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REPORT ON CORPORATE GOVERNANCE

for the year ended 30 September 2004

Fraser and Neave, Limited (“F&N”) upholds the values of integrity, competence and commitment to excellence and a high standard of corporate governance. Its aim is transparency and accountability, while creating and enhancing long-term shareholder value through enterprise, and strategic growth, transcending boundaries in reaching out to new markets, and forging ahead in strength and resilience with its core businesses in food and beverage, properties, and publishing and printing.

F&N’s corporate governance practices are described with reference to the principles set out in the Code of Corporate Governance (the “Code”), under the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX”).

Principle 1 The Board’s Conduct of its Affairs

The Board of Directors comprises the following members :

Dr Michael Fam	(Executive Chairman)
Mr Fock Siew Wah	(Deputy Chairman and Non-executive)
Dr Han Cheng Fong*	(Group Deputy CEO/Managing Director)
Mr Ho Tian Yee	(Non-executive)
Mr Stephen Lee	(Non-executive)
Mr Lee Ek Tieng	(Non-executive)
Dr Lee Tih Shih	(Non-executive)
Mr Nicky Tan#	(Non-executive)
Mr Patrick Goh	(Executive)
(alternate to Dr Han Cheng Fong)	

* Dr Han Cheng Fong was designated Group Deputy Chief Executive Officer with effect from 1 October 2004, with responsibilities for supervising all operational activities of the F&N Group.

Mr Nicky Tan was appointed to the Board on 21 October 2003.

The Board plays a key role in leading and charting the strategic direction of F&N. Regular meetings of the Board and of specialized committees established by the Board are convened for this purpose, and the number of meetings and attendance by Board members are set out in the table on page 59.

A Chart of Authority, approved by the Board, setting out the levels of authorization for specified types of transaction has been disseminated to employees.

The Executive Committee (“EXCO”) is a specialized Committee of the Board, and except for certain matters specifically reserved for decision by the Board, EXCO is empowered to exercise full powers and authority of the Board, when the Board does not meet. EXCO comprises the following members :

Dr Michael Fam	(Chairman)
Mr Fock Siew Wah	(Member)
Mr Ho Tian Yee	(Member)
Mr Stephen Lee	(Member)

The F&N Group has in place a programme to orientate and update Directors on the F&N Group’s facilities and operations and major new projects. During the year, as part of the orientation programme, the Directors have travelled to Shanghai to view the operations of its subsidiaries, Heineken-APB (China) Pte Ltd and CPL China (Pte) Ltd.

A session on directors’ duties and the Companies (Amendment) Act 2004 was held in November 2004 for new directors and senior managers. With a few exceptions, all Directors are members of the Singapore Institute of Directors (“SID”), and eligible to receive updates and training from SID.

Principle 2 Board Composition and Balance

The Board has a strong and independent element comprising a majority of independent non-executive directors, who are able to exercise objective judgment on corporate affairs independently from Management.

The size of the Board, vis-à-vis the scope and nature of the operations of the F&N Group, is appropriate and effective. The Board comprises directors of stature in the business community, and their combined experience, knowledge, expertise, and core competencies provide the leadership and dynamism to chart the strategy and direction for the F&N Group in its continued thrust forward to fulfil its mission and vision.

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Principle 3 Chairman and Chief Executive Officer

At the Annual General Meeting (“AGM”) of F&N on 29 January 2004, the Executive Chairman announced that he would be retiring after the AGM in January 2006, upon completion of his current service agreement. In accordance with the best practice of corporate governance, the Executive Chairman’s post will be replaced by separate appointments of a Group Chairman and a Group Chief Executive Officer.

All Board and specialized Committee meetings are formally convened, with the prior circulation of agenda and relevant supporting papers to members. There is control over the quality, quantity and timeliness of the flow of information between Management, the Board and between Management and the specialized Committees.

Principle 4 Board Membership

The Nominating Committee comprises a majority of independent directors :

Mr Fock Siew Wah	(Chairman)
Dr Michael Fam	(Member)
Mr Ho Tian Yee	(Member)
Mr Stephen Lee	(Member)

The Nominating Committee is responsible for ensuring a formal and transparent process for the Board in the appointment of new directors, the regular rotation of existing directors for re-nomination and re-election and in determining the independence of directors.

In its annual review of the independence of Board members, the Nominating Committee, having considered the guidelines set out in the Code, has confirmed the continued independence of the following non-executive Directors :

Mr Fock Siew Wah
Mr Ho Tian Yee
Mr Stephen Lee
Mr Lee Ek Tieng
Mr Nicky Tan

The Board, on the recommendation of the Nominating Committee, has also 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.

In recommending to the Board any re-nomination and re-election of existing Directors, the Nominating Committee takes into consideration the Directors’ contribution and performance at Board meetings.

The Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the F&N Group, notwithstanding that some of the Directors have multiple board representations.

Key information regarding directors is set out on pages 60 and 61.

Principle 5 Board Performance

The Nominating Committee has assessed the effectiveness of the Board as a whole and the contribution of each director. An objective performance criteria is used, which criteria includes achieving of financial targets set, performance of the Board as a whole, and of individual directors vis-à-vis their attendance and contribution during Board meetings, as well as other factors set out in the Code.

Principle 6 Access to Information

Board members are provided with adequate and timely information prior to Board meetings, and on an on-going basis. They have separate and independent access to the Company’s senior management, including the Group Company Secretary who, in the normal course of duties, attends all Board meetings. Directors may, at any time, in the furtherance of their duties request for independent professional advice at F&N’s expense.

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Principle 7 Remuneration Matters

The Remuneration Committee reviews and recommends to the Board an appropriate and competitive framework of remuneration for the Board, as well as administers the F&N Executives' Share Option Scheme (the "F&N ESOS"). A formal and transparent procedure is used when setting the remuneration packages of individual directors. No director is involved in deciding his own remuneration.

The composition of the Remuneration Committee is as follows :

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

Mr Fock Siew Wah, the Chairman, is an independent non-executive Director, and members comprise non-executive directors who are independent of Management and free from any business or other relationships which may materially interfere with the exercise of their independent judgment. Mr Stephen Lee has a wealth of experience and expertise in the field of executive compensation, being Chairman of the Singapore Business Federation, President of the Singapore National Employers' Federation and a council member of the National Wages Council.

The Remuneration Committee recommends to the Board for endorsement a framework of remuneration for key executives, specific remuneration packages for each executive director, the Executive Chairman, and the Group Deputy Chief Executive Officer/Managing Director.

Principle 8 Level and Mix of Remuneration

In line with the National Wages Council Guidelines and the Tripartite Task Force's recommendations to adopt a flexible and competitive wage system to weather volatile business cycles and unexpected economic changes, the Remuneration Committee has approved the implementation, with effect from 1 October 2004, of a monthly variable component, consistent with the national wage restructuring policy.

In setting remuneration packages, the Remuneration Committee takes into consideration pay and employment conditions within the industry and in comparable companies, the relative performance of the F&N Group as a whole, as well as individual Directors and key executives. An annual performance incentive plan has been implemented for executive staff.

Directors' fees are approved by shareholders at F&N's annual general meeting.

In the case of service contracts for directors, the Remuneration Committee's objective is to achieve fair and reasonable terms of service tied in to performance, and a fixed term of office which is not excessively long or with onerous removal clauses.

The Remuneration Committee also administers the F&N ESOS. Executive Directors are eligible for the grant of options under the F&N ESOS. Options can only be exercised by employees upon effluxion of 33 months from the offering date.

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Principle 9
Disclosure on
Remuneration

The remuneration of directors and key executives is set out below :

	Fee %	Salary %	Bonus %	Allowances & Benefits %	Ex-gratia %	Total %
a) Directors of the Company						
i) Between \$2,250,001 to \$2,500,000 Dr Michael Fam	12	69	17	2	-	100
ii) Between \$1,250,001 to \$1,500,000 Dr Han Cheng Fong	-	61	26	13	-	100
iii) Between \$500,001 to \$750,000 Mr Patrick Goh	-	66	25	9	-	100
iv) Below \$250,000						
Mr Fock Siew Wah	100	-	-	-	-	100
Mr Stephen Lee	100	-	-	-	-	100
Mr Ho Tian Yee	100	-	-	-	-	100
Dr Lee Tih Shih	100	-	-	-	-	100
Mr Lee Ek Tieng	100	-	-	-	-	100
Mr Nicky Tan	100	-	-	-	-	100
b) Key Executives of the Group						
i) Between \$1,000,001 to \$1,250,000						
Mr Koh Poh Tiong	-	60	29	11	-	100
Mr Jeffrey Heng	-	49	-	2	49*	100
* Ex-gratia paid upon Mr Jeffrey Heng's retirement on 30 September 2004						
ii) Between \$500,001 to \$750,000						
Mr Lai Seck Khui	-	59	33	8	-	100
Mr Tan Ang Meng	-	68	26	6	-	100
Mr Anthony Cheong	-	61	26	13	-	100

Information on the F&N ESOS is set out in the Directors' Report on page 64. Information on key executives is set out on page 62.

Principle 10
Accountability

The Board is accountable to the shareholders while Management is accountable to the Board. Annual general meetings are held every year to obtain shareholders' approval of routine business, as well as the election of Directors. Quarterly reporting on F&N's financial performance, position and prospects was effected with effect from 1 October 2003. Management regularly provides all members of the Board with balanced operational and financial reports of F&N's performance, position and prospects.

Principle 11
Audit Committee

The Audit Committee comprises the following independent non-executive directors appropriately qualified to discharge their responsibilities :

Mr Fock Siew Wah	(Chairman)
Mr Stephen Lee	(Member)
Mr Lee Ek Tieng	(Member)

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, with full discretion to invite any director or executive officer to attend its meetings. It has reasonable resources to enable it to discharge its functions properly.

The Audit Committee has oversight of the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors.

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In performing its functions, the Audit Committee met with the internal and external auditors, without the presence of Management, and reviewed the overall scope of both internal and external audits, and the assistance given by Management to the auditors.

The internal and external auditors have unrestricted access to the Audit Committee.

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 Board is satisfied that F&N is in compliance with the SGX's Best Practices Guide on Audit Committees.

Principle 12 Internal Controls

F&N aims to achieve enterprise-wide risk management ("**ERM**") throughout the F&N Group in a consistent, cohesive, integrated and coordinated manner, with ERM principles embedded in every employee and officer of the F&N Group. This is part of the on-going process to ensure the effectiveness of the F&N Group's material internal controls. A formal system of ERM was introduced in 2002 at the strategic level, and this process has been cascading to the divisional, operational and process levels, both in Singapore and the F&N Group's overseas operations.

Key risks, control measures and management actions to be taken were identified, discussed, confirmed and validated by Management, with oversight from the Deputy Group Chief Executive Officer/Managing Director. The relevant reports were reviewed by the Audit Committee and endorsed by the Board. The internal auditors carry out review of the ERM process as part of their routine audit.

The Audit Committee, with the assistance of internal and external auditors, has reviewed, and the Board is satisfied with, the effectiveness of F&N's material internal controls.

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 has a direct reporting line to the Chairman of the Audit Committee.

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.

Principle 14 Communication with Shareholders

F&N regularly communicates with its shareholders, striving for timeliness and transparency in its disclosures to shareholders and the public. Regular meetings and dialogues are held with investors, analysts, fund managers and the press. When material information is disseminated to SGX, such information is simultaneously posted on the Company's website at www.fraserandneave.com

Principle 15 Communication by Shareholders

F&N encourages shareholder participation at its annual general meetings and gives shareholders the opportunity to communicate their views on matters affecting F&N.

Code of Business Conduct

F&N's Code of Business Conduct also regulates the standards and ethical conduct 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.

SGX Best Practices Guide on Dealings in Securities

In line with SGX's Best Practices Guide 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.

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ATTENDANCE AT BOARD & SPECIALISED COMMITTEE MEETINGS

Directors	BOARD		EXCO		AUDIT		REMUNERATION		NOMINATING	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Dr Michael Fam	10	10	9	9	NA	NA	NA	NA	2	2
Mr Fock Siew Wah	10	9	9	9	5	5	1	1	2	2
Dr Han Cheng Fong	10	10	NA	NA	NA	NA	NA	NA	NA	NA
Mr Ho Tian Yee	10	10	9	8	NA	NA	1	1	2	2
Mr Stephen Lee	10	8	9	9	5	5	1	1	2	2
Mr Lee Ek Tieng	10	9	NA	NA	5	4	1	1	NA	NA
Dr Lee Tih Shih	10	7	NA	NA	NA	NA	NA	NA	NA	NA
Mr Nicky Tan [#]	10	8	NA	NA	NA	NA	NA	NA	NA	NA
Mr Patrick Goh (alternate to Dr Han Cheng Fong)	10	9	NA	NA	NA	NA	NA	NA	NA	NA

Note : [#] Mr Nicky Tan was appointed to the Board on 21 October 2003.

"NA" : not applicable

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for the year ended 30 September 2004

Particulars of Directors as at 30 September 2004

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	77	BBM, PJG, DUBC, DUNU (1st Class), Hon LLD, Hon D Eng, Hon D Litt, Bachelor of Engineering with 1st Class Honours in Civil Engineering Fellow of the Institution of Civil Engineers, London Hon Fellow of the Institution of Engineers, Australia	Chairman : Executive Committee Member : Nominating Committee	16.08.1978 29.01.2004	Executive	Retirement pursuant to S153(6)
Mr Fock Siew Wah	64	Diploma, Chartered Institute of Bankers, London Fellow of the Singapore Institute of Directors	Member : Executive Committee Chairman : Audit Committee Chairman : Remuneration Committee Chairman: Nominating Committee	02.02.1996 30.01.2003	Independent Non-Executive	Retirement by rotation
Mr Ho Tian Yee	52	Bachelor of Arts (Honours) Economics (CNA), Portsmouth University, UK Executive Program, Carnegie-Mellon University, USA	Member : Executive Committee Member : Remuneration Committee Member : Nominating Committee	01.12.1997 29.01.2004	Independent Non-Executive	-
Mr Stephen Lee	57	MBA, Northwestern University, Evanston, USA	Member : Executive Committee Member : Audit Committee Member : Remuneration Committee Member : Nominating Committee	01.07.1997 30.01.2003	Independent Non-Executive	Retirement by rotation

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Particulars of Directors as at 30 September 2004

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	71	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	Member : Audit Committee Member : Remuneration Committee	08.01.2001 29.01.2004	Independent Non-Executive	Retirement pursuant to S153(6)
Dr Lee Tih Shih	41	Bachelor of Science (Honours Program) (Northwestern) Doctor of Medicine (Yale) Master of Business Administration with Distinction (London)	Nil	01.12.1997 29.01.2004	Non Independent Non-Executive	-
Dr Han Cheng Fong	62	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 30.01.2003	Executive	-
Mr Nicky Tan	46	Member, The Institute of Chartered Accountants, England and Wales Certified Public Accountant, Institute of Certified Public Accountants of Singapore	Nil	21.10.2003 29.01.2004	Independent Non-Executive	-
Mr Patrick Goh	60	Fellow of the Association of Chartered Certified Accountants of UK Associate of the Chartered Institute of Management Accountants of UK	Nil	15.11.2002	Executive Alternate Director to Dr Han Cheng Fong	-

Notes

- (1) Directors' shareholdings in the Company and its related companies : please refer to pages 63 and 64.
- (2) Directorships or Chairmanships in other listed companies and other major appointments, both present and over the preceding 3 years : please refer to pages 16 and 17.

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Particulars of Key Management Staff

Name	Age	Academic & Professional Qualifications	Past Working Experience	Area of Responsibility
Koh Poh Tiong	58	Bachelor of Science, University of Singapore	1985–1991 General Manager Asia Pacific Breweries Limited 1991–1993 Deputy Group General Manager Asia Pacific Breweries Limited 1993 Asia Pacific Breweries Limited	Director and Chief Executive Officer, Asia Pacific Breweries Limited
Lai Seck Khui	52	Bachelor of Electronic Engineering (1 st class Hons), University of Birmingham Master in Public Administration Programme, John F Kennedy School of Government, Harvard University Industrial Engineering (Masters), National University of Singapore Business Administration (Masters), Deakin University Chartered Engineer, UK Professional Engineer, Singapore	September 1997 Head, Group Strategic Planning Unit, F&N Group January 2000 Chief Operating Officer (New Ventures), F&N Group February 2001 Times Publishing Limited	President and Chief Executive Officer, Times Publishing Limited
Tan Ang Meng	49	Certified Public Accountant Member, Malaysian Institute of Certified Public Accountants	1975–1981 PricewaterhouseCoopers, KL 1981–1983 UMW 1983 Guinness Malaysia Berhad 1991–2001 Asia Pacific Breweries Limited 2001 Fraser & Neave Holdings Bhd	Director and Chief Executive Officer, Fraser & Neave Holdings Bhd
Anthony Cheong Fook Seng	50	Member, The Institute of Chartered Accountants, England and Wales Institute of Certified Public Accountants of Singapore	1982–1989 Manager, Corporate Recovery Advisory Services, Ernst & Young 1989–2001 Company Secretary, Carnaudmetalbox Asia Ltd 2002 Fraser and Neave, Limited	Group Company Secretary Fraser and Neave, 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 2004.

1. DIRECTORATE

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

Dr Michael Fam
 Mr Fock Siew Wah
 Dr Han Cheng Fong
 Mr Ho Tian Yee
 Mr Stephen Lee
 Mr Lee Ek Tieng
 Dr Lee Tih Shih
 Mr Nicky Tan Ng Kuang (Appointed on 21 October 2003)
 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

Afternote:

Mr Fock Siew Wah, who also retires by rotation pursuant to Article 117 of the Company's Articles of Association and is eligible for re-election, has announced his wish not to offer himself for re-election at this forthcoming Annual General Meeting.

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 referred to under paragraph 5(a).

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 2003	As at 30 Sep 2004	As at 1 Oct 2003	As at 30 Sep 2004	
Michael Fam	802,405 ⁽¹⁾	1,165,005 ⁽²⁾	567,600	516,000	Fraser and Neave, Limited Share Options
			30,000 ⁽³⁾	50,000 ⁽⁴⁾	Asia Pacific Breweries Ltd Ordinary Shares
Fock Siew Wah	Nil	Nil	Nil	Nil	

DIRECTORS' REPORT

	ORDINARY SHARES OF THE COMPANY		OTHER SECURITIES IN GROUP COMPANIES		NAME OF COMPANY
	As at 1 Oct 2003	As at 30 Sep 2004	As at 1 Oct 2003	As at 30 Sep 2004	
Han Cheng Fong	Nil	Nil	216,720	371,520	Fraser and Neave, Limited Share Options
(Alternate : Patrick Goh)	38,700 ⁽¹⁾	94,492 ⁽²⁾	161,508	165,636	Fraser and Neave, Limited Share Options
			40,000 ⁽⁵⁾	60,000 ⁽⁶⁾	Asia Pacific Breweries Ltd Ordinary Shares
Ho Tian Yee	Nil	Nil	Nil	Nil	
Lee Ek Tieng	67,500	67,500	34,000	34,000	Asia Pacific Breweries Ltd Ordinary Shares
Stephen Lee	Nil	Nil	Nil	Nil	
Lee Tih Shih	Nil	Nil	Nil	Nil	
Nicky Tan Ng Kuang	Nil ⁽⁷⁾	Nil	Nil ⁽⁷⁾	Nil	

- (1) Includes deemed interest in 27,000 ordinary shares held by Fraser & Neave (Singapore) Ltd Staff Provident Fund ("Fund") whereby Dr Michael Fam is the Chairman of the Trustees and Mr Patrick Goh is a Trustee of the Fund.
- (2) Includes deemed interest in 80,000 ordinary shares held by the Fund.
- (3) Deemed interest in 30,000 ordinary shares held by the Fund.
- (4) Deemed interest in 50,000 ordinary shares held by the Fund.
- (5) Includes deemed interest in 30,000 ordinary shares held by the Fund.
- (6) Includes deemed interest in 50,000 ordinary shares held by the Fund.
- (7) As at date of appointment i.e. 21 October 2003.

