



SOFT DRINKS

A solid performance in the first half of the year under review and successful mitigation of market and consumer sentiment in the second half, helped the soft drinks division record another strong performance to consolidate its dominant position in the marketplace.



Heads Of Department



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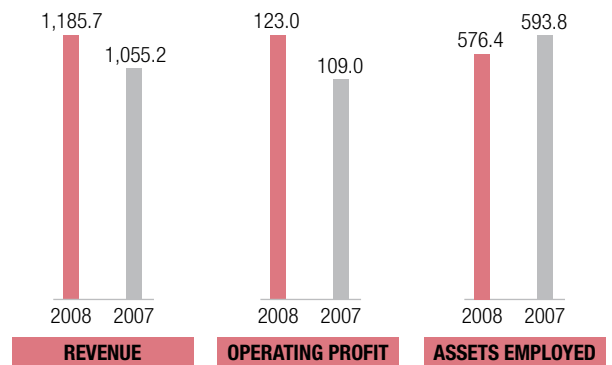
Simon Sim
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STRONGER PERFORMANCE

The division registered a 12 per cent increase in revenue to RM1.19 billion from RM1.06 billion last year notwithstanding rising fuel prices and lower consumer sentiment. Overall volume grew by 9 per cent, ahead of the nation's GDP growth. Operating profits climbed 13 per cent to RM123.0 million from RM109.0 million last year, driven by higher product consumption.

The division's strong showing in the first half of the year was on the back of stronger uptake during the two major festive celebrations, while an active mitigation plan in the second half helped counter the jittery sentiment amongst consumers.



STRATEGIC MEASURES

Due to the impulsive nature of consumer buying, market share in the soft drinks industry is often gained or lost based on critical brand experiences, product innovation and brand presence.

The Group's decision to maintain prices at all levels regardless of the fuel price increase and inflationary trends showed it was mindful of consumer sentiments. This contributed to less speculation, allowing for the momentum of sales to continue. Consumption was fuelled by intensive price and consumer activation of Malaysian favourites such as 100PLUS and F&N.

Major initiatives to grow volume included a strong advertising and promotions programme, brand and pack innovation such as new offerings and more attractive, cost-saving packaging, greater supply chain efficiencies, improving logistics and inventory management and enhancing operational efficiency.

The division continued its push towards establishing a first-class sales and distribution system, including the expansion of distribution channels and sales force to cover larger markets, both rural and urban via speedier market execution.



SOFT DRINKS



Another area of focus was human capital development. The division believes its people are the driving force behind its efforts. Thus, it embarked on an extensive programme to improve and enhance this valuable asset. Using a combination of training, management skills enhancement and creativity programmes, employees were exposed to ideas and methods to improve their performance. 121 employees underwent a skills enhancement programme to enable them to become effective Brand Ambassadors. Industrial relations between superiors, peers and subordinates were enhanced in the period under review.

COST PRESSURES

The major cost pressures experienced by the division were a direct result of the increase in global fuel prices. This contributed to the continued price volatility of key raw materials such as aluminium, soya bean, paper-based and plastic-based packaging materials. Ancillary costs such as transportation and electricity rose, adding continuous pressure on the overall cost of production. The division continued to sustain its profitability by initiating aggressive cost-mitigation strategies that played a major role in growing overall volume.

MARKET DOMINANCE

In the isotonic segment, 100PLUS maintained its dominant position with 90 per cent market share while the soft drinks portfolio, led by the F&N and Coca-Cola brands, led the carbonated soft drinks category with 65 per cent market share. The non-carbonated portfolio saw the SEASONS brand augmenting its No. 2 position in the Asian drinks category.





BRANDING ACTIVITIES

Strategic branding activities during the year focused on growing market share and volume for existing products. This worked very well to reinforce positive brand perception for the various brands on the minds of consumers. In line with the

launch of the Group's new F&B corporate identity for the F&N portfolio of brand, all branding and marketing efforts including classic print and electronic advertising, consumer activation, endorsements and sponsorships and contests showcased the new credo of "Pure Enjoyment, Pure Goodness".

Below are the highlights of various brand activities the division undertook:

100PLUS

100PLUS expanded on its Out-Do-Yourself spirit by incorporating various related elements to further strengthen its presence in the marketplace. The brand continued efforts to empower Malaysians from all walks of life to challenge the status quo and believe that they can achieve whatever they put their minds to. Consumer outreach programmes and on-the-ground activities were held aimed at inspiring consumers to outdo themselves, encourage them to lead an active lifestyle and, in the process, stay hydrated with 100PLUS.

The 100PLUS Live Active Campaign was organised to promote a healthier and active lifestyle through simple, fun and exciting physical activities that consume very little time or effort, and can be enjoyed anytime and anywhere, individually or with family and friends. The campaign challenged Malaysians to commit to a change in their lives by imbuing various healthy and active habits into their daily routine. The Mall Challenge, LRT Challenge and Bus-Stop Challenge attracted large numbers of curious participants.

The 100PLUS Out-Do-Yourself Challenge was held for the first time in Peninsular Malaysia. It drew some 10,000 Malaysians from all walks of life who participated in a series of physical activities in key, high-traffic areas – shopping malls, hypermarkets and supermarkets in the Klang Valley, Kuantan, Johor Bahru, Ipoh and Penang.

The 100PLUS Unite for Glory campaign saw 100PLUS presenting a 26ft x 30ft banner featuring the signatures of thousands of fans from all over Malaysia to the national badminton team. The campaign was aimed at rallying support for the national shuttlers. It included a consumer contest and the unveiling of limited edition cans featuring the visuals of the players. These visuals were featured on 100PLUS' PET bottles and six packs.

For the fifth year running, the brand clinched the Reader's Digest Gold Trusted Brand Award. 100PLUS also scooped the Gold Award in the Malaysia Brand Equity Awards 2008 in the FMCG above RM500 million category.



| 100PLUS Live Active Campaign



| 100PLUS Unite for Glory



| 100PLUS Reader's Digest Trusted Brand

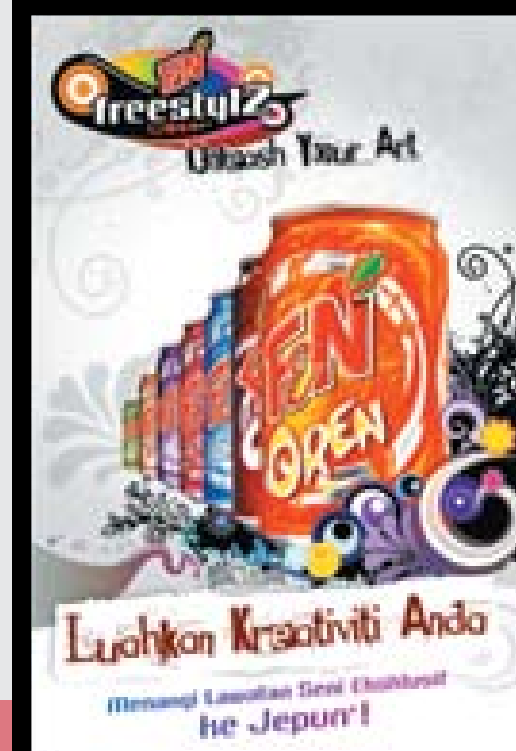
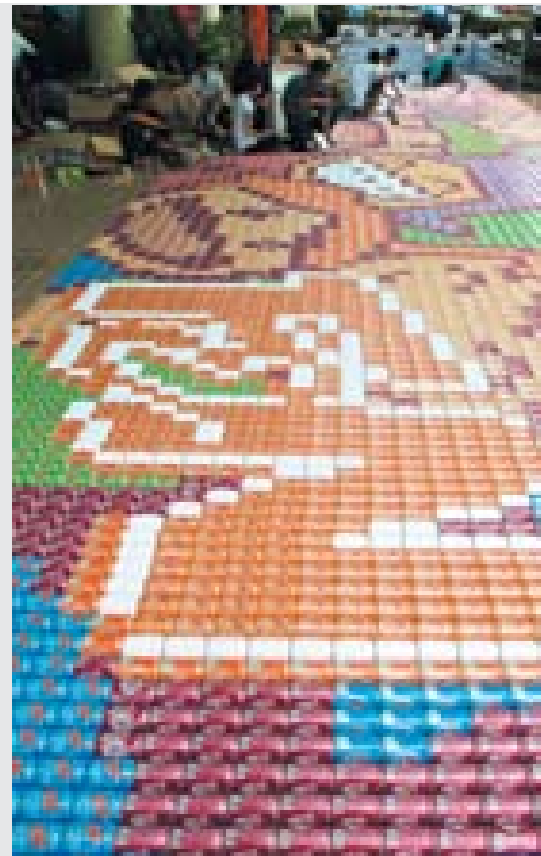
SOFT DRINKS

F&N

The F&N range of soft drinks continued to be the refreshment of choice, especially during major festive celebrations. This year, the brand focused on creating a new wave of excitement in terms of its overall look and feel by engaging consumers in relevant activities.

Malaysian youths were given an engaging platform to express themselves creatively through art in the F&N FreestylZ campaign, "Unleash Your Art". Youths used F&N drink cans as their canvas to create their masterpieces to win a chance to attend a workshop by Orkibal and Sheiko, two highly reputable artists in the local street art scene and a trip to Japan. The F&N Street Art CANvas Mural saw F&N collaborating with The One Academy to find the most creative mosaic street art made out of F&N cans. The winning team was given the opportunity to feature its artwork, using cans bearing all seven flavours from F&N, at Suria KLCC.

To usher in the New Year, F&N Ice Cream Soda engaged a professional mixologist to create special non-alcoholic, designer beverages or mocktails. 8TV presenter Rina Omar introduced the beverages to invited guests at a memorable launch. Among the exotic flavours unveiled were Tropical Crush, Mango Passion, Zesty Mint, Lychee Blaze, Pandan Fizz and Honeydew Bliss.





Coca-Cola

The year under review saw Coca-Cola leveraging on its global partnership with two international sporting events to connect with its consumers in Malaysia, while continuing its efforts to create awareness of water as a resource.

Football fever saw Coca-Cola kicking off the year by giving consumers the chance to win coveted tickets to the UEFA Euro 2008™ final in Vienna, Austria. Using the theme that Coca-Cola and football share the ability to break down barriers and bring people together to experience a more positive side of life, the “Bend it, Twist it, Shoot and Score!” campaign offered two grand prizes of a trip for two to the final as well as a 32” LCD TV and Adidas merchandise. Coca-Cola, an official sponsor of UEFA EURO 2008™, has supported international football for over 70 years and is one of UEFA’s longest-standing partners, having been an official sponsor since 1988.

As the Olympic movement’s longest and continuous corporate partner since 1928, Coca-Cola made the journey to the Beijing 2008 Olympic Games deliciously easy for another two lucky Malaysian consumers requiring them to just write in and say why, in the most creative way, they wanted to be at the Games. Those who did not make the cut for Beijing were given yet another opportunity to win highly-sought-after memorabilia comprising limited edition Coca-Cola 500ml Beijing 2008 Olympic Games bottles, mobile phones and Coca-Cola bell-shaped soda glasses.

The launch of limited edition Coca-Cola “Delicious Happiness” cans in four designs, including the logo in Chinese characters, added to a unique and memorable way for Malaysians to connect with the Games. The iconic Coca-Cola Contour Glass, featuring an embossed pictogram of selected Olympic events, was also made available to McDonald’s customers in Malaysia.

Leveraging Beijing’s pledge to stage a “Green Olympics”, Coca-Cola strived to ignite a passion in Malaysians to support environmental stewardship by nominating environmental champions to bear the ancient Olympic flame as it made its journey through Kuala Lumpur, en route around the world. These personalities who were chosen for making a difference in the community through their commitment to environmental stewardship were Dato’ Hashim Abdul Wahab, Dato’ Dr Mikhaail Kavanagh, Khadijah Abdul Rahman, Karam Singh Walla, Aznir Abdul Malek and Dr. Reza Azmi. They joined 22,000 other runners globally in the largest relay organised in the history of the Games.

The selection of environmental champions was also in line with Coca-Cola’s commitment to water conservation through the Global Water Stewardship initiative, which commits to preserving and protecting water resources, community by community, where the Company operates, as well as the concept of the “Green Olympics”.



Official sponsor of UEFA EURO 2008 events



Beijing 2008 Olympic Torch Relay



SEASONS

Mindful of emerging and discerning consumer trends for healthier alternatives to suit their lifestyle, the SEASONS brand continues to build on its offerings of healthy alternatives and to promote overall well-being. As a result, demand for SEASONS has grown from strength to strength and is currently the fastest-growing brand in the Asian drinks category. This year saw the launch of a Less Sweet/Kurang Manis version for the Chrysanthemum, Grass Jelly and Soya Bean Milk range.

BUSINESS OUTLOOK

The sharp drop in the fuel price in recent weeks is a welcome relief, however the weakening of the Ringgit may offset partially or fully these potential savings. The division will continue to strengthen internal capability and be more focused in the marketplace. It will continue to pursue world-class excellence in distribution to make the brand more readily available, with greater emphasis on market execution and increased efforts in training, including in expanding, empowering and building capability of the sales force across the board.

The division will also look at capacity expansion and costs-saving initiatives, including a new warehousing facility and new inhouse PET blowing in Kuching and upgrading the water plants in Bentong and Matang.

Efforts to drive per capita consumption with greater product innovation and faster speed to market execution will continue. Consumer demand for a wider range of healthier and more nutritious portfolio of drinks will fuel demand for Asian drinks.





TRUSTED for GENERATIONS

From our humble beginnings in 1883, F&N is today a household name and has stamped its mark as the market leader in Malaysia's soft drinks, dairies and glass industries. Our historic past and strong brand values have made F&N synonymous with top-notch quality, reliability, fair value and progress. In this 125th glorious year of operation, let us continue to strive for success and excellence as we live up to our vision of becoming a leading player in the ASEAN region.



DAIRY PRODUCTS

The dairies division continued its upward trend, registering healthy growth in the face of challenging market conditions in the year under review.





Heads Of Department



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Edward Liew
(General Manager, Malaysia)

Ooi Peng Hock
(General Manager,
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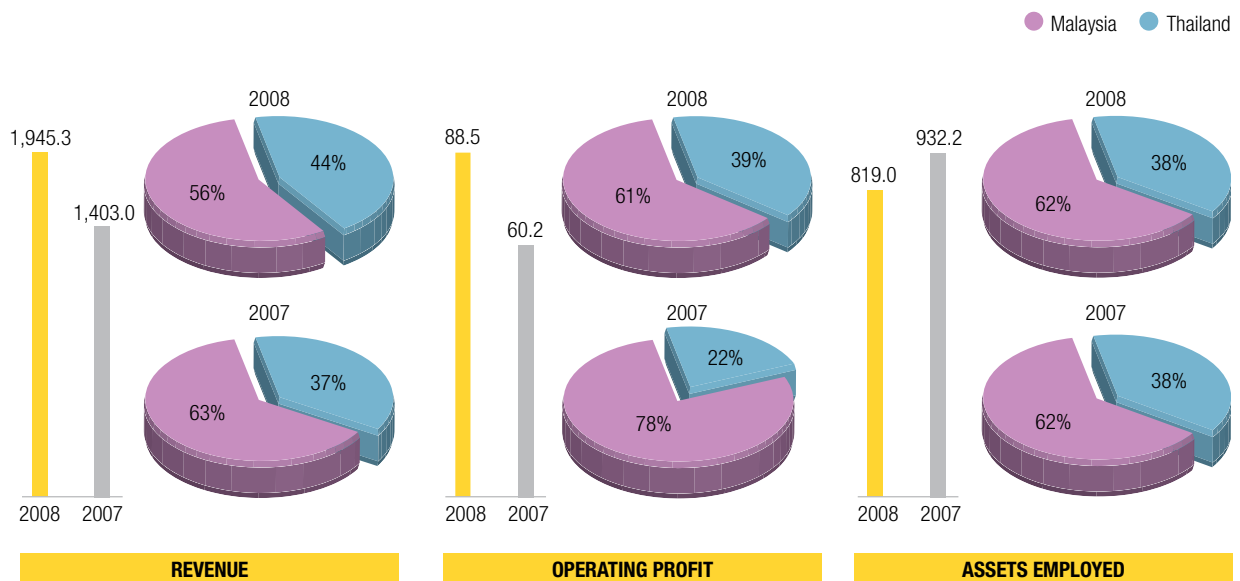
Somsak Chayapong
(Country Head,
Thailand & Indochina)

Pratchya Hemsuchi
(Head of Technical &
Manufacturing, Thailand)

ROBUST GROWTH

The division posted RM1.95 billion in revenue, a hefty 39 per cent growth from RM1.40 billion last year as it moved ahead with further consolidation of the Nestle business. This was achieved despite the hikes in global fuel prices and the volatility of prices of commodities such as tin plate and milk powder. Operating profits expanded a significant 47 per cent compared with last year, largely driven by growth in the Malaysian and Thai business reflecting the division's perseverance to meet consumer expectations in three critical areas — price, service and quality.

Work on two new dairy manufacturing plants in Malaysia (on a 37.4 acre site in Pulau Indah, Selangor) and Thailand (on a 23 acre site in Rojana Industrial Park, Ayutthaya) is on track and expected to be completed by end-2011 and end-2009 respectively.



