

The year of BUILDING BRANDS



ANNUAL REPORT 2015

OUR VISION

To become the leading total beverage company in
Malaysia and the region

MISSION

To be a world-class multinational enterprise
providing superior returns to our shareholders,
excellent value for our customers and a rewarding
career for our employees



“

We stand at a very exciting juncture on a transformational journey and, with the continued support of everyone, we can truly create a new F&N legacy.”

Y.A.M. TENGKU SYARIF BENDAHARA
PERLIS SYED BADARUDIN JAMALULLAIL
IBNI ALMARHUM TUANKU SYED PUTRA
JAMALULLAIL



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OUR VISION

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MISSION

To be a world-class multinational enterprise
providing superior returns to our shareholders,
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pure enjoyment. pure goodness. **F&N**

2015 AT A GLANCE

GROUP
REVENUE

RM4.06 ^{↑ 6.3%}
BILLION

Soft Drinks

RM1.51 bil

Dairies Malaysia

RM1.08 bil

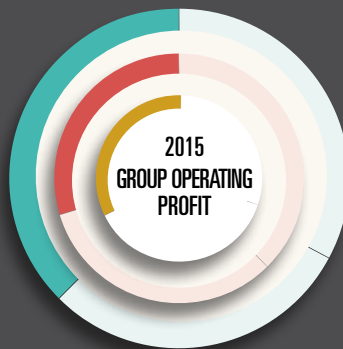
Dairies Thailand

RM1.46 bil

GROUP PROFIT BEFORE TAX

RM333.8 ^{↑ 5.8%}
MILLION

- 38% Soft Drinks
- 29% Dairies Malaysia
- 33% Dairies Thailand
- 0% Property / Others



GROUP PROFIT AFTER TAX

RM280.1 ^{↑ 8%}
MILLION

Total Declared and
Proposed Dividend of

57.5
SEN PER SHARE

Basic Earnings
per Share

76.5 ^{↑ 7.7%}
SEN PER SHARE

Dairies Thailand's operating profit hit
1 BILLION BAHT MARK

Realigned The Group's Operations In Malaysia
in a transformation exercise towards
F&N GROUP/ THAIBEV'S VISION 2020

Launched **9 NEW PRODUCTS**

ACQUIRED

21.3 ACRES of land
within the Halal Hub in
Kota Kinabalu Industrial Park

Extended licences with

NESTLÉ
UNTIL 2037

CONTENT HIGHLIGHTS



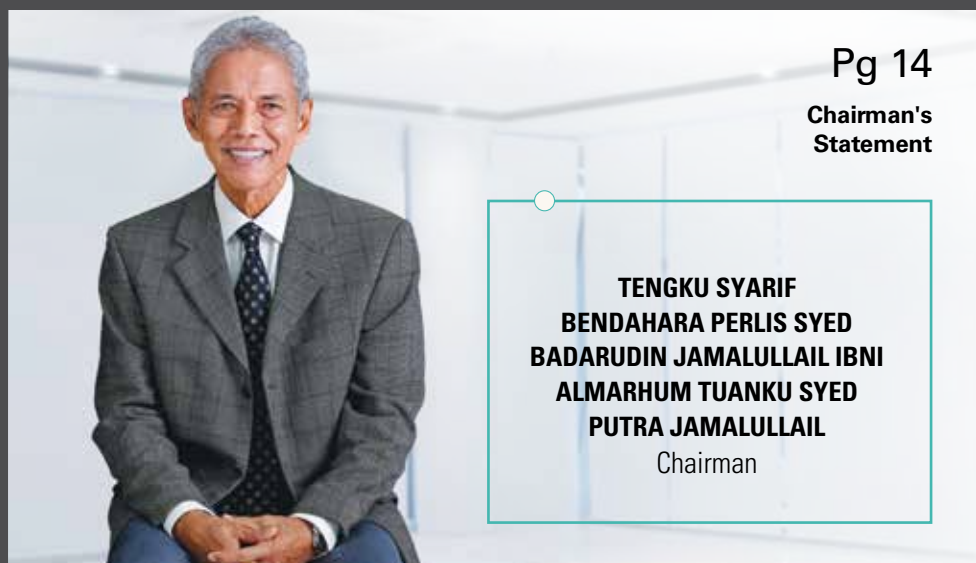
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Five Years'
Statistics Group
Financials



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Business Review
by CEO



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Chairman's
Statement

**TENKU SYARIF
BENDAHARA PERLIS SYED
BADARUDIN JAMALULLAIL IBNI
ALMARHUM TUANKU SYED
PUTRA JAMALULLAIL**
Chairman



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Profile of
Board of
Directors



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Marketing
Highlights



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Corporate
Sustainability



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Corporate
Governance



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Income
Statements

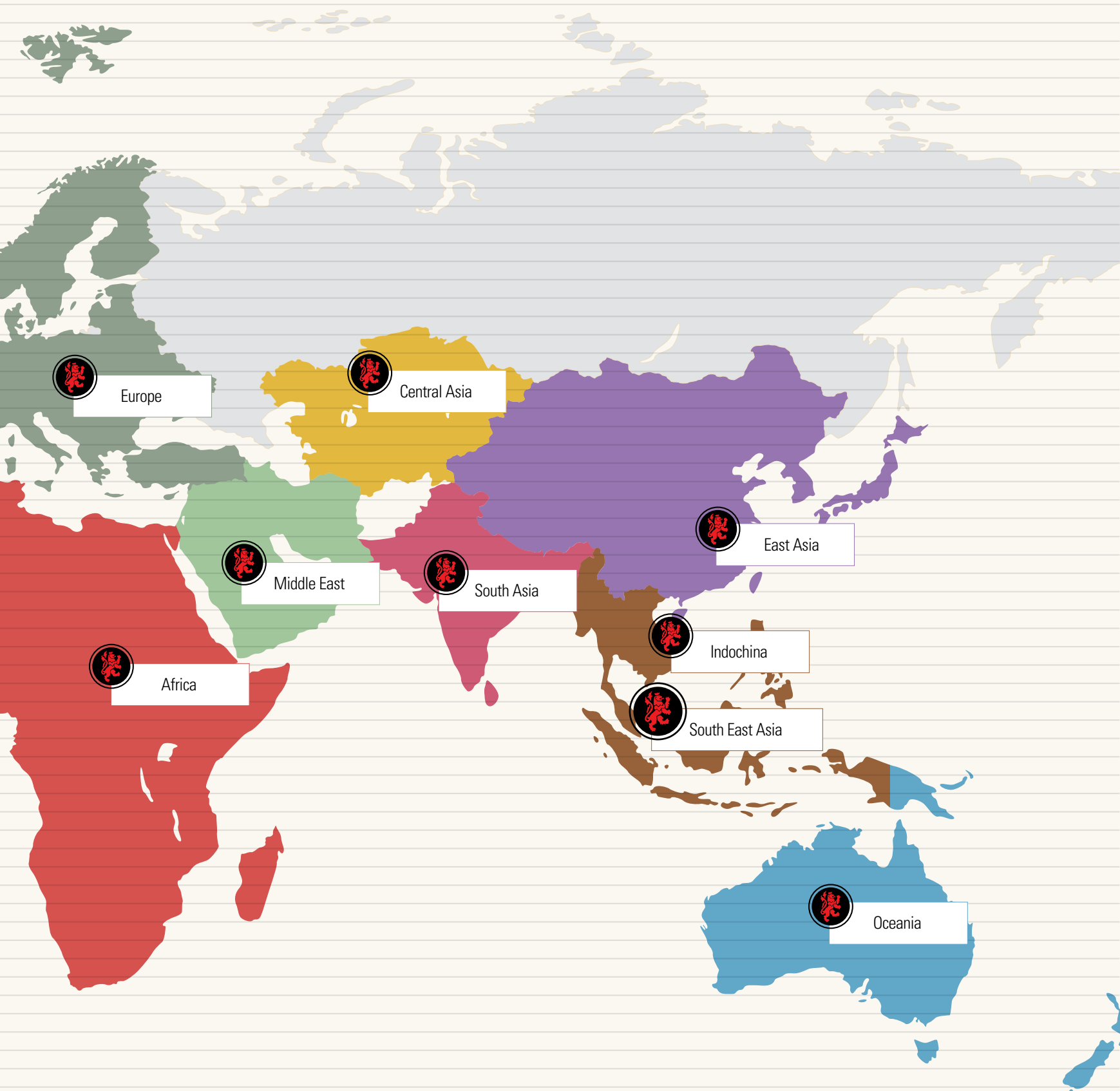
OUR EXPORTS

A stylized world map with a light beige background. The landmasses are shown in a light grey-blue color. Several regions are highlighted in different colors: Mexico is teal, Central America is teal with a circular callout containing a red lion logo, South America is light grey-blue, Europe is dark green, and Africa is red.

