

DAIRIES DIVISION

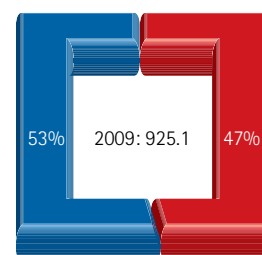
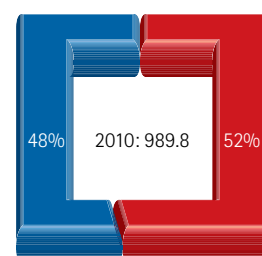
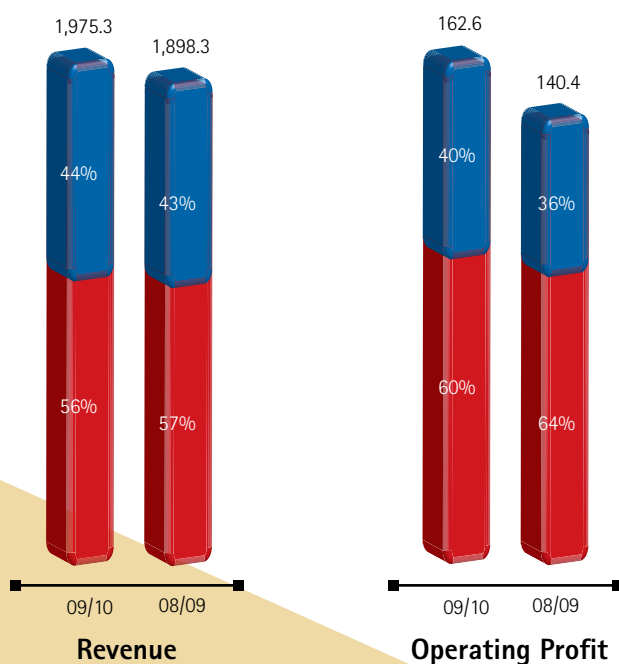
Revenue for the division grew 4.1 percent to RM1.98 billion for the first time, with positive growth recorded for all major product categories.

Consumer sentiment and economic conditions within its markets had improved compared to the previous year. However, the unprecedented volatility in the prices of milk powder, sugar, palm oil and tin plate added much complexity to its procurement practices and margin management.

In Thailand, where 43.9 percent of the division's revenue was derived, there was a different set of circumstances. Despite recovering economic conditions from the year before, political uncertainties which nearly brought the country to a standstill for a few months, dominated the domestic scene. This scenario had an impact on the division's growth potential causing it to redirect its efforts to focus on the neighbouring Indochina markets. These efforts led to a credible growth of 62.4 per cent in revenue for the combined markets of Cambodia, Laos and Myanmar.



Tony Lee Cheow Fui
Chief Operating Officer



Assets Employed



Revenue for the division grew 4.1 percent to RM1.98 billion for the first time, with positive growth recorded for all major product categories.

DAIRY PRODUCTS

At the beginning of the financial year, the division's new plant at Rojana on the outskirts of Bangkok was completed on time and within the projected cost. The facility produces over two million cans of milk per day and is the division's most modern to date. Following this achievement, the focus is now on the construction of another new plant in Malaysia scheduled for completion in 2011. Once completed, the division will be the largest canned milk producer in the region and will be well positioned to grow its revenue in the regional markets.

Notwithstanding these challenges, the division pulled through with another exceptional profit performance for the year. Operating profit grew 15.8 per cent to RM163 million.

DAIRIES MALAYSIA

OVERVIEW

The gradual turnaround in the global economy had a positive effect on consumer sentiment and consumption. This environment helped Dairies Malaysia sustain revenue of RM1.10 billion, up 2.1 per cent from the last year. The operating profit of RM98 million, an improvement of 8.4 per cent, is partly attributed to favourable raw material costs enjoyed during the first half of the year, firmer selling prices and prudent management of trade discounts.

The canned milk business remained a key contributor to Dairies Malaysia's performance with a combined market share of over 62 per cent amidst a highly competitive landscape. The execution of focused marketing initiatives to grow the liquid milk and juice business segments will continue to be a part of the total strategy to broaden the product portfolio.

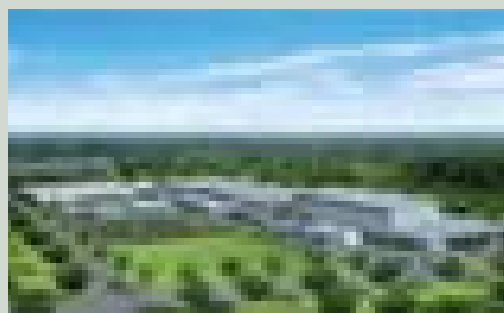
The benefits of favourable raw material cost enjoyed in the first half of the financial year was reversed by steep cost increases in the second half to necessitate an increase in the selling price of sweetened condensed and evaporated milk, which had a dampening effect on demand.

Consequently, continued focus on enhancing operational effectiveness, prudent management of trade discounts, amidst intense competition, investment in product innovation, new product category launches and brand repositioning initiatives were executed to improve overall performance. Marketing initiatives to reinforce brand franchise and consumer loyalty continued through strategically designed media campaigns and tactical measures to address consumer demand for value brands provided the impetus for market momentum.

Four new products, namely F&N eXtra Sweetened Creamer (Tongkat Ali & Ginseng), Magnolia Good Morning and Magnolia Good Night Low Fat Sterilised Milk and Sunkist Dash juices were introduced in the year under review. The successful launch of these innovative products combined with focused execution of planned strategies succeeded in sustaining revenue.

OPERATIONAL MILESTONES

In line with the Dairies division's expansion plans to meet the growing demand for canned milk in Malaysia and beyond, Dairies Malaysia broke ground for its RM350 million plant in Pulau Indah. Once completed, this plant together with the division's first greenfield condensery at Rojana, Thailand, will generate a collective annual output of over 25 million cases to ensure that the Group is able to effectively meet domestic consumption in Malaysia and Thailand as well as provide the scale and flexibility to meet export demand and realize its ambitions of being a world-class regional player.



An artist impression of Pulau Indah Plant

Scheduled for completion in 2011, the plant with an initial planned annual capacity in excess of 14 million cases, will replace the current manufacturing facility in Petaling Jaya, built in 1959. The Pulau Indah plant will be a showcase for green technology as well as equipped with the world-class, state-of-the-art technology already available at the Rojana plant to meet the highest standards of food safety and production efficiencies.

The plant's location within the Selangor Halal Hub will also enable Dairies Malaysia to build and expand export opportunities to the fast growing and relatively untapped halal markets in the Middle East, Africa and Indonesia.

BRANDS

To continuously uphold its leadership position, various marketing initiatives were introduced to further strengthen market share.

Canned Milk

Dairies Malaysia's position within the condensed milk segment was reinforced with over 62 per cent market share. The F&N Condensed Milk brand consolidated its No. 1 position in the market with over 24 per cent share, while Gold Coin and TEA POT closed out the year as the No. 2 and No. 3 brands respectively.



Cerita Teh Tarik F&N Campaign - to highlight key moments in the lives of Malaysians that are often celebrated over a glass of teh tarik

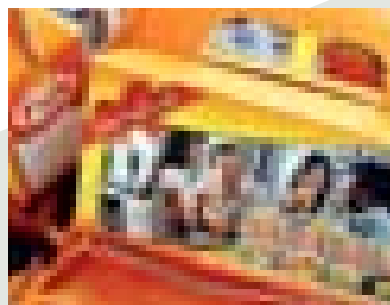
In support of the Malaysian Government's efforts to reduce sugar consumption, a strategic **Kurang Manis Campaign** was launched in February 2010 to moderate the usage of sugar by adding a combination of condensed and evaporated milk to favourite Malaysian beverages, making it a healthier yet wholesome beverage.

F&N Condensed Milk has long been associated with the *teh tarik* culture. The **Cerita Teh Tarik F&N Campaign** looked to extend that association by highlighting key moments in the lives of Malaysians that are often celebrated over a glass of *teh tarik*. This campaign also aimed at reinforcing the status of F&N Condensed Milk as the enabler of *teh tarik* occasions.

The introduction of **F&N eXtra Tongkat Ali & Ginseng** in March 2010 was the result of an intensive two-year R&D programme to offer consumers the much sought after herbal benefits of Tongkat Ali and Ginseng. This product showcased innovation in formulation within the condensed milk segment as it was the first of its kind to provide functionality, vitality and versatility to popular Malaysian beverages.

In August 2010, the **TEA POT Label Facelift** achieved its intended objective of rejuvenating the TEA POT brand imagery to reflect the brand's promise and tagline of "Nothing Else Compares" while helping to enhance its premium positioning in the market.

Meanwhile, the Dairies Malaysia's Evaporated Milk portfolio demonstrated positive volume and revenue growth of 7 per cent and 6 per cent respectively with high market value share of 76 per cent.



DAIRY PRODUCTS



F&N 1Malaysia Gourmet Wagon – the biggest mobile kitchen in Malaysia

The strong growth in F&N Evaporated Milk was mainly driven by aggressive marketing initiatives such as the launch of **F&N 1Malaysia Gourmet Wagon** – the biggest mobile kitchen in Malaysia. The Gourmet Wagon succeeded in uplifting the brand image and extended consumer reach and engagement by delivering the product to the customers, while driving sales through new product application and sampling activities.

The introduction of **F&N 3 Layer Tea Booster Programme** to accelerate the 3-layer-tea momentum at the on-premise channels was another highlight for F&N Evaporated Milk. This was followed by a consumer campaign, **The F&N Evaporated Milk Ramadan Easy Pack Meal**, which provided consumers a special promotional pack with various recipe ideas to induce consumption.

The **Carnation Kitchen Secret Campaign** leveraged two series of TV commercials (TVCs) to drive product application. The TVCs highlighted food and beverage preparation while a corresponding redemption programme helped to build brand loyalty. **Cooking Class with Amy Beh** was yet another platform to promote Carnation Evaporated Milk through creative applications and recipes.

Following the hugely successful **Ideal Celebrity Chef** held last year, the second season of the popular reality show hit the airwaves in June 2010. This programme helped reinforce Ideal's premium imagery via a branded content show and provided a platform to showcase new recipes and applications that used Ideal Full Cream Evaporated Milk.

The Ideal Ramadan Charity Drive in August was organised in collaboration with Malaysian NGO 'Power of 10 Sen' to raise funds during the Ramadan month for the Malaysian Children's Welfare Council (MKKM). The campaign culminated in a grand breaking of the fast (majlis berbuka puasa) attended by some 200 underprivileged children from MKKM. A cheque for the sum of RM150,000 was presented to the patron of the event and wife of the Prime Minister, Datin Seri Rosmah Mansor, at this event.



Ideal Celebrity Chef – the second season of the popular reality show



Carnation Evaporated Milk Promotion – Cooking Class with Amy Beh



Blueberry and Cranberry flavour, launched under the 100% No Sugar Added range

Juice

Dairies Malaysia carried out continuous activities to drive sales volumes as well as generate excitement amongst consumers and to stimulate the switch to Fruit Tree Fresh and Sunkist offerings.

The Fruit Tree Fresh brand expanded its range with the introduction of the **Blueberry & Cranberry** flavour, which

used "Super-fruits" to grow the brand's appeal.

Launched under the

100% No Sugar Added range, this

new flavour rides the growing health

and wellness wave and consumer

preference for fresh, natural products.



In March 2010, **Sunkist Dash** was launched to capitalise on the growth within the ambient ready-to-drink (RTD) juice market. The two variants, *Sunkist Dash Orange with Grape Seed Extract* and *Sunkist Dash Apple with Dietary Fiber*, are available in 1.5l or 350ml PET packaging. Consumer response to date has been encouraging.

During the Ramadan month, both Fruit Tree Fresh and Sunkist executed consumer promotions to generate shelf off-take for pasteurised juices via the introduction of value buy promotion packs.



DAIRY PRODUCTS

Liquid Milk

The Farmhouse brand was marketed using a combination of initiatives designed to strengthen family consumption, expand its consumer base and showcase the unique qualities of the products.

In October 2009, Farmhouse joined forces with the National Heart Institute to showcase the benefits of Farmhouse Omega for health conscious consumers during its **World Heart Day** campaign.



Farmhouse Show Me The Mooney

The first **Farmhouse Milky Bash** helped to strengthen Farmhouse's positioning as "fresh milk from Australia". Organised in collaboration with Tourism Australia, the event was an avenue for loyal Farmhouse consumers to experience unique and exciting activities from Australia and win lots of attractive prizes.

Farmhouse Show Me The Mooney was an apprentice-styled challenge to derive new ideas to strengthen Farmhouse's positioning and expand its consumer base. Members of the three-person winning team were offered the opportunity of employment at Dairies Malaysia besides winning RM30,000 in cash and a holiday package to Australia.

Following its rousing success in 2008, Dairies Malaysia rolled out **Magnolia Wonderkids II** to further encourage children to drink milk while showcasing the multiple benefits of this healthy habit. The campaign involved the entire Magnolia range of pasteurised and sterilised milk products. Over RM35,000 worth of prizes were handed out to children aged 3 to 12 years at a grand finale.

Magnolia Good Morning and Magnolia Good Night Low Fat sterilised milk hit stands in January 2010. The official launch of the product in April involved local radio personalities and leading experts who espoused the benefits of a good night's sleep in order to have a great start to the day. The product positioning highlighted the unique benefits of each product as effective and healthful solutions for young working adults to cope with a fast-paced and stressful lifestyle. The communication message "A great day begins with a Good Night and Good Morning" was leveraged across all marketing channels to great effect.

For its innovativeness and efficiency, Dairies Malaysia won the bronze medal in the beverage category of the prestigious and world renowned Effie Awards. This award is given to brands that excel in their marketing efforts and deliver outstanding results.



Magnolia Wonderkids II



Ice Cream

The ice cream division improved its route-to-market efficiency and effectiveness in a bid to grow its revenue and improve profitability. Product innovation and consumer-oriented programmes continued to be a mainstay to protect its market share and generate excitement within this category.

A medium size cone, **Mag-a-Cone Star** was introduced in November 2009 to attract consumers trending towards a smaller sized cone. The roll out of **Gotcha Yahcool Tube** followed in February 2010 to promote to kids the concept of a healthy ice-cream in a push up tube. In May 2010, the take home segment was rejuvenated by the re-launch of the **Passion Tub** with improved packaging and a flavour extension of Blueberry Cheeze.

The **Magnolia Mag-a-Deal Redemption** programme held from March to May 2010 was aimed at increasing brand awareness and driving sales of the Magnolia novelties range. Consumers were provided with the opportunity to win over RM400,000 worth of prizes including 100 Sony PSPs (Playstation Portable) and 200 Sony Buddy Walkmans.

In June 2010, the **Magnolia Scratch to Score** consumer programme was implemented to drive consumer demand for the entire Magnolia ice cream range. The programme concept rode on the 2010 FIFA World Cup fever by offering Official National Supporter Jerseys and RM150 as the main prize.



THE ROAD AHEAD

For the year ahead, Dairies Malaysia remains focused on growing and consolidating its core canned milk business, while continuing to nurture the liquid milk and juice segments. However, it is cognizant of the challenges ahead in the form of changing competitive landscape and the continuous surge in the prices of raw materials notably skimmed milk powder, sugar and palm oil, which will impact on the cost of goods and inevitably on trading margins.

It will continue to leverage on operational efficiencies and cost effective programmes and stay focused on enhancing the brand equity of Malaysian household favourites such as F&N, Gold Coin, TEA POT, Magnolia, Farmhouse and Fruit Tree Fresh.



"Magnolia Fresh Milk Home Delivery" ... bring the goodness of Magnolia Milk right to your door step

DAIRIES THAILAND

OVERVIEW

Thailand faced one of its worst political crisis in recent times, culminating in sporadic unrest that led to curfews being imposed in Bangkok and some parts of the country. Notwithstanding, consumers' access to Dairies Thailand's products remained largely unimpeded as supplies were continuously made available via the wide network of traditional and modern trade outlets.



The new state-of-the-art manufacturing plant at Rojana Industrial Estate

Revenue for Dairies Thailand grew 6.6 per cent to close at RM867 million (THB8,536 million). Despite the domestic political unrest and border disputes, Thailand and Indochina sales surged 15.0 per cent to RM800 million (THB7,865 million).

Operating profits rose 29.1 per cent to RM65 million (THB635 million), recording uninterrupted growth for the fourth consecutive year. The continuing drive for volume and revenue growth through wider distribution, the creative investment in marketing campaigns to create consumer pull, the close attention to managing margins through effective trade discounts, and the drive for production efficiency to lower unit cost were key factors contributing to the strong profit growth.



OPERATIONAL MILESTONE

The new state-of-the-art manufacturing plant at Rojana Industrial Estate was in full operation in December 2009, serving as the biggest canned milk manufacturing plant in the region, marking a successful transition from its former plant at Navanakorn.

In July 2010, Dairies Thailand relocated to its newly built third party Rojana Warehouse Distribution Centre, situated only 300 metres adjacent to its Rojana dairy plant. This new Distribution Centre is well placed to meet the current capacity requirement of the neighbouring Rojana Plant, with ample room to support business growth and future expansion for its operations on top of the significant savings in transportation costs.

In August 2010, Dairies Thailand was one of five food companies in Thailand to receive the prestigious **"FDA Quality Award 2010"** from the Thailand Food and Drug Administration (FDA). Criteria for the

awards include exceptional product quality, compliance with FDA regulations and involvement in corporate responsibility and community programmes. The awards were presented by Mr. Jurin Laksanawisit, the Public Health Minister of Thailand.

Dairies Thailand also received the **"Best Service Level and Collaboration Award for Non Perishable (Non-VMI) Supplier"** from Central Food Retails and Tops, one of the leading food retailers and supermarkets in Thailand. It was a noteworthy achievement considering it only commenced operations less than four years ago.

BRAND ACTIVITIES



Canned Milk

Dairies Thailand's canned milk portfolio continued its stellar performance with its Carnation and TEA POT brands leading the way. Two key success factors contributed to this segment's growth which are cost-effective execution and strong brand visibility which included product branding across 11,000 street hawkers nationwide.

Carnation Sweetened Beverage Creamer (SBC) and Carnation Evaporated Milk (EVAP) each posted strong sales growth of over 20 per cent. Carnation SBC closed the year with market share of 29 per cent while Carnation EVAP grew three percentage points to register 73 per cent market share.

A new TV commercial was launched in April 2010 to further promote brand awareness of TEA POT Sweetened Condensed Milk and Evaporated Milk products and spearheaded the brand message that "TEA POT is the Best for Tea" as well as to promote category growth. This campaign is gaining popularity with the creative execution of "Teh Tarik" preparation for Thai consumers which was broadcasted on selective TV programmes.

Liquid Milk

Dairies Thailand ran major campaigns to sustain its market leadership status within the sterilised milk segment which helped Bear Brand Sterilised Milk continue to lead with 98 per cent market share.

In conjunction with Bear Brand's 70th year anniversary in Thailand, a five-month marketing campaign was executed from November 2009. This campaign promoted strong engagement between the company and Thai consumers while strengthening product brand equity based on a theme of **"Love, warmth and care"**.



Bear Brand Sterilised Milk products were donated to the underprivileged children - CCF Foundation is one of the three foundations.

Impoverished children across rural Thailand received 70 million milliliters of Bear Brand Sterilised Milk via three major foundations under the patronage of HRH Princess Maha Chakri Sirindhorn – the Thai Red Cross in January 2010, CCF Foundation in March 2010 and Princess Sirindhorn's Personal Affairs Division.

DAIRY PRODUCTS

Following the success of its first Bear Brand Gold TV commercial campaign, **"A Day In A Life" (7 days 7 benefits)** by Anne Thongprasom, one of the most popular TV personalities in Thailand, the division launched its second campaign, **The Challenges** in July 2010. This campaign looked to expand beyond its core consumers of working women to include university students. As a result, Bear Brand Gold's market share surged to 34 per cent for the month, the highest ever achieved since the product was introduced in 2006.



Within the UHT segment, the "Brain and Bone" concept continued to be the focus behind Bear Brand UHT's positioning. In support of this concept, the **2nd Brain & Bone Bear Brand UHT Kids Challenge** was rolled out in June 2010 to grow its consumer base. Participants were required to submit a 1-minute video that best showcased their children's brain and bone health development to win public votes.

The packaging of Bear Brand and Milo UHT was redesigned to a slimmer package following market research input to differentiate the products from its competitors.

These changes, supported by consumer activation initiatives during the year, helped Milo gain 7 per cent volume growth, while its market share grew to 34 per cent in August.

