financial statements

Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2006.

Principal Activities

The principal activity of the Company is investment holding and its subsidiaries are primarily engaged in the manufacture and sale of glass containers, soft drinks, dairy products, property development activities and the provision of management services.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit after taxation	153,582	122,131
Minority interests	(10,755)	–
Net profit for the year	142,827	122,131

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the financial statements.

Dividends

The amounts paid by way of dividend by the Company since 30 September 2005 were as follows:

(i) A final dividend of 28 sen less taxation amounting to RM71.9 million in respect of the previous financial year was paid on 3 February 2006; and

(ii) An interim dividend of 16 sen less taxation amounting to RM41.1 million in respect of the current financial year was paid on 5 June 2006.

At the forthcoming Annual General Meeting, a final dividend of 29 sen less taxation amounting to RM75.5 million in respect of the current financial year on 356,493,101 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profit in the financial year ending 30 September 2007.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Y.A.M. Tengku Syed Badarudin Jamalullail	
Tan Sri Dato' Dr. Lin See Yan	
Datuk Fong Weng Phak	
Dato' Dr. Mohd Shahar bin Sidek	
Dr. Han Cheng Fong	
Cheong Fook Seng, Anthony	
Lee Kong Yip	
Leslie Oswin Struys	
Tan Ang Meng	
Dato' Anwarrudin bin Ahamad Osman	
Dr. Kwok Kain Sze (Alternate to Dr. Han Cheng Fong)	(appointed on 7 November 2006)
Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani	(appointed on 7 November 2006)
Huang Hong Peng (Alternate to Dr. Han Cheng Fong)	(resigned on 7 November 2006)
Dr. Radzuan bin A. Rahman	(resigned on 7 November 2006)

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

(i) Y.A.M. Tengku Syed Badarudin Jamalullail, Dato' Dr Mohd Shahar bin Sidek and Tan Ang Meng pursuant to Article 97 of the Company's Articles of Association; and

(ii) Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani pursuant to Article 103 of the Company's Articles of Association.

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to the holding company's Executives' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 4(b) to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Interest

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

Companies in which directors held interest	Number of shares/share options As at 1 October 2005	Bought/ Allocated	Sold/Lapsed/ Exercised	As at 30 September 2006
Y.A.M. Tengku Syed Badarudin Jamalullail				
Fraser & Neave Holdings Bhd				
– Ordinary shares	2,937,000	–	(10,000)	2,927,000
Dr. Han Cheng Fong				
Fraser & Neave Limited				
– Share options	2,631,600*	870,750	–	3,502,350
Cheong Fook Seng, Anthony				
Fraser & Neave Limited				
– Ordinary shares	20,250*	–	–	20,250
– Share options	1,024,000*	638,550	–	1,662,550
Leslie Oswin Struys				
Fraser & Neave Holdings Bhd				
– Ordinary shares	100,000	–	–	100,000
Tan Ang Meng				
Fraser & Neave Holdings Bhd				
– Ordinary shares	119,000	75,000	–	194,000
– Share options	314,000	93,000	(75,000)	332,000
Asia Pacific Breweries Ltd				
– Ordinary shares	92,380	–	(75,000)	17,380
Huang Hong Peng				
Fraser & Neave Limited				
– Ordinary shares	–	348,300	–	348,300
Asia Pacific Breweries Ltd				
– Ordinary shares	105,435	123,750	(229,185)	–
– Share options	123,750	–	(123,750)	–

* *The shareholdings at 1 October 2005 included the subdivision of 1 share to 5 shares of Fraser & Neave Limited which took effect on 4 July 2006.*

None of the other directors who held office at the end of the financial year had an interest in shares of the Company and its related corporations during the financial year.

Other Statutory Information

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other Statutory Information (Cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant and Subsequent Events

Significant and subsequent events are disclosed in Note 23 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

Tengku Syed Badarudin Jamalullail **Tan Ang Meng**

Kuala Lumpur, Malaysia
7 November 2006

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Tengku Syed Badarudin Jamalullail and Tan Ang Meng, being two of the directors of Fraser & Neave Holdings Bhd, do hereby state that, in the opinion of the directors, the financial statements set out on pages 72 to 103 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act,1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Tengku Syed Badarudin Jamalullail

Tan Ang Meng

Kuala Lumpur, Malaysia
7 November 2006

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Tony Lee Cheow Fui, being the officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 72 to 103 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovementioned Tony Lee Cheow Fui)
at Kuala Lumpur in the Federal Territory)
on 7 November 2006)

Tony Lee Cheow Fui

Before me,

Commissioner for Oaths
Barathan a/l Sinniah @ Chinniah (No. W202)

Report of the Auditors

to the Members of Fraser & Neave Holdings Bhd

We have audited the accompanying financial statements set out on pages 72 to 103. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 30 September 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of subsidiaries of which we have not acted as auditors, as indicated in Note 26 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Thomas Arundel Andrew Scott
No. 1060/03/08 (J/PH)
Partner

Kuala Lumpur, Malaysia
7 November 2006

Income Statements

for the year ended 30 September 2006

		Group		Company	
		2006	2005	2006	2005
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE					
Sale of goods		**1,943,630**	1,935,106	**–**	–
Dividends		**–**	–	**147,497**	148,187
COST OF SALES		**(1,410,195)**	(1,410,835)	**–**	–
GROSS PROFIT		**533,435**	524,271	**147,497**	148,187
OPERATING EXPENSES					
Distribution expenses		**(186,775)**	(171,670)	**–**	–
Marketing expenses		**(77,780)**	(80,022)	**–**	–
Administration and other expenses		**(75,139)**	(89,724)	**(450)**	(1,615)
		(339,694)	(341,416)	**(450)**	(1,615)
OPERATING PROFIT		**193,741**	182,855	**147,047**	146,572
Interest expense	3	**(3,451)**	(4,369)	**(345)**	(908)
Interest income	3	**3,896**	5,265	**3,875**	5,592
PROFIT BEFORE TAXATION	4	**194,186**	183,751	**150,577**	151,256
Taxation	5	**(40,604)**	(44,461)	**(28,446)**	(42,743)
PROFIT AFTER TAXATION		**153,582**	139,290	**122,131**	108,513
Minority interests		**(10,755)**	(7,340)	**–**	–
NET PROFIT FOR THE YEAR		**142,827**	131,950	**122,131**	108,513
Earnings per share (sen)	6	**40.1**	37.0		

The accompanying notes form an integral part of the financial statements.

Balance Sheets

as at 30 September 2006

		Group		Company	
		2006	2005	2006	2005
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	8	**727,766**	730,828	**–**	–
Investments in subsidiaries	9	**–**	–	**530,033**	530,033
		727,766	730,828	**530,033**	530,033
CURRENT ASSETS					
Property development costs	10	**67,496**	36,334	**–**	–
Inventories	11	**297,093**	316,623	**–**	–
Receivables	12	**404,894**	411,209	**297,675**	266,331
Cash and bank balances	13	**242,202**	202,491	**31,369**	33,611
		1,011,685	966,657	**329,044**	299,942
CURRENT LIABILITIES					
Payables	14	**381,871**	360,128	**35,530**	6,398
Borrowings	15	**18,766**	33,721	**2,226**	9,193
Provision for taxation		**6,155**	10,390	**43**	–
		406,792	404,239	**37,799**	15,591
NET CURRENT ASSETS		**604,893**	562,418	**291,245**	284,351
		1,332,659	1,293,246	**821,278**	814,384
FINANCED BY:					
Share capital	16	**356,493**	356,493	**356,493**	356,493
Reserves	17	**758,851**	728,377	**464,785**	455,591
Shareholders' equity		**1,115,344**	1,084,870	**821,278**	812,084
Minority interests		**122,902**	107,351	**–**	–
		1,238,246	1,192,221	**821,278**	812,084
Borrowings	15	**16,940**	23,261	**–**	2,300
Provision for retirement benefits	18	**35,295**	35,798	**–**	–
Deferred taxation	19	**42,178**	41,966	**–**	–
Non-current liabilities		**94,413**	101,025	**–**	2,300
		1,332,659	1,293,246	**821,278**	814,384

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 30 September 2006

	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Reserve on Consolidation RM'000	Foreign Exchange Reserve RM'000	Retained Profit RM'000	Total RM'000
Group							
At 1 October 2004	356,493	339,990	18,027	62,795	(121)	273,030	1,050,214
Net profit for the year	–	–	–	–	–	131,950	131,950
Dividends (Note 7)	–	–	–	–	–	(97,537)	(97,537)
On translation of foreign subsidiaries	–	–	–	–	243	–	243
At 30 September 2005	356,493	339,990	18,027	62,795	122	307,443	1,084,870
Net profit for the year	–	–	–	–	–	142,827	142,827
Dividends (Note 7)	–	–	–	–	–	(112,937)	(112,937)
On translation of foreign subsidiaries	–	–	–	–	584	–	584
At 30 September 2006	**356,493**	**339,990**	**18,027**	**62,795**	**706**	**337,333**	**1,115,344**
Company							
At 1 October 2004	356,493	339,990	15,897	–	–	88,728	801,108
Net profit for the year	–	–	–	–	–	108,513	108,513
Dividends (Note 7)	–	–	–	–	–	(97,537)	(97,537)
At 30 September 2005	356,493	339,990	15,897	–	–	99,704	812,084
Net profit for the year	–	–	–	–	–	122,131	122,131
Dividends (Note 7)	–	–	–	–	–	(112,937)	(112,937)
At 30 September 2006	**356,493**	**339,990**	**15,897**	**–**	**–**	**108,898**	**821,278**

