



FRASER AND NEAVE, LIMITED

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

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 Financial Statements and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the year ended 30 September 2006:

1. GROUP PROFIT STATEMENT

	Group		Change %
	30/9/2006 \$'000	30/9/2005 (Restated) \$'000	
Revenue	3,795,559	3,487,994	8.8
Cost of sales	(2,555,831)	(2,397,928)	6.6
Gross profit	1,239,728	1,090,066	13.7
Operating expenses			
- Distribution	(144,738)	(127,102)	13.9
- Marketing	(298,031)	(291,319)	2.3
- Administration	(233,798)	(200,659)	16.5
	(676,567)	(619,080)	9.3
Trading profit	563,161	470,986	19.6
Share of joint venture companies' profits	16,065	19,187	(16.3)
Share of associated companies' profits	12,325	26,953	(54.3)
Gross income from investments	12,028	7,463	61.2
Profit before interest, taxation and exceptional items	603,579	524,589	15.1
Interest income	23,312	20,104	
Interest expense	(83,663)	(61,043)	
Net interest expense	(60,351)	(40,939)	47.4
Profit before taxation and exceptional items	543,228	483,650	12.3
Exceptional items	34,016	29,304	16.1
Profit before taxation	577,244	512,954	12.5
Taxation	(145,216)	(137,354)	5.7
Profit after taxation	432,028	375,600	15.0
Attributable profit to:			
Shareholders of the Company			
- Before exceptional items	295,414	270,968	9.0
- Exceptional items	24,111	24,685	(2.3)
	319,525	295,653	8.1
Minority interests	112,503	79,947	40.7
	432,028	375,600	15.0

NM - Not meaningful

2. RATIOS

	Group	
	30/9/2006	30/9/2005 (Restated)
Profit before interest, taxation and exceptional items as a percentage of revenue	15.9%	15.0%
Earnings per ordinary share based on weighted average share capital		
- before exceptional items	25.3 cents	23.3 cents
- after exceptional items	27.3 cents	25.4 cents
Earnings per ordinary share on a fully diluted basis		
- before exceptional items	25.0 cents	23.1 cents
- after exceptional items	27.1 cents	25.2 cents
Net asset value per ordinary share	\$3.07	\$2.65

Sub-division of ordinary share

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

The computation of earnings per ordinary share, net asset value per ordinary share and dividend per share in this circular is based on the number of sub-divided shares as if the sub-division had taken place.

3. EXCEPTIONAL ITEMS

	Group	
	30/9/2006	30/9/2005 (Restated)
	\$'000	\$'000
Gain on disposal of portfolio investments	967	11,457
Gain on change in interest in subsidiary and associated companies	7,615	19,017
Gain on disposal of properties	16,483	455
Write back of impairment on properties	14,922	-
Re-organisation costs of operations	(4,536)	(256)
Share of exceptional items of joint venture and associated companies	55	1,659
Provision for professional fee	(442)	(3,028)
Donation to APB Foundation	(1,048)	-
	<u>34,016</u>	<u>29,304</u>

4. SEGMENTAL RESULTS

<u>Group revenue and profit analysis</u>	Group	
	30/9/2006 \$'000	30/9/2005 (Restated) \$'000
Revenue		
By Business Activity		
Soft drinks	419,677	439,878
Dairies	415,383	406,334
Breweries	983,868	919,340
Printing & publishing	490,699	480,561
Glass containers	117,176	105,118
Investment property	202,767	190,933
Development property	1,127,480	923,757
REIT	17,392	-
Corporate office	21,117	22,073
	<u>3,795,559</u>	<u>3,487,994</u>
By Territory		
Singapore	1,479,671	1,414,364
Malaysia	792,889	801,995
Rest of South East Asia	408,498	358,575
North East Asia	434,499	348,249
South Asia	10,390	1,203
South Pacific	451,135	417,856
Europe/USA	218,477	145,752
	<u>3,795,559</u>	<u>3,487,994</u>
<u>Profit before interest, taxation and exceptional items</u>		
By Business Activity		
Soft drinks	43,384	50,598
Dairies	17,479	16,748
Breweries	155,531	132,798
Printing & publishing	22,376	35,514
Glass containers	11,482	6,417
Investment property	115,678	112,106
Development property	224,704	155,588
REIT	10,515	-
Investment income	12,028	7,463
Corporate office	(9,598)	7,357
	<u>603,579</u>	<u>524,589</u>
By Territory		
Singapore	244,410	212,166
Malaysia	87,001	89,574
Rest of South East Asia	106,035	83,875
North East Asia	70,489	59,922
South Asia	(816)	311
South Pacific	60,296	59,587
Europe/USA	36,164	19,154
	<u>603,579</u>	<u>524,589</u>
<u>Attributable Profit</u>		
By Business Activity		
Soft drinks	17,318	21,447
Dairies	5,624	3,709
Breweries	58,036	50,247
Printing & publishing	15,865	25,436
Glass containers	4,570	2,206
Investment property	77,561	80,778
Development property	146,195	103,856
REIT	3,227	-
Investment income	10,372	5,875
Corporate office	(43,354)	(22,586)
	<u>295,414</u>	<u>270,968</u>
Exceptional items	24,111	24,685
	<u>319,525</u>	<u>295,653</u>