Central America

F&N PRODUCTS
ARE EXPORTED TO OVER

46 COUNTRIES
WORLDWIDE



FIVE YEARS' STATISTICS

GROUP FINANCIALS

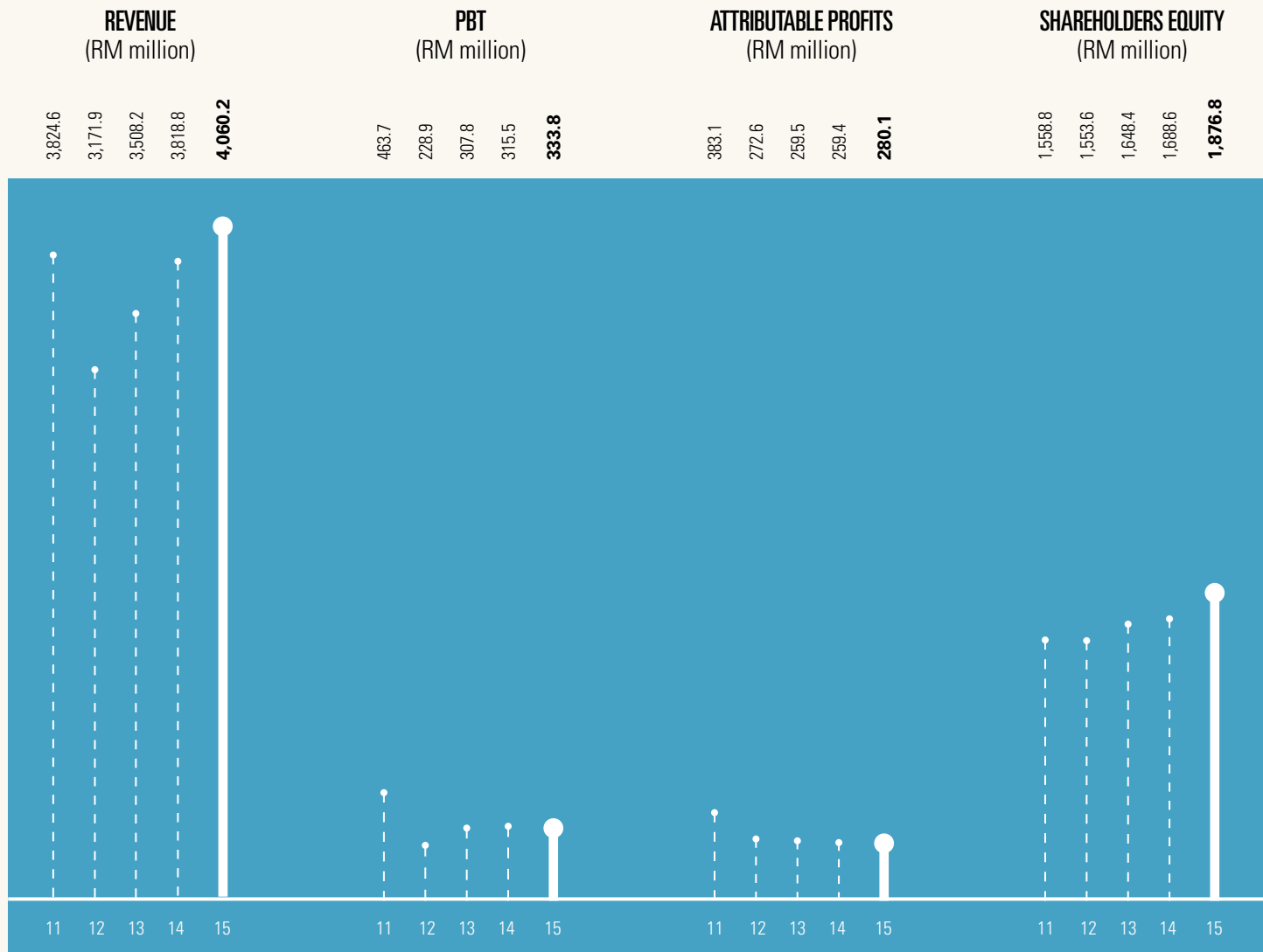
Year ended 30 September	2015	2014	2013	2012	2011
Results (RM million)*					
Revenue	4,060.2	3,818.8	3,508.2	3,171.9	3,824.6
Profit before tax (PBT)	333.8	315.5	307.8 [#]	228.9 [#]	463.7
Attributable profits	280.1	259.4	259.5 [#]	272.6 [#]	383.1
Dividend					
Per share					
- Earnings - basic (sen)	76.5	71.0	71.4 [#]	75.5 [#]	106.9
- Earnings - diluted (sen)	76.4	70.9	71.1 [#]	75.0 [#]	106.0
- Dividend - net (sen)	57.5**	55.0	60.0	58.0	97.0
- Dividend - cover (times)	1.3	1.3	1.2	1.3	1.1
Statement of Financial Position (RM million)					
Share capital	366.6	366.0	364.7	363.0	360.4
Shareholders' equity	1,876.8	1,688.6	1,648.4 [#]	1,553.6 [#]	1,558.8
Total assets	3,021.0	2,734.0	2,721.5 [#]	2,619.0 [#]	2,487.8
Long term borrowings	300.0	300.0	150.0	-	150.0
Net assets per share (RM)	5.12	4.62	4.52 [#]	4.28 [#]	4.33
Ratio					
PBT on revenue (%)	8.2	8.3	8.8 [#]	7.2 [#]	12.1
Return on shareholders' equity (%)	14.9	15.4	15.7 [#]	17.5 [#]	24.6
Net debt to equity ratio (%)	-	-	1.8 [#]	12.6 [#]	-

** Included proposed dividend of 35.5 sen, which will only be recognised in the financial statements upon shareholders' approval.

