profit	<b>203,023</b>	129,789
Progress payments received and receivable	<b>(716,345)</b>	(737,838)
Amortisation charge	<b>(2,889)</b>	(105)
Write back of provision for impairment in value of development (net)	<b>1,983</b>	–
Transfer to properties held for sale	<b>(84,268)</b>	(215,364)
Transfer to properties held for investment	<b>(34,678)</b>	–
Transfer from fixed assets	<b>17,232</b>	–
Currency realignment	<b>(26,445)</b>	11,048
	<b>2,483,313</b>	2,018,336
Group properties under development comprise:		
Freehold land		
At cost	<b>911,984</b>	761,276
At directors' valuation 1996	<b>99,000</b>	99,000
Leasehold land		
At cost	<b>737,551</b>	405,575
Development expenditure	<b>1,116,364</b>	903,960
Interest cost	<b>102,078</b>	89,030
Currency realignment	<b>(20,360)</b>	13,575
Property tax	<b>17,943</b>	12,680
	<b>2,964,560</b>	2,285,096
Development profit	<b>298,338</b>	109,620
Progress payments received and receivable	<b>(722,731)</b>	(320,291)
Accumulated amortisation	<b>(4,008)</b>	(1,259)
Provision for foreseeable losses	<b>(52,846)</b>	(54,830)
	<b>2,483,313</b>	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).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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 %
<b>Singapore</b>	
(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 Jervis – Freehold land of approximately 11,669 sqm at Lots 803V, 787V, 788P and on Town Subdivision 24 at Jervis Road/Close and Nos. 5, 5A, 6 and 6A at Jervis Road for the development of approximately 275 condominium units of approximately 32,673.2 sqm of gross floor area for sale.	100



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 15. GROUP PROPERTIES UNDER DEVELOPMENT (cont'd)

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

	<b>Effective Group Interest %</b>
<b>Singapore</b> (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 commercial building with five levels of retail space including a retail basement floor and a basement carpark.	100
<b>Malaysia</b>	
(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 commercial 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
<b>Vietnam</b>	
(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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 15. GROUP PROPERTIES UNDER DEVELOPMENT (cont'd)

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

	<b>Effective Group Interest %</b>
<b>Australia</b>	
(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 commercial 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 Street, 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
<b>China</b>	
(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





# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 15. GROUP PROPERTIES UNDER DEVELOPMENT (cont'd)

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

	<b>Effective Group Interest %</b>
<b>China (cont'd)</b>	
(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
<b>New Zealand</b>	
(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
<b>United Kingdom</b>	
(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
<b>Thailand</b>	
(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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 16. SUBSIDIARY COMPANIES

	THE COMPANY	
	2006 (\$'000)	2005 (\$'000)
		(Restated)
Quoted shares at cost	260,215	262,981
Unquoted shares at cost	3,403,226	3,787,684
	<b>3,663,441</b>	4,050,665
Amounts owing by subsidiary companies (unsecured)	292,701	41,130
Amounts owing to subsidiary companies (unsecured)	(726,508)	(794,935)
	<b>3,229,634</b>	3,296,860
<b>MARKET VALUE</b>		
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
Fraser's Centrepont 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
Fraser's Highbury Limited	United Kingdom	75.0	25 November 2005
Fraser's Town Hall Residences Pty Ltd	Australia	80.5	5 April 2006
Fraser's Morton Pty Ltd	Australia	75.0	6 April 2006
Fraser's City Quarter Pty Ltd	Australia	87.5	6 April 2006
Fraser's Queens Pty Ltd	Australia	87.5	21 April 2006
Fraser's Killara Pty Ltd	Australia	75.0	8 August 2006



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 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	<u>28,562</u>
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	<u>39,750</u>	

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 17. JOINT VENTURE COMPANIES

		<b>THE COMPANY</b>	
		<b>2006</b>	2005
		<b>(\$'000)</b>	(\$'000)
			(Restated)
(a)	Unquoted investment, at cost	<b>276,126</b>	276,126
	Quoted investment, at cost	<b>132,007</b>	36,614
		<b>408,133</b>	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.

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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 (\$'000)	2005 (\$'000)
Investment in joint venture companies	88,990	(Restated) 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)
	<b>78,148</b>	<b>66,776</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 18. ASSOCIATED COMPANIES

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 19. INTANGIBLE ASSETS

	THE GROUP				
	Goodwill (\$'000)	Franchise (\$'000)	Deferred Development Costs (\$'000)	Other Intangible Assets (\$'000)	Total (\$'000)
<b>For the year ended 30 September 2006</b>					
<b>At cost</b>					
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
<b>Accumulated amortisation and impairment</b>					
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
<b>Net book value</b>	<b>247,958</b>	<b>41</b>	<b>22,792</b>	<b>15,641</b>	<b>286,432</b>
<b>For the year ended 30 September 2005 (Restated)</b>					
<b>At cost</b>					
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
<b>Accumulated amortisation and impairment</b>					
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
<b>Net book value</b>	<b>85,966</b>	<b>63</b>	<b>19,581</b>	<b>9,636</b>	<b>115,246</b>

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





# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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
<b>Carrying value of capitalised goodwill based on cash generating units</b>				
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)				
<b>Carrying value of capitalised goodwill based on cash generating units</b>				
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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 21. OTHER INVESTMENTS

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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	<b>220,752</b>	257,516	<b>285</b>	452
Bank fixed deposits	<b>614,139</b>	315,251	<b>15,277</b>	22,618
	<b>834,891</b>	572,767	<b>15,562</b>	23,070
Secured bank fixed deposits	–	4,600	–	–
	<b>834,891</b>	577,367	<b>15,562</b>	23,070

