



*RM42 million 3-in-1 monoblock production line at Shah Alam plant*

Leveraging on innovation and technology, operations have also been enhanced with the implementation of various initiatives, including the launch of a new RM42 million 3-in-1 monoblock production line, the first of its kind in the Asia Pacific region, at the Shah Alam manufacturing facility. The state of the art line is expected to boost the division's PET output by 30 per cent, making it one of the fastest production lines in the region. 100PLUS was launched in Thailand during the year under review. The division also begun exporting to Brunei and is currently exploring and preparing for expansion into other parts of the world.

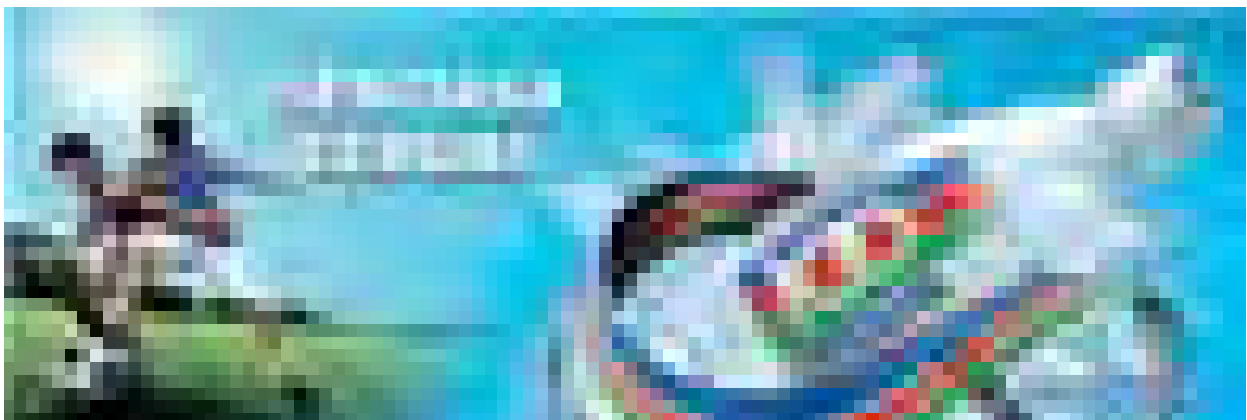
## BRAND ACTIVITIES

To enhance and strengthen market share, various marketing events were initiated for the key brands in the division's product portfolio.

### 100PLUS

As a major player in the isotonic drinks segment, the brand received a tremendous boost with the **100PLUS New Thematic Launch in July 2011**. This positions 100PLUS as energetic, youthful and more approachable to the masses. The key message "100PLUS rehydrates, refreshes and re-energises you to keep you moving" was communicated via 20- and 30-second television commercials as well as billboard advertising.

100PLUS became the first FMCG brand to feature the Malaysia Harimau Muda football team in its Ramadan television commercial which was aired during the month of August 2011. The commercial encouraged Muslim consumers to rehydrate and re-energise themselves with 100PLUS during the fasting month.



100PLUS also made its presence felt during the Piala Malaysia Finals 2011, the country's most prestigious football tournament, by sending a hundred of the Group's employees to witness their favourite team in action. Dressed in striking 100PLUS attire, they stood out in the 80,000-strong crowd at Bukit Jalil Stadium, creating a media buzz.

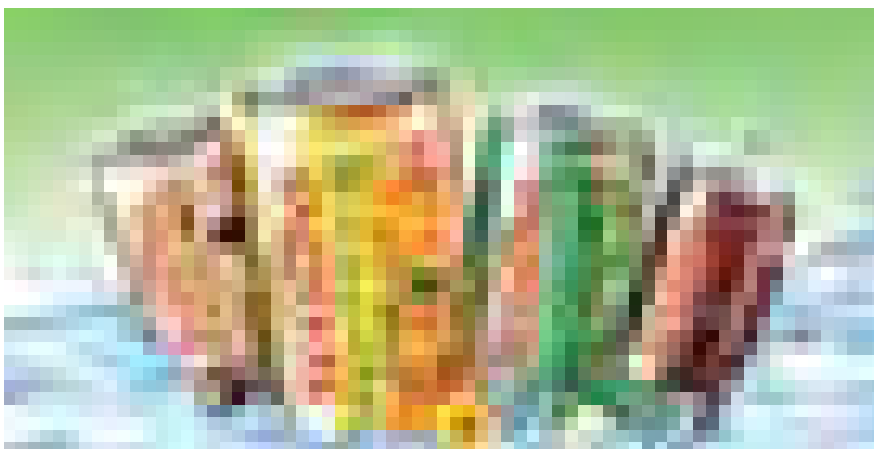
As a key sponsor of the KL Marathon which took place in June 2011, 100PLUS carried out free product sampling as well as gave away personalised picture cans, drawing overwhelming response from 20,000 participants.

Other significant events during the year under review included the launch of the **100PLUS Mind Warp Campaign**, which was held from November 2010 to January 2011 to encourage students to REFRESH their minds, RE-ENERGIZE their memory and REHYDRATE with a can of 100PLUS. The campaign involved an online speed test memory gaming contest, which was supported by on-ground activation.

The **100PLUS Infinity Challenge Contest**, an augmented reality online gaming experience launched in September 2011, enabled consumers to utilise webcams and the QR code on 100PLUS 500ml bottles to win attractive prizes.

## SEASONS

The **F&N SEASONS Nourishing You Malaysia National Consumer Contest** was a fully integrated marketing campaign that drove consumption and participation beyond industry standards. Held



between March and April 2011, it increased brand awareness and was an effective vehicle for promoting F&N SEASONS as a healthy brand. Soya sampling activities encouraged trial of the product and increased awareness on the contest.

In May and June 2011, F&N SEASONS launched four new tea variants in



100PLUS - FAM National Football Awards



Winners of the 100PLUS Malaysian Junior Open Golf

convenient 500ml PET bottles. Around 10,000 chilled bottles of SEASONS tea were given away within three hours at the northbound Jalan Duta Toll and southbound Sungai Besi Toll during the school holidays in Malaysia. Sampling activities were also carried out in various shopping malls and at outdoor locations throughout the nation, especially in high traffic areas like colleges and offices.

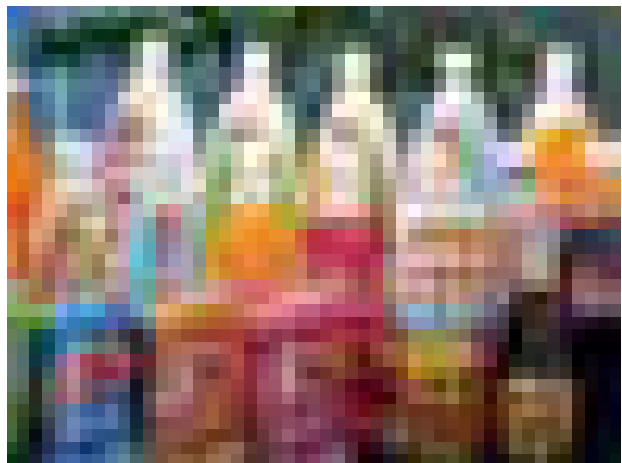
The **F&N SEASONS Soya Tea Time Nourishment** campaign which was held in June and July 2011 saw loyal consumers rewarded with a six-piece pack of Julie's Oat Biscuit with every purchase of 2x 1L Soya Regular at selected hypermarkets, supermarkets and provision stores.

In July 2011, The **F&N SEASONS Chillax** mobile team brought the "beach" to consumers, handing out refreshing F&N SEASONS Fruit Tea for free during hot afternoons. The F&N SEASONS mobile team drove around in brightly monogrammed vehicles and undertook product samplings to over 70,000 people at various high traffic areas such as colleges, train stations and malls across Peninsular Malaysia.

F&N SEASONS also ran a Ramadan Campaign on air and on-ground from July right through to August 2011. Key media such as television, radio, newspapers and magazines reminded consumers to stay healthy throughout Ramadan with F&N SEASONS. Impactful displays and POSMs were put up in major hypermarkets and supermarkets and F&N SEASONS Soya 1L was promoted at RM1.80 for the benefit of loyal consumers.

## **F&N**

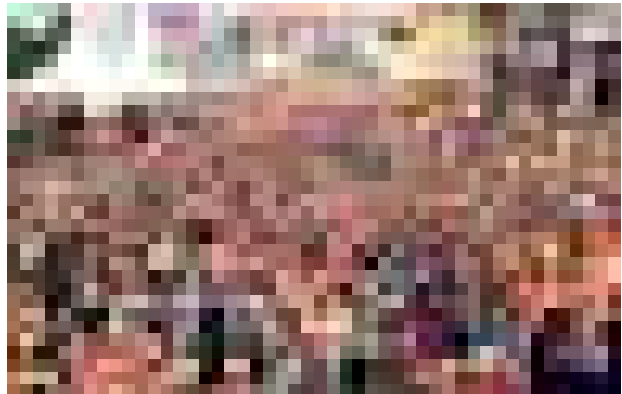
F&N doubled the fun this year by giving away four Peugeot 207 cars as grand prizes in the F&N Double Oomph promotion. This two-month campaign also rewarded consumers on a daily and weekly basis in the months of June and July. Consumers were seeing double as the F&N Double Roving team reached out across the country in its colourful vehicle and twin promoters doling out fun activities and iPad instant online likes. The strong above and below-the-line advertisement campaign complemented by an online contest targeting youths, reinforced F&N's brand personality as a catalyst of fun.



Held for the second consecutive year, F&N Big Fun Fest youth extravaganza - aimed at connecting with youth through fun and exciting activities – helped increase brand awareness and consumption frequency. About 20,000 youths participated in fun and exciting activities including street art, dance, customized-shirt designing and performances by popular artists.



*F&N Fun Festival*



*About 20,000 youths participated in the F&N Fun Festival*

### **Fruit Tree**

F&N Fruit Tree went on a roadshow to colleges/universities with its newly launched PET range. Being new in the market, the aim was to increase brand awareness and get youths to sample the product. 25 colleges/universities within Klang Valley were visited from mid Jan-Mid Feb 2011. Students participated enthusiastically in the sampling activities and were won over by the attractive visuals and games. The brand's message of "fresh juice goodness straight from the tree" was reinforced through this activity.



### **Red Bull**

Since acquiring the Red Bull distribution franchise in April 2010, the division has stepped up market activation and distribution

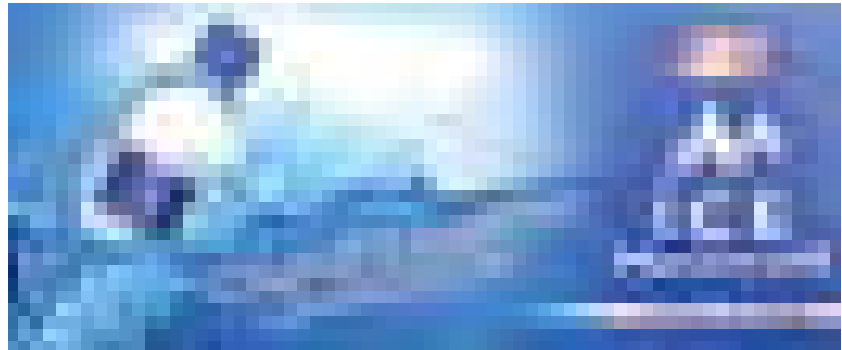
enhancement to widen the availability of the leading energy drink. We have managed to increase Red Bull's market share in the energy category from 40 per cent to all time high of 46.8 per cent in the latest Nielsen reading (source: Nielsen October 2011). By the end of the year, 1,000 dedicated Red Bull branded coolers will be placed in key volume and image outlets. These are the first such coolers for energy drinks.



Red Bull festive packs were introduced, also for the first time. Limited edition Red Bull Gold cans that carried a Hari Raya message were a hit with consumers. To create further excitement in the energy segment, a **Red Bull Energizing Malaysia** contest was held with a Proton Saga as the grand prize. In addition, a **1 Million bottle Giveaway** consumer promotion was organised.

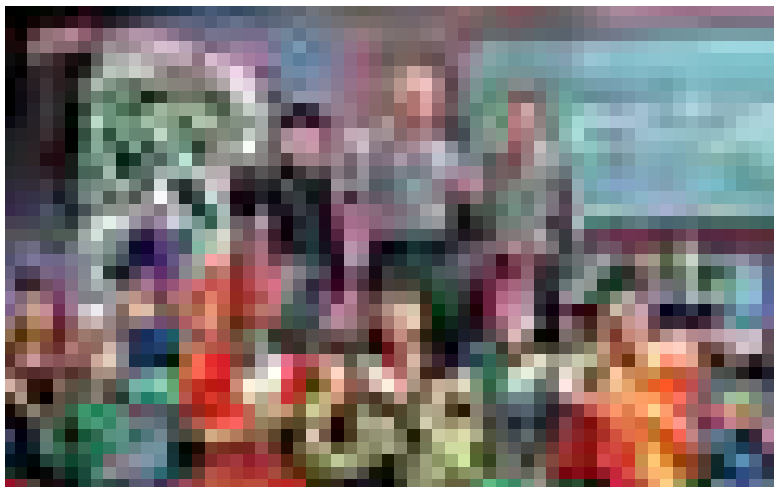
## ICE MOUNTAIN

F&N Ice Mountain was launched across Malaysia in the beginning of 2011, with two common bottle sizes (600ml & 1.5L) distributed and sold at major hypermarkets, convenience stores, and petrol marts. Despite its entry into the market only early this year, Ice Mountain has already stamped its mark on consumers and established a five percent market share, the fastest share gain amongst the bottled water players in the Malaysia. The recent launch campaign was supported with massive brand building activities such as outdoor advertisement on billboards, pillar wraps and LRT trains. Channel development programmes such as innovative racks and block displays activation supplemented the campaign.

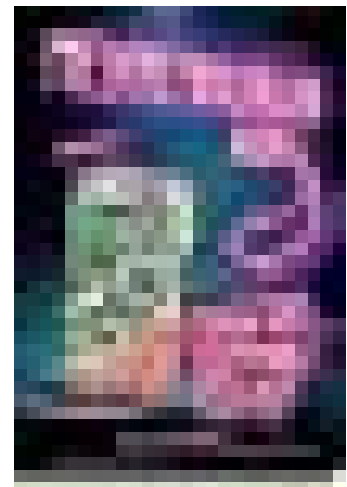


## OUTLOOK

For the year ahead, the division foresees new and aggressive competition from the existing players in the market in terms of pricing and presence of space. The increasing change in consumer preference, especially with the decline in CSD consumption and rise in health and wellness awareness, may prove to be a major hurdle. However, the division is optimistic of achieving sustained growth through regional expansion, continuous new product launches and the formation of strategic partnerships with other international brands.



*Launching of Zesta*



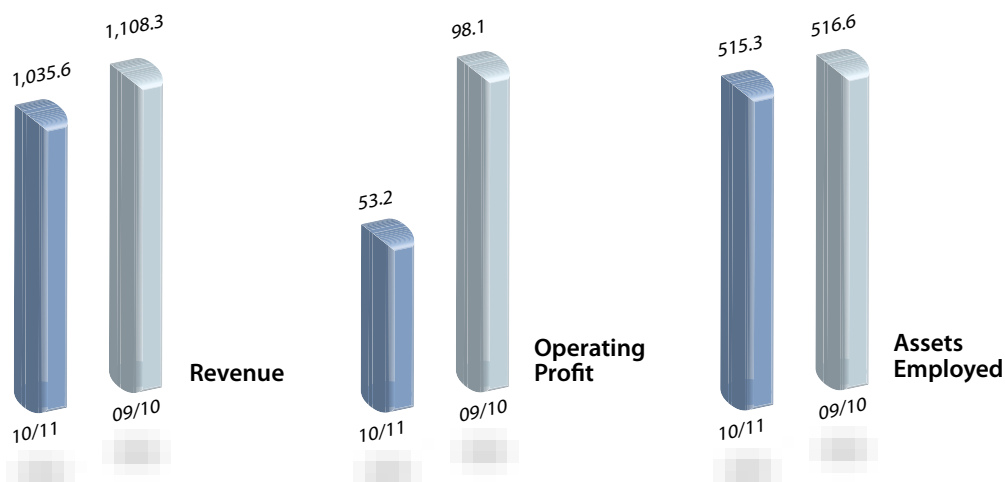
# Dairies Malaysia

## OVERVIEW

The Dairies division closed the year with a revenue of RM1,036 million this year, a decline of seven per cent compared to last year. This was caused by several factors namely, four increases in selling price, intense price competition and the influx of OEM brands of which there are 32 in the market.

OEM manufacturers, who the division believes were still able to acquire subsidised sugar after the subsidy was lifted for major manufacturers like F&N, seized the opportunity to build market share by waging an intense price competition. Export revenue decline was also due to intense price competition.

Total profit also closed lower at RM53 million this year, a 46 per cent decline compared to last year. The lower profitability was the result of lower volumes coupled with discounting to protect market share against competitors. Price increases implemented to counter soaring raw material prices, namely sugar, were negated by discounts as competitors engaged in intense price competition to gain market share.



It was a challenging year for the division, especially with the removal of government sugar subsidy for 13 earmarked industrial players, including Dairies Malaysia. The hefty increase in sugar prices had a major impact, together with the global commodity cost increase, and led to an inevitable 25 per cent price increase of Sweetened Condensed Milk. The withdrawal of the sugar subsidy on a selective basis by the government has also resulted in an uneven playing field for SCM manufacturers, with some being able to obtain sugar from subsidised sources.

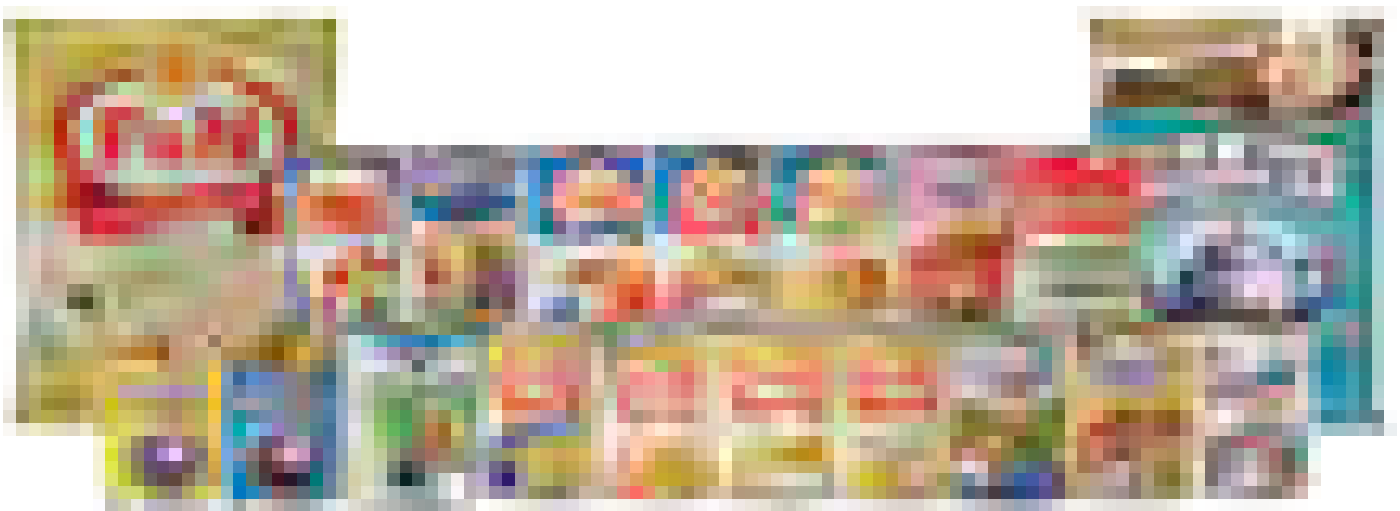
Overall, the canned milk business remained a key contributor, with the division still commanding above 60 per cent of market share for the combined Sweetened Condensed and Evaporated Milk markets. Through the focused execution of marketing and channel activities, Dairies Malaysia was able to grow the liquid milk and juice segments. As of May 2011, the division has exited the ice cream business to focus on its core canned milk business while continuing to nurture and grow the liquid milk and juice segments

## BRAND ACTIVITIES

Various strategies were put in place during the period under review to enhance brand loyalty, visibility and to meet changing consumer trends in taste and preference.

### Canned Milk

In the condensed milk market, the division continued to undertake various activities to retain its leadership position as well as generate deeper appreciation of the art of making a perfect glass of *teh tarik*. The “**Teh Tarik Ori**” campaign in May 2011 reinforced the fundamentals of making this popular beverage by highlighting the right combination for a perfect glass of Teh Tarik which is tea leaves, F&N Sweetened Creamer, hot water and the proper “tarik” techniques.

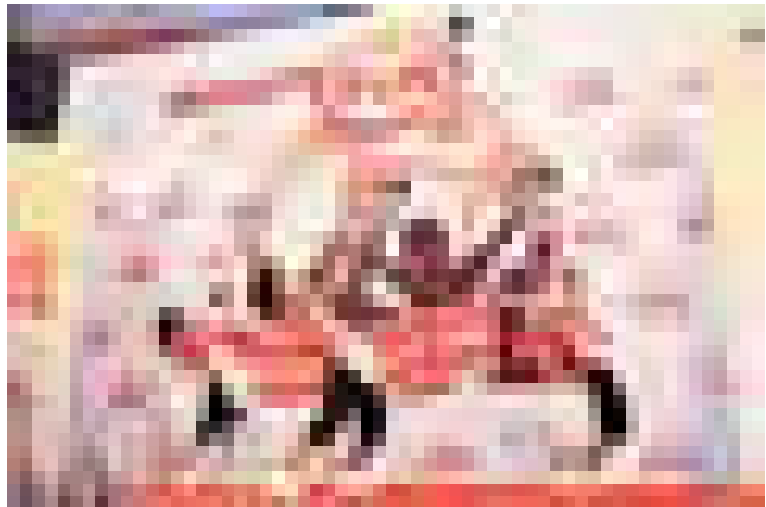


In April 2011, F&N Sweetened Creamer enhanced its association with Teh Tarik with the introduction of a new **Teh Tarik** variant. Available in two pack sizes – a 505g can and a 2.5kg pouch pack known as Food Service pack - this new variant capitalises on the growing preference for *teh tarik* amongst Malaysians. It gives the creaminess, froth and excellent taste that Malaysians love in their *teh tarik*.

Since its first installment in 1999, the **Cabaran Raja Tarik F&N** has taken on several different formats to raise awareness and unite Malaysians in their love for this ubiquitous beverage. The company has stayed true to the essence of the campaign by promoting the culture and love of *teh tarik* in Malaysia while showcasing the many great tea-making talents the country has to offer. This year's Cabaran Raja Tarik F&N final, which was held in June, saw 18-year-old Amirul Fadhli Bin Shamsudin bagging the title after having wowed the crowd with a brilliant show of *teh tarik* skills and unbelievable *kole*-handling techniques.

In order to create better brand recognition and association, TEA POT launched the **TEA POT Radio Activation Programme** in March 2011 in partnership with

two leading Malay & Chinese radio stations, ERA FM & MY FM. The programme, which handed out cash prizes, saw cruisers from both stations making scheduled visits to selected coffee shops in the Klang Valley to encourage listeners to visit the venues to play games and win cash prizes. Promoters were stationed at these outlets to introduce drinks made with TEA POT Sweetened Creamer or Evaporated Milk and customers who ordered these drinks during the day received special premiums. The programme was also heavily promoted via radio ads, DJ announcements and the respective radio stations' websites.



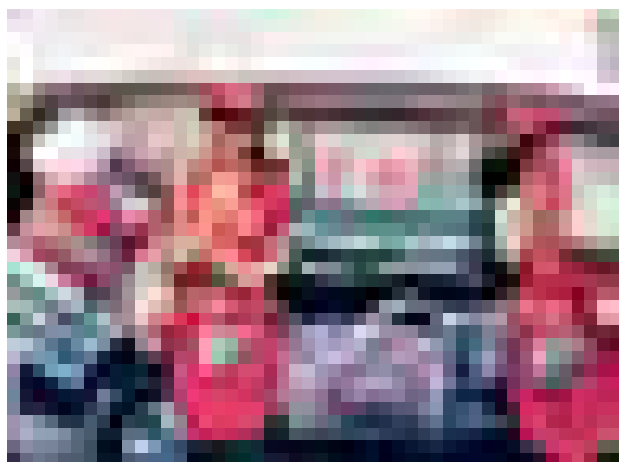
Cabaran Raja Tarik 2011



Tea Pot Radio Activation Programme



CAP JUNJUNG, a brand already renowned to East Malaysians, made its Harvest Festival debut in May and June 2011 with the launch of a consumer contest, **Maniskan Hidup Anda dengan Hadiah-hadiah Menarik daripada CAP JUNJUNG**. Up for grabs were two Proton Sagas, electrical goods and cash prizes worth RM80,000. In order to forge a closer bond with younger users, CAP JUNJUNG also hosted a party **Let's Celebrate Hari Kaamatan with CAP JUNJUNG** with the up-and-coming radio station HITZ FM in One Borneo, Kota Kinabalu. Listeners won passes to this exclusive event via a designated game show programme and radio station cruisers. The great turnout was exactly what the brand needed to achieve a gateway to being part of the younger generation's "happening" lifestyle.



*Carnation CNY Activation Programme*



*Celebrity Chef Amy Beh cooking up a storm with Carnation Evaporated Creamer*

In the Evaporated Milk category, F&N continues to lead the way with a high market value share of 73 per cent. F&N Evaporated Milk's sustained market leadership was driven mainly by aggressive consumer marketing initiatives such as the **F&N Kitchen Abundance Campaign**. The campaign which was well received by consumers, succeeded in uplifting the brand whilst providing existing and new consumers the opportunity to win RM32,000 worth of BSN Premium Savings Certificates.

Another highlight was the **F&N Evaporated Milk Ramadan 'Jimat 35 Sen' Campaign**. The campaign was overwhelming due to a special 35 sen savings promotion to entice consumers to enjoy the goodness of F&N Evaporated milk during the Hari Raya Aidilfitri festive period. To top it off, a special **Ramadan Bazaar Bundle Pack** was sold to induce greater consumption of the 3-layer-tea at home using F&N Evaporated Filled Milk.

Following on last year's huge success, another **Carnation Cooking Workshop** was held jointly with a well-established media partner, Oriental Cuisine. A total of nine workshops were held at various locations, each featuring recipes specially created by Amy Beh and using Carnation Evaporated Creamer as the main ingredient. Participants learnt creative applications of Carnation in their daily cooking. Samplings of one of Carnation's 5C beverage creations, Cincau-C, a mixture of Cincau Drink with Carnation were also conducted during the workshops.

*Ideal Charity Drive*

The **Ideal Celebrity Chef** ran for a third successful season with a twist this year by featuring delicacies from different locations together with host Anis Nabilah and a different celebrity for each episode. It included a one-hour special episode that featured a Buka Puasa celebration with 70 underprivileged children from selected orphanages and celebrities. This special episode showcased the **Ideal Charity Drive**, organised in collaboration with Malaysian NGO Power of 10 Sen, to raise funds for the Malaysian Children's Welfare Council (MKKM). A total of RM100,000 was raised during the Ramadan month

for the NGO. Thus far, this programme has helped to reinforce Ideal's premium image and continues to provide a platform to showcase new recipes and applications for Ideal.

## Juice

The F&N Fruit Tree Fresh **Fresh New Look, Same Healthy Goodness** contest was launched in January 2011 with the aim of rewarding consumers while showcasing the brand's new and improved packaging of its nutritious fruit juice. This included both the Fruit Tree Fresh Juice range as well as the Fruit Tree Fresh 100% Juice No Sugar Added selection. Consumers were required to purchase a 1 litre or 1.89 litre carton of F&N's Fruit Tree Fresh, answer two simple questions and complete a simple puzzle on the contest form, then submit the form along with the product barcode for a chance to take home one of 24 iPads that were up for grabs.



The **Sunkist Are You Awesome?** contest was held between January and April 2011 across all varieties of Sunkist juices carrying the "Awesome" tag. Consumers were required to submit their most creative photograph incorporating the Sunkist "Awesome" tag and garner the most votes to win an eight-day, seven-night trip to Italy, inclusive of a three-hour Ferrari ride in Tuscany.