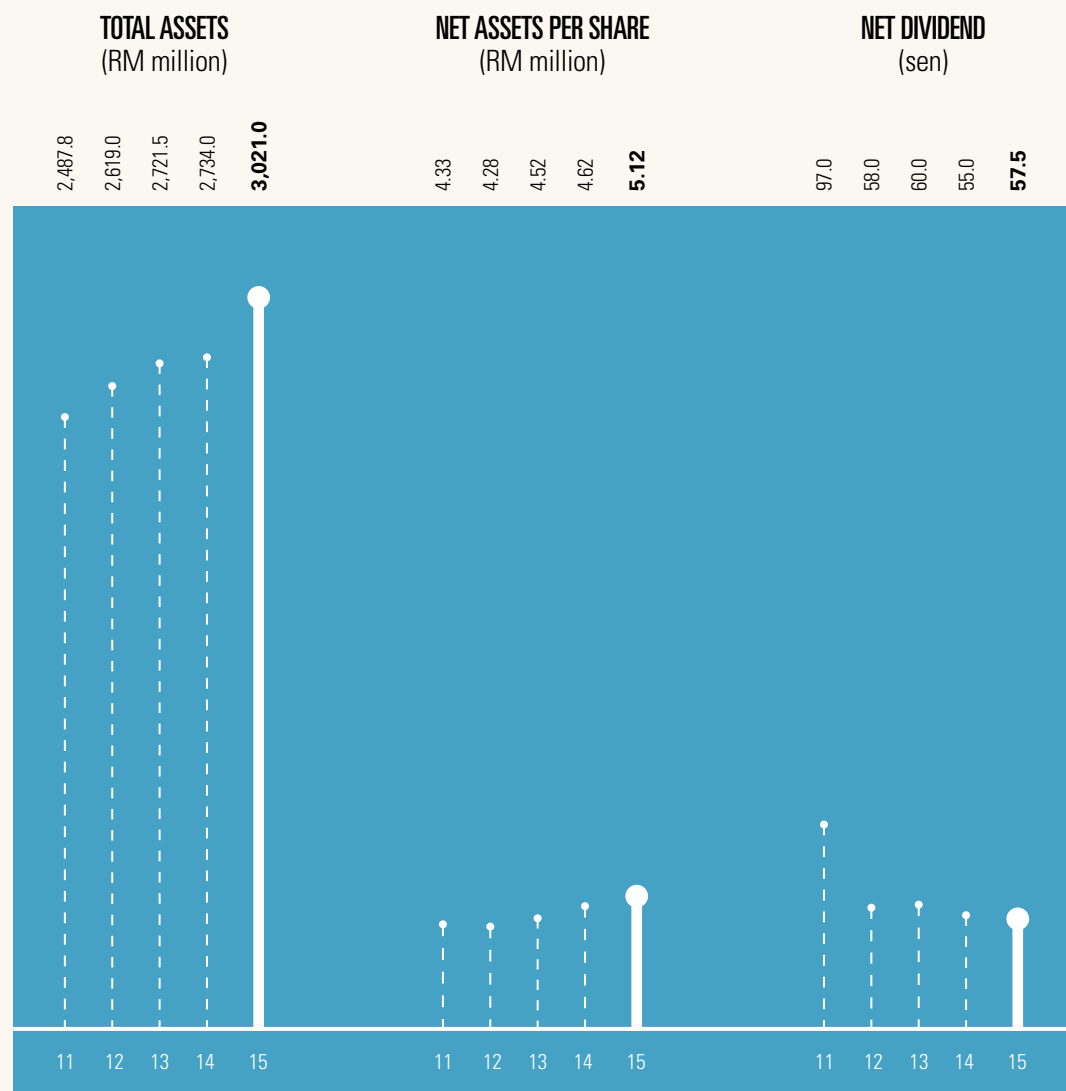
Adjustments pursuant to the adoption of MFRS 11 *Joint Arrangements* and MFRS 119 *Employee Benefits*.

FIVE YEARS' STATISTICS

GROUP FINANCIALS - CHARTS



Five Years' Statistics Group Financials - Charts



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CORPORATE REVIEW

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BUILDING A STRONGER ORGANISATION - AS ONE



FAST FACTS


8 Manufacturing Plants
6 IN MALAYSIA **2** IN THAILAND

9 
New Products Introduced
IN 2015

Close to
70,000
CHILLERS IN MALAYSIA

**Largest Canned Milk
Producer in the World**
with 7.5 million cans per day

24 Well-
loved
Brands 

3,000 

Employees in over 30
Locations across Malaysia,
Brunei, Thailand and
Indochina

Trusted by Generations



CHAIRMAN'S STATEMENT



**TENGKU SYARIF BENDAHARA PERLIS SYED
BADARUDIN JAMALULLAIL IBNI ALMARHUM
TUANKU SYED PUTRA JAMALULLAIL**

Chairman

DEAR SHAREHOLDERS,

The financial year 2015 (FY2015) was, to use a commonly heard phrase during the global financial crisis that unfolded in 2007, a "perfect storm" for businesses in Malaysia.

As global oil prices began to plummet, the Malaysian Ringgit followed suit, depreciating in value against major currencies and especially the US Dollar. Consumers were further set back financially when the Goods and Services Tax (GST) was implemented beginning 1 April 2015.

Amidst these undercurrents, competition in the beverages industry intensified with downward pressure on prices across the board. Yet, staying true to our major shareholder, Fraser & Neave, Limited (F&N's) and Thai Beverage Public Company Limited (ThaiBev's) Vision 2020 to become the leading beverages Group in ASEAN, we continued to reinforce our leadership both in Malaysia and Thailand while making further inroads in export markets, particularly Indochina and China. We also launched a number of new products while reinvigorating existing ones.

CHAIRMAN'S STATEMENT

In this manner, we demonstrated once again the resilience that we have built over the last 132 years. This resilience has its foundations in various factors, not least of which are our heritage; the diversity of our product range and geographical operations; support derived from the larger F&NL and ThaiBev network; and the immense strength from the commitment of our 3,000 people who have proved time and again that with passion and dedication, we can surmount the most challenging of situations.

Consequently, the Fraser & Neave Holdings Bhd Group ("F&NHB" or "the Group") pulled together a very encouraging financial performance, and achieved RM4 billion in turnover for the first time in our history.

PERFORMANCE REVIEW

Robust performance of our Dairies units led to the Group's revenue improving by 6.3 per cent from RM3.82 billion in FY2014 to RM4.06 billion in FY2015, our highest revenue to date. On the back of this revenue, and supported by low commodity prices, the Group's profit before tax also increased, by 5.8 per cent, from RM315.5 million to RM333.8 million over the year.

Dairies Thailand performed especially well during the year and set a new record high for its operating profit, which surpassed Thai Baht 1 billion for the first time. This achievement in just nine years after its establishment reinforces the success of the Group's acquisition strategy.

Consequently, the Fraser & Neave Holdings Bhd Group pulled together a very encouraging financial performance, and achieved **RM4 billion** in turnover for the first time in our history

As a result of our performance, it gives me great pleasure to state that the Group is recommending a dividend of 35.5 sen per share. Added to the interim single tier dividend of 22 sen per share paid in May 2015, this translates into a total pay-out of over 70 per cent of our profit after tax (PAT) for the financial year.

While we have been rigorous in maintaining healthy financial growth to provide attractive returns to our shareholders, we are also conscious of the need to support this with strategic investments to entrench our long-term success. These go a long way towards further strengthening our fundamentals, which are reflected in our share price.

I'm pleased to share that in FY2015, when a number of counters on Bursa Malaysia showed signs of wear and tear from the prevailing economic scenario, F&NHB's share price continued to grow steadily. From ending FY2014 at RM16.98, our share price ended FY2015 at RM18.30, marking a 7.8 per cent increase while the KLCI dropped more than 200 points during the same time frame.

GROUP REVENUE

RM4.06 BILLION
↑ **6.3%**

GROUP PROFIT BEFORE TAX

RM333.8 MILLION
↑ **5.8%**

CHAIRMAN'S STATEMENT

Beginning in July 2015, we have embarked on an organisational exercise to align the Group's operations and management structure with our growth strategies, in line with F&NL and ThaiBev's **Vision 2020**

GEARING UP FOR FUTURE

Beginning in July 2015, we have embarked on an organisational exercise to align the Group's operations and management structure with our growth strategies, in line with F&NL and ThaiBev's Vision 2020. The realignment will better position the Group to face what is expected to be challenging trading conditions in Malaysia and Thailand against a backdrop of softer consumer sentiment and foreign currency exchange uncertainties.

Integral to our ultimate objective of becoming the leading beverages player in Malaysia is also to expand our capacity. In March 2015, we purchased 21.3 acres of land within the Kota Kinabalu Industrial Park (KKIP) halal hub where we intend to build a new beverages plant.

Following the renewal of our licences to manufacture and distribute Nestlé products in Singapore, Thailand, Malaysia, Brunei and Laos until 2037, we are also investing in a new filling and packaging line for Evaporated Milk at our dairies plant in Rojana, Thailand which is currently operating at near full capacity.

Other investments are in the pipeline to further increase our manufacturing capacity as well as to install more equipment such as chillers to better serve traders and our consumers.

CORPORATE GOVERNANCE

The Board of Directors continues to place the highest priority on ensuring the Group's financial growth is premised on ethical business practices. We are committed to dealing with all our stakeholders in a manner that is both transparent as well as respectful of their interests. We are guided in this by best practices as propounded by frameworks such as the Malaysian Code on Corporate Governance (MCCG).