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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)		
<b>At cost</b>				
Balance at beginning of year	<b>14,569</b>	14,538	<b>8,435</b>	8,435
Currency realignment	<b>27</b>	31	–	–
Acquisition of additional interests in joint venture companies	<b>82</b>	–	–	–
Balance at end of year	<b>14,678</b>	14,569	<b>8,435</b>	8,435
<b>Accumulated amortisation</b>				
Balance at beginning of year	<b>10,854</b>	9,182	<b>8,266</b>	7,099
Currency realignment	<b>28</b>	14	–	–
Amortisation for the year	<b>661</b>	1,658	<b>169</b>	1,167
Acquisition of additional interests in joint venture companies	<b>35</b>	–	–	–
Write off for the year	<b>437</b>	–	–	–
Balance at end of year	<b>12,015</b>	10,854	<b>8,435</b>	8,266
<b>Net book value</b>	<b>2,663</b>	3,715	–	169



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 24. PROPERTIES HELD FOR SALE

	THE GROUP	
	2006 (\$'000)	2005 (\$'000)
		(Restated)
<b>At cost</b>		
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
<b>Less: Provision for foreseeable losses</b>		
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
<b>Net book value</b>	<b>178,393</b>	<b>431,867</b>

## 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
	<b>275,510</b>	<b>89,892</b>	<b>365,402</b>	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).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 26. TRADE AND OTHER DEBTORS

	THE GROUP		THE COMPANY	
	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
		(Restated)		
<b>Trade debtors</b>	<b>481,774</b>	585,233	–	–
<b>Other debtors:</b>				
<b>Current</b>				
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
	<b>390,788</b>	222,887	<b>5,953</b>	2,944
	<b>872,562</b>	808,120	<b>5,953</b>	2,944
<b>Non-current</b>				
Prepayments	14,274	15,241	–	–
Staff loans	3,263	3,873	–	–
	<b>17,537</b>	19,114	–	–
	<b>890,099</b>	827,234	<b>5,953</b>	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%).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 27. DERIVATIVE FINANCIAL INSTRUMENTS

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

## 28. SHORT TERM INVESTMENTS

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 29. TRADE AND OTHER CREDITORS

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





# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 30. BORROWINGS

	Weighted average effective interest rate %	Notes	THE GROUP		THE COMPANY	
			2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
(Restated)						
<b>Repayable within one year:</b>						
<b>Unsecured</b>						
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	–	–
<b>Secured</b>						
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
<b>Repayable after one year:</b>						
<b>Unsecured</b>						
Bank loans	5.00		168,692	179,832	–	–
Term loans	3.67		1,688,339	1,500,000	949,167	800,000
<b>Secured</b>						
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
<b>Total</b>			3,823,277	3,354,997	1,044,090	912,340
<b>Fair value</b>		(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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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	<b>1,064,658</b>	645,124	<b>300,000</b>	300,000
Between 2 and 5 years	<b>1,568,899</b>	1,514,172	<b>499,167</b>	500,000
After 5 years	<b>201,176</b>	27,528	<b>150,000</b>	–
	<b>2,834,733</b>	2,186,824	<b>949,167</b>	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	<b>22,538</b>	22,706
Currency realignment	<b>(1,119)</b>	187
(Disposal)/acquisition of subsidiary companies	<b>(43)</b>	315
Write back	<b>(262)</b>	(804)
Provision for the year	<b>3,456</b>	2,705
Payment for the year	<b>(2,651)</b>	(2,571)
Transfer	<b>(37)</b>	–
Balance at end of year	<b>21,882</b>	22,538



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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)
<b>Benefit (asset)/liability</b>		
Present value of benefit obligation	<b>9,838</b>	52,338
Fair value of plan assets	<b>(11,935)</b>	(48,432)
Unfunded benefit obligation	<b>(2,097)</b>	3,906
Unrecognised net actuarial loss	<b>513</b>	566
Deferred tax	–	(1,865)
Benefit (asset)/liability	<b>(1,584)</b>	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)	Fraser's 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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:

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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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
<b>1989 Scheme</b>									
1999	23.12.1998	16,873	-	(9,288)	30,340	37,925	\$3.86	\$0.77	23.09.2001 – 22.11.2008
<b>1999 Scheme</b>									
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).



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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 (\$)	2.20	2.82	3.54
Exercise share price (\$)	2.12	2.82	3.46





# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 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:				
<b>Deferred tax liabilities</b>				
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	–
<b>Less: Deferred tax assets</b>				
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)	–	–
<b>Net deferred tax liabilities</b>	<b>107,122</b>	<b>85,243</b>	<b>18</b>	<b>–</b>

Some overseas subsidiary companies have net deferred tax assets relating to the following:

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)	–	–
<b>Net deferred tax assets</b>	<b>(24,208)</b>	<b>(9,675)</b>	<b>–</b>	<b>–</b>

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).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 33. FUTURE COMMITMENTS

	<b>THE GROUP</b>	
	<b>2006</b>	2005
	<b>(\$'000)</b>	(\$'000)
		(Restated)
Commitments not provided for in the financial statements:		
(a) Commitments in respect of contract placed:		
– Fixed assets	<b>51,225</b>	58,578
– Properties under development	<b>629,902</b>	612,773
	<b>681,127</b>	671,351
(b) Other amounts approved by directors but not contracted for:		
– Fixed assets	<b>46,290</b>	41,296
– Properties under development	<b>1,544,968</b>	1,978,062
	<b>1,591,258</b>	2,019,358
Total	<b>2,272,385</b>	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.		