Subsequently, Dairies Thailand launched **F&N Magnolia Good Morning & Good Night Milk**, the first of its kind to be introduced in the Thailand market. These products focus on the time of consumption which is either at night or in the morning, to derive functional benefits.



INDOCHINA

Dairies Thailand continued to expand its reach across Myanmar, Laos and Cambodia. The region achieved a commendable growth of 62.4 per cent mainly propelled by aggressive plans to build distribution on the ground.

Advertisements in traditional mediums (TV and radio) and below-the-line activities such as banners, posters and leaflets were deployed to promote its brands and products.



2010 Makro Horeca Fair

THE ROAD AHEAD

The gradual recovery in the global economy is likely to have a positive impact on Thailand. However, political stability remains fragile with the possibility of elections held within the next 12 months.

Dairies Thailand will approach the year ahead with cautious optimism as key input costs are on an uptrend although probably less volatile. Continued focus will be placed on growing its current core portfolio and expanding its reach to other parts of Indochina. It will continue to pursue continuous improvement and initiate cost savings' programmes in manufacturing, supply chains and other operations to help it achieve sustainable profit growth.

EXPORTS

Total Group exports recorded revenue of RM 232 million for the year, reflecting a dip of some 10.0 per cent from the preceding year. The decline was largely attributed to capacity limitations at the Petaling Jaya plant while the Rojana plant was gearing up following the relocation from the Navanakon plant in the middle of the year.

The Rojana plant serves as a manufacturing base for the Thailand domestic market and exports to Indochina, Myanmar and markets serviced by Nestle, such as Hong Kong, Taiwan, and the Philippines, while observing and delivering the high quality standards that have been established. In addition, the Rojana plant complements the Petaling Jaya plant in meeting the increasing demand from markets outside Indochina and Nestle affiliates. The exports output from the Rojana plant took a dip during the year with the cessation of contract manufacturing of Nestle's Bear Brand sterilised milk for Nestle Indonesia, when Nestle' commenced local production for same towards the last quarter of the year.

The continued capacity constraints at the Petaling Jaya plant and the periodic adjustment in selling price brought on by a hike in key raw material prices such as milk powder and sugar and exacerbated further by a weaker greenback hampered exports expansion initiatives for exports ex Malaysia during the year. The added capacity from recent entrants to the industry has changed significantly, the competitive landscape in the markets that we operate in posed new challenges. While acknowledging these challenges, the business remains sustainable with the support of key loyal customers in strategic markets and focused marketing initiatives.

Exports conducted through the Group's associates in Singapore, while continuing to be significant, also registered a dip in volume. This is an important part of the business and will continue to be sustained in the year ahead.

PROPERTY



PROPERTY DIVISION

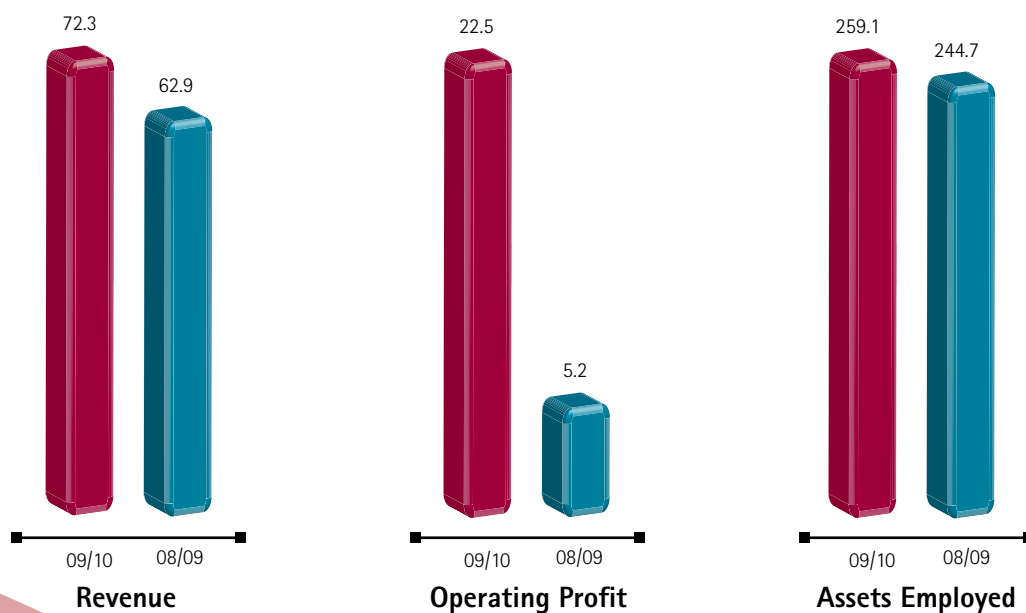
The development of Phase 2 of Fraser Business Park, marketed as *Zon.e@ Fraser Business Park* was successfully completed and handed over to the division at the end of September 2010 within the period under review. Renamed *Komplex Metro Pudu* by Kuala Lumpur City Hall, the complex was completed amidst an unprecedented increase in building material prices.

The on-going effort to unlock and enhance the value of the Group's property portfolio by the division resulted in the successful disposal of the land in Jalan Ampang. The timely divestment yielded good returns in an environment of prolonged economic uncertainty in the property and development sector.

The division will continue its efforts to further unlock and enhance land value for the Group on an on-going process to deliver a higher return on investment to shareholders.



Cheah Hong Chong
General Manager, Property



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PROPERTY



Komplek Metro Pudu

KOMPLEK METRO PUDU

During the year under review, the main tenant of the college block, HELP University group commenced retrofitting works on its city campus at Komplek Metro Pudu, and is scheduled to be completed by the end of 2010. We expect HELP to commence operations upon obtaining all the necessary permits and approvals for its educational programme in 2011. The city campus is capable of accommodating up to 5,000 students.

In line with the positioning of the complex as the region's first purpose-built ICT hub, which features ICT retail business lots, a budget e-hotel and service apartments, we have successfully collaborated with Telekom Malaysia to install an exchange for broad band internet connection which is capable of providing high speed connectivity to all tenants of the complex. This state-of-the art broad band infrastructure is ready for connection.



Artist impression on the redevelopment of Section 13 Petaling Jaya

REDEVELOPMENT OF SECTION 13 PETALING JAYA

In tandem with the Group's aspirations in the F&B business, the property division's efforts are closely aligned with adding value to its assets. The existing Premier Milk manufacturing plant located at Section 13, Petaling Jaya, is scheduled for relocation to Pulau Indah commencing end of 2011. This land offers great potential for redevelopment to a mixed commercial scheme with high Gross Development Value of no less than a billion ringgit worth of commercial and residential properties.

In the years ahead, the division will focus on transforming the 12.7 acre site into a notable landmark in Petaling Jaya. The redevelopment to be undertaken in phases is envisaged to cover over a five to eight year period. Master planning for this redevelopment has commenced while waiting for the land to be vacated. Phase One, comprising commercial and residential properties is expected to commence in 2012.

BUSINESS OUTLOOK

The property market in the year under review went through a period in which developers exercised caution with regard to launching new projects in the first half of the year. The market saw a turnaround in the second half of 2010, as developers started to re-launch new projects and reported brisk sales and rising prices, especially for landed properties at well located sites. We envisage the Government's ongoing economic stimulus package to help create a stable property market in the coming year.

The property division will continue its journey to unlock and enhance values of the Group's existing land banks to add values to its shareholders. The redevelopment of Section 13 in Petaling Jaya is timely and is expected to yield promising returns to the division.

Nurturing Our Family

Tropical rainforests are home to the rare Asiatic elephants. Like its African cousins, the Asiatic elephant family is ruled by a matriarch and generally consists of her female offspring and their young. This cohesive relationship is what allows the rest of the herd to acquire knowledge that can be put to good use when needed. Likewise at F&N, we have nurtured our employees through the close-knit relationship that we share with them. Through a series of training and development programmes, and supported by a set of caring CSR initiatives at the work place, we have developed our people into a cohesive and highly-skilled workforce they are today.



The background of the page features a grayscale photograph of a waterfall cascading over rocks. This image is partially covered by large, semi-transparent geometric shapes: a dark brown triangle in the top-left corner and a light tan triangle in the top-right corner, both pointing towards the center.

CORPORATE RESPONSIBILITY

Human Resources

060

Corporate Responsibility Initiative

063

HUMAN RESOURCES

Skilled human capital is the business' most valuable resource and commitment to the increasing importance of this intangible asset is key to developing and managing people's ability to learn, to network, to partner and to innovate.

Motivating people to learn on a sustained basis is pivotal as they can add immense value by enhancing the overall adaptive capacity of the organization and its ability to respond quickly and flexibly to changes in its operating environment.

To ensure the sustainability and capability of this valuable resource to contribute to the achievement of the business objectives of the F&N Group, a series of training programmes were initiated by Group Human Resources (GHR) aimed at increasing capacity, knowledge and competencies as well as intensify personal development. Of particular emphasis was training to enhance the leadership propensity of senior managers and key managers in mentoring and coaching so as to strengthen human capital assets across the Group.

TALENT MANAGEMENT

GHR participated in various Career Fairs, one of which was JobStreet.com's Career Fair 2010, Malaysia's largest career and training exposition. Participation at such fairs enabled the Group to create awareness as well as attract new talents while building up its employer brand.

To ensure development of a strong pool of talent in the Group's succession planning pipeline, GHR continued with the recruitment of future leaders, the third to date via the F&N Management Associates Programme (MAP). In the period under review, 11 new associates, having passed a rigorous screening process were recruited compared to 7 in the preceding one. The Management Associates underwent a 16-month total immersion programme encompassing cross-functional development via intensive on-the-job training, cross-business exposure and personal development modules to expose them to the Group's business environment, while creating opportunities for them to acquire commercial acumen and hone their individual leadership skills. A series of training programmes were implemented to fast-track the young and aspiring talents, in the various areas such as Effective Influencing Skills, Creating the Customer Experience, Effective Business Writing Skills and Enhancing Critical Thinking & Problem Solving Skills. MAP participants also underwent a five-day challenge at the Outward Bound School challenge at Lumut.

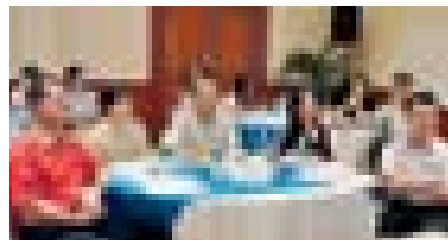
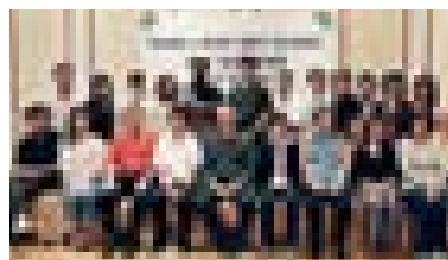


F&N participated at the Career Fair 2010

LEARNING & DEVELOPMENT

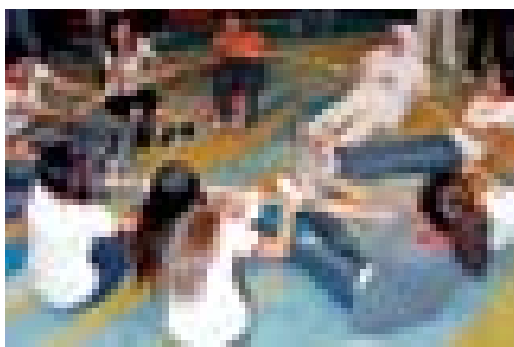
The beginning of the financial year saw GHR focusing on people leadership development programmes. Following the coaching pilot project implemented in the previous financial year, three additional follow-up consultation sessions were conducted for senior and key managers upon successfully completing workshops on Implementing Workplace Mentorship and Building Coaching Capabilities to foster their mentoring and coaching skills. A total of 50 participants successfully completed the six coaching consultation sessions.

Personal leadership and result leadership programmes such as Personal Mastery for Success (19 participants), Self Leadership Programme (20 participants) and Effective KRA's Setting & Performance Appraisal (10 participants) were organised. Workshops on Training Needs Identification (two sessions with a total of 16 participants) were also held for Head of Divisions (HODs) and section heads to enable them to play a more effective role in identifying the training and development needs of their staff.



Self Leadership Programme

In line with the implementation of the HR Master Plan, GHR embarked on a competency modeling project which covered a total of six sessions and the participation of 104 personnel. Project consultants trained senior and key managers of the Soft Drinks Division and focused on developing functional competencies for the respective job profiles. Two debriefing and follow-up workshops for 48 participants were conducted by the project consultants two months later to assist them to complete their assignment on building functional competencies. Workshops were also conducted for employees at F&N Holdings and the Dairies Division to build core competencies.



SSCF- Team Building

Apart from the MAP, this year also saw the second batch of Young Managers' Programme (YMP) organised by the Dairies Division. The seven participants of the YMP had the opportunity to participate and interact with the MAP team in designated training activities.

To encourage the effective use of IT office tools, GHR also organized two courses on Building Data Mining Modules Using Microsoft Excel 2003 and High Impact PowerPoint Presentations. Response to these courses was encouraging and the next financial year will see more of such sessions to equip employees to become more IT savvy.

GHR also implemented the Education Assistance Programme (EAP) to promote and encourage continuous education among employees, and was delighted to see the first application accepted under the scheme. Training courses on First Aid & CPR as well as Communicative English are also in the pipeline and scheduled to be conducted at the beginning of the next financial year. In line with F&N Group-wide initiative, iTAL (Innovation Through Actions Learning) workshops will also be launched.

Growing The Communities

The wild ginger is a lowland growing plant commonly found in rainforests all over the world. Its name refers to the fact that its stems and roots have a spicy odour similar to that of culinary ginger. Wild ginger is a highly adaptable plant that spreads fast through underground rhizomes. This adaptability trait mirrors what we share with our community, simply because for us at F&N, the one underlying message that we hold steadfast to is: Look after your people, look after your planet, look after your stakeholders and profits will follow.



CORPORATE RESPONSIBILITY INITIATIVE

Over the years, the F&N Group has held steadfast to its inherent belief that acting in a socially responsible manner is more than just an ethical duty; rather it is an integral part of our operations and a key focus area that creates sustainable value. We have been guided by our responsible behavior based on sound ethics and core values to build a better future for our stakeholders in the community, workplace, marketplace and the environment.

CARING FOR THE COMMUNITY

F&N Chairman's Award

Recognising that the youth of today are the future leaders of tomorrow, the F&N Chairman's Award for Educational Excellence rewards children of employees for academic excellence in public examinations and those who have gained entry to tertiary institutions locally or abroad. Several recipients have done their families and F&N proud by graduating with top honours. Among them is Ong Hui Xin who was awarded a First Class Honours in her Pharmacy degree and received a 3-year scholarship from the Australian government to pursue her PhD at the University of Sydney.



Ms Ong Hui Xin, daughter of Mr K C Ong, Group Internal Audit Manager, was awarded a First Class Honours in her Pharmacy degree

Over the years, the F&N Group has held steadfast to its inherent belief that acting in a socially responsible manner is more than just an ethical duty; rather it is an integral part of our operations and a key focus area that creates sustainable value.

CORPORATE RESPONSIBILITY INITIATIVE



Recipients of the Chairman's Award 2010

The Chairman's Award 2010 ceremony marked the 8th year since the inception of the RM1.2 million scheme in 2003 to celebrate the Group's 120th Anniversary. In conjunction with F&N's 125th anniversary in 2008, the initial allocation was topped up with an additional RM1.25 million. Since 2003, a total of 1,267 awards totaling RM1.50 million has been disbursed. Of the recipients, a total of 55 students have graduated from institutions of higher learning and are working in various industries while another 18 are currently pursuing tertiary education.



The Chairman presenting the award to one of the UPSR recipient



Recipients of Out-Do-Yourself Award I in 2008



Recipients of Out-Do-Yourself Award II in 2009

The F&N Out-Do-Yourself Award

The F&N Out-Do-Yourself Award (OYA) was launched in 2008 to honour Malaysia's unsung heroes, the ordinary residents in Malaysia who have performed extraordinary deeds, in the spheres of nation building, sports, academic and civic consciousness. For the period under review, OYA recognized another seven recipients. To-date, 14 outstanding Malaysians have been honoured for their acts of bravery, chivalry, compassion and kindness. The F&N OYA extends recognition to a maximum of 12 recipients annually.

Judged by a panel of senior media editors with former Chief Justice Tun Mohamed Dzaiddin Hj Abdullah as the chief adjudicator, the award winners receive RM3,000 cash, a certificate, plaque and F&N products.



Recipients of Out-Do-Yourself Award III with YB Datuk Seri Shahrir bin Abdul Samad, F&N OYA Patron at the award ceremony in Kuala Lumpur recently

The latest recipients are Yvonne Foong who is battling Neurofibromatosis but is striving to be an inspiration to other physically challenged Malaysians; 12-year-old Berine Sua Linggi who leapt into the Belaga River to save two sisters; and a group comprising teachers Ikha Nadia binti Md Idris, Mohd Sharif bin Ibrahim and Mohd Shah Rizal bin Zainudin as well as security guards Rusli bin Mohamad and Ismail bin Ahmad who saved 19 children when a suspension bridge they were crossing collapsed into the Kampar River.



The Sudut IQRA – reading corner

The Sudut IQRA – Reading Corner

In keeping with the philosophy that education is not just filling a pail but the lighting of a fire, the F&N Group has always held education as a note-worthy cause that contributes to a better future for the youth and positively impacts the community and the nation's growth. Among the on-going projects, the "Sudut Iqra" or reading corner in Arabic which was established in 2006 has touched the lives of some 1000 children in orphanages in Perlis, Kedah, Selangor and Penang. In total, over RM400,000 has been disbursed for the set-up of the full-fledged libraries in the respective homes, aimed at promoting reading and enhancing proficiency in the English language among children. The "Sudut Iqra" initiative was also expanded to five schools in Sarawak during the year.

As a follow-up, children of the homes participate in confidence building cum motivation workshops to imbue in them the benefits of reading. The programme had begun bearing fruit with the children showing improved essential living skills through teamwork exercises in the preparation of case studies and presentations using the treasury of reading materials readily available in their libraries. Each home also received an additional RM2,000 worth of books for their libraries over a two-year period after the inception of the "Sudut Iqra". This programme directly benefits some 1,000 children in the respective homes.



Launching of F&N IT Corner at Rumah Keluarga Kami

The F&N IT Corner

To upgrade computer literacy and skills among underprivileged youth, F&N IT Corners were established at the Monfort Boys Town and Rumah Keluarga Kami. At the Monfort Boys Town, the F&N IT Corner is fully equipped with 25 new computer sets, internet access, a scanner and a printer estimated at RM80,000, inclusive of the requisite furnishings to provide a conducive environment for the children to sharpen their computer skills and help them in their studies, especially in conducting research for their school assignments. This adoption is sustained by continuing upgrading of hardware and software to ensure its effectiveness and relevance. It is also supported by volunteers from the Company in the maintenance of the facilities and training for the students.

On a smaller experimental scale, computers were donated to Rumah Keluarga Kami, a smaller orphanage, to cultivate IT skills of the children. This is also supported by volunteers from the Company with regular visits to offer training.

Buka Puasa Treat

The holy month of Ramadan is one of abstinence and caring for the less fortunate, and for the past seven years, F&N Beverages Marketing (FNB) has held Buka Puasa treats for orphans and the less fortunate to ensure they were not left out during such occasions. This year, another 51 orphans from Rumah Ilham in TTDI and 115 children from Rumah Amal Limpahan Kasih were feted to celebrate the beginning of Ramadan. Apart from receiving duit raya, the children were also presented with goodie bags and new sets of baju Melayu and baju kurung complete with songkok and tudung ensuring that it was a Raya celebration that they would not forget. Such activities held on a continuous annual basis by FNB have helped to brighten up the lives of the less fortunate.

Lunar New Year Festivities

For the first time since it began in 2002 to bring cheer to the elderly during the Lunar New Year, FNB extended its annual Chinese New Year luncheon to Sarawak. The event brought cheer to 34 residents of Sarawak Hun Nam Siang Tng home in Kuching who were able to usher in the Year of the Tiger with hopes of happiness, prosperity and good fortune. Ang paws, mandarin oranges as well as cash and necessities were handed over to the residents who also enjoyed a delicious luncheon complete with the tossing of yee sang and were treated to a lion dance performance. In Melaka, a similar treat was arranged for some 50 senior citizens from three homes, namely Rumah Orang Tua Berkat, Melaka Victory Old Folks Home and Rumah Sejahtera. This yearly on-going initiative by FNB has impacted the lives of many elderly folks who otherwise would not be able to enjoy such joy during the festive season.