### Liquid Milk

Due to its overwhelming response in past years, the **F&N MAGNOLIA Wonderkids Search** campaign was held again in January, this time with an environmental twist to it. While remaining true to its primary purpose of encouraging children to drink milk, this year's campaign was themed "Earth, We Care" to bring the concept of recycling to the fore.



Winners of the Magnolia Wonderkids Search - "Earth, We Care"



## OUTLOOK

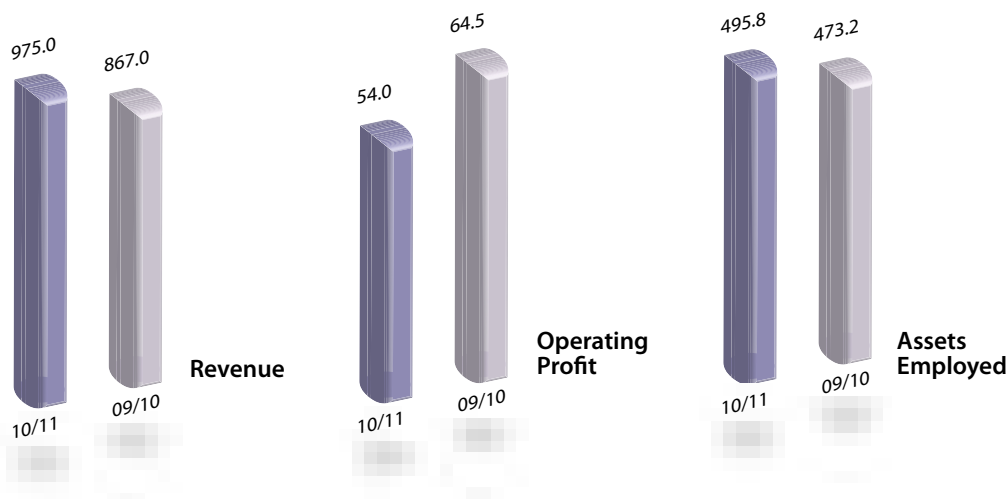
The division will continue to manage rising costs by leveraging market leadership, rolling out higher value-added products and extracting production efficiencies. The completion of the new plant in Pulau Indah is also expected to contribute to sustained growth in terms of capacity and manufacturing effectiveness.

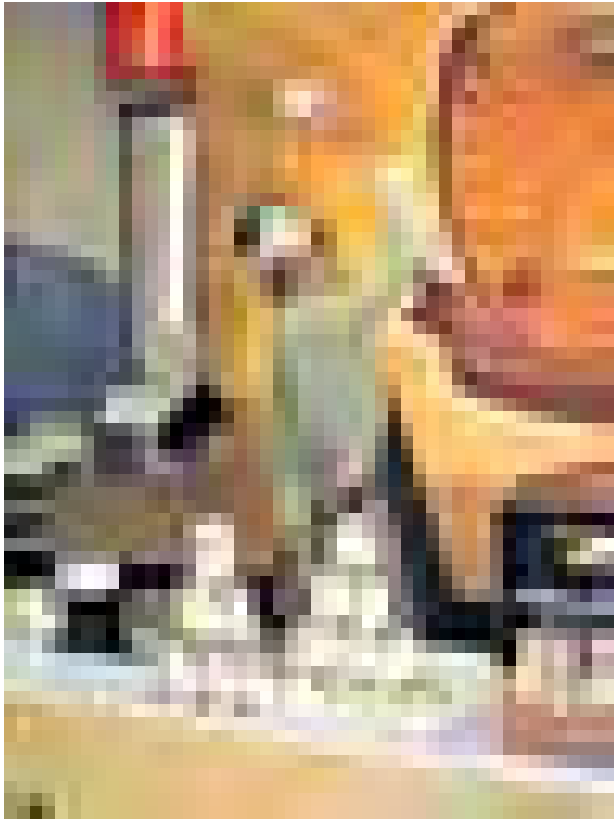
# Dairies Thailand

## OVERVIEW

Revenue registered a 13 per cent growth, driven by a nine per cent volume growth in Thailand and 40 per cent jump in Indochina. Operating profit declined 16 per cent due to a one-off provision for royalty underpayment. Excluding the provision, profit grew 12 per cent.

Dairies Thailand heralded the transformation of the F&N Holdings Group into a major F&B force in the region with the grand opening of the Rojana plant in June 2011. Officiated by Royal Crown Princess Maha Chakri Sirindhorn, the event was attended by more than 500 guests including F&N directors from Singapore, and Malaysia and senior management from Kirin Japan. The RM250 million integrated green plant, which has a maximum output of 3.5 million cans a day, will play a pivotal role in the Group's expansion into the Indochina market and expand export opportunities in the fast growing "halal" markets in the Middle East, Africa and Indonesia.





*One of the participant pulling the beverages during the Cha-Chak competition*



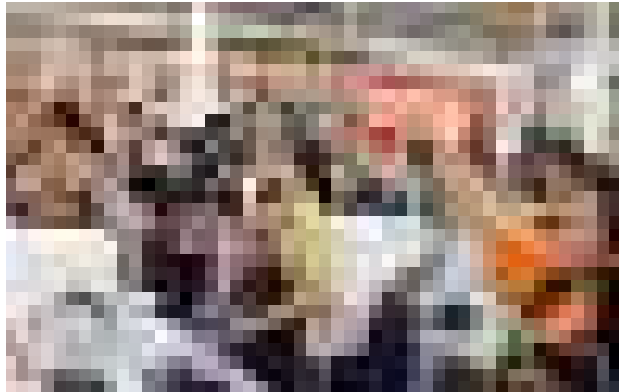
*F&N Tea Pot thanked Makro who supported the venue for the Cha-Chak Teh Tarik competition*

## BRAND ACTIVITIES

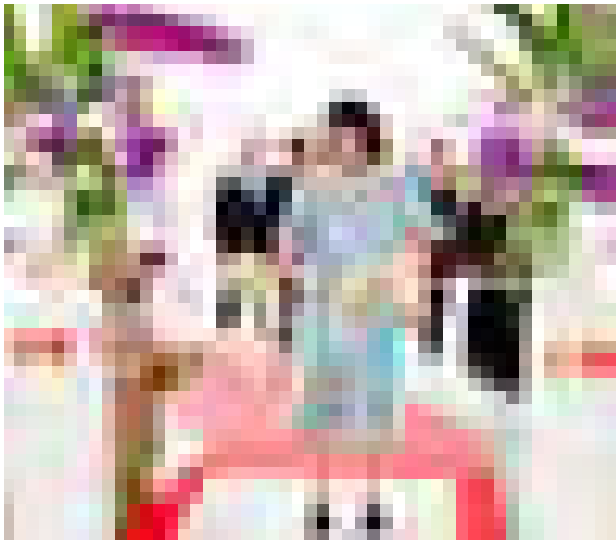
### Canned Milk

Carnation reinforced its No. 1 position as the leading evaporated milk brand in Thailand by initiating the **Carnation's Everywhere** campaign in order to highlight the brand's wide acceptance among hawker operators, premium coffee shops and beverage franchising businesses. Campaign activities encouraged the targeted operators to select Carnation by introducing famous restaurants and coffee shops that used Carnation products. This was done via TV scoops, women's and cooking magazines, advertorial columns and hawker stall decorations.

F&N Tea Pot launched its first ever Cha-Chak (Teh Tarik) competition in Thailand which ran from April to the end of October 2011 to increase brand awareness among consumers as well as to promote the growing "Cha-Chak" trend in the country. The grand finale saw eight competitors from four regions vying for the coveted award of Thailand's first ever Cha-Chak King.



*Participants practiced how to prepare the beverages in TEA POT Training at Makro Hang Dong, Chiangmai*



*HRH Princess Maha Chakri Sirindhorn cutting ribbon to officiate the Grand Opening of Rojana Plant*



### Liquid Milk

Bear Brand sterilised milk continued to maintain its leadership status with 98 per cent market share in 2011. To coincide with the King's 84th birthday celebrations and uphold the brand's heritage of giving, Dairies Thailand launched a CSR campaign by donating 84 million milliliters of Bear Brand sterilised milk to impoverished children from three foundations under the patronage of the Crown Princess Maha Chakri Sirindhorn – the Border Patrol Police School, Thai Red Cross and CCF Foundation.

Bear Brand Gold launched the **Drink and Win a trip to Europe contest with Anne Thongprasom** (a popular TV personality in Thailand) from October to December 2010 which not only created huge awareness for the brand but also managed to boost its sales volume by 25 per cent.

Dairies Thailand recorded a strong growth of eight per cent in its UHT business through the strong activation of Milo UHT in 7-Eleven stores and a **Lucky Draw** campaign. To promote the **Brain & Bone** benefits of its Bear Brand UHT, the division initiated its first ever **online IQ test for Kids** aged 3-6 to self-evaluate their IQ and receive recommendations from a renowned pediatrician.

To meet consumer demand for healthier drinks, the division continued to run its **F&N Magnolia Good Morning and Good Night** campaign by promoting the product's functional ingredients such as D-Ribose and Lactium.

## INDOCHINA

During the year, Dairies Thailand intensified its quest to expand into Indochina, particularly Myanmar, where a relatively untapped market with a large population base of 54 million exists. More distributors were appointed to widen outlet penetration. This was supported by brand awareness initiatives using billboards, bus shelters, lamp post and coffee shop advertising. The division also expanded distribution in northern Laos. All these activities were contributing factors to the excellent sales growth in Indochina. The division also managed to gain a strong foothold into the Vietnam market via a launch event conducted by the Thai consulate in Ho Chi Minh City which drew a participation of over 200 key wholesalers.

## OUTLOOK

To achieve sustainable profit growth, Dairies Thailand will continue to focus on four key strategies for developing its current core portfolio in the year ahead. These include introducing new product extensions to consumers, further expanding its Myanmar and Cambodia dairy business as well as its entry into Vietnam.



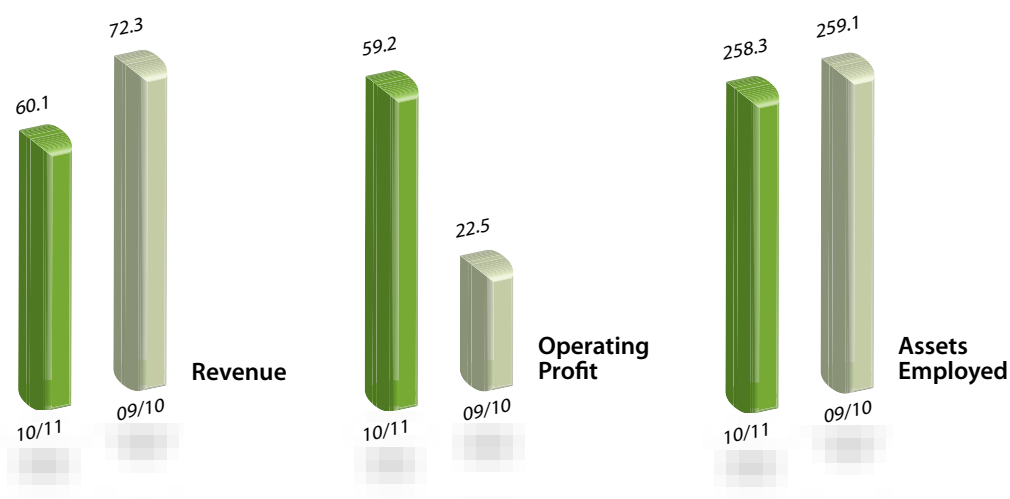
## OVERVIEW

Brampton Holdings Sdn Bhd, a wholly-owned subsidiary of the F&N Group, together with its integrated commercial property known as Komplek Metro Pudu, was successfully divested during the year under review, gaining a significant profit contribution of RM50 million for the Group.

The Group also has another parcel of land along Jalan Chow Sow Lin in Kuala Lumpur known as Fraser Business Park Phase 3, the current premises of the F&N Gallery. The value of this land is expected to increase with the relocation of the existing Sungai Besi airport in 2012 when height restriction for the land no longer applies.

Ongoing efforts to enhance the value of the Group's property portfolio were stepped up during the year, principally for the land at Section 13, Petaling Jaya. The re-zoning of the entire Section 13 from Industrial to Mixed Commercial development status by the State Government presented a remarkable opportunity to unlock the land value of the site. The master plan for the land is going through a final round of fine tuning prior to formal submission for Development Approval.

Approval has been obtained for the status conversion of the Group's 6.5 acre distribution centre at Inanam, Kota Kinabalu, from Industrial to Commercial land. The division is awaiting planning approval to redevelop the land.







*Artist's impression of Section 13*

## REDEVELOPMENT OF SECTION 13, PETALING JAYA

The division's efforts to embark on the redevelopment of this 12.72 acre site progressed smoothly, mainly in fine-tuning the master plan. To add further value, the division has sought the participation of experienced and reputable local and foreign developers to jointly develop the land and has been working diligently to secure the right partner for this project. It hopes to tap new ideas and experiences through the close collaboration with its potential joint venture partner.

Redevelopment is expected to take between five to eight years depending on property market conditions and the approving processes of the relevant government authorities. The project comprising residential, retail, office and hospitality properties will commence when the existing factory moves to Pulau Indah by the end of 2012.



*Artist's impression of Section 13*

## OUTLOOK

Overall, the property market in the Klang Valley remains strong especially in the sale of landed properties. Brisk sales of high-end condominiums of smaller sizes at strategic locations have bolstered confidence to the property sector. This trend is expected to continue in 2012 and demand for well-conceived lifestyle projects will continue to draw buyers.

Building construction costs rose considerably during the year under review, resulting in an increase in property selling prices. In the coming year, we expect building costs to remain high and

developers to continue pricing their properties at a high level to maintain profitability. In order to meet property buyers' demands and drive the sustainability of their business, developers are expected to offer well-conceived lifestyle development concepts and introduce smaller units into the market.

Going forward, the division will continue to focus on adding value to its existing land bank and proceed to redevelop it at the right time to enhance shareholders' value.

# Caring for the environment

As we continue to grow globally, we will carry on playing an even bigger role as a responsible corporate citizen.

# Corporate Responsibility

Corporate Responsibility  
Initiative

050



## CORPORATE RESPONSIBILITY INITIATIVE

The F&N Group extends its contributions to the public good through its Corporate Responsibility Initiative, which is designed to ensure that the Group continues to embody the principles of corporate responsibility in order to create sustainable value.

### COMMUNITY

#### **F&N Out-Do-Yourself Award**

The **F&N Out-Do Yourself Award (OYA)**, an initiative launched in 2008 to reward the extraordinary deeds of unsung heroes and heroines, gave recognition to another seven Malaysians during the year under review. The recipients were honoured for their acts of bravery and chivalry in the areas of civic consciousness, nation building, sports and academic achievements. For the first time, a posthumous award was presented to recognise the bravery of a man who lost his life while helping a couple involved in a car accident. Each of the seven recipients, who were selected by a panel of senior editors headed by former Chief Justice Tun Mohamed Dzaiddin Hj Abdullah, received RM5,000 cash, a certificate, plaque and F&N products from F&N OYA's patron, Datuk Seri Utama Shahrir bin Abdul Samad.

The F&N OYA extends recognition to a maximum of 12 recipients annually and to-date, a total of 20 individual and group awards have been presented.

#### **Sudut Iqra – Reading Corner**

"Today a reader, tomorrow a leader." the adage goes. With the aim of contributing towards a better future for the youth of today, the **Sudut Iqra** (reading room in Arabic) initiative established in 2006, has thus far benefited thousands of children in orphanages and schools across Malaysia, the latest being the orphans of Pertubuhan Kebajikan Anak Yatim Islam Muar, Johor. The main objective of Sudut Iqra is to ensure that under-privileged children are able to gain access to reading materials and reference books that will assist them in their school work and projects. This is part of the Group's commitment to encourage reading and improve the English proficiency in rural areas which has also become a focus of the Education Ministry.

As a follow-up to complement the Sudut Iqra initiative, F&N Beverages Marketing organised team-building programmes and motivational workshops for some homes in line with its long-term goal of providing these children with the necessary skills to face the world.

### **F&N Sensory Integration Room**

To cater to the needs of children with learning disabilities, Beverages Marketing set up the **F&N Sensory Integration Room** at SK Taman Tun Dr Ismail 2 earlier this year. This unique facility is able to provide tools to increase the spatial awareness, concentration and alertness of special needs students. The room is fully equipped with a platform swing, a flexidisc, protective mats, a target panel, a resistance tunnel, a trampoline as well as a rope ladder, which can be used to stimulate the sensorial experiences of students with disabilities to improve their sight, taste and hearing, which in turn helps the brain organise and interpret information. The F&N Sensory Integration Room, which was set up at a cost of around RM100,000, was officially opened by F&N Group chairman YAM Tengku Syed Badarudin Jamalullail.

### **Niaga Makan Minum F&N**

11 Malaysians were selected to venture into food services under the **Program Niaga Makan Minum F&N**, a pioneering rural entrepreneur development programme aimed at empowering Malaysians to create a brighter future for themselves. Jointly organised by F&N Dairies' Institut Teh Tarik and the Ministry of Rural and Regional Development, the programme saw the participation of around 400 youths from Temerloh, Kuantan, Batu Pahat and Muar. Following a series of thorough interviews, the chosen candidates were then given the opportunity to steer their aspirations to reality.

### **Sharing Festivities Joy**

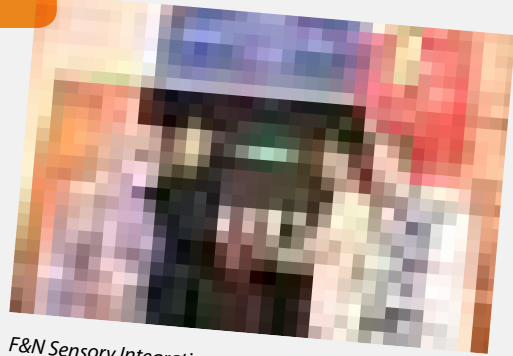
To usher in the Lunar Year of the Rabbit, the Group hosted its annual luncheon for the elderly of Grannies Old Folks Home, Kuantan as well as Rumah Seri Kenangan, Kuching. Special F&N goodies, ang pow and mandarin oranges were given to the residents who were treated to a delectable luncheon spread complete with the tossing of yee sang, and an exhilarating lion dance performance. Healthcare supplies worth RM6,000 were also presented to both homes.

In the hopes of sharing a meaningful Ramadan with the underprivileged, F&N Beverages Marketing Sdn Bhd organised a buka puasa treat for children in Pertubuhan Anak Yatim Kebajikan Darul Izzah, Pertubuhan Kebajikan Anak Yatim Darul Ehsan and Rumah Ilham, TTDI. New custom-fitted sets of baju Melayu and baju kurung, complete with songkok and tudung were personally given out by Fraser & Neave Holdings Bhd Chairman, Tengku Syed Badarudin Jamalullail to the delight of the children.

Held annually, the Group aims to share the community spirit and multi-cultural facet of festive joy with underprivileged members of society.



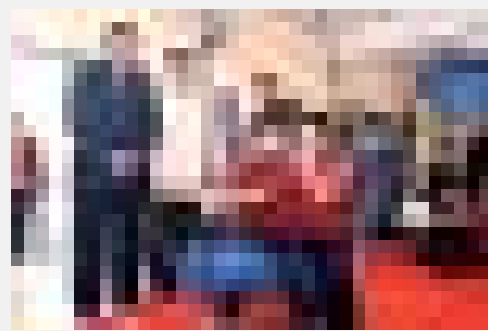
"Majlis Berbuka Puasa Bersama F&N Beverages" with the children from Pertubuhan Anak Yatim Kebajikan Darul Izzah and Pertubuhan Kebajikan Anak Yatim Darul Ehsan



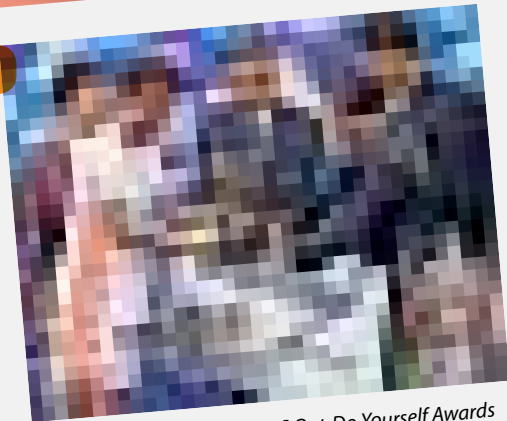
F&N Sensory Integration Room at SK SS19, Subang Jaya - Officially opened by Tengku Syed Badaruddin Jamalullail



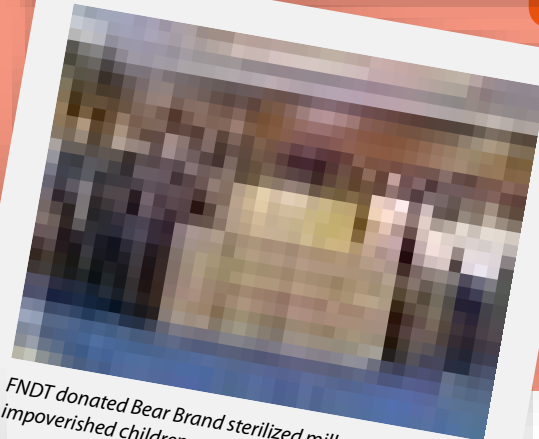
The OYA 5 recipients with their awards



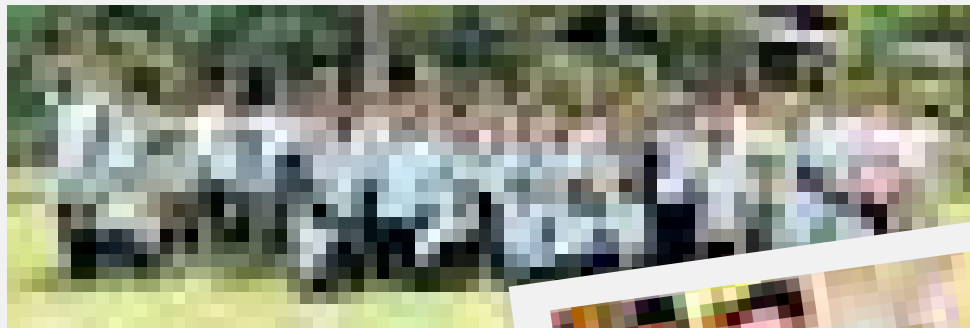
F&N Sensory Integration Room - helping special needs students learn better



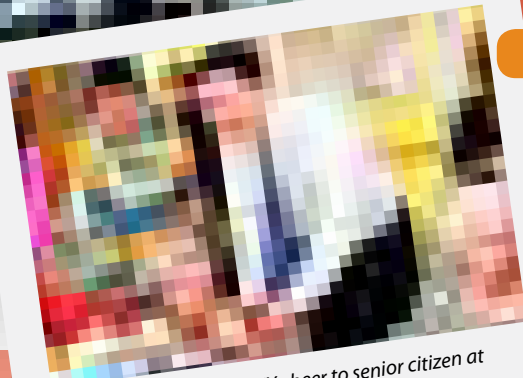
Kelantan Player won 100PLUS Out-Do Yourself Awards for Malaysia Cup Final 2010



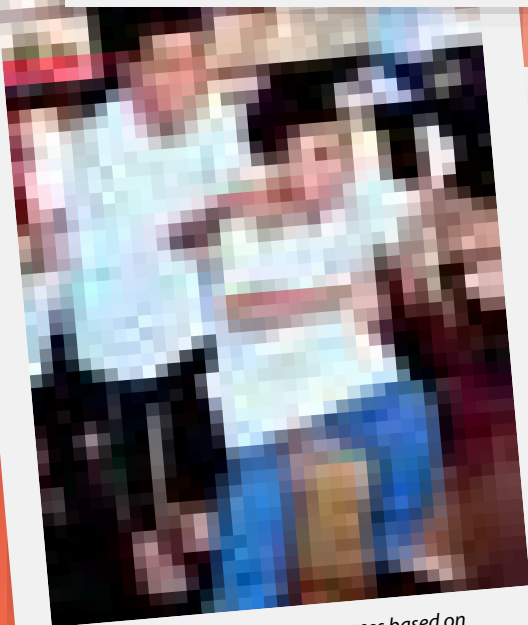
FNDT donated Bear Brand sterilized milk to impoverished children



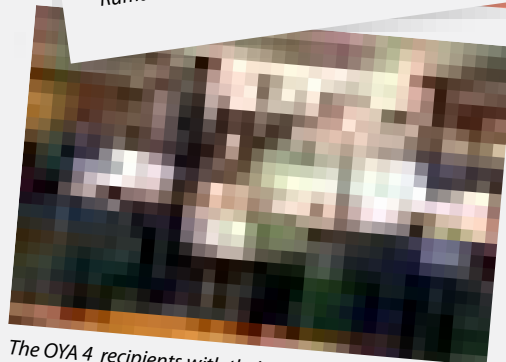
*Rumah Ilham children together with F&N Beverages representatives and volunteers at Jungle Lodge, Gombak*



*F&N Beverages brings CNY cheer to senior citizen at Rumah Seri Kenangan Kuching*



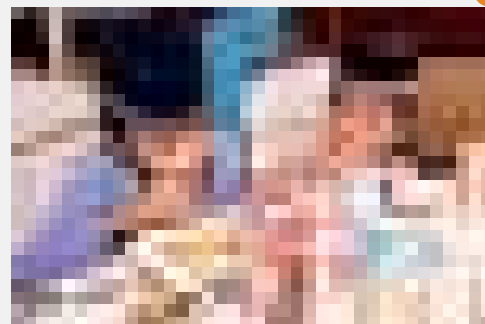
*Rumah Ilham children acting out poses based on the number called out in the 'Strike a Pose' game*



*The OYA 4 recipients with their awards*

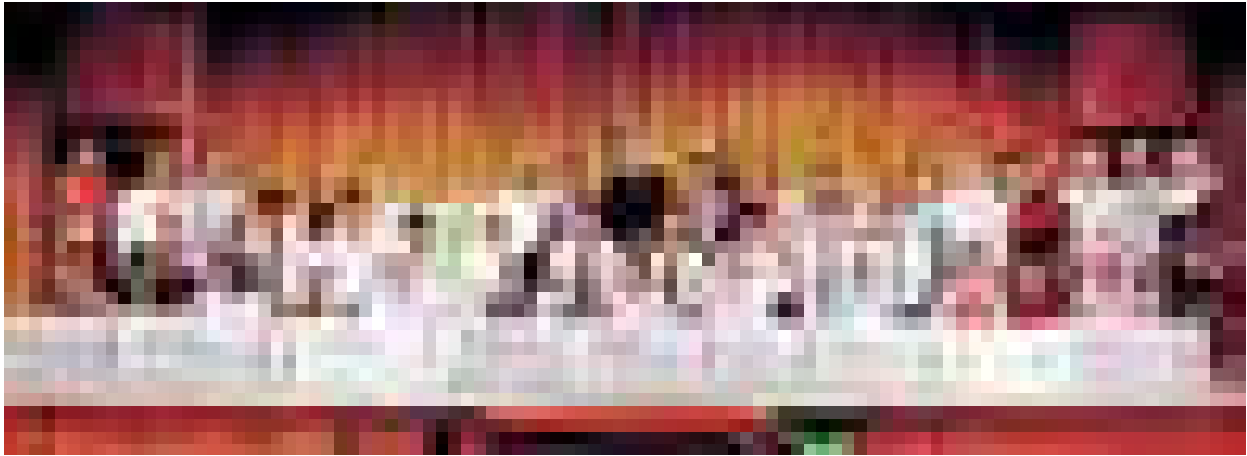


*Brother John Albert, Director of Montfort Boys Town receiving the donation from representatives of the donor companies in the presence of Tengku Syed Badaruddin Jamalullail and Dato' Ng Jui Sia*



*"Majlis Berbuka Puasa Bersama F&N Beverages" with the children from Pertubuhan Anak Yatim Kebajikan Darul Izzah and Pertubuhan Kebajikan Anak Yatim Darul Ehsan*

## ENVIRONMENTAL AWARENESS &amp; CONSERVATION



Winners of the Kempen Kitar Semula

**Recycling**

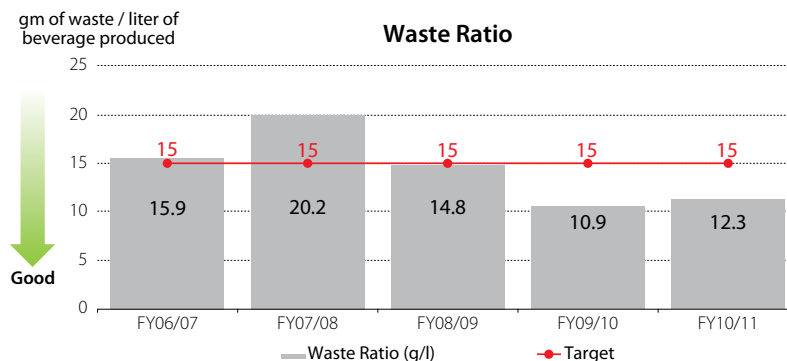
Kempen Kitar Semula, jointly organised by F&N Beverages Marketing with the Shah Alam City Council (MBSA) and Alam Flora, was held for the fifth consecutive year with the aim of inculcating the importance of recycling in school children. This year's campaign included prizes for Shah Alam residents who participated in a mini photography contest themed Cultivating Recycling (Kitar Semula – Amalan Kita). Tertiary students from Shah Alam institutions also had the opportunity to showcase their creativity by inventing items out of recyclables.