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 34. LEASE COMMITMENTS

### Operating Leases

Lease commitments under non-cancellable operating leases where the Group is a lessee:

	<b>THE GROUP</b>	
	<b>2006</b>	2005
	<b>(\$'000)</b>	(\$'000)
		(Restated)
Payable within one year	<b>16,329</b>	15,703
Payable between one and five years	<b>27,316</b>	29,338
Payable after five years	<b>40,376</b>	31,408
	<b>84,021</b>	76,449
Operating lease expense	<b>29,467</b>	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	<b>155,112</b>	149,894
Receivable between one and five years	<b>182,638</b>	187,797
Receivable after five years	<b>3,675</b>	6,193
	<b>341,425</b>	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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 34. LEASE COMMITMENTS (cont'd)

### Finance Leases

Lease commitments under non-cancellable finance leases where the Group is a lessee:

	<b>THE GROUP</b>	
	<b>2006</b> <b>(\$'000)</b>	2005 (\$'000)
		(Restated)
Minimum lease payments due:		
Payable within one year	<b>1,275</b>	1,025
Payable between one and five years	<b>3,027</b>	2,837
Payable after five years	–	–
	<b>4,302</b>	3,862
Less: Future finance charges	<b>(388)</b>	(398)
	<b>3,914</b>	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:

	<b>THE GROUP</b>	
	<b>2006</b> <b>(\$'000)</b>	2005 (\$'000)
		(Restated)
Directors		
Sale of condominium units	<b>1,247</b>	15,175
Joint venture companies		
Rental received	<b>892</b>	596
Management fees received	<b>2,200</b>	2,200
Sale of bottles	<b>19,740</b>	17,443
Management fees paid	<b>284</b>	250
Purchase of cullets	<b>57</b>	47

These transactions were based on agreed fees or terms determined on a commercial basis.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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	<b>834,891</b>	577,367
Borrowings	<b>(3,823,277)</b>	(3,354,997)
Net borrowings	<b>(2,988,386)</b>	(2,777,630)
Shareholders' fund	<b>3,600,480</b>	3,096,639
Total equity (including Minority interests)	<b>4,604,578</b>	3,717,895
Net borrowings/Shareholders' fund	<b>0.83</b>	0.90
Net borrowings/Total equity	<b>0.65</b>	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.





# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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)
<b>Notional Amount</b>				
Within one year	<b>90,000</b>	10,000	<b>90,000</b>	–
Between one and three years	<b>325,000</b>	165,000	<b>325,000</b>	90,000
After three years	<b>241,309</b>	645,238	<b>150,000</b>	465,000
	<b>656,309</b>	820,238	<b>565,000</b>	555,000
<b>Net Fair Value</b>				
Fair value gain on interest rate swap contracts	<b>6,441</b>	8,373	<b>5,735</b>	7,474
Fair value loss on interest rate swap contracts	<b>(3,312)</b>	(5,477)	<b>(3,312)</b>	(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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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:

	Variable rates	THE GROUP		
		Fixed rates		
	Less than 1 year (\$'000)	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	After 5 years (\$'000)
<b>Year ended 30 September 2006</b>				
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
<b>Year ended 30 September 2005</b>				
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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 37. FINANCIAL RISK MANAGEMENT (cont'd)

### *Interest Rate Risk* (cont'd)

	Variable rates	THE COMPANY		
		Fixed rates		
		Less than 1 year (\$'000)	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)
<b>Year ended 30 September 2006</b>				
Assets				
Cash and bank deposits	15,277	–	–	–
Liabilities				
Borrowings	394,923	–	299,554	349,614
<b>Year ended 30 September 2005</b>				
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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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 Navanakorn 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).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 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:

	<b>GROUP 2006 (\$'000)</b>
<hr/>	
Profit statement	
Decrease in revenue recognised for the year	<b>(428,800)</b>
Decrease in profit for the year	<b>(129,356)</b>
Balance sheet	
Decrease in opening accumulated profits	<b>(79,380)</b>
Decrease in properties under development	
At 1 October 2005	<b>(114,231)</b>
At 30 September 2006	<b>(291,496)</b>
Decrease in minority interests	
At 1 October 2005	<b>(4,328)</b>
Share of profit for the year	<b>(6,678)</b>
	<hr/>

## 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

	<b>Effective Shareholding</b>		<b>Principal Activities</b>
	<b>2006</b>	<b>2005</b>	
<hr/>			
<b>SUBSIDIARY COMPANIES OF THE COMPANY</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
Fraser & Neave (Singapore) Pte Ltd	<b>100.0%</b>	100.0%	Management Services
F&N Investments Pte Ltd	<b>100.0%</b>	100.0%	Investment Holding
F&N Foods Pte Ltd	<b>100.0%</b>	100.0%	Manufacture of Dairy Products
Premier Milk (S) Pte Ltd	<b>100.0%</b>	100.0%	Dormant
Asia Dairies (S) Pte Ltd	<b>100.0%</b>	100.0%	Dormant
F&N Dairy Investments Pte Ltd	<b>100.0%</b>	100.0%	Investment Holding
Interflavine Pte Ltd	<b>100.0%</b>	100.0%	Beverage Base Manufacturing
International Theme Parks (Singapore) Pte Ltd	<b>100.0%</b>	100.0%	Dormant
Phoenix (Singapore) Pte Ltd	<b>100.0%</b>	100.0%	Dormant
Fannet Online Pte Ltd	<b>100.0%</b>	100.0%	Dormant
Times Publishing Ltd	<b>100.0%</b>	100.0%	Investment Holding
Frasers Centrepoint Limited [formerly Centrepoint Properties Ltd]	<b>100.0%</b>	100.0%	Investment Holding
F&N Boncafe Beverages Pte Ltd [held by a subsidiary company]	<b>60.0%</b>	60.0%	Marketing Ready-To-Drink Coffee Beverages
F&N DCH Holding Pte Ltd [held by a subsidiary company]	<b>51.0%</b>	51.0%	Dormant





# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF THE COMPANY (cont'd)</b>			
Country of Incorporation and Place of Business: <b>Hong Kong</b>			
(A) Fraser & Neave Investments (HK) Ltd	100.0%	100.0%	Investment Holding
Country of Incorporation and Place of Business: <b>Malaysia</b>			
(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: <b>Vietnam</b>			
(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: <b>Thailand</b>			
(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: <b>Myanmar</b>			
(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: <b>Australia</b>			
(A) Red Lion Holdings Pty Ltd [formerly A2 Australia Pty Limited] [held by a subsidiary company]	100.0%	100.0%	Dormant
Country of Incorporation: <b>British Virgin Islands</b> Place of Business: <b>Hong Kong</b>			
(B) Vision Century Limited	100.0%	100.0%	Investment Holding
Country of Incorporation: <b>Bermuda</b> Place of Business: <b>Hong Kong</b>			
(A) Frasers Property (China) Limited [F&N Group's effective shareholdings are held through Vision Century Limited (17.7%) and Frasers Centrepont Limited (39.06%)]	56.2%	55.0%	Investment Holding
<b>SUBSIDIARY COMPANIES OF FRASER &amp; NEAVE HOLDINGS GROUP</b>			
Country of Incorporation and Place of Business: <b>Malaysia</b>			
(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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF FRASER &amp; NEAVE HOLDINGS GROUP</b>			
Country of Incorporation and Place of Business: <b>Malaysia</b>			
(A) F&N Coca-Cola (Malaysia) Sdn Bhd	<b>52.8%</b>	53.4%	Distribution of Soft Drinks
(A) F&NCC Beverages Sdn Bhd	<b>52.8%</b>	53.4%	Manufacture of Soft Drinks
(A) F&N Dairies (Malaysia) Sdn Bhd	<b>58.7%</b>	59.4%	Distribution of Dairy Products
(A) Premier Milk (Malaya) Sdn Bhd	<b>44.0%</b>	44.5%	Manufacture of Dairy Products
(A) Four Eights Sdn Bhd	<b>58.7%</b>	59.4%	Dormant
(A) F&N Foods Sdn Bhd	<b>58.7%</b>	59.4%	Manufacture of Dairy Products
(A) Malaya Glass Products Sdn Bhd	<b>58.7%</b>	59.4%	Manufacture and Sale of Glass Containers
(A) Kuala Lumpur Glass Manufacturers Company Sdn Bhd	<b>58.7%</b>	59.4%	Manufacture and Sale of Glass Containers
(A) Wimanis Sdn Bhd	<b>58.7%</b>	59.4%	Property Development
(A) Brampton Holdings Sdn Bhd	<b>58.7%</b>	59.4%	Property Investment Holding
(A) Lettricia Corporation Sdn Bhd	<b>41.1%</b>	41.6%	Property Development
(A) Elsinburg Holdings Sdn Bhd	<b>58.7%</b>	59.4%	Property Development
(A) Vacaron Company Sdn Bhd	<b>58.7%</b>	59.4%	Dormant
(A) Nuvak Company Sdn Bhd	<b>58.7%</b>	59.4%	Dormant
(A) Greenclipper Corporation Sdn Bhd	<b>58.7%</b>	59.4%	Dormant
(C) Utas Mutiara Sdn Bhd	<b>58.7%</b>	59.4%	Property Investment Holding
(A) Borneo Springs Sdn Bhd	<b>55.7%</b>	–	Manufacture and Sale of Mineral Water, Carbonated Drinks and Bottles
Country of Incorporation and Place of Business: <b>Thailand</b>			
(A) Siam Malaya Glass (Thailand) Co Ltd	<b>41.1%</b>	41.6%	Manufacture and Sale of Glass Containers
Country of Incorporation and Place of Business: <b>Vietnam</b>			
(A) Malaya Vietnam Glass Ltd	<b>41.1%</b>	41.6%	Manufacture and Sale of Glass Containers
Country of Incorporation and Place of Business: <b>China</b>			
(A) Sichuan Malaya Glass Co Ltd	<b>35.2%</b>	35.6%	Manufacture and Sale of Glass Containers
			[Accounting year ends on 31 December]
<b>SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (FORMERLY CENTREPOINT PROPERTIES GROUP)</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
FCL Property Investments Pte Ltd [formerly CPL Property Investments Pte Ltd]	<b>100.0%</b>	100.0%	Property Investment
FCL Enterprises Pte Ltd [formerly CPL Enterprises Pte Ltd]	<b>100.0%</b>	100.0%	Property Investment

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# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (cont'd)</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
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