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 and Mr Patrick Goh in the Executives' Share Option Scheme of the Company.

5. SHARE OPTIONS

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

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

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

The 1999 Scheme succeeded the 1989 Scheme.

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

Mr Fock Siew Wah (Chairman)
Mr Ho Tian Yee
Mr Stephen Lee
Mr Lee Ek Tieng

DIRECTORS' REPORT

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 scheme.

The following are details of options granted to and exercised by Executive Directors :

Name of Participant	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	Aggregate Number of Ordinary Shares granted under Options outstanding as at end of the financial year under review
Michael Fam	258,000	2,974,881	1,495,835	963,046	516,000
Han Cheng Fong	154,800	371,520	-	-	371,520
Patrick Goh	61,920	585,743	243,249	176,858	165,636

Year 5 Options of the 1999 Scheme

During the financial year ended 30 September 2004, in consideration of the payment of \$1 for each offer accepted, offers of options were granted pursuant to the Scheme in respect of 2,224,583 unissued shares of \$1 each of the Company at an exercise price of \$10.58 per share.

Information pertaining to Outstanding Options

At the end of the financial year, there were 5,062,191 unissued ordinary shares of the Company under Options granted pursuant to the Schemes. Details of the options to subscribe for ordinary shares of \$1 each in the capital of the Company granted to executives pursuant to the Schemes are as follows :

Options	Offer Date	Balance as at 01.10.2003 or Offer Date if later	Options Lapsed #	Options Exercised	Balance as at 30.9.2004	Exercise Price	Exercise Period
1989 Scheme							
1999	23.12.1998	32,818	-	(2,322)	30,496	\$ 3.86	23.09.2001 - 22.11.2008
1999 Scheme							
Year 1	23.11.1999	185,889	-	(178,923)	6,966	\$ 6.67	23.08.2002 - 22.10.2009
Year 2	21.11.2000	745,921	-	(668,050)	77,871	\$ 6.43	22.08.2003 - 21.10.2010
Year 3	08.10.2001	1,074,852	-	(641,835)	433,017	\$ 6.98	09.07.2004 - 08.09.2011
Year 3A	28.01.2002	254,257	(25,078)	-	229,179	\$ 7.81	29.10.2004 - 28.12.2011
Year 3B	02.07.2002	168,732	-	-	168,732	\$ 7.79	03.04.2005 - 02.06.2012
Year 4	01.10.2002	1,993,049	(47,368)	-	1,945,681	\$ 7.54	01.07.2005 - 31.08.2012
Year 5	08.10.2003	2,224,583	(54,334)	-	2,170,249	\$10.58	08.07.2006 - 07.09.2013
		<u>6,680,101</u>	<u>(126,780)</u>	<u>(1,491,130)</u>	<u>5,062,191</u>		

lapsed due to resignations.

Subsequent to the financial year ended 30 September 2004, a total of 2,138,610 share options of Year 6 of the 1999 Scheme were offered on 8 October 2004 at an exercise price of \$14.08 per share.

DIRECTORS' REPORT

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.
- (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 will succeed the APBL Scheme.

2004 Options

During the financial year ended 30 September 2004, in consideration of the payment of \$1 for each offer accepted, offers of options were granted pursuant to the APBL Scheme in respect of 1,129,200 unissued shares of \$1 each of APBL at an exercise price of \$6.29 per share.

Information pertaining to Outstanding Options

At the end of the financial year, 2,878,769 unissued ordinary shares of APBL were under options granted pursuant to the APBL Scheme. Details of the options to subscribe for ordinary shares of \$1 each in the capital of APBL granted to executives pursuant to the APBL Scheme are as follows :

Options	Offer Date	Balance as at 01.10.2003 or Offer Date if later	Options Lapsed #	Options Exercised	Balance as at 30.9.2004	Exercise Price	Exercise Period
1999	23.12.1998	125,372	-	(112,493)	12,879	\$3.61	22.09.2001 - 21.11.2008
2000	22.12.1999	354,330	-	(250,870)	103,460	\$4.28	21.09.2002 - 20.11.2009
2001	20.12.2000	692,330	(6,180)	(501,420)	184,730	\$3.91	19.09.2003 - 18.11.2010
2002	08.10.2001	802,350	(22,000)	(247,650)	532,700	\$3.79	08.07.2004 - 07.09.2011
2003	15.10.2002	1,078,850	(75,800)	-	1,003,050	\$4.79	15.07.2005 - 14.09.2012
2004	08.10.2003	1,129,200	(87,250)	-	1,041,950	\$6.29	08.07.2006 - 07.09.2013
		4,182,432	(191,230)	(1,112,433)	2,878,769		

lapsed due to non-acceptance (26,400) and resignation (164,830).

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

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

2004 Options

During the financial year ended 30 September 2004, 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 2,493,600 shares of RM1 each in the capital of F&NHB at an exercise price of RM3.83 per share.

Information pertaining to Outstanding Options

At the end of the financial year, 7,021,201 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 01.10.2003 or Offer Date if later	Options Lapsed #	Options Exercised	Balance as at 30.9.2004	Exercise Price	Exercise Period
1999	24.12.1998	822,457	(822,457)	-	-	RM 4.23	24.09.2001 - 23.11.2003
2000	07.12.1999	789,808	(66)	(651,381)	138,361	RM 3.07	07.09.2002 - 06.11.2004
2001	08.12.2000	1,567,300	-	(960,760)	606,540	RM 3.13	08.09.2003 - 07.11.2005
2002	31.12.2001	1,822,600	(73,300)	-	1,749,300	RM 3.56	01.10.2004 - 30.11.2006
2003	21.11.2002	2,322,500	(117,400)	-	2,205,100	RM 3.49	21.08.2005 - 20.10.2007
2004	24.11.2003	2,493,600	(171,700)	-	2,321,900	RM 3.83	24.08.2006 - 23.10.2008
		<u>9,818,265</u>	<u>(1,184,923)</u>	<u>(1,612,141)</u>	<u>7,021,201</u>		

lapsed due to expiry (811,427), resignation (298,796) and non-acceptance (74,700).

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.

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

6. AUDIT COMMITTEE

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

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

7. AUDITOR

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

DIRECTORS' REPORT

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 2004 as set out at paragraph 3 hereof, except for :

Dr Michael Fam, Dr Han Cheng Fong and Mr Patrick Goh who were respectively granted, under the 1999 Executives' Share Option Scheme, 258,000, 154,800 and 92,880 Year 6 Options exercisable not earlier than 8 July 2007 at \$14.08 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 those disclosed in this Directors' Report and in the Financial Statements.

On behalf of the Board

MICHAEL FAM
Director

FOCK SIEW WAH
Director

Singapore,
12 November 2004

STATEMENT BY DIRECTORS

Pursuant to Section 201(15)

We, MICHAEL FAM and FOCK SIEW WAH, 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 71 to 126, 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 2004 and of the results of the business, and changes in equity of the Company and of the Group and the cash flows of the Group for the year ended 30 September 2004; 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

FOCK SIEW WAH
Director

Singapore,
12 November 2004

AUDITOR'S REPORT

To the Members of Fraser and Neave, Limited

We have audited the financial statements of FRASER AND NEAVE, LIMITED (the "Company") and its subsidiary companies (the "Group") set out on pages 71 to 126 for the year ended 30 September 2004. 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 financial statements 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 2004, 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,
12 November 2004

PROFIT STATEMENT

for the year ended 30 September 2004

	Notes	THE GROUP		THE COMPANY	
		2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
REVENUE	3				
Sale of goods		3,440,224	3,651,772	-	-
Other revenue		6,035	6,017	2,285	1,888
		3,446,259	3,657,789	2,285	1,888
Cost of sales		(2,188,956)	(2,386,034)	-	-
Gross profit		1,257,303	1,271,755	2,285	1,888
Operating expenses					
- Distribution		(140,267)	(133,442)	-	-
- Marketing		(417,650)	(375,528)	-	-
- Administration		(255,881)	(235,298)	(6,425)	(7,966)
		(813,798)	(744,268)	(6,425)	(7,966)
TRADING PROFIT/(LOSS)		443,505	527,487	(4,140)	(6,078)
Gross dividends from subsidiary companies	6	-	-	138,158	114,161
Share of joint venture companies' profits		27,568	23,061	-	-
Share of associated companies' profits/(losses)		30,066	(857)	-	-
Gain on Compass Point securitisation	7	59,794	-	-	-
Gross income from investments	8	21,248	37,378	2,641	11,517
OPERATING PROFIT BEFORE INTEREST, TAXATION AND EXCEPTIONAL ITEMS		582,181	587,069	136,659	119,600
Net interest expense	4	(31,413)	(43,822)	(14,412)	(18,508)
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS	4	550,768	543,247	122,247	101,092
Exceptional items	9	20,630	54,177	84,172	36,975
PROFIT BEFORE TAXATION		571,398	597,424	206,419	138,067
Taxation	10	(141,099)	(145,824)	(22,508)	(13,435)
PROFIT AFTER TAXATION		430,299	451,600	183,911	124,632
Minority interests, net of taxes		(138,391)	(118,590)	-	-
ATTRIBUTABLE PROFIT					
- Before exceptional items		266,204	273,002	99,739	87,657
- Exceptional items		25,704	60,008	84,172	36,975
		291,908	333,010	183,911	124,632
Earnings per \$1 share	12				
Basic - before exceptional items		115.1 cts	103.2 cts		
- after exceptional items		126.2 cts	125.9 cts		
Fully diluted - before exceptional items		113.8 cts	102.8 cts		
- after exceptional items		124.8 cts	125.4 cts		

The Notes on pages 78 to 126 form an integral part of the Financial Statements.

BALANCE SHEET

as at 30 September 2004

	Notes	THE GROUP		THE COMPANY	
		2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
SHARE CAPITAL AND RESERVES					
Share capital	13	232,008	230,517	232,008	230,517
Reserves	13	2,694,192	2,608,774	2,521,983	2,635,351
		2,926,200	2,839,291	2,753,991	2,865,868
MINORITY INTERESTS					
		915,348	873,163	-	-
		3,841,548	3,712,454	2,753,991	2,865,868
Represented by :					
FIXED ASSETS					
	14	1,333,023	1,344,906	-	-
INVESTMENT PROPERTIES					
	15	2,227,432	2,266,738	-	-
PROPERTIES UNDER DEVELOPMENT					
	16	1,833,290	1,100,052	-	-
SUBSIDIARY COMPANIES					
	17	-	-	3,583,715	3,913,320
JOINT VENTURE COMPANIES					
	18	122,213	118,648	-	-
ASSOCIATED COMPANIES					
	19	184,561	161,631	-	-
INTANGIBLE ASSETS					
	20	224,512	38,959	-	-
OTHER INVESTMENTS					
	21	89,810	42,711	7,952	8,879
BRANDS					
	23	7,591	9,536	1,336	2,503
DEFERRED TAX ASSETS					
	33	12,399	15,412	-	-
BANK FIXED DEPOSITS					
	22	157,887	88,856	-	-
CURRENT ASSETS					
Properties held for sale	24	398,862	369,398	-	-
Inventories	25	355,008	336,359	-	-
Trade debtors	26	412,514	636,767	-	-
Subsidiary companies	17	-	-	7,406	7,858
Joint venture companies	18	304	3,428	-	-
Associated companies	19	8,106	1,984	-	-
Other debtors	27	172,457	109,481	3,237	1,281
Short term investments	28	4,493	326,365	-	-
Bank fixed deposits	22	443,824	598,354	21,688	6,102
Cash and bank balances	22	133,546	160,561	364	4,985
		1,929,114	2,542,697	32,695	20,226
Deduct : CURRENT LIABILITIES					
Trade creditors		360,615	364,044	-	-
Subsidiary companies	17	-	-	28,272	12,326
Joint venture companies	18	14,038	5,245	686	686
Associated companies	19	33,317	93	-	-
Other creditors	29	432,992	404,658	5,365	7,439
Bank borrowings	30	890,642	1,171,685	32,980	555,055
Term loans	31	184,500	369,750	-	-
Provision for taxation		138,758	137,958	4,404	3,554
		2,054,862	2,453,433	71,707	579,060
NET CURRENT (LIABILITIES)/ASSETS					
		(125,748)	89,264	(39,012)	(558,834)
		6,066,970	5,276,713	3,553,991	3,365,868
Deduct : DEFERRED LIABILITIES					
Bank borrowings	30	128,542	156,961	-	-
Term loans	31	1,985,266	1,285,317	800,000	500,000
Employee benefits	32	23,760	24,650	-	-
Deferred tax liabilities	33	87,854	97,331	-	-
		2,225,422	1,564,259	800,000	500,000
		3,841,548	3,712,454	2,753,991	2,865,868

The Notes on pages 78 to 126 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Notes	THE GROUP							Total (\$'000)
		Share Capital (\$'000)	Share Premium (\$'000)	Capital Redemption Reserve (\$'000)	Capital Reserve (\$'000)	Revenue Reserve (\$'000)	Exchange Reserve (\$'000)	Dividend Reserve (\$'000)	
YEAR ENDED 30 SEPTEMBER 2004									
Balance at 1 October 2003		230,517	135,111	3,228	650,750	1,755,025	(4,495)	69,155	2,839,291
Adjustment of prior year's revaluation reserves resulting from release of completion cost provisions		-	-	-	22	-	-	-	22
Deficit on revaluation of properties		-	-	-	(33,943)	-	-	-	(33,943)
Surplus on revaluation of investment in associated companies		-	-	-	9,290	-	-	-	9,290
Revaluation surplus on investment and properties for sale realised		-	-	-	(63,188)	2,647	-	-	(60,541)
Deferred taxation on revaluation of assets		-	-	-	(2,342)	-	-	-	(2,342)
Change in minority interests' in reserves upon the issue of shares by subsidiary companies		-	-	-	(40)	344	-	-	304
Transfer to distributable reserves by overseas subsidiary companies in compliance with statutory requirements	13	-	-	-	(228)	228	-	-	-
Currency translation difference		-	-	-	930	-	(13,050)	-	(12,120)
Net (losses)/gains not recognised in the profit statement		-	-	-	(89,499)	3,219	(13,050)	-	(99,330)
Issue of shares in the Company upon exercise of share options	13	1,491	8,487	-	-	-	-	-	9,978
Attributable profit		-	-	-	-	291,908	-	-	291,908
Dividends	11								
Additional dividend due to exercise of share options		-	-	-	-	(227)	-	227	-
Final dividend for the previous year, paid		-	-	-	-	-	-	(69,382)	(69,382)
Interim dividend for the year, paid		-	-	-	-	(46,265)	-	-	(46,265)
Final dividend for the year, proposed		-	-	-	-	(81,203)	-	81,203	-
		-	-	-	-	(127,468)	-	81,203	(46,265)
Balance at 30 September 2004		232,008	143,598	3,228	561,251	1,922,457	(17,545)	81,203	2,926,200

The Notes on pages 78 to 126 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)	Dividend Reserve (\$'000)	Total (\$'000)
YEAR ENDED 30 SEPTEMBER 2003									
Balance at 1 October 2002		266,995	333,472	3,228	732,264	1,617,080	(20,249)	53,399	2,986,189
Adjustment of prior year's revaluation reserve resulting from release of completion cost provisions		-	-	-	1,638	-	-	-	1,638
Deficit on revaluation of properties		-	-	-	(101,026)	-	-	-	(101,026)
Revaluation surplus on properties for sale realised		-	-	-	(1,672)	1,672	-	-	-
Revaluation surplus realised upon disposal of investments and fixed assets		-	-	-	(40,046)	1,168	-	-	(38,878)
Revaluation reserve arising from revaluation of investment		-	-	-	60,541	-	-	-	60,541
Change in minority interests' in reserves upon the issue of shares by subsidiary companies		-	-	-	(16)	167	-	-	151
Transfer to non-distributable reserves by overseas subsidiary companies in compliance with statutory requirements	13	-	-	-	58	(58)	-	-	-
Currency translation difference		-	-	-	(991)	-	15,754	-	14,763
Net (losses)/gains not recognised in the profit statement		-	-	-	(81,514)	2,949	15,754	-	(62,811)
Issue of shares in the Company upon exercise of share options	13	1,116	6,502	-	-	-	-	-	7,618
Shares in the Company reduced upon capital reduction	13	(37,594)	(204,863)	-	-	(75,188)	-	-	(317,645)
Attributable profit		-	-	-	-	333,010	-	-	333,010
Dividends	11								
Additional dividend due to exercise of share options		-	-	-	-	(98)	-	98	-
Final dividend for the previous year, paid		-	-	-	-	-	-	(53,497)	(53,497)
Interim dividend for the year, paid		-	-	-	-	(53,573)	-	-	(53,573)
Final dividend for the year, proposed		-	-	-	-	(69,155)	-	69,155	-
		-	-	-	-	(122,728)	-	69,155	(53,573)
Balance at 30 September 2003		230,517	135,111	3,228	650,750	1,755,025	(4,495)	69,155	2,839,291

The Notes on pages 78 to 126 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Notes	THE COMPANY						Total (\$'000)
		Share Capital (\$'000)	Share Premium (\$'000)	Capital Redemption Reserve (\$'000)	Capital Reserve (\$'000)	Revenue Reserve (\$'000)	Dividend Reserve (\$'000)	
YEAR ENDED 30 SEPTEMBER 2004								
Balance at 1 October 2003		230,517	135,111	3,228	1,229,393	1,198,464	69,155	2,865,868
Revaluation surplus realised upon disposal of subsidiary companies not recognised in the profit statement		-	-	-	(190,119)	-	-	(190,119)
Issue of shares in the Company upon exercise of share options	13	1,491	8,487	-	-	-	-	9,978
Attributable profit		-	-	-	-	183,911	-	183,911
Dividends	11							
Additional dividend due to exercise of share options		-	-	-	-	(227)	227	-
Final dividend for the previous year, paid		-	-	-	-	-	(69,382)	(69,382)
Interim dividend for the year, paid		-	-	-	-	(46,265)	-	(46,265)
Final dividend for the year, proposed		-	-	-	-	(81,203)	81,203	-
		-	-	-	-	(127,468)	81,203	(46,265)
Balance at 30 September 2004		232,008	143,598	3,228	1,039,274	1,254,680	81,203	2,753,991
YEAR ENDED 30 SEPTEMBER 2003								
Balance at 1 October 2002		266,995	333,472	3,228	1,230,996	1,271,846	53,399	3,159,936
Write back of revaluation in subsidiary companies		-	-	-	(1,628)	-	-	(1,628)
Revaluation deficit on subsidiary realised upon disposal		-	-	-	25	-	-	25
Net losses not recognised in the profit statement		-	-	-	(1,603)	-	-	(1,603)
Issue of shares in the Company upon exercise of share options	13	1,116	6,502	-	-	-	-	7,618
Shares in the Company reduced upon capital reduction		(37,594)	(204,863)	-	-	(75,188)	-	(317,645)
Attributable profit		-	-	-	-	124,632	-	124,632
Dividends	11							
Additional dividend due to exercise of share options		-	-	-	-	(98)	98	-
Final dividend for the previous year, paid		-	-	-	-	-	(53,497)	(53,497)
Interim dividend for the year, paid		-	-	-	-	(53,573)	-	(53,573)
Final dividend for the year, proposed		-	-	-	-	(69,155)	69,155	-
		-	-	-	-	(122,728)	69,155	(53,573)
Balance at 30 September 2003		230,517	135,111	3,228	1,229,393	1,198,464	69,155	2,865,868