As detailed in the Statement on Corporate Governance in this annual report, we adhere to all the recommendations of the MCCG such as having the right mix of skills on our Board, having a clear demarcation of roles and responsibilities between the Board and management, and making accessible pertinent corporate information regarding our performance as well as strategies to stakeholders via quarterly and annual reports, as well as regular analyst and media briefings.

CORPORATE SUSTAINABILITY

At F&NHB, we strive to strike a fine balance between achieving a healthy financial bottom line while also building our social and environmental capital.

This year, RM2.6 million was invested into developing our employees. As part of the transformation framework, the Group will further invest in training and building skill sets in order for us to achieve Vision 2020.

Caring for the general well-being of our people goes beyond our employees. Since 2003, F&NHB has been rewarding the children of our employees for academic excellence and co-curricular achievements and to date, the Group has disbursed over RM2.7 million to more than 2,000 children of our employees.

In keeping with the Group's 'Pure Goodness, Pure Enjoyment' promise, F&NHB has over the years introduced healthier options for consumers including product variants with reduced or no added sugar, that are low-fat, or that have added functional benefit. In FY2015, we added Coco Life, Ranger, Magnolia Gingko UHT, and Farmhouse UHT Milk to the portfolio.

We continue the initiative to reduce the total sugar index of our beverages which has decreased by 26 per cent since FY2004. This has been achieved without compromising on the taste of our products and their acceptance by customers.

CHAIRMAN'S STATEMENT

In addition, F&NHB advocates an active and healthy lifestyle by collaborating with the Ministry of Education and National Sports Council to elevate sporting achievements in the country. In tandem with this goal, the Group presented RM2.46 million to the Ministry of Youth and Sports in support of its National Football Development Programme as part of 100PLUS' "Stay Thirsty" campaign during the year.

As a leading manufacturer in the country, our actions are further guided by environmental considerations. We also feel a sense of duty towards the communities in which we have a presence and have a tradition of giving back to the more marginalised or underprivileged members of these communities through various outreach programmes.

Our social and environmental initiatives are outlined in greater detail in our Corporate Sustainability section.

ACKNOWLEDGEMENTS

That the Group has performed well in spite of a challenging market environment is testimony of the support and contributions of various parties, whom I would like to acknowledge.

I would like to take this opportunity to thank our trade and business partners for continuing to work closely and collaboratively with us especially in the seamless implementation of GST; our shareholders for their trust in our ability to provide them with healthy returns; and our customers who continue to give us their vote of confidence by choosing our brands above others.

Internally, I would like to express my appreciation to fellow colleagues on the Board of Directors. Thank you for your continued dedication to guiding the Group from success to success. On behalf of the Board, I would like to thank Dato' Ng Jui Sia who, as of 30 April 2015, has left his position as CEO of Non Alcoholic Beverages, Fraser & Neave, Limited to take on the role of Advisor, Strategic Projects for ThaiBev and Fraser & Neave Group. Dato' Ng has served the Group for more than 20 years and is a past Chief Executive Officer of Fraser & Neave Holdings Bhd, contributing immensely to the growth of a number of our hero brands.

We welcome Mr. Lee Meng Tat who joined the Board on 1 October 2015. Mr. Lee is no stranger to our business as he has previously served 12 years with the Fraser & Neave Group.

I would also like to note our appreciation of the current visionary management, which has outlined a very exciting blueprint to take the Group to new heights. Most of all, I would like to say a heartfelt thank you to every one of our employees for their commitment to the Group, their loyalty to our heritage and their willingness to embrace change that will see us achieve our business ambitions.

Right now, we stand at a very exciting juncture on a transformational journey and, with the continued support of everyone, we can truly **create a new F&N legacy** not just for the Group but for our partners, shareholders and customers

TENGGU SYARIF BENDAHARA
PERLIS SYED BADARUDIN
JAMALULLAIL IBNI ALMARHUM
TUANKU SYED PUTRA
JAMALULLAIL
Chairman

30 November 2015

BOARD OF DIRECTORS



1)Y.Bhg. Datuk Dr. Nik Norzrul Thani bin N. Hassan Thani 2)Y.Bhg. Dato' Dr. Mohd Shahr bin Sidek
3)Y.Bhg. Dato' Johan Tazrin bin Hamid Ngo 4)Y.Bhg. Dato' Jorgen Bornhoft 5) Lee Kong Yip
6)Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail Ibni Almarhum Tuanku Syed Putra Jamalullail

BOARD OF DIRECTORS



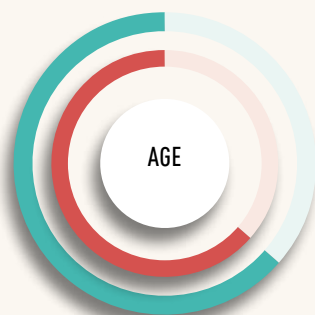
7) Lee Meng Tat 8) Hui Choon Kit 9) Anthony Cheong Fook Seng
10) Y.Bhg. Dato' Anwarudin bin Ahmad Osman 11) Y.Bhg. Datuk Chin Kwai Yoong

PROFILE OF BOARD OF DIRECTORS

BOARD OF DIRECTORS CHARACTERISTICS



- 45.5% Malay
- 45.5% Chinese
- 9% Danish



- 36.4% Aged 40-55
- 63.6% Above 55 years old



**Y.A.M. TENGKU SYARIF BENDAHARA PERLIS SYED
BADARUDIN JAMALULLAIL IBNI ALMARHUM TUANKU SYED
PUTRA JAMALULLAIL**

MALAYSIAN • AGE 70

**Chairman of Board, Independent Non-Executive Director
Chairman of Remuneration Committee & Share Buy-Back Committee
Member of Nominating Committee**

Tengku Syed Badarudin Jamalullail graduated from Cambridge University in 1968 with a Master of Arts degree in Law & History. From 1968 to 1978, he was employed and held various executive positions in Fraser & Neave (Malaya) Sdn Bhd. Currently, Tengku Syed is involved in his family business and is a Director of Hwang Capital (Malaysia) Berhad. Tengku Syed is also a board member of Yayasan Tuanku Syed Putra, a charitable foundation and the President of Tuanku Syed Putra Dialysis Centre, Perlis.

Tengku Syed was appointed to the Board on 24 February 1987 and on 27 February 2001 was appointed as its Chairman. He was appointed as an Independent Non-Executive Director of Fraser and Neave, Limited on 8 January 2014 and was subsequently appointed as its Lead Independent Director on 7 May 2015. 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.

PROFILE OF BOARD OF DIRECTORS



Y.BHG. DATO' ANWARRUDIN BIN AHAMAD OSMAN

MALAYSIAN • AGE 72

Independent Non-Executive Director
Chairman of Nominating Committee
Member of Audit Committee, Remuneration Committee & Share Buy-Back Committee

Dato' Anwarudin bin Ahamad Osman graduated from the University of Malaya in 1966 with a Bachelor of Arts degree.

Upon graduation, Dato' Anwarudin joined the Malaysian Civil Service in 1966 and served in the Ministry of Defence. In May 1975, he joined Petronas and served in various capacities until his retirement on 1 September 1998 as Managing Director/Chief Executive Officer of Petronas Dagangan Berhad.

During the 23 years in Petronas, Dato' Anwarudin held various senior positions. He was the General Manager of Corporate Planning Division in 1984, General Manager, Human Resources Management Division in 1985 before heading the International Marketing Division of Petronas responsible for sales of crude and products and processing of crude. He was a member of the Asean Council On Petroleum ("ASCOPE") technical committee for several years and spoke at the ASCOPE oil marketing management seminars and local seminars on prospects of Bumiputera in the marketing and distribution industry, represented Malaysia in the OPEC/NON-OPEC dialogues from 1989 to 1991.

Currently, Dato' Anwarudin holds directorship positions in KKB Engineering Bhd and in several non-listed companies. He is the Chairman of Perisai Petroleum Teknologi Bhd and Executive Vice-Chairman of Yasmin Engineering (M) Sdn Bhd.