DAIRY PRODUCTS

MALAYSIA OPERATIONS

RECORD GROWTH

The Malaysian operations continued to gain momentum, surpassing for the first time the RM1 billion mark to post revenue of RM1.09 billion - a 24 per cent growth over last year's RM882.2 million. Operating profits grew by over 15 per cent from RM46.5 million to RM53.6 million on the back of greater control exercises in the marketplace. This can be further attributed to the consolidation of the Nestle business into the overall dairies operation, resulting in more effective trade offers and efficient logistics costs and the alignment of manufacturing capabilities between Malaysia and Thailand.

Revenue growth was due in part to the division's operational ability to turn around all its businesses, specifically ice-cream, pasteurised milk and pasteurised juices. Improvements in the ice-cream business were a result of the implementation of better cost structures and a higher frequency of attractive merchandising and sampling activities.

Continued focus on product innovation and renovation (I&R) by constantly anticipating customer needs was another contributing growth factor. New products such as the F&N aLIVE range of lifestyle foods was rolled out while existing products were re-energised e.g. the Fruit Tree Fresh No Sugar Added range to cater to an increasingly growing segment of health-conscious consumers.

All this was achieved amidst higher prices of raw material such as palm oil and tin plate, and supported by strategic advertising and below-the-line promotional activities. Additionally, the food services portion of the business experienced encouraging growth.

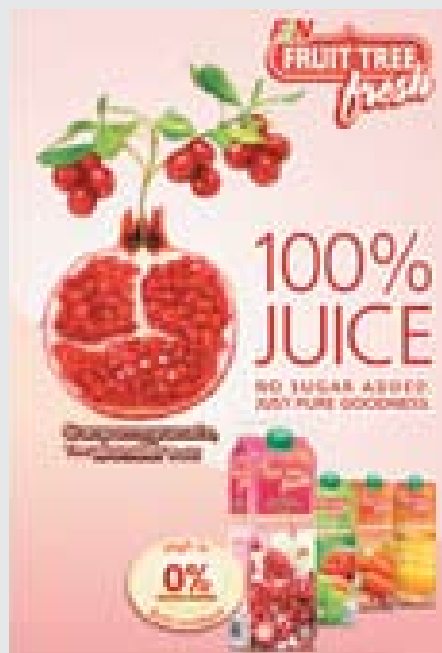
Food safety standards continued to be enhanced with the completion of the compliance audit for ISO22000 certification, which defines food safety management system requirements for companies that need to meet and exceed global food safety regulations.

The business also placed emphasis on a culture of "Execution with a Difference" that focused on a seamless link of three core elements — people, strategy and processes.

MARKET LEADERSHIP

The division's sweetened condensed milk (SCM) segment continued to dominate with a 62 per cent share of the Malaysian market. This was contributed by brands such as F&N, TEA POT, Gold Coin and Milkmaid. The key drivers for the improved performance include the strengthening of F&N SCM's association with teh tarik, the appointment of key dealers for on-premise and general trade and improved operating efficiencies.

In the evaporated milk segment, market share reached a high of 79 per cent through brands such as F&N, Carnation and Ideal. To achieve this, the division leveraged the development and promotion of new applications, including recipes, and by championing certain national dishes to effectively grow the segment.





The division also led in the chilled juice segment with a 43 per cent market share. Sunkist and Fruit Tree Fresh led the pack. The strong showing was a result of greater frequency of sampling initiatives coupled with product innovation. In the sterilised milk segment, represented by the Magnolia brand, market share grew by 7.5 percentage points to 41.5 per cent to consolidate its strong number two position.

BRANDING ACTIVITIES

The Malaysian operations executed multiple branding initiatives to sustain and grow consumption and market share, including efforts to expand beyond the current consumer segments. This was largely managed via advertising, media engagement and consumer activation activities.

Some highlights of the various brand activities executed by the division included:

F&N Sweetened Condensed Milk

F&N continued its close link with the national pastime of consuming teh tarik via Peraduan Detik Gemilang F&N. The contest sought to highlight monumental moments in the nation's history as well as to inspire Malaysians to such moments of their own. To support the contest, a roadshow was held offering the winner a chance to win a dream café worth RM500,000. This event fortified the brand's position as the preferred choice of a legion of teh tarik connoisseurs nationwide.

The brand also secured global recognition by winning the New York-based Advertising and Marketing Effectiveness Awards 2007 for its Cabaran TariKing F&N campaign. The award is a premiere showcase for marketing and creative strategies that honours excellence in effective communications.

TEA POT

The TEA POT brand maintained its position as a strong number two player in the sweetened condensed milk market as a result of strategic activities such as cross promotions and the launch of new products. TEA POT Pilihan was launched in March 2008 to target the food service segment. The team is currently working on various branding initiatives to rekindle TEA POT's tradition and heritage amongst consumers while seeking to reinforce its position as the Pilihan Pakar (Expert's Choice).

Evaporated Milk Portfolio

The division employed an application strategy with the brands taking centre stage to complement a variety of Malaysian recipes and cuisines. Carnation launched the Carnation Evaporated Creamer Fish Head Rice Noodles (Yue Tau Mai Fun) – The Popular Choice campaign in a quest to discover and promote the most popular fish head rice noodles outlet in Malaysia based on a popular vote concept. Following an extensive evaluation process, 14 of the most popular Yue Tau Mai Fun outlets nationwide were selected and featured in a seven-part TV programme on NTV 7.



DAIRY PRODUCTS

Via F&N Evaporated Milk's Peraduan Hari-Hari Kari F&N, consumers were presented the opportunity to win a dream kitchen makeover worth RM50,000. The campaign involved a combination of television commercials, consumer activation and media engagement activities that positioned the brand as a healthier and tastier alternative for a variety of Malaysian curries and gravies. Participants also had a chance to participate in cooking lessons by popular chef Rohani Jelani.



Fruit Tree Fresh

Fruit Tree Fresh stepped up product innovation with the introduction of four exotic flavours under its brand new No Sugar Added range to cater to growing consumer demand for healthier food choices that are low in sugar and fat and more natural or organic. The 100 per cent juice is formulated to complement healthy lifestyles and provide wholesome natural goodness as it is high in Anti-Oxidants, Beta Carotene and Vitamins A, C and E. Consumers were introduced to its four flavours - Cranberry, Pomegranate & Apple, Carrot & Wolfberry, Fruit & Vegetable and Orange - through sampling activities and a marketing communications blitz.



F&N aLIVE

The division unveiled F&N aLIVE, a new range of signature lifestyle foods designed to deliver health benefits, premium taste and convenience. The brand offers a wholesome product portfolio comprising low fat yoghurt, nutritional snack bars and wholegrain cereals aimed at busy, yet active and discerning consumers.

Pasteurised Milk Portfolio

The pasteurised milk segment grew volume by employing strategies such as product innovation and expansion of its distribution networks.





The Magnolia campaign highlighted the essential nutrients in the products that assist children to achieve great things later in their adolescence. The Magnolia WonderKids Search drew overwhelming response, thanks to the creative use of roadshows, billboards, POSM displays, contests and collectibles in supermarkets and other high-traffic areas. As a testament to the brand's presence, Magnolia Liquid Milk won silver at the Malaysia Brand Equity Award 2008 in the 'Fast Moving Consumer Goods' category in the value segment of RM200 – RM250 million sales volume.

Farmhouse strengthened its advertising and promotional efforts to include billboards and POSM displays. Consumers and retailers were rewarded through a loyalty programme while highlighting the wholesome goodness and unique qualities of Farmhouse milk. The brand focused its efforts on its tagline, 'Picky cows produce better milk'. With the release of Farmhouse Omega for the more health-conscious, Farmhouse further strengthened its position in the fresh milk market. The launch was supported by sampling activities at high-traffic areas, while there were plans in the pipeline for collaboration with Pathlab and other related promotions.

Magnolia Ice Cream

The division's ice-cream portfolio, represented by the Magnolia brand, unleashed a combination of strategic activities and new products to increase sales volume. These included the Magnolia Choccolicious Twinpack promotion, the Magnolia Gotcha campaign and the Multipack Ramadhan promotion. New products such as Magnolia Cravio ChocoBerry and Magnolia Gotcha Blue Sky were launched. In addition, the Magnolia Moments range was re-launched to herald the introduction of its new packaging.

MULTI-BRAND ATTACK

In line with the Group's new F&B corporate identity, the Malaysia dairies arm ran supporting events to reflect the "Pure Enjoyment, Pure Goodness" tagline. Activities included a Guess & Win contest featuring Magnolia products, Fruit Tree Fresh, Farmhouse and Daisy brands, that offered prizes worth some RM120,000.



DAIRY PRODUCTS

Sunkist

The new Sunkist Not From Concentrate range was unveiled to expand the brand's presence and target consumers seeking healthier, more natural alternatives. General activities included a joint roadshow with telco Maxis, and continuous efforts to strengthen the brand's billing as the "Citrus Specialist" with a Think Oranges. Think Sunkist campaign.

EXPORTS

The dairies export business momentum continued, registering double-digit growth while setting a new revenue benchmark. This was attributed to the success in rebuilding the traditional core customers segment and overall expansion of the customer base by some 50 per cent.

While its share of the ASEAN markets continued to grow, exports made significant inroads into the Middle East markets, leveraging on the Malaysian Halal certification for its products. In addition, the manufacturing capability extended by the Navanakon plant in Thailand offered a wider product choice to supplement the Malaysian operation, thereby expanding exports out of Thailand in the same period. These manufacturing capabilities were well supported by efficient customer service and logistical support teams on both sides. The exports through the Group's associate in Singapore continued to be significant, and this would continue to be supported and sustained.

Moving forward, the division envisages a more competitive environment and challenges with the entry of new players in the region, as well as the impact of volatile exchange rates and liquidity in the importing countries, arising from the continuing global financial uncertainties.

BUSINESS OUTLOOK

Under the present softer economic outlook in Malaysia, the division will continue to leverage on internal efficiencies and distribution capabilities to sustain sales. Price of raw materials such as palm oil, skimmed milk powder and whey powder are trading southward but any benefit would be likely offsetted by a weaker exchange rate.

The division will push ahead with I&R strategies, to develop new market segments and create new product application to grow its current market share. Food services will be another area of focus, where products that complement current offerings will be brought on board to promote growth via reach and volume.

Market expansion initiatives include the restructuring of the wholesale segment and appointment of key dealers to provide wider penetration in urban and rural areas.

The operations will move aggressively to mitigate the challenges ahead while pushing to grow its contributions to support the Group's continued success.





THAILAND OPERATIONS

The first, full 12 months of operation since F&N Dairies (Thailand) Limited (FNDT) started business 18 months ago proved challenging as unprecedented price increases in raw materials, energy cost and political instability dampened consumer and business confidence, leading to slower economic growth and higher inflation in Thailand. The company's and industry's attempt to pass on this cost increase were not fully achieved due to the government's reluctance to approve increases for certain price-controlled products.

COMMENDABLE PERFORMANCE

Revenue grew 64 per cent to RM853.6 million from RM520.9 million last year. Domestic sales and contribution from Indochina accounted for RM695 million while the remainder was from exports. A strong, double-digit value growth of 17 per cent (against same period 12 months ago) for the domestic markets of Thailand and Indochina is commendable considering the many challenges.

Operating profit more than doubled at RM34.8 million despite the sluggish economic growth and weak consumer sentiment, reflecting the resilience of the products and brands.

BUSINESS STRATEGY

FNDT's strategy to place greater focus on higher margin sterilised and UHT products paid dividends, with these products accounting for 54 per cent of total revenue, excluding exports. This strategy will be further pursued this year. However, the planned entry into Vietnam was deferred to next year due to the country's volatile economy and its double-digit inflation and interest rates.

The company continues to benefit from cost-saving initiatives started last year and new ones implemented in the current year to help overcome cost push inflation pressures, as well as to enable the business to be more productive and efficient in supplying products to its customers. FNDT is proud that it has once again achieved its target of RM10 million in annual cost savings.



BRAND ACTIVITIES

During the year, FNDT focused on strategic brand activities aimed at building market share and volume growth for its existing and new products. The following are the highlights of brand activities as well as insights into the various awards and accolades received:

Sterilised Milk

Two new TV commercials were launched to coincide with related below-the-line activities. The first, Stars and Infinite Love, was launched in March 2008 for Bear Brand Sterilised Milk. This campaign reinforced the brand's long (stretching more than 60 years) and close relationship with Thai consumers, while continuing to enjoy 97 per cent market share. It registered a 24 per cent sales growth for the year.

The second campaign, 7 Days 7 Benefits, was launched in May 2008 as a platform for Bear Brand Gold. Television commercials focused on product endorsement by featuring popular entertainer Ann Thongprasom - the Princess of Entertainment. The introduction of a unique product packaging (4-can cluster pack) was a huge success as sales jumped 2.5 times about three months after the launch. In terms of consumer off-take, the value market share of Bear Brand Gold jumped to 25 per cent after the launch from 15 per cent previously.

UHT Portfolio

The Milo UHT Taste Challenge campaign was responsible for a 28 per cent sales growth for the year. The campaign was launched in April 2008 to strengthen Milo's market share in the tonic food drink UHT segment. It targeted the favourable findings of consumer research which recorded a taste preference score of 60:40 for Milo UHT against a competitor brand. The campaign used a combination of integrated marketing communication strategies, including press ads, newspaper jackets/wraps, outdoor BTS Sky Train body-wrap and sampling activities in select schools and modern trade outlets.

Bear Brand UHT unveiled a new packaging design in July 2008 to promote the Brain & Bone concept to highlight the essential ingredients in a child's development. Print ads and sampling activities were carried out in kindergartens to support the campaign.





Tea Pot... market visibility



Sweetened Condensed Milk & Evaporated Milk

FNDT continued to perform well in this category with Carnation Sweetened Beverage Creamer and Carnation Evaporated Milk registering market shares of 44 per cent and 54 per cent respectively. Growth was achieved through strong brand visibility via selective marketing activities such as the loyalty and reward programme involving 11,000 street hawkers nationwide, training of trade customers and consumers, and via popular TV programmes and magazines.

In April 2008, FNDT launched F&N's first dairy product in Thailand - TEA POT Sweetened Beverage Creamer. This product, it is envisaged, will contribute towards the Group's vision of being number one in this category. Three months after the launch, the brand posted a modest 5 per cent market share.



Somsak Chayapong receiving the Superbrand Award

AWARDS

Both Bear Brand Sterilised Milk and Milo UHT were awarded "superbrand" status by the Thailand Superbrands Council during the year under review.

BUSINESS OUTLOOK

Based on the current political situation, the short-term economic outlook remains unclear. The Thai government has forecasted a GDP growth of between 4 and 5 per cent for 2009.

FNDT's strategy for the coming year will focus on driving growth in volumes, revenue and profitability while expanding the market share of its products. This will be augmented by product innovation such as the introduction of new product categories and further expansion into Indochina, including its maiden entry into Vietnam.



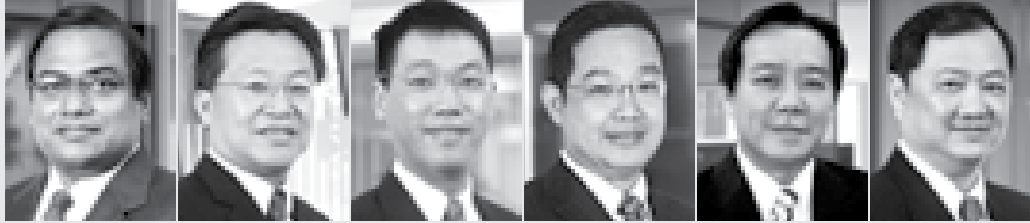
GLASS CONTAINERS

The glass division achieved its growth targets on the back of the newly-installed capacity for the Thailand operations and the continued sterling performance from Malaysia and Vietnam. The achievement of performance targets is commendable in the face of rising raw material and energy costs.





Heads Of Department



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George Yeow
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Alex Ng
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Jamie Lim
(General Director,
Malaya Vietnam Glass)

Raymond Lee
(General Manager,
Thai Malaya Glass)

CREDIBLE PERFORMANCE

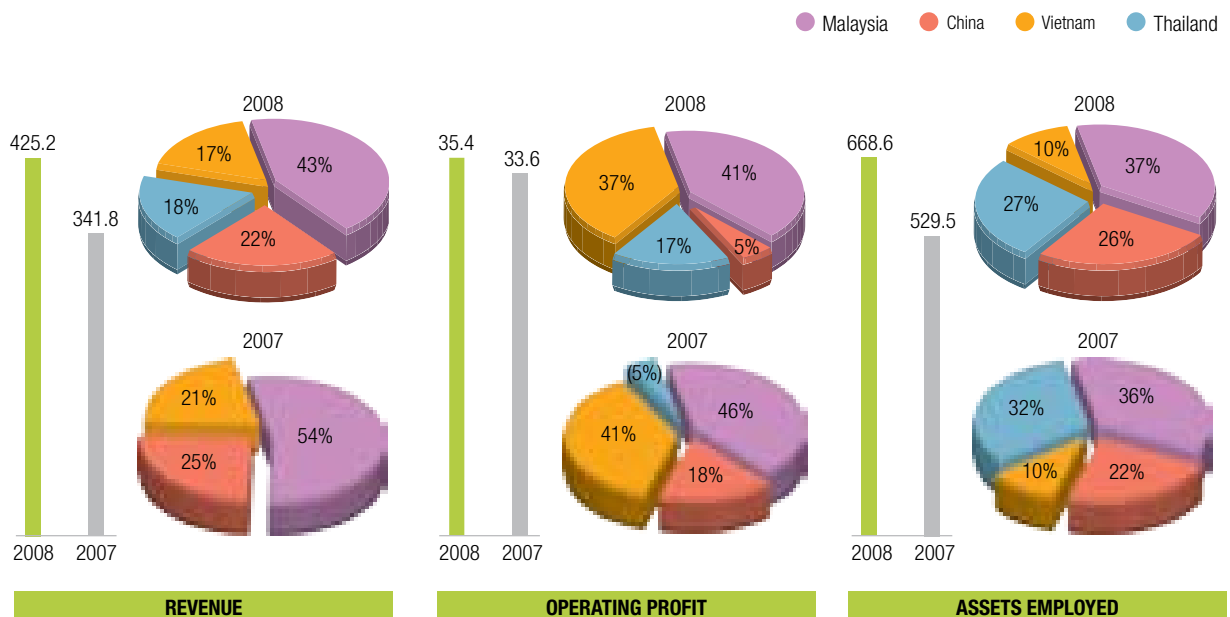
Growth target was achieved with an operating profit of RM35.4 million based on a revenue of RM425.2 million. This is a 5 per cent and 24 per cent increase respectively, over the preceding year's profit of RM33.6 million and revenue of RM341.8 million.