**Green Environment**

Waste reduction and the conservation of water and energy are ongoing goals within the Group.

**F&N Beverages Manufacturing (FNBM)**

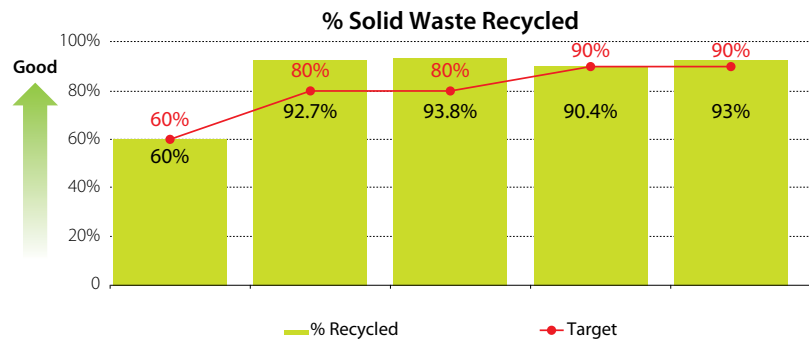
To reduce waste generated from manufacturing activities, the soft drinks manufacturing arm work together with raw material and packaging suppliers to switch to re-usable or recycled packaging such as cartons, pallets and boxes. The manufacturing process was also given greater attention to make it more efficient in order to improve its conversion ratio.



Waste Ratio is defined as total weight of waste generated per liter of produced beverage

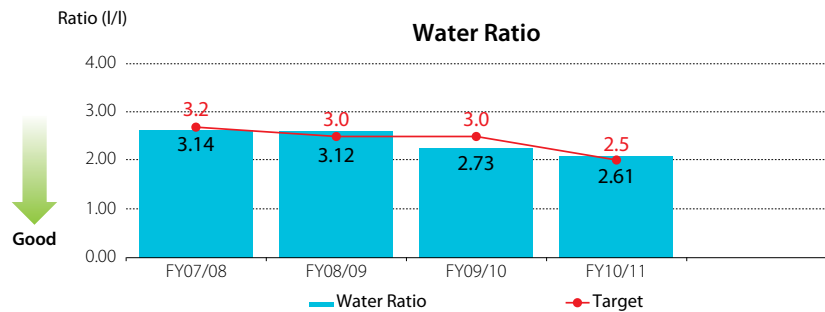


Over the past decade, FNBM has generated a 3.5 fold increase in recycled waste. This figure was achieved through the recycling of its aluminum, glass and paper waste, as well as all soybean waste which is then used as raw material for the animal food industry. In addition, sludge from the waste water system is used as a high grade fertilizer.



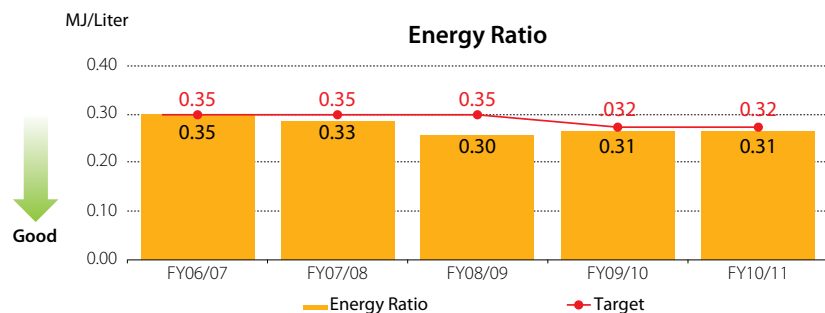
*Solid Waste Recycled is defined as total solid of wasted recycled over total solid waste generated*

To encourage efficient water usage, the plants use alternate methods of cleaning and sanitising, and recycle good quality water to lower-grade usage such as floor washing and landscaping.



*Water Ratio is defined as total water usage per liter of produced beverage*

For the past few years, the soft drinks plant has attained significant energy efficiency through the use of efficient air-conditioning systems, energy saving lights, automated machine controls and energy-efficient building components.



*Energy Ratio is defined as total energy consumed per liter of produced beverage*

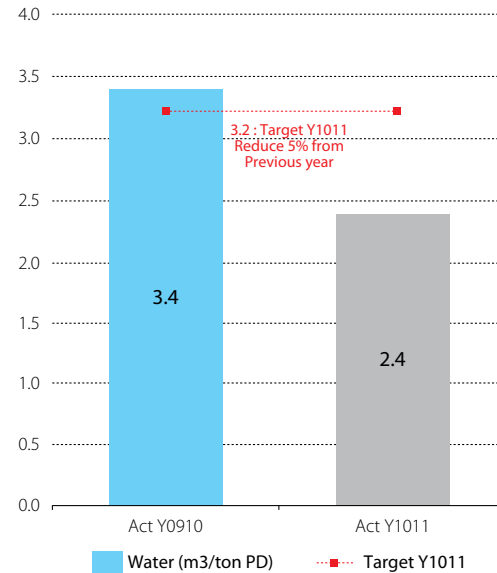
## F&N Dairies Thailand (FNDDT)

During the year, F&N Dairies Thailand (FNDDT) made great stride in green factory compliance in the area of waste, water and energy conservation. Compared to last year solid waste reduced by 54 per cent and water usage declined by 30 per cent. As for energy usage, a 19 per cent and 17 per cent reduction was achieved for natural gas and electricity respectively.

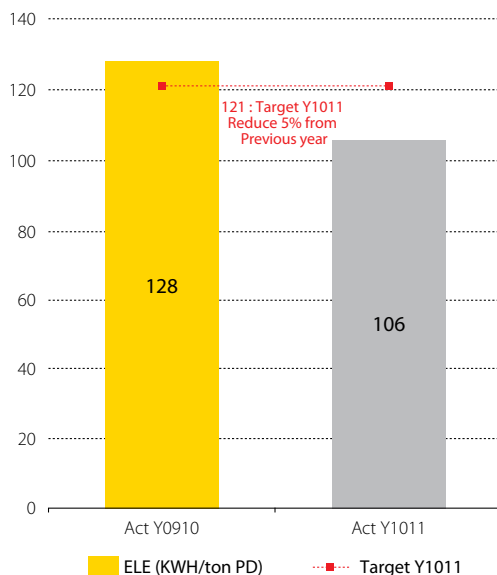
**Solid Waste**  
(kg per ton product)



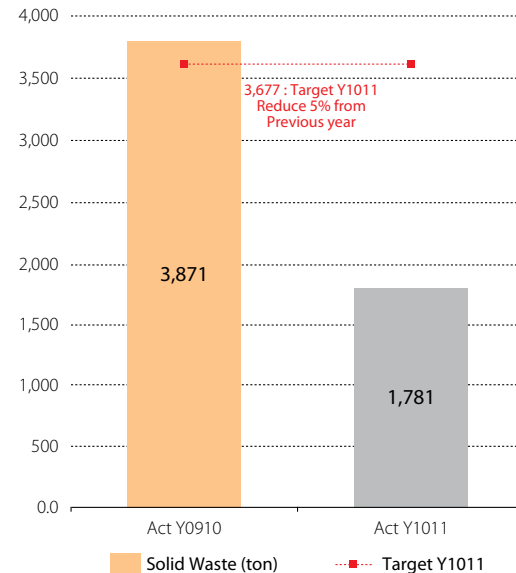
**Water consumption**  
(m3/ton Product)



**ELE consumption**  
(KW-H/ton Product)



**NG Consumption**  
(MMbtu/ton Product)



## WORKPLACE

The best way of ensuring the sustainability and success of our business is through the effective training, management and deployment of our most valuable resource – our people.

### **F&N Chairman's Award**

The Group recognises the importance of developing a younger generation that has the calibre to ensure the continued progress and prosperity of the nation. Under the F&N Chairman's Award for Educational Excellence, the Group rewards all children of F&N Group employees who have performed exceptionally in public examinations and gained entry to tertiary institutions, locally or abroad. The annual award scheme is aimed at fostering employer-employee relationships as well as inculcating a caring and harmonious working environment.

This year marks the ninth year since the inception of the RM1.2 million scheme in 2003 to celebrate the Group's 120th anniversary. In conjunction with F&N's 125th anniversary in 2008, the initial allocation for the scheme was boosted with an additional RM1.25 million. Since 2003, a total of RM1.5 million has been disbursed to 1,267 deserving children. This year, the Group accorded due recognition to 174 children of employees from the various divisions with cash awards totalling RM174,800.



*All smiles from the recipients of the F&N Chairman's Award 2011*

### **Talent Management & Succession Planning**

As part of the Talent Management programme, Group Human Resources (GHR) participated in various job fairs and career talks over the past year. Among the job fairs were JobStreet.com Malaysia Career & Training Fair 2011 and Bank Negara Malaysia Graduates programme. The team also gave career talks to private colleges such as HELP College of Arts and Technology, with the objective of creating a better talent pool and employer branding.

GHR also identified another 12 young graduates for the Management Associate Programme (MAP) FY 2011/2012's new intake. This programme provides intensive on-the-job training and cross-functional exposure in support of the Group's succession planning initiative. The Management Associates will undergo intensive on-the-job training, rotating from sales, marketing, manufacturing and other functions such as supply chain, distribution, finance, IT etc. They will also undertake corporate responsibility projects that make a difference. A series of training programmes has been organised to fast-track these young and aspiring talents, including influencing skills, planning and organizing skills, critical thinking and problem solving, business writing, customer service and outbound school leadership training. Another similar programme implemented in the Dairies Division is the Young Managers' Programme (YMP), where candidates are selected from diverse working backgrounds.



*Group Human Resources launched the Innovation Through Action Learning (iTAL) in Kuala Lumpur*

Aside from building our talent pool, the Group also emphasises on the importance of having a proper succession plan, which focuses on employees from all levels. One of the ways to make this plan a success is to intensify the search for potential successors for critical positions to ensure sustainability in terms of continuous effective and efficient operations within the Group.

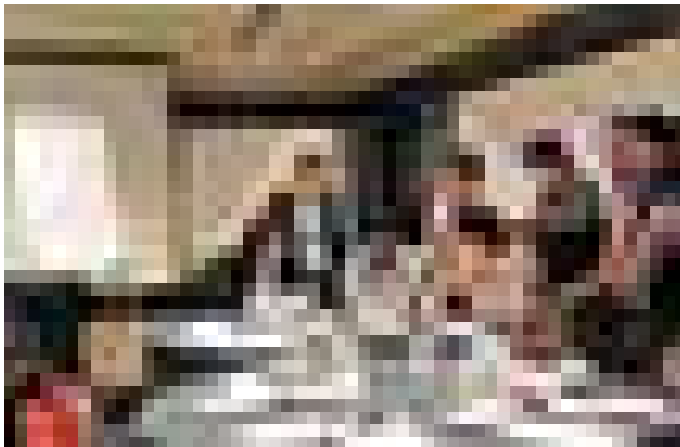
### **Learning & Development**

21 training programmes were initiated by GHR during the year under review. In support of Corporate HR's initiative in driving innovation, GHR launched Innovation through Action Learning (iTAL) workshops in Kuala Lumpur. More than 200 senior managers and managers from all the business units witnessed the official launch by the Group Chairman YAM Tengku Syed Badarudin Jamalullail. This was followed by a series of four workshops conducted by Dr. Michael M. Marquardt, Professor of Human Resource Development at George Washington University and Director of the World Institute for Action Learning.

GHR also organised the F&N Management Tea Talk series for senior managers from the various business units, with the aim of contributing towards developing and nurturing Group values and culture. Featuring prominent guest speakers Professor Dato Dr. Sheikh Omar Abdul Rahman and Dr. A. S. Malar, the series saw high impact talks on key leadership and management concepts and practices such as strategic management, employee motivation and corporate entrepreneurship. More talks have been scheduled for the future.

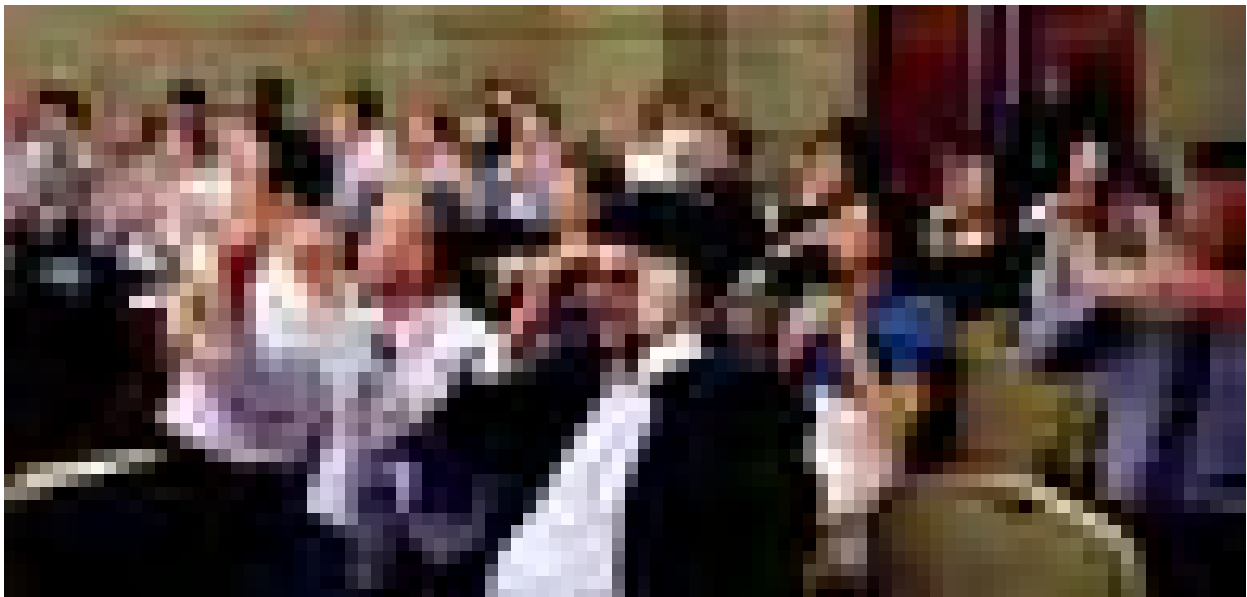
In order to develop and groom middle management talents to be ready for higher levels of responsibility, GHR implemented the F&N Leadership Learning & Development Programme in which potential talents underwent a series of workshop training, profile assessments and follow-up and feedback sessions. Participants will advance in stages and receive coaching and guidance to accelerate their leadership competence.

The Group also established programmes like the Management Development Programme (MDP) to identify high potential executives, and sponsored selected executives for external advanced management Programmes at local and Singapore based tertiary institutions such as National University of Singapore and Nanyang Technological University. Various other programmes are also in place for their long-term career development and as a succession strategy.



*Leadership Learning and Development Programme*

To encourage continuous learning in line with the expansion of the Group's business, GHR successfully conducted the Basic Thai Language and Culture Appreciation course for employees to enhance their cross-cultural interaction. Communicative English classes and First Aid training courses were also conducted to meet the needs of the workforce. In addition, GHR continued to provide Microsoft Excel and Power Point training courses to promote the effective use of office tools.



*F&N Management Tea Talk - Audience participation made the event an interactive one*



# Strength in adaptability

We remain steadfast in our quest for success  
in order to stay ahead of the competition.

# Corporate Governance



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Statement on Internal  
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# Statement On Corporate Governance

## INTRODUCTION

The Company is fully committed to good corporate governance practices and fair dealings in all its activities. It subscribes fully to the principles and best practices promoted by the Malaysian Code on Corporate Governance (“the Code”).

This statement describes the practices that the Company had taken with respect to each of the key principles and the extent of its compliance with the Code during the financial year.

## THE BOARD

The Board of Directors is elected by the shareholders and holds the ultimate decision making authority, except for matters reserved by law or by its articles of association to its shareholders. Formal processes and structures are in place to assist the Board in carrying out its responsibilities and its decisions are normally taken as a whole.

The Board oversees the business affairs of the Group. It approves strategic plans, key business initiatives as well as major investment and funding decisions. It also reviews financial performance, determines compensation and succession plans for senior management and ensures adequate internal controls. These actions are carried out directly by the Board and through Board Committees.

Assisting the Board are five board committees: the Group Executive, Audit, Nominating, Remuneration and Share Buy Back Committees (details of which are provided below.) On a day-to-day basis, the Board delegates the conduct of operating matters to its Chief Executive Officer (“CEO”).

### 1) Composition and Board Balance

The Company’s Articles of Association currently provides for a board composed of a maximum of eleven directors. The present Board comprises eleven directors whose varied skills and vast experience are relevant to the Group’s business operations.

The mix of directors on the Board is broadly balanced to reflect the interests of major shareholders, management and minority shareholders. Of the eleven directors, six are nominees of the two largest shareholders and four are independent and they are all non-executive directors. The remaining member is a non-independent executive director who holds the CEO position.

An independent non-executive Chairman heads the Board. Mr. Leslie Oswin Struys is the senior independent director who has been appointed to act as an additional channel of communication for corporate governance matters within the Company.

### 2) Board Processes and Committee Activities

During the financial year, the Board held seven (7) meetings, while the relevant Committees had seventeen (17) meetings. Record of directors’ attendances (taking into account the date of their respective appointments) is contained in the table below. Four (4) board meetings were held at the registered office of the Company while the other three (3 ) meetings were held off-site in Kuala Lumpur.

*Pages 16 to 21 of this Annual Report contain a profile of each member of the Board.*



DIRECTOR	BOARD	GROUP EXCO COMMITTEE	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	SHARE BUY BACK COMMITTEE
Y.A.M. Tengku Syed Badarudin Jamalullail	‡ • (7/7)	• (5/5)	• (5/5)	• (3/3)	• (3/3)	• (1/1)
Tan Sri Dato' Dr Lin See Yan	‡ • (7/7)	• (5/5)	• (5/5)	• (3/3)		
Koh Poh Tiong ( <i>Resigned 10/10/2011</i> )	• (7/7)	• (5/5)		• (2/3)	• (3/3)	• (1/1)
Anthony Cheong Fook Seng	• (7/7)	• (4/5)	• (5/5)			
Huang Hong Peng	• (7/7)	• (5/5)				
Lee Kong Yip	• (7/7)	• (5/5)			• (3/3)	• (1/1)
Dato' Dr Mohd Shahar bin Sidek	• (7/7)					
Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani	• (7/7)					
Dato' Anwarrudin bin Ahamad Osman	‡ • (6/7)	• (5/5)	• (4/5)			
Leslie Oswin Struys	‡ • (7/7)		• (4/5)	• (3/3)	• (3/3)	• (1/1)
Dato' Ng Jui Sia ( <i>Appointed 19/1/2011</i> )	• (5/5)					

Note: • denotes membership and ( ) indicates meetings attended out of the total scheduled meetings held since the beginning of the financial year or appointment date. ‡ denotes an independent member of the Board.

#### The Group Executive Committee ("Group Exco") :

The Group Exco formed in August 2010 is tasked with formulating strategic direction and initiatives to deliver long term shareholder value creation, oversee management performance and providing direction and guidance to management. To achieve its objectives, the Committee, among others, reviews the long term objectives of the Company and the Group in addition to reviewing and recommending annual budgets and long term business plans for adoption by the board.

The Committee comprises seven non-executive board members. There were five (5) scheduled meetings held during the year (the above table shows the attendance of the Group Exco meetings).

The Nominating Committee, formed in May 2001, is tasked with reviewing recommendations for Board appointments and Board Committees. The Nominating Committee comprises four non-executive directors, three of whom are independent.

Three (3) scheduled meetings were held during the year for the Nominating Committee (the above table shows the attendance of the Nominating Committee meetings). Proposed changes in the composition of the main Board, committees and subsidiary boards were reviewed at one of the meetings prior to the submission of recommendations to the Board. The directors also reviewed and kept abreast of developments in the area of board performance assessment. A formal evaluation

process has been put in place to assess the effectiveness of the Board as a whole. In this regard, the performance evaluation of the Board, Committees and individual director (self and peer) were conducted during the year together with an external consultant. The Committee was satisfied that the overall rating of the Board was high, in particular, in the areas of corporate social responsibility and board composition which was well balanced and appropriate.

The Remuneration Committee, formed in May 2001, comprises four non-executive board members. Responsible for reviewing succession planning as well as remuneration policies and practices of the Group, this Committee also supervises the allocation of share options to employees under the Group's ESOS scheme. Three (3) Remuneration Committee meetings were held during the year and were attended by all the members.

The Share Buy Back Committee, formed in May 2007, comprises four non-executive board members. The Committee is entrusted with recommending to, and implementing the decision of, the board on share buy back within certain perimeters. All members attended the sole meeting held during the year.

A separate report on the activities of the Audit Committee is contained on page 68 to 70 of this Annual Report.

### **3) Access to information**

A formal agenda issued by the Company Secretary in consultation with the Chairman and the CEO precedes all scheduled meetings during the year. The agenda for each meeting is also accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on group financial performance, presentations by subsidiaries on their performance, industry trends, business plans including major capital expenditure and proposals, quarterly result announcements and other relevant information.

Additionally, directors are encouraged to approach management to seek clarification or obtain further information through the CEO in furtherance of their duties, including appropriate external professional consultation. All directors have direct access to the advice and services of the Company Secretaries in discharging their duties.

### **4) Appointments and Re-elections**

Procedures relating to the appointment and re-election of directors are contained in the Company's Articles of Association. New directors are subject to election at the Annual General Meeting ("AGM"), following their first appointment. In addition, one-third of the directors are required by rotation to submit themselves for re-election by shareholders at every AGM of the Company.

## **REMUNERATION**

The Remuneration Committee is entrusted with the role of determining and recommending suitable policies in respect of salary packages for executive directors and the Group's senior executives. The current salary packages comprise a combination of basic salary and a variable performance incentive to attract and retain talent in a competitive environment. There was no change in the remuneration policies and practices during the year.

The remuneration for non-executive directors is based on a standard fixed fee, with the Chairman receiving a double amount in recognition of his additional responsibilities. An additional fee is also paid to non-executive directors sitting on Board committees, and where applicable, the boards of subsidiaries that are not wholly owned.

Fees payable to the Company's directors are subject to yearly approval by shareholders at the Company's AGM. The aggregate directors' remuneration paid or payable to the directors of the Company and its subsidiaries for the financial year ended 30 September 2011 are as disclosed in the financial statements.

## DIRECTORS' TRAINING

In compliance with the Main Market Listing Requirements, all members of the Board have attended the required training programs prescribed by Bursa Malaysia Securities Berhad.

From time to time, the directors attend training to keep abreast with current developments as well as the new statutory and regulatory requirements. In addition to this, the Group, in collaboration with external training providers, also organizes internal training programs for the directors.

During the financial year ended 30 September 2011, the directors of the Company attended various training programs and seminars which cover the following topics:

TYPE OF TRAINING	ATTENDEES	DATE
Directors' Continuing Education Programme (CEP) held in Bangkok	Y.A.M Tengku Syed Badarudin Jamalullail Dato' Dr Mohd Shahar bin Sidek Dato' Anwarudin bin Ahamad Osman Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani Mr Anthony Cheong Fook Seng Mr Huang Hong Peng Mr Lee Kong Yip Mr Leslie Oswin Struys Dato' Ng Jui Sia Mr Koh Poh Tiong ( <i>Resigned on 10/10/2011</i> ) Mr Hui Choon Kit ( <i>*Ceased to be Alternate Director to Koh Poh Tiong on 10/10/2011</i> ) ( <i>*Re-appointed as Alternate Director to Pascal De Petrini on 10/10/2011</i> )	16 June 2011
Directors' Training "Getting It Right, The Challenges & Opportunities Ahead"	Tan Sri Dato' Dr Lin See Yan	15 November 2010
Navigating A Changing Anti-Corruption Landscape (UK Bribery Act)		3 August 2011
FIDE Training – Banking		4 - 5 October 2010 8 - 9 November 2010 8 - 9 December 2010 3 - 4 January 2011
Briefing on MIFC's Suggestions for Liberalisation of the Legal Profession	Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani	18 August 2011

## SHAREHOLDER AND INVESTOR RELATIONS

The Board recognizes the need for and the importance of effective communication with shareholders and the investment community. The Annual General Meeting ("AGM") is especially important for individual shareholders as it provides the main forum for direct dialogue with the Board. The 49th AGM of the Company was held on 19 January 2011 at Sime Darby Convention Centre. The Notice of Meeting attached to the Annual Report was distributed to the shareholders. The AGM in 2011 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholders represented 69.23% of the issued share capital. There was a forum for the shareholders to raise questions or issues at the AGM regarding the Group's performance in FY 2009 / 2010, which the directors appropriately addressed.

During the year, results briefings were conducted for investment analysts and the media. Two such briefings were held during the year. Apart from publishing the results in the print media, Bursa Malaysia Securities Berhad also provides for the Company to electronically publish all its announcements, including the full version of its quarterly results and Annual Reports. These can be accessed online through Bursa Malaysia's internet web-site at [<http://announcements.bursamalaysia.com.my>].

## ACCOUNTABILITY AND AUDIT

### 1) Financial Reports

In reviewing all the published annual and quarterly financial statements during the year, the directors took due care and reasonable steps to ensure that the requirements of accounting standards and relevant regulations were fully met. Their presentation reflects a balanced assessment of the Group's performance and prospects.

### 2) Internal Controls and Risk Management

The directors acknowledge their responsibility for the Group's system of internal controls, which is designed to protect shareholders' investments and the assets entrusted under its custody. The system was intended to provide reasonable (but not absolute) assurance against material financial mis-statement or loss. It includes formal policies and operating procedures in relation to the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with applicable legislation, regulation and best practice. It also includes the identification and containment of business risks.

The Group has well-established internal audit and compliance functions. Formal procedures were in place for both internal and external auditors to report independently on their findings and make the appropriate recommendations to the Management and the Audit Committee.

### **3) Relationship with external auditors**

The external auditors attended all the scheduled meetings of the Audit Committee during the year. These quarterly meetings enabled the exchange of views on issues requiring attention. The role of the auditors and their participation during the year are stated in the report of the Audit Committee on pages 68 to 70 of this Annual Report.

The Group paid Ernst & Young approximately RM640,000 for professional services rendered in connection with audits and related services for the financial year ended 30 September 2011.

### **4) Compliance with the Code**

The Company has complied with the Malaysian Code on Corporate Governance and observed its best practices throughout the year.

This statement was made in accordance with a resolution of the Board dated 4 November 2011.

# Report On Audit Committee

The Board is pleased to present the following report on the Audit Committee and its activities during the financial year ended 30 September 2011.

The Audit Committee was established by a Board resolution in 1994.

## MEMBERS AND MEETINGS

For the year under review, the Committee's chairman was Tan Sri Dato' Dr Lin See Yan. He was supported by a majority of independent Board members. Mr Anthony Cheong Fook Seng is a member with an accounting qualification.

A total of five (5) meetings were held during the financial year. The names of the members of the Audit Committee and the record of their attendance during the year (or since the date of their appointment) are as follows:-

Name	Attendance
<b>Independent</b>	
Tan Sri Dato' Dr Lin See Yan (Chairman)	5 of 5 meetings
Y.A.M. Tengku Syed Badarudin Jamalullail	5 of 5 meetings
Leslie Oswin Struys	4 of 5 meetings
Dato' Anwarrudin Ahamad Osman	4 of 5 meetings
<b>Non-Independent</b>	
Anthony Cheong Fook Seng	5 of 5 meetings

## TERMS OF REFERENCE

The following terms of reference for the Committee was approved by the Board in 2001. It was updated and approved by the Board on 5 August 2011.