The Notes on pages 78 to 126 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

for the year ended 30 September 2004

	THE GROUP	
	2004 (\$'000)	2003 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	550,768	543,247
Adjustments for :		
Depreciation of fixed assets and investment properties	131,120	128,907
Provision for fixed assets (write back)/write off	(2,089)	1,500
Write off of intangible assets	218	-
Provision for employee benefits	2,550	2,160
Write back of employee benefits	(278)	(950)
Provision for impairment of investment	-	974
Provision for loan to associated company	356	639
Provision for foreseeable losses in properties developed for sale and properties held for sale	10,000	18,700
(Profit)/Loss on disposal of fixed assets (net)	(2,810)	1,242
Gain on Compass Point securitisation	(59,794)	-
Amortisation of development properties	109	111
Amortisation of brands	1,868	1,818
Amortisation of intangible assets	9,034	5,515
Interest expenses (net)	31,413	43,822
Share of joint venture companies' profits	(27,568)	(23,061)
Share of associated companies' (profits)/losses	(30,066)	857
Investment income	(21,248)	(37,378)
Profits on properties developed for sale and properties held for sale	(62,292)	(158,321)
Operating cash before working capital changes	531,291	529,782
Change in inventories	(17,124)	(40,854)
Change in trade and other debtors	207,572	(47,786)
Change in joint venture and associated companies' balances	39,019	1,543
Change in trade and other creditors	(59,850)	31,797
Currency realignment	(18,039)	(9,686)
Cash generated from operations	682,869	464,796
Interest expenses paid, net	(31,413)	(43,822)
Income taxes paid	(140,366)	(124,423)
Payment of employee benefits	(2,786)	(2,347)
Progress payment received/receivable on properties developed for sale and properties held for sale	165,377	939,199
Development expenditure on properties developed for sale	(658,084)	(499,158)
Net cash from operating activities	15,597	734,245
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends from joint venture and associated companies	17,174	13,738
Investment income	22,623	37,476
Proceeds from return of capital from joint venture and associated companies	336	323
Proceeds from Compass Point securitisation	28,178	-
Proceeds from disposal of associated companies	-	7,979
Proceeds from sale of fixed assets and properties	101,772	8,564
Proceeds from sale of other investments and short term investments	345,839	182,675
Purchase of fixed assets	(186,841)	(175,187)
Purchase of other investments and short term investments	(24,272)	(25,998)
Acquisition of minority interests in subsidiary companies	(117,169)	(7,404)
Acquisition of subsidiary companies	10,631	-
Acquisition of intangible assets and brands	(11,111)	(4,631)
Development expenditure on investment properties	(1,034)	(2,320)
Investments in joint venture and associated companies	(215,723)	(70,087)
Net cash used in investing activities	(29,597)	(34,872)

The Notes on page 78 to 126 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

for the year ended 30 September 2004

	THE GROUP	
	2004 (\$'000)	2003 (\$'000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of term loans and bank borrowings	58,149	(14,609)
Loan from minority interest	3,826	-
Transfer to secured bank deposits	(69,031)	(88,856)
Proceeds from issue of shares :		
- by subsidiary companies to minority interests	12,315	2,558
- by parent company to shareholders	9,978	7,618
Payment on capital reduction :		
- by subsidiary companies to minority interests	-	(1,919)
- by parent company to shareholders	-	(317,645)
Payment of dividends :		
- by subsidiary companies to minority interests	(78,116)	(67,713)
- by parent company to shareholders	(115,647)	(107,070)
Net cash used in financing activities	(178,526)	(587,636)
Net (decrease)/increase in cash and cash equivalents	(192,526)	111,737
Cash and cash equivalents at beginning of year	754,964	642,192
Effects of exchange rate changes on cash and cash equivalents	2,475	1,035
Cash and cash equivalents at end of year	564,913	754,964
Cash and cash equivalents at end of year comprise :		
Cash and bank deposits (Note 22)	577,370	758,915
Bank overdrafts (Note 30)	(12,457)	(3,951)
	564,913	754,964
Analysis of acquisition of subsidiary companies		
Net assets acquired :		
Fixed assets	20,281	
Development properties	153,890	
Current assets	92,607	
Current liabilities	(71,156)	
Non-current liabilities	(142,747)	
Minority interests	(11,705)	
Cash	21,447	
	62,617	
Cost of investment as an associate	(53,156)	
Translation difference	1,242	
Goodwill on acquisition	113	
Consideration paid	10,816	
Less : Cash of subsidiary companies	(21,447)	
Cash flow on acquisition net of cash and cash equivalents acquired	(10,631)	

The Notes on page 78 to 126 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

The following Notes form an integral part of the Financial Statements on pages 71 to 77.

1. GENERAL

Fraser and Neave, Limited (the "Company") is a limited liability company incorporated 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
- (c) printing, publishing and provision of education services.

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. As at the balance sheet date, the Group has 14,489 (2003 : 14,495) employees.

The financial statements of the Company and the Group were authorised for issue in accordance with a resolution of the Directors on 12 November 2004.

2. ACCOUNTING POLICIES

2.1 Effect of Changes in Singapore Companies Legislation

Pursuant to the Companies (Amendment) Act 2002, with effect from financial year commencing on 1 October 2003, the Company and the Group are required to prepare and present their audited financial statements in accordance with Singapore Financial Reporting Standards ("FRS"). Hence, these financial statements, including the comparative figures, have been prepared in accordance with FRS.

Previously, the Company and the Group prepared their audited financial statements in accordance with Singapore Statements of Accounting Standard. The adoption of FRS does not have a material impact on the accounting policies and figures presented in the audited financial statements for the financial year ended 30 September 2003.

2.2 Basis of Preparation

The financial statements of the Company and the consolidated financial statements of the Group are expressed in Singapore dollars. The financial statements of the Company and of the Group are prepared under the historical cost convention as modified by the revaluation of certain fixed assets, properties under development and investments. The financial statements are prepared in accordance with Singapore Financial Reporting Standards as required by the Companies Act, Cap. 50.

2.3 Basis of Consolidation

Subsidiary companies are consolidated from the date the parent company obtains control until such time as control ceases. Acquisitions of subsidiary companies are accounted for using the purchase method of accounting.

The financial year of the Company and all its subsidiary companies ends on 30 September unless otherwise stated. The consolidated financial statements 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. A list of the Company's subsidiary companies is shown in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

2.4 Investments

The Company's investments in subsidiary companies are stated at directors' valuation. In the case of unquoted subsidiary companies, the basis of valuation is net asset value. In the case of quoted subsidiary companies, if market value exceeds book value, the valuation is based on the higher of net asset value and book value or, if book value exceeds market value, it is based on the higher of net asset value and market value. The valuation which is carried out annually will be recorded when the difference between the book value and the valuation of each class of investment is significant. An increase arising from a revaluation is transferred to reserves and a deficit is offset against the reserves to the extent possible on the same class of investments, with any shortfall being charged in the profit statement. An assessment of the book value of investments in subsidiary companies is performed when there is indication that the asset has been impaired or the impairment losses recognised in prior years no longer exist.

Other investments held on a long term basis, which include investments in joint venture and associated companies, are stated at cost or directors' valuation. An assessment of the book value of other investments is performed when there is indication that the asset has been impaired or the impairment losses recognised in prior years no longer exist.

Short term quoted investments are measured at the lower of cost and market value determined on an aggregate basis. Short term unquoted investments are stated at the lower of cost and directors' valuation on an aggregate basis. An assessment of the book value of short term investments is performed when there is indication that the asset has been impaired or the impairment losses recognised in prior years no longer exist. In the case of investments managed by fund managers, if the lower of cost and market value falls below the amount guaranteed by the fund manager, the investments are stated at the guaranteed value.

2.5 Joint Venture Companies

These are companies (not being subsidiary companies) in which the Group has a long term interest of not more than 50% of the equity and has joint control in the companies' commercial and financial affairs.

The Group's investments in joint venture companies are recorded at cost and adjusted to recognise the Group's share of the net assets of the joint venture companies at the date of acquisition.

The Group's share of the consolidated results, which also includes the Group's share of taxation and exceptional items, and net assets of the joint venture companies and their subsidiary 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 a joint venture company is acquired or sold during the year, its results are included from the date of acquisition or excluded from the date of sale. In the Group balance sheet, the amount at which investments in joint venture companies is shown includes the Group's share of their post-acquisition reserves.

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

2.6 Associated Companies

These are companies (not being subsidiary companies or joint venture companies) in which the Group has a long term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investments in associated companies are recorded at cost and adjusted to recognise the Group's share of the net assets of the associated companies at the date of acquisition.

The Group's share of the results of associated companies is included in the consolidated profit statement under the equity method on the same basis as joint venture companies.

A list of associated companies is shown in Note 42.

2.7 Revenue Recognition

Revenue from the sale of goods is recognised upon delivery.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

2.7 Revenue Recognition (continued)

Rental and fee income is taken up on an accrual basis.

Proceeds from properties developed for sale are recognised based on the percentage of completion and of sale, less any revenue taken up in previous financial periods. A unit is considered sold upon the signing of the sale and purchase agreement. Development is considered completed upon the issue of Temporary Occupation Permit.

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

Interest income and all other categories of revenue are taken up on an accrual basis.

Dividend income from funds under management is taken up upon receipt. Other dividend income is taken up according to the date when dividend is declared payable.

For funds under management where the initial capital amount is guaranteed, income from the portfolio is recognised only when the value of the portfolio exceeds the guaranteed amount. Similarly, loss from the portfolio will be recognised up to the point where the value of the portfolio equals the guaranteed amount.

2.8 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 a provision is the present value of the expenditure expected to be required to settle the obligation.

Amounts are set aside on certain sales as a provision against possible sales returns inherent in the printing and publishing business.

2.9 Taxation

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 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.

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 assets to be utilised.

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.

2.10 Fixed Assets

Fixed assets are stated at cost or valuation less accumulated depreciation. 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. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit statement. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

2.10 Fixed Assets (continued)

Where fixed assets are revalued, any surplus on revaluation is credited to asset revaluation reserve. 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. The revaluation of fixed assets is only undertaken whenever a specific need arises.

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 works-in-progress. The annual depreciation rates applied to write down the fixed assets over their estimated useful lives are as follows :

Leasehold land	-	The term of the lease
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, except for leasehold land included in capital work-in-progress, is not depreciated until each stage of development is completed and becomes operational.

The carrying amounts, both revalued and those measured at cost, are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amount, and if carrying values exceed this recoverable amount, assets are written down.

2.11 Investment Properties

Investment properties are held for their income and long term investment potential.

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 depreciation. Depreciation is calculated on a straight line basis over 50 years or the term of the lease, if shorter.

Freehold and long leasehold investment properties (those with lease balance of more than 50 years) are stated at directors' valuation. The directors' valuation is guided by the open market value determined annually by independent professional valuer as follows :

- (a) when the open market value as at the balance sheet date is lower than the book value the directors will take the open market value, or
- (b) when the open market value as at the balance sheet date is higher than the book value the directors will take the open market value if it is materially higher than the book value, otherwise the directors will retain the book value.

An increase arising from a revaluation is transferred to the asset revaluation reserve and a deficit is offset against this reserve to the extent of any previous revaluation surplus on the same class of investment properties, with any shortfall charged in the profit statement.

2.12 Properties Under Development

Properties under development are stated at cost (or directors' valuation based on an independent professional valuation, when applicable), which 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 impairment in value 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

2.12 Properties Under Development (continued)

Profit on properties for sale is recognised on partly completed projects which have been sold and is based on the percentage of completion and percentage of sale. The percentage of completion is deemed to be the costs incurred to the balance sheet date divided by total expected costs; costs in both cases exclude land and interest costs. The percentage of sale is deemed to be the floor area sold at the balance sheet date divided by the total floor area 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 sale, less profit if any, taken up in previous financial periods. Total expected profit is assessed having regard to total sale proceeds less attributable costs including the cost of land 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 method.

Progress payments received from purchasers of residential units for sales are shown as a deduction from the cost of the property under development.

2.13 Borrowing Costs

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.

2.14 Intangible Assets

Intangible assets are stated at cost less amortisation :

- (a) Deferred 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) In the acquisition of subsidiary, joint venture and associated companies, 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 negative goodwill. Goodwill is amortised over its estimated useful life of not more than 20 years using the straight line method.

To the extent that negative goodwill relates to expectations of future losses and expenses, the amount will be taken to profit statement in the period the losses and expenses are incurred.

If the negative goodwill cannot be matched to future losses, the amount relating to non-monetary identifiable depreciable assets acquired will be amortised over the remaining useful life of the assets. Other amounts will be taken to the profit statement as income immediately.

2.15 Brands

Brands are stated at their purchase cost less amortisation to write off their cost over their estimated useful lives of up to 15 years on a straight line method.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

2.16 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.

Revenue from completed properties held for sale is recognised upon execution of sales and purchase agreements.

2.17 Inventories

All inventories including containers (comprising returnable bottles, cases and pallets) are stated at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for obsolete and slow moving items.

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 bottles are accounted for by writing off, based on the estimated lifespan, a portion of the costs in excess of repurchase prices.

2.18 Trade and Other Debtors

Trade debtors are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

2.19 Cash and Cash Equivalent

Cash on hand and in bank and bank deposits which are held to maturity are carried at cost. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits in bank, net of bank overdrafts.

2.20 Trade and Other Creditors

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

Payables to related parties are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

2.21 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, or
- (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 10% of present value of the obligation and 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. 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.

(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. Details of the respective schemes are disclosed under paragraph 5 of the Directors' Report. There are no charges to profit statement upon the grant or exercise of the options as the exercise price equals the market value of the shares at the time of grant. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(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.

2.22 Foreign Currencies

Foreign currency transactions are recorded in the local currency of the respective group companies at rates of exchange approximating those ruling at transaction date. All other foreign currency monetary assets and liabilities are translated at the rates ruling at balance sheet date or at forward rates where applicable. Exchange differences are dealt with in the profit statement except where exchange differences arising on foreign currency monetary items that in substance form part of the Group's net investment in foreign entity 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.

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

On consolidation of subsidiary companies and equity accounting for joint venture companies and associated companies, profit statement items are translated into Singapore dollars at average exchange rates ruling during the year and assets and liabilities are translated into Singapore dollars 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

2.23 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.

2.24 Government Grants

Approved government grants for the development of multimedia products are taken up in profit statement on an accrual basis. The amount accrued is based on actual qualifying expenditure incurred.

2.25 Leases

When the Group is the lessee, a finance lease which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item is capitalised at 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 against income.

When the Group is the lessee, 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.

When the Group is the 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.

2.26 Impairment

The carrying amounts of the Group's assets, other than inventories and debtors, are reviewed 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 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. However, the increased carrying amount is only recognised to the extent it does not exceed what amortised cost would have been had the impairment loss not been recognised.

2.27 Derivative Financial Instruments

The Group uses foreign exchange forward contracts to hedge its risks associated primarily with foreign currency fluctuations. The Group also uses interest rate swap contracts to hedge its risks associated with interest rate fluctuations. It is the Group's policy not to trade in derivative financial instruments. Details of foreign exchange forward contracts and interest rate swap contracts entered into by the Group are recorded as off-balance sheet items at their notional principal amounts. The Group's financial risk management objectives and policies are set out in Note 38.

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 number of units sold based on the percentage of completion method. The revenue of joint venture and associated companies and intra-group transactions are excluded.
- (b) Other revenue
Other revenue represents service fees, management fees and technical fees income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

4. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
Profit before taxation and exceptional items have been arrived at after charging :				
Depreciation of fixed assets	128,144	125,679	-	-
Depreciation of investment properties	2,976	3,228	-	-
Provision for fixed assets (write back)/write off	(2,089)	1,500	-	-
Amortisation of brands	1,868	1,818	1,167	972
Amortisation of intangibles	9,034	5,515	-	-
Goodwill written off	6,099	-	-	-
Provision for doubtful trade debts and bad debts	2,573	2,224	-	-
Provision for inventories obsolescence	6,005	8,949	-	-
Provision for employee benefits	2,550	2,160	-	-
Directors of the Company :				
Fee	700	641	493	432
Remuneration of members of Board committees	216	229	216	229
Remuneration of executive directors	4,022	10,824	-	-
Central Provident Fund contribution for executive directors	12	113	-	-
Key executive officers :				
Remuneration	3,856	3,529	-	-
Central Provident Fund contribution	134	128	-	-
Staff costs (exclude directors' and key executives' remuneration)	340,472	340,298	-	-
Defined contribution plans (exclude directors and key executives)	24,502	23,541	-	-
Auditors' remuneration :				
Auditor of the parent company	1,021	1,061	133	131
Other auditors	1,830	1,670	-	-
Professional fees paid to :				
Auditor of the parent company	147	387	3	30
Other auditors	955	240	-	-
Interest expense (see below)	52,750	68,291	20,661	25,647
Exchange loss	791	549	178	271
Loss on disposal of fixed assets	2,701	1,923	-	-
Provision for foreseeable losses on properties held for sale	10,000	10,900	-	-
Provision for foreseeable losses on properties under development	-	7,800	-	-
and crediting :				
Interest income (see below)	21,337	24,469	6,249	7,139
Exchange gain	10,273	21,512	-	262
Write back of provision for employee benefits	278	950	-	-
Gain on disposal of fixed assets	5,511	681	-	-
Net Interest Expense :				
Interest income				
Subsidiary companies	-	-	172	373
Bank and other deposits	13,904	15,295	139	19
Interest rate swap contracts	5,938	6,747	5,938	6,747
Others	1,495	2,427	-	-
	21,337	24,469	6,249	7,139
Interest expense				
Subsidiary companies	-	-	-	(114)
Bank loans and overdrafts	(52,171)	(67,325)	(20,661)	(25,533)
Others	(579)	(966)	-	-
	(52,750)	(68,291)	(20,661)	(25,647)
	(31,413)	(43,822)	(14,412)	(18,508)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

5. SEGMENT INFORMATION

The Group's operating businesses are organised and managed separately according to the nature of activities, namely soft drinks, dairies, breweries, printing and publishing, glass containers, investment property, development property and others. The Group operates in six main geographical areas, namely Singapore, Malaysia, Rest of South East Asia, North East Asia, South Pacific, and Europe and the 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.