The division's primary growth drivers were the increase in production capacity at the Thailand plant, with its 250 pulling tonne per day furnace, and three production lines which came on-stream in October 2007. Another contributing factor was the new second furnace at Sichuan Malaya Glass Co Ltd (SMG), which commenced its commercial run in August 2008. Other factors included the growth in customer demand within the Vietnam, Thailand and China markets; export market expansion in Australia, New Zealand and the USA as well as the establishment of long-term supply contracts with strong multinational customers.

RATIONALIZATION OF OPERATIONS IN MALAYSIA

Rationalization of the operations at Malaya Glass Products Sdn Bhd (MGP) and Kuala Lumpur Glass Manufacturers Company Sdn Bhd helped streamline costs and improve the long-term profitability of the business in the face of rising operational costs, attributed to the drastic price hike in natural gas, electricity and transportation and further exacerbated by a domestic sales slowdown.

As part of a restructuring exercise, work on an additional furnace is currently underway at MGP. It will commence its commercial run in the first quarter of the next financial year. An existing furnace is also being upgraded to enable further improvements in cost efficiency, production volumes and profitability. This comes on top of other initiatives involving sales, marketing and cost-management to boost long-term profitability.



GLASS CONTAINERS



Manufacturing facilities at SMG

GOOD PROFITS IN VIETNAM

Malaya-Vietnam Glass Limited maintained its consistent good performance. A market leader in Vietnam, the company continued to position itself as a premium glass manufacture in order to sustain its profitability in a double digit inflation economy. A feasibility study is being conducted to consider further investments in this country to capitalize on the market opportunities.

SUSTAINABLE GROWTH IN CHINA

SMG sustained revenue growth and strengthened its position by building a good supply relationship with multinational customers of internationally-recognised brands such as Heineken and Budweiser. However, the Sichuan earthquake of May 2008 coupled with a rise in raw materials costs, affected the company's profit.

The closure of the old SMG2 plant, investment in a second furnace at the SMG1 plant and rationalization of manufacturing facilities has helped achieve and promote operational synergy. SMG will leverage on its expanded capacity to increase sales of higher value products in order to improve future prospects and profitability.

COMMENDABLE PERFORMANCE IN THAILAND

The commencement of operations at the new state-of-the-art USD43.0 million plant at Thai Malaya Glass Company Limited on October 1, 2007 contributed positively to the division's revenue and operating profit. Plans are also afoot to improve production pull by using a booster system to meet the potential growth demands, especially from the export market.



BRANDING ACTIVITIES

The division is positioning itself as a leading glass packaging solutions provider in close collaboration with its customers, and will focus on serving the needs of leading multinational consumer companies as they pursue international growth opportunities. Such synergy and close cooperation with multinational consumer companies will not only contribute towards sales growth, but also promote the division's status as a leading glass packaging solutions provider in the Australasia region.

BUSINESS OUTLOOK

Looking ahead, the Malaysian and Vietnam operations will continue to boost their respective domestic markets while seeking export opportunities. The Thailand operations will focus on the niche domestic market and support export orders while the China operation will continue to concentrate on its strong penetration into the domestic market, in particular the beer market segment.

With its recognized position as a secure regional supplier and high quality producer in the market it serves, coupled with the capability and flexibility in fulfilling short notice orders, the division will continue to focus on serving the needs of leading multinational consumer companies as they pursue international growth opportunities.

Outlook for the coming financial year will be demanding in view of increasing competition due to trade liberalisation as well as the risk of rising energy and raw materials prices. Notwithstanding this, the division will forge ahead as a high-quality glass packaging solutions provider, collaborating with its customers and staying abreast of developments as well as responding rapidly to future challenges.



PROPERTY

During the financial year, F&N's property division assumed its new identity and operated as F&N Properties Sdn Bhd. This became the main vehicle for the branding of its products as well as serving as the official communication channel with customers.





Heads Of Department



Cheah Hong Chong
(General Manager, Property)

Bay Hee Choon
(Project Manager)

Thian Yin Yin
(Finance Manager)

CHALLENGING TIMES

Rising inflation and escalating labour and material costs posed tremendous challenges to the division. Nevertheless, the construction of the RM350 million project known as Zon.e@Fraser Business Park, an integrated commercial development, positioned as the region's first purpose-built ICT hub which feature ICT retail business lots, budget e-hotel and service apartments, is on track for completion by end 2009. A lease agreement was signed with HELP University College to establish its city campus, which is expected to house a student population of 5,000 that will support the businesses of the ICT and other retailers at the park.

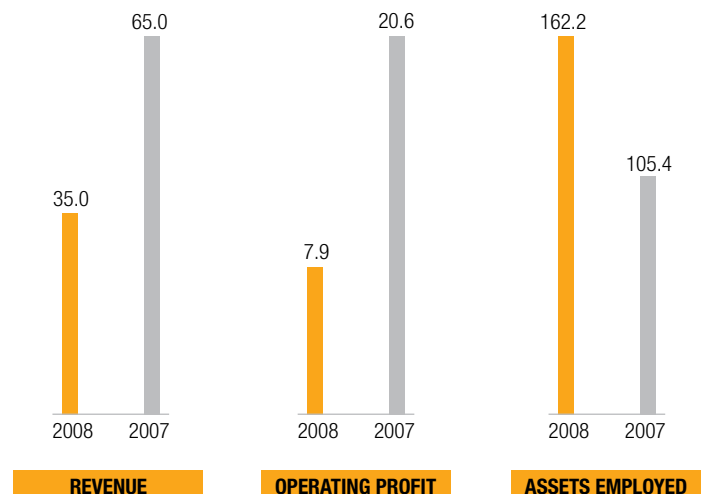
The launch of Ampang Hilir 233, the division's first high-end residential development at Jalan Ampang, was put on hold due to escalating cost and weaker property outlook.

BRANDING ACTIVITIES

F&N Properties Sdn Bhd remains focused on its target to associate itself with technology in its development projects and products. It remains committed to transform Zon.e@Fraser Business Park into the ICT hub of Kuala Lumpur, and is collaborating with major ICT network operators on this.

BUSINESS OUTLOOK

The local property market is expected to consolidate further. No new projects are envisaged in 2009, and the division will instead concentrate on development planning efforts and expand its portfolio of development land.





PROPERTY



| Zon.e@Fraser Business Park... work in progress

CORPORATE RESPONSIBILITY

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HUMAN RESOURCES

TRAINING & DEVELOPMENT

The year under review saw Group HR (GHR) emphasizing various long, medium and short-term employee training and development initiatives.

Two initiatives were implemented to develop future leaders of the F&N Group via GHR's structured developmental programmes. The first, a Managers Development Programme, was targeted towards junior to middle-level managers and designed to provide managers with insights into their leadership profile via a 360-degree assessment. Upon completion, managers were able to draft personal improvement action plans to become effective People Managers.



SSCF training in progress



SSCF team building

The second initiative involved high-potential leaders of the F&N Group, who were exposed to a six-day F&N Management Development Programme (MDP). Organised by Corporate HR in Singapore, it was aimed at enhancing leadership skills and capability, and enabling them to prepare for bigger responsibilities in the near future.

GHR's medium term development initiative took the form of a Mentoring & Coaching pilot project which was preceded by a Senior and Middle Manager workshop. The objective of this workshop was to create awareness of the importance of coaching and mentoring in strengthening organisational leadership bench strength.

The workshop was the prelude to a nine-month-long pilot project, launched in November 2008, to equip managers with a systematic process to develop, motivate and drive their second liners towards performance. This pilot project will be used as a platform to introduce a systematic competency development process and to establish the critical coaching infrastructure the Group needs to achieve its long term aspirations. The infrastructure will form the basis to cultivate the Group's Coaching Culture that is essential in strengthening the Group's executive management capabilities.



MDP training in progress

In addition to long- and medium-term programmes, GHR also organised several short-term training programmes such as Effective Presentation and Negotiation Skills, designed to improve employees' skills and tactical capabilities to perform their daily obligations. Staff from the Finance Shared Services Centre (SSCF) at Group level and Marketing Services in the soft drinks division also participated in a customised, team-building programme aimed at motivating and strengthening team cohesiveness and cooperation.



F&N's participation in Job Fair 2008



FUTURE LEADERS

During the financial year, GHR participated in the country's largest Career and Training Fair. The participation was aimed at attracting new talents as well as enhancing employer branding. The F&N booth successfully attracted thousands of visitors and netted a considerable number of resumes for its Talent Bank.

In line with the Group's emphasis on building a Talent Pool, GHR introduced the first intake of F&N's Management Associates to build and develop future leaders via F&N's own talent pipeline. The Management Associates will undergo a 24-month stint and will be exposed to the Group's business knowledge and get the opportunity to develop leadership competence via intensive on-the-job training and personal development programmes.



Recipients of Chairman's Award sharing a light moment together

F&N CHAIRMAN'S AWARD

The F&N Group believes that the calibre of the younger generation is an important prerequisite towards 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. The annual award scheme is aimed at strengthening employer/employee relationship as well as fostering a caring and harmonious working environment.

In line with the F&N Group's 125th anniversary this year, the Chairman's Award received an injection of RM1.25 million to add to the initial allocation of RM1.2 million in 2003.



Chairman's Award 2008

CORPORATE SOCIAL RESPONSIBILITY

“Companies that are breaking the mould are moving beyond corporate social responsibility to social innovation. These companies are the vanguard of the new paradigm. They view community needs as opportunities to develop ideas and demonstrate business technologies, to find and serve new markets, and to solve longstanding business problems.”

- Rosabeth Moss Kanter, Harvard Business Review

The F&N Group marked 125 years of proud heritage as one of Malaysia's leading household names with two major CSR initiatives – the launch of the F&N Out-Do-Yourself Award (OYA) and the extension of the F&N Chairman's Award – as testimony of its commitment to improve the quality of life of employees and their families, and that of the local community and society at large.

In addition, the F&N Group continued its participation in numerous endeavours aimed at providing opportunities for the civic, economic and educational growth of members of the community. These undertakings included philanthropic initiatives, sponsorships, donations in kind and volunteerism with the purpose of promoting the social and physical well-being of society.

CARING FOR THE COMMUNITY

The OYA was launched by Dato' Shahrir Abdul Samad, Minister of Domestic Trade and Consumer Affairs to honour Malaysia's unsung heroes in the spheres of nation building, sports, academic and business performances. A maximum of 12 awards will be presented annually to recognise acts of bravery, chivalry, compassion and kindness among Malaysians and residents in Malaysia to foster harmony, national pride and nation building.

Into its sixth year, the F&N Chairman's Award to recognise high-achievers among children of the F&N Group's employees received an additional boost of RM1.25 million. This year, another 206 children received a total of RM257,200 in monetary reward for their achievements in academic and extra-curricular activities. To-date, RM1.1 million has been disbursed to 898 students since the Award was inaugurated in 2003 with an initial funding of RM1.2 million.



Launching of OYA by Dato' Shahrir Abdul Samad, Minister of Domestic Trade & Consumer Affairs



Chairman & wife distributing goody bags & duit raya to the orphans at a buka puasa treat

Building on the success of its maiden project in Perlis, F&N Coca-Cola (Malaysia) Sdn Bhd (F&NCC) established a second “Sudut Iqra” or “Reading Corner” in a Kedah orphanage as part of the company’s national programme to promote reading and increase proficiency in the English language among children. It is the Company’s aspiration to establish a “Sudut Iqra” in every state in Malaysia.

Another ongoing project sustained by F&NCC was the team-building programme held at Lembah Pangsun to encourage mental and social development and interaction among underprivileged children. A series of team-building exercises was carried

out to help boost their self-confidence, develop a sense of camaraderie and foster racial unity among the children.



Chairman at the launch of Sudut Iqra by F&NCC at Rumah Yayasan Saad, Perlis

As in previous years, The Group’s community outreach programmes continued. In conjunction with Aidilfitri, 80 orphans from Al Ijabah Tahfiz Al Amin and Sekolah Menengah Islam Puchong were treated to a berbuka puasa treat and received new sets of baju Melayu and baju kurung complete with songkok and tudung, and duit raya. For the aged, F&NCC brought cheer to the Penang Home for the Infirm and Aged via a Chinese New Year luncheon. A lion dance troupe, mandarin oranges, ang paws, F&NCC products, cash donations and a brand new television set spread the festive cheer among the residents.



F&NCC's participation in Penang CNY Open House



In support of CSR by F&N

CORPORATE SOCIAL RESPONSIBILITY

As part of its efforts to help in nation-building, F&N Dairies (Malaysia) Sdn Bhd (FND) worked with the Ministry of Information in January to promote awareness of the Rukun Negara which was carried on the labels of about 11 million cans of F&N Vitaminised, F&N Sweetened Creamer and Gold Coin Creamer. It was aimed at reaching as many Malaysians as possible to pledge their support for the Rukun Negara, be it in business practices and work ethics, or their daily lives. FND also participated in various roadshows, including one in Penang where Prime Minister Dato' Seri Abdullah Hj Ahmad Badawi was present.



'Milk Loves You' campaign... Feed-A-Child Pledge |

As part of the 'Milk Loves You!' campaign, FND made a Feed-A-Child Pledge to nourish 400 underprivileged children with a daily supply of milk for over six months, ensuring they received a steady source of much-needed calcium, protein, vitamins and essential minerals.

FND also brought early Ramadan cheer to the orphans and single mothers of Asrama Damai Anak Yatim Kuang, Rumah Nur Hikmah, Rumah Anak Yatim Darul Izzah and Persatuan Ibu Tunggal Negeri Kelantan. The beneficiaries were given RM20,000 worth of F&N dairy products and treated to a high-tea in the spirit of the fasting month. On a separate occasion, orphans and disabled children of the Pure Life Society and Rumah

Insania Dr Siti Hasmah and Persatuan Pemulihan Orang-Orang Cacat Selangor & Wilayah Persekutuan received a total of RM19,000 worth of cash.

The victims of the earthquake in the Sichuan Province of China were not forgotten as FND raised RM10,000 in collaboration with Yayasan Nanyang Press, via sampling initiatives throughout the months of June and July 2008. About 60,000 free trial packs of the newly launched Fruit Tree Fresh 100% Juice No Sugar Added range were distributed across Selangor and the Klang Valley in the fund-raising drive. Meanwhile, MGP and SMG donated RMB130,331 to the Suning Red Cross Foundation in aid of the earthquake victims.



MGP donates to the Suning Red Cross Foundation | in aid of the Sichuan earthquake victims |



FND... raising funds for the Sichuan earthquake victims |





| F&NCC's participation in the Anglo Chinese School's Canteen Day



| Winners of the Recycling Campaign organised by F&NCC

ENVIRONMENTAL AWARENESS

For the second year running, F&NCC and the Shah Alam City Council (MBSA) embarked on a three-month recycling campaign to inculcate and revive the spirit of recycling in school children. A total of 37 schools took part in this year's campaign — 12 more than last year's — and yielded over 113,873 kg of recycled materials.

F&N's glass division continued to carry out recycling initiatives to reduce wastage through the increased usage of cullet and broken glass in the glass manufacturing process.

Coca-Cola's role in environmental stewardship saw the participation of young Malaysians in the "Water Vision" contest, now in its third year. Organised with the Malaysian Nature Society (MNS), the annual event requires youths to give serious thought to the limited resources of clean water and water pollution issues the country faces. Participants from over 300 national schools used videos, photos and music to highlight the issues affecting their communities and to impress the judges from MNS, UNDP's Global Environment Facility Funded Peat Swamp Forest Project and Coca-Cola. Three winning teams, comprising four students and a supervising teacher each, were invited for a nature camp by MNS at the Forest Research Institute of Malaysia, where they learnt about the fragile stream and tropical forest ecologies, as well as visited a water treatment plant.

Coca-Cola's commitment to water and the environment also flowed into Sabah, where its ongoing partnership with Raleigh — a British youth development charity which works with young people from a diversity of backgrounds and nationalities — brought reliable supplies of fresh, clean water to Kampung Tudan and Kampung Tongou in rural Sabah. Previously, the villagers had to resort to long treks to the source of water or slow trickles from an aging network of bamboo pipes for their water supply.

CORPORATE SOCIAL RESPONSIBILITY

WORKPLACE SAFETY

With the top priority it accords to workplace security, F&N's glass division continued its annual safety awareness programme to raise awareness and educate employees on safety practices. This included engaging safety consultants from the Industrial Safety Management Service to conduct the annual audiometric test on staff to identify and diagnose hearing competence.