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

for the year ended 30 September 2006

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOW FROM OPERATING ACTIVITIES				
Operating profit	**193,741**	182,855	**147,047**	146,572
Adjustments for:				
Depreciation	**86,342**	90,436	**–**	–
Impairment losses on property, plant and equipment	**741**	390	**–**	–
Write-back of impairment loss on property, plant and equipment	**(1,844)**	(393)	**–**	–
Loss on disposal of property, plant and equipment	**2,641**	1,349	**–**	–
Provision for retirement benefits	**3,986**	4,434	**–**	–
Reserve on consolidation arising from acquisition of a subsidiary	**(5,500)**	–	**–**	–
Exchange differences	**842**	(276)	**–**	–
Operating profit before working capital changes	**280,949**	278,795	**147,047**	146,572
Working capital changes:				
Inventories	**20,871**	(58,778)	**–**	–
Receivables	**7,311**	(44,313)	**(31,344)**	(113,083)
Payables	**37,174**	(27,101)	**29,133**	5,127
Property development costs	**388**	(17,439)	**–**	–
Cash generated from operations costs	**346,693**	131,164	**144,836**	38,616
Income tax paid	**(52,530)**	(36,400)	**(28,403)**	(42,873)
Payment of retirement benefits	**(4,489)**	(3,981)	**–**	–
Net cash generated from/(used in) operating activities	**289,674**	90,783	**116,433**	(4,257)
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	**1,620**	1,890	**–**	–
Acquisition of a subsidiary (Note 9)	**(15,229)**	(1,940)	**–**	(2,890)
Additional investment in a subsidiary	**–**	–	**–**	(100)
Acquisition of property, plant and equipment	**(105,986)**	(66,974)	**–**	–
Interest received	**3,896**	5,265	**3,875**	5,592
Net cash (used in)/generated from investing activities	**(115,699)**	(61,759)	**3,875**	2,602
CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	**(3,451)**	(4,369)	**(345)**	(908)
Net funds from minority shareholders	**14,156**	4,853	**–**	–
Repayment of borrowings	**(21,276)**	(10,821)	**(9,268)**	(9,191)
Payment of dividends (Note 7)	**(112,937)**	(97,537)	**(112,937)**	(97,537)
Payment of dividends to minority shareholders	**(10,756)**	(10,240)	**–**	–
Net cash used in financing activities	**(134,264)**	(118,114)	**(122,550)**	(107,636)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**39,711**	(89,090)	**(2,242)**	(109,291)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**202,491**	291,581	**33,611**	142,902
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 13)	**242,202**	202,491	**31,369**	33,611

The accompanying notes form an integral part of the financial statements.

1. Corporate Information

The principal activity of the Company is investment holding and its subsidiaries are primarily engaged in the manufacture and sale of glass containers, soft drinks and dairy products, property development activities and provision of management services. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The holding company of the Company is Fraser and Neave Limited, which is incorporated in Singapore.

The number of employees in the Group at the end of the financial year was 4,636 (2005: 4,582). The Company had no employee at the end of the financial year.

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 November 2006.

2. Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, modified by the revaluation of certain property, plant and equipment and unless otherwise indicated below.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under this method, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from their effective date of acquisition or up to their effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve on consolidation.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

2. Significant Accounting Policies (Cont'd)

(c) Goodwill

Goodwill is identified as any excess of the consideration paid over the fair value of the net assets acquired as at the date of acquisition. Where the consideration is lower than the fair value of the net assets acquired, the difference is recognised as reserve on consolidation. Goodwill is amortised over its estimated useful life of not more than 20 years using the straight line method. The Group had no goodwill at the end of the financial year.

The Group has applied the transitional provision allowed by FRS 3 – Business Combinations, by virtue of which the reserve on consolidation arises on 1 January 2006 and after is recognised immediately in the consolidated income statement.

(d) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less accumulated impairment losses. An assessment of the book value is performed when there is an indication that the investment has been impaired or the impairment losses recognised in prior years no longer exist.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

The cost of property, plant and equipment comprises purchase price and any directly attributable costs, including interest cost, capitalised in bringing the property, plant and equipment to working condition. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the income statement. When property, plant and equipment 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 income statement.

Where property, plant and equipment are revalued, any surplus on revaluation is credited to property, plant and equipment revaluation reserve. A decrease in net carrying value arising from revaluation of property, plant and equipment is charged to the income statement to the extent that it exceeds any surplus held in property, plant and equipment revaluation reserve relating to the previous revaluation of the same class of property, plant and equipment.

Depreciation is calculated on the straight line method to write off the cost or valuation of the property, plant and equipment over their estimated useful lives. No depreciation is provided for freehold land and capital work in progress. The annual depreciation rates used to write down the property, plant and equipment over their estimated useful lives are as follows:

Leasehold land	Lease term (ranging from 12 to 99 years)
Buildings	2% to 5%
Plant and machinery	8% to 14%
Motor vehicles	10% to 20%
Postmix and vending machines	10%
Furniture, fittings and computer equipment	10% to 20%

2. Significant Accounting Policies (Cont'd)

(f) Property Development Costs

Property development costs are stated at cost which includes cost of land, construction, related overhead expenditure and financing charges incurred during the period of construction.

Developments are considered complete upon the issue of Temporary Certificate of Fitness. When completed, properties for sale are transferred to current assets as completed properties held for sale.

Profit on properties for sale is recognised based on the percentage of completion method. The percentage of completion is deemed to be the costs incurred to balance sheet date divided by total expected costs; costs exclude land and interest costs. The percentage of sales is deemed to be the units sold at balance sheet date divided by the total units offered for sale in the project. Profit is taken up on the basis of total expected profit on the project multiplied by the percentage of completion and the percentage of sales, less profit if any, taken up in previous financial periods. Total expected profit is assessed after including the cost of land and interest and after making due allowance for known potential cost over-runs and allowance for contingencies.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost of finished goods and work-in-progress includes raw materials, labour and an appropriate proportion of production overheads.

Moulds included in consumables are written off over a period of three years from the date they are issued for production.

Engineering inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis.

Container inventories comprise both containers on hand and estimated to be in the market.

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(i) Provisions for Liabilities

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.

(j) Leases

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

2. Significant Accounting Policies (Cont'd)

(k) Income 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 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 property, plant and equipment, revaluations of certain non-current assets and 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.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit 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 to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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, 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.

(l) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Retirement benefits

Provision for retirement and service benefits is made in accordance with the terms of agreements concluded by the Group companies with various categories of employee.

The cost of retirement benefits is determined by using accrued or projected benefit valuation methods as appropriate. Costs are charged to the income statement systematically relating to the receipt of the employees' services. Actuarial gains and losses are recognised as income or expense 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.

(iv) 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. Significant Accounting Policies (Cont'd)

(m) Revenue Recognition

Group

Revenue comprises the net invoiced value of the sales of soft drinks, glass containers and dairy products. Proceeds from property developed for sales are recognised based on percentage of completion and of sales, less any revenue taken up in the previous financial year. Sales revenue is recognised upon delivery of goods, net of discounts, allowances and applicable indirect taxes.

Company

Revenue comprises dividend from investments. Dividend revenue is recognised when it has been declared by subsidiary companies.

(n) Interest

Interest expense is recognised in the income statement on a time proportion basis taking into account the principal outstanding and rate applicable. All interest and related costs are expensed as part of interest expense.

Interest income is recognised in the income statement as it accrues.

(o) Foreign Currencies

Foreign currency transactions are recorded in Ringgit Malaysia at rates of exchange approximating those ruling at transaction dates. All other foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences are dealt with in the income statement.

On consolidation of subsidiary companies, the assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at rates of exchange approximating those ruling at the balance sheet date, except for share capital and reserve which are at historical rate. Income statement items are translated into Ringgit Malaysia at average exchange rates ruling during the year. Exchange differences arising on those translations are taken to foreign exchange reserve.

The exchange rates used at the balance sheet date are as follows:

	2006 RM	**2005 RM**
One United States Dollar	**3.68**	3.77
One Renminbi	**0.46**	0.47
100 Vietnam Dong	**0.02**	0.02
One Singapore Dollar	**2.32**	2.23
One New Zealand Dollar	**2.41**	2.60
One Thailand Baht	**0.10**	0.09
One Australia Dollar	**2.76**	2.86
One Sterling Pound	**6.91**	6.63
One Euro	**4.68**	4.53
One Brunei Dollar	**2.32**	2.22

(p) Impairment

The carrying amounts of the Group's assets, other than inventories and receivables, are reviewed by the directors at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity.