### Membership

The Audit Committee shall comprise at least three (3) non-executive directors (but not their alternate), the majority of whom are independent, including the Chairman. All members of the Audit Committee shall be financially literate and at least one member shall be a professional or qualified accountant. Any vacancy resulting in there being no majority of independent directors shall be filled within three (3) months.

The membership and performance shall be reviewed at least once every three (3) years.

### Authority

1. The Committee shall have the authority to investigate any matters within its terms of reference or as otherwise directed by the Board, to determine the resources required and to have full access to any information including to employees and external and internal auditors.
2. The Committee is authorized to seek independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### **Terms of Reference**

1. The Audit Committee is a committee of the Board and the Board shall determine its membership. The members of the Audit Committee shall elect a Chairman who shall be an independent director. The Company Secretary shall be the Secretary to the Committee.
2. The Committee shall meet at least four (4) times a year or as frequently as required including when requested by the external auditor. Its quorum shall be three members constituting a majority of independent directors. The proceedings of the Audit Committee shall be recorded and the minutes of meetings tabled at Board meetings.
3. The Chief Financial Officer, head of the internal audit function and the external auditors (or their representatives) shall be expected to attend all meetings of the Committee. The CEO and other officers of the Company shall attend by invitation. At least twice a year, the Committee shall meet with the external auditors without the executive board members present.
4. The duties of the Committee shall be as follows:
  - a) To consider and recommend the appointment or re-appointment of the external auditors, their remuneration and any issues regarding their performance, questions of resignation or dismissal of the internal or external auditors.
  - b) To assist the Board in the review of the adequacy and effectiveness of the internal control system with the external auditor.
  - c) To review the risk management policies and practices of the Group to ensure their effectiveness.
  - d) To discuss with the external auditors, their audit plan and scope of their audit and assistance to be given by employees.
  - e) To review the quarterly, half-yearly and year-end consolidated financial statements and announcements of the Company, before submission to the Board, focusing particularly on:-
    - Compliance with applicable accounting standards
    - Changes in major accounting policies and practices
    - Compliance with Bursa Malaysia Securities Berhad's and other statutory requirements
    - Significant adjustments arising from the audit
    - Going concern issues of any entity within the Group
    - Significant and unusual events
  - f) To review the external auditor's management reports and responses by Management, and to discuss any issues of concern arising from the audit (in the absence of Management where necessary).
  - g) To support and provide directions to the Group's internal audit function to ensure its effectiveness in carrying out its duties.
  - h) To consider the findings arising from internal audit reports or other internal investigations and responses by Management and to determine appropriate corrective action required of Management and where necessary, ensure its implementation.
  - i) To consider any related party transactions and conflict of interests situation that may arise within the Company and its subsidiaries.
  - j) To assist the Board in the preparation of the Audit Committee Report for inclusion in the Annual Report of the Company.
  - k) To report to Bursa Malaysia Securities Berhad any matter resulting in a breach of the Listing Requirements which has not been satisfactorily resolved after it has been reported to the Board of Directors.

- l) To verify the allocation of share options under the Executives' Share Option Scheme.
- m) To carry out such other responsibilities, functions or assignments as may be agreed to by the Audit Committee and the Board.

### Activities of the Committee

During the financial year, the Committee met over various scheduled meetings to discuss and consider each of the draft quarterly result announcements before recommending the reports to the Board. Similarly, the statutory accounts for the previous year were also reviewed. As part of the process, the provisions and any impairment thereof against the various categories of asset were reviewed to ensure their compliance with Group policies and appropriate accounting standards. Issues that arose from the review were discussed in the presence of the external auditors. The Committee also provided an oversight role to ensure that Management maintains formal and effective risk management and documentation procedures. During the year, the Committee received and reviewed quarterly updates on the risks management processes.

The external audit plans for the financial year were presented to the Committee prior to its implementation. The external auditors were present in all the Committee meetings held during the financial year. The Committee also met twice with the external auditors without the presence of the Management for the financial year ended 30 September 2011.

The internal audit reports and their findings were also discussed at Committee meetings. To ensure its independence within management, the Committee, through its Chairman, supervised the internal audit function, including evaluation of its performance. The role and scope of the internal audit department was also clarified with a documented internal audit charter. The department was headed by the Group Internal Audit Manager and supported by qualified staff.

The review and verification of allocation of share options under the Group's ESOS for the financial year ended 30 September 2011 has been delegated to the Remuneration Committee by the Board.

### Internal Audit Function

The principal responsibility of the internal audit department is to conduct periodic audits on internal control matters to ensure their compliance with systems and standard operating procedures within each of the Group's operations. The main objective of these audits is to provide reasonable assurance that these operations operated satisfactorily and effectively.

Investigations were also made at the request of the Committee and senior management on specific areas of concern to follow-up on in relation to high-risk areas identified in the regular reports. These investigations provided additional assurance and comfort on the integrity and robustness of the internal control systems.

The Internal Audit function is performed in-house and the costs incurred for the Internal Audit function in respect of the financial year was about RM1.15 million. At the end of the financial year, the department had five(5) employees. Nineteen (19) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

In June 2011, Deloitte Enterprise Risk Services Sdn Bhd (Deloitte) carried out an External Quality Assurance Review (QAR) on FNHB's Group IA Department (GIAD) and concluded that GIAD's activities generally conformed with "the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors ("IIA Standards") and IIA's Code of Ethics, as well as its Definition of Internal Auditing, GIA's charter, policies, manual and procedures".

This report was made in accordance with a resolution of the Board on 4 November 2011.



## RESPONSIBILITY

The Board acknowledges that it has a responsibility to maintain a sound internal control system that ensures adequacy and integrity through a process of review, monitoring and assurance. The CEO and Management play an integral role in assisting the design and implementation of the Board's policies on risk and control.

This statement describes the processes that form the internal control framework throughout the Group's business operations, which are regularly reviewed by the Board. The internal control system was designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives. In pursuing these objectives, internal control can provide only reasonable and not absolute assurances against material misstatements or losses.

For the purposes of this statement, associated companies have been excluded as part of the Group.

## RISK MANAGEMENT

Risk management and internal controls are regarded as an integral part of the overall management processes.

The Audit Committee has approved a formal group risk management policy that has been adopted by all its subsidiaries. It sets out the requirements for consistent reporting when identifying risk and management actions.

## MANAGEMENT PROCESSES AND CONTROL FRAMEWORK

The Group has set in place well-established standard operating procedures covering all critical and significant facets of the Group's business processes. Procedures are primarily geared towards the prevention of asset loss and also cover other major functional aspects of the Group's business operations. These functions include cost control, asset security and occupational safety procedures, human capital management, productivity benchmarks, product quality assurance, compliance with regulatory standards and disciplines, among other matters. The procedures are also subject to review as processes change or when new business requirements need to be met. Compliance with these procedures is an essential element of the internal control framework.

Well-defined management structures and disciplines further reinforce the internal control framework to ensure its continued relevance and effectiveness. Among the management disciplines is a pre-defined chart of responsibility and accountability that provides a clear definition of delegated authority to the various management levels along functional lines.

The Group also operated a comprehensive information system which enables transactions to be captured, compiled and reported in a timely and accurate manner. The information system is highly automated and provides management with dependable data, analysis, variations, exceptions and other inputs relevant to the Group's performance. In each of the Group's business operations, weekly meetings are held to ensure that progress, exceptions and variations are fully discussed and acted upon to meet business objectives.

For continued effectiveness of the internal control framework, the Group maintains a well-resourced human capital function to oversee its operations. This ensures that the people driving key operations are sufficiently skilled and exert the required qualities of professionalism and integrity in their conduct. Continuous education and training programs are also provided to enhance employees' skills and to reinforce such qualities.

Additionally, the Group maintains an elaborate annual business planning and review process to make certain that the interests of all its stakeholders are well balanced.

### MONITORING AND REVIEW

As mentioned in the Statement on Corporate Governance, the Board delegates the day-to-day functions to the CEO, who is aided by a team of corporate officers. Part of the CEO's role is to drive each of the business operations in a manner that maintains the integrity of the internal control framework and which ensures the implementation of effective risk management practices throughout the year.

From a process viewpoint, the CEO presides over all regular management meetings in each of the business operations. These meetings are a platform for reviewing financial performance, as well as business issues including internal control matters and risk management.

The Group has an adequately resourced internal audit function whose primary responsibility is to assure the Board, via the Audit Committee, that the stringent internal control systems are fully implemented. In providing this assurance, the internal audit function undertakes compliance testing and reports on exceptions under assessment.

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the annual report for the year ended 30 September 2011 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

### SUMMARY

The system of internal controls comprising the internal control framework, management processes, monitoring and review process described in this statement are considered appropriate. Also, the risks undertaken are at an acceptable level within the context of the business environment throughout the Group. It should be noted that such arrangements do not eliminate the possibility of collusion or deliberate circumvention of procedures by employees. Human error and/or other unforeseen circumstances can result in poor judgment.

Throughout the year, the existing system of internal controls provided a level of confidence that the Board relied on for assurance. In the year under review, it has not resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

This statement was made in accordance with a resolution of the Board of Directors dated 4 November 2011.

## Statement On Directors Responsibility

As required under the Companies Act 1965 ("Act"), the Directors on page 82 of this annual report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 30 September 2011.

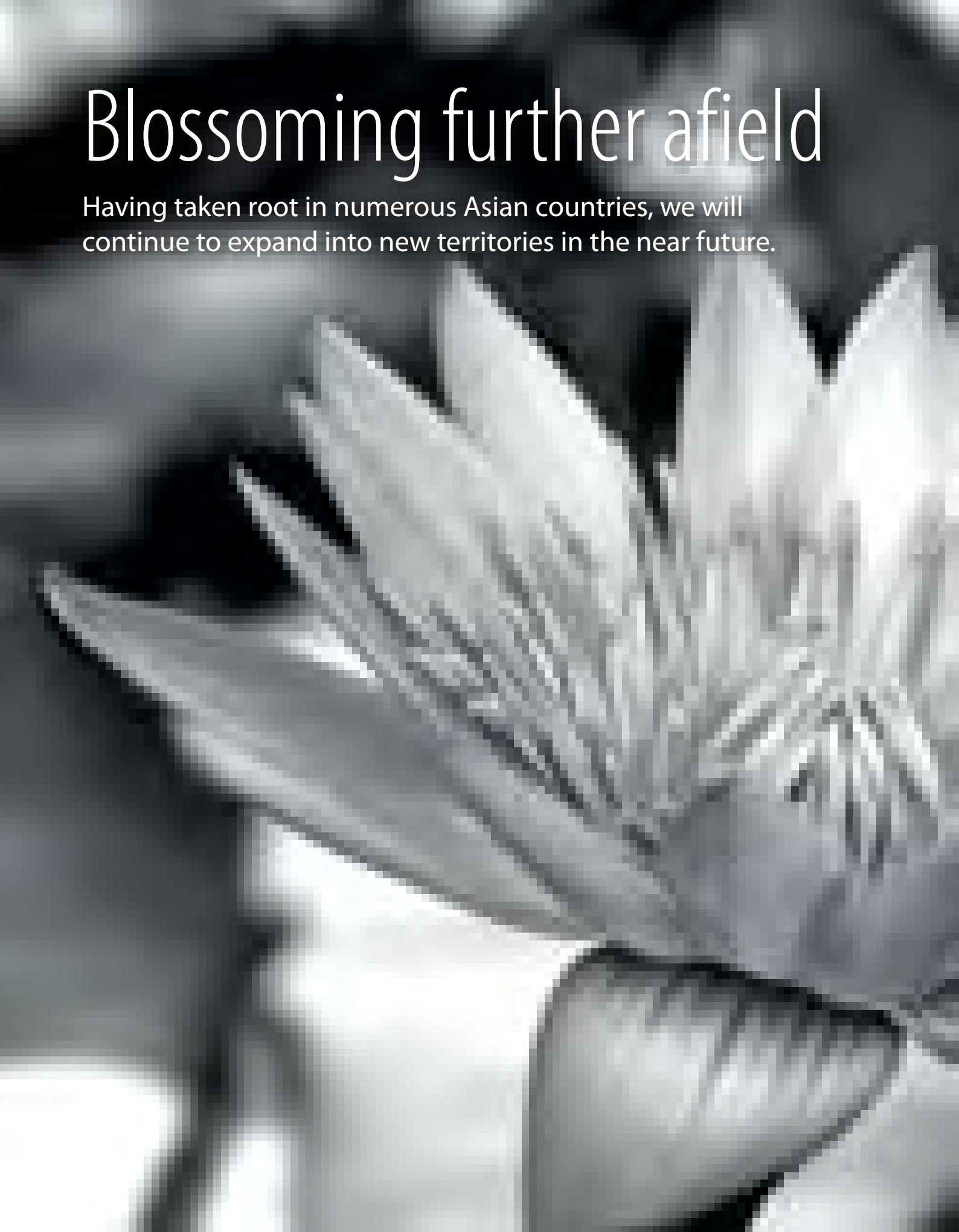
In the process of preparing these financial statements, and other than as disclosed in the notes to the financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

Additionally, the directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board dated 4 November 2011.

# Blossoming further afield

Having taken root in numerous Asian countries, we will continue to expand into new territories in the near future.





# Financial Statements



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# Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2011.

## PRINCIPAL ACTIVITIES

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

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

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit after taxation from continuing operations	368,746	329,105
Profit after taxation from discontinued operations	14,384	-
Profit for the year	383,130	329,105
Attributable to:		
Equity holders of the Company		
Continuing operations	368,746	329,105
Discontinued operations	14,384	-
	383,130	329,105

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the write-back of certain provisions of RM14.4 million, as further disclosed in Note 7 to the financial statements.

## EXECUTIVES' SHARE OPTION SCHEME

The Company's Executives' Share Option Scheme ("ESOS") which is governed by its by-laws was approved by the shareholders at the Extraordinary General Meeting held on 5 April 2007. The ESOS is effective 1 October 2007.

Details of the options to subscribe for ordinary shares of RM1.00 each in the capital of the Company granted to executives pursuant to the Scheme are as follows:

<b>Offer date</b>	<b>Balance as at 1.10.2010 or offer date if later</b>	<b>Options exercised/ lapsed No. of shares</b>	<b>Balance as at 30.9.2011</b>	<b>Exercise price/ adjusted exercise price W.E.F 13.12.2010 RM</b>	<b>Exercise period</b>
<b>Option 2008</b>					
20.11.2007	1,458,500	(1,428,800)	29,700	7.77/7.17	20.8.2010 - 19.10.2012

## EXECUTIVES' SHARE OPTION SCHEME (CONT'D.)

Offer date	Balance as at 1.10.2010 or offer date if later	Options exercised/ lapsed No. of shares	Balance as at 30.9.2011	Exercise price/ adjusted exercise price W.E.F 13.12.2010 RM	Exercise period
<b>Option 2009</b>					
19.11.2008	2,685,300	(1,715,300)	970,000	8.46/7.81	19.8.2011 - 18.10.2013
<b>Option 2010</b>					
20.11.2009	3,033,600	(92,100)	2,941,500	11.34/10.47	20.8.2012 - 19.10.2014
<b>Option 2011</b>					
22.11.2010	3,067,300	(108,600)	2,958,700	14.52	22.8.2013 - 21.10.2015

The main features of the Company's ESOS are disclosed in Note 23(c) to the financial statements. The Company has been exempted from disclosing the names of employees who are granted less than 50,000 options. The names of option holders granted options to subscribe for 50,000 or more ordinary share of RM1 each during the year are as follows:

Name of option holders	Number of options granted		
	Option 2010	Option 2009	Option 2008
Tony Lee Cheow Fui	50,000	50,000	50,000
James Teo Hong Beng	53,000	53,000	50,000

There were no employee granted options to subscribe for 50,000 or more ordinary share in respect of Option 2011.

The number of options granted to the executive director are disclosed in the Directors' interests section.

## TREASURY SHARES

There were no repurchase of treasury shares during the financial year.

## DIVIDENDS

The amounts paid by way of dividend by the Company since 30 September 2010 were as follows:

- A special interim single tier dividend of RM1.10 per share amounting to RM394.3 million in respect of the previous financial year was paid on 6 January 2011;
- A final single tier dividend of 38 sen per share amounting to RM136.2 million in respect of the previous financial year was paid on 23 February 2011; and
- An interim single tier dividend of 20 sen per share amounting to RM71.7 million and a special interim single tier dividend of 15 sen per share amounting to RM53.8 million in respect of the current financial year were paid on 3 August 2011.

### DIVIDENDS (CONT'D.)

The Directors are recommending a final single tier dividend of 47 sen per share (2010: 38 sen) together with a special single tier dividend of 15 sen per share amounting to RM223.3 million (2010: RM135.7 million) in respect of the current financial year on 360,142,201 (2010: 357,049,401) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2012.

### DIRECTORS

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

Y.A.M. Tengku Syed Badarudin Jamalullail  
Tan Sri Dato' Dr. Lin See Yan  
Dato' Anwarudin bin Ahamad Osman  
Dato' Dr. Mohd Shahar bin Sidek  
Dato' Dr. Nik Norzrul Thani bin Nik Hassan Thani  
Leslie Oswin Struys  
Lee Kong Yip  
Cheong Fook Seng, Anthony  
Huang Hong Peng  
Dato' Ng Jui Sia (appointed on 19 January 2011)  
Pascal De Petrini (appointed on 10 October 2011)  
Hui Choon Kit (Alternate to Pascal De Petrini) (appointed on 10 October 2011)  
Dato' Tan Ang Meng (retired at AGM on 19 January 2011)  
Koh Poh Tiong (resigned on 10 October 2011)  
Hui Choon Kit (Alternate to Koh Poh Tiong) (appointed on 10 March 2011, resigned on 10 October 2011)

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

- (i) Y.A.M. Tengku Syed Badarudin Jamalullail, Lee Kong Yip and Huang Hong Peng pursuant to Article 97 of the Company's Articles of Association;
- (ii) Pascal De Petrini pursuant to Article 103 of the Company's Articles of Association; and
- (iii) Tan Sri Dato' Dr. Lin See Yan and Leslie Oswin Struys pursuant to Section 129 of the Companies Act, 1965.

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 5(b) to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.



## DIRECTORS' INTERESTS

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

Companies in which directors held interest	Number of shares/share options/units			
	As at 1.10.2010/ date of appointment	Bought/ Allocated	Sold/ Lapsed/ Exercised	As at 30.9.2011
Y.A.M. Tengku Syed Badarudin Jamalullail				
Fraser & Neave Holdings Bhd				
- Ordinary shares (direct)	2,062,000	-	-	2,062,000
Dato' Ng Jui Sia				
Fraser & Neave, Limited				
- Ordinary shares (direct)	100,000	24,000	(20,000)	104,000
- Share options	1,062,580	-	-	1,062,580
- FY09/10 Restricted Share Plan	118,011	-	-	118,011
- FY09/10 Performance Share Plan	35,343	-	-	35,343
Frasers Centrepont Trust Units	50,000	-	-	10,000 *
Frasers Commercial Trust Units	10,000	-	-	10,000
Cheong Fook Seng, Anthony				
Fraser and Neave, Limited				
- Ordinary shares (direct)	131,910	278,640	(90,000)	320,550
- Ordinary shares (indirect)	20,250	20,000	-	40,250
- Share options	3,483,040	-	(278,640)	3,204,400
- FY09/10 Restricted Share Plan	60,000	37,000	-	97,000
- FY09/10 Performance Share Plan	16,000	10,000	-	26,000
Frasers Centrepont Trust Units	50,000	-	-	50,000
Frasers Commercial Trust Units	120,000	-	-	24,000 *
Huang Hong Peng				
Fraser & Neave, Limited				
- Ordinary shares (direct)	75,000	396,300	(60,000)	411,300
- Share options	744,300	-	(396,300)	348,000
- FY09/10 Restricted Share Plan	53,000	33,000	-	86,000
- FY09/10 Performance Share Plan	14,000	9,000	-	23,000
Frasers Centrepont Trust Units	462,000	-	-	462,000
Frasers Commercial Trust Units	1,700,000	-	-	340,000 *
Koh Poh Tiong				
Fraser & Neave, Limited				
- Ordinary shares (direct)	-	967,500	-	967,500
- Share options	967,500	-	(967,500)	-
- FY09/10 Restricted Share Plan	195,531	118,044	-	313,575
- FY09/10 Performance Share Plan	96,463	63,560	-	160,023

\* after consolidation of units

## DIRECTORS' INTERESTS (CONT'D.)

Companies in which directors held interest	Number of shares/share options/units			As at 30.9.2011
	As at date of appointment	Bought/Allocated	Sold/Lapsed/Exercised	
Hui Choon Kit				
Fraser & Neave, Limited				
- Ordinary shares (direct)	24,230	-	-	24,230
- Share options	948,150	-	-	948,150
- FY09/10 Restricted Share Plan	105,782	-	-	105,782
- FY09/10 Performance Share Plan	19,847	-	-	19,847
Fraser's Centrepont Trust Units	140,000	-	-	140,000
Fraser's Commercial Trust Units	80,000	-	-	80,000

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

## OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## OTHER STATUTORY INFORMATION (CONT'D.)

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

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

(f) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS

Significant events are disclosed in Note 31 to the financial statements.

## EVENT OCCURRING AFTER THE REPORTING DATE

The event occurring after the reporting date is disclosed in Note 36 to the financial statements.

## AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 4 November 2011.

Tengku Syed Badarudin Jamalullail

Dato' Ng Jui Sia

Kuala Lumpur, Malaysia

# Statement By Directors

## STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tengku Syed Badarudin Jamalullail and Dato' Ng Jui Sia, being two of the directors of Fraser & Neave Holdings Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 85 to 157 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2011 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 38 to the financial statements on page 157 has been prepared, in all material respects, in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 4 November 2011.

Tengku Syed Badarudin Jamalullail

Dato' Ng Jui Sia

Kuala Lumpur, Malaysia

## STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Tan Eng Guan, being the officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 85 to 157 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovementioned Tan Eng Guan  
at Kuala Lumpur in the Federal Territory  
on 4 November 2011.

Tan Eng Guan

Before me,

Commissioner for Oaths  
Wern Li Morsingh (W 605)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Fraser & Neave Holdings Bhd, which comprise statements of financial position as at 30 September 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 85 to 157.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2011 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("the Act"), we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D.)**

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

## **OTHER MATTERS**

The supplementary information set out in Note 38 on page 157 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Ong Chee Wai  
No. 2857/07/12(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
4 November 2011

# Income Statements

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Continuing operations</b>					
<b>Revenue</b>	3	3,915,431	3,637,726	255,858	287,666
<b>Cost of sales</b>		(2,713,376)	(2,455,542)	-	-
<b>Gross profit</b>		1,202,055	1,182,184	255,858	287,666
<b>Other income</b>		14,084	775	21,753	-
<b>Operating expenses</b>					
Distribution expenses		(331,067)	(348,695)	-	-
Marketing expenses		(340,861)	(311,791)	-	-
Administration expenses		(129,838)	(127,784)	(2,411)	(7,351)
Other expenses		(6,396)	(5,394)	-	-
		(808,162)	(793,664)	(2,411)	(7,351)
<b>Operating profit</b>		407,977	389,295	275,200	280,315
Interest expense	4	(11,427)	(7,171)	-	-
Interest income	4	15,053	6,858	15,518	11,904
		411,603	388,982	290,718	292,219
Share of results of an associated company		1,845	-	-	-
Gain on disposal of investment in subsidiary		35,824	-	42,000	447,441
Surplus on capital repayment scheme		-	-	-	16,036
<b>Profit before taxation</b>	5	449,272	388,982	332,718	755,696
Income tax expense	6	(80,526)	(81,980)	(3,613)	(6,383)
<b>Profit for the year from continuing operations</b>		368,746	307,002	329,105	749,313
<b>Discontinued operations</b>					
<b>Profit for the year from discontinued operations</b>		14,384	387,046	-	-
Profit for the year from discontinued operations, net of tax	7	-	5,010	-	-
Gain recognised on divestment of glass container business	7	-	382,036	-	-
Write-back of provisions relating to glass container business	7	14,384	-	-	-
<b>Profit for the year</b>		383,130	694,048	329,105	749,313

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011 (CONT'D.)

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Attributable to:					
Equity holders of the Company		<b>383,130</b>	695,291	<b>329,105</b>	749,313
Continuing operations		<b>368,746</b>	307,002	<b>329,105</b>	749,313
Discontinued operations		<b>14,384</b>	388,289	-	-
Non-controlling interests		-	(1,243)	-	-
Continuing operations		-	-	-	-
Discontinued operations		-	(1,243)	-	-
		<b>383,130</b>	694,048	<b>329,105</b>	749,313
Basic earnings per share attributable					
to equity holders of the Company (sen)	8	<b>106.9</b>	195.1		
Continuing operations		<b>102.9</b>	86.2		
Discontinued operations		<b>4.0</b>	108.9		
Diluted earnings per share attributable					
to equity holders of the Company (sen)	8	<b>106.0</b>	194.2		
Continuing operations		<b>102.1</b>	85.8		
Discontinued operations		<b>3.9</b>	108.4		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# Statements Of Comprehensive Income

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

	Note	Group 2011 RM'000	2010 RM'000	Company 2011 RM'000	2010 RM'000
<b>Profit for the year</b>		<b>383,130</b>	694,048	<b>329,105</b>	749,313
<b>Other comprehensive income</b>					
Foreign currency translation		<b>6,907</b>	(32,783)	-	-
Realisation of reserve upon disposal of subsidiaries		-	(14,431)	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>6,907</b>	(47,214)	-	-
<b>Total comprehensive income for the year</b>		<b>390,037</b>	646,834	<b>329,105</b>	749,313
Attributable to:					
Equity holders of the Company		<b>390,037</b>	655,527	<b>329,105</b>	749,313
Non-controlling interests		-	(8,693)	-	-
		<b>390,037</b>	646,834	<b>329,105</b>	749,313

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements Of Financial Position

AS AT 30 SEPTEMBER 2011

			Group		Company	
	Note	2011	2010	1 October 2009	2011	2010
		RM'000	(restated) RM'000	(restated) RM'000	RM'000	RM'000
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	10	1,008,840	816,154	1,178,210	-	-
Properties held for development	12	5,504	5,470	31,787	-	-
Investment in subsidiaries	13	-	-	-	978,298	604,792
Investment in an associate	14	55,929	-	-	54,648	-
Receivables	18(b)	-	-	-	148,649	148,297
Intangible assets	15	127,262	125,176	131,650	-	-
Deferred tax assets	26	4,705	4,264	20,993	-	-
		1,202,240	951,064	1,362,640	1,181,595	753,089
<b>Current assets</b>						
Property development costs	16	74,569	196,586	172,354	-	-
Inventories	17	314,668	343,717	482,305	-	-
Receivables	18(a)	538,175	528,035	544,567	134,566	160,270
Cash and cash equivalents	19	290,290	939,335	187,853	18,247	747,595
Non-current assets held for sale	20	55,897	10,183	10,183	-	-
		1,273,599	2,017,856	1,397,262	152,813	907,865
<b>Total assets</b>		<b>2,475,839</b>	<b>2,968,920</b>	<b>2,759,902</b>	<b>1,334,408</b>	<b>1,660,954</b>
<b>Equity and liabilities</b>						
<b>Equity attributable to equity holder of the Company</b>						
Share capital	21	360,379	357,286	356,493	360,379	357,286
Treasury shares	22	(1,716)	(1,716)	(1,715)	(1,716)	(1,716)
Reserves	23	1,200,155	1,440,946	938,366	951,231	1,252,954
		1,558,818	1,796,516	1,293,144	1,309,894	1,608,524
Non-controlling interests		294	294	116,259	-	-
<b>Total equity</b>		<b>1,559,112</b>	<b>1,796,810</b>	<b>1,409,403</b>	<b>1,309,894</b>	<b>1,608,524</b>

## AS AT 30 SEPTEMBER 2011 (CONT'D.)

			Group		Company	
	Note	2011	2010	1 October 2009	2011	2010
		RM'000	(restated) RM'000	(restated) RM'000	RM'000	RM'000
<b>Non-current liabilities</b>						
Borrowings	24	<b>150,000</b>	150,000	360,402	-	-
Provision for retirement benefits	25	<b>35,822</b>	37,620	36,983	-	-
Deferred tax liabilities	26	<b>13,604</b>	19,475	21,810	-	-
		<b>199,426</b>	207,095	419,195	-	-
<b>Current liabilities</b>						
Payables	27(a)	<b>685,237</b>	755,730	696,510	<b>2,069</b>	11,553
Provisions	27(b)	<b>22,468</b>	42,767	-	<b>22,468</b>	42,767
Borrowings	24	-	150,000	203,367	-	-
Provision for taxation		<b>9,596</b>	16,518	31,427	<b>(23)</b>	(1,890)
		<b>717,301</b>	965,015	931,304	<b>24,514</b>	52,430
<b>Total liabilities</b>		<b>916,727</b>	1,172,110	1,350,499	<b>24,514</b>	52,430
<b>Total equity and liabilities</b>		<b>2,475,839</b>	2,968,920	2,759,902	<b>1,334,408</b>	1,660,954

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements Of Changes In Equity

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

Group	Attributable to Equity Holders of the Company									Non-Controlling Interests	Total Equity	
	Note	Non Distributable					Distributable					
		Share Capital	Share Premium	Treasury Shares	Foreign Exchange Reserve	Executives' Share Option Reserve	Capital Reserve	Capital Reserve	Retained Earnings			
		(Note 21)	(Note 23)	(Note 22)	(Note 23)	(Note 23)	(Note 23)	(Note 23)	(Note 23)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 October 2009</b>		356,493	339,990	(1,715)	36,603	2,114	2,130	15,897	541,632	1,293,144	116,259	1,409,403
<b>Total comprehensive income</b>		-	-	-	(39,640)	-	(2,130)	-	697,297	655,527	(8,693)	646,834
<b>Transaction with owners</b>												
Share options granted under ESOS		-	-	-	-	3,777	-	-	-	3,777	-	3,777
Shares exercised under ESOS		793	6,000	-	-	(628)	-	-	-	6,165	-	6,165
Reduction in non-controlling interests arising from disposal of subsidiaries		-	-	-	-	-	-	-	-	-	(107,272)	(107,272)
Treasury shares purchased	22	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Transaction costs	22	-	-	^	-	-	-	-	-	^	-	^
Dividends	9	-	-	-	-	-	-	-	(162,096)	(162,096)	-	(162,096)
<b>Total transactions with owners</b>		793	6,000	(1)	-	3,149	-	-	(162,096)	(152,155)	(107,272)	(259,427)
<b>At 30 September 2010</b>		357,286	345,990	(1,716)	(3,037)	5,263	-	15,897	1,076,833	1,796,516	294	1,796,810
<b>Total comprehensive income</b>		-	-	-	6,907	-	-	-	383,130	390,037	-	390,037
<b>Transaction with owners</b>												
Share options granted under ESOS		-	-	-	-	4,199	-	-	-	4,199	-	4,199
Shares exercised under ESOS		3,093	23,792	-	-	(2,836)	-	-	-	24,049	-	24,049
Dividends	9	-	-	-	-	-	-	-	(655,983)	(655,983)	-	(655,983)
<b>Total transactions with owners</b>		3,093	23,792	-	-	1,363	-	-	(655,983)	(627,735)	-	(627,735)
<b>At 30 September 2011</b>		360,379	369,782	(1,716)	3,870	6,626	-	15,897	803,980	1,558,818	294	1,559,112

^ RM42

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011 (CONT'D.)