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# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (cont'd)</b>			
Country of Incorporation and Place of Business: <b>Singapore (cont'd)</b>			
Frasers (Australia) Pte Ltd	<b>75.0%</b>	75.0%	Investment Holding
FCL (China) Pte Ltd [formerly CPL (China) Pte Ltd]	<b>100.0%</b>	100.0%	Investment Holding
Marine Parade View Pte Ltd	<b>100.0%</b>	100.0%	Property Development
FCL (Fraser) Pte Ltd [formerly CPL (Fraser) Pte Ltd]	<b>100.0%</b>	100.0%	Investment Holding
FCL Boon Lay Pte Ltd [formerly CPL Boon Lay Pte Ltd]	<b>100.0%</b>	100.0%	Property Development
FCL Sophia Pte Ltd [formerly CPL Sophia Pte Ltd]	<b>100.0%</b>	100.0%	Property Development
Frasers Centrepoint Retail Concepts Pte Ltd [formerly Centrepoint Retail Concepts Pte Ltd]	<b>100.0%</b>	100.0%	Management Services
FCL Choa Chu Kang Pte Ltd [formerly CPL Choa Chu Kang Pte Ltd]	<b>100.0%</b>	100.0%	Property Development
FCL Joo Chiat Place Pte Ltd [formerly CPL Joo Chiat Place Pte Ltd]	<b>100.0%</b>	100.0%	Property Development
Frasers (NZ) Pte Ltd	<b>75.0%</b>	75.0%	Investment Holding
FCL China Development Pte Ltd [formerly CPL China Development Pte Ltd]	<b>100.0%</b>	100.0%	Investment Holding
FCL Court Pte Ltd [formerly CPL Court Pte Ltd]	<b>100.0%</b>	100.0%	Property Development
FCL Lodge Pte Ltd [formerly CPL Lodge Pte Ltd]	<b>100.0%</b>	100.0%	Property Development
FCL Place Pte Ltd [formerly CPL Place Pte Ltd]	<b>100.0%</b>	100.0%	Property Development
FCL Rise Pte Ltd [formerly CPL Rise Pte Ltd]	<b>100.0%</b>	100.0%	Property Development
Frasers (Thailand) Pte Ltd	<b>100.0%</b>	100.0%	Investment Holding
MLP Co Pte Ltd	<b>100.0%</b>	100.0%	Investment Holding
SAJV Co Pte Ltd	<b>100.0%</b>	100.0%	Investment Holding
River Valley Properties Pte Ltd	<b>100.0%</b>	100.0%	Investment Holding & Property Development
River Valley Shopping Centre Pte Ltd	<b>100.0%</b>	100.0%	Property Investment
River Valley Tower Pte Ltd	<b>100.0%</b>	100.0%	Property Investment
River Valley Apartments Pte Ltd	<b>100.0%</b>	100.0%	Property Investment
Lion (Singapore) Pte Ltd	<b>100.0%</b>	100.0%	Property Development
Sinomax International Pte Ltd	<b>100.0%</b>	100.0%	Investment Holding
FCL View Pte Ltd [formerly CPL View Pte Ltd]	<b>100.0%</b>	100.0%	Property Development

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# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (cont'd)</b>			
Country of Incorporation and Place of Business: <b>Singapore</b> (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: <b>Malaysia</b>			
(A) Centrepoint Utama Sdn Bhd	100.0%	100.0%	Dormant
Country of Incorporation and Place of Business: <b>Vietnam</b>			
(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: <b>China</b>			
(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: <b>Hong Kong</b>			
(A) Metro Charm Holdings Limited	100.0%	100.0%	Investment Holding
Country of Incorporation and Place of Business: <b>Philippines</b>			
(C) Frasers Hospitality Philippines, Inc [formerly Fraser Serviced Residences Philippines, Inc]	100.0%	100.0%	Provision of Management Services in the Lodging Industry

Notes:

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- (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		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF FRASERS CENTREPOINT GROUP (cont'd)</b>			
Country of Incorporation: <b>Singapore</b>			
Place of Business: <b>Australia</b>			
FCL Bridgepoint Pte Ltd [formerly CPL Bridgepoint Pte Ltd]	100.0%	100.0%	Property Investment
Country of Incorporation and Place of Business: <b>Australia</b>			
(A) Frasers Glebe Point Pty Ltd	75.0%	75.0%	Property Development
(A) Frasers Greycliff 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: <b>New Zealand</b>			
(A) Frasers Broadview Ltd	75.0%	75.0%	Property Development
(A) Frasers Papamoa Ltd	67.5%	67.5%	Property Development
Country of Incorporation: <b>Singapore</b>			
Place of Business: <b>United Kingdom</b>			
FCL Resort Pte Ltd [formerly CPL Resort Pte Ltd]	75.0%	75.0%	Property Development
Country of Incorporation and Place of Business: <b>United Kingdom</b>			
(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 Business: <b>British Virgin Islands</b>			
(B) Reaves Ltd	100.0%	100.0%	Dormant

Notes:

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# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
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: <b>Singapore</b>			
Place of Business: <b>Singapore and Malaysia</b>			
Times The Bookshop Pte Ltd	100.0%	100.0%	Retail
Country of Incorporation: <b>Singapore</b>			
Place of Business: <b>Singapore, Australia, United Kingdom and United States of America</b>			
Times Printers Pte Ltd	100.0%	100.0%	Commercial Printing
Country of Incorporation and Place of Business: <b>Malaysia</b>			
(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) <sup>(1)</sup> 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities	
	2006	2005		
<b>SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (cont'd)</b>				
Country of Incorporation: <b>Hong Kong</b>				
Place of Business: <b>Thailand</b>				
(A)	Far East Publications Ltd	100.0%	100.0%	Books
Country of Incorporation and Place of Business: <b>Thailand</b>				
(A)	Marshall Cavendish International (Thailand) Co. Ltd	49.0%	49.0%	Publishing
Country of Incorporation and Place of Business: <b>Hong Kong</b>				
(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: <b>Hong Kong</b>				
Place of Business: <b>Hong Kong and Taiwan</b>				
(A)	Educational Technologies Limited	100.0%	100.0%	Publishing and Distribution of Home Library
Country of Incorporation and Place of Business: <b>China</b>				
(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: <b>Japan</b>				
(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: <b>India</b>				
(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		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (cont'd)</b>			
Country of Incorporation and Place of Business: <b>Australia</b>			
(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: <b>United Kingdom</b>			
Place of Business: <b>Russia</b>			
(A) MC East Limited	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business: <b>United Kingdom</b>			
(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: <b>Czech Republic</b>			
(A) Marshall Cavendish CR,s.r.o.	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business: <b>France</b>			
(A) Marshall Cavendish Editions S.A.	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business: <b>Poland</b>			
(A) Marshall Cavendish Polska Sp. zo.o	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business: <b>Romania</b>			
(A) Marshall Cavendish Romania S.R.L	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business: <b>Ukraine</b>			
(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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (cont'd)</b>			
Country of Incorporation and Place of Business: <b>United States of America</b>			
(B) Marshall Cavendish Corporation	<b>100.0%</b>	100.0%	Books
<b>SUBSIDIARY COMPANIES OF FRASERS PROPERTY (CHINA) LIMITED GROUP</b>			
Country of Incorporation and Place of Business: <b>Hong Kong</b>			
(A) Vision Century Secretaries Limited	<b>56.2%</b>	55.0%	Secretarial and Nominee Services
(A) Best Keeping Resources Limited	<b>56.2%</b>	55.0%	Property and Golf Club Membership Holding
(A) Great Project Property Limited	<b>56.2%</b>	55.0%	Investment Holding
(A) Prosper Advance Investments Limited	<b>56.2%</b>	55.0%	Property Development
(A) Readworld.com Limited	<b>56.2%</b>	55.0%	Investment Holding
(A) Vision Century Administration Limited	<b>56.2%</b>	55.0%	Management Consultancy Services
(A) Vision Century Capital Limited	<b>56.2%</b>	55.0%	Group Financing
(A) Vision Century Investment (Dalian) Limited	<b>56.2%</b>	55.0%	Investment Holding
(A) Wide Best Development Limited	<b>56.2%</b>	55.0%	Property Development
(A) Vision Century Property Management Limited	<b>56.2%</b>	55.0%	Property Management
Country of Incorporation: <b>British Virgin Islands</b>			
Place of Business: <b>Hong Kong</b>			
(B) Bestday Assets Limited	<b>56.2%</b>	55.0%	Investment Holding
(B) Limbo Enterprise Limited	<b>56.2%</b>	55.0%	Property Holding
(B) Tenways Investments Limited	<b>56.2%</b>	55.0%	Investment Holding
(B) Vision Business Park (TH) Limited	<b>56.2%</b>	55.0%	Investment Holding
(B) Vision Century Property Consultancy Services Ltd	<b>56.2%</b>	55.0%	Property Consultancy Services
Country of Incorporation and Place of Business: <b>China</b>			
(A) Shanghai Zhong Jun Real Estate Development Co. Ltd	<b>72.2%</b>	71.6%	Property Development
(A) Beijing Gang Lu Real Estate Development Co. Ltd	<b>56.2%</b>	55.0%	Property Development
(C) Beijing Vision Century Property Management Co. Ltd	<b>56.2%</b>	55.0%	Property Management
(C) Vision Century Real Estate Development (Dalian) Co. Ltd	<b>56.2%</b>	55.0%	Property Development
(C) Vision Property Management (Dalian) Co. Ltd	<b>56.2%</b>	55.0%	Property Management
(A) Vision (Shenzhen) Business Park Co. Ltd	<b>53.4%</b>	52.3%	Business Park Development
(C) Vision Huaqing (Beijing) Development Co. Ltd	<b>33.7%</b>	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: <b>British Virgin Islands</b>			
(A) Supreme Asia Investments Limited	<b>76.0%</b>	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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>JOINT VENTURE COMPANIES OF THE COMPANY</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
* Asia Pacific Investment Pte Ltd	50.0%	50.0%	Investment Holding
<b>JOINT VENTURE COMPANIES OF FRASERS CENTREPOINT GROUP</b>			
Country of Incorporation and Place of Business: <b>Thailand</b>			
(A) Riverside Homes Development Co., Ltd	66.0%	49.0%	Property Development
Country of Incorporation and Place of Business: <b>Singapore</b>			
(A) FCL Peak Pte Ltd	50.0%	–	Property Development
<b>JOINT VENTURE COMPANIES OF TIMES PUBLISHING GROUP</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
Times-Newslink [Accounting year ends on 31 December]	50.0%	50.0%	Retail of Books and Magazines
Country of Incorporation and Place of Business: <b>China</b>			
(C) Shanghai Times Sanyin Printers Co Ltd [Accounting year ends on 31 December]	40.0%	40.0%	Commercial Printing
<b>ASSOCIATED COMPANIES OF THE COMPANY</b>			
Country of Incorporation: <b>Singapore</b>			
Place of Business: <b>China</b>			
(C) China Dairy Group Ltd [Accounting year ends on 31 December]	29.5%	29.5%	Manufacturing & Distribution of Dairy Products
Country of Incorporation: <b>Bermuda</b>			
Place of Business: <b>China</b>			
(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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>ASSOCIATED COMPANIES OF FRASERS CENTREPOINT GROUP</b>			
Country of Incorporation and Place of Business: <b>United Kingdom</b>			
(C) Fairbrair Residential Investment Partnership [Accounting year ends on 31 December]	<b>20.0%</b>	20.0%	Investment in Residential Property Fund
(C) Fairdace Limited [formerly Pressdale Ltd]	<b>33.3%</b>	33.3%	Property Ownership and Investment
(C) FairBriar Holdings Limited [formerly BidFair Limited]	<b>25.0%</b>	25.0%	Investment Holding
(C) Islington Theatre Developments Limited	<b>25.0%</b>	–	Property Development
Country of Incorporation and Place of Business: <b>Singapore</b>			
Hua Li Holdings Pte Ltd	<b>45.7%</b>	45.7%	Investment Holding
Country of Incorporation and Place of Business: <b>Thailand</b>			
(A) Krungthep Land Public Company Limited	<b>33.0%</b>	–	Property Development
<b>ASSOCIATED COMPANIES OF TIMES PUBLISHING GROUP</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
(C) Learning Edvantage Pte Ltd	<b>31.0%</b>	31.0%	Multi Media Publishing
Country of Incorporation and Place of Business: <b>China</b>			
(C) Beijing Universal Times Culture Development Co Ltd [Accounting year ends on 31 December]	<b>40.0%</b>	40.0%	Publishing
<b>SUBSIDIARY COMPANIES OF ASIA PACIFIC BREWERIES GROUP</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
Asia Pacific Breweries Limited	<b>39.7%</b>	37.4%	Investment Holding and Management Services
Asia Pacific Breweries (Singapore) Pte Ltd	<b>39.7%</b>	37.4%	Brewing and Distribution of Beer and Stout
Tiger Export Pte Ltd	<b>39.7%</b>	37.4%	Export of Beer and Stout
Archipelago Brewery Co (1941) Pte Ltd	<b>39.7%</b>	37.4%	Dormant
Tiger Marketing Pte Ltd	<b>39.7%</b>	37.4%	Investment Holding
Heineken-APB (China) Pte Ltd	<b>44.8%</b>	43.7%	Investment Holding
Country of Incorporation and Place of Business: <b>Cambodia</b>			
(C) Cambodia Brewery Ltd	<b>31.8%</b>	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.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities	
	2006	2005		
<b>SUBSIDIARY COMPANIES OF ASIA PACIFIC BREWERIES GROUP (cont'd)</b>				
Country of Incorporation and Place of Business: <b>Vietnam</b>				
(A)	Vietnam Brewery Ltd	<b>23.8%</b>	22.4%	Brewing and Distribution of Beer
(A)	Hatay Brewery Ltd	<b>39.7%</b>	37.4%	Brewing and Distribution of Beer
(A)	Beers and Beverages International Ltd	<b>39.7%</b>	–	Distribution of Beer
(C)	Foster's Vietnam Co., Ltd	<b>39.7%</b>	–	Distribution of Beer
(C)	Foster's Da Nang Co., Ltd	<b>39.7%</b>	–	Brewing of Beer
(C)	Foster's Tien Giang Co., Ltd	<b>39.7%</b>	–	Brewing of Beer
Country of Incorporation and Place of Business: <b>China</b>				
(A)	Hainan Asia Pacific Brewery Co Ltd	<b>44.8%</b>	43.7%	Brewing and Distribution of Beer
(A)	Shanghai Asia Pacific Brewery Co Ltd	<b>43.5%</b>	42.4%	Brewing and Distribution of Beer
(A)	Heineken Trading (Shanghai) Co Ltd	<b>44.8%</b>	43.7%	Distribution of Beer
(A)	Heineken-APB (China) Management Services Co Ltd	<b>44.8%</b>	43.7%	Provision of Investment, Management and Consulting Services
[All the above companies, incorporated in China, accounting year ends on 31 December]				
Country of Incorporation and Place of Business: <b>India</b>				
(C)	Asia Pacific Breweries (India) Private Ltd	<b>39.7%</b>	37.4%	Dormant
(A)	Aurangabad Breweries Limited	<b>30.2%</b>	28.4%	Brewing and Distribution of beer
(B)	Asia Pacific Breweries – Pearl Breweries Pte Limited	<b>26.6%</b>	–	Brewing and Distribution of beer
Country of Incorporation and Place of Business: <b>Sri Lanka</b>				
(A)	APB Lanka Ltd [formerly United Breweries Lanka Limited]	<b>23.8%</b>	22.4%	Brewing and Distribution of Beer
Country of Incorporation and Place of Business: <b>New Zealand</b>				
(A)	DB Breweries Ltd	<b>39.7%</b>	37.4%	Investment Holding and Brewing and Distribution of Beer
(A)	DB Nominees Ltd	<b>39.7%</b>	37.4%	Trustee Company
(A)	DB South Island Brewery Ltd	<b>21.7%</b>	20.5%	Brewing and Distribution of Beer
(A)	DBG Insurances Ltd	<b>39.7%</b>	37.4%	Insurance Company
(A)	Liquorland Ltd	<b>39.7%</b>	37.4%	Franchise Manager
(A)	Monteith's Brewing Company Ltd	<b>39.7%</b>	37.4%	Dormant
(A)	Robbie Burns Ltd	<b>39.7%</b>	37.4%	Dormant
(A)	Tui Brewery Ltd	<b>39.7%</b>	37.4%	Dormant
(A)	Black Dog Brewery Ltd	<b>39.7%</b>	37.4%	Dormant
(A)	O Pure Water Ltd	<b>39.7%</b>	37.4%	Dormant
(A)	Mainland Brewery Ltd	<b>39.7%</b>	37.4%	Dormant
(A)	Waitemata Brewery Ltd	<b>39.7%</b>	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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2006