2. Significant Accounting Policies (Cont'd)

(q) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Receivables

Receivables are stated at anticipated realisable value. Specific provisions are made for debts, which have been identified, as bad or doubtful.

(ii) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(iii) Interest-bearing borrowings

Interest-bearing bank loans are recorded at the amount of proceeds received.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) Foreign exchange contracts

The Group uses foreign exchange forward contracts to hedge risks associated primarily with foreign currency fluctuations. The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

It is the Group's policy not to trade in derivative financial instruments. Details of foreign exchange forward contracts entered into by the Group are recorded as off-balance sheet items at their notional principal amounts.

3. Interest Expense and Interest Income

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Interest expense				
Bank borrowings	**(2,864)**	(3,733)	**(345)**	(908)
Others	**(587)**	(636)	**–**	–
	(3,451)	(4,369)	**(345)**	(908)
Interest income				
Bank deposits	**3,493**	5,001	**822**	2,409
Subsidiaries				
– Premier Milk (Malaya) Sdn Berhad	**–**	–	**2,262**	2,637
– Malaya Glass Products Sdn Bhd	**–**	–	**791**	546
Others	**403**	264	**–**	–
	3,896	5,265	**3,875**	5,592

4. Profit Before Taxation

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
(a) This is arrived at after charging:				
Depreciation of property, plant and equipment	**86,342**	90,436	**–**	–
Impairment loss on property, plant and equipment	**741**	390	**–**	–
Loss on disposal of property, plant and equipment	**2,641**	1,349	**–**	–
Provision for doubtful debts	**4,996**	6,094	**–**	–
Bad debts written off	**1,041**	577	**–**	–
Provision for retirement benefits	**3,986**	4,434	**–**	–
Rental expense of premises	**14,738**	15,795	**–**	–
Rental expense of equipment	**3,759**	2,943	**–**	–
Royalties	**22,629**	22,836	**–**	–
Auditors' remuneration				
– statutory audit	**639**	589	**33**	28
– Other services	**65**	50	**–**	–
Provision for obsolete inventories	**4,650**	3,877	**–**	–
Inventories write-off	**11,912**	10,317	**–**	–
Management fee to Fraser & Neave (Malaya) Sdn Bhd	**–**	–	**300**	300
Retrenchment costs	**3,400**	–	**–**	–
Staff costs (excluding directors)				
– Salary	**176,308**	177,717	**–**	–
– EPF	**18,294**	17,662	**–**	–

4. Profit Before Taxation (Cont'd)

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
and crediting:				
Dividend income from subsidiaries	**–**	–	**148,100**	148,187
Provision for doubtful debts write-back	**1,251**	2,256	**–**	–
Provision for obsolete stocks write-back	**1,904**	1,698	**–**	–
Reserve on consolidation arising from acquisition of a subsidiary	**5,500**	–	**–**	–
Write-back of impairment loss on property, plant and equipment	**1,844**	393	**–**	–
Rental income of premises	**500**	349	**–**	–
Rental income of equipment	**48**	13	**–**	–

(b) Directors remuneration

The aggregate remuneration of the directors of the Company is as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Director				
– Fees	**18**	18	**–**	–
– Salary and bonus	**1,281**	1,182	**–**	–
– EPF	**244**	225	**–**	–
– Benefits in kind	**32**	28	**–**	–
Non-Executive Directors				
– Fees	**696**	610	**565**	543
– Benefits in kind	**32**	32	**–**	–

The number of directors of the Company whose total remuneration fell within the following ranges:

	2006		2005	
Range of Remuneration (RM)	**Executive Director**	**Non-Executive Directors**	**Executive Director**	**Non-Executive Directors**
1 – 50,000	**–**	**3**	–	4
50,001 – 100,000	**–**	**7**	–	4
100,001 – 150,000	**–**	**1**	–	2
1,450,000 – 1,500,000	**–**	**–**	1	–
1,550,001 – 1,600,000	**1**	**–**	–	–

5. Taxation

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Tax expense for the year:				
Current taxation				
– Malaysian income tax	**42,515**	37,220	**28,446**	42,743
– Foreign tax	**1,844**	1,622	**–**	–
– Over Provision in prior years	**(4,311)**	(545)	**–**	–
	40,048	38,297	**28,446**	42,743
Deferred tax:				
Relating to reversal and origination of temporary differences	**556**	6,164	**–**	–
	40,604	44,461	**28,446**	42,743

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliations of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit before taxation	**194,186**	183,751	**150,577**	151,256
Taxation at Malaysian statutory tax rate of 28%	**54,372**	51,450	**42,162**	42,352
Different tax rates in other countries	**(1,305)**	(1,314)	**–**	–
Effect of income subject to tax at 20%	**(40)**	(40)	**–**	–
Income not subject to tax (tax incentives/exemption)	**(9,351)**	(7,511)	**(13,776)**	–
Expenses not deductible for tax purposes	**2,282**	1,565	**60**	391
Over provision in prior years	**(5,354)**	(545)	**–**	–
Others	**–**	856	**–**	–
Tax expense for the year	**40,604**	44,461	**28,446**	42,743

Reinvestment allowances of RM18,164,000 (2005: RM23,340,000) are available for offset against future taxable profit of the subsidiaries in which those items arose.

6. Earnings Per Share

Earnings per share is calculated by dividing the consolidated net profit for the year of RM143 million (2005: RM132 million) by 356 million (2005: 356 million) of ordinary shares of the Company in issue during the year.

7. Dividends

	Group and Company	
	Net per share sen	Amount RM'000
2006		
Final dividend in respect of previous financial year	**20.1**	**71,869**
Interim dividend	**11.5**	**41,068**
		112,937
2005		
Final dividend in respect of previous financial year	17.0	61,602
Interim dividend	10.0	35,935
		97,537

8. Property, Plant and Equipment

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Others RM'000	Total RM'000
Net Book Value						
At 1 October 2005	128,107	46,108	125,590	293,766	137,257	730,828
Additions	9,709	7,649	2,200	9,820	76,608	105,986
Acquisition of a subsidiary (Note 9)	4,379	5,329	2,778	4,822	3,802	21,110
Disposals/write offs	–	–	–	(1,907)	(2,354)	(4,261)
Transfers	(33,539)	–	(3,549)	–	–	(37,088)
Reclassification	(679)	–	11,518	11,610	(26,256)	(3,807)
Depreciation	–	(1,589)	(4,047)	(54,503)	(26,203)	(86,342)
Impairment losses	–	–	–	(125)	(616)	(741)
Write-back of impairment loss	–	–	–	962	882	1,844
Currency realignment	302	(18)	(221)	(805)	979	237
At 30 September 2006	**108,279**	**57,479**	**134,269**	**263,640**	**164,099**	**727,766**
At 30 September 2006						
Cost	**105,731**	**74,675**	**177,203**	**772,960**	**353,870**	**1,484,439**
Valuation – 1983	**2,548**	**–**	**1,350**	**–**	**–**	**3,898**
Accumulated depreciation	**–**	**(17,196)**	**(44,284)**	**(509,320)**	**(189,771)**	**(760,571)**
Net book value	**108,279**	**57,479**	**134,269**	**263,640**	**164,099**	**727,766**
At 30 September 2005						
Cost	125,559	61,867	164,765	760,435	317,634	1,430,260
Valuation – 1983	2,548	–	1,350	–	–	3,898
Accumulated depreciation	–	(15,759)	(40,525)	(466,669)	(180,377)	(703,330)
Net book value	128,107	46,108	125,590	293,766	137,257	730,828

8. Property, Plant and Equipment (Cont'd)

Certain freehold land and buildings of the Group are stated at directors' valuation and are based on a professional valuer's opinion of the open market value of the properties. In accordance with the transitional provision allowed by FRS116 2004 – Property, Plant and Equipment by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations, and they continue to be stated at their existing carrying amounts less depreciation.

Others comprise platforms, postmix and vending machines, motor vehicles, furniture, fittings and computer equipment.

The net book value of property, plant and equipment pledged to financial institutions as security for the term loans, as referred to Note 15 to the financial statements, is as follows:

	Group	
	2006 RM'000	**2005 RM'000**
Plant and machinery	**66,244**	103,405

The net book value of buildings stated at valuation had they been stated at cost less depreciation, in respect of the Group, is as follows:

	Group	
	2006 RM'000	**2005 RM'000**
Buildings	**625**	637

9. Investments in Subsidiaries

	Company	
	2006 RM'000	**2005 RM'000**
Unquoted shares at cost	**530,033**	530,033

The details of the subsidiaries are set out in Note 26 to the financial statements.

Acquisition of a Subsidiary

On 12 April 2006, the Group acquired 95% equity interest in Borneo Springs Sdn Bhd (formerly known as Sime Oleander Sdn Bhd), a company incorporated in Malaysia, for a total cash consideration of RM16,108,000.