5. BALANCE SHEET

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

6. GROUP CASH FLOW STATEMENTS	30/9/2006	30/9/2005 (Restated)
	\$'000	\$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation and exceptional items	543,228	483,650
Adjustment for non-cash items	179,711	129,044
Changes in working capital	(63,015)	(184,944)
Income taxes paid	(102,104)	(92,683)
Adjustment for development properties profit	(247,943)	(151,569)
Progress payment received/receivable on properties developed for sale and properties held for sale	1,114,092	1,017,407
Development properties expenditure	(1,158,416)	(891,307)
Net cash from operating activities	<u>265,553</u>	<u>309,598</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income	24,768	19,982
Proceeds from return of capital from joint venture and associated companies	-	62
Proceeds from disposal of other assets	31,872	26,165
Proceeds from disposal of business/subsidiary companies	1,390	1,251
Acquisition of assets and investments	(656,290)	(268,770)
Acquisition of minority interests of subsidiary companies	(1,845)	(15,802)
Acquisition of subsidiary companies	(39,750)	(81,128)
Repayment of trade advances	(1,002)	(1,064)
Net cash used in investing activities	<u>(640,857)</u>	<u>(319,304)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from term loans and bank borrowings	481,487	94,456
Placement of fixed deposits pledged	(6,082)	-
Payment of equity's listing expenses	(14,532)	-
Loan from/(to) minority interests	1,656	(37)
Transfer from secured bank deposits	4,600	153,287
Proceeds from issues of shares	360,372	19,413
Payment of dividends	(185,666)	(184,584)
Net cash from financing activities	<u>641,835</u>	<u>82,535</u>
Net increase in cash	266,531	72,829
Cash and cash equivalents at beginning of year	567,849	491,706
Effects of exchange rate changes on cash and cash equivalents	(17,644)	3,314
Cash and cash equivalents at end of the year	<u>816,736</u>	<u>567,849</u>
Cash and cash equivalents at end of year comprise:		
- Cash and bank deposits	834,891	572,767
- Bank overdrafts	(12,073)	(4,918)
	<u>822,818</u>	<u>567,849</u>
Less: Fixed deposits pledged	(6,082)	-
	<u>816,736</u>	<u>567,849</u>
Analysis of acquisition and disposal of subsidiary companies and business		
Net assets acquired:		
Fixed assets	9,540	18,740
Development properties	-	122,197
Investment properties	-	108,833
Other non-current assets	8,160	16,393
Current assets	24,812	143,792
Current liabilities	(6,528)	(39,749)
Non-current liabilities	(284)	(119,015)
Minority interests	(489)	(124,276)
Cash	4,715	62,984
	<u>39,926</u>	<u>189,899</u>
Cost of investment as a joint venture company	-	(37,290)
Goodwill on acquisition (net)	4,539	(4,336)
Consideration paid	44,465	148,273
Add: Loan on acquisition	-	(4,161)
	<u>44,465</u>	<u>144,112</u>
Less: Cash of subsidiary companies	(4,715)	(62,984)
Cash flow on acquisition net of cash and cash equivalents acquired	<u>39,750</u>	<u>81,128</u>

6. GROUP CASH FLOW STATEMENTS (cont'd)

	30/9/2006	30/9/2005 (Restated)
	\$'000	\$'000
Net assets disposed of:		
Fixed assets	(154)	-
Current assets	(1,792)	(2,681)
Current liabilities	264	16
Minority interests	-	1,522
Cash	-	(3,896)
Translation difference	-	589
Loss/(Gain) on disposal	292	(697)
Consideration received	(1,390)	(5,147)
Less: Cash of subsidiary companies	-	3,896
Cash flow on disposal net of cash and cash equivalent disposed	(1,390)	(1,251)