Company	Note	Non Distributable				Distributable		Total Equity RM'000
		Share Capital (Note 21) RM'000	Share Premium (Note 23) RM'000	Treasury Shares (Note 22) RM'000	Executives' Share Options Reserve (Note 23) RM'000	Capital Reserve (Note 23) RM'000	Retained Earnings (Note 23) RM'000	
<b>At 30 September 2009</b>		356,493	339,990	(1,715)	2,114	15,897	298,587	1,011,366
<b>Total comprehensive income</b>		-	-	-	-	-	749,313	749,313
<b>Transaction with owners</b>								
Share options granted under ESOS		-	-	-	3,777	-	-	3,777
Shares exercised under ESOS		793	6,000	-	(628)	-	-	6,165
Dividends	9	-	-	-	-	-	(162,096)	(162,096)
Treasury shares purchased	22	-	-	(1)	-	-	-	(1)
Transaction costs	22	-	-	^	-	-	-	^
<b>Total transactions with owners</b>		793	6,000	(1)	3,149	-	(162,096)	(152,155)
<b>At 30 September 2010</b>		357,286	345,990	(1,716)	5,263	15,897	885,804	1,608,524
<b>Total comprehensive income</b>		-	-	-	-	-	329,105	329,105
<b>Transaction with owners</b>								
Share options granted under ESOS		-	-	-	4,199	-	-	4,199
Shares exercised under ESOS		3,093	23,792	-	(2,836)	-	-	24,049
Dividends	9	-	-	-	-	-	(655,983)	(655,983)
<b>Total transactions with owners</b>		3,093	23,792	-	1,363	-	(655,983)	(627,735)
<b>At 30 September 2011</b>		<b>360,379</b>	<b>369,782</b>	<b>(1,716)</b>	<b>6,626</b>	<b>15,897</b>	<b>558,926</b>	<b>1,309,894</b>

^ RM42

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements Of Cash Flows

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation				
Continuing operations	449,272	388,982	332,718	755,696
Discontinued operations	14,384	388,901	-	-
	463,656	777,883	332,718	755,696
Adjustments for:				
Amortisation of intangible assets (Note 15)	1,970	4,052	-	-
Bad debts written off	957	-	-	-
Depreciation of property, plant and equipment (Note 10)	78,954	108,671	-	-
Loss on disposal of property, plant and equipment	2,058	1,272	-	-
Property, plant and equipment write-off	3,234	-	-	-
Gain on disposal of investment	(35,824)	(382,036)	(42,000)	(447,441)
Share of an associate's profits	(1,845)	-	-	-
Dividend from associate	-	-	(564)	-
Surplus on capital repayment scheme	-	-	-	(16,036)
Fair value loss on derivatives	84	-	304	-
Gain on disposal of land under property developments	-	(22,194)	-	-
Gain on disposal of ice cream business of a subsidiary	(3,420)	-	-	-
Gain on disposal of a land in a subsidiary	(9,816)	-	-	-
Intangible assets write-off	-	3,919	-	-
Impairment losses on property, plant and equipment	150	4,907	-	-
Inventories write-off	21,204	19,859	-	-
Interest income				
Continuing operations (Note 4)	(15,053)	(6,858)	(15,518)	(11,904)
Discontinued operations (Note 7)	-	(310)	-	-
Interest expense				
Continuing operations (Note 4)	11,427	7,171	-	-
Discontinued operations (Note 7)	-	7,098	-	-
Provision for retirement benefits	3,822	5,651	-	-
Provision for doubtful debts	2,275	2,242	-	-
Write-back of impairment loss on property, plant and equipment	(4,498)	(2,935)	-	-
Executives' share option scheme	4,199	3,149	4,199	3,149
Balance brought forward	523,534	531,541	279,139	283,464

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011 (CONT'D.)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities (cont'd.)</b>				
Balance carried forward	523,534	531,541	279,139	283,464
Write-back of provision for doubtful debts	(976)	(1,358)	-	-
Write-back of provision for obsolete inventories	(1,536)	(2,183)	-	-
Write-back of provision for indemnity costs	(20,299)	-	(20,299)	-
Write-back of provision for retirement benefits	(2,336)	(5)	-	-
Write down of inventories	2,134	13,699	-	-
Operating profit before working capital changes	500,521	541,694	258,840	283,464
Working capital changes:				
Inventories	6,447	(34,608)	-	-
Receivables	(71,840)	(98,526)	23,962	(119,073)
Payables	28,729	212,561	(9,484)	(4,088)
Property development costs	50,252	(9,184)	-	-
Cash generated from operations	514,109	611,937	273,318	160,303
Income tax paid	(89,534)	(97,622)	(2,461)	(6,008)
Income tax refunded	-	-	1,801	-
Payment of retirement benefits	(3,331)	(2,901)	-	-
Net cash generated from operating activities	421,244	511,414	272,658	154,295
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	2,517	2,683	-	-
Proceeds from disposal of investment in subsidiaries (Note 13(a) & 7)	36,290	694,936	42,100	732,666
Proceeds from disposal of property development costs	-	53,800	-	-
Dividend from associate	564	-	564	-
Investment in associate	(54,648)	-	(54,648)	-
Subscription of RNCCPS of subsidiaries	-	-	(381,000)	(52,000)
Proceed from capital repayment scheme	-	-	7,394	54,000
Purchase of property, plant and equipment (Note 10)	(306,824)	(172,486)	-	-
Purchase of computer software (Note 15)	(4,056)	(1,786)	-	-
Proceed from disposal of land	20,000	-	-	-
Proceed from disposal of business in a subsidiary	11,500	-	-	-
Interest received	15,053	7,168	15,518	11,904
Net cash (used in)/generated from investing activities	(279,604)	584,315	(370,072)	746,570

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011 (CONT'D.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Cash flows from financing activities</b>				
Interest paid	(11,427)	(14,269)	-	-
Proceed from shares exercised under ESOS	24,049	6,793	24,049	6,793
Repayment of borrowings	(150,000)	(162,140)	-	-
Payment of dividends (Note 9)	(655,983)	(162,096)	(655,983)	(162,096)
Purchase of treasury shares (Note 22)	-	(1)	-	(1)
Net cash used in financing activities	(793,361)	(331,713)	(631,934)	(155,304)
<b>Net increase in cash and cash equivalents</b>	(651,721)	764,016	(729,348)	745,561
<b>Effects of foreign exchange rate changes</b>	2,676	(12,534)	-	-
<b>Cash and cash equivalents at beginning of financial year</b>	939,335	187,853	747,595	2,034
<b>Cash and cash equivalents at end of financial year (Note 19)</b>	290,290	939,335	18,247	747,595

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# Notes To The Financial Statements

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

### 1. CORPORATE INFORMATION

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 8, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur.

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

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 4 November 2011.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies below.

At the beginning of the current financial year, the Group and the Company had adopted the new and revised FRS and IC Interpretations which are mandatory for the financial periods beginning on or after 1 October 2010 (unless otherwise stated) as described fully in Note 2.3.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

#### 2.2 Summary of significant accounting policies

##### (a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at the reporting date. The financial statements of the Company and its subsidiaries are prepared for the same reporting date as the Company unless otherwise stated.

Subsidiaries are consolidated using the acquisition method of accounting. The acquisition method involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Please refer to Note 2.2(b)(i) for the accounting policy on goodwill on acquisition of subsidiary companies. Under this method, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from their effective date of acquisition or up to their effective date of disposal, as appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (a) Basis of consolidation (cont'd.)

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

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Non-controlling interests is that part of the net results of operations and of the net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured as the non-controlling interests' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the date of acquisition by the Group and the non-controlling interests' share of changes in equity since the date of acquisition, except when the losses applicable to the non-controlling interests in a subsidiary exceed the non-controlling interests in the equity of that subsidiary company. In such cases, the excess and further losses applicable to the non-controlling interests are attributed to the equity holders of the Company, unless the non-controlling interests has a binding obligation to, and is able to, make good the losses. When that subsidiary company subsequently reports profits, the profits applicable to the non-controlling interests are attributed to the equity holders of the Company until the non-controlling interest's share of losses previously absorbed by the equity holders of the Company has been recovered. On acquisition of non-controlling interests, the difference between the consideration paid and the carrying value of the share of the net assets acquired is recognised as goodwill. Gain or loss on disposal of interests in subsidiary to non-controlling interests is recognised in the income statement.

#### (b) Intangible assets

##### (i) Goodwill

Goodwill is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Where the consideration is lower than the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is recognised as negative goodwill. Negative goodwill is recognised immediately in the income statement.

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (b) Intangible assets (cont'd.)

##### (ii) Brand

Brand is stated at cost less any impairment loss. The useful life of the brand is estimated to be indefinite because based on the current market share of the brand, management believes there is no foreseeable limit to the period over which the brand is expected to generate net cash flows to the Group. They are not amortised but tested for impairment annually or more frequently when indicators of impairment are identified.

##### (iii) Computer software

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These cost are amortised on a straight line basis over their expected useful lives at rates between 12.5 - 33.3%.

#### (c) Subsidiaries

The Company's investment in subsidiaries are stated at cost less accumulated impairment losses. An assessment of the book value is performed when there is an indication that the investment has been impaired or the impairment losses recognised in prior years no longer exist. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less impairment losses. An assessment of the book value is performed when there is an indication that the investment has been impaired or the impairment losses recognised in prior years no longer exist. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the consolidated income statement.

#### (d) Associates

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

The Group's investment in associates are carried at cost less accumulated impairment losses and adjusted to recognise the Group's share of post-acquisition reserves of the associates. Investment in associates include goodwill.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (d) Associates (cont'd.)

The Group's share of the operating results of associates are shown separately in the income statement. The Group's share of other comprehensive income is recognised in other comprehensive income. Net assets of the associates 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.

An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

In the Company's separate financial statements, investment in associates are carried at cost less impairment losses.

The details of the Company's associates are shown in Note 14.

#### (e) Property, plant and equipment and depreciation

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

The cost of property, plant and equipment comprises purchase price and any directly attributable costs, including interest cost, capitalised in bringing the property, plant and equipment to working condition. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the income statement. When property, plant and equipment are sold or retired, their cost or valuation and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the income statement. Any amount in revaluation reserve relating to that asset is transferred directly to retained earnings.

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

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

Leasehold land	Lease term (ranging from 18 to 91 years)
Buildings	2% to 10%
Plant and machinery	8.30% to 50%
Motor vehicles	10% to 20%
Postmix and vending machines	10% to 14.30%
Furniture, fittings and computer equipment	10% to 50%

The residual values, useful lives and depreciation method are reviewed and adjusted as appropriate at each reporting date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (f) Property development costs

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

Developments are considered complete upon the issue of Temporary Certificate of Fitness. When completed, properties for sale are transferred to current assets as completed properties held for sale which is measured at the lower of cost and net realisable value.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

#### (g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost of finished goods includes raw materials, labour and an appropriate proportion of production overheads. The raw materials including packaging materials comprises cost of purchase.

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

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

#### (h) Provisions for liabilities

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (i) Leases and prepaid land lease payment

##### (i) As 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 lower of the fair value of the leased item and the present value of the minimum lease payments at the inception of the lease term and disclosed as fixed asset. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit statement. Contingent rents, if any, are expensed in the periods in which they are incurred.

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

##### (ii) Prepaid land lease payments

The Group had previously classified leasehold land that normally has an indefinite economic life and title that is not expected to pass to the lessee by the end of the lease term as an operating lease. The payment made on entering into or acquiring leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

On adoption of Amendment to FRS 117, leases of leasehold land which in substance is a finance lease has been reclassified to property, plant and equipment and measured as such retrospectively.

Leasehold land is classified into long term lease and short term lease. Long term lease is defined as a lease with an unexpired lease period of fifty years or more. Short term lease is defined as a lease with an unexpired lease period of less than fifty years.

#### (j) Income tax

The tax charge is based on the profit for the year, as adjusted for tax purposes, together with a charge or credit for deferred taxation.

##### (i) Current tax

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

##### (ii) Deferred tax

Deferred income tax is provided in full, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (j) Income tax (cont'd.)

##### (ii) Deferred tax (cont'd.)

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liabilities arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

#### (k) Employee benefits

##### (i) Short term benefits

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

##### (ii) Defined contribution plans

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

##### (iii) Retirement benefits

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (k) Employee benefits (cont'd.)

##### (iii) Retirement benefits (cont'd.)

The cost of retirement benefits is determined by using accrued or projected benefit valuation methods as appropriate. Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses for each plan exceeds the greater of 10% of present value of the obligation and 10% of the fair value of plan assets. These gains or losses are recognised over the average remaining working lives of the employees participating in the plans.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

##### (iv) Accrued annual leave

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

##### (v) Share Options

The Company has in place Executives' Share Option Scheme for the granting of options to eligible executives of the Group to subscribe for shares in the Company.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the profit statement with a corresponding increase in the employee share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

When the options are exercised and new ordinary shares issued, the proceeds received (net of any directly attributable transaction costs) and the corresponding share option reserve is credited to share capital and share premium.

#### (l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### (i) Sale of goods

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (l) Revenue recognition (cont'd.)

##### (ii) Sales of properties

Revenue from sale of properties is accounted for the stage of completion method as described in Note 2.2(f).

##### (iii) Interest income

Interest income is recognised in the income statement on accrual basis.

##### (iv) Dividend income

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

#### (m) Foreign currencies

##### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

##### (ii) Foreign currency transactions

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

##### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- Exchange differences are taken to the foreign currency translation reserve within equity.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (m) Foreign currencies (cont'd.)

##### (iii) Foreign operations (cont'd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The exchange rates used at the reporting date are as follows:

	2011 RM	2010 RM
United States Dollar	3.19	3.10
Renminbi	0.50	0.46
100 Vietnam Dong	0.02	0.02
Singapore Dollar	2.46	2.34
New Zealand Dollar	2.34	2.27
Thailand Baht	0.10	0.10
Australia Dollar	3.11	2.97
Sterling Pound	4.97	4.90
Euro	4.32	4.18
Brunei Dollar	2.45	2.34

#### (n) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units from the acquisition date.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (n) Impairment of non-financial assets (cont'd.)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### (o) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in the statements of comprehensive income.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

The Group and the Company determine the classification of their financial assets after initial recognition and, where allowed and appropriate, re-evaluate this designation at each financial year end.

The Group's financial assets include cash and short term deposits, receivables and derivative financial instruments.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in the income statement as part of other losses or other income.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (o) Financial assets (cont'd.)

##### (i) Financial assets at fair value through profit or loss (cont'd.)

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### (iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company did not have any held-to maturity investments during the years ended 30 September 2011 and 30 September 2010.

##### (iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in the income statement. Dividends on an available-for-sale equity instrument are recognised in the income statement when the Group and the Company's right to receive payment is established.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (o) Financial assets (cont'd.)

##### (iv) Available-for-sale financial assets (cont'd.)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale financial assets.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

#### (p) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the income statement.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (p) Impairment of financial assets (cont'd.)

##### (ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

#### (q) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in the income statement. Net gains or losses on derivatives include exchange differences.

##### (ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (q) Financial liabilities (cont'd.)

##### (ii) Other financial liabilities (cont'd.)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

#### (r) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

#### (s) Interest-bearing borrowings

Interest-bearing bank loans, Medium Term Notes ("MTN") and Commercial Papers ("CP") are recorded at the amount of proceeds received.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (t) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand, balances and deposits with banks and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdraft.

#### (u) Equity instruments

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

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

#### (v) Properties held for development

Properties held for development are stated at cost less provision for foreseeable losses. The cost of properties held for development includes cost of land and construction, related overhead expenditure and financing charges incurred up to the completion of construction.

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

Properties held for development when completed are transferred to investment properties when they are ready for their intended use.

#### (w) Non current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Changes in accounting policies

The accounting policies adopted are consistent with those in the previous financial year.

On 1 July 2010, the Company adopted the following applicable new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2010.

- FRS 1 *First-time Adoption of Financial Reporting Standards*
- FRS 3 *Business Combinations (Revised)*
- FRS 4 *Insurance Contracts*
- FRS 7 *Financial Instruments: Disclosures*
- FRS 8 *Operating Segments*
- FRS 101 *Presentation of Financial Statements (Revised)*
- FRS 123 *Borrowing Costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 2 *Share-based Payment*
- Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 127 *Consolidated and Separate Financial Statements*
- Amendments to FRS 132 *Financial Instruments: Presentation*
- Amendments to FRS 132 *Classification of Right Issues*
- Amendments to FRS 138 *Intangible Assets*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives*
- Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*
- Improvements to FRSs issued in 2009
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 *FRS 2 - Group and Treasury Share Transactions*
- IC Interpretation 12 *Service Concession Arrangements*
- IC Interpretation 13 *Customer Loyalty Programmes*
- IC Interpretation 14 *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
- TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions*

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company except for those discussed below:

#### FRS 7: Financial Instruments: Disclosures

Prior to 1 October 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Changes in accounting policies (cont'd.)

#### FRS 7: Financial Instruments: Disclosures (cont'd.)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 September 2011.

#### FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 34).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

#### FRS 117: Amendments to FRS 117 Leases

Prior to 1 February 2010, for all leases of land and buildings, if the title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, certain leasehold land held by the Group was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases.

The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the consolidated statement of financial position as at 30 September 2011 arising from the above change in accounting policy:

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Changes in accounting policies (cont'd.)

#### FRS 117: Amendments to FRS 117 Leases (cont'd.)

The following comparatives have been restated:

<b>Consolidated statement of financial position</b>	<b>Note</b>	<b>As previously stated RM'000</b>	<b>Adjustments RM'000</b>	<b>As restated RM'000</b>
<b>30 September 2010</b>				
Property, plant and equipment	10	741,788	74,366	816,154
Prepaid land lease payments	11	74,366	(74,366)	-
<b>30 September 2009</b>				
Property, plant and equipment	10	1,102,372	75,838	1,178,210
Prepaid land lease payments	11	75,838	(75,838)	-

#### FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 October 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 October 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade receivables

Prior to 1 October 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 October 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 which did not result in any changes in financial position.

- Non hedging derivatives

Prior to 1 October 2010, all derivative financial instruments were recognised in the financial statements only upon settlement except for those which qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 October 2010 except for those designated as hedging instruments are recognised at their fair values and are classified as financial assets at fair value through profit or loss. The impact to the Group is not significant.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Standards and interpretations issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

#### **Effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*
- Amendments to FRS 3 *Business Combination*
- Amendments to FRS 3 [Improvements to FRSs (2010)]
- Improving Disclosures about Financial Instruments (Amendments to FRS 7)
- Amendments to FRS 7 [Improvements to FRSs (2010)]
- Amendments to FRS 7 *Improving Disclosures about Financial instruments*
- Improvements to FRSs issued in 2010
- IC Interpretation 4 *Determining Whether An Arrangement Contains a Lease*
- IC Interpretation 18 *Transfer of Assets from Customers*

#### **Effective for annual periods beginning on or after 1 July 2011**

- Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement*
- IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

#### **Effective for annual periods beginning on or after 1 January 2012**

- FRS 124 *Related Party Transactions*
- IC Interpretation 15 *Agreements for the Construction of Real Estate*

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

### 2.5 Significant accounting estimates and judgements

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

#### **(a) Key sources of estimation uncertainty**

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

##### **(i) Impairment of goodwill and brand**

The Group determines whether goodwill and brand are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and brand are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill and brand at financial reporting date is disclosed in Note 15.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.5 Significant accounting estimates and judgements (cont'd.)

#### (a) Key sources of estimation uncertainty (cont'd.)

##### (ii) Income taxes

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

##### (iii) Property development revenue recognition

The Group recognises property development revenue based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.2(l)(ii). Significant assumption is required in determining the percentage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group relies on past experience and the work of specialists.

##### (iv) Impairment of property, plant and equipment

During the current financial year, the Group has recognised impairment losses in respect of a subsidiary's property, plant and equipment. The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised are disclosed in Note 5(a).

##### (v) Depreciation of plant and machinery

Plant and machinery are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and machinery to be within 7 to 13 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (b) Critical judgements made in applying accounting policies

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

### 3. REVENUE

		<b>Group</b>		<b>Company</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sale of goods	(i)	<b>3,853,589</b>	3,564,408	-	-
Sale of properties	(ii)	<b>60,158</b>	72,350	-	-
Dividends		-	-	<b>255,858</b>	287,666
Others		<b>1,684</b>	968	-	-
		<b>3,915,431</b>	3,637,726	<b>255,858</b>	287,666

- (i) Sale of goods represents invoiced value of goods delivered, net of discounts and returns.
- (ii) Revenue on properties developed for sale, i.e. the proportion of sale proceeds based on the percentage completion method.

### 4. INTEREST EXPENSE AND INTEREST INCOME

		<b>Group</b>		<b>Company</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest expense					
Bank borrowings and CP/MTN		<b>(11,133)</b>	(6,896)	-	-
Security deposits by customers		<b>(294)</b>	(275)	-	-
		<b>(11,427)</b>	(7,171)	-	-
Interest income					
Bank deposits		<b>12,867</b>	6,254	<b>10,906</b>	4,841
Subsidiaries		-	-	<b>4,612</b>	7,063
Others		<b>2,186</b>	604	-	-
		<b>15,053</b>	6,858	<b>15,518</b>	11,904

### 5. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

		<b>Group</b>		<b>Company</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) This is arrived at after charging:					
Auditors' remuneration					
- Statutory audits					
- current		<b>569</b>	569	<b>33</b>	33
- overprovision of prior year		-	-	-	(21)
- Other services		<b>71</b>	202	-	-
Amortisation of intangible assets		<b>1,970</b>	3,941	-	-
Depreciation of property, plant and equipment		<b>78,954</b>	74,590	-	-
Impairment loss on property, plant and equipment		<b>150</b>	4,755	-	-

## 5. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS (CONT'D.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a) This is arrived at after charging: (cont'd.)				
Inventories written off	21,204	19,859	-	-
Management fee to Fraser & Neave (Malaya) Sdn Bhd	-	-	300	300
Provision for doubtful debts	2,275	1,997	-	-
Provision for retirement benefits	3,822	5,435	-	-
Provision for litigation claim	5,915	-	-	-
Rental expense of premises	5,608	4,725	-	-
Rental expense of equipment	5,516	4,216	-	-
Royalties	117,949	79,855	-	-
Staff costs (excluding key executives officers)				
- Salary, allowances and bonus	225,657	217,619	-	-
- EPF	19,850	18,402	-	-
- Share option expenses	3,863	3,453	-	-
Write-down of inventories	2,134	4,264	-	-
Loss on disposal of property, plant and equipment	2,058	329	-	-
Property, plant and equipment write-off	3,234	-	-	-
Fair value loss on derivatives	84	-	304	-
Bad debts written off	957	-	-	-
Intangible assets written off	-	3,919	-	-
Foreign exchange loss	954	2,771	-	5,348
This is arrived at after crediting:				
Dividend income from subsidiaries	-	-	255,858	287,666
Gain on disposal of investment	35,824	382,036	42,000	447,441
Provision for doubtful debts write-back	976	1,148	-	-
Provision for obsolete inventories write-back	1,536	2,183	-	-
Provision for retirement benefits write-back	2,336	5	-	-
Write-back of provision for indemnity costs	20,299	-	20,299	-
Impairment loss on property, plant and equipment written back (Note 10)	4,498	2,935	-	-
Foreign exchange gain	2,359	1,686	2,492	-
Rental income of premises	300	270	-	-
Gain on disposal of land under property development	-	22,194	-	-
Gain on disposal of ice cream business of a subsidiary	3,420	-	-	-
Gain on disposal of a land in a subsidiary	9,816	-	-	-
Surplus on capital repayment scheme	-	-	-	16,036

## 5. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS (CONT'D.)

### (b) Directors' remuneration

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive Director				
- Salary and bonus	1,497	1,700	-	-
- EPF	16	323	-	-
- Benefits-in-kind	197	36	-	-
- Share option expenses	-	135	-	-
Non - Executive Directors				
- Fees	799	656	799	656
- Benefits-in-kind	35	35	-	-

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

	2011		2010	
Range of Remuneration (RM)	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
50,001 - 100,000	-	9	-	9
100,001 - 150,000	-	1	-	1
1,700,000 - 1,750,000	1	-	-	-
2,150,000 - 2,200,000	-	-	1	-

## 6. INCOME TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Continuing operations</b>				
Current income tax:				
- Malaysian income tax	88,448	80,224	3,613	6,383
- Foreign tax	829	292	-	-
(Over)/Underprovision in prior years				
- Malaysian income tax	(120)	171	-	-
- Foreign tax	-	204	-	-
	89,157	80,891	3,613	6,383
Deferred tax:				
Relating to reversal and origination of temporary differences	(6,426)	1,806	-	-
Overprovision in prior years	(2,205)	(717)	-	-
	(8,631)	1,089	-	-
	80,526	81,980	3,613	6,383



## 6. INCOME TAX EXPENSE (CONT'D.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Discontinued operations</b>				
Current income tax:				
- Foreign tax	-	1,317	-	-
Under provision in prior years				
- Malaysian income tax	-	75	-	-
	-	1,392	-	-
Deferred tax:				
Relating to reversal and origination of temporary differences	-	803	-	-
Overprovision in prior years	-	(340)	-	-
	-	463	-	-
	-	1,855	-	-
<b>Total income tax expense</b>	<b>80,526</b>	<b>83,835</b>	<b>3,613</b>	<b>6,383</b>

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation from:				
Continuing operations	449,272	388,982	332,718	755,696
Discontinued operations	14,384	388,901	-	-
	463,656	777,883	332,718	755,696
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	115,914	194,471	83,179	188,924
Different tax rates in other countries	1,423	1,324	-	-
Income not subject to tax (tax incentives/ exemption)	(28,277)	(111,174)	(80,959)	(198,551)
Expenses not deductible for tax purposes	1,712	1,366	307	16,010
Utilisation of previously unrecognised tax losses	(783)	(844)	-	-
Deferred tax assets recognised	(10,334)	(701)	-	-
(Over)/Under provision in prior years				
- Income tax	(120)	450	-	-
- Deferred tax	(2,205)	(1,057)	-	-
Others	3,196	-	1,086	-
<b>Tax expense for the year</b>	<b>80,526</b>	<b>83,835</b>	<b>3,613</b>	<b>6,383</b>

Reinvestment allowances not recognised of RM15,186,000 (2010: RM15,012,000) are available for offset against future taxable profit of the subsidiaries in which those items arose.