FNDT's Navanakorn factory continued with the systematic implementation of its Safety & Environment Management System with the Safety Chemical Training & Emergency exercise and Fire Prevention & Evacuation drill.



Safety Chemical Training at FNDT |

SPORTS SPONSORSHIP

F&NCC remained a prominent sponsor of some of Malaysia's most popular sporting events. Football continued to be a mainstay in 100PLUS' sporting partnerships. This year, 100 PLUS contributed nearly RM1 million to the Minister of Education Football League (MEFL) – a joint project between the Ministry of Youth and Sports and the Football Association of Malaysia (FAM) that aims to raise the standard of football in Malaysia. Other initiatives included the 100PLUS Super Cup, which continued to develop and nurture junior sports talent while the annual 100PLUS-FAM National Football Awards 2007/2008 saw a host of new football talent being recognised.



Datuk Seri Hishamuddin and Mr Chris Ng presenting the prize to the winner of the 100Plus Essay Writing Contest |



| 100Plus Super Cup

Other high-profile, branded events were the third edition of the prestigious 100PLUS Malaysian Junior Open, the nation's premier junior golf tournament, which saw participation from a record 11 countries, including Malaysia. This year marked the eighth consecutive year 100PLUS has sponsored a major junior golf tournament.

To further its efforts to recognise and reward sports development, 100PLUS jointly organised the Sportswriters Association of Malaysia (SAM) Excellence Awards 2007 to recognise the contributions of local athletes towards the country.



| 100Plus SAM Awards 2007



| Olympian of the Year Awards



| Minister of Education Football League

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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 of 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 three board committees: the Audit, Nominating and Remuneration 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"), who is also a member of the Board.

1) Composition and Board Balance

The Company's Articles of Association currently provides for a board composed of a maximum of 11 directors. The present Board comprises 10 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 10 directors, five are nominees of the two largest shareholders and four are independent. The 10th member is the CEO. With the exception of the CEO, all directors are non-executive directors.

An independent non-executive Chairman heads the Board. Mr. Leslie 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 eight meetings, while the relevant Committees had seven meetings. Record of directors' attendance (taking into account the date of their respective appointments) is contained in the table below. Five board meetings were held at the registered office of the Company, while the other three meetings were held off-site in Kuala Lumpur and Singapore.

Pages 20 to 25 of this Annual Report contain a profile of each member of the Board.



Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Y.A.M. Tengku Syed Badarudin Jamalullail	# ▲ (8/8)	▲ (3/4)	▲ (1/1)	▲ (2/2)
Tan Sri Dato' Dr Lin See Yan	# ▲ (8/8)	▲ (3/4)	▲ -	
Lee Kong Yip	▲ (7/8)			▲ (2/2)
Leslie Oswin Struys	# ▲ (8/8)	▲ (4/4)	▲ (1/1)	▲ (2/2)
Tan Ang Meng	▲ (8/8)			
Anthony Cheong Fook Seng	▲ (7/8)	▲ (4/4)	▲ (1/1)	▲ (2/2)
Dato' Dr Mohd Shahr bin Sidek	▲ (7/8)			
Dato' Anwarudin bin Ahamad Osman	# ▲ (8/8)	▲ (3/4)		
Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani	▲ (8/8)			
Datuk Fong Weng Phak (resigned on 1 August 2008)	▲ (4/5)	▲ (1/2)		
Wang Eng Chin (Alternate to Anthony Cheong Fook Seng)	▲ (5/8)			

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

All Nominating Committee members attended the sole meeting scheduled during the year. Proposed changes in the composition of the main Board, committees and subsidiary boards were reviewed at this meeting 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.

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 and reviews the allocation of share options to employees under the Group's ESOS scheme. Two Remuneration Committee meetings were held during the year.

A separate report on the activities of the Audit Committee is contained on page 72 to 74 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.

STATEMENT ON CORPORATE GOVERNANCE

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 variable performance incentives 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 director's remuneration paid or payable to the directors of the Company and its subsidiaries for the financial year ended 30 September 2008 are as disclosed in the financial statements.

DIRECTORS' TRAINING

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

The directors do attend training, from time to time, to keep them abreast of current developments as well as the new statutory and regulatory requirements. In addition to this, the Group organises training programmes for directors.

SHAREHOLDER AND INVESTOR RELATIONS

The Board recognises the need for and the importance of effective communication with shareholders and the investment community. The AGM is especially important for individual shareholders as it provides the main forum for direct dialogue with the Board. The 46th AGM of the Company was held on 24 January 2008 at Sime Darby Convention Centre. The Notice of Meeting attached to the Annual Report was distributed to the shareholders. The AGM in 2008 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholders represented 83.51% 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 2006/07, 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 72 to 74 of this Annual Report.

The Group paid Ernst & Young approximately RM988,000 for professional services rendered in connection with audits and related services for the financial year ended 30 September 2008.

4) Compliance with the Code

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

This statement was made in accordance with a resolution of the Board dated 6 November 2008.

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 2008.

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 four 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
Independent	
Tan Sri Dato' Dr Lin See Yan (Chairman)	3 of 4 meetings
Y.A.M. Tengku Syed Badarudin Jamalullail	3 of 4 meetings
Leslie Oswin Struys	4 of 4 meetings
Dato' Anwarudin bin Ahamad Osman	3 of 4 meetings
Non-Independent	
Anthony Cheong Fook Seng	4 of 4 meetings
Datuk Fong Weng Phak (resigned on 1 August 2008)	1 of 2 meetings

TERMS OF REFERENCE

There was no change in the following terms of reference for the Committee since its Board approval in 2001:-

Membership

The Audit Committee shall comprise at least three directors, the majority of whom are independent, including the Chairman. At least one member shall be an accountant.

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 employees for information.
2. The Committee is authorised to seek independent professional or other advice when needed as well as to secure the attendance of outsiders with relevant 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 times a year or as frequently as required. 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) are expected to attend all meetings of the Committee. The CEO and other officers of the Company shall attend by invitation. At least once a year, the Committee shall meet with the external auditors, without the presence of executive board members.
4. The duties of the Committee shall be as follows:
 - a) To consider and recommend the appointment of the external auditors, their remuneration and any issues regarding their performance.
 - b) To assist the Board in the review of the adequacy and effectiveness of the internal control system.
 - 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 audit.
 - e) To review the quarterly, half-yearly and year-end consolidated financial statements and announcements of the Company, before submission to the Board, focusing in particular on:
 - Compliance with applicable accounting standards
 - Changes in major accounting policies and practices
 - Compliance with Bursa Malaysia Securities Berhad 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.
 - g) To support and provide directions to the Group's internal audit function to ensure its effectiveness.
 - h) To consider the findings arising from internal audit reports or other internal investigations and responses by management as well as to determine appropriate corrective action required of management.
 - i) To consider and resolve when needed any related party transactions 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.

REPORT ON AUDIT COMMITTEE

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 review of the allocation of options under the Group's ESOS was delegated to the Remuneration Committee. 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 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.

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.

At the end of the financial year, the department had seven (7) employees. Thirty (30) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

This report was made in accordance with a resolution of the Board on 6 November 2008.



STATEMENT ON INTERNAL CONTROLS

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, but 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.

STATEMENT ON INTERNAL CONTROLS

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 programmes 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 15.24 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the annual report for the year ended 30 September 2008 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 6 November 2008.



STATEMENT ON DIRECTORS' RESPONSIBILITY

As required under the Companies Act 1965 ("Act"), the Directors on page 85 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 2008.

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 6 November 2008.

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 2008.

Principal activities

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

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

Results

	Group RM'000	Company RM'000
Profit after taxation	179,731	156,986
Minority interests	(12,886)	-
Net profit for the year	166,845	156,986

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.

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:

Offer date	Balance as at offer date	Option lapsed	Balance as at 30.9.2008	Exercise price	Exercise period
20.11.2007	2,705,900	(201,600)	2,504,300	RM7.77	20.8.2010 - 19.10.2012

The main features of the Company's ESOS are disclosed in Note 20 to the financial statements. The Company has been exempted to disclose 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:

	No. of options granted
Tony Lee Cheow Fui	50,000
James Teo Hong Beng	50,000
Mogan Muniandy	50,000



Treasury shares

During the financial year, the Company repurchased 71,300 of its issued ordinary shares from the open market at an average price of RM7.60 per share. The total consideration paid for the repurchase including transaction costs was RM544,635. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and further relevant details are disclosed in Note 19 to the financial statements.

Dividends

The amounts paid by way of dividend by the Company since 30 September 2007 were as follows:

- (i) A final dividend of 30 sen less taxation amounting to RM79.1 million in respect of the previous financial year was paid on 28 February 2008; and
- (ii) An interim dividend of 17 sen less taxation and a special tax exempt dividend of 5 sen amounting to RM62.6 million in respect of the current financial year were paid on 8 July 2008.

At the forthcoming Annual General Meeting, a final dividend of 30 sen less taxation amounting to RM80.2 million (2007: RM79.1 million) in respect of the current financial year on 356,256,301 (2007: 356,327,601) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2009.

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' Anwarrudin bin Ahamad Osman
 Dato' Dr. Mohd Shahar bin Sidek
 Cheong Fook Seng, Anthony
 Lee Kong Yip
 Leslie Oswin Struys
 Tan Ang Meng
 Dato' Dr. Nik Norzrul Thani bin Nik Hassan Thani
 Wang Eng Chin
 (Alternate to Cheong Fook Seng, Anthony)
 Koh Poh Tiong
 Datuk Fong Weng Phak

(appointed on 1 October 2008)
 (resigned on 1 August 2008)

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, Anthony Cheong Fook Seng and Lee Kong Yip pursuant to Article 97 of the Company's Articles of Association;
- (ii) Koh Poh Tiong pursuant to Article 103 of the Company's Articles of Association; and
- (iii) Leslie Oswin Struys pursuant to Section 129 of the Companies Act, 1965.

DIRECTORS' REPORT

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/unit trust		
	As at 1 October 2007	Bought/ Allocated	Sold/Lapsed/ Exercised
Y.A.M. Tengku Syed Badarudin Jamalullail			
Fraser & Neave Holdings Bhd			
- Ordinary shares (direct)	2,862,000	-	-
- Ordinary shares (indirect)	65,000	-	-
Cheong Fook Seng, Anthony			
Fraser and Neave, Limited			
- Ordinary shares (direct)	91,455	-	(40,000)
- Ordinary shares (indirect)	20,250	-	-
- Share options	2,247,695	696,600	-
Fraser's Centrepoint Trust Units	50,000	-	-
Leslie Oswin Struys			
Fraser & Neave Holdings Bhd			
- Ordinary shares	100,000	-	-



Directors' interests (contd.)

Companies in which directors held interest	Number of shares/share options/unit trust			As at 30 September 2008
	As at 1 October 2007	Bought/Allocated	Sold/Lapsed/Exercised	
Tan Ang Meng				
Fraser & Neave Limited				
- Ordinary shares	-	5,000	-	5,000
Fraser & Neave Holdings Bhd				
- Ordinary shares (direct)	185,100	164,000	(299,000)	50,100
- Ordinary shares (indirect)	60,000	205,000	(53,000)	212,000
- Share options (Vendor's scheme)	257,000	-	(164,000)	93,000
- Share options (Company's scheme)	-	116,100	-	116,100
Asia Pacific Breweries Ltd				
- Ordinary shares	9,380	-	(5,000)	4,380
Fraser's Centrepoint Trust Units	-	110,000	-	110,000
Wang Eng Chin				
Fraser and Neave, Limited				
- Ordinary shares	197,515	71,445	-	268,960
- Share options	465,032	170,667	(71,445)	564,254

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

Other statutory information

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

Other statutory information (contd.)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant and subsequent events

Significant and subsequent events are disclosed in Note 28 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 6 November 2008.

Tengku Syed Badarudin Jamalullail

Tan Ang Meng

Kuala Lumpur, Malaysia
6 November 2008



STATEMENT BY DIRECTORS

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

We, Tengku Syed Badarudin Jamalullail and Tan Ang Meng, being two of the directors of Fraser & Neave Holdings Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 87 to 148 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable 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 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 November 2008.

Tengku Syed Badarudin Jamalullail

Tan Ang Meng

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 87 to 148 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 6 November 2008

Tan Eng Guan

Before me,
Commissioner for Oaths
P. Thurirajoo (No. W438)

REPORT OF THE AUDITORS

Report on the financial statements

We have audited the financial statements of Fraser & Neave Holdings Bhd, which comprise the balance sheets as at 30 September 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 87 to 148.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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 2008 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, 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 accounts 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.
- (c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

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

Kuala Lumpur, Malaysia
6 November 2008

Ong Chee Wai
No. 2857/07/10(J)
Chartered Accountant



INCOME STATEMENTS

For the financial year ended 30 September 2008

	Note	Group 2008 RM'000	2007 RM'000	Company 2008 RM'000	2007 RM'000
Revenue					
Sale of goods	3	3,591,204	2,865,068	-	-
Dividends		-	-	175,000	329,516
Cost of sales		(2,692,279)	(2,074,191)	-	-
Gross profit		898,925	790,877	175,000	329,516
Operating expenses					
Distribution expenses		(285,921)	(242,633)	-	-
Marketing expenses		(196,802)	(168,246)	-	-
Administration and other expenses		(159,552)	(152,227)	(1,641)	(1,662)
		(642,275)	(563,106)	(1,641)	(1,662)
Operating profit		256,650	227,771	173,359	327,854
Interest expense	4	(19,589)	(10,034)	(3,235)	(5,674)
Interest income	4	2,611	3,168	1,531	4,503
Profit before taxation	5	239,672	220,905	171,655	326,683
Income tax expense	6	(59,941)	(55,328)	(14,669)	(76,840)
Profit for the year		179,731	165,577	156,986	249,843
Attributable to:					
Equity holders of the Company		166,845	152,871	156,986	249,843
Minority interests		12,886	12,706	-	-
		179,731	165,577	156,986	249,843
Basic earnings per share attributable to equity holders of the Company (sen)	7	46.8	42.9		
Diluted earnings per share attributable to equity holders of the Company (sen)	7	46.8	42.9		

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

BALANCE SHEETS

As at 30 September 2008

	Note	Group 2008 RM'000	2007 RM'000	Company 2008 RM'000	2007 RM'000
Assets					
Non-current assets					
Property, plant and equipment	9	929,064	854,919	-	-
Prepaid land lease payments	10	83,806	55,581	-	-
Properties held for development	11	14,205	-	-	-
Investments in subsidiaries	12	-	-	709,113	726,883
Intangible assets	13	93,162	91,712	-	-
Deferred tax assets	23	2,480	5,411	-	654
		1,122,717	1,007,623	709,113	727,537
Current assets					
Property development costs	14	152,476	115,550	-	-
Inventories	15	437,860	573,298	-	-
Receivables	16	617,393	567,638	260,028	553,588
Cash and cash equivalents	17	183,643	207,799	619	7,282
		1,391,372	1,464,285	260,647	560,870
Total assets		2,514,089	2,471,908	969,760	1,288,407
Equity and liabilities					
Equity attributable to equity holder of the Company					
Share capital	18	356,493	356,493	356,493	356,493
Treasury shares	19	(1,713)	(1,168)	(1,713)	(1,168)
Reserves	20	827,374	801,664	612,224	596,379
		1,182,154	1,156,989	967,004	951,704
Minority interests		135,002	119,756	-	-
Total equity		1,317,156	1,276,745	967,004	951,704


Balance sheet as at 30 September 2008 (contd.)

	Note	Group 2008 RM'000	2007 RM'000	Company 2008 RM'000	2007 RM'000
Non-current liabilities					
Borrowings	21	359,411	83,053	-	-
Provision for retirement benefits	22	35,245	35,138	-	-
Deferred tax liabilities	23	32,077	39,552	-	-
		426,733	157,743	-	-
Current liabilities					
Payables	24	656,170	682,931	2,756	246,703
Borrowings	21	89,636	337,190	-	90,000
Provision for taxation		24,394	17,299	-	-
		770,200	1,037,420	2,756	336,703
Total liabilities		1,196,933	1,195,163	2,756	336,703
Total equity and liabilities		2,514,089	2,471,908	969,760	1,288,407

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2008

Group	Note	Share Capital (Note 18) RM'000	Share Premium (Note 20) RM'000	Treasury Shares (Note 19) RM'000	Foreign Exchange Reserve (Note 20) RM'000	Executives' Share Options Reserve (Note 20) RM'000	Capital Reserve (Note 20) RM'000	Retained Earnings (Note 20) RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 October 2006		356,493	339,990	-	17,797	-	18,027	383,037	1,115,344	122,902	1,238,246
Translation gain/ (loss)		-	-	-	8,191	-	-	-	8,191	(60)	8,131
Net income recognised and expense directly in equity		-	-	-	8,191	-	-	-	8,191	(60)	8,131
Net profit for the year		-	-	-	-	-	-	152,871	152,871	12,706	165,577
Total recognised income and expense for the year		-	-	-	8,191	-	-	152,871	161,062	12,646	173,708
Dividends	8	-	-	-	-	-	-	(118,249)	(118,249)	(6,166)	(124,415)
Additional investment		-	-	-	-	-	-	-	-	23,513	23,513
Reduction in minority interests		-	-	-	-	-	-	-	-	(33,139)	(33,139)
Treasury shares purchased	19	-	-	(1,163)	-	-	-	-	(1,163)	-	(1,163)
Transaction costs	19	-	-	(5)	-	-	-	-	(5)	-	(5)
At 30 September 2007		356,493	339,990	(1,168)	25,988	-	18,027	417,659	1,156,989	119,756	1,276,745
Translation gain		-	-	-	6	-	-	-	6	4,758	4,764
Net income recognised and expense directly in equity		-	-	-	6	-	-	-	6	4,758	4,764
Net profit for the year		-	-	-	-	-	-	166,845	166,845	12,886	179,731
Total recognised income and expense for the year		-	-	-	6	-	-	166,845	166,851	17,644	184,495
Dividends	8	-	-	-	-	-	-	(141,723)	(141,723)	(7,380)	(149,103)
Employee share-based expense		-	-	-	-	582	-	-	582	-	582
Additional investment		-	-	-	-	-	-	-	-	6,003	6,003
Reduction in minority interest		-	-	-	-	-	-	-	-	(1,021)	(1,021)
Treasury shares purchased	19	-	-	(542)	-	-	-	-	(542)	-	(542)
Transaction costs	19	-	-	(3)	-	-	-	-	(3)	-	(3)
At 30 September 2008		356,493	339,990	(1,713)	25,994	582	18,027	442,781	1,182,154	135,002	1,317,156



For the financial year ended 30 September 2008 (contd.)