7. STATEMENT OF CHANGES IN EQUITY

	Group		Company	
	30/9/2006	30/9/2005 (Restated)	30/9/2006	30/9/2005 (Restated)
	\$'000	\$'000	\$'000	\$'000
Issued Capital				
Balance at beginning of year	233,359	232,008	233,359	232,008
Issued upon exercise of share options	8,865	1,351	8,865	1,351
Transfer from share premium and capital redemption reserve	158,747	-	158,747	-
Balance at end of year	400,971	233,359	400,971	233,359
Share Premium				
Balance at beginning of year	152,223	143,598	152,223	143,598
Increase upon exercise of share options	3,296	8,625	3,296	8,625
Transfer to share capital	(155,519)	-	(155,519)	-
Balance at end of year	-	152,223	-	152,223
Reserves				
Balance at beginning of year as previously stated	2,711,306	2,550,594	2,355,651	2,378,385
Effect of adopting FRS 102	(249)	-	3,262	1,073
Effect of adopting FRS 39	5,774	-	2,072	-
Attributable profit for the year	319,525	295,653	88,473	104,236
Revaluation surplus reversed on transfer of investment properties to fixed assets	-	(1,467)	-	-
Revaluation surplus/(deficit) on properties	326,600	(28,365)	-	-
Revaluation surplus on investment and properties for sale realised	(3,046)	(57)	-	-
Share of joint venture and associated companies' reserves	4,123	(2,213)	-	-
Deferred taxation on revaluation of assets	(1,818)	(3,448)	-	-
Transfer to share capital	(3,228)	-	(3,228)	-
Net fair value changes on available-for-sale financial assets	52,321	-	(141)	-
Employee share-based expense	5,748	3,598	5,103	3,119
Issue of shares in the Company upon exercise of share options	(1,211)	-	(1,211)	-
Equity issue expenses	(7,412)	-	-	-
Adjustment to reserves due to changes in minority interests	(357)	28	-	-
Currency translation difference	(79,906)	24,634	-	-
Dividend payment	(128,661)	(127,900)	(128,661)	(127,900)
Balance at end of year	3,199,509	2,711,057	2,321,320	2,358,913
Total Shareholders' Equity	3,600,480	3,096,639	2,722,291	2,744,495

8. CHANGE IN ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements, except for the following:

- (a) Following a clarification on 27 April 2006 by the issue of Practice Direction No. 4 of 2006 by the authorities of the requirement to prepare accounts under Section 201 (1A), (3) and (3A) of the Companies Act ("Act"), the Group reviewed its investments in subsidiary companies. It has been decided that investments that fall under the definition in Section 5 of the Act as subsidiary companies but not Financial Reporting Standard ("FRS") 27 will be proportionately consolidated, or equity accounted in the consolidated financial statements of the Group in accordance with FRS 28 or 31 as appropriate. The accounts of subsidiary companies which also meet the definition in FRS 27 will be consolidated.

The adoption of proportionate consolidation as a policy has resulted in the Group's joint venture companies, previously equity accounted, now being proportionately consolidated. The change in policy is applied retrospectively.

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

- (b) The new FRS that are mandatory to the Group for the financial year beginning on 1 October 2005 are:

FRS	39	Financial Instruments: Recognition and Measurement
FRS	102	Share-based Payment

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

FRS 39

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

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

FRS 102

In accordance with FRS 102, the adoption of the new standard will be recorded retrospectively and applied to share options granted after 22 November 2002 and not vested by 1 October 2005. Consequently, the Group's opening reserves have been restated to take into account a cumulative charge of \$5.7 million to revenue reserve and a credit of \$5.4 million to employee share option reserve up to 30 September 2005. The charge to Group attributable profit to the shareholders of the Company for the year is \$8.4 million (last year: \$3.8 million) and credit to employee share option reserve is \$4.5 million (last year: \$3.6 million).

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

In addition to the adoption of the above mentioned FRS, the Group adopted other revisions in FRS from 1 October 2005. These do not have a material financial impact on the Group's results.

9. PRINCIPAL ACTIVITIES OF THE COMPANY AND THE GROUP

The principal activities of the Company are investment holding and the provision of management and administrative services to its subsidiary, joint venture and associated companies.

The principal activities of the Group are:

- (i) production and sale of soft drinks, beer, stout, dairy products and glass containers.
- (ii) development of and investment in property, REIT, and
- (iii) printing, publishing and the provision of education services.

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

10. REVIEW OF PERFORMANCE

Group Profit Statement - Financial Year ended 30 September 2006

Profit attributable to shareholders of the Company before exceptional items for the year ended 30 September 2006 was \$295.4 million, an increase of 9% over the previous year. Earnings per share was 25.3 cents. Profit before interest and tax ("PBIT") increased by 15% to \$603.6 million from revenue growth of 9% to \$3.8 billion.