FNB has impacted the lives of many elderly folks at its annual CNY luncheon



Underprivileged children from Rumah Bakti Nur Syaheera, Cheras and Rumah Juara, Petaling Jaya embarked on a team building exercise

Going Back To Nature

Fifty-six underprivileged children from Rumah Bakti Nur Syaheera, Cheras and Rumah Juara, Petaling Jaya embarked on a team building exercise and fun learning nature adventure at Nur Lembah Pangsun to foster understanding and teamwork spirit amongst underprivileged children from different backgrounds. The full day programme organized by FNBM since 2000 encourages the children to work together to achieve a common goal amidst a series of challenges while developing an appreciation for the environment and nature. The on-going programme held annually is also aimed at developing confidence, leadership skills, teamwork, interpersonal and intrapersonal skills amongst the children who hail from different cultural backgrounds.

Deepavali Raya Joy

F&N Dairies Malaysia (FNDM) organized its 15th Annual Deepavali Ria Celebration for 170 residents from Rumah Insaniah Tun Dr Siti Hasmah, Pure Life Society and Persatuan Penjagaan Kanak-Kanak Cacat Klang in October 2009. The joint Hari Raya Aidilfitri and Deepavali celebrations saw the children and residents treated to a scrumptious spread accompanied by special performances. Apart from RM10,000 presented to each home by FNDM, everyone also received duit raya to celebrate the festivities. This annual fixture in the calendar for the home has brought a lot of joy and comfort for the children.



Deepavali Ria Celebration for 170 residents from Rumah Insaniah Tun Dr Siti Hasmah, Pure Life Society and Persatuan Penjagaan Kanak-Kanak Cacat Klang

F&N Retirees Club

F&N employees who retired from the Group are not forgotten and are able to keep in touch with ex-colleagues and friends as well as continue to develop a true spirit of loyalty towards F&N products via the 'Kelab Sosial Bekas Pekerja Kumpulan Fraser & Neave Kuala Lumpur'. Established on 17 December 1997, the Club currently boasts a 245-strong membership from its initial 60 members. Apart from fostering continued relationships among present and past employees, the Club also promotes advancement and improvement of its members, and renders assistance where necessary. Thanks to annual contributions from F&N Holdings and F&N Beverages Marketing, the Club is able to organize regular club activities for its members. It has also been able to purchase its own Club House located at Jalan Loke Yew in Kuala Lumpur. The Club offers a continuing and yet important link between retired employees and the Company.



In Synchrony With The Environment

Royal Belum rainforest houses 10 different species of hornbills, and is probably the only place where one can find the endangered plain pouched hornbill. The rainforest is the only source of life for these rare creatures and therefore, it should be maintained at any cost to ensure their survival. This, in more ways than ever, reflects and underscores the Company's role in protecting the environment. Numerous measures in water and energy conservation have already been initiated into our day-to-day activities which, in the long run, will help preserve the environment for the generations to come.

ENVIRONMENTAL AWARENESS & CONSERVATION

Recycling

To inculcate in school children the importance of practising the 3R of Reduce, Reuse and Recycle and be more responsible towards Mother Earth, Kempen Kitar Semula was jointly organized by F&N Beverages Marketing with the Shah Alam City Council (MBSA) for the fourth consecutive year. The three-month recycling campaign aimed to inculcate and rejuvenate the spirit of recycling in school children. The programme was expanded to the East Coast in May 2010 when a maiden venture was launched with the Kuantan City Council. To-date, a total of 123 primary and secondary schools have participated and yielded over 450,843 kg of recyclable materials.

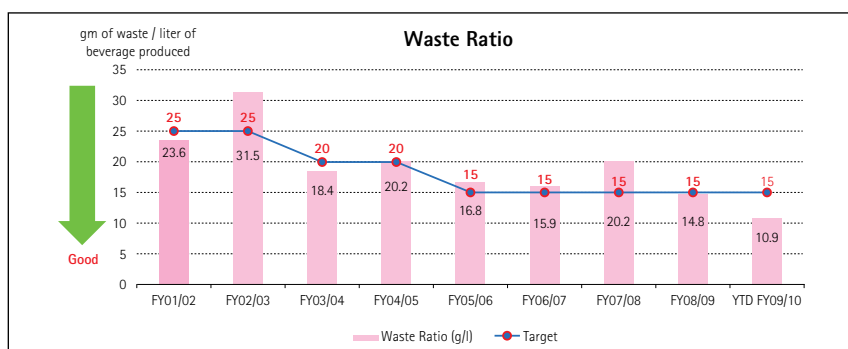


The closing and prize giving ceremony at Kempen Kitar Semula in Kuantan

Green Environment

In terms of Environment: Green Factory compliance, F&N Dairies Thailand (FNDDT) ensured compliance with environment legislation and received certification of ISO 14001. Water and paper usage was reduced by 5 per cent, general and packaging materials waste was reduced by 5 per cent and a recycling mind-set was reinforced among employees. With the use of natural gas and the installation of utility meters to monitor energy usage efficiency, energy consumption was reduced by 3 per cent.

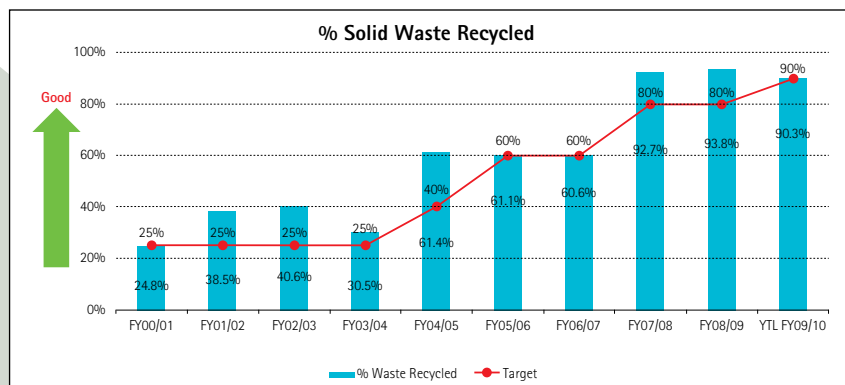
At F&N Beverages Manufacturing (FNBMsg), concerted efforts were made in the area of waste, water and energy conservation. To reduce waste generated from packaging material of incoming goods or as by-products of the manufacturing process, our raw and packaging material suppliers were encouraged to switch to re-usable pallets, cartons and boxes. Greater attention was also given to make the manufacturing process more efficient to improve its conversion ratio as better conversion efficiency means overall reduction in factory waste.



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

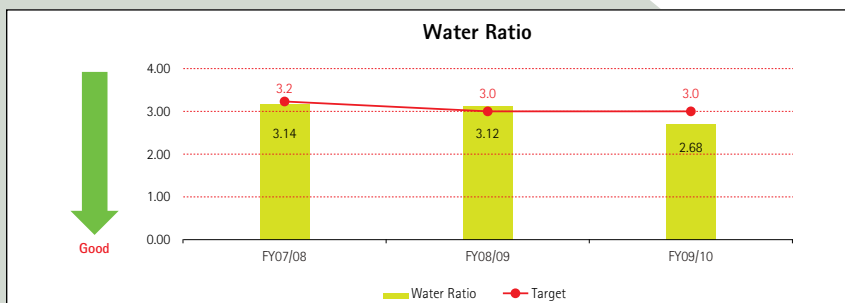
ENVIRONMENTAL AWARENESS & CONSERVATION

In the area of solid waste recycling, FNBMfg has been consciously working to avoid the conventional landfill route and instead find alternative ways to recycle solid waste. The result of these efforts is evident by a 3.5 fold increase in recycled waste over the past decade. Starting from recycling its aluminum, glass and paper waste, FNBMfg has gone on to more unconventional recycling initiatives by recycling all soybean waste (called okara), for use as raw material for the animal feed industry, while rejected aluminum cans are melted and converted to more aluminum. In addition, the sludge from the waste water system is used as a high grade fertilizer. These rewarding recycling initiatives can be attributed to FNBMfg success in identifying and developing downstream vendors who are able to convert waste to economically viable applications.



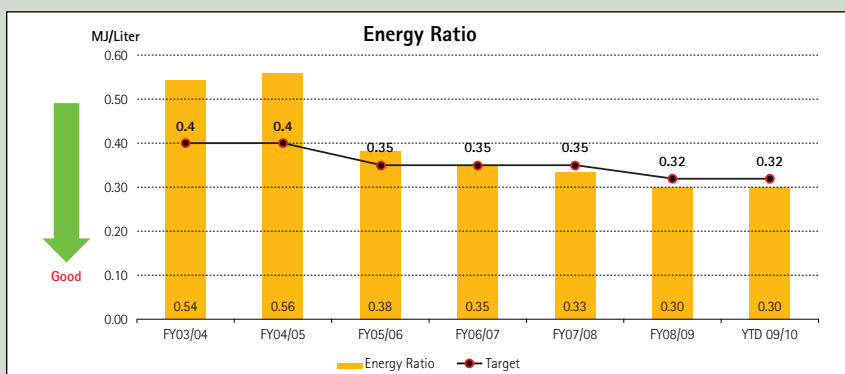
Solid Waste Recycled is defined as total solid of wasted recycled over total solid waste generated

As a big consumer of water, FNBMfg has been actively working on efficient way of water usage. Opting for newer technology which requires less water to carry out the same job, using alternate methods of cleaning and sanitizing and recycling good quality water to lower grade applications for instance floor washing and landscaping are some of the ways that have reduced our water ratio, consistently, over the years.



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

Efficient energy consumption is an ongoing goal. An efficient manufacturing operation requires a close control on usage of various forms of energy for instance natural gas, LPG and electricity. To monitor and benchmark energy efficiency, consumption of all forms of energy is converted to a common unit which is MJ and referenced against the plant output. By using efficient air-conditioning system, energy saving lights, automated machine controls and energy efficient building components, FNBMfg has been able to achieve significant energy efficiency over the past couple of years.



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

WORKPLACE

Core Values

FNDM launched its Six Core Values in December 2009 in line with the division's commitment towards building a performance-based culture. The Core Values comprising Integrity, Openness to Change, Teamwork, Mutual Trust and Respect, Creating Value and Performing at Our Best will be embraced by employees to meet future challenges. This is an ongoing soft skills development programmes, where selected qualified employees are continually trained to be trainers to impart and promote positive ethical values amongst the peers in order to build a cohesive organization with shared values.



Safety & Health

The safety and health of employees and the reliability and safety of our manufacturing plants is of paramount importance to the F&N Group which is committed to a work culture that ensures safety and health.

Towards this end, F&N Beverages Manufacturing continued to place major emphasis on workforce training. Over the past two to three years, the number of training programmes related to safety and health was more than doubled from 7 to 13 while the number of man-hours nearly tripled to 1,942.

Apart from the emphasis on training, innovative ways were implemented to mobilize and energize the workforce to support the safety agenda. Two such programmes were the Safety Poster competition and Safety Slogan competition which involved the entire F&N team comprising the manufacturing plants, the warehouses as well as regional warehouses. Apart from winning cash prizes, the winners' entries were also converted into attractive posters, which were displayed across the entire facilities to keep the team motivated.

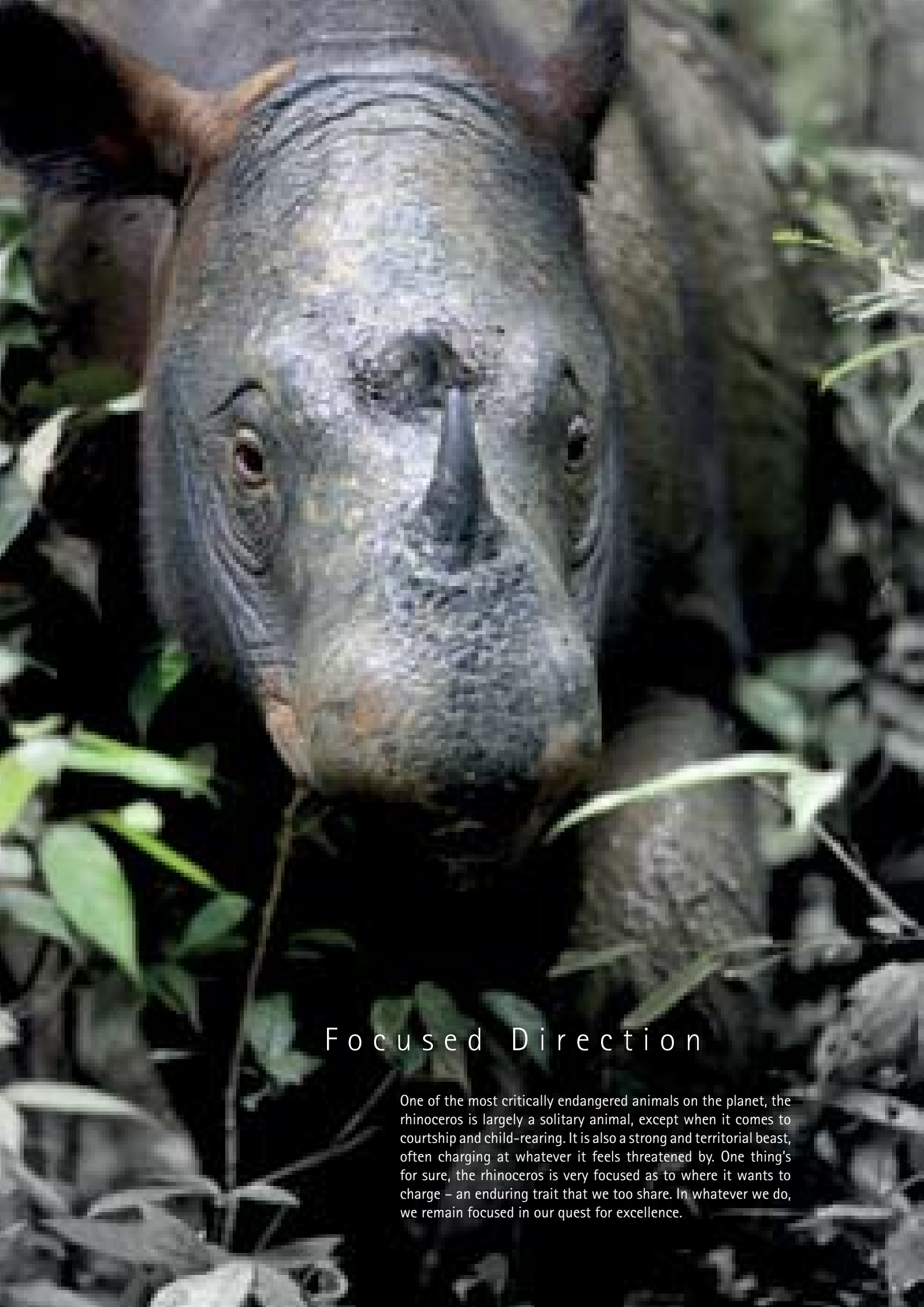
As a result of on-going efforts, the Kuching plant has crossed the previous target of 600,000 accident free man-hours and is now on track to reach the next milestone of 800,000 accident free man-hours. The Shah Alam plant, being a larger operation, has a higher target to achieve 1,000,000 accident free man-hours, a goal that was last reached in June 2009.

At Dairies Malaysia, Premier Milk Ltd (PML) has since 2006 achieved OHSAS 18001, an Occupational Health and Safety Assessment Series for health and safety management systems. With the safety programme in place, the accident rate at PML has been reduced by 37 per cent from FY 2007/08 to FY 2008/09 and further reduced by 50 per cent from FY 2008/09 to FY 2009/10. Furthermore, 1 million man-hours zero loss time accident has been recorded for the period 29 April to 5 August 2010.

FNMT achieved a safety record of zero accident (no loss time accident) accumulated from February 1, 2007 to August 25, 2010 with a total of 1,300 days. Regular Safety Health and Environment (SHE) training is conducted for all employees and there is strict compliance with all safety and occupational health laws and regulations.

Moving Forward

Looking ahead, concerted efforts are being made to move beyond merely fulfilling CR to consciously adopt and enhance sustainability in our business in a more planned and structured manner. This is to ensure development on three fundamental pillars of economic growth, ecological balance and social progress. Our first priority is the crafting of a CR charter which will be embraced by all employees as a core value and passion. On a longer-term we are looking at reviewing green products such as carbon funds and carbon credit notes, and achieving the ISO 26000 certification, recognized as the international standard for CR. We look forward to sharing more updates and highlights of our CR journey in the reports ahead.



Focused Direction

One of the most critically endangered animals on the planet, the rhinoceros is largely a solitary animal, except when it comes to courtship and child-rearing. It is also a strong and territorial beast, often charging at whatever it feels threatened by. One thing's for sure, the rhinoceros is very focused as to where it wants to charge – an enduring trait that we too share. In whatever we do, we remain focused in our quest for excellence.



CORPORATE GOVERNANCE

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STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

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

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

THE BOARD

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

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

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

1) Composition and Board Balance

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

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

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 ten meetings. Record of directors' attendances (taking into account the dates of their respective appointments) is contained in the table below. Six board meetings were held at the registered office of the Company, while the other two meetings were held off-site in Kuala Lumpur.

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

DIRECTOR	BOARD	EXCO	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
Y.A.M. Tengku Syed Badarudin Jamalullail	† • (8/8)	• (1/1)	• (4/4)	• (2/2)	• (3/3)
Tan Sri Dato' Dr Lin See Yan	† • (7/8)	• (1/1)	• (4/4)	• (2/2)	
Koh Poh Tiong	• (8/8)	• (1/1)		• (2/2)	• (3/3)
Anthony Cheong Fook Seng	• (8/8)	• (1/1)	• (4/4)		
Huang Hong Peng	• (7/8)	• (1/1)			
Lee Kong Yip	• (7/8)	• (1/1)			• (3/3)
Dato' Dr Mohd Shahar bin Sidek	• (7/8)				
Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani	• (8/8)				
Dato' Anwarudin bin Ahamad Osman	† • (7/8)	• (1/1)	• (4/4)		
Leslie Oswin Struys	† • (8/8)		• (4/4)	• (2/2)	• (3/3)
Dato' Tan Ang Meng	• (7/8)				

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 Group Executive Committee ("Group Exco")

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

The Committee comprises seven non-executive board members. All members attended the meeting which was held during the year.

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

All Nominating Committee members attended the two scheduled meetings during the year. Proposed changes in the composition of the main Board, committees and subsidiary boards were reviewed at one of the meetings prior to the submission of recommendations to the Board. The directors also reviewed and kept abreast of developments in the area of board performance assessment. A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole. In this regard, performance evaluation of the Board and Committees and self evaluation were conducted during the year together with an outside consultant. The Committee was satisfied that the overall rating of the Board was high, in particular, in the areas of corporate social responsibility and board composition which was well balanced and appropriate.

STATEMENT ON CORPORATE GOVERNANCE

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

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

A separate report on the activities of the Audit Committee is contained on page 79 to 81 of this Annual Report.

3) Access to information

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

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

4) Appointments and Re-elections

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

REMUNERATION

The Remuneration Committee is entrusted with the role of determining and recommending suitable policies in respect of salary packages for executive directors and the Group's senior executives. The current salary packages comprise a combination of basic salary and a variable performance 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 2010 are as disclosed in the financial statements.

DIRECTORS' TRAINING

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

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

During the financial year ended 30 September 2010, the directors of the Company attended various training programmes and seminars which cover the following topics :

- Directors' Continuing Education Programme
- CEP – Palm Oil Usage Versatility and Health (Truths and Myths)
- BASEL II & BASEL III by KPMG
- BAFIA 1989 : From the Lending Perspective – Compliance & Penalties
- Building Audit Committees for Tomorrow
- ACIIA Conference on Internal Auditing
- Understanding the Regulatory Environment
- Harvard and China
- Harvard Asia & Oceania Club Leaders
- Achieving Breakthrough Service
- Word of Mouth Marketing
- Improving Business Acumen and Decision Making

SHAREHOLDER AND INVESTOR RELATIONS

The Board recognizes the need for and the importance of effective communication with shareholders and the investment community. The Annual General Meeting ("AGM") is especially important for individual shareholders as it provides the main forum for direct dialogue with the Board. The 48th AGM of the Company was held on 21 January 2010 at Sime Darby Convention Centre. The Notice of Meeting attached to the Annual Report was distributed to the shareholders. The AGM in 2010 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholders represented 88.45% of the issued share capital. There was a forum for the shareholders to raise questions or issues at the AGM regarding the Group's performance in FY 2008/2009, 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 79 to 81 of this Annual Report.

The Group paid Ernst & Young approximately RM940,000 for professional services rendered in connection with audits and related services for the financial year ended 30 September 2010.