The acquisition had the following effect on the Group's financial results for the year:

	2006 RM'000
Revenue	**6,814**
Profit from operations	**538**
Net profit for the year	**116**

9. Investments in Subsidiaries (Cont'd)

The acquisition had the following effect on the financial position of the Group as at the end of the year:

	2006 RM'000
Property, plant and equipment	**20,656**
Inventories	**1,054**
Trade and other receivables	**4,048**
Cash and bank balances	**2,082**
Trade and other payables	**(3,928)**
Provision for taxation	**(422)**
Deferred taxation	**(660)**
Minority interests	**(1,150)**
Group's share of net assets	**21,680**

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	RM'000
Property, plant and equipment	**21,110**
Inventories	**1,341**
Trade and other receivables	**3,692**
Cash and bank balances	**879**
Trade and other payables	**(3,421)**
Short term borrowings	**(196)**
Deferred taxation	**(660)**
Fair value of total net assets	**22,745**
Less: Minority interests	**(1,137)**
Group's share of net assets	**21,608**
Reserve on consolidation	**(5,500)**
Cost of acquisition	**16,108**

Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	**16,108**
Cash and bank balances of subsidiary acquired	**(879)**
Net cash outflow of the Group	**15,229**

10. Property Development Costs

	Group 2006 RM'000	Group 2005 RM'000
Property development costs at 1 October:		
Freehold land	**55,054**	36,824
Development costs	**54,044**	15,157
	109,098	51,981
Cost incurred during the year:		
Freehold land (Note 8)	**37,088**	18,230
Development costs	**46,336**	38,887
	83,424	57,117
Cost recognised in income statement:		
At 1 October	**(72,764)**	(11,195)
Recognised during the year	**(52,262)**	(61,569)
At 30 September	**(125,026)**	(72,764)
Property development costs at 30 September	**67,496**	36,334

11. Inventories

	Group 2006 RM'000	Group 2005 RM'000
At cost		
Manufactured inventories	**141,081**	141,911
Raw materials	**67,052**	90,112
Packaging materials	**27,114**	26,540
Engineering and other inventories	**60,801**	55,958
	296,048	314,521
At net realisable value		
Containers	**1,045**	2,102
	297,093	316,623

12. Receivables

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**336,778**	352,204	**–**	–
Provision for doubtful debts	**(8,659)**	(8,939)	**–**	–
	328,119	343,265	**–**	–
Other receivables				
– Prepayments	**2,418**	3,786	**–**	–
– Deposits	**4,256**	4,249	**5**	–
– Tax recoverable	**14,090**	5,812	**–**	–
– Others	**21,082**	35,611	**183**	603
	41,846	49,458	**188**	603
Dividend receivable	**–**	–	**120,255**	70,551
Subsidiaries	**–**	–	**177,232**	195,177
Related companies	**34,929**	18,486	**–**	–
	404,894	411,209	**297,675**	266,331
The currency profile is as follows:				
– Ringgit Malaysia	**321,016**	347,341	**297,675**	266,331
– US Dollar	**42,927**	36,514	**–**	–
– Renminbi	**21,831**	23,391	**–**	–
– Vietnam Dong	**9,406**	–	**–**	–
– Singapore Dollar	**6,028**	2,003	**–**	–
– Others	**3,686**	1,960	**–**	–
	404,894	411,209	**297,675**	266,331

The amounts due from subsidiaries are unsecured, have no fixed terms of repayment and are non-interest bearing, except for amounts of RM51.3 million (2005: RM86.5 million) which bear interest at 4% to 4.1% (2005: 2.9% to 3.33%) per annum.

The amounts due from related companies are trade in nature and non-interest bearing.

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables. The Group's normal trade credit terms for trade receivables are 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

13. Cash and Cash Equivalents

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Fixed deposits with:				
– Local licensed banks	**99,287**	121,107	**30,825**	27,640
– Foreign licensed banks	**22,987**	–	**–**	–
	122,274	121,107	**30,825**	27,640
Cash and bank balances	**119,928**	81,384	**544**	5,971
	242,202	202,491	**31,369**	33,611
The currency profile is as follows:				
– Ringgit Malaysia	**197,158**	184,733	**31,369**	33,611
– US Dollar	**1,671**	1,081	**–**	–
– Renminbi	**11,680**	2,927	**–**	–
– Thai Baht	**28,440**	13,750	**–**	–
– Others	**3,253**	–	**–**	–
	242,202	202,491	**31,369**	33,611

The weighted average interest rates during the financial year and the average maturities of deposits at 30 September 2006 were as follows:

	Weighted Average %	Average Maturities Days
Local licensed banks	3.1	30
Foreign licensed banks	3.0	30

14. Payables

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade payables	**135,906**	131,462	**–**	–
Progress billings in respect of property development costs	**9,535**	15,073	**–**	–
	145,441	146,535	**–**	–
Other payables				
– Accrued expenses	**47,855**	44,704	**423**	123
– Deposits	**16,297**	6,438	**–**	–
– Sales tax	**8,743**	8,226	**–**	–
– Staff costs	**19,887**	25,061	**–**	–
– Others	**122,429**	114,984	**34**	807
	215,211	199,413	**457**	930

14. Payables (Cont'd)

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subsidiaries	**–**	–	**35,073**	5,357
Related companies	**21,204**	13,805	**–**	111
Holding company	**15**	375	**–**	–
	381,871	360,128	**35,530**	6,398

The currency profile is as follows:

– Ringgit Malaysia	**291,009**	311,330	**35,530**	6,398
– US Dollar	**55,548**	27,486	**–**	–
– Renminbi	**11,973**	13,173	**–**	–
– Thai Baht	**13,975**	–	**–**	–
– Others	**9,366**	8,139	**–**	–
	381,871	360,128	**35,530**	6,398

The amounts due to related companies are trade in nature and non-interest bearing. The normal trade credit terms granted to the Group for trade payables are 30 to 90 days.

15. Borrowings

		Group		Company	
		2006	**2005**	**2006**	**2005**
	Currency	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current					
Bank advance	Renminbi	**–**	3,875	**–**	–
Bank advance	US Dollar	**–**	2,394	**–**	–
Term loan	Renminbi	**16,540**	18,259	**–**	–
Term Loan	US Dollar	**2,226**	9,193	**2,226**	9,193
		18,766	33,721	**2,226**	9,193
Non-current					
Term loan	US Dollar	**–**	2,300	**–**	2,300
Term loan	Renminbi	**16,940**	20,961	**–**	–
		16,940	23,261	**–**	2,300
		35,706	56,982	**2,226**	11,493

The bank advance consists of bankers' acceptances and bore interest at 5.04% per annum. The term loans bear interest at 5.8% to 7.2% (2005: 5.0% to 6.7%) per annum. The term loans are unsecured, except for an amount of RM33.5 million (2005: RM43.1 million) which is secured over plant and machinery of the subsidiary company as disclosed in Note 8 to the financial statements.

The US Dollar term loan of RM2.2 million was fully settled subsequent to financial year end.

15. Borrowings (Cont'd)

The borrowings are repayable over the following periods:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Term loans				
Within one year	**18,766**	27,452	**2,226**	9,193
More than 1 year and less than 2 years	**16,940**	2,300	**–**	2,300
More than 2 years and less than 5 years	**–**	20,961	**–**	–
	35,706	50,713	**2,226**	11,493
Bank advance				
Within one year	**–**	6,269	**–**	–

16. Share Capital

	Group and Company	
	RM'000	RM'000
Authorised:		
500,000,000 ordinary shares of RM1 each	**500,000**	500,000
Issued and fully paid:		
356,493,101 ordinary shares of RM1 each	**356,493**	356,493

17. Reserve

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-distributable:				
Share premium	**339,990**	339,990	**339,990**	339,990
Capital reserve	**2,130**	2,130	**–**	–
Reserve on consolidation	**62,795**	62,795	**–**	–
Foreign exchange reserve	**706**	122	**–**	–
	405,621	405,037	**339,990**	339,990
Distributable:				
Capital reserve (Note a)	**15,897**	15,897	**15,897**	15,897
Retained profit (Note b)	**337,333**	307,443	**108,898**	99,704
	353,230	323,340	**124,795**	115,601
Total reserves	**758,851**	728,377	**464,785**	455,591

17. Reserve (Cont'd)

(a) This amount represents the proceeds from the issue of New Warrants 2001 in the Company to warrant holders upon replacement of Warrants 2001 with New Warrants 2001.

(b) The Company has sufficient tax exempt income and Section 108 tax credit under the Income Tax Act 1967 to frank the payment of dividend out of its entire retained profit as at 30 September 2006.

18. Provision for Retirement Benefits

Certain companies within the Group provide retirement benefits in accordance with agreements for their eligible employees. The provisions are assessed in accordance with the advice of independent qualified actuaries using the Project Unit Credit Method. The schemes do not hold any physical assets but instead the Group makes provision to cover the estimated retirement benefits liabilities.