Dato' Anwarudin was appointed to the Board on 20 January 2005. 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.



ANTHONY CHEONG FOOK SENG

SINGAPOREAN • AGE 61

Non-Independent Non-Executive Director
Member of Group Executive Committee & Risk Management Committee

Mr. Anthony Cheong Fook Seng is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants.

Mr. Anthony Cheong has worked in the Audit & Corporate Advisory Services Division of Ernst & Young till 1989 when he joined CarnaudMetalbox Asia Ltd as Internal Audit Manager, later on assuming the position of Company Secretary. He joined the Fraser and Neave, Limited ("F&NL") Group in Times Publishing Ltd as Corporate General Manager (Group Finance) and Company Secretary in 2001. He was appointed the Group Company Secretary of the F&NL Group on 1 October 2002 and was a director from 1 February 2005 to 31 January 2008. He represents the F&NL Group on the Boards of a number of listed and unlisted subsidiaries.

Mr. Anthony Cheong was appointed to the Board on 1 October 2002. Except for his position as the Group Company Secretary of F&NL, a major shareholder of the Company, 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.

PROFILE OF BOARD OF DIRECTORS



Y.BHG. DATUK CHIN KWAI YOONG

MALAYSIAN • AGE 67

Independent Non-Executive Director
Chairman of Audit Committee
Member of Nominating Committee & Remuneration Committee

Datuk Chin Kwai Yoong is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Datuk Chin was an audit partner in a large accounting firm and has extensive experience in the audits of major companies in the banking, oil and gas, automobile, heavy equipment, manufacturing, construction and property development industries. He was also involved in the corporate advisory services covering investigations, mergers and acquisitions and share valuations.

He was appointed as a director of Bank Negara Malaysia on 1 March 2010 and has been a director of Genting Berhad since August 2007. He sits on the Board of Astro Malaysia Holdings Berhad, Astro Overseas Ltd and Astro All Asia Networks plc. He also sits on the Board of Deleum Berhad.

Datuk Chin was appointed to the Board on 23 January 2013. 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.



Y.BHG. DATO' JOHAN TAZRIN BIN HAMID NGO

MALAYSIAN • AGE 43

Independent Non-Executive Director
Member of Audit Committee

Dato' Johan Tazrin bin Hamid Ngo has a Bachelor of Arts (Honours) degree in Business Economics from Reading University, UK. He is also an Associate Member of the Society of Investment Professionals ("ASIP"), UK (CFA Institute) and European Association of Financial Analysts ("EFFAS").

Currently, Dato' Johan is the Managing Director and the Chief Investment Officer of Amara Investment Management Sdn Bhd ("AMARA"), a fund management company incorporated in Malaysia and licensed by the Securities Commission. Dato' Johan established the company in 1997 as a joint venture between K&N Kenanga Berhad and Rothschild Asset Management Intl B.V before taking the company private in 2007 in a management buy-out exercise. Prior to this, he was a Portfolio Manager with Coutts & Co. (London) Ltd managing Asian Equities and Japan. Dato' Johan has more than 22 years of experience in investment management overseeing Asian equities & fixed income.

Dato' Johan was appointed to the Board on 23 January 2013. 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.

PROFILE OF BOARD OF DIRECTORS



Y.BHG. DATO' JORGEN BORNHOFT

DANISH • AGE 73

Non-Independent Non-Executive Director
Member of Group Executive Committee & Risk Management Committee

Dato' Jorgen Bornhoft holds a degree in Accountancy and Finance (Bachelor of Commerce) from Copenhagen Business School.

Dato' Bornhoft joined Carlsberg Brewery Malaysia Berhad ("Carlsberg Malaysia") in 1991 as its Chief Executive Officer and assumed the position of Managing Director from 1995 to 2002, after which he was the Chairman from 2002 to 2005. Dato' Bornhoft re-joined the Board of Carlsberg Malaysia as a Non-Executive Director from 2006 to 2007. He also assumed the position as the Chief Executive Officer of Carlsberg Asia Pte Ltd in Singapore from January 2003 to June 2004. Prior to joining Carlsberg Malaysia, he was the Vice-President of Carlsberg International A/S, Denmark responsible for foreign subsidiaries and new projects.

Dato' Bornhoft was appointed as an Independent Non-Executive Director of Hap Seng Consolidated Berhad on 24 January 2005 and later became its Chairman on 1 February 2007. He also sits on the Board of Hap Seng Plantations Holdings Berhad as an Independent Non-Executive Director. He is the Vice-Chairman of International Beverage Holdings Limited.

Dato' Bornhoft was appointed to the Board on 7 May 2013. 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 except that he is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company.



LEE KONG YIP

MALAYSIAN • AGE 71

Non-Independent Non-Executive Director
Chairman of Risk Management Committee
Member of Group Executive Committee, Remuneration Committee & Share Buy-Back Committee

Mr. Lee Kong Yip graduated from the University of Malaya with a Bachelor in Economics (Hons) degree majoring in statistics in 1969. He completed the Executive Programme in the Graduate School of Business Administration in the University of California Berkeley, USA in 1988.

From 1969 to 1994, Mr. Lee held various executive positions in The Oversea-Chinese Banking Corporation Limited and its finance subsidiary, The Oversea-Chinese Finance Company Berhad. In 1995, he was appointed as the Executive Vice-President and director of the OCBC Bank (Malaysia) Berhad, a post he held until his retirement in April 2000. He is a director of Overseas Assurance Corporation (Malaysia) Berhad, Overseas Assurance Corporation (Holdings) Berhad, Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern Capital (Malaysia) Sdn Bhd and The Great Eastern General Insurance Company Sdn Bhd.

Mr. Lee was appointed to the Board on 10 May 2000. 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 except that he is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company.

PROFILE OF BOARD OF DIRECTORS



Y.BHG. DATO' DR. MOHD SHAHAR BIN SIDEK

MALAYSIAN • AGE 68

**Non-Independent Non-Executive Director
Member of Risk Management Committee**

Dato' Dr. Mohd Shahar bin Sidek graduated from the University of Malaya with a Bachelor of Economics (Accounting) Hons degree in 1971. Upon graduation, he joined the Federal Treasury of Malaysia as Assistant Secretary. In 1980, he was transferred to INTAN as a lecturer where he completed his Masters in Economics (Public Administration) degree at the University of Malaya in the same year. He pursued his Ph.D. in Public Finance at the Temple University, USA and completed it in 1989.

Upon completion of his doctorate in Finance, Dato' Dr. Mohd Shahar joined the Penang State as its State Financial Officer in 1991 and held the position until 1994. He was promoted as the Director General of Biro Tata Negara in 1994. In 1997, he was posted to the Federal Treasury of Malaysia as Secretary for Supply and Procurement Division and was transferred to MAMPU as Deputy Director General in 1999. He was promoted as Director General of the Road Transport Department in the Ministry of Transport in 2000 until his retirement in April 2003.

Dato' Dr. Mohd Shahar was appointed to the Board on 30 September 2003. 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 except that he is a nominee director of Permodalan Nasional Berhad, a major shareholder of the Company.



Y.BHG. DATUK DR. NIK NORZRUL THANI BIN N. HASSAN THANI

MALAYSIAN • AGE 55

**Non-Independent Non-Executive Director
Member of Share Buy-Back Committee**

Datuk Dr. Nik Norzrul Thani bin N. Hassan Thani holds a Ph.D. in Law from the School of Oriental and African Studies, University of London and a Masters in Law degree from Queen Mary College, University of London. He read law at the University of Buckingham, United Kingdom.

Datuk Dr. Nik also holds a Post-Graduate Diploma in Syariah Law and Practice (with Distinction) from the International Islamic University of Malaysia. He is a Barrister of Lincoln's Inn and an Advocate & Solicitor of the High Court of Malaya. He was called to the Bar of England and Wales in 1985 and to the Malaysian Bar in 1986. He was a Visiting Fulbright Scholar, Harvard Law School from 1996 to 1997, and was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia.