Soft Drinks

Soft Drinks revenue decreased 5% over last year due to weak consumer sentiment arising from higher fuel prices and cost of living. Selling prices were raised from the 2nd half of last year but this could not fully offset the higher distribution costs, and PBIT was lower by 14%.

Dairies

Revenue from Dairies grew marginally by 2%. In Singapore, despite a 3% increase in sales, PBIT was 3% behind last year due to high raw material prices and marketing costs. In Malaysia, revenue and PBIT grew by 1% and 6% respectively due to higher export sales of canned milk and price increase. PBIT in Thailand was 59% lower than the previous year despite higher sales due to higher costs (mainly raw materials, distribution and utilities) and disruptions caused by a warehouse roof collapse.

Glass Containers

Glass Containers registered revenue and PBIT growth of 11% and 79% respectively. All operating units performed better than last year except for KL Glass where the conversion to natural gas during the 1st quarter of the year and aged machineries interrupted production. The Sichuan glass plant registered a profit before interest and tax, compared to the previous year's loss.

Breweries

The Breweries continued with its regional expansion during the year from 24 breweries last year to 29 operational breweries this year. Revenue and PBIT grew 7% and 17% respectively. A one-off cancellation of prior years' royalty fee, following agreement reached on royalty rates in Vietnam, has boosted PBIT.

In Singapore PBIT was maintained as sales growth, mainly from exports and contract brew, was offset by higher marketing costs. In Malaysia, PBIT declined by 5% due to lower sales and higher marketing costs. PBIT in Papua New Guinea grew strongly by 28% on the back of volume growth and price increase.

In New Zealand, decline in sales, aggressive price competition and a weaker NZ dollar led to a drop of 10% in PBIT. Sales in Indochina grew robustly and PBIT rose 6% (excluding the one-off benefit of cancellation of prior years' royalty fee). Very strong 30% growth in sales in China turned the operations into positive PBIT for the year compared to a loss a year ago. In Thailand, PBIT declined by 48% due to higher expenses to build the *Cheers* brand. Gestation losses incurred by the new markets of Sri Lanka, Mongolia and India were \$3.5 million.

Printing and Publishing

Revenue from Publishing and Printing increased by 2% from new sources of revenue from recently acquired businesses but PBIT fell 37%. In Publishing, PBIT was maintained as profit contribution from new businesses (Panpac Education and ETL Group) was offset by lower carry over sales of partworks in the UK. PBIT for Printing was significantly lower as a result of higher materials and production costs and the adverse impact of poor sales mix in Australia.

Development Property

Revenue from Development Property surged 22% over last year from improved sales of completed-unit inventories, progressive revenue recognition from projects under construction and contribution of overseas projects. PBIT was up 44%.

In Singapore, the number of residential units sold was about that of last year. Frasers Centrepoint Limited ("FCL") launched 6 new residential development projects during the year; The Raintree (315 units), One Leicester (194 units), One Jervois (275 units), Infiniti (315 units), The Sensoria (73 units) and One St Michaels (131 units). A total of 10 projects are under construction in Singapore. FCL acquired 5 sites to replenish its development land bank in Singapore: St Thomas Walk, West Coast Road, Sinaran Drive, Far East Mansion and Bedok Reservoir (in joint venture with another developer).

Overseas, in the UK, Australia, New Zealand, the PRC and Thailand, sales and contribution of our residential projects are progressing as planned. These projects include Wandsworth Riverside Quarter and Vincent Square in the UK, The Lumiere at Regent Place in Sydney, the 700-residence Papamoa Gateway project in New Zealand, JingAn Four Seasons in Shanghai (phase 2 was successfully launched in July 2006 with all 192 units sold) and the Pano in Bangkok (a joint venture with 33% owned Kland). Other projects in the planning stage are in Song Jiang (Shanghai), Beijing and Hainan. Development land acquired overseas includes 4 adjoining parcels of land in Perth, and three properties in Sydney in Camperdown's City Quarter, Lorne Avenue and the "Parramatta Business Park".

Real Estate Investment Trust ("REIT")

During the year, the Group reached a milestone in implementing its asset light strategy. It transferred 3 of its retail malls, namely Causeway Point, Northpoint and Anchorpoint, into Frasers Centrepoint Trust ("FCT"), and listed the REIT on the SGX in July 2006. FCT reported revenue of \$17.4 million, PBIT of \$10.5 million and distribution income of \$8.9 million for the 3 months under review which are respectively 2%, 5% and 7% better than the IPO forecast. FCT will be the vehicle through which the Group will participate in retail mall investments in future.