Company	Note	Share Capital	Share Premium	Treasury Shares	Executives' Share Options Reserve	Capital Reserve	Retained Earnings	Total Equity
		(Note 18) RM'000	(Note 20) RM'000	(Note 19) RM'000	(Note 20) RM'000	(Note 20) RM'000	(Note 20) RM'000	RM'000
At 1 October 2006		356,493	339,990	-	-	15,897	108,898	821,278
Net profit for the year, represent total recognised income and expense for the year		-	-	-	-	-	249,843	249,843
Dividends	8	-	-	-	-	-	(118,249)	(118,249)
Treasury shares purchased	19	-	-	(1,163)	-	-	-	(1,163)
Transaction costs	19	-	-	(5)	-	-	-	(5)
At 30 September 2007		356,493	339,990	(1,168)	-	15,897	240,492	951,704
Net profit for the year, represent total recognised income and expense for the year		-	-	-	-	-	156,986	156,986
Share options granted under ESOS recognised in income and expense for the year		-	-	-	582	-	-	582
Dividends	8	-	-	-	-	-	(141,723)	(141,723)
Treasury shares purchased	19	-	-	(542)	-	-	-	(542)
Transaction costs	19	-	-	(3)	-	-	-	(3)
At 30 September 2008		356,493	339,990	(1,713)	582	15,897	255,755	967,004

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



CASH FLOW STATEMENTS

For the financial year ended 30 September 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities				
Profit before taxation	239,672	220,905	171,655	326,683
Adjustments for:				
Amortisation of intangible assets	2,711	2,567	-	-
Amortisation of prepaid land lease payment	1,244	2,176	-	-
Depreciation	111,404	84,975	-	-
Loss/(gain) on disposal of property, plant and equipment	2,840	(185)	-	-
Impairment losses on property, plant and equipment	1,937	3,946	-	-
Inventories write-off	16,872	10,948	-	-
Interest income	(2,611)	(3,168)	(1,531)	(4,503)
Interest expense	19,589	10,034	3,235	5,674
Provision for retirement benefits	2,759	3,643	-	-
Provision for doubtful debts	3,644	11,652	-	-
Reserve on consolidation arising from acquisition of the remaining minority interest of a subsidiary	(180)	-	-	-
Write-back of impairment loss on property, plant and equipment	(3,203)	(688)	-	-
Executives' share option scheme	582	-	-	-
Write-back of provision for doubtful debts	(7,355)	(1,472)	-	-
Write-back of provision for obsolete stocks	(1,471)	(1,430)	-	-
Write down of inventories	6,709	13,130	-	-
Write down of intangible assets	-	2	-	-
Operating profit before working capital changes	395,143	357,035	173,359	327,854
Working capital changes:				
Inventories	113,328	(298,853)	-	-
Receivables	(41,427)	(186,666)	297,652	(296,930)
Payables	(26,993)	270,354	(243,366)	211,173
Property development costs	(51,131)	(28,654)	-	-
Cash generated from operations	388,920	113,216	227,645	242,097
Income tax paid	(60,811)	(37,936)	(106)	(43)
Payment of retirement benefits	(2,652)	(3,800)	-	-
Net cash generated from operating activities	325,457	71,480	227,539	242,054



For the financial year ended 30 September 2008 (contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	3,167	5,810	-	-
Acquisition of a subsidiary (Note 12)	(841)	-	(230)	-
Additional investment in subsidiaries	-	(25,530)	-	(233,327)
Acquisition of property, plant and equipment	(225,551)	(282,184)	-	-
Purchase of prepaid land lease payment	(36)	(289)	-	-
Purchase of intangible assets (Note 13)	(2,293)	(75,555)	-	-
Interest received	2,611	3,168	1,531	4,503
Net cash (used in)/generated from investing activities	(222,943)	(374,580)	1,301	(228,824)
Cash flows from financing activities				
Interest paid	(19,589)	(10,034)	(3,235)	(5,674)
Net funds from minority shareholders	6,003	23,514	-	-
Drawdown/(repayment) of borrowings	28,804	384,537	(90,000)	87,774
Payment of dividends (Note 8)	(141,723)	(118,249)	(141,723)	(118,249)
Purchase of treasury shares	(545)	(1,168)	(545)	(1,168)
Payment of dividends to minority shareholders	(7,380)	(6,166)	-	-
Net cash (used in)/generated from financing activities	(134,430)	272,434	(235,503)	(37,317)
Net decrease in cash and cash equivalents	(31,916)	(30,666)	(6,663)	(24,087)
Effects of foreign exchange rate changes	7,760	(3,737)	-	-
Cash and cash equivalents at beginning of financial year	207,799	242,202	7,282	31,369
Cash and cash equivalents at end of financial year (note 17)	183,643	207,799	619	7,282

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

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements - 30 September 2008

1. Corporate information

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The 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 6 November 2008.

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.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2007 and 1 July 2007 as described in Note 2.3.

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 balance sheet 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 entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities.



2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies

(a) Basis of Consolidation (contd.)

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.

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.

Minority interest 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 minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary company. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary company subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(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.

(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.



2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(c) Investments in subsidiaries

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

(d) 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:

Buildings	2% to 5%
Plant and machinery	8% to 14%
Motor vehicles	10% to 20%
Postmix and vending machines	10%
Furniture, fittings and computer equipment	10% to 20%

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(d) Property, plant and equipment and depreciation (contd.)

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

(e) 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 balance sheet 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 balance sheet 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.

(f) 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.



2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(f) Inventories (contd.)

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

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

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

(g) 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 balance sheet 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.

(h) Leases and prepaid land lease payment

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, 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 represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(i) Income tax

The tax charge is based on the profit for the year, as adjusted for tax purposes, together with a charge or credit for deferred taxation. Deferred income tax is provided in full, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment, revaluations of certain non-current assets and provisions for pensions and other post retirement benefits and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

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

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

(j) 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.



2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(j) Employee benefits (contd.)

(iii) Retirement benefits

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

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

The amount recognised in the balance sheet 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 balance sheet date.

(k) 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:

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(k) Revenue recognition (contd.)

(i) Sale of goods

Sales revenue comprises the net invoiced value of the sale of soft drinks, glass containers 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.

(ii) Interest income

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

(iii) Dividend income

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

(l) 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 balance sheet date are translated at the rates ruling at that date. Exchange differences are dealt with in the profit statement except where exchange differences arise on foreign currency monetary items that in substance form part of the Group's net investment in the foreign entity. These exchange differences are taken to exchange reserve as a separate component of the shareholders' funds until the disposal of the net investment at which time they are recognised in the profit statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.



2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(i) Foreign currencies (contd.)

(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 balance sheet presented are translated at the closing rate prevailing at the balance sheet 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.

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 balance sheet date.

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

	2008 RM	2007 RM
United States Dollar	3.46	3.42
Renminbi	0.50	0.45
100 Vietnam Dong	0.02	0.02
Singapore Dollar	2.42	2.29
New Zealand Dollar	2.32	2.59
Thailand Baht	0.10	0.11
Australia Dollar	2.77	3.02
Sterling Pound	6.24	6.91
Euro	4.97	4.84
Brunei Dollar	2.41	2.29

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(m) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date or when annual impairment testing is required, to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity.

Reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be objectively related to an event occurring after the write down. Such reversal is taken to the income statement unless the asset is carried at revalued amount in which case, such reversal is treated as a revaluation increase. However, the increased carrying amount is only recognised to the extent it does not exceed what the carrying amount, net of depreciation, that would have been had the impairment loss not been recognised. Impairment loss on goodwill is not reversed in a subsequent period.

(n) Financial instruments

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

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

(i) Receivables

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

(ii) Payables

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



2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(n) Financial instruments (contd.)

(iii) Interest-bearing borrowings

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

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

The amount of borrowing costs eligible for capitalisation is determined by applying 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.

(iv) 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(n) Financial instruments (contd.)

(vi) Foreign exchange contracts

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

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

(o) 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.



2. Significant accounting policies (contd.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs and IC Interpretations

Adoption of New/Revised FRSs and IC Interpretations

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2007 except for the adoption of the following new/revised FRSs and IC interpretations that are mandatory for financial periods beginning on or after 1 January 2007 and 1 July 2007.

FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendments to		
FRS 119 ₂₀₀₄	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (contd.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs and IC Interpretations (contd.)

Adoption of New/Revised FRSs and IC Interpretations (contd.)

FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation	1 July 2007
IC Interpretations 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretations 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretations 5	Rights to interests arising from Decommissioning, Restoration, and Environmental Rehabilitation Funds	1 July 2007
IC Interpretations 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretations 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretations 8	Scope of FRS 2	1 July 2007

The adoption of all the above FRSs, Amendment to FRSs and Interpretations does not result in significant changes to the accounting policies and does not have a significant financial impact on the Group other than additional disclosure requirements.

2.4 New Standards and Interpretations that are not yet effective

FRS 139: Financial Instruments - Recognition and Measurement will be applicable for the financial period beginning on or after 1 January 2010. The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.



2. Significant accounting policies (contd.)

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and 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 balance sheet date is disclosed in Note 13.

(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 balance sheet date is disclosed in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (contd.)

2.5 Significant accounting estimates and judgements (contd.)

(a) Key sources of estimation uncertainty (contd.)

(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(e). 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. Sale of goods

Sale of goods represents:

- (a) Invoiced value of goods delivered; and
- (b) Revenue on properties developed for sale, i.e. the proportion of sale proceeds based on the percentage of completion method.

4. Interest expense and interest income

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense				
Bank borrowings	(19,589)	(10,034)	(2,448)	(2,291)
Subsidiaries	-	-	(787)	(3,383)
	(19,589)	(10,034)	(3,235)	(5,674)
Interest income				
Bank deposits	1,976	2,238	135	241
Subsidiaries	-	-	1,397	4,262
Others	635	930	-	-
	2,611	3,168	1,531	4,503

5. Profit before taxation

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(a) This is arrived at after charging				
Auditors' remuneration				
- Statutory audits				
- current	923	923	30	30
- under provision of prior year	-	-	3	-
- other services	65	20	-	-
Amortisation of intangible assets (Note 13)	2,711	2,567	-	-

NOTES TO THE FINANCIAL STATEMENTS

5. Profit before taxation (contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(a) This is arrived at after charging				
Amortisation of prepaid lease payments (Note 10)	1,244	2,176	-	-
Depreciation of property, plant and equipment (Note 9)	111,404	84,975	-	-
Impairment loss on property, plant and equipment (Note 9)	1,937	3,946	-	-
Inventories write-off	16,872	10,948	-	-
Key executives officers				
- Salary and allowances	4,666	4,063	-	-
- EPF	888	719	-	-
- Bonus	2,072	1,576	-	-
- Benefit in kinds	159	130	-	-
- Share option expenses	127	-	-	-
Loss on disposal of property, plant and equipment	2,840	-	-	-
Management fee to Fraser & Neave (Malaya) Sdn Bhd	-	-	300	300
Provision for doubtful debts	3,644	11,652	-	-
Provision for retirement benefits (Note 22)	2,759	3,643	-	-
Rental expense of premises	20,684	21,089	-	-
Rental expense of equipment	5,714	3,421	-	-
Royalties	74,062	51,577	-	-
Staff costs (excluding directors and key executives)				
- Salary, allowances and bonus	243,262	218,533	-	-
- EPF	18,956	19,635	-	-
- Share option expenses	455	-	-	-
- Retrenchment costs	1,893	-	-	-
Write-down of inventories	6,709	13,130	-	-
Write-off of intangible assets	-	2	-	-



5. Profit before taxation (contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
This is arrive after crediting:				
Dividend income from subsidiaries	-	-	175,000	329,516
Provision for doubtful debts write-back	7,355	1,472	-	-
Provision for obsolete stocks write-back	1,471	1,430	-	-
Reserve on consolidation arising from acquisition of the remaining minority interest of a subsidiary (Note 12)	180	-	-	-
Gain on disposal of property, plant and equipment	-	185	-	-
Impairment loss on property, plant and equipment written back (Note 9)	3,203	688	-	-
Rental income of premises	592	587	-	-

(b) Directors remuneration

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive Director				
- Fees	11	18	-	-
- Salary and bonus	1,748	1,464	-	-
- EPF	329	278	-	-
- Benefits in kind	36	32	-	-
- Share option expenses	29	-	-	-
Non - Executive Directors				
- Fees	767	723	581	565
- Benefits in kind	36	32	-	-

NOTES TO THE FINANCIAL STATEMENTS

5. Profit before taxation (contd.)

(b) Directors remuneration (contd.)

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

Range of Remuneration (RM)	2008		2007	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
1 - 50,000	-	2	-	8
50,001 - 100,000	-	6	-	4
100,001 - 150,000	-	2	-	2
1,750,001 - 1,800,000	-	-	1	-
2,150,000 - 2,200,000	1	-	-	-

6. Income tax expense

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current income tax:				
- Malaysian income tax	53,233	53,792	14,674	77,494
- Foreign tax	13,142	9,860	-	-
Overprovision in prior years				
- Malaysian income tax	(446)	(287)	(659)	-
- Foreign tax	(1,444)	-	-	-
	64,485	63,365	14,015	77,494
Deferred tax:				
Relating to reversal and origination of temporary differences	(5,166)	(6,292)	-	(654)
Relating to changes in tax rates	(1,109)	(1,434)	-	-
Under/(over)provision in prior years	1,731	(311)	654	-
	59,941	55,328	14,669	76,840

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% effective year of assessment 2009. The computation of deferred tax as at 30 September 2008 did not reflect these changes as the impact is not material.



6. Income tax expense (contd.)

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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before taxation	239,672	220,905	171,655	326,683
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	62,315	59,644	44,630	88,204
Different tax rates in other countries	1,204	(441)	-	-
Effect of income subject to tax at 20%	(48)	(70)	-	-
Income not subject to tax (tax incentives / exemption)	(5,710)	(6,887)	(30,119)	(11,474)
Expenses not deductible for tax purposes	3,448	5,114	105	110
Under/(over)provision in prior years				
- Income tax	(1,890)	(287)	(601)	-
- Deferred tax	1,731	(311)	654	-
- Adjustment due to change in tax rate	(1,109)	(1,434)	-	-
Tax expense for the year	59,941	55,328	14,669	76,840

Reinvestment allowances of RM12,311,000 (2007: RM17,539,000) are available for offset against future taxable profit of the subsidiaries in which those items arose.

NOTES TO THE FINANCIAL STATEMENTS

7. Earnings per share

(a) Basic earnings per share

Basic earning 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.

	2008 RM'000	Group 2007 RM'000
Group attributable profit to the equity holders of the Company	166,845	152,871
	No of shares	
Issued capital net of treasury shares	356,256	356,328
Earning per share (sen)	46.8	42.9

(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, ie. share options granted pursuant to the ESOS.

	2008 RM'000	Group 2007 RM'000
Group attributable profit to the equity holders of the Company	166,845	152,871
Changes in attributable profit due to dilutive share options of subsidiary companies	-	-
Group adjusted attributable profit to equity holders of the Company	166,845	152,871
	No. of shares	
Number of shares used to compute diluted earnings per share	356,256	356,328
Diluted earning per share (sen)	46.8	42.9



8. Dividends

	Group and Company	
	Net per share sen	Amount RM'000
2008		
Final dividend in respect of financial year 2007	22.2	79,093
Interim dividend	12.6	44,817
Special dividend	5.0	17,813
		141,723
2007		
Final dividend in respect of financial year 2006	21.2	75,470
Interim dividend	12.0	42,779
		118,249

At the forthcoming Annual General Meeting, a final dividend of 30 sen less taxation amounting to RM80.1 million (2007: RM79.1 million) in respect of the current financial year on 356,256,301 (2007: 356,327,601) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2009.

9. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Others* RM'000	Total RM'000
Net Book Value					
At 1 October 2007	90,165	186,940	345,206	232,608	854,919
Additions	-	2,673	71,609	151,269	225,551
Transfers	-	(8,725)	119,070	(110,416)	(71)
Disposals/write offs	-	(154)	(2,568)	(3,286)	(6,008)
Reclassification	-	1,176	2,591	(33,114)	(29,347)
Depreciation	-	(5,229)	(74,000)	(32,175)	(111,404)
Impairment losses	-	(246)	(1,138)	(553)	(1,937)
Write-back of impairment loss	-	-	1,227	1,976	3,203
Exchange differences	(672)	(2,343)	3,383	(6,210)	(5,842)
At 30 September 2008	89,493	174,092	465,380	200,099	929,064

NOTES TO THE FINANCIAL STATEMENTS

9. Property, plant and equipment (contd.)

Group	Freehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Others* RM'000	Total RM'000
At 30 September 2008					
Cost	86,945	226,636	1,100,987	403,833	1,818,401
Valuation - 1983	2,548	1,350	-	-	3,898
Accumulated depreciation	-	(53,894)	(635,607)	(203,734)	(893,235)
Net book value	89,493	174,092	465,380	200,099	929,064
At 30 September 2007					
Cost	87,617	233,798	904,321	425,118	1,650,854
Valuation - 1983	2,548	1,350	-	-	3,898
Accumulated depreciation	-	(48,208)	(559,115)	(192,510)	(799,833)
Net book value	90,165	186,940	345,206	232,608	854,919
Depreciation charged - 2007	-	(4,619)	(56,610)	(23,746)	(84,975)
At 30 September 2006					
Cost	105,731	177,203	772,960	353,870	1,409,764
Valuation - 1983	2,548	1,350	-	-	3,898
Accumulated depreciation	-	(44,284)	(509,320)	(202,106)	(755,710)
Net book value	108,279	134,269	263,640	151,764	657,952
Depreciation charged - 2006	-	(4,047)	(54,504)	(23,629)	(82,180)

Certain freehold land and buildings of the Group are stated at directors' valuation and are based on a professional valuer's opinion of the open market value of the properties in 1983. In accordance with the transitional provision allowed by FRS116₂₀₀₄ - Property, Plant and Equipment by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations, and they continue to be stated at their existing carrying amounts less depreciation.

* Others comprise postmix and vending machines, motor vehicles, furniture, fittings, computer equipment and work in progress of RM78,218,000 (2007: RM136,880,000).



9. Property, plant and equipment (contd.)

The net book value of property, plant and equipment pledged to financial institutions as security for the term loans, as referred to Note 21 to the financial statements, is as follows:

	Group	
	2008 RM'000	2007 RM'000
Freehold land	10,357	11,029
Buildings	23,031	34,052
Plant and machinery	107,110	-
Work-in-progress	328	114,281
Others	1,611	1,452
	142,437	160,814

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

	Group	
	2008 RM'000	2007 RM'000
Buildings	555	590
Freehold land	542	542

10. Prepaid land lease payments

	Group	
	2008 RM'000	2007 RM'000
At 1 October 2007/2006	55,581	57,479
Additions	29,469	289
Amortisation for the year (Note 5)	(1,244)	(2,176)
Currency realignment	-	(11)
At 30 September 2008/2007	83,806	55,581
Analysed as:		
Long term leasehold land	82,562	54,283
Short term leasehold land	1,244	1,298
	83,806	55,581

NOTES TO THE FINANCIAL STATEMENTS

11. Properties held for development

	2008 RM'000	Group 2007 RM'000
Properties held for development comprise:		
Freehold land	3,698	-
Building	9,788	-
Development costs	621	-
Interest costs	98	-
	14,205	-

12. Investments in subsidiaries

	2008 RM'000	Company 2007 RM'000
Unquoted shares at cost:		
- Ordinary shares	619,985	619,755
Less: Pre-acquisition dividend received	(54,477)	(36,477)
	565,508	583,278
- Redeemable non-cumulative convertible preference shares	143,605	143,605
	709,113	726,883

The details of the subsidiaries are set out in Note 32 to the financial statements.

During the year, the following events took place:

- (a) The cost of acquisition of the entire equity interest of two shell companies namely, F&N Capital Sdn Bhd and Tropical League Sdn Bhd were not material. Hence, no further disclosures were made in the financial statements.

In addition, further capital injection into the following subsidiary was made in cash during the year:

	RM'000
Arolys Singapore Pte Limited	230

- (b) The Company, via its subsidiary, F&NCC Beverages Sdn Bhd had on 18 June 2008 completed the acquisition of Borneo Springs Sdn Bhd("BSSB") with the exercise of the option to purchase the remaining 5% of the equity share capital of BSSB at the purchase price of RM841,099. As a result, BSSB is now a wholly owned subsidiary of F&NCC Beverages Sdn Bhd.



12. Investments in subsidiaries (contd.)

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

	RM'000
Property, plant and equipment	1,264
Inventories	62
Trade and other receivables	168
Cash and bank balances	40
Trade and other payables	(480)
Deferred taxation	(33)
Fair value of total net assets	1,021
Group's share of net assets	1,021
Reserve on consolidation	(180)
Cost of acquisition	841

13. Intangible assets

	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
Group				
Cost				
At 1 October 2006	-	-	20,131	20,131
Additional investment in subsidiaries	6,391	-	-	6,391
Addition	-	73,502	2,053	75,555
Write-off	-	-	(39)	(39)
At 30 September 2007	6,391	73,502	22,145	102,038
Currency realignment	-	1,868	-	1,868
Addition	-	-	2,293	2,293
Write-off	-	-	(1,294)	(1,294)
At 30 September 2008	6,391	75,370	23,144	104,905

NOTES TO THE FINANCIAL STATEMENTS

13. Intangible assets (contd.)

	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
Accumulated amortisation				
At 1 October 2006	-	-	7,796	7,796
Amortisation for the year	-	-	2,567	2,567
Write-off	-	-	(37)	(37)
At 30 September 2007	-	-	10,326	10,326
Amortisation for the year	-	-	2,711	2,711
Write-off	-	-	(1,294)	(1,294)
At 30 September 2008	-	-	11,743	11,743
Net carrying amount				
At 30 September 2007	6,391	73,502	11,819	91,712
At 30 September 2008	6,391	75,370	11,401	93,162

(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
At 30 September 2008				
Dairy products	6,391	75,370	163	81,924
Soft drinks	-	-	850	850
Property/Others	-	-	10,388	10,388
	6,391	75,370	11,401	93,162



13. Intangible assets (contd.)

(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 was required for the goodwill assessed as their recoverable values were in excess of their carrying value.

(ii) Brand

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

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

- Cash flows were 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 at least or 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).

NOTES TO THE FINANCIAL STATEMENTS

13. Intangible assets (contd.)

(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 which impact is not ascertainable.

14. Property development costs

	2008 RM'000	Group 2007 RM'000
Property development costs at 1 October 2007/2006:		
Freehold land	130,065	92,142
Development costs	156,503	100,380
	286,568	192,522
Cost incurred during the year:		
Freehold land		
- Additions	6,261	18,523
- transfer to property held for development	(3,698)	-
- transfer from property, plant and equipment	-	19,400
Development costs	69,651	56,123
- transfer to property held for development	(10,507)	-
- transfer to property, plant and equipment	(1,358)	-
	60,349	94,046
Cost recognised in income statement:		
At 1 October 2007/2006	(171,018)	(125,026)
Recognised during the year	(23,423)	(45,992)
At 30 September 2008/2007	(194,441)	(171,018)
Property development costs at 30 September 2008/2007	152,476	115,550
Interest capitalised during the year	1,204	-



15. Inventories

	Group	
	2008 RM'000	2007 RM'000
At cost		
Manufactured inventories	183,334	207,227
Raw materials	133,223	248,407
Packaging materials	55,323	36,667
Engineering and other inventories	65,980	80,997
	437,860	573,298

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM2.4 billion (2007: RM1.8 billion).

16. Receivables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	520,855	449,762	-	-
Provision for doubtful debts	(5,574)	(14,535)	-	-
	515,281	435,227	-	-
Progress billings in respect of property development costs	3,494	6,444	-	-
	518,775	441,671	-	-
Other receivables				
- Prepayments	6,717	16,793	-	-
- Deposits	4,584	4,332	4	5
- Tax recoverable	19,102	22,361	1,836	304
- Others	23,725	47,964	117,201	29
	54,128	91,450	119,041	338
Amount due from related parties:				
Subsidiaries	-	-	140,987	553,250
Related companies	44,474	34,517	-	-
Holding company	16	-	-	-
	617,393	567,638	260,028	553,588

NOTES TO THE FINANCIAL STATEMENTS

16. Receivables (contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
The currency profile is as follows:				
- Ringgit Malaysia	372,697	363,526	260,028	553,588
- US Dollar	68,481	23,003	-	-
- Renminbi	21,547	36,931	-	-
- Vietnam Dong	6,950	5,849	-	-
- Singapore Dollar	18,156	41,345	-	-
- Thai Baht	126,332	94,931	-	-
- Others	3,230	2,053	-	-
	617,393	567,638	260,028	553,588

The amounts due from subsidiaries are unsecured, repayable on demand and are non-interest bearing (2007: RM151.2 million bore interest at 4% to 4.28% per annum).

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

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2007: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

17. Cash and cash equivalents

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed deposits with:				
- Local licensed banks	-	-	-	-
- Foreign licensed banks	14,082	22,019	-	-
	14,082	22,019	-	-
Cash and bank balances	169,561	185,780	619	7,282
	183,643	207,799	619	7,282



17. Cash and cash equivalents (contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
The currency profile is as follows:				
- Ringgit Malaysia	136,073	112,926	619	7,282
- US Dollar	18,692	28,049	-	-
- Renminbi	4,914	46,931	-	-
- Thai Baht	8,714	5,136	-	-
- Vietnam Dong	10,604	13,538	-	-
- Others	4,646	1,219	-	-
	183,643	207,799	619	7,282

The weighted average interest rates during the financial year and the average maturities of deposits at 30 September 2008 were as follows:

	Weighted Average		Average Maturities	
	2008 %	2007 %	2008 Days	2007 Days
Foreign licensed banks	2.0	2.9	14	90

18. Share capital

	Group and Company	
	2008 RM'000	2007 RM'000
Authorised: 500,000,000 ordinary shares of RM1 each	500,000	500,000
Issued and fully paid: 356,493,101 ordinary shares of RM1 each	356,493	356,493

As at 30 September 2008, the issued and paid up capital comprises 356,493,101 ordinary shares of RM1.00 each, of which 236,800 (2007: 165,500) ordinary shares are held as treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

19. 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. During the financial year, the Company repurchased a further 71,300 of its issued ordinary shares from the open market at an average price of RM7.60 per share. The total consideration paid for the repurchase was RM544,635 comprising of consideration paid amounting to RM542,180 and transaction costs of RM2,455. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Movement of shares repurchased

	Number of shares '000	RM'000
At 1 October 2006	-	-
Treasury shares purchased	165	1,163
Transaction costs	-	5
At 30 September 2007	165	1,168
Treasury shares purchased	72	542
Transaction costs	-	3
At 30 September 2008	237	1,713

20. Reserves

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable:				
Share premium	339,990	339,990	339,990	339,990
Capital reserve	2,130	2,130	-	-
Foreign exchange reserve	25,994	25,988	-	-
Executives' share option reserve (Note c)	582	-	582	-
	368,696	368,108	340,572	339,990
Distributable:				
Capital reserve (Note a)	15,897	15,897	15,897	15,897
Retained earnings (Note b)	442,781	417,659	255,755	240,492
	458,678	433,556	271,652	256,389
Total reserves	827,374	801,664	612,224	596,379



20. Reserves (contd.)

- (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. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 September 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 September 2008, the Company has sufficient credit in the 108 balance and tax-exempt income to pay RM188.74 million franked dividends out of its retained earnings. If the balance of the retained earnings of RM67.02 million were to be distributed as dividends, the Company may distribute such dividends 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 Offer Date	Option lapsed	Balance as at 30.9.2008	Exercise price	Exercise period
20.11.2007	2,705,900	(201,600)	2,504,300	RM7.77	20.8.2010 - 19.10.2012

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.

NOTES TO THE FINANCIAL STATEMENTS

20. Reserves (contd.)

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

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 higher.

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

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:

	2008
Dividend yield (%)	4.40
Expected volatility (%)	14.33
Risk-free interest rate (%)	3.80
Expected life of option (years)	4.90
Share price at date of grant (RM)	7.80
Exercise share price (RM)	7.77

The expected life of the option is based on historical data 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.



21. Borrowings

	Currency	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current					
Loans	Thai Baht	71,965	115,590	-	-
Loan	Renminbi	17,671	11,600	-	-
Revolving credit	RM	-	210,000	-	90,000
		89,636	337,190	-	90,000
Non-current					
Term Loan	Thai Baht	59,411	83,053	-	-
Medium Term Notes	RM	300,000	-	-	-
		359,411	83,053	-	-
		449,047	420,243	-	90,000

The Thai Baht and Renminbi loans bear interest at 3.9% to 6.3% per annum (2007: 4.2% to 5.3%). The Thai Baht and Renminbi loans are unsecured, except for an amount of RM19,803,589 (2007: RM4,412,480) and the Thai Baht term loan of RM59,410,767 (2007: RM83,053,350) are secured over property, plant and machinery of certain subsidiary companies as disclosed in Note 9 to the financial statements. Revolving credits are either settled or rolled over on their due dates.

The borrowings are repayable over the following periods:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Within one year	89,636	337,190	-	90,000
1 to 2 years	19,804	20,763	-	-
2 to 3 years	169,804	20,763	-	-
3 to 4 years	19,803	20,763	-	-
4 to 5 years	150,000	20,764	-	-
	449,047	420,243	-	90,000

NOTES TO THE FINANCIAL STATEMENTS

21. Borrowings (contd.)

Commercial Papers and Medium Term Notes Programme (“CP / MTN Programme”)

On 13 August 2008, F&N Capital Sdn Bhd, a wholly owned subsidiary of the Company, issued Medium Term Note (“MTN”) with a nominal value of RM300 million. The issuance is 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 MTN was issued in 2 tranches as detailed below:

	Tenure	Nominal value (RM’ million)
Tranche 1	3 years	150
Tranche 2	5 years	150

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 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 MTN amounting to RM0.8 million were charged to the income statements.

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



22. Provision for retirement benefits

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

	Group 2008 RM'000	2007 RM'000
Present value of unfunded defined benefit obligations	36,675	36,459
Unrecognised actuarial losses	(1,430)	(1,321)
Net liability	35,245	35,138

The amounts recognised in the income statement are as follows:

	Group 2008 RM'000	2007 RM'000
Current service cost	1,579	1,616
Interest cost	1,859	1,845
Net actuarial losses	(75)	(110)
Transition obligation recognised	(604)	292
Total (Note 5)	2,759	3,643

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

At 1 October 2007/2006	35,138	35,295
Recognised in income statement (Note 5)	2,759	3,643
Contribution paid	(2,652)	(3,800)
At 30 September 2008/2007	35,245	35,138

Principal actuarial assumptions used:	2008 %	2007 %
Discount rate	5.75	5.75
Rate of increase in salaries	5.00	5.00
Mortality rate	0.03 - 0.59	0.03 - 0.59
Disability rate	0.00 - 0.92	0.00 - 0.92
Retirement at age of 55	1.00	1.00

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

NOTES TO THE FINANCIAL STATEMENTS

23. Deferred tax assets and liabilities

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 October 2007/2006	34,141	42,178	654	-
Recognised in income statement:				
- property, plant and equipment	(10,000)	(1,797)	-	-
- tax losses and unabsorbed capital allowances	14	575	(654)	(654)
- deferred income	1,761	(2,676)	-	-
- provisions	3,176	(4,172)	-	-
- tax effect on revaluation surplus	505	33	-	-
At 30 September 2008/2007	29,597	34,141	-	(654)

The movements of deferred tax assets and liabilities during the financial year are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets				
At 1 October 2007/2006	(5,411)	-	(654)	-
Recognised in income statement	2,931	(5,411)	654	(654)
At 30 September 2008/2007	(2,480)	(5,411)	-	(654)
Deferred tax liabilities				
At 1 October 2007/2006	39,552	42,178	-	-
Recognised in income statement	(7,475)	(2,626)	-	-
At 30 September 2008/2007	32,077	39,552	-	-

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

Deferred tax assets				
- Tax losses	(1,090)	(1,331)	-	(654)
- Provisions	(15,710)	(18,886)	-	-
- Deferred income	(915)	(2,676)	-	-
- Unabsorbed capital allowances	(227)	-	-	-
	(17,942)	(22,893)	-	(654)



23. Deferred tax assets and liabilities (contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Subject to income tax:				
- Property, plant and equipment	44,047	54,047	-	-
Subject to capital gains tax:				
- Revaluation surplus	3,492	2,987	-	-
	47,539	57,034	-	-
	29,597	34,141	-	(654)

24. Payables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables	256,699	304,905	5	3
Other payables				
- Accrued expenses	251,963	226,516	376	418
- Deposits	6,422	10,381	-	-
- Sales tax	8,104	9,081	-	-
- Staff costs	40,947	29,324	-	-
- Others	59,984	71,966	-	799
	367,420	347,268	376	1,217
Subsidiaries	-	-	2,375	245,483
Related companies	32,051	30,747	-	-
Holding company	-	11	-	-
	656,170	682,931	2,756	246,703

NOTES TO THE FINANCIAL STATEMENTS

24. Payables (Contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
The currency profile is as follows:				
- Ringgit Malaysia	387,262	445,515	2,756	246,703
- US Dollar	43,832	58,966	-	-
- Renminbi	19,990	12,585	-	-
- Thai Baht	128,677	117,183	-	-
- Vietnam Dong	8,766	10,087	-	-
- Singapore Dollar	60,730	35,454	-	-
- Others	6,913	3,141	-	-
	656,170	682,931	2,756	246,703

The amounts due to related companies are trade in nature and non-interest bearing. The normal trade credit terms granted to the Group for trade payables are 30 to 90 days (2007: 30 to 90 days).