Year ended 30 September 2004

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	412,908	377,510	1,550,398	441,214	106,383	182,297	349,024	26,525	-	3,446,259
Revenue - inter-segment	39	52	-	326	12,961	3,741	-	74,011	(91,130)	-
Total revenue	412,947	377,562	1,550,398	441,540	119,344	186,038	349,024	100,536	(91,130)	3,446,259
Subsidiary companies	48,737	15,701	168,149	25,925	5,764	113,621	55,999	90,651	-	524,547
Joint venture and associated companies	-	(2)	38,862	2,449	-	(828)	20,294	(3,141)	-	57,634
PBIT *	48,737	15,699	207,011	28,374	5,764	112,793	76,293	87,510	-	582,181
Interest income										21,337
Interest expense										(52,750)
Profit before taxation and exceptional items										550,768
Exceptional items										20,630
Profit before taxation										571,398
Taxation										(141,099)
Profit after taxation										430,299
Minority interests, net of taxes										(138,391)
Attributable profit										291,908
Assets	245,625	259,658	1,227,524	548,678	175,615	2,296,967	2,357,409	262,700	-	7,374,176
Tax assets										12,399
Bank deposits & cash balances										735,257
Total assets										8,121,832
Liabilities	104,829	70,287	271,559	108,405	22,004	79,635	172,212	35,791	-	864,722
Tax liabilities										226,612
Bank borrowings & term loans										3,188,950
Total liabilities										4,280,284
Other segment information :										
Capital expenditure	11,525	9,695	64,399	73,594	29,672	2,865	115	5,741	-	197,606
Depreciation & amortisation	14,352	14,976	59,535	29,755	16,240	3,267	-	4,005	-	142,130
Impairment losses	-	-	-	-	-	-	-	6,237	-	6,237
Attributable profit before exceptional items	21,392	1,451	41,417	18,084	2,440	89,071	48,199	44,150	-	266,204
Exceptional items	(705)	(914)	(1,624)	1,243	(537)	2,202	-	26,039	-	25,704
Attributable profit	20,687	537	39,793	19,327	1,903	91,273	48,199	70,189	-	291,908

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 Pacific (\$'000)	Europe & USA (\$'000)	Group (\$'000)
Total revenue	1,203,926	744,965	505,539	304,202	594,013	93,614	3,446,259
PBIT *	286,460	92,760	111,425	(9,422)	85,922	15,036	582,181
Other geographical information :							
Assets	4,608,941	585,111	488,840	850,180	450,256	390,848	7,374,176
Capital expenditure	57,248	40,763	30,009	19,089	44,236	6,261	197,606

* PBIT = Profit before interest, taxation and exceptional items.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

5. SEGMENT INFORMATION (continued)

Year ended 30 September 2003

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)	Eliminations (\$'000)	Group (\$'000)
Revenue - external	392,976	344,342	1,366,862	478,736	114,789	183,940	746,235	29,909	-	3,657,789
Revenue - inter-segment	1,831	-	-	-	14,141	3,920	-	60,561	(80,453)	-
Total revenue	394,807	344,342	1,366,862	478,736	128,930	187,860	746,235	90,470	(80,453)	3,657,789
Subsidiary companies	39,464	18,913	145,423	28,974	14,234	110,910	145,457	61,490	-	564,865
Joint venture and associated companies	-	(21)	32,002	(301)	-	(643)	-	(8,833)	-	22,204
PBIT *	39,464	18,892	177,425	28,673	14,234	110,267	145,457	52,657	-	587,069
Interest income										24,469
Interest expense										(68,291)
Profit before taxation and exceptional items										543,247
Exceptional items										54,177
Profit before taxation										597,424
Taxation										(145,824)
Profit after taxation										451,600
Minority interests, net of taxes										(118,590)
Attributable profit										333,010
Assets	238,455	259,874	999,169	544,013	171,205	2,375,800	1,764,873	513,574	-	6,866,963
Tax assets										15,412
Bank deposits & cash balances										847,771
Total assets										7,730,146
Liabilities	103,979	63,386	245,213	111,535	27,627	56,455	141,709	48,786	-	798,690
Tax liabilities										235,290
Bank borrowings & term loans										2,983,712
Total liabilities										4,017,692
Other segment information :										
Capital expenditure	11,477	16,026	102,851	23,411	19,669	3,109	4	5,343	-	181,890
Depreciation & amortisation	16,128	14,846	51,717	31,533	14,794	3,807	-	3,526	-	136,351
Impairment losses	-	-	-	1,445	-	-	-	38,863	-	40,308
Attributable profit before exceptional items	17,422	7,011	33,644	16,256	6,025	69,341	103,761	19,542	-	273,002
Exceptional items	(1,015)	(776)	222	(3,033)	-	-	-	64,610	-	60,008
Attributable profit	16,407	6,235	33,866	13,223	6,025	69,341	103,761	84,152	-	333,010

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 Pacific (\$'000)	Europe & USA (\$'000)	Group (\$'000)
Total revenue	1,562,855	720,845	461,581	220,473	554,418	137,617	3,657,789
PBIT *	334,213	79,941	107,233	(24,776)	83,833	6,625	587,069
Other geographical information :							
Assets	4,488,998	610,430	449,164	469,328	660,252	188,791	6,866,963
Capital expenditure	26,749	29,192	80,013	19,628	25,023	1,285	181,890

* PBIT = Profit before interest, taxation and exceptional items.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
6. GROSS DIVIDENDS FROM SUBSIDIARY COMPANIES				
Quoted subsidiary companies			24,606	20,516
Unquoted subsidiary companies			113,552	93,645
			138,158	114,161

7. GAIN ON COMPASS POINT SECURITISATION

In the previous financial year, the Group securitised Compass Point retail mall to Sengkang Mall Limited ("SML"). The Group retained 40% of Compass Point by subscribing to the Junior Bonds issued by SML. The Group's revenue and trading profit realised upon the securitisation amounted to \$201,000,000 and \$80,128,000 respectively. The 40% interest in SML was recognised as an associated company.

During the financial year, SML ceased to be an associated company when the Group disposed of 21% of the Junior Bonds in SML bringing the Group's shareholding of SML to 19%. The remaining investment in the Junior Bonds was re-classified to other investments. As the Group ceased to equity account SML's results, the remaining profit on the securitisation of \$59,794,000 was realised and reported in the Group profit statement as "Gain on Compass Point Securitisation".

8. GROSS INCOME FROM INVESTMENTS

Quoted equity investments in companies	8,217	27,140	508	11,051
Unquoted equity investments in companies	3,172	1,063	1,982	270
Unquoted non-equity investments in companies	3,184	1,836	151	196
Quoted government securities and bonds	2,857	4,488	-	-
Income from funds under management	3,818	2,851	-	-
	21,248	37,378	2,641	11,517

9. EXCEPTIONAL ITEMS

Profit on disposal of other investments	30,093	85,275	222	46,771
(Loss)/Profit on disposal of investments in subsidiary and associated companies	(45)	(16,007)	109,950	(59)
Profit on disposal of properties	29,051	1,385	-	-
Write back/(Provision) for impairment in value of investments and investment in subsidiary companies	2,202	35,891	(26,000)	(9,737)
Share of joint venture company's provision for impairment in value of assets and restructuring costs	(4,374)	(43,670)	-	-
Assets write off and other costs in respect of re-organisation of production facilities	(32,908)	(7,891)	-	-
Provision for professional fees	(3,389)	(806)	-	-
	20,630	54,177	84,172	36,975

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
10. TAXATION				
Based on profit for the year :				
Singapore tax	52,345	68,435	15,893	14,328
Overseas tax	73,515	62,064	6,615	104
Deferred tax	(2,790)	6,261	-	-
	123,070	136,760	22,508	14,432
Under/(Over) provision in preceding years				
- Current income tax	3,563	4,069	-	(997)
- Deferred tax	(1,504)	(4,544)	-	-
Share of taxation of joint venture companies	8,164	8,988	-	-
Share of taxation of associated companies	7,806	551	-	-
	141,099	145,824	22,508	13,435

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	
	2004 %	2003 %	2004 %	2003 %
Singapore statutory rate	20.0	22.0	20.0	22.0
Effect of different tax rate of other countries	3.3	0.5	0.9	-
Effect of tax losses of subsidiary not available for set-off against profits of other companies within the group	2.0	1.9	-	-
Income not subject to tax (tax incentive/exemption)	(7.0)	(3.7)	(15.1)	(15.5)
Expenses not deductible for tax purposes	6.9	4.7	4.5	3.0
Utilisation of previously unrecognised tax losses in determining taxable profit	(0.3)	-	-	-
Over provision in preceding years	0.2	(0.1)	-	(0.7)
Other reconciliation items				
Adjustment due to change in tax rate	(0.8)	-	-	-
Deferred tax benefits not recognised	-	1.2	-	-
Others	0.4	(2.1)	0.6	0.9
	24.7	24.4	10.9	9.7

As at 30 September 2004, certain Singapore subsidiary companies have unutilised tax losses of approximately \$43,810,000 (2003 : \$46,400,000) and unabsorbed capital allowances of \$2,494,000 (2003 : \$1,311,000) available for set-off against future profits. In addition, certain overseas subsidiary companies have unutilised tax losses carried forward of approximately \$177,198,000 (2003 : \$216,096,000) and unabsorbed capital allowances of \$5,956,000 (2003 : \$16,528,000). 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 incorporation. The deferred tax benefits of these losses recognised in the financial statements are disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

11. DIVIDENDS

	THE GROUP & THE COMPANY	
	2004	2003
	(\$'000)	(\$'000)
Interim paid of 20 cents after deducting Singapore income tax at 20% (2003 : 20 cents after deducting Singapore income tax at 22%)	46,265	53,573
Final proposed of 35 cents after deducting Singapore income tax at 20% (2003 : 30 cents after deducting Singapore income tax at 20%)	81,203	69,155
	127,468	122,728

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.

12. EARNINGS PER \$1 SHARE

- (a) Basic Earnings Per Share
Basic earnings per share is computed by dividing the Group attributable profit by the weighted average number of ordinary shares of \$1 each in issue during the year.

	THE GROUP	
	2004	2003
	(\$'000)	(\$'000)
Attributable profit		
- before exceptional items	266,204	273,002
- after exceptional items	291,908	333,010
Weighted average number of ordinary shares in issue	231,281,515	264,468,999
Earnings Per Share (Basic)		
- before exceptional items	115.1 cts	103.2 cts
- after exceptional items	126.2 cts	125.9 cts

- (b) Diluted Earnings Per Share
Diluted earnings per share is computed by dividing the Group adjusted attributable profit by the adjusted weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the Group attributable profit 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 used to compute diluted earnings per share is as follows :

	2004	2003
	(\$'000)	(\$'000)
Attributable profit before exceptional items	266,204	273,002
Change in attributable profit due to dilutive share options of subsidiary companies	(1,124)	(412)
Adjusted attributable profit before exceptional items	265,080	272,590
Attributable profit after exceptional items	291,908	333,010
Change in attributable profit due to dilutive share options of subsidiary companies	(1,091)	(333)
Adjusted attributable profit after exceptional items	290,817	332,677

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	231,281,515	264,468,999
Effect of dilutive share options	1,673,684	748,327
Weighted average number of ordinary shares used to compute diluted earnings per share	232,955,199	265,217,326
Earnings per share (Fully diluted)		
- before exceptional items	113.8 cts	102.8 cts
- after exceptional items	124.8 cts	125.4 cts

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

13. SHARE CAPITAL AND RESERVES

	THE GROUP & THE COMPANY	
	2004 (\$'000)	2003 (\$'000)
SHARE CAPITAL		
<u>Authorised :</u>		
500,000,000 ordinary shares of \$1 each	500,000	500,000
<u>Issued and fully paid :</u>		
Balance at beginning of year		
230,516,592 (2003 : 266,995,132) ordinary shares of \$1 each	230,517	266,995
Issued during the year		
1,491,130 (2003 : 1,115,575) shares following exercise of Executives' Share Options	1,491	1,116
Cancelled during the year		
Nil (2003 : 37,594,115) shares pursuant to a capital reduction exercise	-	(37,594)
Balance at end of year		
232,007,722 (2003 : 230,516,592) ordinary shares of \$1 each	232,008	230,517

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.

During the year, the consideration received following the exercise of Executives' Share Options was \$9,978,000 (2003 : \$7,617,800).

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
RESERVES				
The reserves comprise the following :				
<u>Non-distributable reserves</u>				
Share Premium	143,598	135,111	143,598	135,111
Capital Redemption Reserve	3,228	3,228	3,228	3,228
Capital Reserve	561,251	650,750	1,039,274	1,229,393
Exchange Reserve	2,728	3,659	-	-
	710,805	792,748	1,186,100	1,367,732
<u>Distributable reserves</u>				
Revenue Reserve	1,922,457	1,755,025	1,254,680	1,198,464
Dividend Reserve	81,203	69,155	81,203	69,155
Exchange Reserve	(20,273)	(8,154)	-	-
	1,983,387	1,816,026	1,335,883	1,267,619
Total reserves	2,694,192	2,608,774	2,521,983	2,635,351

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 \$323,604,000 (2003 : \$389,336,000) as Singapore tax franked dividend and \$38,709,000 (2003 : \$22,282,000) 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.

During the year, \$48,000 (2003 : \$58,000) of revenue reserve was transferred to capital reserve by certain subsidiary companies as required by local legislation. The reserve is all realised profits and can only be distributed with approval from their respective local authorities.

During the year, \$276,000 (2003 : nil) of capital reserve was transferred to revenue reserve by certain subsidiary companies as it is no longer required by local legislation.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

14. GROUP FIXED ASSETS

	Freehold Land (\$'000)	Leasehold Land (\$'000)	Building (\$'000)	Plant & Machinery (\$'000)	Capital Work-in-Progress (\$'000)	Other Assets (\$'000)	Total (\$'000)
At cost/valuation							
Balance at beginning of year	76,479	85,590	527,514	1,511,183	-	344,389	2,545,155
Reclassification	(2,632)	-	(8,450)	(13,534)	36,870	(12,254)	-
Balance after reclassification	73,847	85,590	519,064	1,497,649	36,870	332,135	2,545,155
Currency realignment	(460)	(1,703)	173	6,937	1,347	(149)	6,145
Additions	-	-	3,544	101,675	54,233	27,390	186,842
Acquisition of subsidiary companies	-	3,845	3,187	12,982	-	2,601	22,615
Disposals	(5,156)	(99)	(16,077)	(197,372)	(191)	(21,489)	(240,384)
Reclassification	2,514	-	7,540	11,498	(26,450)	4,898	-
Transfer (to)/from current assets	(2,278)	-	(10,708)	6,322	(9,692)	892	(15,464)
Transfer to investment properties	-	-	(15,449)	-	-	-	(15,449)
Balance at end of year	68,467	87,633	491,274	1,439,691	56,117	346,278	2,489,460
Analysis of cost/valuation							
At cost	43,720	67,588	461,063	1,424,214	56,117	346,278	2,398,980
At directors valuation 1976	-	-	-	2,825	-	-	2,825
At directors valuation 1983	-	-	1,372	-	-	-	1,372
At directors valuation 1988	-	-	5,024	12,652	-	-	17,676
At directors valuation 1996	24,747	20,045	23,815	-	-	-	68,607
	68,467	87,633	491,274	1,439,691	56,117	346,278	2,489,460
Accumulated depreciation							
At beginning of year	45	18,656	137,095	823,699	-	220,754	1,200,249
Currency realignment	-	(464)	1,095	8,144	-	596	9,371
Charge for the year	-	1,893	13,855	82,613	-	29,783	128,144
Acquisition of subsidiary companies	-	105	162	1,425	-	642	2,334
Disposals	-	(13)	(7,976)	(150,484)	-	(17,432)	(175,905)
Reclassification	-	-	6	7	-	(13)	-
Provision for write back	-	-	(598)	(1,145)	-	(346)	(2,089)
Transfer (to)/from current assets	-	-	(3,003)	-	-	293	(2,710)
Transfer to investment properties	-	-	(2,957)	-	-	-	(2,957)
Balance at end of year	45	20,177	137,679	764,259	-	234,277	1,156,437
Net book value							
At 30 September 2004	68,422	67,456	353,595	675,432	56,117	112,001	1,333,023
At 30 September 2003	76,434	66,934	390,419	687,484	-	123,635	1,344,906

(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, postmix and vending machine, beer cooler, fixture and fitting and computer equipment.

The net book value of the fixed assets which had been revalued if these are stated at cost less depreciation :

At 30 September 2004	25,193	7,090	11,729	239	-	-	44,251
At 30 September 2003	25,749	7,368	12,267	366	-	-	45,750

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

15. GROUP INVESTMENT PROPERTIES

	Freehold Land (\$'000)	Leasehold Land (\$'000)	Building (\$'000)	Total (\$'000)
At cost/valuation				
Balance at beginning of year	655,705	814,681	819,684	2,290,070
Currency realignment	301	(99)	495	697
Additions	-	-	1,034	1,034
Disposals	(975)	-	(24,779)	(25,754)
Revaluation deficit	(23,310)	(2,998)	(7,561)	(33,869)
Transfer from fixed assets	-	-	15,449	15,449
Transfer of accumulated depreciation upon revaluation	-	-	(7,808)	(7,808)
Balance at end of year	631,721	811,584	796,514	2,239,819
Analysis of cost/valuation				
At cost	-	3,977	50,688	54,665
At directors' valuation 2004	631,721	807,607	745,826	2,185,154
	631,721	811,584	796,514	2,239,819
Accumulated depreciation				
Balance at beginning of year	-	459	22,873	23,332
Currency realignment	-	(12)	34	22
Charge for the year	-	114	2,862	2,976
Disposals	-	-	(9,092)	(9,092)
Transfer from fixed assets	-	-	2,957	2,957
Transfer of accumulated depreciation upon revaluation	-	-	(7,808)	(7,808)
Balance at end of year	-	561	11,826	12,387
Net book value				
At 30 September 2004	631,721	811,023	784,688	2,227,432
At 30 September 2003	655,705	814,222	796,811	2,266,738

Investment properties of the Group stated at 2004 valuation made by the directors are based on open market valuation at 30 September 2004 carried out by independent professional valuers, DTZ Debenham Tie Leung (SEA) Pte Ltd (Singapore properties), M Nawawi & Co, Malaysia (land in Kota Bahru), BEM Property Consultants Pty Limited (Bridgepoint, Australia), CB Richard Ellis (Hong Kong properties and other Australia properties) and The Landmark Appraisal Group, Inc (property in the United States of America).

The directors have adopted all the valuations in the reports of the valuers except for the valuations of Centrepont, NorthPoint, Bridgepoint and land at Kota Bharu. The directors are of the opinion that the valuations of these four properties approximate their current book value.