4) Compliance with the Code

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

This statement was made in accordance with a resolution of the Board dated 8 November 2010.

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 2010.

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)	4 of 4 meetings
Y.A.M. Tengku Syed Badarudin Jamalullail	4 of 4 meetings
Leslie Oswin Struys	4 of 4 meetings
Dato' Anwarrudin bin Ahamad Osman	4 of 4 meetings
NON-INDEPENDENT	
Anthony Cheong Fook Seng	4 of 4 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.

REPORT ON AUDIT COMMITTEE

2. The Committee is authorized 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 twice 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's and other statutory requirements
 - Significant adjustments arising from the audit
 - Going concern issues of any entity within the Group
 - Significant and unusual events
 - f) To review the external auditor's management reports and responses by management, and to discuss any issues of concern arising from the audit.
 - 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.
- k) To carry out such other responsibilities, functions or assignments as may be agreed to by the Audit Committee and the Board.

ACTIVITIES OF THE COMMITTEE

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

The external audit plans for the financial year were presented to the Committee prior to its implementation. The external auditors were present in all the Committee meetings held during the financial year. The Committee also met twice with the external auditors without the presence of management for the financial year ended 30 September 2010.

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

The review and verification of allocation of share options under the Group's ESOS has been delegated to the Remuneration Committee by the Board.

INTERNAL AUDIT FUNCTION

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

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

The Internal Audit function is performed in-house and the costs incurred for the Internal Audit function in respect of the financial year was about RM1.3million. At the end of the financial year, the department had seven (7) employees. Thirty-six (36) 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 8 November 2010.

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 and also cover other major functional aspects of the Group's business operations. These functions include cost control, asset security and occupational safety procedures, human capital management, productivity benchmarks, product quality assurance, compliance with regulatory standards and disciplines, among other matters. The procedures are also subject to review as processes change or when new business requirements need to be met. Compliance with these procedures is an essential element of the internal control framework.

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

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

For continued effectiveness of the internal control framework, the Group maintains a well-resourced human capital function to oversee its operations. This ensures that the people driving key operations are sufficiently skilled and exert the required qualities of professionalism and integrity in their conduct. Continuous education and training 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 15.23 of the Main Market Listing Requirements, external auditors have reviewed this Statement for inclusion in the annual report for the year ended 30 September 2010 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 8 November 2010.

STATEMENT ON DIRECTORS' RESPONSIBILITY

As required under the Companies Act 1965 ("Act"), the Directors on page 94 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 2010.

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 8 November 2010.

Soaring To Greater Heights

The white-bellied sea eagle is one of the largest raptors in Southeast Asia, measuring up to one metre when standing and having a wingspan of up to 2.2 metres. It is a highly-skilled hunter, attacking prey up to the size of a swan. When it takes to the skies and spreads its wings, the white-bellied sea eagle is indeed a sight to behold. Like the eagle, we too aim to soar to great heights and spread our wings further afield in order to expand the F&N name into a truly global brand.



The background of the page features a close-up photograph of a tree trunk on the left, with sunlight filtering through the leaves, creating a dappled light effect. The right side of the page is a solid, light beige color, separated from the photograph by a diagonal line running from the top left towards the middle right.

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 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and its subsidiaries are primarily engaged in the manufacture and sale of soft drinks, dairy products, glass container, 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 except as disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation from continuing operations	307,002	749,313
Profit after taxation from discontinued operations	387,046	-
Profit for the year	694,048	749,313
Attributable to:		
Equity holders of the Company	695,291	749,313
Continuing operations	307,002	749,313
Discontinued operations	388,289	-
Minority interests	(1,243)	-
Continuing operations	-	-
Discontinued operations	(1,243)	-
	694,048	749,313

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the gain arising from the disposal of the glass container business of RM382 million, as further disclosed in Note 7 to the financial statements.

EXECUTIVES' SHARE OPTION SCHEME

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

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

Offer date	Balance as at 1.10.2009 or offer date if later	Options exercised/ lapsed	Balance as at 30.9.2010	Exercise price	Exercise period
Option 2008 20.11.2007	2,377,300	(918,800)	1,458,500	RM7.77	20.8.2010 - 19.10.2012
Option 2009 19.11.2008	2,811,300	(126,000)	2,685,300	RM8.46	19.8.2011 - 18.10.2013
Option 2010 20.11.2009	3,108,100	(74,500)	3,033,600	RM11.34	20.8.2012 - 19.10.2014

The main features of the Company's ESOS are disclosed in Note 22 to the financial statements. The Company has been exempted from disclosing the names of employees who are granted less than 50,000 options. The names of option holders granted options to subscribe for 50,000 or more ordinary share of RM1 each during the year are as follows:

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

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

TREASURY SHARES

During the financial year, the Company repurchased 100 of its issued ordinary shares from the open market at an average price of RM11.36 per share. The total consideration paid for the repurchase including transaction costs was RM1,178. 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 21 to the financial statements.

DIVIDENDS

The amounts paid by way of dividend by the Company since 30 September 2009 were as follows:

- (i) A final dividend of 4 sen less taxation and 21 sen tax exempt dividend together with a bonus tax exempt dividend of 5 sen amounting to RM103.3 million in respect of the previous financial year was paid on 3 March 2010; and
- (ii) An interim dividend of 18 sen less taxation and 3 sen tax exempt amounting to RM58.8 million in respect of the current financial year was paid on 4 August 2010.

The directors have on 8 November 2010 authorised and approved the payment of a special interim single tier dividend of RM1.10 per share amounting to RM392.8 million (2009: RMnil) in respect of the current financial year on 357,049,401 ordinary shares. The financial statements for the current financial year do not reflect this special interim dividend and will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2011.

At the forthcoming Annual General Meeting, a final single tier dividend of 38 sen per share amounting to RM135.7 million (2009: RM103.3 million) in respect of the current financial year on 357,049,401 (2009: 356,256,101) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2011.

DIRECTORS

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

Y.A.M. Tengku Syed Badarudin Jamalullail
Tan Sri Dato' Dr. Lin See Yan
Dato' Anwarudin bin Ahamad Osman
Dato' Dr. Mohd Shahar bin Sidek
Dato' Dr. Nik Norzrul Thani bin Nik Hassan Thani
Leslie Oswin Struys
Lee Kong Yip
Dato' Tan Ang Meng
Koh Poh Tiong
Cheong Fook Seng, Anthony
Huang Hong Peng
Wang Eng Chin

(Alternate to Cheong Fook Seng, Anthony) (resigned on 7 July 2010)

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

- (i) Cheong Fook Seng, Anthony, Dato' Anwarudin bin Ahamad Osman and Koh Poh Tiong pursuant to Article 97 of the Company's Articles of Association; and
- (ii) Tan Sri Dato' Dr. Lin See Yan and Leslie Oswin Struys pursuant to Section 129 of the Companies Act, 1965.

Dato' Tan Ang Meng will retire at the forthcoming Annual General Meeting. Dato' Ng Jui Sia will stand for election as his replacement.

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

Companies in which directors held interest	← Number of shares/share options/units →			
	As at 1.10.2009	Bought/ Allocated	Sold/ Lapsed/ Exercised	As at 30.9.2010
Y.A.M. Tengku Syed Badarudin Jamalullail				
Fraser & Neave Holdings Bhd				
- Ordinary shares	2,062,000	-	-	2,062,000
Dato' Tan Ang Meng				
Fraser & Neave, Limited				
- Ordinary shares	5,000	20,000	(10,000)	15,000
Fraser & Neave Holdings Bhd				
- Ordinary shares	60,100	20,000	(40,000)	40,100
- Share options (vendor scheme)	33,000	-	(10,000)	23,000
- Share options (company scheme)	232,200	116,100	-	348,300
Asia Pacific Breweries Ltd				
- Ordinary shares	380	-	-	380
Fraser's Centrepoint Trust Units	110,000	-	-	110,000
Fraser's Commercial Trust Units	-	800,000	-	800,000
Koh Poh Tiong				
Fraser & Neave, Limited				
- Share options	967,500	-	-	967,500
- FY09/10 Restricted Share Plan	-	195,531	-	195,531
- FY09/10 Performance Share Plan	-	96,463	-	96,463

DIRECTORS' INTERESTS (CONT'D.)

Companies in which directors held interest	← Number of shares/share options/units →			
	As at 1.10.2009	Bought/ Allocated	Sold/ Lapsed/ Exercised	As at 30.9.2010
Cheong Fook Seng, Anthony				
Fraser and Neave, Limited				
- Ordinary shares (direct)	51,455	80,455	-	131,910
- Ordinary shares (indirect)	20,250	-	-	20,250
- Share options	3,563,495	-	(80,455)	3,483,040
- FY09/10 Restricted Share Plan	-	60,000	-	60,000
- FY09/10 Performance Share Plan	-	16,000	-	16,000
Frasers Centrepont Trust Units	50,000	-	-	50,000
Frasers Commercial Trust Units	120,000	-	-	120,000
Huang Hong Peng				
Fraser & Neave, Limited				
- Ordinary shares (indirect)	25,000	300,000	(325,000)	-
- Share options	1,044,300	-	(300,000)	744,300
- FY09/10 Restricted Share Plan	-	53,000	-	53,000
- FY09/10 Performance Share Plan	-	14,000	-	14,000
Frasers Centrepont Trust Units	462,000	-	-	462,000
Frasers Commercial Trust Units	-	1,700,000	-	1,700,000

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

OTHER STATUTORY INFORMATION

- (a) Before the income statements 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 there were no known bad debts 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) it necessary to write off any 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.

OTHER STATUTORY INFORMATION (CONT'D.)

- (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 EVENTS

Significant events are disclosed in Note 30 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 8 November 2010.

Tengku Syed Badarudin Jamalullail

Tan Sri Dato' Dr. Lin See Yan

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, Tengku Syed Badarudin Jamalullail and Tan Sri Dato' Dr. Lin See Yan, 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 97 to 167 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 2010 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 8 November 2010.

Tengku Syed Badarudin Jamalullail

Tan Sri Dato' Dr. Lin See Yan

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 97 to 167 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 8 November 2010

Tan Eng Guan

Before me,

Commissioner for Oaths
P. Thurirajoo (No. W438)

INDEPENDENT AUDITORS' REPORT

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 2010 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 97 to 167.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable 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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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.

REPORT ON THE FINANCIAL STATEMENTS (CONT'D.)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable 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 2010 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the 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

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

Kuala Lumpur, Malaysia
8 November 2010

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations					
Revenue	3	3,637,726	3,271,163	287,666	180,200
Cost of sales		(2,455,542)	(2,273,041)	-	-
Gross profit		1,182,184	998,122	287,666	180,200
Operating expenses					
Distribution expenses		(348,695)	(311,653)	-	-
Marketing expenses		(311,791)	(271,406)	-	-
Administration and other (expenses)/income		(132,403)	(128,195)	(7,351)	64
		(792,889)	(711,254)	(7,351)	64
Operating profit		389,295	286,868	280,315	180,264
Interest expense	4	(7,171)	(9,547)	-	-
Interest income	4	6,858	2,526	11,904	1,524
		388,982	279,847	292,219	181,788
Gain on disposal of investment		-	-	447,441	-
Surplus on capital repayment scheme	13b	-	-	16,036	-
Profit before taxation	5	388,982	279,847	755,696	181,788
Income tax expense	6	(81,980)	(73,313)	(6,383)	(13,375)
Profit for the year from continuing operations		307,002	206,534	749,313	168,413
Discontinued operations					
Profit for the year from discontinued operations	7	387,046	36,388	-	-
Profit for the year from discontinued operations, net of tax	7	5,010	36,388	-	-
Gain recognised on divestment of glass container business	7	382,036	-	-	-
Profit for the year		694,048	242,922	749,313	168,413

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D.)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Attributable to:					
Equity holders of the Company		695,291	224,432	749,313	168,413
Continuing operations		307,002	195,949	749,313	168,413
Discontinued operations		388,289	28,483	-	-
Minority interests		(1,243)	18,490	-	-
Continuing operations		-	10,585	-	-
Discontinued operations		(1,243)	7,905	-	-
		694,048	242,922	749,313	168,413
Basic earnings per share attributable to equity holders of the Company (sen)	8	195.1	63.0		
Continuing operations		86.2	55.0		
Discontinued operations		108.9	8.0		
Diluted earnings per share attributable to equity holders of the Company (sen)	8	194.2	62.9		
Continuing operations		85.8	54.9		
Discontinued operations		108.4	8.0		

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

BALANCE SHEETS

AS AT 30 SEPTEMBER 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Assets					
Non-current assets					
Property, plant and equipment	10	741,788	1,102,372	-	-
Prepaid land lease payments	11	74,366	75,838	-	-
Properties held for development	12	5,470	31,787	-	-
Investments in subsidiaries	13	-	-	604,792	862,216
Receivables	17b	-	-	148,297	-
Intangible assets	14	125,176	131,650	-	-
Deferred tax assets	25	4,264	20,993	-	-
		951,064	1,362,640	753,089	862,216
Current assets					
Property development costs	15	196,586	172,354	-	-
Inventories	16	343,717	482,305	-	-
Receivables	17a	528,035	544,567	160,270	150,674
Cash and cash equivalents	18	939,335	187,853	747,595	2,034
Non-current assets held for sale	19	10,183	10,183	-	-
		2,017,856	1,397,262	907,865	152,708
Total assets		2,968,920	2,759,902	1,660,954	1,014,924
Equity and liabilities					
Equity attributable to equity holder of the Company					
Share capital	20	357,286	356,493	357,286	356,493
Treasury shares	21	(1,716)	(1,715)	(1,716)	(1,715)
Reserves	22	1,440,946	938,366	1,252,954	656,588
		1,796,516	1,293,144	1,608,524	1,011,366
Minority interests		294	116,259	-	-
Total equity		1,796,810	1,409,403	1,608,524	1,011,366

AS AT 30 SEPTEMBER 2010 (CONT'D.)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current liabilities					
Borrowings	23	150,000	360,402	-	-
Provision for retirement benefits	24	37,620	36,983	-	-
Deferred tax liabilities	25	19,475	21,810	-	-
		207,095	419,195	-	-
Current liabilities					
Payables	26a	755,730	696,510	11,553	3,558
Provisions	26b	42,767	-	42,767	-
Borrowings	23	150,000	203,367	-	-
Provision for taxation		16,518	31,427	(1,890)	-
		965,015	931,304	52,430	3,558
Total liabilities		1,172,110	1,350,499	52,430	3,558
Total equity and liabilities		2,968,920	2,759,902	1,660,954	1,014,924

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010

Group	Note	Attributable to Equity Holders of the Company										Minority Interest	Total Equity
		Non Distributable					Distributable						
		Share Capital	Share Premium	Treasury Shares	Foreign Exchange Reserve	Executives' Share Option Reserve	Capital Reserve	Capital Reserve	Retained Earnings	Total			
		(Note 20)	(Note 22)	(Note 21)	(Note 22)	(Note 22)	(Note 22)	(Note 22)	(Note 22)	(Note 22)	(Note 22)		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2008		356,493	339,990	(1,713)	25,994	582	2,130	15,897	442,781	1,182,154	135,002	1,317,156	
Translation gain		-	-	-	10,609	-	-	-	-	10,609	2,266	12,875	
Net income recognised directly in equity		-	-	-	10,609	-	-	-	-	10,609	2,266	12,875	
Net profit for the year		-	-	-	-	-	-	-	224,432	224,432	18,490	242,922	
Total recognised income for the year		-	-	-	10,609	-	-	-	224,432	235,041	20,756	255,797	
Share options granted under ESOS		-	-	-	-	1,532	-	-	-	1,532	-	1,532	
Reduction in minority interests	13	-	-	-	-	-	-	-	-	-	(39,499)	(39,499)	
Treasury shares purchased	21	-	-	(2)	-	-	-	-	-	(2)	-	(2)	
Transaction costs	21	-	-	*	-	-	-	-	-	*	-	*	
Dividends	9	-	-	-	-	-	-	-	(125,581)	(125,581)	-	(125,581)	
At 30 September 2009		356,493	339,990	(1,715)	36,603	2,114	2,130	15,897	541,632	1,293,144	116,259	1,409,403	

* RM83

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D.)

Group	Note	Attributable to Equity Holders of the Company										
		Non Distributable						Distributable				
		Share Capital	Share Premium	Treasury Shares	Foreign Exchange Reserve	Executives' Share Option Reserve	Capital Reserve	Capital Reserve	Retained Earnings	Total	Minority Interest	Total Equity
		(Note 20)	(Note 22)	(Note 21)	(Note 22)	(Note 22)	(Note 22)	(Note 22)	(Note 22)	(Note 22)	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2009		356,493	339,990	(1,715)	36,603	2,114	2,130	15,897	541,632	1,293,144	116,259	1,409,403
Realisation of reserve upon disposal of subsidiaries		-	-	-	(14,307)	-	(2,130)	-	2,006	(14,431)	-	(14,431)
Translation loss		-	-	-	(25,333)	-	-	-	-	(25,333)	(7,450)	(32,783)
Net income and expense recognised directly in equity		-	-	-	(39,640)	-	(2,130)	-	2,006	(39,764)	(7,450)	(47,214)
Net profit for the year		-	-	-	-	-	-	-	695,291	695,291	(1,243)	694,048
Total recognised income and expense for the year		-	-	-	(39,640)	-	(2,130)	-	697,297	655,527	(8,693)	646,834
Share options granted under ESOS		-	-	-	-	3,777	-	-	-	3,777	-	3,777
Shares exercised under ESOS		793	6,000	-	-	(628)	-	-	-	6,165	-	6,165
Minority interest arising from disposal of subsidiaries	7	-	-	-	-	-	-	-	-	-	(107,272)	(107,272)
Treasury shares purchased	21	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Transaction costs	21	-	-	-	-	-	-	-	-	-	-	-
Dividends	9	-	-	-	-	-	-	-	(162,096)	(162,096)	-	(162,096)
At 30 September 2010		357,286	345,990	(1,716)	(3,037)	5,263	-	15,897	1,076,833	1,796,516	294	1,796,810

^ RM42

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

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D.)