The amounts due to subsidiaries are unsecured, have no fixed terms of repayment and are non-interest bearing (2007: RM154,500,000 bore interest ranging from 4.21% to 4.4% per annum).

25. Capital commitments

	Group	
	2008 RM'000	2007 RM'000
Property, plant and equipment:		
Amount approved and contracted for	55,867	110,327
Amount approved but not contracted for	699,192	427,605
	755,059	537,932

26. Lease commitments

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

	Group	
	2008 RM'000	2007 RM'000
Within one year	28,532	1,704
Between one and five years	29,287	1,136
After five years	1,185	-
	59,004	2,840



27. Significant related party transactions

At the Annual General Meeting held 17 January 2008, the Company obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of trade in nature with the below companies.

Company	Transacting party	Nature of transaction	Interested party	2008 RM'000	2007 RM'000
F&N Coca-Cola (Malaysia) Sdn Bhd F&N Dairies (Malaysia) Sdn Bhd	F&N (S) Pte Ltd	Royalties	F&N Limited	30,442	22,224
F&N Dairies (Malaysia) Sdn Bhd	F&N Limited	Royalties	F&N Limited	1,946	1,708
F&N Foods Sdn Bhd F&N Dairies (Malaysia) Sdn Bhd Premier Milk (Malaya) Sdn Bhd F&N Coca-Cola (Malaysia) Sdn Bhd	F&N (S) Pte Ltd	Corporate Charges	F&N Limited	2,688	1,875
F&N Coca-Cola (Malaysia) Sdn Bhd F&NCC Beverages Sdn Bhd	F&N (S) Pte Ltd	Rental of premises	F&N Limited	285	285
F&N Foods Sdn Bhd Premier Milk (Malaya) Sdn Bhd F&N Dairies (Thailand) Limited	F&N Foods Pte Ltd	Sale of finished goods and raw material	F&N Limited	90,717	108,709
F&N Dairies (Malaysia) Sdn Bhd Premier Milk (Malaya) Sdn Bhd F&N Foods Sdn Bhd F&NCC Beverages Sdn Bhd	F&N Foods Pte Ltd	Purchase of finished goods	F&N Limited	1,202	1,596
F&NCC Beverages Sdn Bhd Premier Milk (Malaya) Sdn Bhd F&N Foods Sdn Bhd F&N Coca-Cola (Malaysia) Sdn Bhd	Interflavine Pte Ltd	Purchase of ingredients, concentrates and finished goods	F&N Limited	126,971	118,792
F&N Dairies (Malaysia) Sdn Bhd	F&N United Ltd	Purchase of finished goods	F&N Limited	18,237	16,523
Malaya Glass Products Sdn Bhd	Asia Pacific Breweries (S) Pte Ltd	Sale of finished goods	F&N Limited	31,989	28,813
Malaya Glass Products Sdn Bhd Malaya-Vietnam Glass Limited	MCS Asia Pacific Brewery LLC	Sale of finished goods	F&N Limited	1,974	1,410
Malaya-Vietnam Glass Limited	Foster's Tien Giang, Co Ltd (Vietnam)	Sale of finished goods	F&N Limited	110	128

NOTES TO THE FINANCIAL STATEMENTS

27. Significant related party transactions (contd.)

Company	Transacting party	Nature of transaction	Interested party	2008 RM'000	2007 RM'000
Premier Milk (Malaya) Sdn Bhd	F&N Vietnam Foods Co Ltd	Sale of raw material	F&N Limited	422	1,711
Malaya Glass Products Sdn Bhd	South Pacific Brewery Ltd	Sale of finished goods	F&N Limited	3,474	9,776
Malaya Glass Products Sdn Bhd Malaya-Vietnam Glass Limited Thai Malaya Glass Limited	Vietnam Brewery Ltd	Sale of finished goods	F&N Limited	9,407	1,666
Thai Malaya Glass Limited	Myanmar Brewery Ltd	Sale of finished goods	F&N Limited	630	1,761
Malaya Glass Products Sdn Bhd	Lao Asia Pacific Brewery Co Ltd	Sale of finished goods	F&N Limited	1,231	-
Thai Malaya Glass Limited	Thai Asia Pacific Brewery Co Ltd	Sale of finished goods	F&N Limited	12,631	-
Malaya Glass Products Sdn Bhd Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Guinness Anchor Bhd	Sale of finished goods	F&N Limited	21,879	16,002
Malaya-Vietnam Glass Limited	Fosters Danang Ltd	Sale of finished goods	F&N Limited	5	-
Sichuan Malaya Glass Co Ltd	Shanghai APB Co Ltd	Sale of finished goods	F&N Limited	20,032	15,618
Malaya-Vietnam Glass Limited Thai Malaya Glass Limited	Hatay Brewery	Sale of finished goods	F&N Limited	525	415
Malaya-Vietnam Glass Limited	Vietnam Beer & Beverages Ltd	Sale of finished goods	F&N Limited	1,516	-
Malaya-Vietnam Glass Limited	Saigon Beer Ltd	Sale of finished goods	Saigon Beer*	22,864	23,155
Thai Malaya Glass Limited	Saigon Beer Alcohol & Beverage	Sale of finished goods	Saigon Beer*	2,375	-



27. Significant related party transactions (contd.)

Company	Transacting party	Nature of transaction	Interested party	2008 RM'000	2007 RM'000
Malaya-Vietnam Glass Limited	Saigon Beer Ltd	Purchase of cullets	Saigon Beer*	222	301
Malaya-Vietnam Glass Limited	VBL Tien Giang Ltd	Purchase of cullets	F&N Limited	34	-
Malaya-Vietnam Glass Limited	Vietnam Brewery Ltd	Purchase of cullets	F&N Limited	65	-
Malaya-Vietnam Glass Limited	Vietnam Beer and Beverages Ltd	Purchase of cullets	F&N Limited	57	-
F&NCC Beverages Sdn Bhd	Alantic Industries	Purchase of concentrates	The Coca-Cola Company*	74,742	78,527
Malaya-Vietnam Glass Limited	Coca-Cola Beverages Vietnam Ltd	Purchase of concentrates	The Coca-Cola Company*	-	279
F&NCC Beverages Sdn Bhd	F&N Coca-Cola (S) Pte Ltd	Sale of finished goods	The Coca-Cola Company*	2,230	2,838
Malaya-Vietnam Glass Limited	Coca-Cola Beverages Vietnam Ltd	Sale of finished goods	The Coca-Cola Company*	704	5,656
Malaya-Vietnam Glass Limited	Coca-Cola Beverages Cambodia Ltd	Sale of finished goods	The Coca-Cola Company*	-	1,120
F&NCC Beverages Sdn Bhd F&N Coca-Cola (Malaysia) Sdn Bhd	Coca-Cola Far East Ltd	Rental of premises	The Coca-Cola Company*	241	63
Sichuan Malaya Glass Co Ltd	Tuopai Yeast Liquor Co Ltd	Sale of finished goods	Tuopai*	25,412	30,661
Sichuan Malaya Glass Co Ltd	Sichuan Tuopai Yeast Liquor Co Ltd	Rental of premises	Tuopai*	3,442	2,659

* Waiver granted by Bursa Malaysia Securities Berhad on Shareholders' Mandate

NOTES TO THE FINANCIAL STATEMENTS

28. Significant and subsequent events

- (a) On 18 June 2008 the Company announced that its subsidiary, F&NCC Beverages Sdn Bhd has completed the acquisition of Borneo Springs Sdn Bhd ("BSSB") with the exercise of the option to purchase the remaining 5% of the equity share capital of BSSB at the purchase price of RM841,099. As a result, BSSB is now a wholly owned subsidiary of F&NCC Beverages Sdn Bhd.
- (b) On 19 June 2008 the Company announced that it had on, 18 June 2008, received the approval of the Securities Commission ("SC") dated 17 June 2008 for the proposed issuance of up to RM1,000 million nominal value Commercial Papers ("CP") / Medium Term Notes ("MTN") via its wholly owned subsidiary, F&N Capital Sdn Bhd under the Proposed CP/MTN Programme. RAM Rating Services Berhad has assigned initial ratings of AA1 and P1(s) respectively to the Proposed CP/MTN Programme. Citibank Berhad and OCBC Bank (Malaysia) Berhad ("OCBC") are the Joint Principal Advisers, Joint Lead Arrangers, Joint Lead Managers and Joint Bookrunners for the Proposed CP/MTN Programme.

The proceeds of the Proposed CP/MTN Programme shall be on-lent to the Group towards capital expenditure, refinancing of borrowings and working capital requirements.

Please see Note 21 to the financial statements for details.

- (c) On 27 June 2008, the Company announced that its wholly owned subsidiary, Elsinburg Holdings Sdn Bhd (the "Vendor"), has accepted from an independent third party, a conditional offer to purchase two freehold parcels of development land located at Jalan Ampang held under Geran 11808 Lot 233 and Geran 26446 Lot 140 both in Section 89 Town and District of Kuala Lumpur (the "Properties") together with a development order and approved building plans for two blocks of serviced apartments, signature offices and retail outlets and collectively known as Ampang Hilir 233 project.

The sale price of the Properties is RM55.8 million of which the Vendor received the earnest deposit of two percent amounting to RM1.1 million on 27 June 2008. The sale price, which will be satisfied in cash, was arrived at on a willing buyer willing seller basis. The Vendor has todate incurred a total development expenditure of RM27.0 million.

Prior to completion of the sale, the Vendor has received an acquisition notice from the Land Office to acquire approximately 24 square metres of the land, representing 0.4% of the total net area of 5,829 square metres. Under the standard terms and conditions of the property sale transactions, the purchaser has the right to rescind or continue with the purchase under such circumstances.

On 3 November 2008, the Company announced that the purchaser has rescinded the sale and purchase transaction and the Vendor has refunded the earnest deposit in full. The sale of the Ampang Hilir 233 project has been aborted.



29. Contingent Liabilities

The Company issued corporate guarantee to the extent of RM1,000,000,000 of which RM300,000,000 was utilised in respect of the issuance of the MTN of its subsidiary.

30. Financial instruments and risk management

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

The Group is exposed to market risk, including primarily changes in currency exchange rates and 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.

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 2008, the Group did not have any outstanding foreign currency forward contract.

Credit risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments and risk management (contd.)

Interest rate risk

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

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.

Fair values

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

Cash and bank balances, other receivables and other payables

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

Trade receivables and trade payables

The carrying amounts of receivables and payables approximate fair value because these are 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 1 and tranche 2 of the MTN are RM150.6 million and RM151.3 million respectively.



31. Segmental information

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

Business segments

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

Year ended 30 September 2008	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Revenue					
Total revenue	1,897,766	2,681,955	431,839	74,353	5,085,913
Inter - segment	(712,089)	(736,612)	(6,677)	(39,331)	(1,494,709)
External	1,185,677	1,945,343	425,162	35,022	3,591,204
Results					
Operating profit	123,009	88,502	35,368	9,771	256,650
Interest expense					(19,589)
Interest income					2,611
Taxation					(59,941)
Profit after taxation					179,731
Minority interests					(12,886)
Net profit for the year					166,845
Other information					
Segment assets	576,392	819,029	668,633	263,912	2,327,966
Unallocated assets					2,480
Cash and bank balances					183,643
Total assets					2,514,089
Segment liabilities	299,393	276,520	74,596	40,906	691,415
Unallocated liabilities					56,471
Bank borrowings					449,047
Total liabilities					1,196,933

NOTES TO THE FINANCIAL STATEMENTS

31. Segmental information (contd.)

Business segments (contd.)

Year ended 30 September 2008	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Capital expenditure	30,469	55,376	135,750	3,956	225,551
Depreciation, amortisation of intangible assets and prepaid land lease payments	38,715	26,704	44,337	5,603	115,359
Year ended 30 September 2007					
Revenue					
Total revenue	1,711,166	1,947,762	352,811	97,521	4,109,260
Inter - segment	(655,918)	(544,746)	(11,027)	(32,501)	(1,244,192)
External	1,055,248	1,403,016	341,784	65,020	2,865,068
Results					
Operating profit	109,045	60,233	33,613	24,880	227,771
Interest expense					(10,034)
Interest income					3,168
Taxation					(55,328)
Profit after taxation					165,577
Minority interests					(12,706)
Net profit for the year					152,871



31. Segmental information (contd.)

Business segments (contd.)

Year ended 30 September 2007	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Other information					
Segment assets	593,756	932,162	529,502	203,278	2,258,698
Unallocated assets					5,411
Cash and bank balances					207,799
Total assets					2,471,908
Segment liabilities	319,541	320,798	49,222	28,508	718,069
Unallocated liabilities					56,851
Bank borrowings					420,243
Total liabilities					1,195,163
Capital expenditure	26,101	122,344	115,204	18,535	282,184
Depreciation, amortisation of intangible assets and prepaid land lease payments	33,372	19,668	32,866	3,812	89,718

Geographical segments

The following table presents the financial information by geographical segments:

	Revenue		Total Assets		Capital expenditure	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysia	2,244,395	1,955,738	1,678,446	1,615,457	129,546	65,872
Vietnam	71,840	67,971	78,710	74,178	9,077	232
China	101,550	92,317	186,944	163,471	67,977	528
Singapore	175,920	173,007	799	11,303	-	-
Philippines	59,788	76,206	-	-	-	-
Middle East	24,852	18,982	-	-	-	-
Thailand	730,255	386,254	495,269	531,467	18,951	215,552

NOTES TO THE FINANCIAL STATEMENTS

31. Segmental information (contd.)

Geographical segments (contd.)

The following table presents the financial information by geographical segments:

	Revenue		Total Assets		Capital expenditure	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Indonesia	62,465	27,442	-	-	-	-
South Pacific	11,719	16,087	-	-	-	-
Cambodia	39,670	19,638	-	-	-	-
Africa	21,649	-	-	-	-	-
Myanmar	11,672	9,665	-	-	-	-
Taiwan	4,910	7,269	-	-	-	-
USA	7,804	5,028	-	-	-	-
Others	22,715	9,464	73,921	76,032	-	-
	3,591,204	2,865,068	2,514,089	2,471,908	225,551	282,184

32. Subsidiaries and activities

The details of the subsidiaries are as follows:

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%)	
			2008	2007
Subsidiaries of Fraser & Neave Holdings Bhd				
Malaya Glass Products Sdn Bhd	Malaysia	Manufacture and sale of glass containers	100	100
Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Malaysia	Manufacture and sale of glass containers	100	100
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Management services and property investment holdings	100	100
F&NCC Beverages Sdn Bhd	Malaysia	Manufacture of soft drinks	90	90



32. Subsidiaries and activities (contd)

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%)	
			2008	2007
Subsidiaries of Fraser & Neave Holdings Bhd (contd.)				
F&N Coca-Cola (Malaysia) Sdn Bhd	Malaysia	Distribution of soft drinks	90	90
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Distribution of dairy products	100	100
Premier Milk (Malaya) Sdn Bhd	Malaysia	Manufacture of dairy products	100	100
F&N Foods Sdn Bhd	Malaysia	Manufacture of dairy products	100	100
Four Eights Sdn Bhd	Malaysia	Inactive	100	100
Wimanis Sdn Bhd	Malaysia	Property development activities	100	100
Brampton Holdings Sdn Bhd	Malaysia	Property development activities	100	100
Elsinburg Holdings Sdn Bhd	Malaysia	Property development activities	100	100
Vacaron Company Sdn Bhd	Malaysia	Inactive	100	100
Nuvak Company Sdn Bhd	Malaysia	Inactive	100	100
Greenclipper Corporation Sdn Bhd	Malaysia	Inactive	100	100
Utas Mutiara Sdn Bhd	Malaysia	Property investment holding	100	100
Lettricia Corporation Sdn Bhd	Malaysia	Property development activities	70	70
F&N Dairies (Thailand) Limited	Thailand	Manufacture and distribution of dairy products	100	100

NOTES TO THE FINANCIAL STATEMENTS

32. Subsidiaries and activities (contd)

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2008	2007
Subsidiaries of Fraser & Neave Holdings Bhd (contd.)				
Arols 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
F&N Properties Sdn Bhd (formerly known as Radiant Worth Sdn Bhd)	Malaysia	Provision of properties management services	100	100
Tropical League Sdn Bhd	Malaysia	Inactive	100	-
F&N Capital Sdn Bhd	Malaysia	Provision of financial and treasury services	100	-
Subsidiaries of Malaya Glass Products Sdn Bhd				
Malaya-Vietnam Glass Limited	Vietnam	Manufacture and sale of glass containers	70	70
Sichuan Malaya Glass Co Ltd * ▲	China	Manufacture and sale of glass containers	60	60
Thai Malaya Glass Company Limited	Thailand	Manufacture and sale of glass containers	70	70
Subsidiary of F&NCC Beverages Sdn Bhd				
Borneo Springs Sdn Bhd	Malaysia	Manufacture and sale of mineral water, carbonated drinks and bottles	100	95

* Audited by a firm of auditors other than Ernst & Young or its affiliates

▲ Financial year 31 December

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LIST OF PROPERTIES

List of Properties of Fraser & Neave Holdings Bhd Group Year Ended 30 September 2008