The amount of valuation surplus not adopted in the accounts is approximately 1.7% (2003 : 1.5%) of the net book value of the underlying investment properties.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

16. GROUP PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2004 (\$'000)	2003 (\$'000)
Balance at beginning of year	1,100,052	1,024,162
Expenditure incurred during the year	641,858	515,256
Transfer from fixed assets	-	16,733
Acquisition of subsidiary companies	153,890	-
	1,895,800	1,556,151
Development profit	46,105	62,873
Progress payments received and receivable	(92,925)	(503,903)
Provision for amortisation	(109)	(111)
Provision for impairment in value of development	-	(7,800)
Transfer to properties held for sale	(17,471)	(12,983)
Currency realignment	1,890	5,825
Balance at end of year	1,833,290	1,100,052
Group properties under development comprise :		
Freehold land		
At cost	535,942	299,625
At directors' valuation 1996	99,000	99,000
Leasehold land		
At cost	740,966	530,206
Development expenditure	481,202	208,864
Interest cost	94,569	53,880
Currency realignment	2,549	6,942
Property tax	11,300	8,534
	1,965,528	1,207,051
Development profit	101,519	58,563
Progress payments received and receivable	(177,896)	(109,776)
Provision for amortisation	(1,031)	(956)
Provision for impairment in value of development	(54,830)	(54,830)
	1,833,290	1,100,052

Interest capitalised during the year was \$41,524,000 (2003 : \$35,086,000). A capitalisation rate of 4.16% (2003 : 3.7%) per annum was used, representing the borrowing cost of the loans used to finance the projects.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

16. GROUP PROPERTIES UNDER DEVELOPMENT (continued)

(b) Properties under development include :	Effective Group Interest %
<u>Singapore</u>	
(i) Cote d'Azur – leasehold land (99-year tenure commencing 25 July 2001) of approximately 24,661.8 sqm at Lot 8556C Pt MK 26 situated at Marine Parade Road for the development of 612 condominium units of approximately 74,921 sqm of gross floor area for sale.	100
(ii) Lakeholmz – leasehold land (99-year tenure commencing 29 October 2001) of approximately 17,000 sqm at Lot 3784A Mukim 6 situated at Boon Lay Way/Corporation Road for the development of 369 condominium units of approximately 48,455 sqm of gross floor area for sale.	100
(iii) Ris Grandeur – freehold land of approximately 26,441.5 sqm situated at Lots 892, 894 and 896 of MK 29 at Elias Road for the development of approximately 453 condominium units of approximately 60,968 sqm of gross floor area for sale.	80
(iv) Freehold land of approximately 6,697.7 sqm at Lots 98696T, 98693W, 98692M, 1586P and 1588A of Mukim 3 at Pasir Panjang Road for the development of approximately 72 condominium units of approximately 9,387 sqm of gross floor area for sale.	100
(v) Freehold land of approximately 23,819.7 sqm situated at Holland Park, off Holland Road, Singapore for the development of approximately 12 bungalow units of approximately 19,137 sqm of gross floor area for sale.	100
(vi) Freehold land of approximately 6,196.5 sqm at Lot 994W MK 13 at No. 1 Jalan Ulu Sembawang for the development of approximately 70 condominium units of approximately 8,243 sqm of gross floor area for sale.	100
(vii) 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
(viii) 103-year leasehold land 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 approximately 313 condominium units of 32,528 sqm of gross floor area for sale.	100
(ix) Freehold land of approximately 10,236.1 sqm at Lots 1595T and 1596A Mukim 23 at 1 Paya Lebar Crescent for the development of approximately 125 condominium units of approximately 14,312 sqm of gross floor area for sale.	100
(x) Leasehold land (99-year tenure commencing 1 March 2003) of approximately 16,253.5 sqm at MK 16 Lot 2253 situated at Hindhede Road for the development of 310 condominium units of approximately 38,011 sqm of gross floor area for sale.	100
(xi) Freehold land of approximately 11,668.3 sqm at Lots 803V, 787V, 788P and on Town Subdivision 24 at Jervois Road/Close and Nos. 5, 5A, 6 and 6A at Jervois Road for the development of approximately 260 condominium units of approximately 31,041 sqm of gross floor area for sale.	100

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

16. GROUP PROPERTIES UNDER DEVELOPMENT (continued)

(b) Properties under development include (continued) :	Effective Group Interest %
<u>Malaysia</u>	
(xii) Fraser Park – freehold land of approximately 23,354 sqm at Jalan Yew, Kuala Lumpur, Malaysia for the development of shop office for sale. Total of approximately 15,001 sqm of gross floor area for sale.	60
<u>Vietnam</u>	
(xiii) 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 11,050 sqm of gross floor area for sale.	70
<u>Australia</u>	
(xiv) 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 447 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
<u>China</u>	
(xv) 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 2 blocks of approximately 450 apartment units and a retail podium of a total of approximately 69,216 sqm of gross floor area for sale.	95
(xvi) Leasehold land (70-year tenure commencing 6 December 2003) of approximately 711,091 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 about 3,200 residential units with communal club facilities and a small commercial quantum of a total of approximately 62,246 sqm of gross floor area for sale.	95
<u>New Zealand</u>	
(xvii) 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
<u>United Kingdom</u>	
(xviii) Freehold land of approximately 4 hectares on the south bank of the River Thames, London, United Kingdom for a proposed residential and commercial development of 306 residential units and 13,940 sqm of ancillary office and retail space of a total of approximately 29,800 sqm of gross floor area for sale.	49
(xix) 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 4,900 sqm of gross floor area for sale.	49

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 2004, the bank loans drawn down amounted to \$216,779,000 (2003 : \$76,408,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

17. SUBSIDIARY COMPANIES

	THE GROUP	
	2004	2003
	(\$'000)	(\$'000)
Quoted shares		
At directors' valuation, 1997	131,250	131,250
At cost	171,102	173,102
	302,352	304,352
Unquoted shares		
At directors' valuation, 1997	1,528,004	1,992,570
At cost	2,518,963	2,185,377
	4,349,319	4,482,299
Amounts owing by subsidiary companies (unsecured)	41,083	319,887
Amounts owing to subsidiary companies (unsecured)	(806,687)	(888,866)
	3,583,715	3,913,320
MARKET VALUE		
Quoted shares	485,530	416,549

The Company's investments in subsidiary companies include an interest in 60.09% (2003 : 60.54%) 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 \$3,357,000 (2003 : \$3,440,000) which bears interest at an average rate of 3.51% (2003 : 3.92%) per annum.

The amounts owing to subsidiary companies are due on loan account, not expected to be repaid within the next 12 months and are interest-free.

The amounts owing from and to subsidiary companies disclosed under current assets and current liabilities are unsecured, trade in nature and interest-free.

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

Name of company	Country of incorporation and place of business	Equity interest held %	Date of incorporation
F&N (2003) Pte Ltd *	Singapore	51.0	6 January 2004
Times Publication Design & Production (Beijing) Co Ltd	China	100.0	19 April 2004
Tiger Beer USA Inc.	United States of America	37.5	12 December 2003
CPL (Broadview) Limited #	New Zealand	75.0	17 November 2003
CPL Court Pte Ltd	Singapore	100.0	26 December 2003
MLP Co Pte Ltd	Singapore	100.0	9 January 2004
SAJV Co Pte Ltd	Singapore	100.0	9 January 2004
CPL Rise Pte Ltd	Singapore	100.0	9 January 2004
CPL Place Pte Ltd	Singapore	100.0	9 January 2004
CPL China Development Pte Ltd	Singapore	100.0	21 April 2004
CPL (Thailand) Pte Ltd	Singapore	100.0	7 June 2004
CPL Lodge Pte Ltd	Singapore	100.0	8 June 2004
Frasers Lorne Pte Ltd	Australia	75.0	11 August 2004

* The company's name was subsequently changed to F&N DCH Holdings Private Limited and its issued capital was also increased from \$2 to \$100 by the allotment of 98 ordinary shares of \$1 each fully paid up in equal proportion to F&N Dairy Investments Pte Ltd and Macowise Incorporated.

The company's name was subsequently changed to Frasers Broadview Ltd.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

17. SUBSIDIARY COMPANIES (continued)

- (b) During the financial year, the Group acquired the following companies :

Properties

- (i) On 12 November 2003, the Group's subsidiary company, CPL (China) Pte Ltd, acquired a 100% shareholding interest in Supreme Asia Investment Ltd ("SAI"), a company established under the laws of the British Virgin Islands, at a cash consideration of US\$8,444,246. SAI owns a 95% shareholding interest in a PRC limited liability company. The PRC limited liability company owns land in Shanghai for development and sale.
- (ii) On 7 January 2004, the Group's subsidiary company, CPL (NZ) Pte Ltd, increased its effective shareholding in Palo Cedro (Papamoa) Limited from 24.9% to 85.0% at a cash consideration of \$66.
- (iii) On 26 August 2004, the Group's subsidiary company, CPL China Development Pte Ltd, acquired a 100% shareholding interest in Sinomax International Pte Ltd ("Sinomax") at a cash consideration of \$3,002,188. The consideration is currently being placed into an escrow account with solicitors and will only be released upon receipt of written confirmation that a joint venture project company be established with Sinomax holding 90% co-operative interests of the project company and seller obtaining the transfer of the land use right for the joint venture project company.
- (iv) On 23 September 2004, the Group's subsidiary company, Centrepoint Properties Limited ("CPL") through its subsidiary company, CPL (UK) Pte Ltd ("CPL (UK)"), acquired a 29.2% stake in Fairbriar Plc at a cash consideration of \$15.9 million (£5.2 million). Resulting from the acquisition,
- (a) Wandsworth Riverside Quarter Limited and Fairpoint Properties (Vincent Square) Limited became subsidiary companies of CPL when CPL (UK)'s effective shareholding increased from 50.0% to 64.6%; and
- (b) Fraser Residences Limited became a subsidiary company when CPL's effective shareholding increased from 50.0% to 61.0%.

Breweries

- (i) On 26 July 2004, the Group's subsidiary company, Asia Pacific Breweries Limited ("APBL"), made an unconditional cash offer under the New Zealand Takeovers Code to purchase all DB Breweries Limited ("DB") shares which it did not own for NZ\$9.50 per share. As APBL received acceptances which increased its total holdings to more than 90% of the shares in DB, it compulsorily acquired all the outstanding shares. As at 30 September 2004, APBL held 99.46% of the DB shares in issue. The compulsory acquisition was completed in October 2004 and DB was subsequently delisted from the New Zealand Stock Exchange.
- (ii) On 31 March 2004, the Group's subsidiary company, Heineken-APB (China) Pte Ltd, acquired a 100% shareholding interest in Heineken Trading (Shanghai) Co Ltd at a cash consideration of RMB44.9 million.

Printing and Publishing

- (i) During the financial year, the Group's subsidiary, Times Publishing Limited, acquired an additional 10% in the registered capital of Shenyang Times Packaging Printing Co Ltd at a cash consideration of \$1,428,000. Consequently, the Group's interest in the investment increased from 50% to 60% and therefore the investment was reclassified from an associated company to a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

17. SUBSIDIARY COMPANIES (continued)

The effect of the acquisition of the subsidiary companies on the financial position of the Group at 30 September 2004 and its results for the year is shown below :

	(\$'000)
Total assets at 30 September 2004	<u>291,519</u>
Total liabilities at 30 September 2004	<u>(219,724)</u>
Contributions to the Group for the period :	
- Revenue	45,402
- Loss before tax	(2,531)
- Attributable loss	<u>(1,040)</u>

Details of significant subsidiaries are included in Note 42.

18. JOINT VENTURE COMPANIES

	THE GROUP	
	2004	2003
	(\$'000)	(\$'000)
Investments in joint venture companies		
At net asset values on acquisition	201,413	195,216
Share of net post acquisition deficit	(79,200)	(76,568)
	<u>122,213</u>	<u>118,648</u>
(a) The amounts due from/to joint venture companies classified under current assets and current liabilities of the Group and the Company balance sheets are unsecured, trade in nature and interest-free.		
(b) The Group's share of the consolidated results of the joint venture companies for the year is as follows :		
Profit before taxation and exceptional items	27,568	23,061
Exceptional items	(4,374)	(43,670)
Taxation	(8,164)	(8,988)
(c) The Group's share of the consolidated assets and liabilities of the joint venture companies comprises :		
Fixed assets	147,185	122,111
Current assets	162,218	174,823
Current liabilities	(129,652)	(112,478)
Long term liabilities	(57,538)	(65,808)
	<u>122,213</u>	<u>118,648</u>
(d) The share of the results, assets and liabilities as stated in paragraphs (b) and (c) above is based on the accounts of the joint venture companies to 30 September.		
(e) The Group's share of capital commitments of the joint venture companies is \$4,690,000 (2003 : \$20,109,000).		

There are no contingent liabilities relating to the Group's interest in joint venture companies.

Details of joint venture companies are included in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

19. ASSOCIATED COMPANIES

	THE GROUP	
	2004 (\$'000)	2003 (\$'000)
Investments in associated companies		
At net asset values on acquisition	113,257	81,168
Share of net post acquisition reserves/(deficit)	14,627	(11,149)
	127,884	70,019
Loans owing from associated companies (unsecured)	56,677	91,612
	184,561	161,631

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

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

Details of associated companies are included in Note 42.

20. INTANGIBLE ASSETS

	THE GROUP			
	Goodwill (\$'000)	Franchise (\$'000)	Deferred Development Costs (\$'000)	Total (\$'000)
At cost				
Balance at beginning of year	41,188	219	12,262	53,669
Currency realignment	(39)	-	(71)	(110)
Additional expenditure during the year	185,186	-	9,732	194,918
Write off	27	-	(154)	(127)
Balance at end of year	226,362	219	21,769	248,350
Accumulated amortisation				
Balance at beginning of year	8,012	112	6,586	14,710
Currency realignment	32	-	(29)	3
Charge for the year	4,403	22	4,609	9,034
Write off	91	-	-	91
Balance at end of year	12,538	134	11,166	23,838
Charge for the year 2003	2,067	22	3,426	5,515
Net book value				
At 30 September 2004	213,824	85	10,603	224,512
At 30 September 2003	33,176	107	5,676	38,959

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
21. OTHER INVESTMENTS				
Quoted				
Non-equity investment in company				
At cost	25,450	-	-	-
Equity investments in companies				
At cost	15,705	10,580	7,378	7,893
	41,155	10,580	7,378	7,893
Unquoted				
Non-equity investments in companies				
At cost	45,648	30,048	499	911
Equity investments in companies				
At cost	194	284	75	75
At directors' valuation, 2004	2,813	1,799	-	-
	3,007	2,083	75	75
	89,810	42,711	7,952	8,879
MARKET VALUE OF QUOTED INVESTMENTS				
Non-equity investment in company	25,450	-	-	-
Equity investments in companies	23,091	15,413	12,691	11,719
	48,541	15,413	12,691	11,719

The quoted non-equity investment carries interest rate of 8%.

The unquoted non-equity investments carry interest rates of 7.5% to 14% (2003 : 9% to 15%).

The fair values of unquoted investments as at the end of the year approximate their carrying values.

22. CASH AND BANK DEPOSITS

Cash and bank balances	133,546	160,561	364	4,985
Bank fixed deposits	443,824	598,354	21,688	6,102
	577,370	758,915	22,052	11,087
Secured bank fixed deposits	157,887	88,856	-	-
	735,257	847,771	22,052	11,087

Included in the Company's bank fixed deposits is an amount of \$21,171,000 (2003 : \$5,366,000) held in trust for a subsidiary company.

Included in the Group's cash and bank balances, and bank fixed deposits are amounts of \$3,065,000 (2003 : \$3,697,000) and \$33,285,000 (2003 : \$76,165,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

22. CASH AND BANK DEPOSITS (continued)

Included in secured fixed deposits are :

- (a) \$35,751,000 (2003 : \$41,028,000) held in escrow to meet interest payment and development costs.
- (b) \$43,372,000 (US\$25,650,000) (2003 : \$43,325,000 (US\$25,000,000)) which serves as a collateral deposit for a \$40,862,000 (RMB 200,000,000) bank facility granted to a subsidiary company.
- (c) \$78,764,000 (2003 : \$4,503,000) which served as a collateral deposit for a \$71,968,000 (RMB 352,250,000) (2003: \$4,187,000 (RMB20,000,000)) bank facility granted to a subsidiary company.

23. BRANDS

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
At cost				
Balance at beginning of year	17,831	26,261	8,435	-
Currency realignment	(136)	77	-	-
Additions	-	690	-	-
Transfer	-	-	-	8,435
Write off	-	(9,197)	-	-
Balance at end of year	17,695	17,831	8,435	8,435
Accumulated amortisation				
Balance at beginning of year	8,295	15,660	5,932	-
Currency realignment	(59)	14	-	-
Amortisation for the year	1,868	1,818	1,167	972
Transfer	-	-	-	4,960
Write off	-	(9,197)	-	-
Balance at end of year	10,104	8,295	7,099	5,932
Net book value	7,591	9,536	1,336	2,503

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

24. PROPERTIES HELD FOR SALE

	THE GROUP	
	2004 (\$'000)	2003 (\$'000)
At cost		
Balance at beginning of year	406,552	683,827
Currency realignment	63	-
Transfer from properties under development	17,471	12,983
Transfer from fixed assets	11,391	-
Acquisition of subsidiary companies	67,340	-
Withdrawal of sales	923	-
Cost adjustments	(1,250)	(1,920)
Sold during the year	(59,420)	(288,338)
Balance at end of year	<u>443,070</u>	<u>406,552</u>
Less : Provision for foreseeable losses		
Balance at beginning of year	37,052	27,457
Provision for the year	10,000	10,900
Sold during the year	(2,844)	(1,305)
Balance at end of year	<u>44,208</u>	<u>37,052</u>
	<u>398,862</u>	<u>369,500</u>
Progress payment received	-	(102)
Net book value	<u>398,862</u>	<u>369,398</u>

25. INVENTORIES

	THE GROUP					
	2004			2003		
	At cost (\$'000)	At net realisable value (\$'000)	Total (\$'000)	At cost (\$'000)	At net realisable value (\$'000)	Total (\$'000)
Containers	37,298	2,583	39,881	28,283	2,242	30,525
Raw materials	46,901	28,352	75,253	36,071	28,966	65,037
Manufactured inventories	96,270	15,657	111,927	84,200	30,873	115,073
Engineering, work-in-progress and other inventories	67,460	9,184	76,644	64,202	11,207	75,409
Packaging materials	20,297	331	20,628	21,543	1,556	23,099
Goods purchased for resale	13,688	16,987	30,675	12,831	14,385	27,216
	<u>281,914</u>	<u>73,094</u>	<u>355,008</u>	<u>247,130</u>	<u>89,229</u>	<u>336,359</u>

Write back of provision for inventories obsolescence during the year amounted to \$4,563,000 (2003 : \$2,869,000).

26. TRADE DEBTORS

Trade debtors of the Group are stated after deducting provision for doubtful debts of \$20,696,000 (2003 : \$21,774,000).