	Group	
	2006	**2005**
	RM'000	**RM'000**
Present value of unfunded defined benefit obligations	**36,758**	39,846
Unrecognised actuarial losses	**(1,463)**	(916)
Unrecognised transition amount	**–**	(3,132)
Net liability	**35,295**	35,798
The amounts recognised in the income statement are as follows:		
Current service cost	**1,338**	1,361
Interest cost	**2,068**	1,973
Net actuarial losses	**145**	719
Transition obligation recognised	**435**	381
Total	**3,986**	4,434
Movements in the net liability in the current year were as follows:		
At 1 October	**35,798**	35,345
Recognised in income statement	**3,986**	4,434
Contribution paid	**(4,489)**	(3,981)
At 30 September	**35,295**	35,798

Principal actuarial assumptions used:

	2006	**2005**
	%	**%**
Discount rate	**7**	7
Rate of increase in salaries	**5**	5

Based on the latest available actuarial valuation carried out in 2006, the provision for retirement and service benefits is considered sufficient to meet the actuarially determined value of vested benefits.

19. Deferred Taxation

Deferred taxation is provided on temporary differences between the tax bases and carrying amounts of assets and liabilities at the balance sheet date.

	Group	
	2006	**2005**
	RM'000	**RM'000**
At 1 October	**41,966**	35,802
Acquisition of a subsidiary (Note 9)	**660**	–
Recognised in income statement:		
– property, plant and equipment	**(3,839)**	1,440
– tax losses and unabsorbed capital allowances	**2,832**	5,576
– provisions	**3,463**	(871)
– tax effect on revaluation surplus	**(2,904)**	19
At 30 September	**42,178**	41,966

The components of deferred tax assets and liabilities are as follows:

Deferred tax assets		
– Tax losses	**(172)**	(1,321)
– Provisions	**(14,714)**	(18,177)
– Unabsorbed capital allowances	**(1,734)**	(3,417)
	(16,620)	(22,915)
Deferred tax liabilities		
Subject to income tax:		
– Property, plant and equipment	**55,844**	59,683
Subject to capital gains tax:		
– Revaluation surplus	**2,954**	5,198
	58,798	64,881
	42,178	41,966

20. Capital Commitments

	Group	
	2006	**2005**
	RM'000	**RM'000**
Amount approved and contracted for	**95,631**	18,855
Amount approved but not contracted for	**42,704**	43,160
	138,335	62,015

21. Lease Commitments

The balance of the non-cancellable operating lease rentals payable under rental agreements are as follows:

	Group	
	2006	**2005**
	RM'000	**RM'000**
Within one year	**1,336**	478
More than 1 year and less than 2 years	**2,541**	140
	3,877	618

22. Significant Related Party Transactions

At the Annual General Meeting held 19 January 2006, the Company obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of revenue of trading in nature with the below companies.

Company	**Transacting party**	**Nature of transaction**	**Interested party**	**2006 RM'000**	**2005 RM'000**
F&N Coca-Cola (Malaysia) Sdn Bhd F&N Dairies (Malaysia) Sdn Bhd	F&N (S) Pte Ltd	Royalties	F&N Limited	**20,547**	20,505
F&N Dairies (Malaysia) Sdn Bhd	F&N Limited	Royalties	F&N Limited	**1,475**	1,460
F&N Foods Sdn Bhd F&N Dairies (Malaysia) Sdn Bhd Premier Milk (Malaya) Sdn Berhad F&N Coca-Cola (Malaysia) Sdn Bhd	F&N (S) Pte Ltd	Corporate Charges	F&N Limited	**2,072**	1,763
F&N Foods Sdn Bhd Premier Milk (Malaya) Sdn Berhad	F&N Foods Pte Ltd	Sale of finished goods	F&N Limited	**89,960**	73,973
F&N Dairies (Malaysia) Sdn Bhd Premier Milk (Malaya) Sdn Berhad F&N Foods Sdn Bhd F&NCC Beverages Sdn Bhd	F&N Foods Pte Ltd	Purchase of finished goods	F&N Limited	**1,137**	2,322
F&NCC Beverages Sdn Bhd Premier Milk (Malaya) Sdn Berhad F&N Foods Sdn Bhd F&N Coca-Cola (Malaysia) Sdn Bhd	Interflavine Pte Ltd	Purchase of ingredients concentrates and finished goods	F&N Limited	**104,436**	104,307
F&N Dairies (Malaysia) Sdn Bhd	F&N United Ltd	Purchase of finished goods	F&N Limited	**18,145**	17,018
Malaya Glass Products Sdn Bhd	Asia Pacific Breweries (S) Pte Ltd	Sale of finished goods	F&N Limited	**23,165**	18,051

22. Significant Related Party Transactions (Cont'd)

Company	Transacting party	Nature of transaction	Interested party	2006 RM'000	2005 RM'000
Malaya Glass Products Sdn Bhd	SP Holdings Ltd	Sale of finished goods	F&N Limited	**5,993**	8,752
Malaya Glass Products Sdn Bhd Malaya-Vietnam Glass Limited	Vietnam Brewery Ltd	Sale of finished goods	F&N Limited	**1,107**	1,759
Malaya Glass Products Sdn Bhd	Myanmar Brewery Ltd	Sale of finished goods	F&N Limited	**359**	4,614
Malaya Glass Products Sdn Bhd	Thailand Asia Pacific Brewery Co Ltd	Sale of finished goods	F&N Limited	**675**	–
Malaya Glass Products Sdn Bhd Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Guiness Anchor Bhd	Sale of finished goods	F&N Limited	**16,382**	14,157
Sichuan Malaya Glass Co Ltd	Shanghai APB Co Ltd	Sale of finished goods	F&N Limited	**14,668**	10,308
Malaya Glass Products Sdn Bhd	Hatay Brewery	Sale of finished goods	F&N Limited	**289**	683
F&N Coca-Cola (Malaysia) Sdn Bhd	Interflavine Pte Ltd	Volume and incentive rebates	F&N Limited	**–**	3,232
Malaya-Vietnam Glass Limited Malaya Glass Products Sdn Bhd	Saigon Beer Ltd	Sale of finished goods	Saigon Beer*	**11,002**	8,352
F&NCC Beverages Sdn Bhd	Coca-Cola (Thailand) Ltd	Purchase of concentrates	The Coca-Cola Company*	**315**	1,111
F&NCC Beverages Sdn Bhd	Alantic Industries	Purchase of concentrates	The Coca-Cola Company*	**75,250**	75,032
F&NCC Beverages Sdn Bhd	F&N Coca-Cola (S) Pte Ltd	Sale of finished goods	The Coca-Cola Company*	**2,397**	3,543
Malaya-Vietnam Glass Limited	Coca-Cola Beverages Vietnam Ltd	Sale of finished goods	The Coca-Cola Company*	**9,111**	–
Malaya-Vietnam Glass Limited	Coca-Cola Beverages Cambodia Ltd	Sale of finished goods	The Coca-Cola Company*	**593**	–

22. Significant Related Party Transactions (Cont'd)

Company	Transacting party	Nature of transaction	Interested party	2006 RM'000	2005 RM'000
Sichuan Malaya Glass Co Ltd	Tuopai Yeast Liquor Co Ltd	Sale of finished goods	Tuopai*	**37,605**	43,888
Sichuan Malaya Glass Co Ltd	Tuopai Holding Co Ltd	Rental of premises	Tuopai*	**2,944**	3,916
Malaya Glass Products Sdn Bhd Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Nestle Manufacturing	Sale of finished goods	Nestle*	**17,994**	–
Malaya-Vietnam Glass Limited Malaya Glass Products Sdn Bhd	Nestle Vietnam	Sale of finished goods	Nestle*	**1,852**	–

* *Waiver granted by Kuala Lumpur Stock Exchange on Shareholders' Mandate.*

23. Significant and Subsequent Events

(a) On 12 April 2006, the Group completed the acquisition of 95% equity interest in Borneo Springs Sdn Bhd (formerly known as Sime Oleander Sdn Bhd), a company incorporated in Malaysia, for a total cash consideration of RM16,108,000.

(b) On 3 October 2006, a wholly-owned subsidiary was incorporated 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.

(c) On 13 October 2006, the Company 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.

23. Significant and Subsequent Events (Cont'd)

(d) On 16 October 2006, the following were announced by the Company:

(i) The Company 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 Stocks and Pakchong Transferable Stocks shall collectively referred to as the "Transferable Stocks").

The cash consideration for the Thai Assets is approximately RM97.56 million (USD26.51 million) and the cash consideration for the Transferable Stocks is RM107.87 million.

(ii) The Company 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 RM85.45 million (USD23.22 million).

(iii) The Company 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 Sdn Berhad, for a cash consideration of approximately RM19.12 million.

The above proposed acquisitions are still pending approvals from shareholders and relevant authorities.

24. Financial Instruments and Risk Management

Information about the extent and nature of the financial instrument, including significant terms and conditions and their exposure to the interest rate risk is presented in their respective notes.

The Group is exposed to market risk, including primarily changes in currency exchange rates and uses derivatives and other instruments in connection with its risk management activities. The Group does 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.

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 the timing and extent, it is the Group's policy to cover 50% to 90% of anticipated exposure for a maximum period of 12 months forward.