Company	Note	Non Distributable				Distributable		Total Equity RM'000
		Share Capital (Note 20) RM'000	Share Premium (Note 22) RM'000	Treasury Shares (Note 21) RM'000	Executives' Share Option Reserve (Note 22) RM'000	Capital Reserve (Note 22) RM'000	Retained Earnings (Note 22) RM'000	
At 1 October 2008		356,493	339,990	(1,713)	582	15,897	255,755	967,004
Net profit for the year, represent total recognised income and expense for the year		-	-	-	-	-	168,413	168,413
Share options granted under ESOS		-	-	-	1,532	-	-	1,532
Dividends	9	-	-	-	-	-	(125,581)	(125,581)
Treasury shares purchased	21	-	-	(2)	-	-	-	(2)
Transaction costs	21	-	-	*	-	-	-	*
At 30 September 2009		356,493	339,990	(1,715)	2,114	15,897	298,587	1,011,366
Net profit for the year, represent total recognised income and expense for the year		-	-	-	-	-	749,313	749,313
Share options granted under ESOS		-	-	-	3,777	-	-	3,777
Shares exercised under ESOS		793	6,000	-	(628)	-	-	6,165
Dividends	9	-	-	-	-	-	(162,096)	(162,096)
Treasury shares purchased	21	-	-	(1)	-	-	-	(1)
Transaction costs	21	-	-	^	-	-	-	^
At 30 September 2010		357,286	345,990	(1,716)	5,263	15,897	885,804	1,608,524

* RM83

^ RM42

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation				
Continuing operations	388,982	279,847	755,696	181,788
Discontinued operations	388,901	19,930	-	-
	777,883	299,777	755,696	181,788
Adjustments for:				
Amortisation of intangible assets (Note 14)	4,052	3,360	-	-
Amortisation of prepaid land lease payment (Note 11)	1,472	1,772	-	-
Depreciation of property, plant and equipment (Note 10)	107,199	120,616	-	-
Loss on disposal of property, plant and equipment	1,272	3,189	-	-
Gain on disposal of investment	(382,036)	-	(447,441)	-
Surplus on capital repayment scheme (Note 13b)	-	-	(16,036)	-
Gain on disposal of land under property developments	(22,194)	-	-	-
Property, plant and equipment written off	-	209	-	-
Intangible assets write-off	3,919	-	-	-
Impairment losses on property, plant and equipment	4,907	4,417	-	-
Inventories write-off	19,859	16,431	-	-
Plant, equipment and inventories disposed/written off due to plant closure	-	5,596	-	-
Interest income				
Continuing operations (Note 4)	(6,858)	(2,526)	(11,904)	(1,524)
Discontinued operations (Note 7)	(310)	(966)	-	-
Interest expense				
Continuing operations (Note 4)	7,171	9,547	-	-
Discontinued operations (Note 7)	7,098	8,115	-	-
Provision for retirement benefits	5,646	3,885	-	-
Provision for doubtful debts	2,242	3,693	-	-
Write-back of impairment loss on property, plant and equipment	(2,935)	(1,455)	-	-
Executives' share option scheme	3,149	1,532	-	-

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Write-back of provision for doubtful debts	(1,358)	(1,844)	-	-
Write-back of provision for obsolete inventories	(2,183)	-	-	-
Write down of inventories	13,699	12,225	-	-
Operating profit before working capital changes	541,694	487,573	280,315	180,264
Working capital changes:				
Inventories	(34,608)	(74,396)	-	-
Receivables	(98,526)	69,100	(115,924)	209,572
Payables	212,561	39,749	(4,088)	800
Property development costs	(9,184)	(38,377)	-	-
Cash generated from operations	611,937	483,649	160,303	390,636
Income tax paid	(97,622)	(78,015)	(6,008)	(13,801)
Payment of retirement benefits	(2,901)	(2,147)	-	-
Net cash generated from operating activities	511,414	403,487	154,295	376,835
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	2,683	3,884	-	-
Proceeds from disposal of investment in subsidiaries (Note 7)	694,936	-	732,666	-
Proceeds from disposal of property development costs	53,800	-	-	-
Acquisition of minority interest	-	(79,037)	-	(79,037)
Additional investment in subsidiaries	-	-	-	(19,999)
Subscription of RNCCPS of subsidiaries	-	-	(52,000)	(152,325)
Proceed from capital repayment scheme	-	-	54,000	-
Purchase of property, plant and equipment (Note 10)	(172,486)	(295,903)	-	-
Purchase of prepaid land lease payments (Note 11)	-	(129)	-	-
Purchase of computer software (Note 14)	(1,786)	(1,715)	-	-
Interest received	7,168	3,492	11,904	1,524
Net cash generated from/(used in) investing activities	584,315	(369,408)	746,570	(249,837)

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Interest paid	(14,269)	(17,662)	-	-
Proceed from shares exercised under ESOS	6,793	-	6,793	-
(Repayment)/Drawdown of borrowings	(162,140)	114,722	-	-
Payment of dividends (Note 9)	(162,096)	(125,581)	(162,096)	(125,581)
Purchase of treasury shares (Note 21)	(1)	(2)	(1)	(2)
Net cash used in financing activities	(331,713)	(28,523)	(155,304)	(125,583)
Net increase in cash and cash equivalents	764,016	5,556	745,561	1,415
Effects of foreign exchange rate changes	(12,534)	(1,346)	-	-
Cash and cash equivalents				
at beginning of financial year	187,853	183,643	2,034	619
Cash and cash equivalents				
at end of financial year (Note 18)	939,335	187,853	747,595	2,034

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2010

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding and its subsidiaries are primarily engaged in the manufacture and sale of soft drinks, dairy products, glass container and property development activities and provision of management services. There have been no significant changes in the nature of the principal activities during the financial year except as disclosed in Note 7 to the financial statements.

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

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

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 November 2010.

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 FRS 8 which is mandatory for financial period beginning on or after 1 July 2009 as described fully 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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. On acquisition of minority interests, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill. Gain or loss on disposal of minority interests is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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 at rates between 12.5 - 33.3%.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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 10%
Plant and machinery	7.14% to 50%
Motor vehicles	10% to 20%
Postmix and vending machines	10% to 14.29%
Furniture, fittings and computer equipment	10% to 33.33%

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Property development costs (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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. 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:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) Revenue recognition (cont'd.)

(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 (CONT'D.)

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

(l) Foreign currencies (cont'd.)

(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:

	2010 RM	2009 RM
United States Dollar	3.10	3.52
Renminbi	0.46	0.52
100 Vietnam Dong	0.02	0.02
Singapore Dollar	2.34	2.44
New Zealand Dollar	2.27	2.53
Thailand Baht	0.10	0.10
Australia Dollar	2.97	3.05
Sterling Pound	4.90	5.64
Euro	4.18	5.17
Brunei Dollar	2.34	2.48

(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. For the purposes of impairment test, the recoverable amount (i.e. the higher of the asset's fair value less costs to sell and its value in use) is determined on an individual assets basis unless the assets does not generate cash flows that are largely independant of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the assets belongs. An impairment loss is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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.

(iii) Interest-bearing borrowings

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(n) Financial instruments (cont'd.)

(iii) Interest-bearing borrowings (cont'd.)

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.

(vi) Foreign exchange forward 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(p) Non current assets held for sale and discontinued operations

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

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

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

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those in the previous financial year except for FRS 8: Operating Segments which is mandatory for annual periods beginning on or after 1 July 2009.

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 33 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2010

FRS 4	<i>Insurance Contracts</i>
FRS 7	<i>Financial Instruments: Disclosures</i>
FRS 101	<i>Presentation of Financial Statements (Revised)</i>
FRS 123	<i>Borrowing Costs (Revised)</i>
FRS 139	<i>Financial Instruments: Recognition & Measurement</i>

Amendments to:

FRS 1	<i>First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
FRS 2	<i>Share-based Payment - Vesting Conditions and Cancellations</i>
FRS 132	<i>Financial Instruments: Presentation</i>
FRS 139	<i>Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives</i>

Amendments to FRSs contained in the documents entitled 'Improvements to FRSs (2009)'

IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 10	<i>Interim Financial Reporting & Impairment</i>
IC Interpretation 11	<i>FRS 2 - Group and Treasury Share Transactions</i>
IC Interpretation 13	<i>Customer Loyalty Programmes</i>
IC Interpretation 14	<i>FRS 119 - The Limit on Defined Benefit Assets, Minimum Funding Requirement and their Interaction</i>
TR i - 3:	<i>Presentation of Financial Statements of Islamic Financial Institutions</i>

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132 *Classification of Rights Issues*

Effective for financial periods beginning on or after 1 July 2010

FRS 1	<i>First-time Adoption of Financial Reporting Standards</i>
FRS 3	<i>Business Combinations (revised)</i>
Amendments to FRS 127	<i>Consolidated and Separate Financial Statements</i>
Amendments to FRS 2	<i>Share-based Payment</i>
Amendments to FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
Amendments to FRS 138	<i>Intangible Assets</i>
Amendments to IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 12	<i>Service Consession Arrangements</i>
IC Interpretation 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
IC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1	<i>Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters</i>
Amendments to FRS 1	<i>Additional Exemption for First-Time Adopters</i>
Amendments to FRS 2	<i>Group Cash-settled Share-based Payment Transactions</i>
Amendments to FRS 7	<i>Improving Disclosures about Financial Instruments</i>
IC Interpretation 4	<i>Determining Whether an Arrangement contains a Lease</i>
IC Interpretation 18	<i>Transfers of Assets from Customers</i>

Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15	<i>Agreements for the Construction of Real Estate</i>
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The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described the remaining part of this note, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective (cont'd.)

FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures

The new Standard on FRS 139 Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132 Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7 Financial Instruments: Disclosures.

FRS 7 Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

IC Interpretation 15 Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

Amendments to FRSs 'Improvements to FRSs (2009)'

While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have significant impact on the financial position or results of the Group. Details of the key amendments most applicable to the Group are as follows:

- FRS 7 Financial Instruments: Disclosures: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.
- FRS 8 Operating Segments: Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the 'chief operating decision maker'.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective (cont'd.)

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd.)

- FRS 101 Presentation of Financial Statements: Clarifies that financial instruments classified as held for trading in accordance with FRS 139 Financial Instruments: Recognition and Measurement are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.
- FRS 107 Statement of Cash Flows (formerly known as Cash Flow Statements): Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
- FRS 110 Events after the Reporting Period (formerly known as Events After the Balance Sheet Date): Clarifies that dividends declared after the end of the reporting period are not liabilities as at the balance sheet date.
- FRS 116 Property, Plant and Equipment: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.
- FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.
- FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.
- FRS 127 Consolidated and Separate Financial Statements: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective (cont'd.)

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd.)

- FRS 136 Impairment of Assets: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell', additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.
- FRS 138 Intangible Assets: Clarifies that expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. The amendments also provide guidance regarding valuation techniques to measure the fair value of an intangible asset acquired in a business combination when there is no active market for the asset. In addition, the reference to "there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method" has been removed.
- FRS 139 Financial Instruments: Recognition and Measurement: Clarifies that changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. It also clarifies on the scope exemption for business combination contracts. The amendments remove the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge and requires the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. It also provides additional guidance on determining whether loan prepayment penalties result in an embedded derivatives that needs to be separated. In addition, the amendments state that the gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(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 14.

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Critical judgements made in applying accounting policies

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

3. REVENUE

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods	(i)	3,564,408	3,208,194	-	-
Sale of properties	(ii)	72,350	62,873	-	-
Dividends		-	-	287,666	180,200
Others		968	96	-	-
		3,637,726	3,271,163	287,666	180,200

(i) Sale of goods represents invoiced value of goods delivered, net of discounts and returns.

(ii) Revenue on properties developed for sale, i.e. the proportion of sale proceeds based on the percentage completion method.

4. INTEREST EXPENSE AND INTEREST INCOME

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense					
Bank borrowings and CP/MTN		(6,896)	(9,144)	-	-
Security deposits by customers		(275)	(403)	-	-
		(7,171)	(9,547)	-	-
Interest income					
Bank deposits		6,254	2,426	4,841	90
Subsidiaries		-	-	7,063	1,434
Others		604	100	-	-
		6,858	2,526	11,904	1,524

5. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
(a) This is arrived at after charging				
Auditors' remuneration				
- Statutory audits				
- current	569	661	33	33
- overprovision of prior year	-	-	(21)	-
- Other services	202	65	-	-
Amortisation of intangible assets	3,941	3,208	-	-
Amortisation of prepaid land lease payment (Note 11)	1,472	1,772	-	-
Depreciation of property, plant and equipment	73,118	63,772	-	-
Impairment loss on property, plant and equipment	4,755	4,417	-	-
Inventories written off	19,859	16,431	-	-
Key executives officers				
- Salary and allowances	5,499	4,910	-	-
- EPF	857	965	-	-
- Bonus	3,357	3,255	-	-
- Benefits in kind	338	182	-	-
- Share option expenses	386	215	-	-
Management fee to Fraser & Neave (Malaya) Sdn Bhd	-	-	300	300
Provision for doubtful debts	1,997	3,342	-	-
Provision for retirement benefits	5,430	5,010	-	-
Rental expense of premises	5,649	4,871	-	-
Rental expense of equipment	2,439	3,330	-	-
Royalties	79,855	72,022	-	-
Staff costs (excluding key executives officers)				
- Salary, allowances and bonus	217,619	203,680	-	-
- EPF	18,402	18,326	-	-
- Share option expenses	3,031	1,303	-	-
Write-down of inventories	4,264	7,536	-	-
Loss on disposal of property, plant and equipment	329	411	-	-
Property, plant and equipment written off	-	209	-	-
Intangible assets written off	3,919	-	-	-
Retrenchment cost from restructuring	-	4,093	-	-
Relocation cost	-	5,295	-	-
Foreign exchange loss	2,771	1,348	5,348	-

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
This is arrived at after crediting:				
Dividend income from subsidiaries	-	-	287,666	180,200
Gain on disposal of investment	-	-	447,441	-
Provision for doubtful debts write-back	1,148	1,074	-	-
Provision for obsolete stocks write-back	2,183	-	-	-
Impairment loss on property, plant and equipment written back (Note 10)	2,935	1,309	-	-
Foreign exchange gain	1,686	1,158	-	1,651
Rental income of premises	270	540	-	-
Gain on disposal of land under property development	22,194	-	-	-
Surplus on capital repayment scheme (Note 13b)	-	-	16,036	-

(b) Directors remuneration

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

Executive Director*				
- Salary and bonus	1,700	1,927	-	-
- EPF	323	366	-	-
- Benefits in kind	36	35	-	-
- Share option expenses	135	71	-	-
Non Executive Directors				
- Fees	656	802	656	624
- Benefits in kind	35	35	-	-

* Inclusive of remuneration paid to the Director after he relinquished his position of CEO on 31 July 2010.

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

Range of Remuneration(RM)	2010		2009	
	Executive Director	Non-Executive Director	Executive Director	Non-Executive Director
1 - 50,000	-	-	-	2
50,001 - 100,000	-	9	-	7
100,001 - 150,000	-	1	-	2
2,150,000 - 2,200,000	1	-	-	-
2,350,000 - 2,400,000	-	-	1	-

6 INCOME TAX EXPENSE

	Group		Company	
	2010	2009	2010	2009
Continuing operations				
Current income tax:				
- Malaysian income tax	80,224	64,287	6,383	13,375
- Foreign tax	292	17,640	-	-
Underprovision in prior years				
- Malaysian income tax	171	9	-	-
- Foreign tax	204	409	-	-
	80,891	82,345	6,383	13,375
Deferred tax:				
Relating to reversal and origination of temporary differences	1,806	(7,814)	-	-
Relating to changes in tax rates	-	(755)	-	-
Overprovision in prior years	(717)	(463)	-	-
	1,089	(9,032)	-	-
	81,980	73,313	6,383	13,375
Discontinued operations				
Current income tax:				
- Foreign tax	1,317	3,940	-	-
Under/(over)provision in prior years				
- Malaysian income tax	75	(650)	-	-
	1,392	3,290	-	-
Deferred tax:				
Relating to reversal and origination of temporary differences	803	(19,418)	-	-
Relating to changes in tax rates	-	(286)	-	-
Overprovision in prior years	(340)	(44)	-	-
	463	(19,748)	-	-
	1,855	(16,458)	-	-
Total income tax expense	83,835	56,855	6,383	13,375

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates

prevailing in the respective jurisdictions.

6. INCOME TAX EXPENSE (CONT'D.)

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	
	2010	2009	2010	2009
Profit before taxation from:				
Continuing operations	388,982	279,847	755,696	181,788
Discontinued operations	388,901	19,930	-	-
	777,883	299,777	755,696	181,788
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	194,471	74,944	188,924	45,447
Different tax rates in other countries	1,324	814	-	-
Income not subject to tax (tax incentives/ exemption)	(111,174)	(2,437)	(198,551)	(32,072)
Expenses not deductible for tax purposes	1,366	4,563	16,010	-
Utilisation of previously unrecognised tax losses	(844)	(17)	-	-
Deferred tax assets recognised	(701)	(19,229)	-	-
Under/(Over)provision in prior years				
- Income tax	450	(232)	-	-
- Deferred tax	(1,057)	(507)	-	-
- Adjustment due to change in tax rate	-	(1,044)	-	-
Tax expense for the year	83,835	56,855	6,383	13,375

Reinvestment allowances not recognised of RM 15,012,000 (2009: RM12,908,000) are available for offset against future taxable profit of the subsidiaries in which those items arose.

During the previous financial year, the Group received approvals for the following tax incentives:

- (a) A subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDDT") received approval for the Investment Promotion Incentive from the Board of Investment, Thailand in the form of tax exemption for the new dairies factory in Rojana, Thailand in relation to qualifying expenditure for approved products covering sterilized milk, evaporated milk and sweetened condensed beverage creamer. The amount of tax waived under the incentive scheme is approximately RM80 million depending on the amount of qualifying capital expenditure. The waiver can be utilized for set off against tax payable on the profits from the approved products categories over the next 7 years; and

6. INCOME TAX EXPENSE (CONT'D.)

- (b) A subsidiary of the Company, PML Dairies Sdn Bhd ("PMLD") received approval for the Halal Industry Development Corporation Incentive from the Ministry of Finance in the form similar to Investment Tax Allowance for the new dairy factory in Selangor Halal Hub, Pulau Indah, Port Klang in respect of qualifying expenditure incurred for a period of 5 years for approved products covering sweetened condensed milk, evaporated milk, sterilized milk, pasteurized milk and pasteurized juice. The allowance can be used for set off against 100% statutory income and the amount can be carried forward until it is fully utilized. The amount of qualifying expenditure is currently expected to be in the region of RM250 million, and estimated tax savings would amount to RM63 million.

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

7. DISCONTINUED OPERATIONS

On 14 May 2010, the Company entered into a conditional share purchase agreement with Berli Jucker and ACI International for the disposal of its 100% equity interest in Malaya Glass Products Sdn. Bhd. ("MGP") comprising 55,000,000 ordinary shares of RM1.00 each and 172,225 redeemable non-cumulative convertible preference shares of RM1.00 each, representing the whole of the issued and paid-up share capital of MGP for a total cash consideration of USD221.7 million (RM732.7 million) and the settlement of the Intra-Group Borrowings owing by the relevant companies in the MGP Group to the F&N Group.

The disposal was completed on 16 July 2010.

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

	RM'000
Assets	
Property, plant and equipment	387,557
Intangible assets	318
Deferred tax assets	12,027
Inventories	142,246
Receivables	102,028
Cash and cash equivalents	37,730
Total assets	681,906
Less: Liabilities	
Payables	(171,721)
Borrowings	(95,852)
Carrying value of net assets	414,333
Less: Minority interests	(107,272)
Group's share of carrying value of net assets	307,061
Consideration from divestment of MGP group	(732,666)
Gross gain on divestment of MGP group	(425,605)

7. DISCONTINUED OPERATIONS (CONT'D.)

	RM'000	RM'000
Gross gain on divestment of MGP group (cont'd.)		(425,605)
Less: Provision for potential indemnities (Note 26b)	42,767	
Transaction fees and others	15,233	58,000
Net gain on divestment of MGP group		(367,605)
Add: Realisation of exchange reserves on divestment of MGP group		(14,431)
Total gain on divestment of MGP group		(382,036)
Cash inflow arising on divestment:		
Consideration from divestment of MGP group		732,666
Less: Cash and cash equivalents of MGP group		(37,730)
Net cash inflow from divestment		694,936

The results of the MGP Group or glass container division are disclosed under discontinued operations in the financial year ended 30 September 2010 and the comparative results have been restated accordingly.

	2010 RM'000	Group 2009 RM'000
(a) The results of the discontinued operations are as follows:		
Revenue	367,012	465,900
Cost of sales	(287,443)	(355,138)
Gross profit	79,569	110,762
Distribution expenses	(36,093)	(38,403)
Marketing expenses	(2,213)	(1,682)
Administration expenses	(27,610)	(43,598)
Operating profit	13,653	27,079
Interest expense	(7,098)	(8,115)
Interest income	310	966
Profit before taxation from discontinued operations	6,865	19,930
Income tax expense	(1,855)	16,458
Profit after tax from discontinued operations	5,010	36,388
Gain on divestment of glass container business	382,036	-

7. DISCONTINUED OPERATIONS (CONT'D.)

	Group	
	2010	2009
	RM'000	RM'000
(b) Profit before taxation		
This is arrived at after charging:		
Auditors' remuneration		
- Statutory audits	169	172
Amortisation of intangible assets	111	152
Depreciation of property, plant and equipment	34,081	56,844
Impairment loss on property, plant and equipment	152	-
Key executives officers		
- Salary and allowances	319	367
- EPF	191	100
- Bonus	685	157
- Benefits in kind	21	25
- Share option expenses	59	31
Provision for doubtful debts	245	351
Provision for retirement benefits	216	-
Rental expense of premises	7,966	11,313
Rental expense of equipment	241	1,182
Staff costs (excluding key executives officers)		
- Salary, allowances and bonus	37,543	52,202
- EPF	4,816	3,581
- Share option expenses	301	229
Write-down of inventories	9,435	4,689
Loss on disposal of property, plant and equipment	943	2,778
Retrenchment cost from plant closure	-	7,920
Plant and equipment & inventory written / disposed off		
due to plant closure	-	5,596
Foreign exchange loss	1,769	766
This is arrived at after crediting:		
Provision for doubtful debts write-back	210	770
Provision for retirement benefits write-back	-	1,125
Impairment loss on property, plant and equipment written back	-	146
Realised foreign exchange gain	-	814

7. DISCONTINUED OPERATIONS (CONT'D.)

	Group	
	2010	2009
	RM'000	RM'000
(c) Cash flows from discontinued operations		
Cash flows from operating activities	34,169	(21,225)
Cash flows from investing activities	(18,101)	48,903
Cash flows from financing activities	(20,528)	(24,458)
Net cash (outflows)/inflows from discontinued operations	(4,460)	3,220

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2010	2009
	RM'000	RM'000
Group attributable profit to the shareholders of the Company		
- Profit from continuing operations	307,002	195,949
- Profit from discontinued operations	388,289	28,483
	695,291	224,432

	No of shares	
	2010	2009
	'000	'000
Weighted average issued capital net of treasury shares	356,322	356,256
Earnings per share (sen)		
- Profit from continuing operations	86.2	55.0
- Profit from discontinued operations	108.9	8.0
	195.1	63.0

(b) Diluted earnings per share

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

8. EARNINGS PER SHARE (CONT'D.)**(b) Diluted earnings per share (cont'd.)**

	Group	
	2010	2009
	RM'000	RM'000
Group attributable profit to the shareholders of the Company		
- Profit from continuing operations	307,002	195,949
- Profit from discontinued operations	388,289	28,483
	695,291	224,432

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

	No of shares	
	2010	2009
	'000	'000
Weighted average issued capital net of treasury shares	356,322	356,256
Adjustment for share options granted pursuant to the ESOS	1,666	443
Adjusted weighted average issued capital net of treasury shares	357,988	356,699
Diluted earnings per share (sen)		
- Profit from continuing operations	85.8	54.9
- Profit from discontinued operations	108.4	8.0
	194.2	62.9

9. DIVIDENDS

	Group and Company	
	Net per share sen	Amount RM'000
2010		
Final dividend in respect of financial year 2009	25.0	85,501
Bonus dividend in respect of financial year 2009	5.0	17,813
Interim dividend	16.5	58,782
		162,096
2009		
Final dividend in respect of financial year 2008	22.5	80,158
Interim dividend	12.8	45,423
		125,581

9. DIVIDENDS (CONT'D.)

The directors have on 8 November 2010 authorised and approved the payment of a special single tier interim dividend of RM1.10 per share amounting to RM 392.8 million (2009: RMnil) in respect of the current financial year on 357,049,401 ordinary shares. The financial statements for the current financial year do not reflect this special interim dividend and will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2011.