Datuk Dr. Nik is a director of UMW Holdings Berhad, Manulife Holdings Berhad, Tanjung Offshore Berhad, Al Rajhi Banking & Investment Corporation (M) Berhad and MSIG Insurance (M) Bhd. Currently, Datuk Dr. Nik is a practising lawyer with Zaid Ibrahim & Co. Prior to joining Zaid Ibrahim & Co., Datuk Dr. Nik was with Baker & McKenzie (International Lawyers), Singapore.

Datuk Dr. Nik was appointed to the Board on 7 November 2006. 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 except that he is a nominee director of Permodalan Nasional Berhad, a major shareholder of the Company.

PROFILE OF BOARD OF DIRECTORS



LEE MENG TAT

SINGAPOREAN • AGE 52

Non-Independent Non-Executive Director
Chairman of Group Executive Committee
Member of Nominating Committee & Remuneration Committee

Mr. Lee Meng Tat holds a Bachelor of Engineering (Mechanical) degree from National University of Singapore and a Master of Business Administration degree from Imperial College, London. He also attended the Advanced Management Program at Harvard Business School.

Mr. Lee is the Chief Executive Officer, Non-Alcoholic Beverages of the Fraser and Neave, Limited ("F&NL") Group. He has extensive experience in consumer-focused industries, having carved out a 27-year career in several fields, including banking, tourism and beverages. Prior to rejoining the F&NL Group on 1 May 2015, Mr. Lee was the Chief Executive Officer of Wildlife Reserves Singapore, where he was responsible for the management of world-class leisure attractions in Singapore, namely the Jurong Bird Park, Night Safari, River Safari and Singapore Zoo. Mr. Lee has previously served 12 years with the F&NL Group where his last role was Chief Corporate Development Officer for the F&NL Group's F&B division and he also sat on the boards of several F&B subsidiaries of the F&NL Group. Mr. Lee has also held various senior positions within the F&NL Group, including Regional Director of China in Asia Pacific Breweries Limited and Chief Executive Officer of Heineken-APB (China) Management Services Co Ltd, formerly subsidiaries of the F&NL Group.

Mr. Lee was appointed to the Board on 1 October 2015. 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 except that he is a nominee director of F&NL, a major shareholder of the Company.



HUI CHOON KIT

SINGAPOREAN • AGE 51

Non-Independent Non-Executive Director
Member of Audit Committee & Group Executive Committee

Mr. Hui Choon Kit holds a Bachelor of Business degree from Curtin University, Australia and a Master of Business Administration degree from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

He is currently the Chief Financial Officer of the Fraser and Neave, Limited ("F&NL") Group and is responsible for the Group's corporate finance, treasury, accounting, taxation, information technology and investor relations functions.

Mr. Hui joined the F&NL Group in February 2000 as Senior Manager, Business Development and has held a number of other positions. Prior to joining the F&NL Group, he worked as a corporate finance banker based in Singapore and Thailand, covering the Asia-Pacific region. He commenced his career as an accountant and financial consultant with Ernst & Young.

Mr. Hui was appointed as the alternate director to Dato' Ng Jui Sia, a former director of the Company on 29 August 2013. On 6 August 2014, he ceased as Dato' Ng's alternate and was appointed as a Board member. Mr. Hui 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 except that he is a nominee director of F&NL, a major shareholder of the Company.

Note: None of the above Directors have committed any offences which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

PROFILE OF CHIEF EXECUTIVE OFFICER



LIM YEW HOE

SINGAPOREAN • AGE 49

Chief Executive Officer

Mr. Lim Yew Hoe holds a Bachelor of Science (Estate Management) degree from the National University of Singapore and a MBA (Banking & Finance) from Nanyang Technological University.

He began his career with Civil Aviation Authority of Singapore by taking up various roles in research and performance standards/ horticulture and estate management. He joined the Asia Pacific Breweries Limited (now known as Heineken Asia MTN Pte Ltd) group in 1997 as a Project Manager and had held a number of senior positions within the group. Prior to joining Fraser & Neave Holdings Bhd as its Chief Executive Officer on 1 December 2014, he was the Managing Director of Asia Pacific Brewery (Hanoi) Limited.

Mr. Lim does not hold any shares in the Company, its subsidiaries or associated companies (other than held through the Company). 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. He has not committed any offences which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman

Y.A.M. Tengku Syarif Bendahara Perlis
Syed Badarudin Jamalullail Ibni
Almarhum Tuanku Syed Putra Jamalullail

Independent Non-Executive Directors

Y.Bhg. Dato' Anwarudin bin
Ahamad Osman
Y.Bhg. Datuk Chin Kwai Yoong
Y.Bhg. Dato' Johan Tazrin bin Hamid Ngo

Non-Independent Non-Executive Directors

Y.Bhg. Dato' Dr. Mohd Shahr bin Sidek
Y.Bhg. Datuk Dr. Nik Norzrul Thani bin
N. Hassan Thani
Anthony Cheong Fook Seng
Y.Bhg. Dato' Jorgen Bornhoft
Lee Kong Yip
Hui Choon Kit
Lee Meng Tat
(appointed on 1 October 2015)

COMPANY SECRETARIES

Soon Wing Chong MICPA 3508
Mayeen Wong May Fun MAICSA 7018697

GROUP EXECUTIVE COMMITTEE

Chairman

Lee Meng Tat
(appointed on 1 October 2015)

Members

Y.Bhg. Dato' Jorgen Bornhoft
Anthony Cheong Fook Seng
Lee Kong Yip
Hui Choon Kit

RISK MANAGEMENT COMMITTEE

Chairman

Lee Kong Yip

Members

Anthony Cheong Fook Seng
Y.Bhg. Dato' Jorgen Bornhoft
Y.Bhg. Dato' Dr. Mohd Shahr bin Sidek

AUDIT COMMITTEE

Chairman

Y.Bhg. Datuk Chin Kwai Yoong

Members

Y.Bhg. Dato' Anwarudin bin
Ahamad Osman
Y.Bhg. Dato' Johan Tazrin bin Hamid Ngo
Hui Choon Kit

NOMINATING COMMITTEE

Chairman

Y.Bhg. Dato' Anwarudin bin
Ahamad Osman

Members

Y.A.M. Tengku Syarif Bendahara Perlis
Syed Badarudin Jamalullail Ibni
Almarhum Tuanku Syed Putra Jamalullail
Y.Bhg. Datuk Chin Kwai Yoong
Lee Meng Tat
(appointed on 1 October 2015)

REMUNERATION COMMITTEE

Chairman

Y.A.M. Tengku Syarif Bendahara Perlis
Syed Badarudin Jamalullail Ibni
Almarhum Tuanku Syed Putra Jamalullail

Members

Lee Kong Yip
Y.Bhg. Dato' Anwarudin bin
Ahamad Osman
Y.Bhg. Datuk Chin Kwai Yoong
Lee Meng Tat
(appointed on 1 October 2015)

SHARE BUY-BACK COMMITTEE

Chairman

Y.A.M. Tengku Syarif Bendahara Perlis
Syed Badarudin Jamalullail Ibni
Almarhum Tuanku Syed Putra Jamalullail

Members

Lee Kong Yip
Y.Bhg. Dato' Anwarudin bin
Ahamad Osman
Y.Bhg. Datuk Dr. Nik Norzrul Thani bin
N. Hassan Thani

REGISTERED OFFICE

Level 8, F&N Point
No. 3, Jalan Metro Pudu 1
Fraser Business Park, Off Jalan Yew
55100 Kuala Lumpur
Telephone No.: 603-9235 2288
Facsimile No.: 603-9222 7878

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Telephone No.: 603-2783 9299
Facsimile No.: 603-2783 9222

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Deutsche Bank (Malaysia) Berhad

STOCK EXCHANGE

Bursa Malaysia Securities Berhad :
Main Market
Stock Name : F&N
Stock Code : 3689
Stock Sector : Consumer Products

MANAGEMENT TEAM



From left to right:

Karn Chitaravimol - *Managing Director, Dairies Thailand* / **Kelleigh Foo** - *Risk Management Manager*

Lai Ming Kong - *Senior Vice President, Domestic Commercial Operations* / **Mayeen Wong** - *Company Secretary*

Soon Wing Chong - *Chief Financial Officer* / **Lim Yew Hoe** - *Chief Executive Officer* / **Timothy Ooi** - *Head, Group Legal Counsel*

MANAGEMENT TEAM



From left to right:

Lee Lay Yean - Business Capability & Strategy Manager / **Waradej Patpitak** - First Vice President, Manufacturing
Soh Swee Hock - First Vice President, Export / **Tan Hock Beng** - Senior Vice President, Supply Chain & Business Development
David Hoong - First Vice President, Human Capital / **Cheah Hong Chong** - General Manager, Property Division
Karen Tan - Head, Communications & Corporate Affairs

CORPORATE STRUCTURE

As at 30 September 2015



* in the process of member's voluntary winding up

02

BUSINESS REVIEW

036 Business Review by CEO

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048 Marketing Highlights





**BUILDING
PURE ENJOYMENT,
PURE GOODNESS
MOMENTS**



NO.