24. Financial Instruments and Risk Management (Cont'd)

Credit risk

The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations 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.

It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses on its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to investment portfolio in fixed deposits and cash equivalents with financial institutions and bank borrowings. The Group does not use derivative financial instruments to hedge debt obligation. The Group manages interest cost using a mix of fixed and variable rate debts.

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:

Cash and bank balances, other receivables and other payables

The carrying amounts of these amounts approximate fair value due to their short-term nature.

Trade receivables and trade payables

The carrying amounts of receivables and payables approximate fair value because these are subjects to normal trade credit terms.

Amount due from/to related companies

No disclosure of fair value is made for amounts due from/to related companies, as it is not practicable to determine their fair values with sufficient reliability since these balances have no fixed terms of repayment.

Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

25. Segmental Information

The Group's operating businesses are organised according to the nature of activities, namely soft drinks, dairy products, glass containers, property and others. The Group operates in five geographical areas namely, Malaysia, Vietnam, Thailand, Middle East and China. Geographical segment revenue is based on geographical location of the Group's customers. Geographical segment assets are based on geographical location of the Group's assets. Inter-segment sales where applicable are based on terms determined on a commercial basis.

	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Year ended 30 September 2006					
Revenue					
Total revenue	1,564,721	961,884	325,275	92,266	2,944,146
Inter – segment	(603,263)	(361,206)	(11,250)	(24,797)	(1,000,516)
External	961,458	600,678	314,025	67,469	1,943,630
Results					
Operating profit	101,361	40,851	26,394	25,135	193,741
Interest expense					(3,451)
Interest income					3,896
Taxation					(40,604)
Profit after taxation					153,582
Minority interests					(10,755)
Net profit for the year					142,827
Other information					
Segment assets	612,781	310,574	430,879	143,015	1,497,249
Cash and bank balances					242,202
Total assets					1,739,451
Segment liabilities	256,737	76,182	51,862	32,385	417,166
Unallocated liabilities					48,333
Bank borrowings					35,706
Total liabilities					501,205
Capital expenditure	33,146	7,281	57,127	8,432	105,986
Depreciation	32,714	12,463	37,670	3,495	86,342

25. Segmental Information (Cont'd)

	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Year ended 30 September 2005					
Revenue					
Total revenue	1,624,251	944,439	280,572	92,853	2,942,115
Inter – segment	(617,663)	(366,235)	–	(23,111)	(1,007,009)
External	1,006,588	578,204	280,572	69,742	1,935,106
Results					
Operating profit	111,783	39,364	14,686	17,022	182,855
Interest expense					(4,369)
Interest income					5,265
Taxation					(44,461)
Profit after taxation					139,290
Minority interest					(7,340)
Net profit for the year					131,950
Other information					
Segment assets	582,206	330,949	419,169	162,670	1,494,994
Cash and bank balances					202,491
Total assets					1,697,485
Segment liabilities	246,011	77,356	47,726	24,833	395,926
Unallocated liabilities					52,356
Bank borrowings					56,982
Total liabilities					505,264
Capital expenditure	35,919	10,241	16,784	4,030	66,974
Depreciation	32,684	13,377	41,229	3,146	90,436

25. Segmental Information (Cont'd)

The following table presents the financial information by geographical segments:

	Revenue		Total Assets		Capital expenditure	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Malaysia	**1,467,149**	1,669,583	**1,471,616**	1,467,685	**63,033**	62,276
Vietnam	**114,807**	52,760	**78,809**	78,968	**552**	3,705
China	**161,309**	64,836	**117,179**	135,867	**344**	993
Singapore	**123,879**	104,746	**–**	–	**–**	–
Philippines	**17,640**	–	**–**	–	**–**	–
Middle East	**11,358**	–	**–**	–	**–**	–
Thailand	**1,690**	–	**71,847**	14,965	**42,057**	–
Others	**45,798**	43,181	**–**	–	**–**	–
	1,943,630	1,935,106	**1,739,451**	1,697,485	**105,986**	66,974

26. Subsidiaries and Activities

The details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2006	2005
Subsidiaries of Fraser & Neave Holdings Bhd				
Malaya Glass Products Sdn Bhd	Malaysia	Manufacture and sale of glass containers	**100**	100
Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Malaysia	Manufacture and sale of glass containers	**100**	100
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Management services and property investment holdings	**100**	100
F&NCC Beverages Sdn Bhd	Malaysia	Manufacture of soft drinks	**90**	90
F&N Coca-Cola (Malaysia) Sdn Bhd	Malaysia	Distribution of soft drinks	**90**	90
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Distribution of dairy products	**100**	100
Premier Milk (Malaya) Sdn Berhad	Malaysia	Manufacture of dairy products	**75**	75
F&N Foods Sdn Bhd	Malaysia	Manufacture of dairy products	**100**	100
Four Eights Sdn Bhd	Malaysia	Inactive	**100**	100
Wimanis Sdn Bhd	Malaysia	Property development activities	**100**	100

26. Subsidiaries and Activities (Cont'd)

Name of Company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2006	2005
Subsidiaries of Fraser & Neave Holdings Bhd (Cont'd)				
Brampton Holdings Sdn Bhd	Malaysia	Property investment holding	**100**	100
Elsinburg Holdings Sdn Bhd	Malaysia	Property development activities	**100**	100
Vacaron Company Sdn Bhd	Malaysia	Inactive	**100**	100
Nuvak Company Sdn Bhd	Malaysia	Inactive	**100**	100
Greenclipper Corporation Sdn Bhd	Malaysia	Inactive	**100**	100
Utas Mutiara Sdn Bhd	Malaysia	Property investment holding	**100**	100
Lettricia Corporation Sdn Bhd	Malaysia	Property development activities	**70**	70
Subsidiaries of Malaya Glass Products Sdn Bhd				
Malaya-Vietnam Glass Limited	Vietnam	Manufacture and sale of glass containers	**70**	70
Sichuan Malaya Glass Co Ltd *	China	Manufacture and sale of glass containers	**60**	60
Siam Malaya Glass (Thailand) Co Ltd	Thailand	Manufacture and sale of glass containers	**70**	70
Subsidiary of F&NCC Beverages Sdn Bhd				
Borneo Springs Sdn Bhd (formerly known as Sime Oleander Sdn Bhd)	Malaysia	Manufacture and sale of mineral water, carbonated drinks and bottles	**95**	–

* *Not audited by Ernst & Young or its affiliates*

other information

List of Properties

year ended 30 September 2006

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (tenure)	Net book value as at 30.9.06 Land RM'000	Net book value as at 30.9.06 Buildings RM'000	Last revalued date
(A) CLASSIFIED AS GROUP PROPERTY, PLANT AND EQUIPMENT (NOTE 11)						
JOHOR						
72-A (Lot2134) Jalan Tampoi Johor Bahru	274,864	Industrial/ Factory premise and office	35 years (Freehold)	1,672	3,101	January 1983
72-A (MLO 4620) Jalan Tampoi Johor Bahru	233,046	Industrial/ Factory premise	18 years (Freehold)	1,418	3,394	January 1983
72-A (Lot PTD 54046 & 56057) Jalan Tampoi Johor Bahru	57,935	Industrial/ Warehouse and factory premise	18 years (Freehold)	1,624	1,122	September 1990
72-A (Lot 11615 to 11630) Jalan Tampoi Johor Bahru	56,192	Vacant Land	– (Freehold)	549	128	February 1990
Malay Grant 598, Jalan Tampoi, Johor Bahru	59,895	Detached house/Warehouse	39 years (Freehold)	1,050	195	February 1990
701, Jalan Tampoi, Johor Bahru	241,022	Industrial/ Factory premise	39 years (Freehold)	7,700	4,077	February 1990
HS (D) 237806	122,974	Vacant Land	– (Freehold)	19,400	–	2005
PERAK						
217 Jalan Lahat, Ipoh	287,738	Industrial/ Factory premise	37 years (Freehold)	2,815	2,578	October 1995
79 & 81, Jalan Tun Perak, Ipoh	51,828	Industrial/ Factory premise	100 years (Freehold/Leasehold expiring 2013 & 2066)	412	160	October 1995
NEGERI SEMBILAN						
1 Jalan Liat, Seremban	69,642	Industrial/ Factory premise	50 years (Freehold)	3,431	288	October 1995
MELAKA						
10 Jalan Bukit Gedong, Melaka	104,000	Industrial/ Factory premise	81 years (Freehold/Leasehold expiring 2023)	914	830	October 1995