At the forthcoming Annual General Meeting, a final single tier dividend of 38 sen per share amounting to RM135.7 million (2009: RM103.3 million) in respect of the current financial year on 357,049,401 (2009: 356,256,101) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2011.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Work-in-progress RM'000	Others* RM'000	Total RM'000
Net Book Value						
At 1 October 2009	107,535	172,628	485,438	224,678	112,093	1,102,372
Additions	-	659	8,366	121,192	42,269	172,486
Transfers	42	-	1,167	(3,528)	(35)	(2,354)
Disposals/write offs	(38)	(71)	(4,525)	-	(2,885)	(7,519)
Disposal of subsidiaries	(15,546)	(36,006)	(309,061)	(23,509)	(3,435)	(387,557)
Reclassification	-	135,085	110,852	(260,706)	14,769	-
Depreciation	-	(8,410)	(67,270)	(69)	(31,450)	(107,199)
Impairment losses	-	(920)	(2,569)	-	(1,418)	(4,907)
Write-back of impairment loss	-	-	2,250	-	685	2,935
Exchange differences	(1,060)	(2,470)	(15,659)	(6,839)	(441)	(26,469)
At 30 September 2010	90,933	260,495	208,989	51,219	130,152	741,788
At 30 September 2010						
Cost	90,933	304,630	547,495	51,931	321,643	1,316,632
Accumulated depreciation	-	(42,139)	(329,077)	(611)	(189,809)	(561,636)
Accumulated impairment loss	-	(1,996)	(9,429)	(101)	(1,682)	(13,208)
Net book value	90,933	260,495	208,989	51,219	130,152	741,788
At 30 September 2009						
Cost	104,987	228,521	1,089,920	225,322	315,541	1,964,291
Valuation - 1983	2,548	1,350	-	-	-	3,898
Accumulated depreciation	-	(56,167)	(594,289)	(543)	(202,480)	(853,479)
Accumulated impairment loss	-	(1,076)	(10,193)	(101)	(968)	(12,338)
Net book value	107,535	172,628	485,438	224,678	112,093	1,102,372
Depreciation charged - 2009	-	(5,739)	(84,944)	(69)	(29,864)	(120,616)

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

Group	Freehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Work-in- progress RM'000	Others* RM'000	Total RM'000
At 30 September 2008						
Cost	86,945	226,636	1,100,987	78,793	325,040	1,818,401
Valuation - 1983	2,548	1,350	-	-	-	3,898
Accumulated depreciation	-	(53,558)	(627,734)	(474)	(202,143)	(883,909)
Accumulated impairment loss	-	(336)	(7,873)	(101)	(1,016)	(9,326)
Net book value	89,493	174,092	465,380	78,218	121,881	929,064
Depreciation charged - 2008	-	(5,229)	(74,000)	-	(32,175)	(111,404)

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 IAS16 (Revised) - 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 and computer equipment.

The net book value of property, plant and equipment pledged to financial institutions as security for the term loans in the previous financial year, as referred to in Note 23 to the financial statements, is as follows:

	Group	
	2010 RM'000	2009 RM'000
Freehold land	-	10,666
Buildings	-	24,510
Plant and machinery	-	98,177
Work-in-progress	-	1,947
Others	-	808
	-	136,108

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

Buildings	-	486
Freehold land	-	542

11. PREPAID LAND LEASE PAYMENTS

	Group	
	2010 RM'000	2009 RM'000
At 1 October 2009/2008	75,838	83,806
Additions	-	129
Reclassifications	-	(6,325)
Amortisation for the year	(1,472)	(1,772)
At 30 September	74,366	75,838
Analysed as:		
Long term leasehold land	72,894	74,066
Short term leasehold land	1,472	1,772
	74,366	75,838
Analysed as:		
Not later than one year	1,472	1,772
Later than one year but not later than five years	5,888	7,088
Later than five years	67,006	66,978
	74,366	75,838

12. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2010 RM'000	2009 RM'000
At 1 October 2009/2008	31,787	14,205
Cost incurred during the year	324	-
Transfer from property development costs	-	17,582
Reclassify to property development costs	(26,641)	-
At 30 September	5,470	31,787
Properties held for development comprise:		
Freehold land	5,470	8,835
Building	-	20,748
Development costs	-	1,548
Interest costs	-	656
	5,470	31,787

13. INVESTMENTS IN SUBSIDIARIES

		Company	
		2010	2009
		RM'000	RM'000
Unquoted shares at cost:			
- Ordinary shares	(a), (b), (c), (d)	456,322	719,021
Less: Pre-acquisition dividend received		(27,234)	(152,735)
		429,088	566,286
- Redeemable non-cumulative convertible preference shares ("RNCCPS")	(c), (e)	175,704	295,930
		604,792	862,216

The details of the subsidiaries are set out in Note 34 to the financial statements.

During the year, the following events took place:

- (a) On 4 May 2010, the Company's wholly owned subsidiary, Brampton Holdings Sdn Bhd, acquired the entire issued and paid up share capital of Vibrant Asset Sdn Bhd. The cost of acquisition was not material, hence, no further disclosures were made in the financial statements.
- (b) On 14 May 2010, the Company entered into a conditional share purchase agreement with Berli Jucker and ACI International for the disposal of its 100% equity interest in Malaya Glass Products Sdn. Bhd. ("MGP") comprising 55,000,000 ordinary shares of RM1.00 each and 172,225 redeemable non-cumulative convertible preference shares of RM1.00 each, representing the whole of the issued and paid-up share capital of MGP for a total cash consideration of USD221.7 million (RM732.7 million) and the settlement of the Intra-Group Borrowings owing by the relevant companies in the MGP Group to the F&N Group. Further information is in Note 7 to the financial statements.
- (c) On 25 May 2010, the Company's wholly owned subsidiary, Fraser and Neave (Malaya) Sdn Bhd ("FNM") has obtained the approval to reduce its share capital from RM64,000,000 to RM10,000,000. The equity interest of the Company in FNM remains unchanged. The reduction in FNM's share capital resulted in a surplus on capital repayment of RM16,036,000 to the Company.
- (d) On 20 September 2010, the Company's wholly owned subsidiary, Kuala Lumpur Glass Manufacturers Company Sdn Bhd ("KLG") has obtained the approval to reduce its share capital from RM19,200,000 to RM2,200,000. The equity interest of the Company in KLG remains unchanged.
- (e) The Company subscribed for the entire RNCCPS in the following subsidiaries:
 - (i) 7,000 RNCCPS in Greenclipper Corporation Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM7,000,000.
 - (ii) 45,000 RNCCPS in PML Dairies Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM45,000,000.

13. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

During the previous financial year ended 30 September 2009, the following event took place:

- a) On 7 September 2009, the Company completed the acquisition of the remaining 10% equity interest of F&N Beverages Manufacturing Sdn Bhd (formerly known as F&NCC Beverages Sdn Bhd) and F&N Beverages Marketing Sdn Bhd (formerly known as F&N Coca-Cola (Malaysia) Sdn Bhd) at the total purchase price of RM78.8 million. As a result, F&N Beverages Manufacturing Sdn Bhd and F&N Beverages Marketing Sdn Bhd are now wholly owned subsidiaries of the Company.

The carrying values of the assets and liabilities assumed from the acquisition of the remaining minority interest of the subsidiaries were as follows:

	RM'000
Property, plant and equipment	28,787
Inventories	10,648
Trade and other receivables	34,262
Cash and bank balances	9,581
Trade and other payables	(42,583)
Deferred taxation	(1,196)
Carrying value of net assets	39,499
Group's share of net assets	39,499
Goodwill on acquisitions	39,538
Cost of acquisition (inclusive of stamp duty)	79,037

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
Cost				
At 1 October 2008	6,391	75,370	23,144	104,905
Addition	39,538	-	1,715	41,253
Reclassification	-	-	754	754
At 30 September 2009	45,929	75,370	25,613	146,912
Addition	-	-	1,786	1,786
Scrap/Written off	-	-	(15,963)	(15,963)
Disposal of subsidiaries	-	-	(724)	(724)
Currency realignment	-	-	(30)	(30)
Reclassification	-	-	270	270
At 30 September 2010	45,929	75,370	10,952	132,251

14. INTANGIBLE ASSETS (CONT'D.)

Group	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
Accumulated amortisation				
At 1 October 2008	-	-	11,743	11,743
Amortisation for the year	-	-	3,360	3,360
Reclassification	-	-	159	159
At 30 September 2009	-	-	15,262	15,262
Amortisation for the year	-	-	4,052	4,052
Scrap/Written off	-	-	(12,044)	(12,044)
Disposal of subsidiaries	-	-	(406)	(406)
Currency realignment	-	-	(15)	(15)
Reclassification	-	-	226	226
At 30 September 2010	-	-	7,075	7,075
Net carrying amount				
At 30 September 2010	45,929	75,370	3,877	125,176
At 30 September 2009	45,929	75,370	10,351	131,650

(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 2010				
Dairy products	6,391	75,370	347	82,108
Soft drinks	39,538	-	369	39,907
Property/Others	-	-	3,161	3,161
	45,929	75,370	3,877	125,176

14. INTANGIBLE ASSETS (CONT'D.)

(b) Key assumptions used in value in use calculations

(i) Goodwill

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

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

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

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

(ii) Brand

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

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

- Cash flows are projected based on actual operating results and the five year business plan;
- The discount rates applied to the cash flow projections are derived from the weighted average cost of capital of the Group plus a reasonable risk premium;
- The growth of the range of products bearing the brand is 1%; and
- The size of operation will remain 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).

(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.

15. PROPERTY DEVELOPMENT COSTS

	Freehold land RM'000	Group Development cost RM'000	Total RM'000
2010			
Cumulative property development costs			
At 1 October 2009	90,665	185,107	275,772
Costs incurred during the year	1,379	40,922	42,301
Reclassify from properties held for development	3,689	22,952	26,641
At 30 September 2010	95,733	248,981	344,714
Cumulative costs recognised in income statement			
At 1 October 2009	(11,963)	(91,455)	(103,418)
Recognised during the year	(20,467)	(24,243)	(44,710)
At 30 September 2010	(32,430)	(115,698)	(148,128)
Property development costs at 30 September 2010	63,303	133,283	196,586
2009			
Cumulative property development costs			
At 1 October 2008	132,628	214,289	346,917
Costs incurred during the year	-	92,775	92,775
Transfer to properties held for development	(5,138)	(12,444)	(17,582)
Reversal of completed project	(36,825)	(109,513)	(146,338)
At 30 September 2009	90,665	185,107	275,772
Cumulative costs recognised in income statement			
At 1 October 2008	(76,697)	(117,744)	(194,441)
Recognised during the year	(5,266)	(50,049)	(55,315)
Reversal of completed project	70,000	76,338	146,338
At 30 September 2009	(11,963)	(91,455)	(103,418)
Property development costs at 30 September 2009	78,702	93,652	172,354

Interest capitalised was RM7.1million (2009: RM5.8 million).

16. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
At cost		
Manufactured inventories	158,639	122,960
Raw materials	124,607	76,314
Packaging materials	24,164	37,125
Engineering and other inventories	31,724	103,832
	339,134	340,231
At net realisable value		
Manufactured inventories	-	109,198
Raw materials	6	19,109
Packaging materials	-	6,526
Engineering and other inventories	4,577	7,241
	4,583	142,074
Total inventories	343,717	482,305

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM2,212million (2009: RM2,494 million).

17. RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(a) Short term				
Trade receivables	456,350	465,191	-	-
Provision for doubtful debts	(3,072)	(5,358)	-	-
	453,278	459,833	-	-
Progress billings in respect of property development costs	-	4,411	-	-
	453,278	464,244	-	-

17. RECEIVABLES (CONT'D.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
(a) Short term (cont'd.)				
Other receivables				
- Prepayments	3,593	5,382	-	6
- Deposits	3,808	5,174	-	-
- Tax recoverable	7,605	11,897	-	2,263
- Others	47,010	30,177	115,457	-
	62,016	52,630	115,457	2,269
Amount due from related parties:				
Subsidiaries	-	-	44,813	148,405
Related companies	12,741	27,693	-	-
	528,035	544,567	160,270	150,674
(b) Long term				
Amount due from a subsidiary				
Principal	-	-	145,096	-
Accreted interest	-	-	3,201	-
	-	-	148,297	-
Total receivables	528,035	544,567	308,567	150,674
The currency profile is as follows:				
- Ringgit Malaysia	422,448	358,107	160,019	3,837
- US Dollar	13,107	21,578	-	-
- Renminbi	-	26,643	-	-
- Vietnam Dong	-	22,899	-	-
- Singapore Dollar	6,268	28,912	-	-
- Thai Baht	86,212	84,448	148,548	146,837
- Others	-	1,980	-	-
	528,035	544,567	308,567	150,674

The short term amount due from subsidiaries are unsecured, repayable on demand and bear interest at 2.9% to 5.2% per annum (2009: 5.2% per annum). During the current financial year, an amount of RM145.1 million was converted into a zero coupon bond arrangement. The tenure of the bond is 7 years commencing 1 October 2009, and is repayable by way of a bullet repayment at the end of the tenure of the bond. The redemption value is RM170.7 million (Thai Baht 1,671.6 million) and the effective interest rate of the bond is 2.88%.

17. RECEIVABLES (CONT'D.)

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 (2009: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks				
- local	655,122	-	655,122	-
- foreign	-	19,641	-	-
Cash and bank balances	284,213	168,212	92,473	2,034
	939,335	187,853	747,595	2,034

The currency profile is as follows:

- Ringgit Malaysia	888,917	129,768	747,595	2,034
- US Dollar	8,403	23,931	-	-
- Renminbi	-	14,603	-	-
- Thai Baht	36,000	5,673	-	-
- Vietnam Dong	-	7,647	-	-
- Others	6,015	6,231	-	-
	939,335	187,853	747,595	2,034

The weighted average interest rates during the financial year and the average maturities of deposits at 30 September 2010 were as follows:

	Weighted Average		Average Maturities	
	2010	2009	2010	2009
	%	%	Days	Days
Foreign licensed banks	1.7	4.0	-	69
Local licensed bank	2.9	-	60	-

19. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2010	2009
	RM'000	RM'000
At carrying value:		
Building	3,646	3,646
Leasehold land	6,537	6,537
	10,183	10,183

The assets held for sale relate to land and building which are available for sale following the closure of the glass packaging plant in Jalan Kilang, Petaling Jaya.

20. SHARE CAPITAL

	Group and Company			
	2010		2009	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM1 each	500,000	500,000	500,000	500,000

	Group and Company	
	Number of shares '000	RM'000
Issued and fully paid:		
Ordinary shares of RM1 each		
At 1 October 2009	356,493	356,493
Shares exercised under ESOS	793	793
At 30 September 2010	357,286	357,286

As at 30 September 2010, the issued and paid up capital comprises 357,286,501 (2009: 356,493,101) ordinary shares of RM1.00 each, of which 237,100 (2009: 237,000) ordinary shares are held as treasury shares.

21. 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 100 of its issued ordinary shares from the open market at an average price of RM11.36 per share. The total consideration paid for the repurchase was RM1,178 comprising consideration paid amounting to RM1,136 and transaction costs of RM42. 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

	Group and Company Number of shares '000	RM'000
At 1 October 2008	237	1,713
Treasury shares purchased	*	2
Transaction costs	-	**
At 30 September 2009	237	1,715
Treasury shares purchased	#	1
Transaction costs	-	##
At 30 September 2010	237	1,716

* 200 shares

** RM83

100 shares

RM42

22. RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable:				
Share premium	345,990	339,990	345,990	339,990
Capital reserve	-	2,130	-	-
Foreign exchange reserve	(3,037)	36,603	-	-
Executives' share option reserve (Note c)	5,263	2,114	5,263	2,114
	348,216	380,837	351,253	342,104

22. RESERVES (CONT'D.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Distributable:				
Capital reserve (Note a)	15,897	15,897	15,897	15,897
Retained earnings (Note b)	1,076,833	541,632	885,804	298,587
	1,092,730	557,529	901,701	314,484
Total reserves	1,440,946	938,366	1,252,954	656,588

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

The Company did not elect for the irrevocable option to disregard the 108 balance in the prior years. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 September 2010, the Company has utilised the entire credit in the 108 balance and tax exempt income. Hence, going forward the Company may distribute dividends out of its entire retained earnings under the single tier system.

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

Offer date	Balance as at 1.10.2009 or offer date if later	Options exercised/ lapsed	Balance as at 30.9.2010	Exercise price	Exercise period
Option 2008					20.8.2010 -
20.11.2007	2,377,300	(918,800)	1,458,500	RM7.77	19.10.2012
Option 2009					19.8.2011 -
19.11.2008	2,811,300	(126,000)	2,685,300	RM8.46	18.10.2013
Option 2010					20.8.2012 -
20.11.2009	3,108,100	(74,500)	3,033,600	RM11.34	19.10.2014

22. RESERVES (CONT'D.)

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

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

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

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

The 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:

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

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

23. BORROWINGS

		Group	
		2010	2009
	Currency	RM'000	RM'000
Current:			
Loans	Thai Baht	-	96,935
Loans	Renminbi	-	8,839
Commercial Papers (Note a)	RM	-	97,593
Medium Term Notes (Note a)	RM	150,000	-
		150,000	203,367
Non-current:			
Term Loan	Thai Baht	-	60,402
Medium Term Notes (Note a)	RM	150,000	300,000
		150,000	360,402
		300,000	563,769

In the previous financial year, the Thai Baht and Renminbi loans bore interest at 0.05% to 5.00%. The Thai Baht and Renminbi loans were unsecured, except for an amount of Thai Baht loan of RM10,982,115 and the Thai Baht term loan of RM60,401,632 were secured over property, plant and machinery of certain subsidiary companies as disclosed in Note 10 to the financial statements.

The borrowings are repayable over the following periods:

		Group	
		2010	2009
		RM'000	RM'000
Within one year		150,000	203,367
1 to 2 years		-	168,826
2 to 3 years		150,000	20,396
3 to 4 years		-	171,180
		300,000	563,769

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

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

23. BORROWINGS (CONT'D.)

(a) Commercial Papers and Medium Term Notes Programme ("CP/MTN Programme") (Cont'd.)