1

F&N

No.1 Condensed Milk
and Evaporated Milk in
Malaysia

Carnation

No.1 Premium
Evaporated Milk in
Thailand

F&N NutriSoy

No.1 Soya Brand
in Malaysia

F&N SEASONS

No.1 RTD Tea
in Malaysia

100PLUS

No.1 Isotonic Drink in
Malaysia

Bear Brand

No.1 Sterilised Milk in
Thailand

Carnation & TEAPOT

No.1 Total Condensed Milk
in Thailand

F&N Fun Flavours

No.1 Flavoured CSD
in Malaysia



BUSINESS REVIEW BY CEO

Chief
Executive
Officer

LIM
YEW HOE

The financial year under review marked a milestone for Fraser & Neave Holdings Bhd as it saw us achieve, for the first time ever, revenue that surpassed the RM4 billion mark.

The financial year under review marked a milestone for Fraser & Neave Holdings Bhd (F&N Holdings or the Group) as it saw us achieve, for the first time ever, revenue that surpassed the RM4 billion mark. More specifically, our revenue grew 6.3 per cent from RM3.82 billion to RM4.06 billion. This was contributed by strong performances across the board and a corporate resilience that allowed us to stay above the price war which unfolded from intensified competition.

Supported by effective trade and marketing efforts, a distribution network that was further deepened and widened as well as more extensive trade coverage, sales of our Dairies units – particularly in Thailand – increased significantly. This, coupled with effective cost-saving initiatives, enhanced production efficiencies as well as lower commodity prices – though partly negated by the weaker Ringgit – saw our profit also increase by 5.8 per cent from RM315.5 million to RM333.8 million.

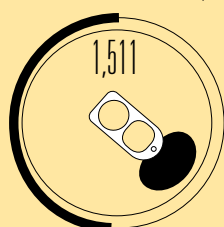
New products launched in the previous financial years gained traction while, confident in the soundness of our fundamentals, the Group embarked on an aggressive initiative to launch a series of new products, each targeted at a specific consumer segment and developed with their tastes and lifestyle preferences in mind.

The extensive range of new products introduced provides us with the kind of diversity that will further entrench our overall market leadership and strengthen our fundamentals so as to position us well to achieve our vision of becoming the 'No.1 Total Beverage Company in Malaysia by 2020'.

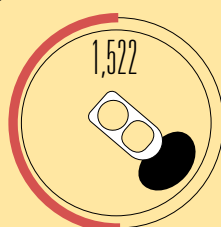
BUSINESS REVIEW BY CEO

REVENUE

SOFT DRINKS (RM Million)

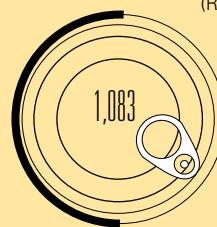


FY15

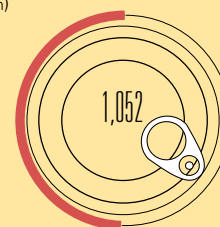


FY14

DAIRIES MALAYSIA (RM Million)

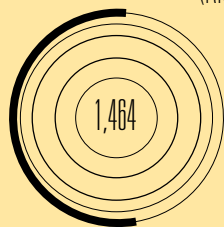


FY15



FY14

DAIRIES THAILAND (RM Million)

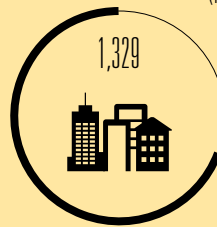


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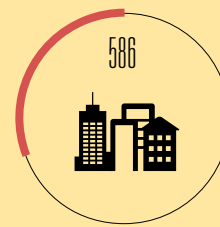


FY14

PROPERTY (RM'000)



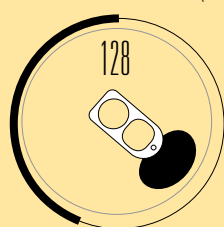
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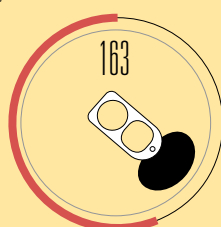
FY14

OPERATING PROFIT

SOFT DRINKS (RM Million)

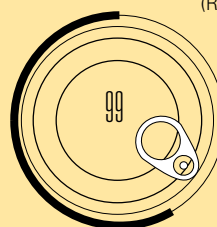


FY15

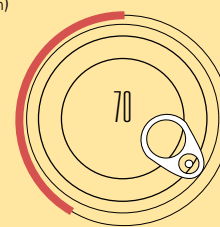


FY14

DAIRIES MALAYSIA (RM Million)

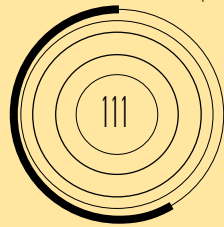


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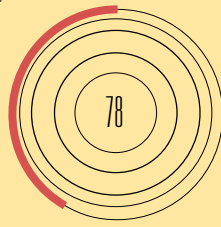


FY14

DAIRIES THAILAND (RM Million)

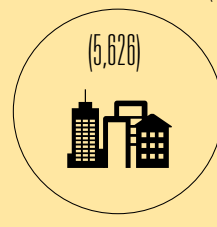


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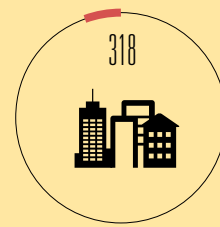


FY14

PROPERTY (RM'000)



FY15

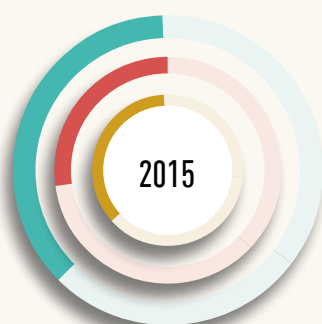


FY14

BUSINESS REVIEW BY CEO

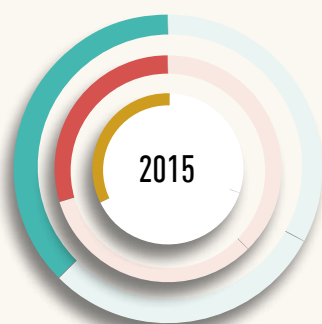
SEGMENTAL REVIEW

GROUP REVENUE CONTRIBUTION BY SEGMENT



- 37% Soft Drinks
- 27% Dairies Malaysia
- 36% Dairies Thailand
- 0% Property / Others

GROUP OPERATING PROFIT CONTRIBUTION BY SEGMENT



- 38% Soft Drinks
- 29% Dairies Malaysia
- 33% Dairies Thailand
- 0% Property / Others

In addition to the macro-economic challenges that impacted the entire industry, Soft Drinks business was also affected by the floods that inundated the East Coast from December 2014, and loss of two months' modern trade sales of Red Bull preceding the contract expiry on 30 September 2015.