Included in trade debtors is an amount of \$nil (2003 : \$261,552,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

27. OTHER DEBTORS

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
Accrued income	4,804	2,738	1,264	360
Prepayments	19,909	26,008	-	-
Deposits paid	45,160	14,068	1	1
Tax recoverable	46,189	15,245	27	93
Staff loans	11,121	11,517	-	-
Loans to directors of subsidiary company	402	351	-	-
Amount receivable from joint venture partners	3,757	2,206	-	-
Other receivables	41,115	37,348	1,945	827
	172,457	109,481	3,237	1,281

Included in deposits paid of the Group is \$1,845,000 (2003 : \$2,178,000) being payment for the acquisition of additional equity interest from a minority shareholder.

Loans to directors of subsidiary company are staff loans made in accordance with schemes approved at a general meeting of a subsidiary company.

Included in deposits paid and prepayments of the Group are \$33,365,000 (2003 : \$5,331,000) being payments for purchase of land which will be transferred to properties under development upon the completion of sale and purchase agreement in the next financial year.

Included in tax recoverable is an amount of \$32,468,000 (2003 : \$nil) relating to tax paid by a subsidiary company on a gain arising from the compensation awarded on the compulsory acquisition by the government of a piece of land in 1995. The Group's solicitors have lodged an objection and are of the opinion that there are substantial merits in the Group's position and that it is very probable that the tax assessed will be discharged.

28. SHORT TERM INVESTMENTS

	THE GROUP	
	2004 (\$'000)	2003 (\$'000)
(a) Funds under Management		
A subsidiary company places funds with certain professional fund managers who are given discretionary powers within certain guidelines to invest the funds.		
Funds under management at end of year are :		
<u>Quoted investments</u>		
Non-equity investments in companies, at cost	-	48,992
Equity investments in companies, at cost	-	8,256
	-	57,248
Less : Provision for impairment	-	(280)
	-	56,968
Accrued interest and cash on deposit held by fund managers	-	24,055
	-	81,023
Movement in the provision for impairment in value of funds under management is as follows :		
Balance at beginning of year	280	715
Write back for the year	(280)	(435)
Balance at end of year	-	280
MARKET VALUE OF QUOTED INVESTMENTS		
Non-equity investments	-	49,307
Equity investments in companies	-	9,446
	-	58,753

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

28. SHORT TERM INVESTMENTS (continued)

	THE GROUP	
	2004 (\$'000)	2003 (\$'000)
(b) Other Short Term Investments		
<u>Quoted investments</u>		
Government stocks and bonds, at cost	-	4,155
Equity investments in companies		
At directors' valuation, 2003	-	222,648
	<u>-</u>	<u>226,803</u>
<u>Unquoted investments</u>		
Non-equity investments in companies, at cost	4,493	18,539
	4,493	<u>245,342</u>
 Movement in the provision for impairment in value of other short term investments is as follows :		
Balance at beginning of year	-	495
Write back for the year	-	(495)
Balance at end of year	<u>-</u>	<u>-</u>
 MARKET VALUE OF QUOTED INVESTMENTS		
Government stocks and bonds	-	4,157
Equity investments in companies	-	222,648
	<u>-</u>	<u>226,805</u>
 Grand Total of Short Term Investments	4,493	<u>326,365</u>

The fair values of unquoted investments as at the end of the year approximate their carrying values.

Included in non-equity investments are notes with interest rate of 1.5% (2003 : 1.64%) per annum and mature within the next 12 months.

29. OTHER CREDITORS

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
Advances from joint venture partners	13,916	9,002	-	-
Interest payable	17,170	17,488	3,313	4,662
Accrued operating expenses	101,034	91,392	559	581
Sundry accruals	52,499	70,336	-	-
Sundry deposits	59,532	59,244	-	-
Staff costs payable	62,625	42,171	-	-
Accrual for unconsumed leave	11,208	9,728	-	-
Amounts due to minority shareholders of subsidiary companies	53,461	48,808	-	-
Deferred income	1,747	12,165	-	-
Provisions	3,029	2,607	-	-
Other payables	56,771	41,717	1,493	2,196
	432,992	404,658	5,365	7,439

Except for \$6,640,000 (2003 : \$3,708,000) which bears interest rate of 10% (2003 : 10%) per annum, amounts due to minority shareholders are non-trade in nature, unsecured, interest-free and are repayable on demand.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

30. BANK BORROWINGS

	Weighted average effective interest rate %	Notes	THE GROUP		THE COMPANY	
			2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
Repayable within one year :						
Unsecured						
Bank loans	2.17		600,047	1,107,897	32,980	555,055
Bank overdrafts			10,955	2,701	-	-
			611,002	1,110,598	32,980	555,055
Secured						
Bank loans	4.51	(a)	278,138	59,837	-	-
Bank overdrafts		(a)	1,502	1,250	-	-
			279,640	61,087	-	-
			890,642	1,171,685	32,980	555,055
Repayable after one year :						
Unsecured						
Bank loans	3.81		39,399	52,812	-	-
Secured						
Bank loans	5.50	(a)	89,143	104,149	-	-
		(c)	128,542	156,961	-	-
Total			1,019,184	1,328,646	32,980	555,055
Fair value		(b)	1,019,184	1,330,125	32,980	557,055

Notes

- (a) The secured bank loans and overdrafts are secured by certain subsidiary companies by way of a charge over fixed deposit, 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.
- (b) The carrying amount of bank borrowings 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 an amount of \$nil (2003 : \$306,323,000) bank loan which has a fair value of \$nil (2003 : \$307,802,000).
- (c) Maturity of non-current borrowings is as follows :

Between 1 and 2 years	27,484	49,005	-	-
Between 2 and 5 years	95,112	90,790	-	-
After 5 years	5,946	17,166	-	-
	128,542	156,961	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

31. TERM LOANS

	Weighted average effective interest rate %	Notes	THE GROUP		THE COMPANY	
			2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
Repayable within one year :						
Unsecured	1.32		184,500	369,750	-	-
Repayable after one year :						
Unsecured	3.56	(b)	1,700,000	1,000,000	800,000	500,000
Secured	1.88	(c)	285,266	285,317	-	-
			1,985,266	1,285,317	800,000	500,000
Total			2,169,766	1,655,067	800,000	500,000
Fair value		(d)	2,201,266	1,685,922	809,800	501,430

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 unsecured term loans repayable after one year mature between 2005 to 2010.
- (c) The secured term loans are secured by receivables and mature in December 2006.
- (d) The aggregate fair value of term loans is determined by reference to market value.
- (e) As at 30 September 2004, 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 38. The weighted average effective interest rates are as at 30 September 2004 and include the effect of related interest rate swaps.

32. EMPLOYEE BENEFITS

	THE GROUP	
	2004 (\$'000)	2003 (\$'000)
Balance at beginning of year	24,650	25,957
Currency realignment	(376)	(170)
Write back	(278)	(950)
Provision for the year	2,550	2,160
Payment for the year	(2,786)	(2,347)
Balance at end of year	23,760	24,650

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, the USA and Europe. The other plans are defined benefit plans in the United Kingdom, New Zealand, Thailand, Japan and Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

32. EMPLOYEE BENEFITS (continued)**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-administered funds. The defined benefit plans in Thailand and Malaysia do not have separately funded assets. They provide lump sum benefits at normal retirement age.

The major assumptions used by the qualified independent actuaries were :

	THE GROUP	
	2004	2003
Rate of increase in salaries	3.5% to 5.0%	3.5% to 5.0%
Expected rate of return on assets	5.0% to 6.0%	6.0%
Discount rate	3.9% to 7.0%	4.0% to 7.0%

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

	2004	2003
	(\$'000)	(\$'000)
Net benefit expense		
Benefits earned during the year	2,803	2,282
Interest cost on benefit obligation	3,517	3,242
Expected return on plan assets	(2,833)	(2,568)
Net actuarial (gain)/loss	(2,938)	143
Curtailment loss	1,871	-
Transition obligation recognised	(171)	71
Net benefit expense	2,249	3,170
Actual return on plan assets	4,619	2,819
Benefit liability		
Present value of benefit obligation	76,701	73,434
Fair value of plan assets	(54,393)	(48,692)
Unfunded benefit obligation	22,308	24,742
Unrecognised net actuarial gain/(loss)	686	(328)
Unrecognised transition obligation	(317)	262
Deferred tax	(2,110)	(2,658)
Benefit liability	20,567	22,018
Present value of unfunded benefit obligation	16,042	16,017
Present value of funded benefit obligation	60,659	57,417
	76,701	73,434

Long Service leave/severance allowances

Long Service leave/severance allowances are provided by subsidiary companies based on the number of years of service of employees at the end of each financial year as required by local legislation in Vietnam and Papua New Guinea. Employees are entitled to receive their benefits in full when they leave their employment.

Share Options

Details of the share options schemes of the Company and subsidiary companies are disclosed under paragraph 5 of the Directors' Report.

The share options schemes are :

- (a) Fraser and Neave, Limited Executives' Share Option Scheme, 1989.
- (b) Fraser and Neave, Limited Executives' Share Option Scheme, 1999.
- (c) Asia Pacific Breweries Limited Executives' Share Option Scheme.
- (d) Fraser & Neave Holdings Bhd Executives' Share Option Scheme.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

32. EMPLOYEE BENEFITS (continued)

Phantom Share Option Plan

A subsidiary company, Asia Pacific Breweries Limited, has in place a Phantom Share Option Plan ("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 that subsidiary. Grantees are granted options, at a specified exercise price which has been calculated as the average of the closing market prices for the five market days immediately before the grant ("Exercise Price"). Grantees may exercise the options at any time during a 24-month exercise period (which commences 33 months after the effective date of the grant of the option). Upon exercise of the options, an amount in cash equal to the excess (if any) of the prevailing fair market value of the phantom shares over their Exercise Price would be paid to the grantee. Options expire at the end of 57 months after the offer date unless an option has previously lapsed by reason of the cessation of the employment of the grantee after the grant of an option and before its exercise.

33. DEFERRED TAX ASSETS AND LIABILITIES

	THE GROUP	
	2004	2003
	(\$'000)	(\$'000)
Deferred taxes at the end of the financial year related to the following :		
Deferred tax liabilities		
Differences in depreciation	89,975	102,320
Provisions	9,808	4,919
Other deferred tax liabilities	4,526	5,119
Gross deferred tax liabilities	<u>104,309</u>	<u>112,358</u>
Deferred tax assets		
Employee benefits	(7,679)	(501)
Unabsorbed losses and capital allowances	(5,922)	(5,249)
Provisions	(2,844)	(7,853)
Other deferred tax assets	(10)	(1,424)
Gross deferred tax assets	<u>(16,455)</u>	<u>(15,027)</u>
Net deferred tax liabilities	<u>87,854</u>	<u>97,331</u>

Some overseas subsidiary companies have net deferred tax asset and it is analysed as follows :

Employees benefits	(3,571)	-
Differences in depreciation	6,885	5,688
Unabsorbed losses and capital allowances	(4,402)	(4,448)
Provisions	(11,024)	(16,652)
Others	(287)	-
Net deferred tax assets	<u>(12,399)</u>	<u>(15,412)</u>

The deferred tax taken to equity during the year relating to revaluation surpluses is \$5,021,000 (2003 : nil).

Deferred tax liabilities of \$40,641,000 (2003 : \$51,716,000) have not been established for the withholding and other taxes that would be payable on the unremitted earnings as such amounts are permanently reinvested; such unremitted earnings totalled \$205,873,000 at 30 September 2004 (2003 : \$261,249,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

THE GROUP
2004 **2003**
(\$'000) **(\$'000)**

34. FUTURE COMMITMENTS

Commitments not provided for in the financial statements :

(a) Commitments in respect of contract placed		
- Fixed assets	99,380	34,630
- Properties under development	529,153	225,027
	628,533	259,657
(b) Other amounts approved by directors but not contracted for :		
- Fixed assets	45,322	81,428
- Properties under development	1,418,273	945,008
- Others	-	375
	1,463,595	1,026,811
	2,092,128	1,286,468

35. LEASE COMMITMENTS

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

Payable within one year	14,187	14,178
Payable between one and five years	31,975	30,282
Payable after five years	65,570	81,906
	111,732	126,366

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	141,529	134,939
Receivable between one and five years	200,041	200,584
Receivable after five years	1,888	2,608
	343,458	338,131

The operating leases do not provide for contingent rents.

36. RELATED PARTY TRANSACTIONS

The following were the significant related party transactions entered into by the Group with :

Joint venture companies		
Royalties received	2,019	1,946
Service fees received	3,796	3,869
Sales of beer	31,915	28,437
Sales of spares	487	-
Purchase of beer	(3,686)	(1,730)

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 2004

THE GROUP	
2004	2003
(\$'000)	(\$'000)

37. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the financial statements are as follows :

(a) Guarantees given by subsidiary companies to lessors for the granting of leases on properties	5,029	6,250
(b) Guarantee given to bank on overdraft of an associated company	565	515

38. 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 exposures 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 exposures.

At 30 September 2004, the Group had entered into foreign currency forward exchange buy contracts amounting to \$132 million (2003 : \$92 million) and foreign currency forward exchange sell contracts amounting to \$71 million (2003 : \$6 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 gain of \$28,000 (2003 : loss of \$1,277,000) and gain of \$219,000 (2003 : \$331,000) 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.

As at 30 September 2004, a subsidiary company also entered into a US\$ cross currency swap arrangement to hedge its US\$ debt liability during the year. The notional amount is US\$162 million (2003 : US\$162 million) and the fair value adjustment which was not adjusted in the financial statements is a net loss of \$11,226,000 (2003 : \$5,291,000).

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 maintains sufficient cash and marketable securities, and has available funding through a diverse source of committed and uncommitted credit facilities from various banks.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

38. RISK MANAGEMENT (continued)

As at 30 September, the Group's net borrowings to shareholders' fund and total equity ratios are as follows :

	THE GROUP	
	2004	2003
	(\$'000)	(\$'000)
Cash & bank deposits	735,257	847,771
Borrowings	(3,188,950)	(2,983,713)
Net borrowings	(2,453,693)	(2,135,942)
Shareholders' fund	2,926,200	2,839,291
Total equity (including Minority Interests)	3,841,548	3,712,454
Net borrowings/Shareholders' fund	0.84	0.75
Net borrowings/Total equity	0.64	0.58

Credit Risk

The Company's and the Group's maximum exposure to credit risk in the event that the counter parties fail to perform their obligations as of 30 September 2004 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 counter parties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposures 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 creditworthy counter parties. 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 counter party.

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 Group has no significant interest-bearing assets. 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 cashflow 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 Group agrees 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

38. RISK MANAGEMENT (continued)

The Company and the Group have the following interest rate swap arrangements in place :

	THE GROUP		THE COMPANY	
	2004 (\$'000)	2003 (\$'000)	2004 (\$'000)	2003 (\$'000)
Notional Amount				
Within one year	200,000	660,000	-	140,000
Between one to three years	898,000	485,000	130,000	-
After three years	545,000	340,000	545,000	340,000
	1,643,000	1,485,000	675,000	480,000
Net Fair Value				
Fair value gain on interest rate swap contracts	19,623	22,861	15,490	21,605
Fair value loss on interest rate swap contracts	(6,706)	(1,594)	(5,962)	(122)

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.

The Company and the Group are in a net interest expense position for the years ended 30 September 2004 and 2003.

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 receivables and other payables
The carrying amounts of these items approximate fair value due to their short term nature.
- (b) Trade receivables and trade payables
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) Other short term investments
Market value of quoted investment is determined by reference to stock exchange quoted prices.

The fair value of unquoted investment is estimated by reference to the current market value of similar investment.
The carrying amounts of unquoted investments approximate fair value.
- (e) Term loans
The fair value of term loans is determined by reference to market value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

39. UNUSUAL ITEM

As previously announced in September 2003, the former Finance Manager of subsidiary, Asia Pacific Breweries (S) Pte Ltd ("APBS"), Chia Teck Leng ("CTL"), was arrested by the police and subsequently charged in Court 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 April 2004, CTL was convicted and sentenced to a total of forty-two years of imprisonment on fourteen charges of cheating and forgery offences under Sections 420 and 467 of the Penal Code (Cap. 224) respectively. Thirty-two other charges were taken into consideration for sentencing.

In September 2004, four banks, Bayerische Hypo-und Vereinsbank Aktiengesellschaft, Skandinaviska Enskilda Banken, Mizuho Corporate Bank and Sumitomo Mitsui Banking Corporation commenced separate actions against APBS amounting to approximately \$117.1 million.

Drew & Napier LLC has been instructed to defend APBS in each of these actions which are still in their early stages. APBS's lawyers have advised that APBS has good defences and will be vigorously defending the claim. Consequently, no provision is considered necessary by APBS.

It is understood that the Commercial Affairs Department has recovered approximately \$34.8 million. APBS is unable at this time to say whether there are any other claimants in respect of the recovered sum of \$34.8 million.

40. SUBSEQUENT EVENTS

On 1 October 2004, a subsidiary company, Times Publishing Ltd, acquired all of the shareholding interest in Pansing Distribution Sdn Bhd. Its subsidiary company, Times Information Systems Sdn Bhd, has also acquired certain assets of Pansing Sales Sdn Bhd.

On 7 October 2004, an associated company, Fung Choi Printing and Packaging Group Limited launched its initial public offer of new and vendor shares ("IPO") and was listed on the Singapore Exchange Securities Trading Ltd on 20 October 2004. Consequent upon this IPO, the Group's shareholding interest in Fung Choi Printing and Packaging Group Limited was diluted to 24.7%.