## 42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

	Effective Shareholding		Principal Activities
	2006	2005	
<b>SUBSIDIARY COMPANIES OF ASIA PACIFIC BREWERIES GROUP (cont'd)</b>			
Country of Incorporation and Place of Business: <b>Papua New Guinea</b>			
(C) South Pacific Brewery Ltd	<b>30.1%</b>	28.4%	Brewing and Distribution of Beer
Country of Incorporation and Place of Business: <b>United Kingdom</b>			
(C) Tiger Beer UK Ltd	<b>39.7%</b>	37.4%	Distribution of Beer and Stout
Country of Incorporation and Place of Business: <b>United States of America</b>			
(C) Tiger Beer USA Inc	<b>39.7%</b>	37.4%	Distribution of Beer
Country of Incorporation and Place of Business: <b>Mongolia</b>			
(B) MCS Asia Pacific Brewery	<b>21.8%</b>	–	Distribution of Beer
Country of Incorporation and Place of Business: <b>Australia</b>			
(B) Asia Pacific Breweries (Australia) Pty Ltd	<b>39.7%</b>	–	Investment Holding
(B) FBG Vietnam Holdings Pty Ltd	<b>39.7%</b>	–	Investment Holding
<b>JOINT VENTURE COMPANIES OF ASIA PACIFIC BREWERIES GROUP</b>			
Country of Incorporation and Place of Business: <b>Singapore</b>			
(C) GAPL Pte Ltd	<b>19.8%</b>	18.7%	Investment Holding & Distribution of Stout
Country of Incorporation and Place of Business: <b>China</b>			
(C) Jiangsu DaFuHao Breweries Co. Ltd [Accounting year ends on 31 December]	<b>22.0%</b>	17.5%	Brewing and Distribution of Beer
Country of Incorporation and Place of Business: <b>Thailand</b>			
(C) Thai Asia Pacific Brewery Co Ltd	<b>13.9%</b>	13.1%	Brewing and Distribution of Beer
(C) Thai Asia Pacific Trading Co Ltd	<b>13.9%</b>	13.1%	Distribution of Beer
<b>ASSOCIATED COMPANIES OF ASIA PACIFIC BREWERIES GROUP</b>			
Country of Incorporation and Place of Business: <b>New Zealand</b>			
(A) The Associated Bottlers Company Ltd	<b>19.8%</b>	18.7%	Hire of Returnable Beer Bottles
Country of Incorporation: <b>Bermuda</b> Place of Business: <b>Hong Kong</b>			
(A) Kingway Brewery Holdings Limited [Accounting year ends on 31 December]	<b>9.6%</b>	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)
<b>FREEHOLD</b>		
<b>Singapore</b>		
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	–
<b>Peninsular Malaysia</b>		
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
<b>East Malaysia</b>		
F&N – 1.1 hectares industrial property at Matang Land District, Sarawak	1,886	803
<b>Thailand</b>		
F&N – 9.1 hectares industrial property at Amphur Nong Khae, Saraburi Province	4,313	–
<b>New Zealand</b>		
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
<b>Australia</b>		
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
<b>United States of America</b>		
TPL – 3.4 hectares commercial property at 99 White Plains Road, Tarrytown, New York	792	4,151
<b>Total Freehold</b>	<b>60,075</b>	<b>88,822</b>