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

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

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

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

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

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

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

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

24. PROVISION FOR RETIREMENT BENEFITS

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

	Group	
	2010 RM'000	2009 RM'000
Present value of unfunded defined benefit obligations	37,153	36,642
Unrecognised actuarial gain	467	341
Net liability	37,620	36,983

24. PROVISION FOR RETIREMENT BENEFITS (CONT'D.)

The amounts recognised in the income statement are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Current service cost	2,489	1,509
Interest cost	1,953	1,815
Net actuarial losses	992	-
Amortisation of unrecognised gain	(277)	(89)
Curtailment or settlement gain	-	784
Transition obligation recognised	489	(134)
Total	5,646	3,885

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

At 1 October 2009/2008	36,983	35,245
Recognised in income statement (Note 5a)	5,646	3,885
Contribution paid	(2,901)	(2,147)
Disposal of subsidiaries	(2,023)	-
Exchange differences	(85)	-
At 30 September	37,620	36,983

Principal actuarial assumptions used:

	2010	2009
	%	%
Discount rate	4.60 – 6.50	5.50 – 6.50
Rate of increase in salaries	5.00 – 6.00	4.00 – 5.00
Mortality rate	0.00 – 0.41	0.03 – 0.59
Disability rate	0.00 – 0.04	0.00 – 0.92
Retirement at age of 55	1.00	1.00

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

25. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At 1 October 2009/2008	817	29,597	-	-
Recognised in income statement:				
- property, plant and equipment	7,050	(25,949)	-	-
- tax losses and unabsorbed capital allowances	473	783	-	-
- deferred income	3,008	(2,092)	-	-
- provisions	3,835	(1,601)	-	-
- tax effect on revaluation surplus	28	79	-	-
At 30 September	15,211	817	-	-

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
At 1 October 2009/2008	(20,993)	(2,480)	-	-
Currency realignment	524	-	-	-
Recognised in income statement	3,887	(18,513)	-	-
Disposal of subsidiaries	12,027	-	-	-
Others	291	-	-	-
At 30 September	(4,264)	(20,993)	-	-
Deferred tax liabilities				
At 1 October 2009/2008	21,810	32,077	-	-
Recognised in income statement	(2,335)	(10,267)	-	-
At 30 September	19,475	21,810	-	-

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

Deferred tax assets				
- Tax losses	-	(532)	-	-
- Provisions	(13,475)	(17,311)	-	-
- Deferred income	-	(3,007)	-	-
- Unabsorbed capital allowances	(61)	(2)	-	-
	(13,536)	(20,852)	-	-

25. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax liabilities				
Subject to income tax:				
- Property, plant and equipment	25,148	18,098	-	-
Subject to capital gains tax:				
- Revaluation surplus	3,599	3,571	-	-
	28,747	21,669	-	-
	15,211	817	-	-

26. PAYABLES AND PROVISIONS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(a) Payables				
Trade payables	263,692	215,012	15	13
Progress billings in respect of property development costs	12,060	-	-	-
	275,752	215,012	15	13
Other payables				
- Accrued expenses	262,996	283,099	3,402	487
- Deposits	7,412	8,979	-	-
- Sales tax	9,402	7,745	-	-
- Staff costs	43,822	48,507	-	-
- Others	125,252	94,246	-	-
	448,884	442,576	3,402	487
Subsidiaries	-	-	8,118	3,058
Related companies	30,656	38,495	18	-
Holding company	438	427	-	-
	755,730	696,510	11,553	3,558

26. PAYABLES AND PROVISIONS (CONT'D.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
(a) Payables (cont'd.)				
The currency profile is as follows:				
- Ringgit Malaysia	569,732	480,046	11,535	3,558
- US Dollar	55,090	6,791	-	-
- Renminbi	-	16,993	-	-
- Thai Baht	121,774	134,469	-	-
- Vietnam Dong	-	13,956	-	-
- Singapore Dollar	6,615	42,251	18	-
- Others	2,519	2,004	-	-
	755,730	696,510	11,553	3,558

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 (2009: 30 to 90 days).

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
(b) Provisions				
At 1 October 2009/2008	-	-	-	-
Additional provision (Note 7)	42,767	-	42,767	-
At 30 September	42,767	-	42,767	-

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

27. CAPITAL COMMITMENTS

	Group	
	2010	2009
	RM'000	RM'000
Property, plant and equipment:		
Amount approved and contracted for	260,933	87,300
Amount approved but not contracted for	186,338	446,492
	447,271	533,792

28. LEASE COMMITMENTS

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

	Group	
	2010	2009
	RM'000	RM'000
Within one year	15,000	31,887
Between one and five years	22,106	13,462
After five years	1,247	1,168
	38,353	46,517

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group	
	2010	2009
	RM'000	RM'000
Royalties paid to the holding company	1,984	1,901
Related parties:		
Royalties paid	31,873	31,581
Purchase of finished goods	16,732	17,764
Purchase of raw materials	23,201	22,035
Purchase of concentrates	146,603	126,632
Payment of corporate services	3,062	3,067
Sales of finished goods	120,929	171,727
Receipt of rental	315	299

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

	Company	
	2010	2009
	RM'000	RM'000
Subsidiaries:		
Dividend income received	287,666	180,200
Interest income received	7,063	1,434

30. SIGNIFICANT EVENTS

- (a) On 10 February 2010, the Company announced that its wholly owned subsidiary, F&N Beverage Marketing Sdn Bhd (formerly known as F&N Coca-Cola (Malaysia) Sdn Bhd) ("F&NBM"), had entered into an agreement with Allexcel Trading Sdn Bhd in which F&NBM has been appointed as the exclusive distributor to market, distribute and sell Red Bull energy drink in Malaysia.

The appointment is for a tenure of five (5) years commencing 1 April 2010 and expiring on 31 March 2015 ("Initial Term"). Such appointment shall be automatically renewed for a further term of five (5) years ("Second Term") upon the expiry of the Initial Term subject to such mutually agreed terms and conditions and may be extended by further terms of five (5) years each after the Second Term.

- (b) On 22 April 2010, the Company announced that its wholly owned subsidiary, Elsinburg Holdings Sdn Bhd (the "Vendor") has entered into a sale and purchase agreement with Star Residence Sdn Bhd for the proposed disposal of a parcel of development land measuring approximately 5,830 square metres (1.44 acres) held under Geran 71445 Lot 293 Section 89 Town and District of Kuala Lumpur (the "Property") together with a development order and approved building plans for two (2) blocks of serviced apartments, signature offices and retail outlets (collectively, "Ampang Hilir 233 Project"), for a total consideration of RM53.8 million.

On 21 July 2010, the disposal of the Ampang Hilir 233 Project was duly completed with disposal price fully collected in cash.

- (c) On 14 May 2010, the Company entered into a conditional share purchase agreement with Berli Jucker and ACI International for the disposal of its 100% equity interest in Malaya Glass Products Sdn. Bhd. ("MGP") comprising 55,000,000 ordinary shares of RM1.00 each and 172,225 redeemable non-cumulative convertible preference shares of RM1.00 each, representing the entire issued and paid-up share capital of MGP for a total cash consideration of USD221.7 million (RM732.7 million) and the settlement of the Intra-Group Borrowings owing by the relevant companies in the MGP Group to the F&N Group.

The disposal of MGP was completed on 16 July 2010. The Company has received proceeds amounting to USD257.8 million (RM852.0 million) in connection with the disposal, which comprise the disposal Consideration of USD221.7 million (RM732.7 million) and proceeds from the full settlement of the Intra-Group Borrowings of USD36.1 million (RM119.3 million).

30. SIGNIFICANT EVENTS (CONT'D.)

- (d) On 26 August 2010, the Company ("F&N") entered into a conditional subscription agreement with Cocoland Holdings Berhad ("CHB") for the subscription of 39,600,000 Subscription Shares representing 23.08% of the enlarged equity interest in CHB for a total cash subscription price of RM54,648,000 or RM1.38 per Subscription Share ("Proposed Subscription").

The Proposed Subscription is conditional upon, amongst other, the following:

- (i) obtaining the approval of the shareholders of CHB for the Proposed Subscription;
- (ii) obtaining the approvals of the relevant governmental or regulatory authorities for the Proposed Subscription;
- (iii) obtaining the approval of any third party whose consent or approval is required pursuant to any contract to which any of the CHB group companies is a party for the Proposed Subscription;
- (iv) obtaining the approval in-principle of the Bursa Securities for the admission, listing and quotation of the Subscription Shares on the Official List of Bursa Securities; and
- (v) CHB having performed its obligations to the satisfaction of F&N to present the registrable transfer of certain real properties (which are still registered under the name of the developer) to and in the name of Cocoland Industry Sdn. Bhd. as the registered owner with the relevant land authority.

The issue price of RM1.38 per Subscription Share was arrived at on a negotiated basis.

The Proposed Subscription is funded through internally generated funds.

There are no assumption of liabilities, contingent liabilities and guarantees by F&N in respect of the Proposed Subscription.

31. CONTINGENT LIABILITIES

The Company issued a corporate guarantee to the extent of RM 1,000 million (2009: RM1,000 million) of which RM 300 million (2009: RM400 million) was utilised in respect of the issuance of the CP/MTN of its subsidiary (Note 23).

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D.)

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 2010, the outstanding foreign currency forward contract of the Group are as follows:

Currency	Contract amount ('000)	Equivalent amount in RM'000	Expiry date	Average rate RM
USD	3,203	10,003	8.10.2010 – 9.11.2010	3.12
EUR	1,308	5,447	15.4.2011	4.16

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

Credit risk

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

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

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

Interest rate risk

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D.)

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.

Other receivable (non-current)

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

Trade receivables and trade payables

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

Amount due from/to related companies

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

Borrowings

The fair value of borrowings is estimated by using the effective interest method. The fair value of the tranche 1 and tranche 2 of the CP/MTN are RM151.9 million and RM155.2 million respectively (2009: RM153.6 million and RM154.0 million respectively). Fair values of other borrowings approximately their carrying values as these are floating rate debts.

33. SEGMENTAL INFORMATION

For management purposes, the Group's operating businesses are organised according to products and services, namely soft drinks, dairy products, glass container (this segment has been classified as a discontinued operation during the financial year) and property/others. Segment performance is evaluated based on operating profit. The Group operated in five geographical areas namely, Malaysia, Vietnam, Thailand, Singapore 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.

33. SEGMENTAL INFORMATION (CONT'D.)

Operating segments

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

	← Continuing operations →				Discontinued operations Glass container
	Soft drinks RM'000	Dairy products RM'000	Property/ Others RM'000	Total RM'000	RM'000
Year ended 30 September 2010					
Revenue					
Total revenue	2,510,508	2,640,896	147,527	5,298,931	372,010
Inter – segment	(921,392)	(665,606)	(74,207)	(1,661,205)	(4,998)
External	1,589,116	1,975,290	73,320	3,637,726	367,012
Results					
Operating profit	194,209	162,600	32,486	389,295	13,653
Interest expense				(7,171)	(7,098)
Interest income				6,858	310
Taxation				(81,980)	(1,855)
Profit after taxation				307,002	5,010
Gain on divestment of glass container business				-	382,036
Minority interests				-	1,243
Net profit for the year				307,002	388,289
Other information					
Segment assets	715,496	989,825	320,000	2,025,321	-
Unallocated assets				4,264	-
Cash and bank balances				939,335	-
Total assets				2,968,920	-
Segment liabilities	416,310	309,119	110,688	836,117	-
Unallocated liabilities				35,993	-
Bank borrowings				300,000	-
Total liabilities				1,172,110	-

33. SEGMENTAL INFORMATION (CONT'D.)**Operating segments (cont'd.)**

	← Continuing operations →			Discontinued operations	
	Soft drinks RM'000	Dairy products RM'000	Property/ Others RM'000	Total RM'000	Glass container RM'000
Year ended 30 September 2010 (cont'd.)					
Capital expenditure	80,744	68,661	4,513	153,918	18,568
Depreciation, amortisation of intangible assets and prepaid land lease payments	33,906	37,844	6,781	78,531	34,192
Year ended 30 September 2009					
Revenue					
Total revenue	2,106,466	2,507,628	122,481	4,736,575	479,863
Inter - segment	(796,598)	(609,302)	(59,512)	(1,465,412)	(13,963)
External	1,309,868	1,898,326	62,969	3,271,163	465,900
Results					
Operating profit	136,683	140,437	9,748	286,868	27,079
Interest expense				(9,547)	(8,115)
Interest income				2,526	966
Taxation				(73,313)	16,458
Profit after taxation				206,534	36,388
Minority interests				(10,585)	(7,905)
Net profit for the year				195,949	28,483
Other information					
Segment assets	627,964	925,086	312,010	1,865,060	685,996
Unallocated assets				8,127	12,866
Cash and bank balances				145,663	42,190
Total assets				2,018,850	741,052

33. SEGMENTAL INFORMATION (CONT'D.)

Operating segments (cont'd.)

	← Continuing operations →			Discontinued operations	
	Soft drinks RM'000	Dairy products RM'000	Property/ Others RM'000	Total RM'000	Glass container RM'000
Year ended 30 September 2009 (cont'd.)					
Segment liabilities	336,416	286,037	49,363	671,816	61,677
Unallocated liabilities				51,476	1,761
Bank borrowings				465,295	98,474
Total liabilities				1,188,587	161,912
Capital expenditure	39,740	194,217	5,672	239,629	56,274
Depreciation, amortisation of intangible assets and prepaid land lease payments	35,387	25,917	7,448	68,752	56,996

Geographical segments

The following table presents the financial information by geographical segments:

	Revenue		Non Current Assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	2,621,546	2,307,447	578,203	678,423
Vietnam	4,376	1,140	-	35,666
China	26,603	35,380	-	110,657
Singapore	107,755	116,456	-	-
Thailand	735,797	663,553	293,227	441,531
Others	141,649	147,187	75,370	75,370
Total	3,637,726	3,271,163	946,800	1,341,647

33. SEGMENTAL INFORMATION (CONT'D.)

Geographical segments (cont'd.)

Non-current assets information presented above consists of the following items are presented in the consolidated balance sheets:

	2010 RM'000	2009 RM'000
Property, plant and equipment	741,788	1,102,372
Prepared land lease payments	74,366	75,838
Properties held for development	5,470	31,787
Intangible assets	125,176	131,650
	946,800	1,341,647

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial years ended 30 September 2010 and 30 September 2009.

34. SUBSIDIARIES AND ACTIVITIES

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%)	
			2010	2009
Subsidiaries of Fraser & Neave Holdings Bhd				
Malaya Glass Products Sdn Bhd	Malaysia	Manufacture and sale of glass container	–	100
Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Malaysia	Inactive	100	100
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Management services and property investment holdings	100	100
Four Eights Sdn Bhd	Malaysia	Inactive	100	100
F&N Beverages Manufacturing Sdn Bhd (formerly known as F&NCC Beverages Sdn Bhd)	Malaysia	Manufacture of soft drinks	100	100
F&N Beverages Marketing Sdn Bhd (formerly known as F&N Coca-Cola (Malaysia) Sdn Bhd)	Malaysia	Distribution of soft drinks	100	100
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Distribution of dairy products	100	100
Premier Milk (Malaya) Sdn Bhd	Malaysia	Manufacture of dairy products	100	100
F&N Foods Sdn Bhd	Malaysia	Manufacture of dairy products	100	100
F&N Dairies (Thailand) Limited	Thailand	Manufacture and distribution of dairy products	100	100
Arolys Singapore Pte Limited	Singapore	Distribution of dairy products	100	100

34. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%)	
			2010	2009
Subsidiaries of Fraser & Neave Holdings Bhd (cont'd.)				
Lion Share Management Limited	British Virgin Island	Brand owner	100	100
PML Dairies Sdn Bhd	Malaysia	Manufacture and distribution of dairy products	100	100
Wimanis Sdn Bhd	Malaysia	Property development activities	100	100
Brampton Holdings Sdn Bhd	Malaysia	Property development activities	100	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 Properties Sdn Bhd	Malaysia	Provision of property management services	100	100
Tropical League Sdn Bhd	Malaysia	Inactive	100	100
F&N Capital Sdn Bhd	Malaysia	Provision of financial and treasury services	100	100

34. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%)	
			2010	2009
Subsidiary of Brampton Holdings Sdn Bhd				
Vibrant Asset Sdn Bhd	Malaysia	Inactive	100	-
Subsidiary of F&N Beverages Manufacturing Sdn Bhd				
Borneo Springs Sdn Bhd	Malaysia	Manufacture and sale of mineral water, carbonated drinks and bottles	100	100
Subsidiaries of Malaya Glass Products Sdn Bhd				
Malaya-Vietnam Glass Limited	Vietnam	Manufacture and sale of glass container	-	70
Sichuan Malaya Glass Co Ltd * ▲	China	Manufacture and sale of glass container	-	60
Thai Malaya Glass Company Limited	Thailand	Manufacture and sale of glass container	-	70

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

▲ Financial year 31 December



New Room For Growth

The Rafflesia is without question, the biggest flower in the world. Its five petals have been measured at a staggering 100 cm in diameter, and it has been known to weigh up to a whopping 10 kg. This largeness reflects the aspirations of the Company. Having cultivated our presence in various parts of the ASEAN region, we will continue to blossom further afield into new markets and territories as we carry on developing our products and services in the near future.



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LIST OF PROPERTIES

LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP YEAR ENDED 30 SEPTEMBER 2010

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/10		Last Revalued Date
				Land RM'000	Buildings RM'000	
JOHOR						
Malay Grant 598 Jalan Tampoi Johor Bahru	59,895	Detached house/ Warehouse	43 years (Freehold)	1,050	3,663	February 1990
701 Jalan Tampoi Johor Bahru	241,022	Industrial/ Factory premise	43 years (Freehold)	7,662	176	February 1990
PERAK						
217 Jalan Lahat Ipoh	287,738	Industrial/ Factory premise	41 years (Freehold)	2,815	3,865	October 1995
79 & 81 Jalan Tun Perak Ipoh	51,828	Industrial/ Factory premise	104 years (Freehold/ Leasehold expiring 2013 & 2066)	384	68	October 1995
PULAU PINANG						
3724 (Lot 834 and 842) Sungei Nyior Butterworth Pulau Pinang	130,324	Industrial/ Factory premise	56 years (Freehold)	2,600	1,959	October 1995
3725 & 3726(Lot 833) Butterworth Pulau Pinang	97,387	Detached house/Office premise	55 years (Freehold)	2,120	196	October 1995
KELANTAN						
Pengkalan Chepa Industrial Estate Kota Bahru	203,861	Industrial/ Factory premise	30 years (Leasehold expiring 2043)	569	533	October 1995

**LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP
YEAR ENDED 30 SEPTEMBER 2010**

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/10		Last Revalued Date
	Land	Buildings		RM'000	RM'000	
PAHANG						
Mar Lodge Cameron Highlands	90,931	Detached house/Holiday bungalow	43 years (Leasehold expiring 2037)	663	190	October 1995
Lot 7399 Jln Mempaga Mukim Sabai, Karak	216,986	Industrial/ Factory premise	3 years (Freehold)	3,699	5,172	2007
KUALA LUMPUR						
No.3, Jalan Metro Pudu, Fraser Business Park	7,208	Office Premise	3 years (Freehold)	-	15,816	2007
MELAKA						
10 Jalan Bukit Gedong, Melaka	104,000	Industrial/ Factory premise	85 years (Freehold/ Leasehold expiring 2023)	828	622	October 1995
SELANGOR						
Lot 3-1 Lion Industrial Park Shah Alam	1,373,447	Industrial/ Factory premise and office	13 years (Freehold)	36,899	73,085	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	49 years (Leasehold expiring 2058)	18,613	15,482	October 1995

**LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP
YEAR ENDED 30 SEPTEMBER 2010**

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/10		Last Revalued Date
				Land RM'000	Buildings RM'000	
SELANGOR (cont'd.)						
16 Jalan Bersatu 13/4, Petaling Jaya	171,797	Industrial/ Factory premise	49 years (Leasehold expiring 2058)	9,854	4,340	October 1995
Lot 5, Jalan Kilang Petaling Jaya (classified as non-current assets held for sales (note 19))	207,727	Industrial/ Factory premise	43 years (Leasehold expiring 2058)	6,537	3,646	October 1995
Lot No 56, Section 4 Phase 2B, Mukim Klang Selangor	151,343	Industrial/ Factory premise	2 year (Leasehold expiring 2097)	29,004	-	2008
SARAWAK						
Lot 924 Block 4 Matang Land District	118,776	Industrial/ Factory premise	4 years (Freehold)	4,379	2,642	2006
Lot 583 Block 4 Matang Land District	261,338	Industrial/ Factory premise	4 years (Leasehold expiring 2038)	4,411	607	2006
3.5 Miles Penrissen Road Kuching	194,539	Industrial/ Factory premise	44 years (Leasehold expiring 2038)	1,568	6,592	October 1995
Lot 1557 Block 218 KNLD Kuching	124,797	Industrial	4 years (Leasehold expiring 2038)	6,923	-	2006

**LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP
YEAR ENDED 30 SEPTEMBER 2010**

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/10		Last Revalued Date
				Land RM'000	Buildings RM'000	
SARAWAK (cont'd.)						
Lot 142 Block 4 Kuching	47,413	Shop office	4 years (Leasehold expiring 2784)	225	182	2006
Sublot 3, Lot 2370 Jalan Tatau Bintulu Bintulu	5,272	Industrial/ Factory premise	3 years (Freehold)	-	19	
SABAH						
5.5 Miles Tuaran Road Kota Kinabalu	142,140	Vacant land	- (Leasehold expiring 2062)	1,242	-	October 1995
5.5 Miles Tuaran Road Kota Kinabalu	142,578	Industrial/ Factory premise	39 years (Leasehold expiring 2062)	1,016	1,728	October 1995
THAILAND						
90 Moo 8 Mitapap Road Phayayen District Amphur Pakchong Nakhonratchasima Province 30320	125,857	Industrial	3 years (Freehold)	-	123,558	2007
668 Moo 4 Rojana Industrial Park Zone 2, U-thai, Phra Nakhon Si Ayutthaya 13210 Thailand	990,280	Industrial	1 year (Freehold)	17,097	-	

**LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP
YEAR ENDED 30 SEPTEMBER 2010**

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/10		Last Revalued Date
				Land RM'000	Buildings RM'000	
Classified as Group Property Held for Development (Note 12) & Property Development Cost (Note 15)						
KUALA LUMPUR						
Fraser Business Park Jalan Yew Kuala Lumpur	276,196	For the development of shop office for sale	Freehold	33,320		October 1995
Fraser Business Park Jalan Yew, Kuala Lumpur	40,777	No plan yet	Freehold	5,470		October 1995
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 2010

Authorised share capital - RM500,000,000

Fully paid and issued shares - RM358,668,101 (inclusive of 237,100 treasury shares)

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

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

Analysis of shareholdings

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
1 - 99	295	6.52	4,208	0.01
100 - 1,000	1,760	38.92	1,301,544	0.36
1,001 - 10,000	1,950	43.12	7,556,762	2.11
10,001 - 100,000	456	10.09	13,029,600	3.64
100,001 to less than 5% of issued shares	58	1.28	48,953,950	13.65
5% and above of issued shares	3	0.07	287,584,937	80.23
Total	4,522	100.00	358,431,001	100.00

Directors' shareholdings

No. Name of shareholders	Direct holdings		Indirect holdings	
	No.	%	No.	%
1. Y.A.M. Tengku Syed Badarudin Jamalullail	2,062,000	0.58	-	-
2. Tan Ang Meng	156,200	0.04	-	-
	2,218,200	0.62	-	-

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	203,556,310	56.79	-	-
2. Oversea-Chinese Banking Corporation Limited	-	-	203,556,310	56.79
3. Great Eastern Holdings Limited	-	-	203,556,310	56.79
4. Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	63,584,097	17.74	-	-
5. Employees Provident Fund Board	21,944,530	6.12	-	-
	289,084,937	80.65	-	-

THIRTY LARGEST SHAREHOLDERS (as shown in the register of members)

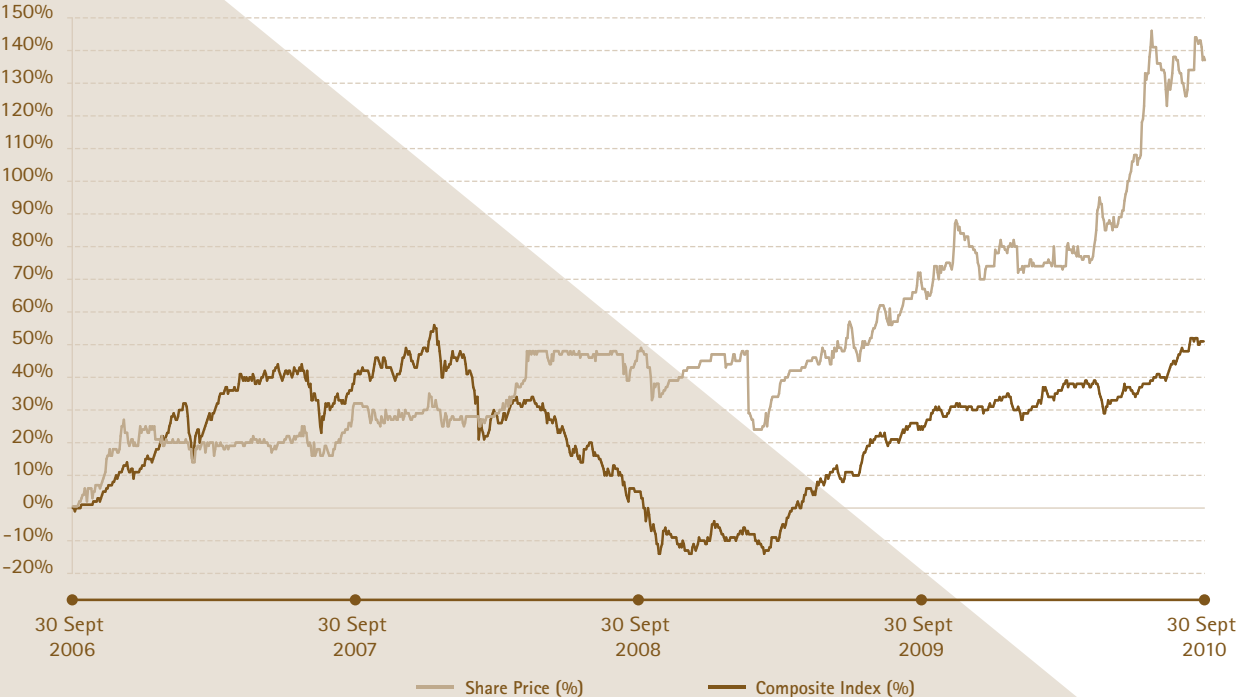
No.	Name of shareholders	Shares held	%
1.	Fraser and Neave, Limited	203,556,310	56.79
2.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	63,584,097	17.74
3.	Employees Provident Fund Board	20,444,530	5.70
4.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,770,000	2.73
5.	Permodalan Nasional Berhad	8,158,500	2.28
6.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Lux For Aberdeen Global	6,394,700	1.78
7.	Amanahraya Trustees Berhad AS 1Malaysia	3,200,000	0.89
8.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Icapital.Biz Berhad	2,497,000	0.70
9.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Syed Badarudin Jamalullail Bin Syed Putra Jamalullail (01-00737-000)	1,744,000	0.49
10.	Employees Provident Fund Board	1,500,000	0.42
11.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd For The Employees' Provident Fund Board (250416)	1,027,000	0.29
12.	HSBC Nominees (Asing) Sdn Bhd Exempt AN For BNP Paribas Securities Services (Singapore - SGD)	960,000	0.27
13.	Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank for Global Emerging Markets Small Cap (Danske Invest)	800,000	0.22
14.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	767,800	0.21
15.	AmSEC Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd For Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	723,000	0.20
16.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd For Kumpulan Wang Persaraan (Diperbadankan) (FD1 - 280305)	710,000	0.20
17.	CIMSEC Nominees (Asing) Sdn Bhd Bank of Singapore Limited For Kontinental International Limited	709,000	0.20
18.	Key Development Sdn Berhad	600,000	0.17

THIRTY LARGEST SHAREHOLDERS (as shown in the register of members) (cont'd.)

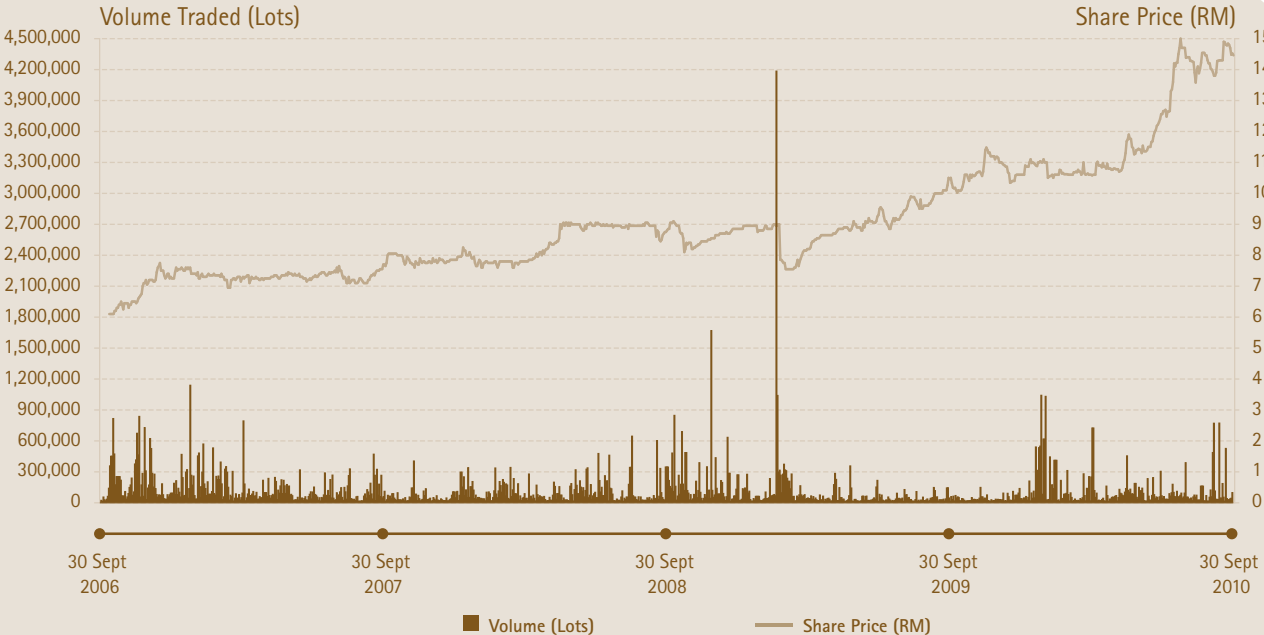
No.	Name of shareholders	Shares held	%
19.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	559,500	0.16
20.	HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (Guernsey)	513,700	0.14
21.	Chinchoo Investment Sdn Berhad	500,000	0.14
22.	Gan Teng Siew Realty Sdn Berhad	500,000	0.14
23.	Lee Chin Hong	438,000	0.12
24.	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Danske Bank A/S (Client Holdings)	413,400	0.12
25.	Soong Bee Yoke	391,400	0.11
26.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Goh Sin Bong (MP0081)	322,400	0.09
27.	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	310,900	0.09
28.	HSBC Nominees (Asing) Sdn Bhd HSBC Bk Plc For First State Singapore And Malaysia Growth Fund	303,200	0.08
29.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund J734 For SPDR S And P Emerging Market's Small Cap ETF	270,000	0.08
30.	Mayban Nominees (Tempatan) Sdn Bhd Capital Dynamics Asset Management Sdn Bhd For Choong Lye Hock Estates Sdn Berhad (CDAM 36 - 200748)	223,700	0.06
		331,892,137	92.60

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 49th 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, 19 January 2011 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 2010 and the Reports of the Directors and Auditors thereon. (Resolution 1)
- 2 To approve the payment of a final single tier dividend of 38 sen per share for the year ended 30 September 2010. (Resolution 2)
- 3 (i) To re-elect the following directors:
Under Article 97 of the Articles of Association
 - a) Dato' Anwaruddin bin Ahamad Osman (Resolution 3(i)a)
 - b) Mr Koh Poh Tiong (Resolution 3(i)b)
 - c) Mr Anthony Cheong Fook Seng (Resolution 3(i)c)
Under Section 129 of the Companies Act 1965
 - d) Mr Leslie Oswin Struys (Resolution 3(i)d)
 - e) Tan Sri Dato' Dr Lin See Yan (Resolution 3(i)e)
- (ii) Election of Director:
Dato' Ng Jui Sia (to replace Dato' Tan Ang Meng who is retiring) (Resolution 3(ii))
- 4 To approve directors' fees of RM860,000 for the year ending 30 September 2011 payable monthly in arrears after each month of completed service of the directors during the financial year. (2010 : RM681,000) (Resolution 4)
- 5 To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2011 and to authorise the directors to fix their remuneration. (Resolution 5)

Special Business

- 6 To authorise Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd. Executives' Share Option Scheme as approved at the Extraordinary General Meeting of the Company on 5 April 2007. (Resolution 6)
- 7 Proposed renewal of the authority for the purchase of its own shares by the Company (Resolution 7)
- "THAT** subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements ("MMLR"), and the approvals of the relevant authorities, the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to the extent permitted by the law, to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up ordinary share capital from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities"), subject further to the following:
- (i) the maximum number of ordinary shares which may be purchased and held by the Company does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point in time ("Proposed Share Buy-Back");
 - (ii) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the Company's total retained profits and/or share premium account at the time of purchase of the Proposed Share Buy-Back;
 - (iii) the approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting ("AGM") of the Company, following the passing of this resolution or the expiration of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution passed by shareholders of the Company at a general meeting but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority; and
 - (iv) upon completion of the purchase(s) of the F&N Shares or any part thereof by the Company, the Directors be and are hereby authorised to cancel all the F&N Shares so purchased, retain all the F&N Shares as treasury shares for future re-sale or retain part thereof as treasury shares and cancelling the balance or distribute all or part of the F&N Shares as dividends to shareholders, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the MMLR and any other relevant authority for the time being in force;

AND THAT authority be and is hereby unconditionally and generally given to the Directors to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy- Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the MMLR, and all other relevant governmental and/or regulatory authorities."

- 8 Proposed renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature

(Resolution 8)

"THAT approval be and is hereby given for the Company and/or its subsidiaries ("F&N Group") to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 2.4, Part B of the Circular dated 24 December 2010 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."

NOTICE OF ANNUAL GENERAL MEETING

- 9 Proposed amendment to the Articles of Association of the Company in relation to e-Dividend

(Special
Resolution 9)

"THAT the existing Article 125 of the Company's Articles of Association be deleted in its entirety and be substituted with the following new Article 125.

Existing Article 125

Dividends payable by cheque

Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if two or more persons are registered as joint holders of the shares or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque shall be a good discharge to the company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

New Article 125

Dividends payable by cheque or other methods

Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if two or more persons are registered as joint holders of the shares or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such person or persons may by writing direct or by way of electronic or other methods of transfer or remittance to such account as designated by such holder or the person entitled to such payment. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant or electronic transfer or remittance shall be a good discharge to the Company. Every such cheque or warrant or electronic transfer or remittance shall be sent at the risk of the person entitled to the money represented thereby."

- 10 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 payment of a final single tier dividend of 38 sen per share for the year ended 30 September 2010 will be paid to shareholders on 23 February 2011. The entitlement date for the proposed dividend shall be on 31 January 2011.

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 31 January 2011 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 2010

Notes:

- 1) *A member entitled to attend and vote at the above meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf and such proxy or proxies need not be a member or members of the Company.*
- 2) *Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.*
- 3) *In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised.*
- 4) *The instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company at Level 8, F&N Point, No. 3 Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur not less than 48 hours before the meeting.*

EXPLANATORY NOTES ON THE SPECIAL BUSINESS

(i) Proposed Renewal Of The Authority To Allot And Issue Shares Pursuant To The Fraser & Neave Holdings Bhd. Executives' Share Option Scheme

The proposed ordinary resolution 6 is to seek a renewal of the general mandate which, if passed, will give the Directors of our Company from the date of this Annual General Meeting, authority to allot and issue ordinary shares pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd Executives' Share Option Scheme which was passed on 5 April 2007.

(ii) Proposed Renewal of Share Buy-back

The proposed ordinary resolution 7, if passed, will provide our Company authority to buy-back our shares and will allow our Company a further option to utilise our financial resources more efficiently. Additionally, it is intended to stabilise the supply and demand as well as the price of our Company's shares.

(iii) Proposed Renewal of Shareholders' Mandate

The proposed ordinary resolution 8, if passed, will enable our Company and/or its subsidiaries ('F&N Group') to enter into Recurrent Transactions with the Mandated Related Party provided that such transactions are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders, without having to announce and/or convene separate general meetings to seek shareholders' approval if the recurrent transactions' percentage ratios are equal to or exceed five (5) percent as prescribed in Chapter 10 of the MMLR.

(iv) Proposed Amendment To The Articles Of Association Of The Company In Relation To e-Dividend

The proposed special resolution 9, if passed, will allow the Company to pay dividend, interest or other money payable in cash in respect of shares of the Company directly into the bank accounts of shareholders or the persons entitled to such payment.

Statement Accompanying the Notice of the 49th Annual General Meeting of Fraser & Neave Holdings Bhd.

Pursuant to paragraph 8.27(2) and format as set out in Appendix 8A of the Main Market Listing Requirements.

1. Dato' Tan Ang Meng is retiring as a director at the 49th AGM.
2. The individual who is standing for election is Dato' Ng Jui Sia.
3. Details of Dato' Ng Jui Sia are as follows :-

Dato' Ng Jui Sia

Singaporean, age 58

Chief Executive Officer of Fraser & Neave Holdings Bhd.

Dato' Ng Jui Sia holds a Bachelor degree in Business Administration from the University of Singapore and is an Associate of the Institute of the Chartered Accountants in England & Wales.

Dato' spent his early years in accounting and auditing in London and Singapore with PriceWaterhouse, and has extensive general management experience since 1988 operating in Hong Kong, China, South Asia, Malaysia and Singapore. Dato' Ng was with Carnaud MetalBox Asia, an MNC headquartered in Singapore, managing the packaging start-up in Hong Kong and South China from 1989 – 1994.

He joined the F&N Group in 1995 and led a management team in F&N Coca-Cola Singapore in 1995 – 1999 in brand marketing, manufacturing, sales and distribution. Dato' was responsible for a massive restructuring of the Malaysian soft drinks business over a 6-year period from 2000 – 2006. He was appointed CEO of F&N's Times Publishing Ltd in 2006 until 2010, an international portfolio of printing, publishing, distribution and book retailing over eight countries.

Dato' was a nominee director in Fung Choi Media Group Ltd, a China based company listed in the Singapore Stock Exchange from August 2009 to July 2010 and PMP Ltd, a company listed in the Australia Stock Exchange, from November 2007 to August 2010.

Dato' Ng has been appointed the Chief Executive Officer of Fraser & Neave Holdings Group on 1 August 2010. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company.

Fraser and Neave, Limited owns the **100PLUS, F&N Fun Flavours, Seasons, Fruit Tree, Farmhouse, Magnolia, Gold Coin** and **F&N** brands

The Coca-Cola Company owns the **Coca-Cola, Sprite, Aquarius** and **Borneo** brands

Sunkist Growers Inc owns the **Sunkist** brand

Lion Share Management Limited owns the **TEA POT** brand

Societe des Produits Nestle S.A., owns **Milkmaid, Cap Junjung, Carnation, Ideal, Bear Brand** and **MILO** brands

T.C. Pharmaceutical Industries Co. Ltd, Thailand owns the **Red Bull** brand



FRASER & NEAVE HOLDINGS BHD.

PROXY FORM

CDS account no.

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

I/We
(FULL NAME IN BLOCK LETTERS AND IC NO.)

(or attorney of)
(FULL NAME IN BLOCK LETTERS AND IC NO.)

of
(FULL ADDRESS)

a member of FRASER & NEAVE HOLDINGS BHD, hereby appoint

.....
(FULL NAME IN BLOCK LETTERS AND IC NO.)

of
(FULL ADDRESS)

or failing him / her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us and my/our behalf at the 49th Annual General Meeting of the Company to be held on Wednesday, 19 January 2011 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 2010 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final single tier dividend of 38 sen per share for the year ended 30 September 2010.		
3(i)	To re-elect the following directors : <u>Under Article 97 of the Articles of Association</u> a) Dato' Anwaruddin bin Ahamad Osman b) Mr Koh Poh Tiong c) Mr Anthony Cheong Fook Seng <u>Under Section 129 of the Companies Act 1965</u> d) Mr Leslie Oswin Struys e) Tan Sri Dato' Dr Lin See Yan		
(ii)	Election of Director: Dato' Ng Jui Sia (to replace Dato' Tan Ang Meng who is retiring)		
4	To approve directors' fees of RM860,000 for the year ending 30 September 2011 payable monthly in arrears after each month of completed service of the directors during the financial year. (2010 : RM681,000)		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2011 and to authorise the directors to fix their remuneration.		
SPECIAL BUSINESS			
6	To renew the authority of 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.		
9	<u>Special Resolution</u> To amend Article 125 of the Articles of Association of the Company in relation to e-Dividend.		

As Witness my/our hand this day of 2011.

No. of ordinary shares held

.....
Signature of member

Contact no:

Notes:

1. A member entitled to attend and vote at the above meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf and such proxy or proxies need not be a member or members of the Company.
2. Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.
3. In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised.
4. This instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company, 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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