### 6. INCOME TAX EXPENSE (CONT'D.)

During the financial year 30 September 2009, the Group received approvals for the following tax incentives:

- (a) A subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDT") received approval for the Investment Promotion Incentive from the Board of Investment, Thailand in the form of tax exemption for the new dairies factory in Rojana, Thailand in relation to qualifying expenditure for approved products covering sterilized milk, evaporated milk and sweetened condensed beverage creamer. The amount of tax waived under the incentive scheme is approximately RM80 million depending on the amount of qualifying capital expenditure. The waiver can be utilized for set off against tax payable on the profits from the approved products categories over the next 7 years; and
- (b) A subsidiary of the Company, PML Dairies Sdn Bhd ("PMLD") received approval for the Halal Industry Development Corporation Incentive from the Ministry of Finance in the form similar to Investment Tax Allowance for the new dairy factory in Selangor Halal Hub, Pulau Indah, Port Klang in respect of qualifying expenditure incurred for a period of 5 years for approved products covering sweetened condensed milk, evaporated milk, sterilized milk, pasteurized milk and pasteurized juice. The allowance can be used for set off against 100% statutory income and the amount can be carried forward until it is fully utilized. The amount of qualifying expenditure is currently expected to be in the region of RM250 million, and estimated tax savings would amount to RM63 million.

FNDT has started to enjoy the tax exemption effective the previous financial year. However, PMLD will only be able to enjoy the benefit on the completion of the plant, currently targeted to be in financial year ending 30 September 2012. The exact quantum of benefit cannot be accurately determined at this point of time, as it is dependent on the future profitability of the approved products and the final quantum of the approved expenditure. These incentives are expected to lower the Group's future effective tax rate.

### 7. DISCONTINUED OPERATIONS

In prior year, the Company entered into a conditional share purchase agreement with Berli Jucker and ACI International for the disposal of its 100% equity interest in Malaya Glass Products Sdn. Bhd. ("MGP") comprising 55,000,000 ordinary shares of RM1.00 each and 172,225 redeemable non-cumulative convertible preference shares of RM1.00 each, representing the whole of the issued and paid-up share capital of MGP for a total cash consideration of USD221.7 million (RM732.7 million) and the settlement of the Intra-Group Borrowings owing by the relevant companies in the MGP Group to the F&N Group. The disposal was completed on 16 July 2010.

In prior year, the Company made certain provisions for post-disposal costs in which the Company had obligations to pay towards Berli Jucker and ACI International under the share purchase agreement. Some of those obligations have lapsed without any further costs and a write-back of RM14.4 million was recognised in the current year.

## 7. DISCONTINUED OPERATIONS (CONT'D.)

The carrying values of the assets and liabilities disposed were as follows:

	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment		387,557
Intangible assets		318
Deferred tax assets		12,027
Inventories		142,246
Receivables		102,028
Cash and cash equivalents		37,730
<b>Total assets</b>		681,906
<b>Less: Liabilities</b>		
Payables		(171,721)
Borrowings		(95,852)
<b>Carrying value of net assets</b>		414,333
Less: Minority interests		(107,272)
<b>Group's share of carrying value of net assets</b>		307,061
Consideration from divestment of MGP group		(732,666)
<b>Gross gain on divestment of MGP group</b>		(425,605)
Less : Provision for potential indemnities (Note 27(b))	42,767	
Transaction fees and others	15,233	58,000
<b>Net gain on divestment of MGP group</b>		(367,605)
Add : Realisation of exchange reserves on divestment of MGP group		(14,431)
<b>Total gain on divestment of MGP group</b>		(382,036)
<b>Cash inflow arising on divestment:</b>		
Consideration from divestment of MGP group		732,666
Less: Cash and cash equivalents of MGP group		(37,730)
<b>Net cash inflow on divestment</b>		694,936

The results of the MGP Group or glass containers business were disclosed under discontinued operations in the financial year ended 30 September 2010.

(a) The results of the discontinued operations were as follows:

	2011 RM'000	Group 2010 RM'000
Revenue	-	367,012
Cost of sales	-	(287,443)
Gross profit	-	79,569
Distribution expenses	-	(36,093)
Marketing expenses	-	(2,213)
Administration expenses	-	(27,610)
Operating profit	-	13,653
Interest expense	-	(7,098)
Interest income	-	310

## 7. DISCONTINUED OPERATIONS (CONT'D.)

(a) The results of the discontinued operations were as follows (cont'd.):

	2011 RM'000	Group 2010 RM'000
Profit before taxation from discontinued operations	-	6,865
Income tax expense	-	(1,855)
Profit after tax from discontinued operations	-	5,010
Gain on divestment of glass containers business	-	382,036
Write-back of provisions relating to glass container business	14,384	-

(b) Profit before taxation

	2011 RM'000	Group 2010 RM'000
This is arrived at after charging:		
Auditors' remuneration		
- Statutory audits	-	169
Amortisation of intangible assets	-	111
Depreciation of property, plant and equipment	-	34,081
Impairment loss on property, plant and equipment	-	152
Key executives officers		
- Salary and allowances	-	319
- EPF	-	191
- Bonus	-	685
- Benefits-in-kind	-	21
- Share option expenses	-	59
Provision for doubtful debts	-	245
Provision for retirement benefits	-	216
Rental expense of premises	-	7,966
Rental expense of equipment	-	241
Staff costs (excluding key executives officers)		
- Salary, allowances and bonus	-	37,543
- EPF	-	4,816
- Share option expenses	-	301
Write-down of inventories	-	9,435
Loss on disposal of property, plant and equipment	-	943
Foreign exchange loss	-	1,769
Provision for doubtful debts write-back	-	(210)

(c) Cash flows from discontinued operations

	2011 RM'000	Group 2010 RM'000
Cash flows from operating activities	-	34,169
Cash flows from investing activities	-	(18,101)
Cash flows from financing activities	-	(20,528)
Net cash outflows from discontinued operations	-	(4,460)

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	<b>Group</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Group attributable profit to the shareholders of the Company		
- Profit from continuing operations	<b>368,746</b>	307,002
- Profit from discontinued operations	<b>14,384</b>	388,289
	<b>383,130</b>	695,291
	<b>No of shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average issued capital net of treasury shares	<b>358,394</b>	356,322
Earnings per share (sen)		
- Profit from continuing operations	<b>102.9</b>	86.2
- Profit from discontinued operations	<b>4.0</b>	108.9
	<b>106.9</b>	195.1

### (b) Diluted earnings per share

Diluted earnings per share attributable to equity holders of the Company is calculated by dividing the consolidated net profit for the year attributable to ordinary equity holders by the issued capital net of treasury shares of the Company, adjusted for the dilutive effects of potential ordinary shares, i.e. share options granted pursuant to the ESOS.

	<b>Group</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Group attributable profit to the shareholders of the Company		
- Profit from continuing operations	<b>368,746</b>	307,002
- Profit from discontinued operations	<b>14,384</b>	388,289
	<b>383,130</b>	695,291
	<b>No of shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average issued capital net of treasury shares	<b>358,394</b>	356,322
Adjustment for share options granted pursuant to the ESOS	<b>2,923</b>	1,666
Adjusted weighted average issued capital net of treasury shares	<b>361,317</b>	357,988
Diluted earnings per share (sen)		
- Profit from continuing operations	<b>102.1</b>	85.8
- Profit from discontinued operations	<b>3.9</b>	108.4
	<b>106.0</b>	194.2

There were no changes to the group attributable profit arising from the dilutive effect of share options.

## 9. DIVIDENDS

	Group and Company Net per share sen	Amount RM'000
<b>2011</b>		
Special interim dividend in respect of financial year 2010	110.0	394,282
Final dividend in respect of financial year 2010	38.0	136,220
Interim dividend	20.0	71,703
Special interim dividend	15.0	53,778
		<b>655,983</b>
<b>2010</b>		
Final dividend in respect of financial year 2009	25.0	85,501
Bonus dividend in respect of financial year 2009	5.0	17,813
Interim dividend	16.5	58,782
		<b>162,096</b>

The Directors are recommending a final single tier dividend of 47 sen per share (2010: 38 sen) together with a special single tier dividend of 15 sen per share amounting to RM223.3 million (2010: RM135.7million) in respect of the current financial year on 360,142,201 (2010: 357,049,401) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2012.

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Work-in- progress RM'000	Others* RM'000	Total RM'000
<b>Net Book Value</b>							
<b>At 1 October 2010 (as previously stated)</b>	90,933	-	260,495	208,989	51,219	130,152	741,788
Effect of adopting the amendments to FRS 117	-	74,366	-	-	-	-	74,366
At 1 October 2010 (as restated)	90,933	74,366	260,495	208,989	51,219	130,152	816,154
Additions	-	-	2,141	6,425	268,983	29,275	306,824
Transfers	-	(27,982)	-	(1,218)	(709)	1,218	(28,691)
Disposals/write offs	-	-	(1,882)	(2,281)	-	(10,925)	(15,088)
Reclassification	-	-	9,737	66,299	(84,421)	8,385	-
Depreciation	-	(1,375)	(8,695)	(32,645)	(69)	(36,170)	(78,954)
Impairment losses	-	-	-	-	-	(150)	(150)
Write-back of impairment loss	-	-	927	3,512	-	59	4,498
Exchange differences	279	-	1,954	1,861	-	153	4,247
<b>At 30 September 2011</b>	<b>91,212</b>	<b>45,009</b>	<b>264,677</b>	<b>250,942</b>	<b>235,003</b>	<b>121,997</b>	<b>1,008,840</b>

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Work-in- progress RM'000	Others* RM'000	Total RM'000
<b>At 30 September 2011</b>							
Cost	93,427	53,313	316,245	600,459	235,783	329,419	1,628,646
Accumulated depreciation	-	(6,084)	(50,483)	(343,597)	(680)	(205,647)	(606,491)
Accumulated impairment loss	(2,215)	(2,220)	(1,085)	(5,920)	(100)	(1,775)	(13,315)
<b>Net book value</b>	<b>91,212</b>	<b>45,009</b>	<b>264,677</b>	<b>250,942</b>	<b>235,003</b>	<b>121,997</b>	<b>1,008,840</b>
<b>At 30 September 2010</b>							
Cost	90,933	90,513	304,630	547,495	51,931	321,643	1,407,145
Accumulated depreciation	-	(13,927)	(42,139)	(329,077)	(611)	(189,809)	(575,563)
Accumulated impairment loss	-	(2,220)	(1,996)	(9,429)	(101)	(1,682)	(15,428)
<b>Net book value</b>	<b>90,933</b>	<b>74,366</b>	<b>260,495</b>	<b>208,989</b>	<b>51,219</b>	<b>130,152</b>	<b>816,154</b>
Depreciation charged - 2010	-	(1,472)	(8,410)	(67,270)	(69)	(31,450)	(108,671)
<b>At 30 September 2009</b>							
Cost	104,987	97,778	228,521	1,089,920	225,322	315,541	2,062,069
Valuation - 1983	2,548	-	1,350	-	-	-	3,898
Accumulated depreciation	-	(19,720)	(56,167)	(594,289)	(543)	(202,480)	(873,199)
Accumulated impairment loss	-	(2,220)	(1,076)	(10,193)	(101)	(968)	(14,558)
<b>Net book value</b>	<b>107,535</b>	<b>75,838</b>	<b>172,628</b>	<b>485,438</b>	<b>224,678</b>	<b>112,093</b>	<b>1,178,210</b>
Depreciation charged - 2009	-	(1,772)	(5,739)	(84,944)	(69)	(29,864)	(122,388)

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

## 11. PREPAID LAND LEASE PAYMENTS

	2011 RM'000	Group 2010 (Restated) RM'000	1 October 2009 (Restated) RM'000
At 1 October	<b>74,366</b>	75,838	83,806
Effect of adopting the amendments to FRS 117	<b>(74,366)</b>	(74,366)	(75,838)
Restated	-	1,472	7,968
Additions	-	-	129
Reclassifications	-	-	(6,325)
Amortisation for the year	-	(1,472)	(1,772)
<b>At 30 September</b>	<b>-</b>	<b>-</b>	<b>-</b>

The adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance lease. The Group has reassessed the lease classification and determined that the leasehold land of the Group is in substance a finance lease. The Group has applied this change in accounting policy retrospectively and the above prepaid land and lease payments have been reclassified as property, plant and equipment.

## 12. PROPERTIES HELD FOR DEVELOPMENT

	2011 RM'000	Group 2010 RM'000
At 1 October 2010/2009	5,470	31,787
Cost incurred during the year	34	324
Reclassify to property development costs	-	(26,641)
At 30 September	5,504	5,470
Properties held for development comprise:		
Freehold land	5,504	5,470

## 13. INVESTMENT IN SUBSIDIARIES

	Note	2011 RM'000	Company 2010 RM'000
Unquoted shares at cost:			
- Ordinary shares	(a), (b)	428,988	456,322
Less: Pre-acquisition dividend received		(7,394)	(27,234)
		421,594	429,088
- Redeemable non-cumulative convertible preference shares ("RNCCPS")	(c)	556,704	175,704
		978,298	604,792

- (a) On 10 March 2011, the Company completed the disposal of the entire shareholdings of Brampton Holdings Sdn Bhd ("Brampton"), a wholly owned subsidiary, which carried out the development of Fraser Business Park Phase II project.

The disposal of Brampton had the following effects on the financial position of the Group as at 30 September 2011:

	RM'000
Assets	
Deferred tax assets	2,005
Property development cost	56,751
Receivables	97,367
Cash and cash equivalents	5,810
Total assets	161,933
Less: Liabilities	
Payables	(85,303)
Provision for taxation	(3,494)
Borrowings	(45,000)
Carrying value of net assets	28,136
Proceeds from disposal of Brampton	(42,100)
	(13,964)
Add :	
Unrealised profit in relation to internal sales of properties recognised upon disposal of Brampton (before tax)	(21,860)
Total gain on disposal	(35,824)
Cash inflow arising on the disposal of Brampton:	
Proceeds from disposal of Brampton	42,100
Less: Cash and cash equivalents of Brampton	(5,810)
Net cash inflow on the disposal of Brampton	36,290



### 13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

- (b) On 11 March 2011, the Company's wholly owned subsidiary F&N Beverages Marketing Sdn Bhd incorporated F&N Beverages (Thailand) Limited ("FNBT"), a wholly owned subsidiary with a registered share capital of THB100,000,000 comprising 1,000,000 shares of THB100 each. FNBT was set up to conduct the business of, among others, preparing, packaging, marketing, sale or distribution of beverages in Thailand. FNBT remained dormant since the date of incorporation.
- (c) The Company subscribed for the entire RNCCPS in the following subsidiaries:
- (i) 57,000 RNCCPS in F&N Properties Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM57,000,000.
  - (ii) 185,000 RNCCPS in PML Dairies Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM185,000,000.
  - (iii) 139,000 RNCCPS in Vacaron Company Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM139,000,000.

The details of the subsidiaries are set out in Note 37 to the financial statements.

### 14. INVESTMENT IN AN ASSOCIATE

On 26 November 2010, the Company completed the subscriptions of 39,600,000 ordinary shares of RM0.50 each in Cocoland Holdings Berhad ("CHB") for a total cash subscription of RM54,648,000 or RM1.38 per subscription share representing 23.08% of the equity interest of CHB. The subscription shares were listed in the Main Market of Bursa Securities on 29 November 2010. Accordingly, CHB is an associate of F&N.

	<b>Group 2011 RM'000</b>
Unquoted shares at cost	54,648
Share of post-acquisition reserves	1,845
Dividend received	(564)
	<b>55,929</b>

## 14. INVESTMENT IN AN ASSOCIATE (CONT'D.)

The associate is incorporated in Malaysia and the details are as follows:

Name of associate	Principal activities	Proportion of ownership interest
		2011 %
Cocoaland Holdings Berhad (Financial year 31 December)	Investment holding company, manufacturing, trading, marketing of processed and preserved foods and fruits of all kind.	23.08

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	RM'000
<b>Assets and liabilities:</b>	
Current assets	118,041
Non-current assets	89,464
<b>Total assets</b>	<b>207,505</b>
Current liabilities, representing total liabilities	26,145
<b>Income and expenses:</b>	
Revenue	82,672
Profit for the year	7,590

## 15. INTANGIBLE ASSETS

Group	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
<b>Cost</b>				
<b>At 1 October 2009</b>	45,929	75,370	25,613	146,912
Additions	-	-	1,786	1,786
Scrap/Written off	-	-	(15,963)	(15,963)
Disposal of subsidiaries	-	-	(724)	(724)
Currency realignment	-	-	(30)	(30)
Reclassification	-	-	270	270
<b>At 30 September 2010</b>	45,929	75,370	10,952	132,251
Additions	-	-	4,056	4,056
<b>At 30 September 2011</b>	<b>45,929</b>	<b>75,370</b>	<b>15,008</b>	<b>136,307</b>

## 15. INTANGIBLE ASSETS (CONT'D.)

Group	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
<b>Accumulated amortisation</b>				
<b>At 1 October 2009</b>	-	-	15,262	15,262
Amortisation for the year	-	-	4,052	4,052
Scrap/Written off	-	-	(12,044)	(12,044)
Disposal of subsidiaries	-	-	(406)	(406)
Currency realignment	-	-	(15)	(15)
Reclassification	-	-	226	226
<b>At 30 September 2010</b>	-	-	7,075	7,075
Amortisation for the year	-	-	1,970	1,970
<b>At 30 September 2011</b>	-	-	<b>9,045</b>	<b>9,045</b>
<b>Net carrying amount</b>				
<b>At 30 September 2011</b>	<b>45,929</b>	<b>75,370</b>	<b>5,963</b>	<b>127,262</b>
<b>At 30 September 2010</b>	45,929	75,370	3,877	125,176

### (a) Allocation of goodwill, brand and computer software

Goodwill, brand and computer software have been allocated to the Group's cash generating units identified according to country of operation and business segment as follows:

	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
<b>At 30 September 2011</b>				
Dairy products	6,391	75,370	336	82,097
Soft drinks	39,538	-	3,460	42,998
Property/Others	-	-	2,167	2,167
	<b>45,929</b>	<b>75,370</b>	<b>5,963</b>	<b>127,262</b>
<b>At 30 September 2010</b>				
Dairy products	6,391	75,370	347	82,108
Soft drinks	39,538	-	369	39,907
Property/Others	-	-	3,161	3,161
	45,929	75,370	3,877	125,176

## 15. INTANGIBLE ASSETS (CONT'D.)

### (b) Key assumptions used in value in use calculations

#### (i) Goodwill

Goodwill is allocated for impairment testing purposes to the individual entity which is also the cash generating unit. The value in use calculations apply a discounted cash flow model using cash flow projections based on financial budgets approved by management covering 5 year period.

The terminal growth rate used does not exceed the long term average growth rate of the respective industry.

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

No impairment loss is required for the goodwill assessed as their recoverable values are in excess of their carrying values.

#### (ii) Brand

The recoverable amount of brand is based on its value in use. No impairment loss is required for the brand as its recoverable value is in excess of its carrying value.

Value in use is determined by discounting the future cash flows generated from the continuing use of the brand and is based on the following key assumptions:

- Cash flows are projected based on actual operating results and the five year business plan;
- The discount rates applied to the cash flow projections are derived from the weighted average cost of capital of the Group plus a reasonable risk premium;
- The growth of the range of products bearing the brand is 1%; and
- The size of operation will remain not lower than the current results.

The key assumptions represent management's assessment of future trends in sweetened condensed milk industry and are based on both external sources and internal sources (historical data).

### (c) Sensitivity to changes in assumption

With regard to the assessment of value in use of these CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in the prevailing operating environment, the impact of which is not ascertainable.

## 16. PROPERTY DEVELOPMENT COSTS

	Freehold land RM'000	Leasehold land RM'000	Group Development cost RM'000	Total RM'000
<b>2011</b>				
<b>Cumulative property development costs</b>				
At 1 October 2010	77,503	-	239,148	316,651
Cost incurred during the year	-	-	3,836	3,836
Transfer from property, plant and equipment	-	27,982	-	27,982
Disposal of a subsidiary	(36,232)	-	(237,668)	(273,900)
At 30 September 2011	41,271	27,982	5,316	74,569
<b>Cumulative costs recognised in income statement</b>				
At 1 October 2010	(14,200)	-	(105,865)	(120,065)
Recognised during the year	(8,727)	-	(66,884)	(75,611)
Disposal of a subsidiary	22,927	-	172,749	195,676
At 30 September 2011	-	-	-	-
<b>Property development costs at 30 September 2011</b>	<b>41,271</b>	<b>27,982</b>	<b>5,316</b>	<b>74,569</b>
<b>2010</b>				
<b>Cumulative property development costs</b>				
At 1 October 2009	90,665	-	185,107	275,772
Costs incurred during the year	1,379	-	40,922	42,301
Reclassify from properties held for development	3,689	-	22,952	26,641
Transfer to cost of sales	(18,230)	-	(9,833)	(28,063)
At 30 September 2010	77,503	-	239,148	316,651
<b>Cumulative costs recognised in income statement</b>				
At 1 October 2009	(11,963)	-	(91,455)	(103,418)
Recognised during the year	(2,237)	-	(14,410)	(16,647)
At 30 September 2010	(14,200)	-	(105,865)	(120,065)
<b>Property development costs at 30 September 2010</b>	<b>63,303</b>	<b>-</b>	<b>133,283</b>	<b>196,586</b>

Interest capitalised was RM2.8 million (2010: RM7.1 million).

## 17. INVENTORIES

	<b>Group</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
<b>At cost</b>		
Manufactured inventories	119,603	158,639
Raw materials	144,046	124,607
Packaging materials	34,804	24,164
Engineering and other inventories	11,653	31,724
	<b>310,106</b>	<b>339,134</b>
<b>At net realisable value</b>		
Raw materials	1	6
Engineering and other inventories	4,561	4,577
	<b>4,562</b>	<b>4,583</b>
<b>Total inventories</b>	<b>314,668</b>	<b>343,717</b>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM2,473million (2010: RM2,212 million).

## 18. RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>	<b>2011 RM'000</b>	<b>2010 RM'000</b>
<b>(a) Short term</b>				
Trade receivables	468,886	456,350	-	-
Provision for doubtful debts	(3,425)	(3,072)	-	-
	<b>465,461</b>	<b>453,278</b>	<b>-</b>	<b>-</b>
Other receivables				
Prepayments	1,867	3,593	-	-
Deposits	12,294	3,808	-	-
Tax recoverable	4,788	7,605	-	-
Others	32,912	47,010	128,521	115,457
	<b>51,861</b>	<b>62,016</b>	<b>128,521</b>	<b>115,457</b>
Amount due from related parties:				
Subsidiaries	-	-	6,015	44,813
Related companies	20,665	12,741	30	-
Associated company	188	-	-	-
	<b>538,175</b>	<b>528,035</b>	<b>134,566</b>	<b>160,270</b>

Included in others is a derivative asset amounting to RM220,000 (2010: nil).

## 18. RECEIVABLES (CONT'D.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(b) Long term</b>				
Amount due from a subsidiary				
Principal	-	-	145,096	145,096
Accreted interest	-	-	3,553	3,201
As at 30 September	-	-	148,649	148,297
<b>Total receivables</b>	<b>538,175</b>	<b>528,035</b>	<b>283,215</b>	<b>308,567</b>
The currency profile is as follows:				
- Ringgit Malaysia	406,721	422,448	133,918	160,019
- US Dollar	25,548	13,107	-	-
- Singapore Dollar	5,210	6,268	-	-
- Thai Baht	100,569	86,212	149,297	148,548
- Others	127	-	-	-
	<b>538,175</b>	<b>528,035</b>	<b>283,215</b>	<b>308,567</b>
Total receivables	538,175	528,035	283,215	308,567
Less: Prepayment	(1,867)	(3,593)	-	-
Add: Cash and cash equivalents (Note 19)	290,290	939,335	18,247	747,595
<b>Total loan and receivables</b>	<b>826,598</b>	<b>1,463,777</b>	<b>301,462</b>	<b>1,056,162</b>

The short term amounts due from subsidiaries are unsecured, repayable on demand and interest free (2010: 2.9% to 5.2% per annum). The long term amount due from a subsidiary is on a zero coupon bond arrangement. The tenure of the bond is 7 years commencing 1 October 2009 and is repayable by way of a bullet repayment at the end of the tenure of the bond. The redemption value is RM170.7 million (Thai Baht 1,671.6 million) and the effective interest rate of the bond is 2.88%.

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

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2010: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

## 18. RECEIVABLES (CONT'D.)

Aging analysis of trade receivables

	<b>Group</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Neither past due nor impaired	<b>389,165</b>	381,479
Ageing of trade receivables that are past due but not impaired:		
1 to 30 days	<b>65,765</b>	33,801
31 to 60 days	<b>3,535</b>	5,636
61 to 90 days	<b>1,390</b>	1,367
91 to 120 days	<b>4</b>	520
More than 120 days	<b>5,602</b>	30,475
	<b>76,296</b>	71,799
Impaired	<b>3,425</b>	3,072
	<b>468,886</b>	456,350

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM76.3 million (2010: RM71.8 million) that are past due at the reporting date but not impaired. Certain receivables that are past due but not impaired are secured by bank guarantees and properties. The management is confident that these receivables are recoverable as these accounts are still active.

Receivables that are impaired

The Group's trade receivables are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

## Movement in allowance accounts:

	<b>Trade Receivables RM'000</b>
At 1 October 2010	3,072
Charge for the year	2,275
Written off	(957)
Reversal of impairment loss	(976)
Exchange differences	11
<b>At 30 September 2011</b>	<b>3,425</b>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.



## 19. CASH AND CASH EQUIVALENTS

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits with licensed banks				
- local	-	655,122	-	655,122
Cash and bank balances	<b>290,290</b>	284,213	<b>18,247</b>	92,473
	<b>290,290</b>	939,335	<b>18,247</b>	747,595

The currency profile is as follows:

- Ringgit Malaysia	<b>183,253</b>	888,917	<b>18,247</b>	747,595
- US Dollar	<b>3,343</b>	8,403	-	-
- Singapore Dollar	<b>3,814</b>	-	-	-
- Thai Baht	<b>99,880</b>	36,000	-	-
- Others	-	6,015	-	-
	<b>290,290</b>	939,335	<b>18,247</b>	747,595

The weighted average interest rates during the financial year and the average maturities of deposits at 30 September 2011 were as follows:

	<b>Weighted Average</b>		<b>Average Maturities</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>%</b>	<b>%</b>	<b>Days</b>	<b>Days</b>
Foreign licensed banks	-	1.7	-	-
Local licensed bank	<b>2.9</b>	2.9	<b>23</b>	60

## 20. NON-CURRENT ASSETS HELD FOR SALE

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
At carrying value:		
Building	<b>55,897</b>	3,646
Leasehold land	-	6,537
	<b>55,897</b>	10,183

The assets held for sale as at last financial year relate to land and building in Jalan Kilang, Petaling Jaya, which was completed on 28 January 2011.

The assets held for sale for the current financial year relate to the car park and Techno Centre retained by the Group upon disposal of Brampton Holdings Sdn. Bhd.