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/08		Last Revalued Date
				Land RM'000	Buildings RM'000	
JOHOR						
72-A (Lot 2134) Jalan Tampoi Johor Bahru	274,864	Industrial/Factory premise and office	37 years (Freehold)	1,672	2,806	January 1983
72-A (MLO 4620) Jalan Tampoi Johor Bahru	233,046	Industrial/Factory premise	20 years (Freehold)	1,418	3,540	January 1983
72-A (Lot PTD 54046 & 56057) Jalan Tampoi Johor Bahru	57,935	Industrial/Warehouse and factory premise	20 years (Freehold)	1,624	1,063	September 1990
72-A (Lot 11615 to 11630) Jalan Tampoi Johor Bahru	56,192	Vacant Land	- (Freehold)	549	94	February 1990
Malay Grant 598, Jalan Tampoi, Johor Bahru	59,895	Detached house/Warehouse	41 years (Freehold)	1,050	3,870	February 1990
701, Jalan Tampoi, Johor Bahru	241,022	Industrial/Factory premise	41 years (Freehold)	7,700	186	February 1990
PERAK						
217 Jalan Lahat, Ipoh	287,738	Industrial/Factory premise	39 years (Freehold)	2,815	3,365	October 1995
79 & 81 Jalan Tun Perak, Ipoh	51,828	Industrial/Factory premise	102 years (Freehold/ Leasehold expiring 2013 & 2066)	398	114	October 1995



List of Properties of Fraser & Neave Holdings Bhd Group Year Ended 30 September 2008 (contd.)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/08		Last Revalued Date
				Land RM'000	Buildings RM'000	
<u>KUALA LUMPUR</u>						
No.3, Jalan Metro Pudu, Fraser Business Park	7,208	Office premise	1 year (Freehold)	-	16,222	2007
<u>MELAKA</u>						
10 Jalan Bukit Gedong, Melaka	104,000	Industrial/Factory premise	83 years (Freehold/Leasehold expiring 2023)	871	726	October 1995
<u>SELANGOR</u>						
Lot 3-1 Lion Industrial Park, Shah Alam	1,373,447	Industrial/Factory premise and office	11 years (Freehold)	36,899	66,426	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	47 years (Leasehold expiring 2058)	19,385	16,361	October 1995
16 Jalan Bersatu 13/4, Petaling Jaya	171,797	Industrial/Factory premise	47 years (Leasehold expiring 2058)	10,247	4,588	October 1995
Lot 5, Jalan Kilang, Petaling Jaya	207,727	Industrial/Factory premise	41 years (Leasehold expiring 2058)	6,605	3,744	October 1995
Lot No 56, Section 4, Phase 2B, Mukim Klang, Selangor	151,343	Industrial/Factory premise	New (Leasehold expiring 2097)	29,434	-	2008

LIST OF PROPERTIES

List of Properties of Fraser & Neave Holdings Bhd Group Year Ended 30 September 2008 (contd.)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/08		Last Revalued Date
				Land RM'000	Buildings RM'000	
<u>PULAU PINANG</u>						
3724 (Lot 834 and 842) Sungei Nyior Butterworth Pulau Pinang	130,324	Industrial/Factory premise	54 years (Freehold)	2,600	2,070	October 1995
3725 & 3726 (Lot 833) Butterworth Pulau Pinang	97,387	Detached house/Office premise	53 years (Freehold)	2,120	207	October 1995
<u>KELANTAN</u>						
Pengkalan Chepa Induatrial Estate, Kota Bahru	203,861	Industrial/Factory premise	28 years (Leasehold expiring 2043)	596	593	October 1995
<u>PAHANG</u>						
Mar Lodge, Cameron Highland	90,931	Detached house/Holiday Bungalow	41 years (Leasehold expiring 2037)	714	205	October 1995
Lot 7399, Jln Mempaga, Mukim Sabai, Karak	216,986	Industrial/Factory premise	1 year (Freehold)	3,699	1,705	2007
<u>SABAH</u>						
5.5 Miles Tuaran Road, Kota Kinabalu	142,140	Vacant Land	- (Leasehold expiring 2062)	1,421	-	October 1995
5.5 Miles Tuaran Road, Kota Kinabalu	142,578	Industrial/Factory premise	37 years (Leasehold expiring 2062)	1,055	1,884	October 1995



List of Properties of Fraser & Neave Holdings Bhd Group Year Ended 30 September 2008 (contd.)

				Net book value as at 30/9/08		Last Revalued Date
Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Land RM'000	Buildings RM'000	
<u>SARAWAK</u>						
Lot 924 Block 4 Matang Land District	118,776	Industrial/Factory premise	2 years (Freehold)	4,379	681	2006
Lot 583 Block 4 Matang Land District	261,338	Industrial/Factory premise	2 years (Leasehold expiring 2038)	4,948	641	2006
3.5 Miles Penrissen Road, Kuching	194,539	Industrial/Factory premise	42 years (Leasehold expiring 2038)	1,646	6,925	October 1995
Lot 1557 Block 218 KNLD Kuching	124,797	Industrial	2 years (Leasehold expiring 2038)	7,420	-	2006
Lot 142 Block 4 Kuching	47,413	Shop office	2 years (Leasehold expiring 2784)	-	191	2006
Sublot 3, Lot 2370, Jalan Tatau Bintulu, Bintulu.	5,272	Industrial/Factory premise	1 year (Freehold)	-	26	
<u>VIETNAM</u>						
76 Ton That Thuyet Ho Chi Minh, Vietnam	363,691	Industrial/Factory premise	14 years (Leasehold expiring 2023)	-	6,975	October 1993
<u>CHINA</u>						
6 Block A & C 1 st Floor Xin Shi Ji Garden Liu Shu Town, She Hong Country Sichuan Province China	5,042	Residential	61/2 years (Leasehold expiring 2058)	-	101	2002

LIST OF PROPERTIES

List of Properties of Fraser & Neave Holdings Bhd Group Year Ended 30 September 2008 (contd.)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/08		Last Revalued Date
				Land RM'000	Buildings RM'000	

THAILAND

SIL Industrial Zone Amphur Nong Khae Saraburi Province	975,744	Industrial	2 years (Freehold)	10,356	23,031	2006
90 Moo 8 Mitapap Road, Phayayen District, Amphur Pakchong, Nakonratchasima Province 30320	125,857	Industrial	1 year (Freehold)	-	5,751	2007

Classified as Group Property Held for Development (Note 11) & Property Development Cost (Note 14)

KUALA LUMPUR

Fraser Park Jalan Yew Kuala Lumpur	251,385	For the development of shop office for sale	Freehold	36,824		October 1995
Fraser Park Jalan Yew Kuala Lumpur	276,196	For the development of shop office for sale	Freehold	31,941		October 1995
Fraser Park Jalan Yew Kuala Lumpur	40,777	No plan yet	Freehold	5,147		October 1995
Jalan Ampang	67,954	For the development of service apartment and office suites	Freehold	18,230		2005
Lot 609, Geran 24235, Mukim Hulu Semenyih, District of Hulu Langat, Selangor	2,640,251	For the development of residential property	Freehold	24,585		2006
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 STATISTICS

Shareholdings as at 30 November 2008

Authorised share capital - RM500,000,000

Fully paid and issued shares - RM356,493,101 (inclusive of 236,800)

Class of shares - Ordinary shares of RM1.00 each with equal voting rights

Voting rights - One vote for each ordinary shares held in the event of a poll

Analysis of shareholdings

Size of holding	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
1 - 99	231	6.19	3,975	0.01
100 - 1,000	1,252	33.57	967,823	0.27
1,001 - 10,000	1,761	47.21	6,874,358	1.93
10,001 - 100,000	415	11.13	13,092,311	3.67
100,001 to less than 5% of issued shares	69	1.85	57,901,027	16.25
5% and above of issued shares	2	0.05	277,416,807	77.87
	3,730	100.00	356,256,301	100.00

Directors' shareholdings

No. Name of shareholders	Direct holdings		Indirect holdings	
	No.	%	No.	%
1. Y.A.M. Tengku Syed Badarudin Jamalullail	2,862,000	0.80	65,000	0.02
2. Leslie Oswin Struys	100,000	0.03	-	-
3. Tan Ang Meng	100	0.00	100,000	0.03
	2,962,100	0.83	165,000	0.05

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

No. Name of shareholders	Direct holdings		Indirect holdings	
	No.	%	No.	%
1. Fraser and Neave Limited	206,190,510	57.88	-	-
2. Permodalan Nasional Berhad	4,059,700	1.14	71,226,297	19.99
	210,250,210	59.02	71,226,297	19.99

SHAREHOLDINGS STATISTICS

Thirty largest shareholders (as shown in the register of members)

No.	Name of shareholders	Shares held	%
1.	Fraser and Neave, Limited	206,190,510	57.88
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd		
	Skim Amanah Saham Bumiputera	71,226,297	19.99
3.	Employees Provident Fund Board	11,872,630	3.33
4.	Malaysia Nominees (Tempatan) Sdn Bhd		
	Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	10,590,000	2.97
5.	Permodalan Nasional Berhad	4,059,700	1.14
6.	HSBC Nominees (Asing) Sdn Bhd		
	BNP Paribas Secs Svs Lux For Aberdeen Global	3,730,000	1.05
7.	DB (Malaysia) Nominee (Tempatan) Sdn Bhd		
	Icapital.Biz Berhad	2,497,000	0.70
8.	Pertubuhan Keselamatan Sosial	1,759,700	0.49
9.	Malaysia Nominees (Tempatan) Sendirian Bhd Pledged Securities Account for Y.A.M. Tengku Syed Badarudin Jamalullail (01-00737-000)	1,744,000	0.49
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	1,712,800	0.48
11.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.42
12.	HSBC Nominees (Asing) Sdn Bhd		
	HSBC-FS for Aberdeen Malaysia Equity Fund	1,070,000	0.30
13.	Amanah Raya Nominees (Tempatan) Sdn Bhd		
	Amanah Saham Malaysia	989,300	0.28
14.	Y.A.M. Tengku Syed Badarudin Jamalullail	900,500	0.26
15.	Mayban Nominees (Tempatan) Sdn Bhd		
	Aberdeen Asset Management Sdn Bhd for Employees' Provident Fund Board (250416)	777,000	0.22
16.	AMSEC Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	673,000	0.19
17.	Malaysia Nominees (Tempatan) Sdn Bhd		
	Great Eastern Life Assurance (Malaysia) Berhad (Non PAR 1)	623,900	0.18
18.	Key Development Sdn Bhd	600,000	0.17
19.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Danske Bank A/S (Client Holdings)	580,000	0.16
20.	Malaysia Nominees (Tempatan) Sdn Bhd		
	Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	564,500	0.16
21.	Chinchoo Investment Sdn Bhd	500,000	0.14
22.	Gan Teng Siew Realty Sdn Bhd	500,000	0.14
23.	DB (Malaysia) Nominees (Asing) Sdn Bhd Deutsche Bank AG London	495,000	0.14
24.	Mayban Nominees (Tempatan) Sdn Bhd Capital Dynamics Asset Management Sdn Bhd for ACE Synergy Insurance Berhad (CDAM23-990350)	480,000	0.13
25.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan) (FD 1-280305)	480,000	0.13
26.	Lee Chin Hong	438,000	0.13
27.	HSBC Nominees (Asing) Sdn Bhd		
	UBS AG Zurich for SBC Lux Equity Portfolio Malaysia	409,800	0.12
28.	BHLB Trustee Berhad		
	Public Focus Select Fund	400,200	0.11
29.	Citigroup Nominees (Asing) Sdn Bhd		
	CBNY For DFA Emerging Markets Small Cap Series	366,000	0.10
30.	Yap Ah Fatt	360,000	0.10
		328,089,837	92.10

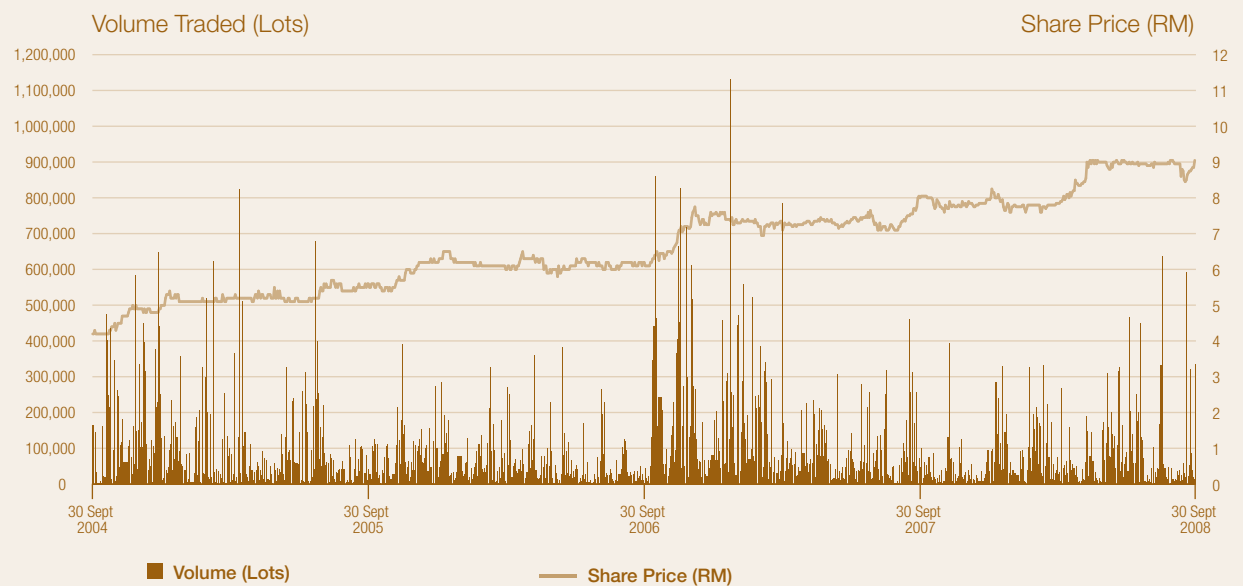


SHARE PRICE CHARTS

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 47th 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 Wednesday, 21 January 2009 at 2.30 pm for the following purposes:

Agenda

Routine Business

1. To receive and adopt the Audited Financial Statements for the year ended 30 September 2008 and the Reports of the Directors and Auditors thereon. Resolution 1

2. To approve the payment of a final dividend of 30 sen gross per share (22.5 sen net) for the year ended 30 September 2008. Resolution 2

3. To re-elect the following directors:
Under Article 97 of the Articles of Association
 - a) Y.A.M. Tengku Syed Badarudin Jamalullail Resolution 3a
 - b) Mr Lee Kong Yip Resolution 3b
 - c) Mr Anthony Cheong Fook Seng Resolution 3c
Under Article 103 of the Articles of Association
 - d) Mr Koh Poh Tiong Resolution 3d
Under Section 129 of the Companies Act 1965
 - e) Mr Leslie Oswin Struys Resolution 3e

4. To approve directors' fees of RM681,000 for the year ending 30 September 2009 payable monthly in arrears after each month of completed service of the directors during the financial year. (2008 : RM681,000) Resolution 4

5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2009 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 Listing Requirements of Bursa Securities, 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 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 Bursa Securities 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 Listing Requirements of Bursa Securities, and all other relevant governmental and/or regulatory authorities.”

NOTICE OF ANNUAL GENERAL MEETING

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 24 December 2008 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.



Notice of Dividend Payment

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the forthcoming Annual General Meeting, the proposed final dividend of 30 sen gross per share (22.5 sen net) will be paid to shareholders on 3 March 2009. The entitlement date for the proposed dividend shall be on 5 February 2009.

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 5 February 2009 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
24 December 2008

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.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on The Special Business

(i) Authority to allot and issue shares pursuant to the Fraser & Neave Holdings Bhd Executives' Share Option Scheme.

The proposed ordinary resolution 6, 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.

(ii) Proposed Share Buy-Back

The proposed ordinary resolution 7, if passed, will provide our Company with 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 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 Listing Requirements.

Statement Accompanying the Notice of the 47th Annual General Meeting of Fraser & Neave Holdings Bhd.

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

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

Under Article 97 of the Articles of Association

- a) Y.A.M. Tengku Syed Badarudin Jamalullail
- b) Mr Lee Kong Yip
- c) Mr Anthony Cheong Fook Seng

Under Article 103 of the Articles of Association

- d) Mr Koh Poh Tiong

Under Section 129 of the Companies Act 1965

- e) Mr Leslie Oswin Struys

The details of the directors who are standing for re-election are disclosed under the Profile of Board of Directors.

2. Directors' attendance at board meetings for the year ended 30 September 2008:

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

3. Place, date and time of the 47th Annual General Meeting

Place	:	Banyan, Casuarina, Dillenia Sime Darby Convention Centre No. 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur
Date	:	21 January 2009
Time	:	2.30 pm

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



Fraser & Neave Holdings Bhd
Company No: 004205-V, Incorporated in Malaysia

CDS account no.

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 on my/our behalf at the 47th Annual General Meeting of the Company to be held on Wednesday, 21 January 2009 at 2.30 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 Statements for the year ended 30 September 2008 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final dividend of 30 sen gross per share (22.5 sen net) for the year ended 30 September 2008.		
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 3(a)		
	b) Mr Lee Kong Yip 3(b)		
	c) Mr Anthony Cheong Fook Seng 3(c)		
	<u>Under Article 103 of the Articles of Association</u>		
	d) Mr Koh Poh Tiong 3(d)		
	<u>Under Section 129 of the Companies Act 1965</u>		
	e) Mr Leslie Oswin Struys 3(e)		
4	To approve directors' fees of RM681,000 for the year ending 30 September 2009 payable monthly in arrears after each month of completed service of the directors during the financial year. (2008 : RM681,000)		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2009 and to authorise the directors to fix their remuneration.		
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.		
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 2009.

No. of ordinary shares held

.....
Signature of member

Notes:

- 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.
- Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.
- In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised.
- This instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company 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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