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (tenure)	Net book value as at 30.9.06 Land RM'000	Net book value as at 30.9.06 Buildings RM'000	Last revalued date
SELANGOR						
Lot 3-1, Lion Industrial Park, Shah Alam	1,373,447	Industrial/ Factory premise and office	9 years (Freehold)	36,899	67,688	October 1995
Lot 3-2, Lion Industrial Park, Shah Alam	558,875	Vacant land	– (Freehold)	11,678	–	October 1995
70 Jalan University, Petaling Jaya	382,467	Industrial/ Factory premise	45 years (Leasehold expiring 2058)	20,157	17,195	October 1995
16 Jalan Bersatu 13/4, Petaling Jaya	171,797	Industrial/ Factory premise	45 years (Leasehold expiring 2058)	10,640	4,836	October 1995
Lot 5 Jalan Kilang, Petaling Jaya	207,727	Industrial/ Factory premise	39 years (Leasehold expiring 2058)	6,869	4,142	October 1995
PULAU PINANG						
3724 (Lot 834 and 842) Sungei Nyior Butterworth Pulau Pinang	130,324	Industrial/ Factory premise	52 years (Freehold)	2,600	2,180	October 1995
3725 & 3726 (Lot 833) Butterworth Pulau Pinang	97,387	Detached house/ Office premise	51 years (Freehold)	2,120	218	October 1995
KELANTAN						
Pengkalan Chepa Induatrial Eatate, Kota Bahru	203,861	Industrial/ Factory premise	26 years (Leasehold expiring 2043)	623	652	October 1995
PAHANG						
Mar Lodge, Cameron Highland	90,931	Detached house/ Holiday Bungalow	39 years (Leasehold expiring 2037)	765	220	October 1995
SARAWAK						
3.5 Miles Penrissen Road, Kuching	194,539	Industrial/ Factory premise	40 years (Leasehold expiring 2038)	1,723	7,219	October 1995
Lot 1557 Block 218 KNLD Kuching	124,797	Industrial	New (Leasehold expiring 2038)	7,589	–	2006
Lot 924 Block 4 Matang Land District	118,776	Industrial/ Factory premise	New (Freehold)	4,379	1,864	2006

year ended 30 September 2006

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (tenure)	Net book value as at 30.9.06 Land RM'000	Net book value as at 30.9.06 Buildings RM'000	Last revalued date
Lot 583 Block 4 Matang Land District	261,338	Industrial/ Factory premise	New (Leasehold expiring 2038)	5,258	675	2006
Lot 142 Block 4 Matang Land District	47,413	Shop office	New (Leasehold expiring 2784)	–	231	2006
SABAH						
5.5 Miles Tuaran Road, Kota Kinabalu	142,140	Vacant Land	– (Leasehold expiring 2062)	1,421	–	October 1995
5.5 Miles Tuaran Road, Kota Kinabalu	142,578	Industrial/ Factory premise	35 years (Leasehold expiring 2062)	1,778	1,984	October 1995
VIETNAM						
76 Ton That Thuyet Ho Chi Minh, Vietnam	363,691	Industrial/ Factory premise	12 years (Leasehold expiring 2006)	263	9,186	October 1993
CHINA						
6 Block A & C 1st Floor Xin Shi Ji Garden Liiu Shu Town, She Hong Country Sichuan Province China	5,042	Residential	41/2 years (Leasehold expiring 2058)	–	105	2002
THAILAND						
SIL Industrial Zone Amphur Nong Khae Saraburi Province	975,744	Industrial	New (Freehold)	10,011	–	2006

(B) CLASSIFIED AS GROUP PROPERTY DEVELOPMENT COST (NOTE 10)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (tenure)	Land RM'000	Buildings RM'000	Last revalued date
KUALA LUMPUR						
Fraser Business Park, Jalan Yew Kuala Lumpur	251,385	For the development of shop office for sale	Freehold	36,824	–	October 1995
Jalan Ampang	67,954	For the development of service apartment and office suites	Freehold	18,230	–	2005
Fraser Business Park, Jalan Yew Kuala Lumpur	316,594	For the development of commercial units for sale	Freehold	37,088	–	October 1995

Shareholdings Statistics

as at 30 November 2006

Authorised share capital	–	RM500,000,000
Fully paid and issued shares	–	RM356,493,101
Class of shares	–	Ordinary shares of RM1.00 each with equal voting rights
Voting rights	–	One vote for each ordinary shares held in the event of a poll

Analysis of Shareholdings

Size of holding	No. of shareholders	% of shareholders	No. of shares held	% of shares held
1 - 1,000	1,742	36.45	1,259,872	0.35
1,001 - 10,000	2,366	49.50	9,462,344	2.65
10,001 - 100,000	580	12.13	17,339,958	4.87
100,001 to less than 5% of issued shares	90	1.88	62,456,020	17.52
5% and above of issued shares	2	0.04	265,974,907	74.61
	4,780	**100.00**	**356,493,101**	**100.00**

Directors' Shareholdings

		Direct holdings		Indirect holdings	
No.	**Name of Shareholders**	**No.**	**%**	**No.**	**%**
1.	Y.A.M Tengku Syed Badarudin Jamalullail	2,862,000	0.80	65,000	0.02
2.	Struys Leslie Oswin	100,000	0.03	–	–
3.	Tan Ang Meng	134,000	0.04	60,000	0.02
		3,096,000	**0.87**	**125,000**	**0.04**

Substantial Shareholders (as shown in the Register of Substantial Shareholders)

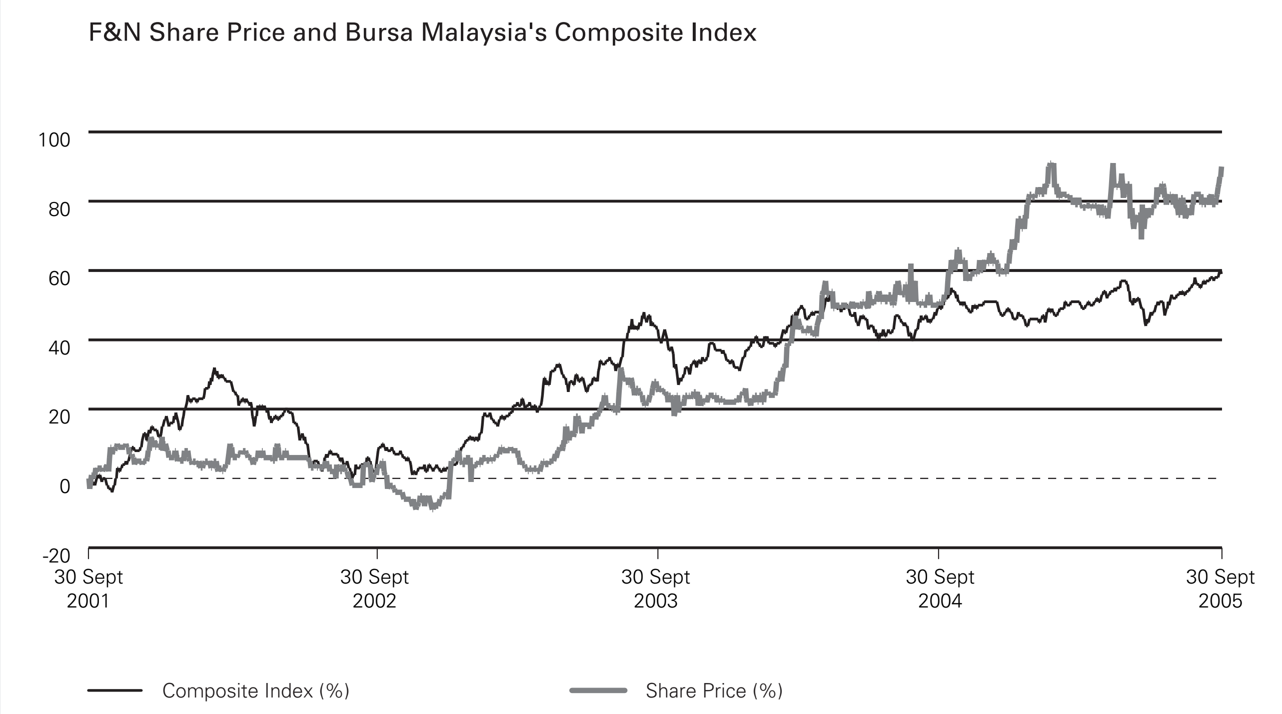
		Direct holdings		Indirect holdings	
No.	**Name of Shareholders**	**No.**	**%**	**No.**	**%**
1.	Fraser and Neave Limited	208,657,710	58.53	–	–
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputra	57,317,197	16.08	–	–
3.	Employees Provident Fund Board	17,438,430	4.89	766,500	0.22
		283,413,337	**79.50**	**766,500**	**0.22**