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities
	2004	2003	
SUBSIDIARY COMPANIES OF THE COMPANY			
Country of Incorporation and Place of Business : Singapore			
Asia Pacific Investment Pte Ltd	50.0%	50.0%	Investment Holding
Fraser & Neave (Singapore) Pte Ltd	100.0%	100.0%	Management Services
F&N Investments Pte Ltd	100.0%	100.0%	Investment Holding
F&N Foods Pte Ltd	100.0%	100.0%	Manufacture of Dairy Products
Premier Milk (S) Pte Ltd	100.0%	100.0%	Dormant
Asia Dairies (S) Pte Ltd	100.0%	100.0%	Dormant
F&N Dairy Investments Pte Ltd	100.0%	100.0%	Investment Holding
Interflavine Pte Ltd	100.0%	100.0%	Beverage Base Manufacturing
International Theme Parks (Singapore) Pte Ltd	100.0%	100.0%	Dormant
Phoenix (Singapore) Pte Ltd	100.0%	100.0%	Dormant
Fannet Online Pte Ltd	100.0%	100.0%	Dormant
Times Publishing Ltd	100.0%	100.0%	Investment Holding
Centrepoint Properties Ltd	100.0%	100.0%	Investment Holding
F&N Boncafe Beverages Pte Ltd #	60.0%	60.0%	Marketing Ready-To-Drink Coffee Beverages
F&N DCH Holding Pte Ltd	51.0%	-	Dormant
Country of Incorporation and Place of Business : Hong Kong			
* Fraser & Neave Investments (HK) Ltd	100.0%	100.0%	Investment Holding
Country of Incorporation and Place of Business : Malaysia			
* Fraser & Neave Holdings Bhd	60.1%	60.5%	Investment Holding
* Tiger Taverns Sdn Bhd	100.0%	100.0%	Dormant
* Magnolia - PDL Dairies (1993) Sdn Bhd	100.0%	100.0%	Dormant
* Fannet Online Sdn Bhd	100.0%	100.0%	Dormant
Country of Incorporation and Place of Business : Vietnam			
* F&N Vietnam Foods Co Ltd #	100.0%	100.0%	Manufacture and Distribution of Dairy Products and Beverages
Country of Incorporation and Place of Business : Thailand			
* F&N United Ltd #	95.0%	95.0%	Manufacture and Distribution of Dairy Products
Country of Incorporation and Place of Business : Myanmar			
** Myanmar Brewery Ltd (2)	55.0%	55.0%	Brewing and Distribution of Beer

= Held by a subsidiary company

Asia Pacific Investment Pte Ltd ("APIPL"), which holds 65.5% of the issued capital of Asia Pacific Breweries Ltd, 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 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities
	2004	2003	
SUBSIDIARY COMPANIES OF FRASER & NEAVE HOLDINGS GROUP			
Country of Incorporation and Place of Business : Malaysia			
* Fraser & Neave (Malaya) Sdn Bhd	60.1%	60.5%	Management Services and Property Investment Holdings
* F&N Coca-Cola (Malaysia) Sdn Bhd	54.1%	54.5%	Distribution of Soft Drinks
* F&N CC Beverages Sdn Bhd	54.1%	54.5%	Manufacture of Soft Drinks
* F&N Dairies (Malaysia) Sdn Bhd	60.1%	60.5%	Distribution of Dairy Products
* Premier Milk (Malaya) Sdn Bhd	45.1%	45.4%	Manufacture of Dairy Products
* Four Eights Sdn Bhd	60.1%	60.5%	Dormant
* F&N Foods Sdn Bhd	60.1%	60.5%	Manufacture of Dairy Products
* Wimanis Sdn Bhd	60.1%	60.5%	Property Development
* Malaya Glass Products Sdn Bhd	60.1%	60.5%	Manufacture and Sale of Glass Containers
* Kuala Lumpur Glass Manufacturers Co Sdn Bhd	60.1%	60.5%	Manufacture and Sale of Glass Containers
* Brampton Holdings Sdn Bhd	60.1%	60.5%	Property Development
Country of Incorporation and Place of Business : China			
** Sichuan Malaya Glass Co Ltd (1)	36.1%	36.3%	Manufacture and Sale of Glass Containers
Country of Incorporation and Place of Business : Vietnam			
* Malaya Vietnam Glass Ltd	42.1%	42.4%	Manufacture and Sale of Glass Containers
SUBSIDIARY COMPANIES OF CENTREPOINT PROPERTIES GROUP			
Country of Incorporation and Place of Business : Singapore			
CS Centrepoint Pte Ltd	100.0%	100.0%	Investment Holding
Anchor Developments Pte Ltd	100.0%	100.0%	Property Investment and Development
Centrepoint Developments Pte Ltd	100.0%	100.0%	Dormant
CPL Alexandra Point Pte Ltd	100.0%	100.0%	Property Investment
CPL Enterprises Pte Ltd	100.0%	100.0%	Property Investment
CPL Property Investments Pte Ltd	100.0%	100.0%	Property Investment
CPL Woodlands Pte Ltd	100.0%	100.0%	Dormant
Emerald Hill Developments Pte Ltd	100.0%	100.0%	Property Investment
Orrick Investments Pte Ltd	100.0%	100.0%	Property Investment
Riverside Property Pte Ltd	100.0%	100.0%	Property Investment
Woodlands Complex Pte Ltd	100.0%	100.0%	Property Investment
Yishun Development Pte Ltd	100.0%	100.0%	Property Investment
Chempaka Development Pte Ltd	100.0%	100.0%	Property Development
Riverside Walk Pte Ltd	100.0%	100.0%	Property Development
Northspring Development Pte Ltd	100.0%	100.0%	Property Development
CPL Management Services Pte Ltd	100.0%	100.0%	Management Services
Nasidon Investments Pte Ltd	100.0%	100.0%	Property Development
CPL Ventures Pte Ltd	100.0%	100.0%	Property Development
Riverside Investments Pte Ltd	100.0%	100.0%	Property Development

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities
	2004	2003	
SUBSIDIARY COMPANIES OF CENTREPOINT PROPERTIES GROUP (continued)			
Country of Incorporation and Place of Business : Singapore (continued)			
Yishun Property Pte Ltd	100.0%	100.0%	Property Development
Yishun Land Pte Ltd	100.0%	100.0%	Property Development
CPL Tampines Pte Ltd	80.0%	80.0%	Property Development
CPL Land Pte Ltd	100.0%	100.0%	Property Development
CPL Homes Pte Ltd	100.0%	100.0%	Property Development
CPL Assets Pte Ltd	100.0%	100.0%	Property Development
CPL Estates Pte Ltd	100.0%	100.0%	Property Development
CPL (Korea) Pte Ltd	100.0%	100.0%	Investment Holding
Fraser Serviced Residences Pte Ltd	100.0%	100.0%	Management Services
CPL (UK) Pte Ltd	75.0%	75.0%	Investment Holding
CPL (Australia) Pte Ltd	75.0%	75.0%	Investment Holding
CPL (China) Pte Ltd	100.0%	100.0%	Investment Holding
Marine Parade View Pte Ltd	100.0%	100.0%	Property Development
CPL (Fraser) Pte Ltd	100.0%	100.0%	Investment Holding
CPL Boon Lay Pte Ltd	100.0%	100.0%	Property Development
CPL Sophia Pte Ltd	100.0%	100.0%	Property Development
Centrepoint Retail Concepts Pte Ltd	100.0%	100.0%	Management Services
CPL Choa Chu Kang Pte Ltd	100.0%	100.0%	Property Development
CPL Joo Chiat Place Pte Ltd	100.0%	100.0%	Property Development
CPL (NZ) Pte Ltd	75.0%	75.0%	Investment Holding
Riviera Investment Ltd (1)	##	##	Investment Holding
CPL Court Pte Ltd	100.0%	-	Property Development
CPL Place Pte Ltd	100.0%	-	Property Development
CPL Rise Pte Ltd	100.0%	-	Property Development
MLP Co Pte Ltd	100.0%	-	Investment Holding
SAJV Co Pte Ltd	100.0%	-	Investment Holding
River Valley Properties Pte Ltd	100.0%	888	Investment Holding & Property Development
River Valley Tower Pte Ltd	100.0%	888	Property Investment
River Valley Apartments Pte Ltd	100.0%	888	Property Investment
River Valley Shopping Centre Pte Ltd	100.0%	888	Property Investment
Lion (Singapore) Pte Ltd	100.0%	888	Property Development
CPL China Development Pte Ltd	100.0%	-	Investment Holding
CPL (Thailand) Pte Ltd	100.0%	-	Investment Holding
CPL Lodge Pte Ltd	100.0%	-	Property Development
Sinomax International Pte Ltd	100.0%	-	Investment Holding

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities
	2004	2003	
SUBSIDIARY COMPANIES OF CENTREPOINT PROPERTIES GROUP (continued)			
Country of Incorporation: Singapore			
Place of Business: United Kingdom			
CPL Resort Pte Ltd	75.0%	75.0%	Property Development
Country of Incorporation and Place of Business : United Kingdom			
** LCR Developments Ltd	75.0%	75.0%	Management Services
** Fraser Residences Ltd (&&)	61.0%	50.0%	Management Consultancy Services & Serviced Apartments
** Wandsworth Riverside Quarter Ltd (&&)	48.5%	37.5%	Property Development
** Fairpoint Properties (Vincent Square) Ltd (&&)	48.5%	37.5%	Property Development
Country of Incorporation and Place of Business : New Zealand			
* Frasers Broadview Ltd (formerly known as CPL (Broadview) Ltd)	75.0%	-	Property Development
* Palo Cedro (Papamoia) Ltd	63.8%	-	Property Development
Country of Incorporation and Place of Business : Australia			
* Frasers Glede Point Pty Ltd (formerly known as CPL (Surry Hills) Pty Ltd)	75.0%	75.0%	Property Development
* Greencliff (CPL) Developments Pty Ltd	75.0%	75.0%	Management Services
* Frasers (Chandos) Pty Ltd (formerly known as CPL (Chandos) Pty Ltd)	75.0%	75.0%	Property Development
* Frasers Town Hall Pty Ltd (formerly known as CPL (Town Hall) Pty Ltd)	80.5%	80.5%	Property Development
* Frasers Lorne Pty Limited	75.0%	-	Property Development
Country of Incorporation : Singapore			
Place of Business : Australia			
CPL Bridgepoint Pte Ltd	100.0%	100.0%	Property Investment
Country of Incorporation and Place of Business : Vietnam			
* Me Linh Point Ltd	75.0%	75.0%	Property Investment
* Saigon Apartments Joint Venture Company	70.0%	70.0%	Property Investment
Country of Incorporation and Place of Business : British Virgin Islands			
*** Reaves Ltd	100.0%	100.0%	Dormant
*** Supreme Asia Investment Ltd	100.0%	-	Investment Holding
Country of Incorporation and Place of Business : Malaysia			
* Centrepoint - Utama Sdn Bhd	100.0%	100.0%	Dormant

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities	
	2004	2003		
SUBSIDIARY COMPANIES OF CENTREPOINT PROPERTIES GROUP (continued)				
Country of Incorporation and Place of Business : China				
*	Shanghai Sian Jin Property Development Co, Ltd (1)	100%	95%	Property Development
*	Shanghai Centrepoint Management Consultancy Co, Ltd (1)	100%	100%	Management Services
*	Shanghai Zhong Jun Real Estate Development Co Ltd	95%	-	Property Development
Country of Incorporation and Place of Business : Philippines				
**	Fraser Serviced Residences Philippines, Inc	100%	100%	Provision of Management Services in the Lodging Industry
SUBSIDIARY COMPANIES OF ASIA PACIFIC BREWERIES GROUP				
Country of Incorporation and Place of Business : Singapore				
	Asia Pacific Breweries Ltd	37.5%	37.7%	Investment Holding
	Asia Pacific Breweries (Singapore) Pte Ltd	37.5%	37.7%	Brewing and Distribution of Beer and Stout
	Archipelago Brewery Co (1941) Pte Ltd	37.5%	37.7%	Dormant
	Tiger Marketing Pte Ltd	37.5%	37.7%	Investment Holding
	Heineken-APB (China) Pte Ltd (formerly known as Heineken Asia Pacific Breweries (China) Pte Ltd)	43.8%	43.9%	Investment Holding
	Tiger Export Pte Ltd	37.5%	37.7%	Export of Beer and Stout and Investment Holding
Country of Incorporation and Place of Business : India				
**	Asia Pacific Breweries (India) Private Ltd	37.5%	37.7%	Dormant
Country of Incorporation and Place of Business : Papua New Guinea				
**	South Pacific Brewery Ltd	28.5%	28.6%	Brewing and Distribution of Beer
Country of Incorporation and Place of Business : Vietnam				
*	Vietnam Brewery Ltd	22.5%	22.6%	Brewing and Distribution of Beer
*	Hatay Brewery Ltd	37.5%	37.7%	Brewing and Distribution of Beer
Country of Incorporation and Place of Business : China				
*	Hainan Asia Pacific Breweries Co Ltd (1)	43.8%	37.7%	Brewing and Distribution of Beer
*	Shanghai Asia Pacific Brewery Co Ltd (1)	42.5%	42.5%	Brewing and Distribution of Beer
*	Heineken Trading (Shanghai) Co Ltd (1)	43.8%	-	Distribution of Beer
Country of Incorporation and Place of Business : Cambodia				
**	Cambodia Brewery Ltd	30.0%	30.2%	Brewing and Distribution of Beer
Country of Incorporation and Place of Business : United States of America				
**	Tiger Beer USA Inc	37.5%	-	Distribution of Beer

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities
	2004	2003	
SUBSIDIARY COMPANIES OF ASIA PACIFIC BREWERIES GROUP (continued)			
Country of Incorporation and Place of Business : New Zealand			
* DB Breweries Ltd	37.5%	29.0%	Investment Holding and Brewing and Distribution of Beer
* DB Nominees Ltd	37.5%	29.0%	Trustee Company
* DB South Island Brewing Ltd	20.5%	16.0%	Brewing and Distribution of Beer
* DBG Insurances Ltd	37.5%	29.0%	Insurance Company
* Liquorland Ltd	37.5%	29.0%	Franchise Company
* Monteith's Brewing Company Ltd	37.5%	29.0%	Dormant
* Robbie Burns Ltd	37.5%	29.0%	Dormant
* Tui Brewery Ltd	37.5%	29.0%	Dormant
* Black Dog Brewery Ltd	37.5%	29.0%	Dormant
* O Pure Water Ltd	37.5%	29.0%	Dormant
* Mainland Brewery Ltd	37.5%	29.0%	Dormant
* Waitemata Brewery Ltd	37.5%	29.0%	Dormant
SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP			
Country of Incorporation and Place of Business : Singapore			
Marshall Cavendish International Pte Ltd	100.0%	100.0%	Investment Holdings
Times Media Pte Ltd	100.0%	100.0%	Books
STP Distributors Pte Ltd	100.0%	100.0%	Books and Magazines
Times-Dharmala Pte Ltd	51.0%	51.0%	Distribution of Books
Times Editions Pte Ltd	100.0%	100.0%	Books
Marshall Cavendish (Asia) Pte Ltd	100.0%	100.0%	Electronic Publishing
Marshall Cavendish International (Singapore) Pte Ltd	100.0%	100.0%	Electronic Publishing
Times Business Information Pte Ltd	100.0%	100.0%	Directory Publishing and Conferences & Exhibitions
Times Educational Services Pte Ltd	100.0%	100.0%	Education and Training
Times Conferences & Exhibitions Pte Ltd	100.0%	100.0%	Dormant
Eastern Universities Press Sdn Bhd	100.0%	100.0%	Dormant
United Publishers Services Pte Ltd	100.0%	100.0%	Dormant
TransQuest Asia Publishers Pte Ltd (in voluntary liquidation)	100.0%	100.0%	Dormant
Times Graphic Pte Ltd	100.0%	100.0%	Commercial Printing
Country of Incorporation : Singapore			
Place of Business: Singapore & Malaysia			
Times The Bookshop Pte Ltd	100.0%	100.0%	Retail
Country of Incorporation : Singapore			
Place of Business: Singapore, Australia, United Kingdom and Unites States of America			
Times Printers Pte Ltd	100.0%	100.0%	Commercial Printing

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities
	2004	2003	
SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (continued)			
Country of Incorporation and Place of Business : Australia			
* Argyle Times Graphics Pty Limited	100.0%	100.0%	Commercial Printing
* Times Properties Pty Limited	100.0%	100.0%	Investment Holding
* Marshall Cavendish (Australia) Pty Ltd	100.0%	100.0%	Partworks
* Musicway Corporation Ltd	100.0%	100.0%	Distribution of Cassettes & Hi-fi Accessories
* Rainbow Products Ltd	100.0%	100.0%	Distribution of Records, Cassettes & Videos
Country of Incorporation and Place of Business : China			
** Liaoning Times Xinhua Printers Ltd (1)	51.0%	51.0%	Commercial Printing
** Everbest Printing (Panyu Nansha) Co. Ltd (1)	51.0%	51.0%	Property Investment
** Times Publications Design and Production (Beijing) Co., Ltd	100.0%	-	Publishing Design & Production Services
** Shenyang Times Packaging Printing Co Ltd (1) (&&)	60.0%	50.0%	Commercial Printing & Packaging
Country of Incorporation and Place of Business : Czech Republic			
* Marshall Cavendish CR,s.r.o.	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business : France			
* Marshall Cavendish Editions S.A.	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business : Germany			
* Sammelwerk Redaktions Service GmbH (in voluntary liquidation)	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business : Thailand			
* Marshall Cavendish International (Thailand) Co. Ltd	49.0%	49.0%	Publishing
Country of Incorporation and Place of Business : Hong Kong			
* Educational Associates Ltd	100.0%	100.0%	Investment Holding
* BBD Distributors Limited (in voluntary liquidation)	60.0%	60.0%	Commission Agent
* Times Printer (Hong Kong) Ltd	100.0%	100.0%	Dormant
* Times Publishing (Hong Kong) Ltd	100.0%	100.0%	Books and Magazines
* Times Education (Hong Kong) Ltd	100.0%	100.0%	Dormant
* Times Business Information Ltd	100.0%	100.0%	Publishing
* United Publishers Services Ltd	100.0%	100.0%	Books
** Everbest Printing Holdings Ltd	51.0%	51.0%	Investment Holding
** Everbest Printing Investment Ltd	51.0%	51.0%	Investment Holding
** Everbest Printing Company Ltd	51.0%	51.0%	Printing
Country of Incorporation : Hong Kong			
Place of Business : Thailand			
* Far East Publications Ltd	100.0%	100.0%	Books

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities
	2004	2003	
SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (continued)			
Country of Incorporation : United Kingdom			
Place of Business : Russia			
* MC East Limited	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business : Japan			
* Kabushiki Kaisha Union Enterprises (liquidated during the year)	60.0%	60.0%	Books
Country of Incorporation and Place of Business : Malaysia			
* Eastern Universities Press (Malaysia) Sdn Bhd	60.0%	60.0%	Books
* Marshall Cavendish (Malaysia) Sdn Bhd (formerly known as Federal Publications Sdn Bhd)	100.0%	100.0%	Books
* STP Distributors (M) Sdn Bhd	30.0%	30.0%	Books and Magazines
* Times Offset (Malaysia) Sdn Bhd	100.0%	100.0%	Commercial Printing
* Times Corporation Sdn Bhd	100.0%	100.0%	Dormant
* Times Distri-Services Sdn Bhd	100.0%	100.0%	Distribution of Books & Magazines
* Times Information Systems Sdn Bhd	100.0%	100.0%	Electronic Publishing
Country of Incorporation and Place of Business : Poland			
* Marshall Cavendish Polska Sp. zo.o	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business : Romania			
* Marshall Cavendish Romania S.R.L	100.0%	100.0%	Partworks
Country of Incorporation and Place of Business : United Kingdom			
* ALP Ltd	100.0%	100.0%	Investment Holding
* Hazeldean Ltd	100.0%	100.0%	Property Investment
* Marshall Cavendish Ltd	100.0%	100.0%	Investment Holding
* Shendene Ltd	100.0%	100.0%	Dormant
* Marshall Cavendish International Ltd	100.0%	100.0%	Partworks
* Marshall Cavendish Partworks Ltd	100.0%	100.0%	Partworks
* TPL Printers (UK) Ltd	100.0%	100.0%	Dormant
* TPL Digital (UK) Limited	100.0%	100.0%	Media Representation
* Marshall Cavendish Language Centre Ltd	100.0%	100.0%	Education & Training
Country of Incorporation and Place of Business : United States of America			
** Marshall Cavendish Corporation	100.0%	100.0%	Books
Country of Incorporation and Place of Business : Ukraine			
* A Wholly Owned Subsidiary Marshall Cavendish Ukraine	100.0%	100.0%	Partworks