## 21. SHARE CAPITAL

	Number of shares '000	Group and Company	
		2011	2010
		RM'000	RM'000
<b>Authorised:</b>			
Ordinary shares of RM1 each	500,000	500,000	500,000
		Group and Company	
		Number of shares '000	RM'000
<b>Issued and fully paid:</b>			
Ordinary shares of RM1 each			
<b>At 1 October 2010</b>		357,286	357,286
Shares exercised under ESOS		3,093	3,093
<b>At 30 September 2011</b>		<b>360,379</b>	<b>360,379</b>

As at 30 September 2011, the issued and paid up capital comprises 360,379,301 (2010: 357,286,501) ordinary shares of RM1.00 each, of which 237,100 (2010: 237,100) ordinary shares are held as treasury shares.

## 22. TREASURY SHARES

The shareholders of the Company granted authority to the directors at the Extraordinary General Meeting held on 5 April 2007 to repurchase the Company's shares from the open market. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. There were no shares repurchased during the financial year.

### Movement of shares repurchased

	Group and Company	
	Number of shares '000	RM'000
<b>At 1 October 2009</b>	237	1,715
Treasury shares purchased	#	1
Transaction costs	-	##
<b>At 30 September 2010/ 2011</b>	<b>237</b>	<b>1,716</b>

# 100 shares

## RM42

## 23. RESERVES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable:				
Share premium	369,782	345,990	369,782	345,990
Foreign exchange reserve	3,870	(3,037)	-	-
Executives' share option reserve (Note c)	6,626	5,263	6,626	5,263
	<b>380,278</b>	348,216	<b>376,408</b>	351,253
Distributable:				
Capital reserve (Note a)	15,897	15,897	15,987	15,897
Retained earnings (Note b)	803,980	1,076,833	558,926	885,804
	<b>819,877</b>	1,092,730	<b>574,913</b>	901,701
<b>Total reserves</b>	<b>1,200,155</b>	1,440,946	<b>951,321</b>	1,252,954

- (a) This amount represents the proceeds from the issue of New Warrants 2001 in the Company to warrant holders upon replacement of Warrants 2001 with New Warrants 2001.
- (b) Prior to the year of assessment 2008, Malaysia companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividend to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance in the prior years. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 September 2011, the Company has utilised the entire credit in the 108 balance and tax exempt income. Hence, going forward the Company may distribute dividends out of its entire retained earnings under the single tier system.

- (c) Details of the options granted to executives pursuant to the scheme are as follows:

Offer date	Balance as at 1.10.2010 or offer date if later	Options exercised/ lapsed No. of shares	Balance as at 30.9.2011	Exercise price/ adjusted exercise price W.E.F 13.12.2010 RM	Exercise period
<b>Option 2008</b>					
20.11.2007	1,458,500	(1,428,800)	29,700	7.77/7.17	20.8.2010 - 19.10.2012
<b>Option 2009</b>					
19.11.2008	2,685,300	(1,715,300)	970,000	8.46/7.81	19.8.2011 - 18.10.2013
<b>Option 2010</b>					
20.11.2009	3,033,600	(92,100)	2,941,500	11.34/10.47	20.8.2012 - 19.10.2014
<b>Option 2011</b>					
22.11.2010	3,067,300	(108,600)	2,958,700	14.52	22.8.2013 - 21.10.2015

## 23. RESERVES (CONT'D.)

(c) Details of the options granted to executives pursuant to the scheme are as follows: (cont'd.)

The main features of the Company's ESOS are outlined below:-

- The maximum number of new ordinary shares of RM1.00 each in the Company which may be issued on the exercise of the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time throughout the duration of the ESOS.
- Eligible full-time executives of the Group and Executive Directors of the Company with at least one year service shall be eligible to participate in the ESOS.
- The allotment to an Eligible Executive shall not exceed the maximum limits for any specific job grade in any one financial year and 1,000,000 new shares of the Company during the tenure of the ESOS, subject to the limits below:
  - (i) not more than 50% of the new shares of the Company available under the ESOS shall be allocated, in aggregate, to the Directors and senior management of the Group; and
  - (ii) not more than 10% of the new shares of the Company available under the ESOS shall be allocated to any individual Eligible Executive who, either singly or collectively through persons connected to that Eligible Executive, holds 20% or more of the issued and paid-up share capital of the Company.

The option price shall be the five days weighted average market price of the Company's shares as quoted on Bursa Securities immediately preceding the date of the offer, or the par value of the shares of the Company, whichever is the higher.

The ESOS shall be in force for a period of 10 years from the effective date for the implementation of the ESOS.

The weighted average share price for options exercised during the year was RM16.72 (2010: RM11.69). The number of option exercised during the financial year was 3,070,600 units.

In respect of the ESOS By-Law 13.1(c), the special interim single tier dividend of RM1.10 per share which represent the entire gain from the divestment of the glass container business, amount to a capital distribution and require adjustments to be made to the option price of the ESOS. Accordingly, the ESOS option prices were adjusted effective 13 December 2010.

The fair value of share options granted during the year as at the date of grant, is determined using the Binomial valuation model, taking into account the terms and conditions upon which the options were granted. The input to the model used are as follows:

	2011	2010	2009	2008
Dividend yield (%)	3.76	3.89	4.12	4.40
Expected volatility (%)	22.70	21.80	17.15	14.33
Risk-free interest rate (%)	3.53	3.61	3.66	3.80
Expected life of option (years)	4.90	4.50	4.50	4.90
Share price at date of grant (RM)	14.62	11.20	8.50	7.80
Exercise share price (RM)	14.52	11.34	8.46	7.77

The expected life of the option is based on historical date and is not necessarily indicative of exercise pattern that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome.

## 24. BORROWINGS

			Group
	Currency	2011 RM'000	2010 RM'000
Medium Term Notes (Note (a))			
Current	RM	-	150,000
Non-current	RM	150,000	150,000
		150,000	300,000

The borrowings are repayable over the following periods:

		Group
	2011 RM'000	2010 RM'000
Within one year	-	150,000
1 to 2 years	150,000	-
2 to 3 years	-	150,000
	150,000	300,000

### (a) Commercial Papers and Medium Term Notes Programme ("CP/MTN Programme")

On 13 August 2008, F&N Capital Sdn Bhd ("FNC"), a wholly owned subsidiary of the Company, issued Medium Term Notes ("MTN") with a nominal value of RM300 million. On 17 August 2009, FNC further issued Commercial Papers ("CP") with a nominal value of RM100 million. The issuances are part of the CP/MTN Programme comprising the following:

Instrument	Total nominal value (RM' million)	Purpose
CP/MTN	1,000	To fund capital expenditure and refinance the existing bank borrowings of the Group.

The CP/MTN was issued in 3 tranches as detailed below:

	Type	Tenure	Nominal value (RM' million)
Tranche 1	MTN	3 years	150
Tranche 2	MTN	5 years	150
Tranche 3	CP	12 months	100

## 24. BORROWINGS (CONT'D.)

The CP facility is available for 7 years from the date of the first issuance and shall be issued for maturities ranging from 1, 3, 6, 9 or 12 months. The CP is subject to an interest rate of 2.72% per annum.

The MTN facility is available for 7 years from the date of the first issuance and shall be issued with maturities of more than 1 year and up to 7 years, provided the final maturity of the MTN does not extend beyond the expiry date of the facility. The MTN are subject to interests at an average rate of 5.175% per annum.

Direct costs incurred for issuance of the CP/MTN amounting to RM0.4 million were charged to the income statement in the financial year ended 30 September 2009.

The CP/MTN is secured by an unconditional and irrevocable corporate guarantee from the Company.

The CP with a nominal value of RM100 million matured on 17 August 2010 and was repaid on the same date.

The MTN tranche 1 with a nominal value of RM150 million subjected to interest at 4.95% matured on 12 August 2011 and was repaid on the same date.

## 25. PROVISION FOR RETIREMENT BENEFITS

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

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of unfunded defined benefit obligations	35,553	37,153
Unrecognised actuarial gain	269	467
<b>Net liability</b>	<b>35,822</b>	<b>37,620</b>

The amounts recognised in the income statement are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Current service cost	2,428	2,489
Interest cost	1,911	1,953
Net actuarial losses	-	992
Amortisation of unrecognised gain	(269)	(277)
Write back of provision	(1,664)	-
Transition obligation recognised	(920)	489
<b>Total</b>	<b>1,486</b>	<b>5,646</b>

## 25. PROVISION FOR RETIREMENT BENEFITS (CONT'D.)

Movements in the net liability in the current year are as follows:

	<b>2011</b>	<b>Group</b>
	<b>RM'000</b>	<b>2010</b>
		<b>RM'000</b>
At 1 October 2010/2009	<b>37,620</b>	36,983
Recognised in income statement (Note 5a)	<b>1,486</b>	5,646
Contribution paid	<b>(3,331)</b>	(2,901)
Disposal of subsidiaries	-	(2,023)
Exchange differences	<b>47</b>	(85)
<b>At 30 September</b>	<b>35,822</b>	37,620

Principal actuarial assumptions used:	<b>2011</b>	<b>2010</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>4.60 - 6.50</b>	4.60 - 6.50
Rate of increase in salaries	<b>5.00 - 6.00</b>	5.00 - 6.00
Mortality rate	<b>0.00 - 0.41</b>	0.00 - 0.41
Disability rate	<b>0.00 - 0.04</b>	0.00 - 0.04
Retirement at age of 55	<b>1.00</b>	1.00

Based on the latest available actuarial valuation carried out in 2009, the provision for retirement and service benefits is considered sufficient to meet the actuarially determined value of vested benefits.

## 26. DEFERRED TAX ASSETS AND LIABILITIES

	<b>2011</b>	<b>Group</b>
	<b>RM'000</b>	<b>2010</b>
		<b>RM'000</b>
At 1 October 2010/2009	<b>15,211</b>	817
Recognised in income statement:		
- property, plant and equipment	<b>4,368</b>	7,050
- tax losses and unabsorbed capital allowances	<b>(8,005)</b>	473
- deferred income	-	3,008
- provisions	<b>1,488</b>	3,835
- tax effect on revaluation surplus	<b>(4,163)</b>	28
<b>At 30 September</b>	<b>8,899</b>	15,211

## 26. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D.)

Deferred taxation is provided on temporary differences between the tax bases and carrying amounts of assets and liabilities at the reporting date. The movements of deferred tax assets and liabilities during the financial year are as follows:

	<b>Group</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
<b>Deferred tax assets</b>		
At 1 October 2010/2009	(4,264)	(20,993)
Currency realignment	(65)	524
Recognised in income statement	(2,761)	3,887
Disposal of subsidiaries	2,005	12,027
Others	380	291
<b>At 30 September</b>	<b>(4,705)</b>	<b>(4,264)</b>
<b>Deferred tax liabilities</b>		
At 1 October 2010/2009	19,475	21,810
Recognised in income statement	(5,871)	(2,335)
<b>At 30 September</b>	<b>13,604</b>	<b>19,475</b>

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

	<b>Group</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
<b>Deferred tax assets</b>		
- Provisions	(13,423)	(13,475)
- Unabsorbed capital allowances	(8,066)	(61)
	<b>(21,489)</b>	<b>(13,536)</b>
<b>Deferred tax liabilities</b>		
Subject to income tax:		
- Property, plant and equipment	29,517	25,148
Subject to capital gains tax:		
- Revaluation surplus	871	3,599
	<b>30,388</b>	<b>28,747</b>
	<b>8,899</b>	<b>15,211</b>



## 27. PAYABLES AND PROVISIONS

### (a) Payables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables	243,490	263,692	-	15
Progress billings in respect of property development costs	-	12,060	-	-
	243,490	275,752	-	15
Other payables				
Accrued expenses	253,087	262,996	1,315	3,402
Deposits	6,112	7,412	-	-
Sales tax	10,176	9,402	-	-
Staff costs	46,145	43,822	-	-
Others	83,900	125,252	-	-
	399,420	448,884	1,315	3,402
Amount due to related parties:				
Subsidiaries	-	-	754	8,118
Related companies	40,125	30,656	-	18
Holding company	-	438	-	-
Associated company	2,202	-	-	-
<b>Total payables</b>	<b>685,237</b>	<b>755,730</b>	<b>2,069</b>	<b>11,553</b>
The currency profile is as follows:				
- Ringgit Malaysia	506,173	569,732	2,069	11,535
- US Dollar	12,483	55,090	-	-
- Thai Baht	159,626	121,774	-	-
- Singapore Dollar	4,332	6,615	-	18
- Others	2,623	2,519	-	-
	685,237	755,730	2,069	11,553
Total payables	685,237	755,730	2,069	11,553
Add: Borrowings (Note 24)	150,000	300,000	-	-
<b>Total financial liabilities carried at amortised cost</b>	<b>835,237</b>	<b>1,055,730</b>	<b>2,069</b>	<b>11,553</b>

The amounts due to related companies and an associated company are trade in nature and non-interest bearing. The normal trade credit terms granted to the Group for trade payables are 30 to 90 days (2010: 30 to 90 days).

The amounts due to subsidiaries are unsecured, have no fixed terms of repayment and are non-interest bearing.

## 27. PAYABLES AND PROVISIONS (CONT'D.)

### (b) Provisions

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 October 2010/2009	42,767	-	42,767	-
Additional provision	6,977	42,767	6,977	42,767
Write-back of provision	(27,276)	-	(27,276)	-
<b>At 30 September</b>	<b>22,468</b>	<b>42,767</b>	<b>22,468</b>	<b>42,767</b>

The provision is in respect of the estimated indemnity costs arising from the disposal of MGP. The indemnity cost, which shall be incurred by the Company under the conditional share sale agreement with Berli Jucker and ACI International, pertains to estimated cost in relation to the potential plant relocation imposed by the Vietnam Government.

## 28. CAPITAL COMMITMENTS

	Group	
	2011 RM'000	2010 RM'000
Property, plant and equipment:		
Amount approved and contracted for	86,658	260,933
Amount approved but not contracted for	42,293	186,338
	<b>128,951</b>	<b>447,271</b>

## 29. LEASE COMMITMENTS

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

### Non-cancellable operating lease commitments - Group as lessee

	Group	
	2011 RM'000	2010 RM'000
Future minimum rentals payable:		
Not later than 1 year	23,813	15,000
Later than 1 year and not later than 5 years	48,990	22,106
Later than 5 years	1,229	1,247
	<b>74,032</b>	<b>38,353</b>

### 30. SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions of the Group other than key management personnel compensation are as follows:

	<b>Group</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Royalties paid to the holding company	1,800	1,984
Related parties:		
Royalties paid	43,681	31,873
Purchase of finished goods	11,218	16,732
Purchase of raw materials	11,226	23,201
Purchase of concentrates	158,931	146,603
Payment of corporate services	3,082	3,062
Sales of finished goods	70,176	120,929
Receipt of rental	300	315
	<b>Company</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Subsidiaries:		
Dividend income received	255,858	287,666
Interest income received	4,612	7,063

The sales to and purchases from related parties are made at normal market price. Outstanding balances at the year-end are interest free and settlement occurs in cash.

#### Compensation of key management personnel of the Group

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly including any directors.

The following table summarises remuneration paid to key personnel:

	<b>Group</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Key executives officers		
- Salary and allowances	4,557	5,499
- EPF	482	857
- Bonus	4,427	3,357
- Benefits-in-kind	476	338
- Share option expenses	315	386
	<b>10,257</b>	<b>10,437</b>

The compensation of key management personnel of the Group also include remuneration paid and payable to Executive Director as disclosed in Note 5 (b).

## 31. SIGNIFICANT EVENTS

- (a) On 17 June 2011, the Company's wholly owned subsidiary F&N Dairies (Malaysia) Sdn Bhd completed the disposal of its entire ice cream business to F&N Creameries (M) Sdn Bhd, an indirect wholly-owned subsidiary of the Company's parent company, Fraser and Neave, Limited ("F&NL") for a cash consideration of RM11.5 million. The Disposal generated a profit of RM3.4million.
- (b) On 10 March 2011, the Company completed the disposal of the entire shareholdings of Brampton Holdings Sdn Bhd ("Brampton"), a wholly owned subsidiary, which carried out the development of Fraser Business Park Phase II project. The total cash consideration for the disposal is RM63 million and the Company realised a gain of RM30 million from the disposal.
- (c) On 30 September 2011, the Transition Agreement entered into between the Company's subsidiaries, F&N Beverages Marketing Sdn Bhd ("F&NBM") and F&N Beverages Manufacturing ("F&NBMfg") Sdn Bhd and The Coca-Cola Company has expired. Accordingly, F&NBM and F&NBMfg have ceased to bottle and distribute "Coca-Cola" and "Sprite" products on the same date.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group is exposed to market risk, including primarily changes in currency exchange rates and other instruments in connection with its risk management activities. The Group does not hold nor issue derivative financial instruments for trading purposes. The Group has established processes to monitor and control hedging transactions in a timely and accurate manner.

The Group's Finance Risk Management Framework and Guidelines set the foundation for the establishment of effective risk management practices across the Group.

The Board reviews and agrees policies for managing each of these risks as summarised below. It is, and has been throughout the year under review, the Group's policy that no speculative trading in derivative financial instruments shall be undertaken.

### (i) Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading and investment activities. Where exposures are certain, it is the Group's policy to hedge these risks as they arise. For those exposures less certain in the timing and extent, it is the Group's policy to cover 50% to 90% of anticipated exposure for a maximum period of 12 months forward. At 30 September 2011, the outstanding foreign currency forward contracts of the Group are as follows:

Currency	Notional value RM'000	Fair value RM'000
USD (less than 2 months)	14,137	174
EUR (less than 1 month)	1,921	46
	16,058	220

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (i) Foreign currency risk (cont'd.)

The above instruments are executed with credit worthy financial institutions in Malaysia and as such credit and counterparties risks are minimal. There is no cash requirement for these contracts. Policies to mitigate or control the risk associated with foreign exchange forward contracts are consistent with those of last financial year.

With the adoption of FRS 139, the difference between the notional value and fair value of the contracts amounting to RM220,000 was recognised in the income statement.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group profit after tax to a reasonably possible change in the USD and Thai Baht exchange rates against the functional currency of the Company, with all other variables held constant.

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
USD/RM				
- strengthened 10%	<b>1,231</b>	(2,519)	-	-
- weakened 10%	<b>(1,231)</b>	2,519	-	-
THAI BAHT/RM				
- strengthened 10%	<b>3,062</b>	33	<b>11,197</b>	11,141
- weakened 10%	<b>(3,062)</b>	(33)	<b>(11,197)</b>	(11,141)

### (ii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's management reporting procedures.

#### Exposure to credit risk

The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the statement of financial position.

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

The Company is also exposed to credit risk in respect of its financial guarantees provided to credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is RM1,000 million (2010: RM1,000 million) of which RM150 million (2010: RM300 million) was utilised in respect of the issuance of the CP/MTN of its subsidiary (Note 24).

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (ii) Credit risk (cont'd.)

#### Credit risk concentration profile

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

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired are disclosed in Note 18. Deposit with banks and other financial institutions that are neither past due nor impaired are placed with reputable financial institutions or companies with high credit rating and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relate primarily to investment portfolio in fixed deposits and cash equivalents with financial institutions and bank borrowings. The Group does not use derivative financial instruments to hedge debt obligation. The Group entered into fixed rate debts in order to minimise fluctuations in interest rates.

### (iv) 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 risk of being able to fund business activities in a timely manner.

The Group adopts a prudent approach to managing its liquidity risk. The Group maintain sufficient cash and deposits, and have available funding through diverse sources of committed and uncommitted credit facilities from various banks.

#### **Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	Within 1 year RM'000	2-3 years RM'000	4-5 years RM'000	Total RM'000
<b>Carrying amount</b>				
Interest-bearing borrowings	-	150,000	-	150,000
Payables	685,237	-	-	685,237
	<b>685,237</b>	<b>150,000</b>	<b>-</b>	<b>835,237</b>

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iv) Liquidity risk (cont'd.)

#### Analysis of financial instruments by remaining contractual maturities (cont'd.)

Company	Within 1 year RM'000	2-3 years RM'000	4-5 years RM'000	Total RM'000
<b>Carrying amount</b>				
Trade and other payables	24,514	-	-	-

## 33. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group 2011		Company 2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial assets</b>				
Other receivables (non-current)	-	-	148,649	170,054
<b>Financial liabilities</b>				
Borrowings (non-current)	(150,000)	(155,200)	-	-

### (b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	18(a)
Trade and other payables (current)	27(a)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

### 33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

#### (b) Determination of fair value (cont'd.)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments, for which it is practicable to estimate that value:

Cash and bank balances, other receivables and other payables

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

Other receivable (non-current)

The fair value of the zero coupon bond is determined using discounted estimated cash flow. The discount rate used is the current market lending rate for similar type of lending and the fair value approximates that of the carrying amount as at year end.

Trade receivables and trade payables

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

Amount due from/to related companies

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

Borrowings

The fair value of borrowings is estimated by using the effective interest method. The fair value of the tranche 2 of the CP/MTN is RM155.2 million respectively (2010: RM154.0million respectively).

Foreign currency forward contracts

The fair value of a foreign currency forward contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the reporting date applied to a contract of similar quantum and maturity profile. The fair values of foreign currency forward contracts are disclosed in Note 32, foreign currency risk.

### 34. CAPITAL MANAGEMENT

The primary objective of the Group when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new share. No changes were made in the objective, policies or processes during the financial year ended 30 September 2011 and 2010.

The Group and the Company monitor and maintain a prudent level of total debt to total asset ratio to optimise shareholders value and to ensure compliance with covenants under debt agreements.



### 34. CAPITAL MANAGEMENT (CONT'D.)

The debt to equity ratio of the Group and of the Company are as follows:

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2011 RM'000</b>	<b>2010 RM'000</b>	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Short term borrowings	24	-	150,000	-	-
Long term borrowings	24	150,000	150,000	-	-
Total debts		150,000	300,000	-	-
Total equity		1,559,112	1,796,810	1,309,894	1,608,524
Debt equity ratio		0.10	0.17	-	-

### 35. SEGMENTAL INFORMATION

For management purposes, the Group's operating businesses are organised according to products and services, namely soft drinks, dairy products, glass containers (this segment has been classified as a discontinued operation during the previous financial year) and property/others.

Segment performance is evaluated based on operating profit. The Group operates in three geographical areas namely, Malaysia, Thailand and Singapore. Geographical segment revenue is based on geographical location of the business segment customers. Geographical segment assets are based on geographical location of the Group's assets. Inter-segment sales where applicable are based on terms determined on a commercial basis.

#### Operating segments

The following table provides an analysis at the Group's revenue, results, assets, liabilities and other information by operating segments:

	← Continuing operations →				Discontinued operations
	Soft drinks RM'000	Dairies Malaysia RM'000	Dairies Thailand RM'000	Property/ Others RM'000	Glass container RM'000
<b>Year ended 30 September 2011</b>					
<b>Revenue</b>					
Total revenue	2,816,495	1,636,820	1,006,746	132,141	5,592,202
Inter - segment	(973,530)	(601,245)	(31,697)	(70,299)	(1,676,771)
External	1,842,965	1,035,575	975,049	61,842	3,915,431

### 35. SEGMENTAL INFORMATION (CONT'D.)

#### Operating segments (cont'd.)

	Continuing operations					Discontinued operations Glass container RM'000
	Soft drinks RM'000	Dairies Malaysia RM'000	Dairies Thailand RM'000	Property/ Others RM'000	Total RM'000	
<b>Year ended 30 September 2011</b>						
<b>Results</b>						
Operating profit	273,638	53,233	54,031	27,075	407,977	-
Adjustments on provisions relating to glass container business					-	14,384
Share of results of an associated company					1,845	-
Gain on disposal of investment in subsidiary					35,824	-
Interest expense (Note a)					(11,427)	-
Interest income (Note a)					15,053	-
Taxation (Note a)					(80,526)	-
Net profit for the year					368,746	14,384
<b>Other information</b>						
Segment assets	799,161	515,304	495,791	370,588	2,180,844	-
Unallocated assets					4,705	-
Cash and bank balances (Note a)					290,290	-
Total assets					2,475,839	-
Segment liabilities	400,668	124,310	172,529	46,020	743,527	-
Unallocated liabilities					23,200	-
Bank borrowings (Note a)					150,000	-
Total liabilities					916,727	-
Capital expenditure	105,602	195,246	1,977	3,999	306,824	-
Depreciation and amortisation of intangible assets	37,683	18,137	19,610	5,494	80,924	-
	Continuing operations					Discontinued operations Glass container RM'000
	Soft drinks RM'000	Dairies Malaysia RM'000	Dairies Thailand RM'000	Property/ Others RM'000	Total RM'000	
<b>Year ended 30 September 2010</b>						
<b>Revenue</b>						
Total revenue	2,510,508	1,730,659	910,237	147,527	5,298,931	372,010
Inter - segment	(921,392)	(622,344)	(43,262)	(74,207)	(1,661,205)	(4,998)
External	1,589,116	1,108,315	866,975	73,320	3,637,726	367,012

## 35. SEGMENTAL INFORMATION (CONT'D.)

### Operating segments (cont'd.)

Year ended 30 September 2010	Continuing operations				Discontinued operations	
	Soft drinks RM'000	Dairies Malaysia RM'000	Dairies Thailand RM'000	Property/ Others RM'000	Total RM'000	Glass container RM'000
<b>Results</b>						
Operating profit	194,209	98,119	64,481	32,486	389,295	13,653
Interest expense (Note a)					(7,171)	(7,098)
Interest income (Note a)					6,858	310
Taxation (Note a)					(81,980)	(1,855)
Profit after taxation					307,002	5,010
Gain on divestment of glass containers business					-	382,036
Non-controlling interests					-	1,243
Net profit for the year					307,002	388,289
<b>Other information</b>						
Segment assets	715,496	516,613	473,212	320,000	2,025,321	-
Unallocated assets					4,264	-
Cash and bank balances (Note a)					939,335	-
Total assets					2,968,920	-
Segment liabilities	416,310	167,885	141,234	110,688	836,117	-
Unallocated liabilities					35,993	-
Bank borrowings (Note a)					300,000	-
Total liabilities					1,172,110	-
Capital expenditure	80,744	43,739	24,922	4,513	153,918	18,568
Depreciation and amortisation of intangible assets	33,906	17,031	20,813	6,781	78,531	34,192

**Note a:**

Group financing (including finance costs), cash and bank balances and income taxes are managed on a group basis and are not allocated to operating segments.

### 35. SEGMENTAL INFORMATION (CONT'D.)

#### Geographical segments

The following table presents the financial information by geographical segments:

	Revenue		Non current assets	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,850,554	2,621,546	794,165	578,203
Vietnam	6,476	4,376	-	-
China	28,118	26,603	-	-
Singapore	67,195	107,755	-	-
Thailand	803,323	735,797	272,071	293,227
Others	159,765	141,649	75,370	75,370
	3,915,431	3,637,726	1,141,606	946,800

Non-current assets information presented above consists of the followings items as presented in the consolidated statements of financial position:

	2011	2010
	RM'000	RM'000
	(restated)	(restated)
Property, plant and equipment	1,008,840	816,154
Properties held for development	5,504	5,470
Intangible assets	127,262	125,176
	1,141,606	946,800

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial years ended 30 September 2011 and 30 September 2010.

### 36. EVENT OCCURRING AFTER THE REPORTING DATE

On 11 October 2011, the Group announced that its dairies product manufacturing facilities in Rojana Industrial Park, Ayutthaya, Thailand under F&N Dairies (Thailand) Limited., a wholly owned subsidiary, was inundated by massive floods and has ceased production.

It is currently estimated that production can recommence approximately three months after flood waters recede. During the interim, in order to mitigate the disruption to the market place/customers, the Group plans to ship products from its outsourced manufacturing locations.

The group is also working closely with its insurer and loss adjusters to file claims under its Property All Risk and Business Interruption Insurance policies, material financial losses including consequential loss of profit are recoverable from the insurer and the Group will look to these policies for reimbursement during the period.