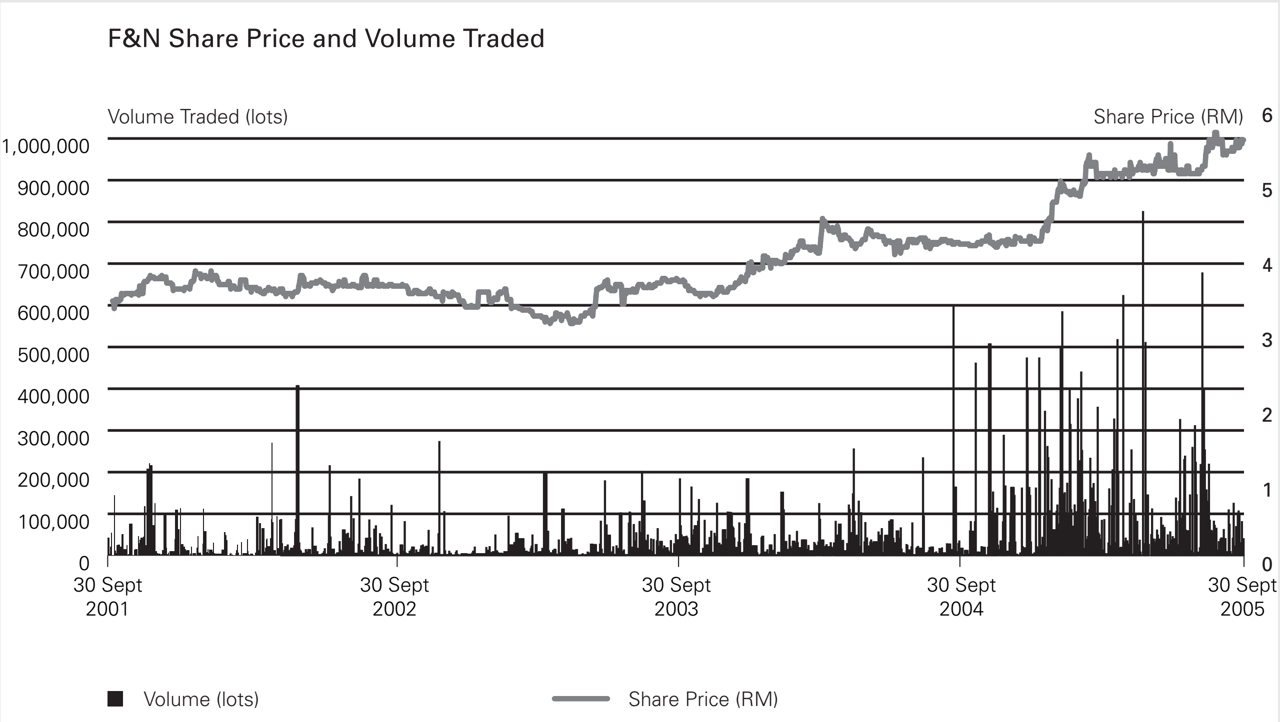
as at 30 November 2006

Thirty Largest Shareholders (as shown in the Register of Members)

No.	Name of shareholders	Shares held	%
1.	Fraser and Neave Limited	208,657,710	58.53
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	57,317,197	16.08
3.	Employees Provident Fund Board	17,438,430	4.89
4.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	10,590,000	2.97
5.	Permodalan Nasional Berhad	4,517,900	1.27
6.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Icapital.Biz Berhad	2,047,000	0.57
7.	Pertubuhan Keselamatan Sosial	1,938,500	0.54
8.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities for Y.A.M. Tengku Syed Badarudin Jamalullail	1,744,000	0.49
9.	AMSEC Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Low Check Kian	1,443,800	0.40
10.	Yap Ah Fatt	1,000,000	0.28
11.	Y.A.M. Tengku Syed Badarudin Jamalullail	900,500	0.25
12.	BHLB Trustee Berhad Public Focus Select Fund	849,400	0.24
13.	AMMB Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for HLG Dividend Fund	800,000	0.22
14.	Mayban Nominees (Tempatan) Sdn Bhd Avenue Invest Berhad for Perusahaan Otomobil Nasional Berhad	797,000	0.22
15.	HSBC Nominees (Asing) Sdn Bhd UBS AG Zurich for SBC Lux Equity Portfolio Malaysia	773,000	0.22
16.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Aberdeen Malaysia Equity Fund	715,000	0.20
17.	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad	640,000	0.18
18.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non PAR 1)	623,900	0.18
19.	Key Development Sdn Berhad	600,000	0.17
20.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	564,500	0.16
21.	Gan Teng Siew Realty Sdn Berhad	500,000	0.14
22.	Chinchoo Investment Sdn Berhad	500,000	0.14
23.	Mayban Nominees (Tempatan) Sdn Bhd Capital Dynamics Asset Management Sdn Bhd for ACE Synergy Insurance Berhad	480,000	0.13
24.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Employees Provident Fund Board	456,000	0.13
25.	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	430,600	0.12
26.	Allianz Life Insurance Malaysia Berhad	425,000	0.12
27.	Quarry Lane Sdn Bhd	415,000	0.12
28.	Pacific Shahriman Corporation Sdn Bhd	340,000	0.10
29.	Yeoh Kean Hua	326,000	0.09
30.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Dividend Select Fund	322,300	0.09
		318,152,737	**89.24**

Share Price Chart





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 45th Annual General Meeting of Fraser & Neave Holdings Bhd will be held at the Junior Ballroom, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 17 January 2007 at 2.30 pm for the following purposes :

AGENDA

Routine Business

1. To receive and adopt the Audited Financial Statements for the year ended 30 September 2006 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of a final dividend of 29 sen gross per share (21.17 sen net) for the year ended 30 September 2006. **Resolution 2**

3. To re-elect the following directors:
   Under Article 97 of the Articles of Association
   a) Y.A.M Tengku Syed Badarudin Jamalullail **Resolution 3a**
   b) Dato' Dr Mohd Shahar bin Sidek **Resolution 3b**
   c) Mr. Tan Ang Meng **Resolution 3c**

   Under Article 103 of the Articles of Association
   d) Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani **Resolution 3d**

4. To approve directors' fees of RM565,000 for the year ending 30 September 2007. (2006: RM565,000) **Resolution 4**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2007 and to authorise the directors to fix their remuneration. **Resolution 5**

Others

6. To transact any other business which may properly be brought forward.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the forthcoming Annual General Meeting, the proposed final dividend of 29 sen gross per share (21.17 sen net) will be paid to shareholders on 5 February 2007. The entitlement date for the proposed dividend shall be 18 January 2007.

A depositor shall qualify for the entitlement to the dividend only in respect of:

a) Shares transferred to the depositor's securities account before 4.00 pm on 18 January 2007 in respect of ordinary transfer; and

b) Share bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

TONY LEE CHEOW FUI
Company Secretary

Kuala Lumpur, Malaysia
26 December 2006

Note:

1) A member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote on his behalf and such proxy need not be a member or members of the Company.

2) This instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company at Level 17, Menara Great Eastern, No. 303 Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the meeting.

Statement Accompanying the Notice of the 45th Annual General Meeting of Fraser & Neave Holdings Bhd.

Pursuant to paragraph 8.28 (2) and format as set out in Appendix 8A of Bursa Malaysia Listing Requirements.

1. **The directors who are standing for re-election:**

   Under Article 97 of the Articles of Association

   a) Y.A.M. Tengku Syed Badarudin Jamalullail
   b) Dato' Dr Mohd Shahar bin Sidek
   c) Mr Tan Ang Meng

   Under Article 103 of the Articles of Association

   d) Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani

2. **Directors attendance at board meetings for the year ended 30 September 2006**

   The information can be found in the Statement on Corporate Governance section of the Annual Report.

3. **Place, date and time of the 45th Annual General Meeting**

   Place : Junior Ballroom, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur

   Date : 17 January 2006

   Time : 2.30 pm

   (Please note that only beverages will be served at the AGM)

FRASER & NEAVE HOLDINGS BHD
(004205-V) (Incorporated in Malaysia)

Proxy Form

CDS account no.

I/We ____
(FULL NAME IN BLOCK LETTERS)

(or attorney of ____)
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

a member of FRASER & NEAVE HOLDINGS BHD, hereby appoint ____

____
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the 45th Annual General Meeting of the Company to be held on Wednesday, 17 January 2007 at 2.30 pm at the Junior Ballroom, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur and at every adjournment thereof.

Please indicate with an "X" how you wish your votes to be cast.

No.	Resolutions relating:	For	Against
1.	To receive and adopt the Audited Financial Statement for the year ended 30 September 2006 and the Reports of the Directors and Auditors thereon.		
2.	To approve the payment of a final dividend of 29 sen gross per share (21.17 sen net) for the year ended 30 September 2006.		
3.	To re-elect the following directors: Under Article 97 of the Articles of Association a) Y.A.M. Tengku Syed Badarudin Jamalullail b) Dato' Dr Mohd Shahar bin Sidek c) Tan Ang Meng Under Article 103 of the Articles of Association d) Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani		
4.	To approve directors' fees of RM565,000 for the year ending 30 September 2007. (2006: RM565,000)		
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2007 and to authorise the directors to fix their remuneration.		

As Witness my/our hand this______________ day of __________________ 2007.

No. of ordinary shares held

____
Signature of member/Common seal

Note:

A member entitled to attend and vote at the above meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf and such proxy need not be a member or members of the Company. Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated. In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised. This instrument appointing a proxy must be deposited with the Company Secretary at the registered office of the Company at Level 17, Menara Great Eastern, No. 303 Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the meeting.

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STAMP

The Company Secretary

Fraser & Neave Holdings Bhd

Level 17, Menara Great Eastern

No. 303 Jalan Ampang

50450 Kuala Lumpur

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