# PARTICULARS OF GROUP PROPERTIES

## (A) CLASSIFIED AS GROUP FIXED ASSETS (cont'd) (Note 13 to the Financial Statements)

		Land (\$'000)	Building (\$'000)
<b>LEASEHOLD</b>			
<b>Singapore</b>			
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	–
<b>Peninsular Malaysia</b>			
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
<b>East Malaysia</b>			
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
<b>Cambodia</b>			
APBL	– 11.3 hectares industrial property at Kandal Province (Land rights expires year 2065)	–	8,226



# PARTICULARS OF GROUP PROPERTIES

## (A) CLASSIFIED AS GROUP FIXED ASSETS (cont'd) (Note 13 to the Financial Statements)

		Land (\$'000)	Building (\$'000)
<b>LEASEHOLD</b> (cont'd)			
<b>Vietnam</b>			
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
<b>Thailand</b>			
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
<b>Myanmar</b>			
F&N	– 5.0 hectares industrial property at Mingaladon Township, Yangon (Lease expires year 2023)	2,017	11,036
<b>China/Hong Kong</b>			
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)
<b>LEASEHOLD</b> (cont'd)		
<b>China/Hong Kong</b> (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
<b>Papua New Guinea</b>		
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
<b>Sri Lanka</b>		
APBL – 2.3 hectares industrial property at Mawathagama (Lease expires year 2027)	23	386
<b>India</b>		
APBL – 7.0 hectares industrial property at Waluj, Aurangabad, Maharashtra (Lease expires year 2028)	113	585
<b>Total Leasehold</b>	<b>57,956</b>	<b>176,404</b>
<b>TOTAL PROPERTIES (CLASSIFIED AS GROUP FIXED ASSETS)</b>	<b>118,031</b>	<b>265,226</b>



# PARTICULARS OF GROUP PROPERTIES

## (B) CLASSIFIED AS GROUP INVESTMENT PROPERTIES

(Note 14 to the Financial Statements)

		Land (\$'000)	Building (\$'000)
<b>Singapore</b>			
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 Centrepoin, 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)
<b>Vietnam</b>		
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
<b>China</b>		
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
<b>Hong Kong</b>		
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
<b>Australia</b>		
FCL – Bridgepoint Shopping Centre, MosMan, Sydney Freehold, lettable area – 6,672 sqm	25,470	18,757
<b>TOTAL PROPERTIES (CLASSIFIED AS INVESTMENT PROPERTIES)</b>	<b>1,825,321</b>	<b>882,695</b>



# PARTICULARS OF GROUP PROPERTIES

## (C) CLASSIFIED AS PROPERTIES HELD FOR SALES

(Note 24 to the Financial Statements)

	<b>Effective Group interest %</b>
<b>Singapore</b>	
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
<b>Australia</b>	
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
<b>Peninsular Malaysia</b>	
TPL – Freehold commercial 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



# PARTICULARS OF GROUP PROPERTIES

## (C) CLASSIFIED AS PROPERTIES HELD FOR SALES (cont'd) (Note 24 to the Financial Statements)

	<b>Effective Group interest %</b>
<b>China/Hong Kong</b>	
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
<b>United Kingdom</b>	
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



# PARTICULARS OF GROUP PROPERTIES

## (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
<b>Singapore</b>			
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
<b>Malaysia</b>			
F&N	– Fraser Park	95%	1st Quarter FY 2007
	– Jalan Yew, Kuala Lumpur site	–	–
	– Jalan Ampang, Kuala Lumpur site	–	–
<b>Vietnam</b>			
FCL	– Nguyen Sieu Street Site	–	–
<b>Thailand</b>			
FCL	– The Pano	10%	3rd Quarter FY 2009
<b>Australia</b>			
FCL	– Regent Theatre Site	56%	3rd Quarter FY 2008
	– Wanjeep Street Site	–	–
	– Lorne Avenue Site	–	–
	– City Quarter Site	–	–
	– Queen's Precinct Site	–	–
	– Morton Site	–	–
<b>China</b>			
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	–	–
<b>New Zealand</b>			
FCL	– Broadview Queenstown Site	–	–
	– Tauranga in the Bay of Plenty	–	–
<b>United Kingdom</b>			
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.