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities
	2004	2003	
JOINT VENTURE COMPANIES OF THE COMPANY			
Country of Incorporation and Place of Business : Singapore			
Unilac Dairy Products Pte Ltd (4)	50.0%	50.0%	Dormant
Country of Incorporation : British Virgin Islands			
Place of Business : Hong Kong			
Vision Century Limited (1)	50.0%	50.0%	Investment Holding
JOINT VENTURE COMPANIES OF CENTREPOINT PROPERTIES GROUP			
Country of Incorporation and Place of Business : Thailand			
Riverside Homes Development Co, Ltd	49.0%	-	Property Development
ASSOCIATED COMPANIES OF THE COMPANY			
Country of Incorporation : Singapore			
Place of Business : China			
China Dairy Group Ltd	22.1%	-	Manufacturing & Distribution of Dairy Products
Country of Incorporation : Bermuda			
Place of Business : China			
Fung Choi Printing and Packaging Group Limited	33.0%	-	Printing & Packaging
ASSOCIATED COMPANIES OF CENTREPOINT PROPERTIES GROUP			
Country of Incorporation and Place of Business : Korea			
### Rodamco Insa Co Ltd (1)	25.0%	25.0%	Property Investment
Country of Incorporation and Place of Business : United Kingdom			
### Fairbrair Residential Investment Partnership (1)	20.0%	20.0%	Investment in Residential Property Fund
### Pressdale Ltd (1)	32.3%	32.3%	Property Ownership and Investment
### Fairbrair Plc	21.9%	-	Investment Holding
Country of Incorporation and Place of Business : Singapore			
Hua Li Holdings Pte Ltd (1)	45.7%	45.7%	Investment Holding
JOINT VENTURE COMPANIES OF ASIA PACIFIC BREWERIES GROUP			
Country of Incorporation and Place of Business : Singapore			
### GAPL Pte Ltd	18.8%	18.9%	Investment Holding & Distribution of Stout
Country of Incorporation and Place of Business : Thailand			
### Thai Asia Pacific Brewery Co Ltd	13.1%	13.2%	Brewing and Distribution of Beer
### Thai Asia Pacific Trading Co Ltd	13.1%	13.2%	Distribution of Beer

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

	Effective Shareholding		Principal Activities	
	2004	2003		
ASSOCIATED COMPANIES OF ASIA PACIFIC BREWERIES GROUP				
Country of Incorporation and Place of Business : New Zealand				
###	Heathcote Properties Ltd (voluntary liquidation on 13 November 2004)	-	14.6%	Investment Holding
*	The Associated Bottlers Company Ltd	18.7%	14.6%	Hire of Returnable Beer Bottles
Country of Incorporation : Bermuda				
Place of Business : Hong Kong				
*	Kingway Brewery Holdings Limited (1)	9.4%	-	Brewing and Distribution of Beer
ASSOCIATED COMPANIES OF TIMES PUBLISHING GROUP				
Country of Incorporation and Place of Business : Singapore				
###	Times-Newslink (1)	50.0%	50.0%	Retail of Books and Magazines
###	Learning Edvantage Pte Ltd	31.0%	-	Multi Media Publishing
Country of Incorporation and Place of Business : China				
###	Shanghai Times Sanyin Printers Co Ltd (1)	40.0%	40.0%	Commercial Printing
###	Beijing 21st Century Times Education Centre (1)	90.0%	90.0%	Education and Training
###	Beijing Universal Times Culture Development Co Ltd (1)	40.0%	-	Publishing

* Audited by Ernst & Young in the respective countries

** Audited by :

Subsidiary Companies of the Company

Myanmar Brewery Ltd

Name of auditors

U Tin Win Group, CPA

Subsidiary Companies of Fraser & Neave Holdings Group

Sichuan Malaya Glass Co Ltd

Sichuan Public Trusted Accountant Office Ltd

Subsidiary Companies of Centrepoint Properties Group

LCR Developments Ltd

Elliotts, Registered Auditors

Fraser Residences Ltd

KPMG, London

Wandsworth Riverside Quarter Ltd (&)

KPMG, London

Fairpoint Properties (Vincent Square) Ltd (&&)

KPMG, London

Fraser Serviced Residences Philippines, Inc

Punongbayan & Araullo

Subsidiary Companies of Times Publishing Group

Marshall Cavendish Corporation

Marks Paneth & Shron LLP, CPA

Everbest Printing Holdings Ltd

Tony Kwok Tung Ng & Co., CPA

Everbest Printing Investment Ltd

Tony Kwok Tung Ng & Co., CPA

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2004

42. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

Subsidiary Companies of Times Publishing Group (continued)

Everbest Printing Company Ltd
 Everbest Printing (Panyu Nansha) Co. Ltd
 Liaoning Times Xinhua Printers Ltd
 Times Publications Design and Production (Beijing) Co., Ltd
 Shenyang Times Packaging Printing Co Ltd (1) (&&)

Name of auditors

Tony Kwok Tung Ng & Co., CPA
 Guangzhou Yeqin Certified Public Accountants Co, Ltd
 Yuehua Certified Public Accountants Co., Ltd
 Beijing Jindu CPAs Co., Ltd
 Yuehua Certified Public Accountants Co., Ltd

Subsidiary Companies of Asia Pacific Breweries Group

Asia Pacific Breweries (India) Private Ltd
 Cambodia Brewery Ltd
 South Pacific Brewery Ltd
 Tiger Beer USA Inc

Sushmita Chowdhury & Co
 PricewaterhouseCoopers
 Deloitte & Touche
 Metis Group CPA's LLC

*** Not required to be audited under the laws of the country of incorporation

A special purpose company held by Trustee

Audited by other auditors

&& It was an associated/joint venture company in the previous financial year.

&&& These companies were 100% owned by the Company in the previous financial year.

(1) Accounting year ends on 31 December

(2) Accounting year ends on 31 March

(3) Accounting year ends on 30 November

(4) Accounting year ends on 31 January

PARTICULARS OF GROUP PROPERTIES

The main properties as at 30 September 2004 and their net book values are indicated below :

("F&N" refers to Fraser and Neave Group, "APBL" refers to Asia Pacific Breweries Group, "CPL" refers to Centrepont Properties Group and "TPL" refers to Times Publishing Group)

(A) CLASSIFIED AS GROUP FIXED ASSETS

(Note 14 to the Financial Statements)

	Land (\$'000)	Building (\$'000)
FREEHOLD		
Singapore		
F&N - Other properties	45	-
TPL - 1.1 hectares industrial property at Times Centre, 1 New Industrial Road	6,100	6,021
APBL - Other properties	768	263
Peninsular Malaysia		
F&N - 18.0 hectares industrial property at Lion Industrial Park, Shah Alam	21,597	27,529
- 1.6 hectares industrial property at Jln Foss, Kuala Lumpur	9,696	1,494
- 1.0 hectare industrial property at Jln Yew and Jln Chan Sow Lin, Kuala Lumpur	5,170	84
- 2.1 hectares industrial property at 3724 to 3726 Sungei Nyior, Butterworth	2,099	1,137
- 2.7 hectares industrial property at Jln Lahat, Ipoh	1,252	1,203
- 0.5 hectare industrial property at 79 & 81 Jln Tun Perak, Ipoh	161	-
- 1.0 hectare industrial property at Jln Bkt Gedong, Malacca	253	-
- 2.2 hectares industrial property at Jln Tampoi, Johor Bahru	3,423	92
- 5.8 hectares industrial property at Tampoi, Johor Bahru	2,340	3,120
- 0.6 hectare industrial property at Jln Liat, Seremban	1,525	135
- 0.6 hectare industrial property at Jln Tampoi, Johor Bahru	467	1,904
- Other properties	45	-
TPL - Residential property at Ria Apartments 18/A5, Genting Highlands	-	150
- 0.1 hectare commercial property at No. 43 Jalan Nilam 1/2, Subang Square, Subang Hi-Tech Industrial Park, Batu Tiga, Shah Alam	84	82
- 1.0 hectare industrial property at Lot 46 Subang Hi-Tech Industrial Park, Batu Tiga, Shah Alam	1,712	3,595
- 0.1 hectare commercial property at 59/61 Jalan Nilam 1/2, Subang Square, Subang Hi-Tech Industrial Park, Batu Tiga, Shah Alam	659	208
Papua New Guinea		
APBL - 0.5 hectare industrial property at Port Moresby	68	-
New Zealand		
APBL - 17.4 hectares industrial property for Waitemata Brewery site at Auckland	7,595	38,001
- 9.1 hectares industrial property for Mainland Brewery at Timaru	313	4,402
Australia		
TPL - 0.2 hectare commercial property at Units 7 & 8 Monash Business Park, 29 Business Park Drive, Nottinghill, Melbourne - Victoria	922	504
- 1.7 hectares industrial property at 1 Diamond Drive, Sunshine - Victoria	1,283	8,408
United States of America		
TPL - 0.4 hectare commercial property at 99 White Plains Road, Tarrytown, New York	845	4,658
Total Freehold	68,422	102,990

PARTICULARS OF GROUP PROPERTIES

(A) CLASSIFIED AS GROUP FIXED ASSETS (continued)

(Note 14 to the Financial Statements)

		Land (\$'000)	Building (\$'000)
LEASEHOLD			
Singapore			
F&N	- 4.0 hectares industrial property at 214 Pandan Loop (Lease expires year 2010)	-	16,725
	- Other properties	2,186	173
APBL	- 8.8 hectares industrial property at Jurong (Lease expires year 2046)	-	41,195
	- Other properties	2,370	644
TPL	- Commercial property at Unit #04-08/11 Centrepoint (Lease expires year 2078)	-	741
	- 1.8 hectares industrial property at 16 & 18 Tuas Avenue 5 (Lease expires year 2043)	-	16,584
Peninsular Malaysia			
F&N	- 3.6 hectares industrial property at 70 Jln University, Petaling Jaya (Lease expires year 2058)	9,304	7,835
	- 1.6 hectares industrial property at 16 Jln Bersatu 13/4, Petaling Jaya (Lease expires year 2058)	4,904	2,261
	- 1.9 hectares industrial property at Lot 5, Jalan Kilang, 460500 Petaling Jaya, State 3136 (Lease expires year 2058)	3,171	1,927
	- Other properties	852	1,022
East Malaysia			
F&N	- 1.8 hectares industrial property at Penrissen Road, Kuching (Lease expires year 2038)	801	1,446
	- 2.6 hectares industrial property at Tuaran Road, Kota Kinabalu (Lease expires year 2062)	1,423	851
Cambodia			
APBL	- 11.3 hectares industrial property at Kandal Province (Land rights expires year 2065 - lease payable yearly)	-	17,398
Vietnam			
F&N	- 3.4 hectares industrial property at Ton That Thuyet, Vietnam (Lease expires year 2005)	703	5,070
	- 6.0 hectares industrial property at VSIP, Thuan An District, Binh Duong Province (Lease expires year 2045)	6,362	6,999
APBL	- 12.0 hectares industrial property at Ho Chi Minh City (Lease expires year 2021)	1,907	18,630
	- 30.0 hectares industrial property at Van Tao Village - Hatay Province (Lease expires year 2046)	-	21,922
Thailand			
F&N	- 0.9 hectare industrial property at No. 19/111 Moo 7 Thakarm Road, Samaedam, Bangkhuntien, Bangkok 10150 (Lease expires year 2029)	575	2,588

PARTICULARS OF GROUP PROPERTIES

(A) CLASSIFIED AS GROUP FIXED ASSETS (continued)

(Note 14 to the Financial Statements)

	Land (\$'000)	Building (\$'000)
LEASEHOLD (continued)		
Thailand (continued)		
TPL - Warehouse at Wat Kok #20/526-527, Thonbun Partok Road, Bangkok (Lease expires year 2021)	-	51
Myanmar		
F&N - 5.0 hectares industrial property at Mingaladon Township, Yangon (Lease expires year 2023)	2,337	12,836
China/Hong Kong		
F&N - Residential property at Liu Shu Town, SheHong Country, Sichuan Province, China (Lease expires year 2058)	-	51
APBL - 20.0 hectares industrial property at Haikou, Hainan, China (Lease expires year 2065)	11,000	32,438
- 11.0 hectares industrial property at Shanghai, China (Lease expires year 2038)	11,637	17,894
TPL - Residential property at Unite 1AF Riverside Garden, Shenyang, China	-	216
- Residential property at Vanke Garden, Shenyang, China	-	108
- 0.4 hectare industrial property at 13A Xingshun Street, Tiexi District, Shenyang, China (Lease expires year 2009)	125	877
- Warehouse at Unit D, 2nd Floor, Freder Centre, 68 Sung Wong Toi Road, Tokwawan, Kowloon, Hong Kong (Lease expires year 2022)	-	145
- Industrial property at Dachong Western Industrial District Nansha Panyu, Guangdong, China (Lease expires year 2044)	1,585	8,833
- Industrial property at Unit A1,C5, Ko Fai Industrial Building 7 Ko Fai Road, Yau Tong, Kowloon, Hong Kong	-	794
- 1.9 hectares commercial property at 18 Jianshe Zhong Road, China	3,708	2,972
Papua New Guinea		
APBL - 2.2 hectares industrial property at Port Moresby (Lease expires year 2067)	1,554	8,557
- 7.7 hectares industrial property at Lae and Goroka (Lease expires year 2057 and year 2067)	617	344
- 1.0 hectare residential properties (Lease expires year 2057 and year 2071)	335	478
Total Leasehold	<u>67,456</u>	<u>250,605</u>
TOTAL PROPERTIES (CLASSIFIED AS GROUP FIXED ASSETS)	<u>135,878</u>	<u>353,595</u>

PARTICULARS OF GROUP PROPERTIES

(B) CLASSIFIED AS GROUP INVESTMENT PROPERTIES

(Note 15 to the Financial Statements)

		Land (\$'000)	Building (\$'000)
Singapore			
CPL	- A 24-storey office building at 438 Alexandra Road Freehold, lettable area - 18,565 sqm	79,040	54,860
	- 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	369,830	94,491
	- 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 - 10,554 sqm	84,000	32,100
	- 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 - 6,592 sqm	20,840	22,160
	- Two 8-storey high-tech industrial buildings with basement carpark at 438A and 438B Alexandra Road Freehold, lettable area - 96,989 sqm	203,410	165,690
	- 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 <u>23,361</u> sqm	110,460	68,440
	- 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 - 39,478 sqm	359,920	137,250
	- Other properties	357	93
	- 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 3,700 sqm Serviced apartments 20,232 sqm Office <u>16,931</u> sqm Total <u>40,863</u> sqm	198,540	132,590
Peninsular Malaysia			
CPL	- Freehold land at Jalan Pasir Puteh, Kota Bahru	238	-
Vietnam			
CPL	- 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 2035), lettable area - 17,864 sqm	3,416	38,862

PARTICULARS OF GROUP PROPERTIES**(B) CLASSIFIED AS GROUP INVESTMENT PROPERTIES (continued)**

(Note 15 to the Financial Statements)

		Land (\$'000)	Building (\$'000)
Hong Kong			
TPL	- Shop unit at Houston Centre, Tsimshatsui East, Kowloon Leasehold (Lease expires year 2053), lettable area - 68 sqm	-	433
	- Office unit at Hunghom Commercial Centre, Hunghom, Kowloon Leasehold (Lease expires year 2047), lettable area - 194 sqm	-	564
	- Offices at Seaview Estate - 10th Floor Block C, No. 2-8 Watson Road, North Point, Hong Kong (Lease expires year 2056), lettable area - 1,052 sqm	-	2,903
	- Offices at Seaview Estate - 9th Floor Block C, No. 2-8 Watson Road, North Point, Hong Kong (Lease expires year 2056), lettable area - 1,052 sqm	-	2,816
Australia			
CPL	- Bridgepoint Shopping Centre and Viewpoint Apartments, Mosman, Sydney Freehold, lettable area - 6,732 sqm	10,578	19,205
TPL	- Office/warehouse unit at 19 Rodborough Road, French Forrest, Sydney Freehold, lettable area - 3,620 sqm	1,814	5,200
United States of America			
TPL	- Offices at 333 Post Road, Westport Freehold, lettable area - 16,500 sqm	301	7,031
TOTAL PROPERTIES (CLASSIFIED AS INVESTMENT PROPERTIES)		1,442,744	784,688

(C) CLASSIFIED AS PROPERTIES HELD FOR SALES

(Note 24 to the Financial Statements)

		Effective Group interest %
Singapore		
CPL	- The Petals 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

PARTICULARS OF GROUP PROPERTIES

(C) CLASSIFIED AS PROPERTIES HELD FOR SALES (continued)

(Note 24 to the Financial Statements)

		Effective Group interest
		%
Singapore (continued)		
-	Camelot Leasehold land of approximately 10,607 square metres situated at Tanjong Rhu. The development has a gross floor area of 29,700 sqm and consists of 99 condominium units.	100
-	Holt Residences Freehold land of approximately 3,432.3 square metres situated at No.5 Holt Road. The development has a gross floor area of 9,610 sqm and consists of 46 condominium units.	100
-	Seletaris Freehold land of approximately 35,745.1 square metres situated at Sembawang. The development has a gross floor area of 50,039 sqm and consists of 328 condominium units.	100
-	Rosewood Leasehold land of approximately 24,793.9 square metres situated at Woodland Avenue 1. The development has a gross floor area of 52,085 sqm and consists of 437 condominium units.	100
Australia		
CPL	- Pavilions on the Bay Freehold land of approximately 8,647 square metres situated at Glebe Point, Sydney. The development has a gross floor area of 7,976 sqm and consists of 46 condominium units.	75
	- 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
United Kingdom		
CPL	- Wandsworth Riverside Quarter Freehold land of approximately 39,600 square metres situated at south bank of River Thames. The development has a gross floor area of 57,897 sqm and consists of 422 condominium units.	49

PARTICULARS OF GROUP PROPERTIES

(D) CLASSIFIED AS PROPERTIES UNDER DEVELOPMENT

(Note 16 to the Financial Statements)

Details of the properties under development are included in Note 16 to the Financial Statements. Additional information as follows :

	Stage of Completion	Estimated Date of Completion
Singapore		
CPL - Cote d'Azur	100%	4 th Quarter 2004
- Lakeholmz	95%	2 nd Quarter 2005
- Ris Grandeur	61%	3 rd Quarter 2005
- Pasir Panjang Site	25%	4 th Quarter 2005
- Holland Vale Site	15%	4 th Quarter 2005
- Jalan Ulu Sembawang Site	-	3 rd Quarter 2006
- Quintet	26%	4 th Quarter 2006
- Mount Sophia Site	8%	1 st Quarter 2007
- Paya Lebar Crescent Site	-	1 st Quarter 2007
- Hindhede Road Site	-	2 nd Quarter 2008
- Jervois Road Site	-	4 th Quarter 2008
Malaysia		
F&N - Fraser Park	15%	1 st Quarter 2008
Vietnam		
CPL - Nguyen Sieu Street Site	-	1 st Quarter 2007
Australia		
CPL - Former Regent Theatre Site	6%	4 th Quarter 2007
China		
CPL - Jingan Four Seasons (Wu Jiang Lu Site)	14%	3 rd Quarter 2006
- Song Jiang Site	2%	1 st Quarter 2009
New Zealand		
CPL - Broadview Queenstown Site	-	-
United Kingdom		
CPL - Wandsworth Riverside Quarter	41%	2 nd Quarter 2007
- Vincent Square	18%	1 st Quarter 2006