Investment Property

FCT's results are reported under the REIT segment above. If added back, revenue increased by 15% over last year from rental income of basement 1 Northpoint (acquired at the beginning of the financial year), FPCL and management income and improved rental rates from Frasers Hospitality. Similarly, PBIT rose 13%.

The Group's retail malls maintained their high occupancies throughout the year, with an average well above 90% while average rentals also improved over last year. Occupancy at the office and industrial properties improved over last year but the average rental rate was marginally lower reflecting the weaker office rental market conditions then prevailing. The Group has acquired a piece of State land to build an extension to Northpoint and this is expected to be completed by the last quarter of 2008. The Group has also entered into a joint venture to develop a logistics park in Chengdu, China.

For the Hospitality business, 3 management contracts secured in the previous financial year commenced operations; in Seoul, Shenzhen and Bangkok. During the year, Frasers Hospitality secured 2 MOUs (Hong Kong and Bangkok) and 6 new management contracts (Kuwait, Nanjing, Tokyo and Shanghai and 2 in Bangkok) bringing to about 2,800 the number of units expected to be operational by September 2007.

Taxation

The lower effective tax rate of the Group of 25.2% (2005: 26.8%) is due to the write back of over provision of both current and deferred tax relating to prior years.

Group Balance Sheet

The Group

Investment properties, which are carried at directors' valuation, increased as a result of the appreciation in value of the Group's retail malls and office properties and the purchase of the basement level 1 of Northpoint. Properties under development were increased by the purchase of sites to build up the inventories of development land, construction progress and the acquisition of the Northpoint extension site. During the year the Group expanded its investments in associated company and acquired interests in Krungthep Land PCL of Thailand and additional interest in Fung Choi Media Group. Goodwill paid by Asia Pacific Breweries for the breweries acquired in Vietnam and India, for new businesses by Times Publishing increased intangible assets. The improved sales of completed units have lower the inventory of properties held for sale and the reduction in trade debtors was due to the collection of the final instalment upon the issue of CSC and strata subdivision for Cote d'Azur. Other investments increased as a result of additional investment in Vinamilk. Fixed deposits increased as a result of progress payments received from JingAn project in Shanghai and development properties in Singapore.

The changes in Group and Company share capital and reserves are detailed in the statement of changes in equity.

The Company

Investments in subsidiary company decreased as a result of the redemption of preference shares by Frasers Centrepoint Limited. Receivable from subsidiary companies increased due to advances to them for investments. These, as well as the acquisition of additional shares in Asia Pacific Breweries Limited and dividend payment to shareholders, were funded by borrowings.

Group Cash Flow Statement

The cash inflows and outflows are detailed in the Group Cash Flow Statement. Cash inflows from operations, increase in borrowings and IPO proceeds of FCT were utilized for investing activities and payment of dividends. The net increase in cash and cash equivalent is \$266.5 million.

11. OUTLOOK

Barring unforeseen circumstances, the Group is positive on the outlook for the next 12 months, with underlying profit (before exceptional items) expected to further improve.

12. DIVIDEND/NOTICE OF ANNUAL GENERAL MEETING

- (a) The Directors propose, subject to shareholders' approval at the Annual General Meeting to be held on 25 January 2007, a final dividend of 8 cents per share, (comprising 5 cents after deduction of Singapore tax at 20% and 3 cents 1-tier tax exempt) (last year: 7 cents), to be paid on 14 February 2007. Taken with the interim dividend of 4 cents per share (last year: 4 cents per share) this will give a total distribution for the year of 12 cents (comprising 9 cents net of tax and 3 cents 1-tier tax exempt)(last year: 11 cents per share net of tax).

Note: As explained in paragraph 2, each ordinary share was sub-divided into 5 ordinary shares on 4 July 2006. The calculation of dividend per share is based on the sub-divided shares as if the sub-division had taken place.

- (b) Registrable transfers received by the Company's Registrar, Tricor Barbinder share Registration Services, 8 Cross Street #11-00 PWC Building, Singapore 048424 up to 5.00pm on 2 February 2007 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed on 5 February 2007 and 6 February 2007 for preparation of dividend warrants.
- (c) Notice is hereby given that the Annual General Meeting of the Company will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on Thursday 25 January 2007 at 10.00 am.

BY ORDER OF THE BOARD
Anthony Cheong Fook Seng
Group Company Secretary

10 November 2006