## 37. SUBSIDIARIES AND ACTIVITIES

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%)	
			2011	2010
Subsidiaries of Fraser & Neave Holdings Bhd				
Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Malaysia	Inactive	100	100
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Management services and property investment holdings	100	100
Four Eights Sdn Bhd	Malaysia	Inactive	100	100
F&N Beverages Manufacturing Sdn Bhd	Malaysia	Manufacture of soft drinks	100	100
F&N Beverages Marketing Sdn Bhd	Malaysia	Distribution of soft drinks	100	100
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Distribution of dairy products	100	100
Premier Milk (Malaya) Sdn Bhd	Malaysia	Manufacture of dairy products	100	100
F&N Foods Sdn Bhd	Malaysia	Manufacture of dairy products	100	100
F&N Dairies (Thailand) Limited	Thailand	Manufacture and distribution of dairy products	100	100
Arolys Singapore Pte Limited	Singapore	Distribution of dairy products	100	100
Lion Share Management Limited	British Virgin Island	Brand owner	100	100
PML Dairies Sdn Bhd	Malaysia	Manufacture and distribution of dairy products	100	100
Wimanis Sdn Bhd	Malaysia	Property development activities	100	100
Brampton Holdings Sdn Bhd	Malaysia	Property development activities	-	100
Elsinburg Holdings Sdn Bhd	Malaysia	Property development activities	100	100

## 37. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%)	
			2011	2010
Subsidiaries of Fraser & Neave Holdings Bhd (cont'd.)				
Vacaron Company Sdn Bhd	Malaysia	Property development activities	100	100
Nuvak Company Sdn Bhd	Malaysia	Inactive	100	100
Greendripper Corporation Sdn Bhd	Malaysia	Inactive	100	100
Utas Mutiara Sdn Bhd	Malaysia	Property investment holding	100	100
Lettricia Corporation Sdn Bhd	Malaysia	Property development activities	70	70
F&N Properties Sdn Bhd	Malaysia	Provision of property management services	100	100
Tropical League Sdn Bhd	Malaysia	Inactive	100	100
F&N Capital Sdn Bhd	Malaysia	Provision of financial and treasury services	100	100
Subsidiary of F&N Beverages Manufacturing Sdn Bhd				
Borneo Springs Sdn Bhd	Malaysia	Manufacture and sale of mineral water, carbonated drinks and bottles	100	100
Subsidiary of F&N Beverages Marketing Sdn Bhd				
F&N Beverages Thailand Pte Ltd	Thailand	Inactive	100	-
Subsidiary of Brampton Holding Sdn Bhd				
Vibrant Asset Sdn Bhd	Malaysia	Inactive	-	100

### 38. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 30 September 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	<b>Group 2011 RM'000</b>	<b>Company 2011 RM'000</b>
Total retained earnings of the Group and its subsidiaries:		
- Realised	<b>854,665</b>	<b>560,452</b>
- Unrealised	<b>(10,868)</b>	<b>(1,526)</b>
	<b>843,797</b>	<b>558,926</b>
Total share of retained earnings from an associate		
- Realised	<b>1,281</b>	<b>-</b>
Consolidation adjustments	<b>(41,098)</b>	<b>-</b>
<b>Retained earnings (Note 23)</b>	<b>803,980</b>	<b>558,926</b>

# Integrating the present for the future

We will continue expand our reach and explore  
new opportunities for sustained market share growth.





# Other Information

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# List Of Properties

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/11		Last Revalued Date
	Land RM'000	Buildings RM'000				
<b>JOHOR</b>						
Malay Grant 598, Jalan Tampoi, Johor Bahru	59,895	Detached house/ Warehouse	44 years (Freehold)	1,051	3,480	February 1990
701, Jalan Tampoi, Johor Bahru	241,022	Industrial/ Factory premise	44 years (Freehold)	7,662	171	February 1990
<b>PERAK</b>						
217 Jalan Lahat, Ipoh	287,738	Industrial/ Factory premise	42 years (Freehold)	2,815	3,770	October 1995
79 & 81 Jalan Tun Perak, Ipoh	51,828	Industrial/ Factory premise	105 years (Freehold/ Leasehold expiring 2013 & 2066)	377	46	October 1995
<b>PULAU PINANG</b>						
3724 (Lot 834 and 842) Sungei Nyior, Butterworth	130,324	Industrial/ Factory premise	57 years (Freehold)	2,600	1,904	October 1995
3725 & 3726 (Lot 833) Butterworth	97,387	Detached house/ Office premise	56 years (Freehold)	2,120	191	October 1995
<b>KELANTAN</b>						
Pengkalan Chepa Industrial Estate, Kota Bharu	203,861	Industrial/ Factory premise	31 years (Leasehold expiring 2043)	556	503	October 1995
<b>PAHANG</b>						
Mar Lodge, Cameron Highland	90,931	Holiday bungalow	44 years (Leasehold expiring 2037)	637	183	October 1995
Lot 7399, Jln Mempaga, Mukim Sabai, Karak	216,986	Industrial/ Factory premise	4 years (Freehold)	3,699	6,898	2007
<b>KUALA LUMPUR</b>						
No.3, Jalan Metro Pudu, Fraser Business Park	7,208	Office premise	4 years (Freehold)	-	15,336	2007
<b>MELAKA</b>						
10 Jalan Bukit Gedong	104,000	Industrial/ Factory premise	86 years (Freehold/ Leasehold expiring 2023)	806	570	October 1995

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/11		Last Revalued Date
	Land RM'000	Buildings RM'000				
SELANGOR						
Lot 3-1 Lion Industrial Park, Shah Alam	1,373,447	Industrial/ Factory & office premise	14 years (Freehold)	36,899	77,898	October 1995
Lot 3-2 Lion Industrial Park, Shah Alam	558,875	Industrial/ Vacant	- (Freehold)	11,678	-	October 1995
70 Jalan University, Petaling Jaya	382,467	Industrial/ Factory premise	50 years (Leasehold expiring 2058)	-	13,535	October 1995
16 Jalan Bersatu 13/4, Petaling Jaya	171,797	Industrial/ Factory premise	50 years (Leasehold expiring 2058)	-	3,793	October 1995
Lot No 56, Section 4, Phase 2B, Mukim Klang	1,629,042	Industrial/ Factory premise	3 years (Leasehold expiring 2097)	28,669	-	2008
SARAWAK						
Lot 924 Block 4 Matang Land District	118,776	Industrial/ Factory premise	5 years (Freehold)	4,379	2,848	2006
Lot 583 Block 4 Matang Land District	261,338	Industrial/ Factory premise	5 years (Leasehold expiring 2038)	4,255	590	2006
3.5 Miles Penrissen Road, Kuching	194,539	Industrial/ Factory premise	45 years (Leasehold expiring 2038)	1,529	6,374	October 1995
Lot 1557 Block 218 KNLD Kuching	124,797	Industrial premise	5 years (Leasehold expiring 2038)	6,672	-	2006
Lot 142 Block 4 Kuching	47,413	Shop office	5 years (Leasehold expiring 2784)	225	178	2006
Sublot 3, Lot 2370 Jalan Tatau Bintulu Bintulu	5,272	Industrial/ Factory premise	4 years (Freehold)	-	15	

## List Of Properties

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/11		Last Revalued Date
	Land RM'000	Buildings RM'000				
SABAH						
5.5 Miles Tuaran Road, Kota Kinabalu	142,140	Vacant Land	- (Leasehold expiring 2062)	1,219	-	October 1995
5.5 Miles Tuaran Road, Kota Kinabalu	142,578	Industrial/ Factory premise	40 years (Leasehold expiring 2062)	997	4,729	October 1995
THAILAND						
90 Moo 8 Mitapap Road, Phayayen District, Amphur Pakchong, Nakhonratchasima Province 30320	125,857	Industrial/ Factory premise	4 years (Freehold)	-	121,665	2007
668 Moo 4 Rojana Industrial Park Zone 2, U-thai, Phra Nakhon Si Ayutthaya 13210	990,280	Industrial/ Factory premise	2 years (Freehold)	17,376	-	
Classified as Group Property Held for Development (Note 12)						
KUALA LUMPUR						
Fraser Business Park, Jalan Yew, Kuala Lumpur	40,777	No plan yet	Freehold	5,504	-	October
Classified as Group Property Development Cost (Note 16)						
SELANGOR						
70, Jalan University, Petaling Jaya	382,467	For mix development	(Leasehold expiring 2058)	18,292	-	October 1995
16, Jalan Bersatu 13/4, Petaling Jaya	171,797	For mix development	(Leasehold expiring 2058)	9,690	-	October 1995
Lot 609, Geran 24235, Mukim Hulu Semenyih, District of Hulu Langat	2,640,251	For the development of residential property	(Freehold)	24,585	-	2006
JOHOR						
Lot 15350, Lot 15351 & Lot PTB 20048, Jalan Balau 1, Jalan Dato Sulaiman, Jalan Tebrau, Mukim Bandar, District of Johor Bharu	132,052	For the development of commercial property	(Freehold)	19,599	-	2005

## Shareholdings as at 30 November 2011

Authorised share capital - RM500,000,000  
 Fully paid and issued shares - RM360,813,101 (inclusive of 237,100 treasury shares)  
 Class of shares - Ordinary shares of RM1.00 each with equal voting rights  
 Voting rights - One vote for each ordinary shares held in the event of a poll

### Analysis of shareholdings

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
1 - 99	309	6.27	4,403	0.01
100 - 1,000	2,114	42.92	1,479,774	0.40
1,001 - 10,000	2,001	40.63	7,674,608	2.13
10,001 - 100,000	431	8.75	12,179,870	3.38
100,001 - 18,028,799 (*)	67	1.36	47,773,106	13.25
18,028,800 and above (**)	3	0.06	291,464,240	80.83
Total	4,925	100.00	360,576,001	100.00

### Directors' shareholdings

No.	Name of shareholders	Direct holdings No.	%	Indirect holdings No.	%
1.	Y.A.M. Tengku Syed Badarudin Jamalullail	2,062,000	0.57	-	-

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

No.	Name of shareholders	Direct holdings No.	%	Indirect holdings No.	%
1.	Fraser and Neave, Limited	203,470,910	56.43	-	-
2.	Oversea-Chinese Banking Corporation Limited	-	-	213,800,410 <sup>(1)</sup>	59.29
3.	Great Eastern Holdings Limited	-	-	213,800,410 <sup>(2)</sup>	59.29
4.	Amanahraya Trustees Berhad	64,098,000	17.78	-	-
5.	Skim Amanah Saham Bumiputera Employees Provident Fund Board	27,198,830	7.54	-	-
		294,767,740	81.75	-	-

\* - Less than 5% of issued shares

\*\* - 5% and above of issued shares

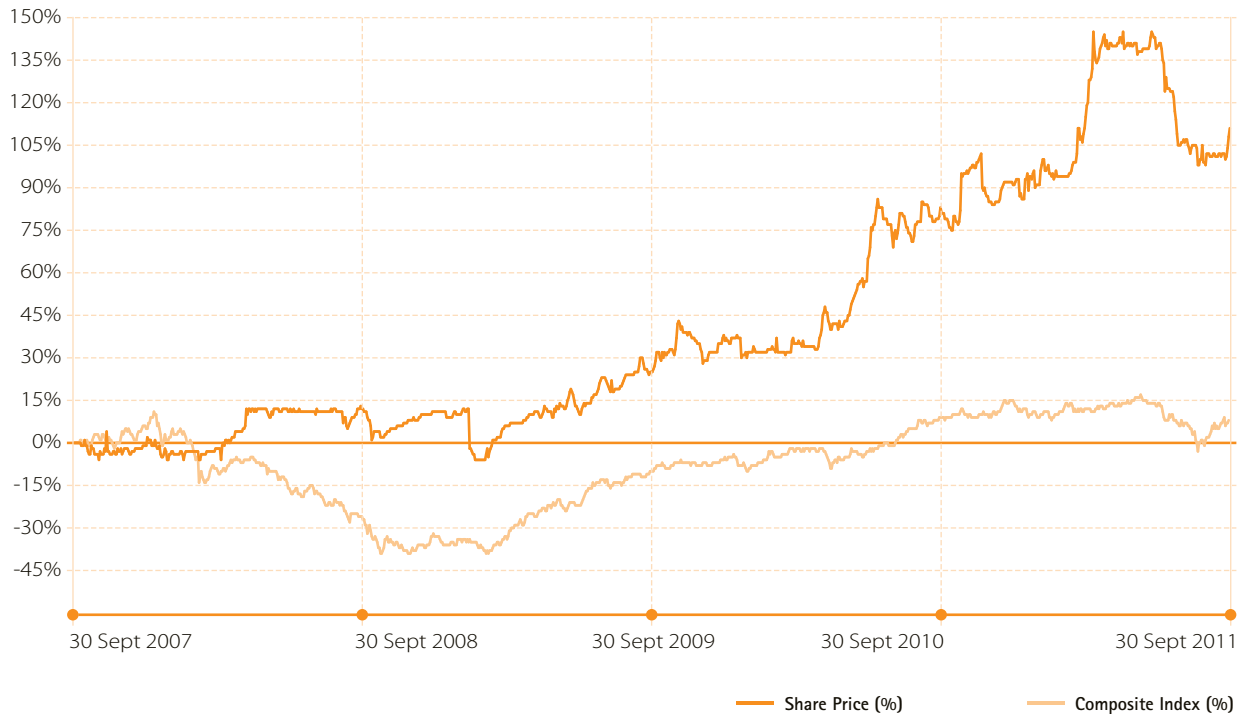
#### Notes:

(1) & (2) These comprise deemed interest of 203,470,910 shares of Fraser and Neave, Limited and 10,329,500 shares of Malaysia Nominees (Tempatan) Sdn Bhd in the company pursuant to Section 6A of the Companies Act, 1965

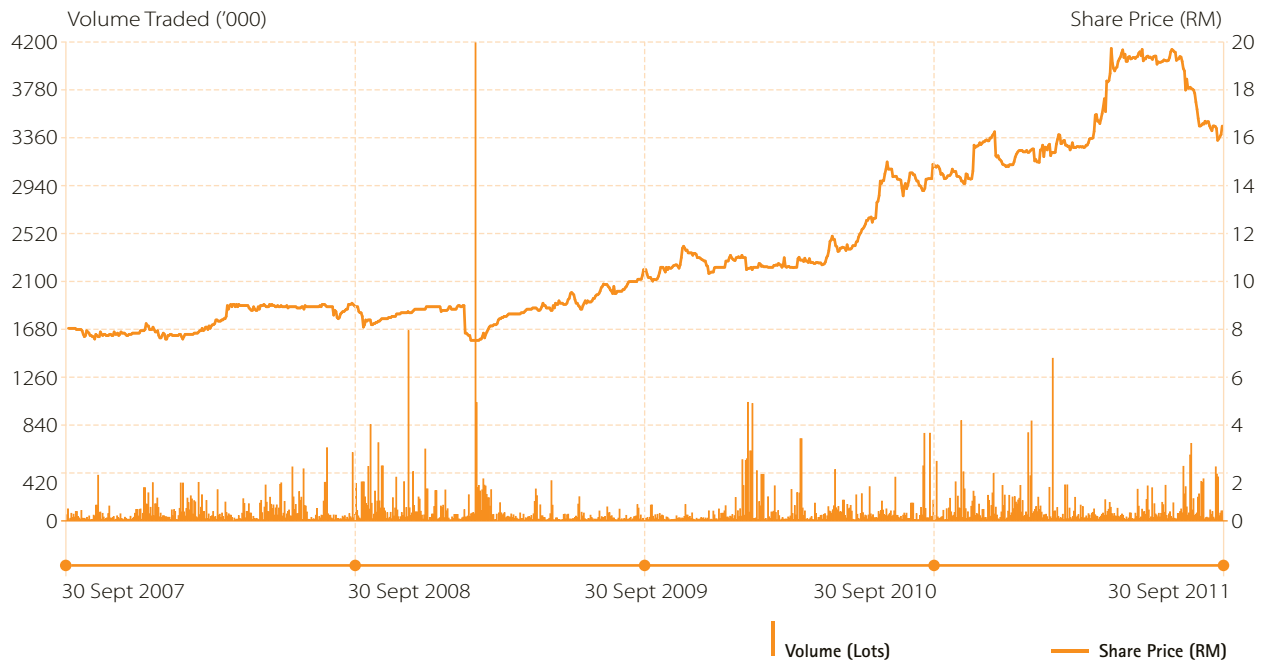
**THIRTY LARGEST SHAREHOLDERS (AS SHOWN IN THE REGISTER OF MEMBERS)**

No.	Name of shareholders	Shares held	%
1.	Fraser and Neave, Limited	203,470,910	56.43
2.	Amanahraya Trustees Berhad		
	Skim Amanah Saham Bumiputera	64,098,000	17.78
3.	Citigroup Nominees (Tempatan) Sdn Bhd		
	Employees Provident Fund Board	23,895,330	6.63
4.	Malaysia Nominees (Tempatan) Sdn Bhd		
	Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	9,770,000	2.71
5.	HSBC Nominees (Asing) Sdn Bhd		
	BNP Paribas Secs Svs Lux For Aberdeen Global	5,414,200	1.50
6.	Amanahraya Trustees Berhad		
	AS 1Malaysia	4,000,000	1.11
7.	Permodalan Nasional Berhad	3,608,200	1.00
8.	DB (Malaysia) Nominee (Tempatan) Sdn Bhd		
	Icapital.biz Berhad	2,114,000	0.59
9.	Malaysia Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account For Y. A. M. Tengku Syed Badarudin Jamalullail	1,744,000	0.48
10.	Employees Provident Fund Board	1,500,000	0.42
11.	Amanahraya Trustees Berhad		
	Amanah Saham Malaysia	1,343,900	0.37
12.	Citigroup Nominees (Tempatan) Sdn Bhd		
	Employees Provident Fund Board (Aberdeen)	1,300,000	0.36
13.	CIMSEC Nominees (Asing) Sdn Bhd		
	Bank Of Singapore Limited For Kontinental International Limited	929,400	0.26
14.	Cartaban Nominees (Asing) Sdn Bhd		
	SSBT Fund AM4N For Aberdeen Institutional Commingled Funds LLC	816,800	0.23
15.	Amanahraya Trustees Berhad		
	Amanah Saham Wawasan 2020	767,800	0.21
16.	Citigroup Nominees (Tempatan) Sdn Bhd		
	Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	763,300	0.21
17.	HSBC Nominees (Asing) Sdn Bhd		
	Exempt An For BNP Paribas Securities Services (Singapore - Sgd)	710,000	0.20
18.	HSBC Nominees (Asing) Sdn Bhd		
	Exempt An For Danske Bank A/S (Client Holdings)	673,400	0.19
19.	Key Development Sdn Bhd	600,000	0.17
20.	Malaysia Nominees (Tempatan) Sdn Bhd		
	Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	559,500	0.16
21.	Amanahraya Trustees Berhad		
	PB Growth Fund	548,100	0.15
22.	HSBC Nominees (Asing) Sdn Bhd		
	Exempt An For JPMorgan Chase Bank,		
	National Association (Guernsey)	513,700	0.14
23.	Citigroup Nominees (Tempatan) Sdn Bhd		
	Employees Provident Fund Board (CIMB Prin)	503,500	0.14
24.	Chinchoo Investment Sdn Bhd	500,000	0.14
25.	Gan Teng Siew Realty Sdn Bhd	500,000	0.14
26.	Lee Chin Hong	438,000	0.12
27.	Amanahraya Trustees Berhad		
	Public Index Fund	431,900	0.12
28.	Soong Bee Yoke	420,700	0.12
29.	Cartaban Nominees (Asing) Sdn Bhd		
	RBC Dexia Investor Services Bank For Global		
	Emerging Markets Small Cap (Danske Invest)	400,000	0.11
30.	BHLB Trustee Berhad		
	Public Focus Select Fund	378,300	0.10
		<b>332,712,940</b>	<b>92.29</b>

## F&N SHARE PRICE AND BURSA MALAYSIA'S COMPOSITE INDEX



## F&N SHARE PRICE AND VOLUME TRADED



# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 50th Annual General Meeting of Fraser & Neave Holdings Bhd will be held at Banyan, Casuarina & Dillenia, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 13 January 2012 at 3.00 pm for the following purposes:

## AGENDA

### Routine Business

1. To receive and adopt the Audited Financial Statements for the year ended 30 September 2011 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of a final single tier dividend of 47 sen per share and a special single tier dividend of 15 sen per share for the year ended 30 September 2011. (Resolution 2)
3. To re-elect the following directors:
  - (I) Under Article 97 of the Articles of Association
    - a) Y.A.M. Tengku Syed Badarudin Jamalullail (Resolution 3a)
    - b) Mr Huang Hong Peng (Resolution 3b)
    - c) Mr Lee Kong Yip (Resolution 3c)
  - (II) Under Article 103 of the Articles of Association
    - d) Mr Pascal De Petrini (Resolution 3d)
  - (III) Under Section 129 of the Companies Act 1965
    - e) Mr Leslie Oswin Struys (Resolution 3e)
    - f) Tan Sri Dato' Dr Lin See Yan (Resolution 3f)
4. To approve directors' fees of RM860,000 for the year ending 30 September 2012 payable monthly in arrears after each month of completed service of the directors during the financial year. (2011: RM860,000) (Resolution 4)
5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2012 and to authorise the directors to fix their remuneration. (Resolution 5)

### Special Business

6. To authorise Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd Executives' Share Option Scheme as approved at the Extraordinary General Meeting of the Company on 5 April 2007. (Resolution 6)
7. Proposed renewal of the authority for the purchase of its own shares by the Company (Resolution 7)

**"THAT** subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements ("MMLR") and the approvals of the relevant authorities, the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to the extent permitted by the law, to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up ordinary share capital from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities"), subject further to the following:



- (I) the maximum number of ordinary shares which may be purchased and held by the Company does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point in time ("Proposed Share Buy-Back");
- (II) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the Company's total retained profits and/or share premium account at the time of purchase of the Proposed Share Buy-Back;
- (III) the approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting ("AGM") of the Company, following the passing of this resolution or the expiration of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution passed by shareholders of the Company at a general meeting but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority; and
- (IV) upon completion of the purchase(s) of the F&N Shares or any part thereof by the Company, the Directors be and are hereby authorised to cancel all the F&N Shares so purchased, retain all the F&N Shares as treasury shares for future re-sale or retain part thereof as treasury shares and cancelling the balance or distribute all or part of the F&N Shares as dividends to shareholders, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of MMLR and any other relevant authority for the time being in force;

**AND THAT** authority be and is hereby unconditionally and generally given to the Directors to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the MMLR and all other relevant governmental and/or regulatory authorities."

8. Proposed renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature

(Resolution 8)

**"THAT** approval be and is hereby given for the Company and/or its subsidiaries ("F&N Group") to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 2.4, Part B of the Circular dated 21 December 2011 with the related party mentioned therein, provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies, and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders

**AND THAT** such approval shall be in force until:

- (I) the conclusion of the next Annual General Meeting of the Company ("AGM"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (II) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (III) revoked or varied by the Company in a general meeting,

whichever is the earlier **AND THAT** the Directors of the Company and each of them be authorised to do all such acts and things (including, without limitation, to execute all such documents) as they or he may consider necessary, expedient or in the interests of the Company to give effect to this resolution."

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

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## NOTICE OF DIVIDEND PAYMENT

**NOTICE IS HEREBY GIVEN THAT,** subject to the approval of the shareholders at the forthcoming Annual General Meeting, the proposed payment of a final single tier dividend of 47 sen per share and a special single tier dividend of 15 sen per share for the year ended 30 September 2011 will be paid to shareholders on 17 February 2012. The entitlement date for the proposed dividends shall be on 20 January 2012.

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

- a) Shares transferred to the depositor's securities account before 4.00 pm on 20 January 2012 in respect of ordinary transfer; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**JOSEPH TAN ENG GUAN**

Company Secretary  
Kuala Lumpur, Malaysia

21 December 2011

*Notes :*

- 1. *A member entitled to attend and vote at the above meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf and such proxy or proxies need not be a member or members of the Company.*
- 2. *Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.*
- 3. *In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised.*
- 4. *The instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company at Level 8, F&N Point, No. 3 Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur not less than 48 hours before the meeting.*

## EXPLANATORY NOTES ON THE SPECIAL BUSINESS

**(I) PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO THE FRASER & NEAVE HOLDINGS BHD. EXECUTIVES' SHARE OPTION SCHEME**

The proposed ordinary resolution 6 is to seek a renewal of the general mandate which, if passed, will give the Directors of our Company from the date of this Annual General Meeting, authority to allot and issue ordinary shares pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd Executives' Share Option Scheme which was passed on 5 April 2007.

**(II) PROPOSED RENEWAL OF SHARE BUY-BACK**

The proposed ordinary resolution 7, if passed, will provide our Company authority to buy-back our shares and will allow our Company a further option to utilise our financial resources more efficiently. Additionally, it is intended to stabilise the supply and demand as well as the price of our Company's shares.

**(III) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The proposed ordinary resolution 8, if passed, will enable our Company and/or its subsidiaries ('F&N Group') to enter into Recurrent Transactions with the Mandated Related Party provided that such transactions are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders, without having to announce and/or convene separate general meetings to seek shareholders' approval if the recurrent transactions' percentage ratios are equal to or exceed five (5) percent as prescribed in Chapter 10 of the MMLR.

**Statement Accompanying the Notice of the 50th Annual General Meeting of Fraser & Neave Holdings Bhd.**

Pursuant to paragraph 8.27 (2) and format as set out in Appendix 8A of the Main Market Listing Requirements.

Not Applicable

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FRASER & NEAVE HOLDINGS BHD.

# PROXY FORM

CDS account no.

Fraser & Neave Holdings Bhd  
Company No: 004205-V, Incorporated in Malaysia

I/We ..... (FULL NAME IN BLOCK LETTERS AND IC NO.)

(or attorney of ..... (FULL NAME IN BLOCK LETTERS AND IC NO.)

of ..... (FULL ADDRESS)

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

..... (FULL NAME IN BLOCK LETTERS AND IC NO.)

of ..... (FULL ADDRESS)

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us and my/our behalf at the 50th Annual General Meeting of the Company to be held on Friday, 13 January 2012 at 3.00 pm at the Banyan, Casuarina & Dillenia, Sime Darby Convention Centre, No. 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur and at every adjournment thereof.

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

NO.	RESOLUTIONS: ROUTINE BUSINESS	FOR	AGAINST
1	To receive and adopt the Audited Financial Statement for the year ended 30 September 2011 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final single tier dividend of 47 sen per share and a special single tier dividend of 15 sen per share for the year ended 30 September 2011.		
3	To re-elect the following directors: <u>Under Article 97 of the Articles of Association</u> a) Y.A.M. Tengku Syed Badarudin Jamalullail b) Mr Huang Hong Peng c) Mr Lee Kong Yip <u>Under Article 103 of the Articles of Association</u> d) Mr Pascal De Petrini <u>Under Section 129 of the Companies Act 1965</u> e) Mr Leslie Oswin Struys f) Tan Sri Dato' Dr Lin See Yan		
4	To approve directors' fees of RM860,000 for the year ending 30 September 2012 payable monthly in arrears after each month of completed service of the directors during the financial year. (2011: RM860,000)		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2012 and to authorise the directors to fix their remuneration.		
	<b>SPECIAL BUSINESS</b>		
6	To authorise Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd. Executives' Share Option Scheme as approved at the Extraordinary General Meeting of the Company on 5 April 2007.		
7	To renew the authority for the purchase of its own shares by the Company.		
8	To renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

As Witness my/our hand this ..... day of ..... 2012.

No. of ordinary shares held

Signature of member

Contact no: .....

## Notes:

1. A member entitled to attend and vote at the above meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf and such proxy or proxies need not be a member or members of the Company.
2. Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.
3. In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised.
4. This instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company at Level 8, F&N Point, No. 3 Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur not less than 48 hours before the meeting.



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---

STAMP

The Company Secretary

**FRASER & NEAVE HOLDINGS BHD.**

Level 8, F&N Point  
No. 3, Jalan Metro Pudu 1  
Fraser Business Park  
Off Jalan Yew  
55100 Kuala Lumpur

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*Fold here*

**Fraser and Neave, Limited** owns the **100PLUS, F&N Fun Flavours, Seasons, Fruit Tree, Farmhouse, Magnolia, Gold Coin** and **F&N** brands

**Sunkist Growers Inc** owns the **Sunkist** brand

**Lion Share Management Limited** owns the **TEA POT** brand

**Societe des Produits Nestle S.A.**, owns **Milkmaid, Cap Junjung, Carnation, Ideal, Bear Brand** and **MILO** brands

**T.C. Pharmaceutical Industries Co. Ltd, Thailand** owns the **Red Bull** brand