Due to these conditions, Soft Drinks' revenue was flat in the financial year under review. Higher operational and marketing expenses to support new product launches as well as higher trade discounts from intense competition saw Soft Drinks' operating profit dipped to RM127.6 million. However, Soft Drinks out-performed competition to gain volume growth in its core product categories and continued to be the Group's largest revenue and profit contributor.

Meanwhile, the continued growth of Dairies Malaysia's core products, supported by effective consumer and trade engagement initiatives saw revenue increased to RM1,082.7 million. Boosted by lower milk-based commodity prices and improved manufacturing costs, in addition to increased sales, Dairies Malaysia's operating profit surged by a significant 41.1 per cent to RM98.7 million.

Dairies Thailand continued the double digit growth trend of its revenue which was up by 17.7 per cent to RM1,464.1 million due to greatly enhanced product penetration and coverage as well as fruits of labour from years of focused brand building. Its operating profit also grew substantially by 41.8 per cent from RM78.3 million to RM111.1 million on the back of higher revenue as well as lower milk-based commodity prices and manufacturing economies of scale.

As for our Property business, we made a strategic decision to further assess market conditions before launching our mixed development in Section 13, Petaling Jaya. There are no financial impediments due to our deferment and we are taking the opportunity to fine-tune the total development concept together with our joint venture partner, Fraser Centrepoint Limited.

BUSINESS REVIEW BY CEO

Our core brands in Soft Drinks business; **100PLUS**, **F&N SEASONS Teas**, **F&N NutriSoy** and **F&N Fun Flavours**; maintained pole position and gained share in its respective categories for the fourth consecutive year, overcoming a generally sluggish economy as well as intense competition

OUR MARKET LEADERSHIP

During the year, all three business units further entrenched their market leadership with key products gaining or maintaining their share. This was the result of investments into strategic marketing and brand building initiatives.

Our core brands in Soft Drinks business; 100PLUS, F&N SEASONS Teas, F&N NutriSoy and F&N Fun Flavours; maintained pole position and gained share in its respective categories for the fourth consecutive year, overcoming a generally sluggish economy as well as intense competition.

Under 100PLUS "The Great Stay Thirsty" campaign, F&N welcomes the world's greatest soccer player, Pelé and Brazilian footballer, Oscar as 100PLUS' brand ambassadors. These efforts to further build the No.1 Isotonic brand in Malaysia led to higher sales and 100PLUS winning the Super Brands People's Choice Awards this year.



NO.1 ISOTONIC DRINK
IN MALAYSIA



NO.1 READY-TO-DRINK TEA
IN MALAYSIA



NO.1 SOYA DRINK
IN MALAYSIA



NO.1 FLAVOURED CSD DRINK
IN MALAYSIA

BUSINESS REVIEW BY CEO

NO.1 in the Sweetened Condensed Milk (SCM) and Evaporated Milk segments



F&N SEASONS tea has reinforced its No.1 position in the ready-to-drink (RTD) Tea position with one third of this segment's total share. While in the Soya category, branding of F&N NutriSoy as a breakfast beverage, as well as a concerted effort to educate the public on its goodness, has garner us more than one third of the market in this category and reaffirmed its position as the No.1 Soya Drink in Malaysia.

OISHI has gained considerable traction, earning itself 20 per cent of the green tea market since its introduction two years ago. With OISHI in our portfolio, we now cover the full range of RTD tea beverages, from black to green, and are catering to consumers' growing health consciousness as our OISHI green tea is brewed from 100 per cent organic leaves.

Meanwhile, we continued to develop different flavours of carbonated soft drinks (CSD) to suit the preferences of different segments of the population. As a result of our researched formulation and marketing efforts, sales volume of F&N Fun Flavours achieved double digit growth in Malaysia.

Although competition within the Dairies market was markedly more aggressive, Dairies Malaysia capitalised on its Number One position in the Sweetened Condensed Milk (SCM) and Evaporated Milk segments to increase its 'on premise' presence and positioning in food and beverages applications which led to an increase in its sales by 7 per cent.

Our pasteurised milk brands – Magnolia and Farmhouse have gained very strong traction with high double digit growth in sales volume this year. For Farmhouse, this was the fourth consecutive year of hitting more than 20 per cent sales growth, which has established it firmly as the leading premium pasteurised milk in Malaysia.

While the condensed milk market in Thailand as a whole contracted slightly last year, we saw strong double-digit volume growth of Carnation sales where Carnation is the No.1 Premium Evaporated milk brand with two thirds of the market share. Specifically, we were able to gain an even stronger foothold among hawker stalls as well as in modern trade. Years of brand investments have allowed Carnation to ride the trend of ice coffee mobile kiosks.

F&N maintained its No.1 total condensed milk position with more than 75 per cent market share in the Evaporated segment and No.2 position in the Sweetened Beverage Creamer segment in Thailand.

Another highlight of the year was to have our licences with Nestlé renewed up to year 2037. This provides us with the impetus to go full steam ahead in marketing and promoting the brands involved, namely Carnation, Bear Brand, Bear Brand Gold, Ideal Milk and Milkmaid/Cap Junjung in this region.

NO.1 Premium Evaporated milk brand in Thailand



Gained **20 Percent** of the green tea market



High **double digit growth**



BUSINESS REVIEW BY CEO



INNOVATION

FY2015 has been a year where we strengthened our product portfolio with numerous new products, variants and packaging introductions. As one of the most established beverages companies in Malaysia, with strong trade and consumer relationships, we are privy to market insight that helps us discern changing tastes and craft differentiated new drinks to satisfy these.

Coco Life, a refreshing drink made from 100 per cent coconut water and packed with naturally occurring electrolytes was launched in May 2015. It has since acquired double digit share of the coconut juice category as of August 2015.

With Red Bull's exit from our portfolio, we have recently launched our own energy drink, Ranger, which is manufactured by a subsidiary of Thai Beverage Public Company Limited (ThaiBev). We are confident of it acquiring a strong following in Malaysia given the high level of consumer preference during pre-launch blind taste test.

est Cola is another product from the ThaiBev Group which has proven to capture the taste buds of Asian consumers. Already the number three Cola brand in Thailand, it is also available along the length and breadth of Indochina.

In addition to the new product introductions, F&N Fun Flavours and 100PLUS hit the market with a sleek silhouette. The taller and slimmer can was a first in the CSD category in Malaysia. The newly introduced 100PLUS Berry, a strawberry-and-blueberry tinged flavour to the iconic 100PLUS range, has also gained popularity.

At Dairies Malaysia, much effort and resources were invested in the RTD segment, as evidenced by the launch of Farmhouse UHT in June 2015 and F&N Magnolia Low Fat Hi-Cal pasteurised milk in July 2015. Farmhouse UHT fills in a gap that we had in the UHT segment while the new F&N Magnolia Low Fat Hi-Cal Milk, reformulated with a touch of vanilla, has performed very well in consumer trials gaining an exceptionally high sensory acceptance.

In Thailand, we launched F&N Magnolia Ginkgo Plus as our first RTD milk in the country. Response has been very encouraging. Since its introduction in April 2015, F&N Magnolia Ginkgo Plus has acquired three per cent of the UHT market in Thailand. Its quick success in the crowded UHT milk market is a testament to the chosen market entry strategy via functional RTD milk. Ginkgo's efficacy as memory booster is well understood by Thai consumers.

BUSINESS REVIEW BY CEO

Thanks to our
132-year
heritage, F&N
Holdings has one
of the widest
distribution networks
in Malaysia, coupled
with a strong network
in Thailand



Dairies Thailand increased its
direct distribution coverage in
retail to over

100,000

outlets and

30,000

hawkers nationwide

Dairies Malaysia increased its
export volume by

13%

Dairies Thailand
grew their export by

17%

Close to

70,000

chillers in Malaysia

DISTRIBUTION

Thanks to our 132-year heritage, F&N Holdings has one of the widest distribution networks in Malaysia, coupled with a strong network in Thailand.

Over the year, we further reinforced our distribution coverage in both Malaysia and Thailand. F&N Beverages Malaysia has continued building up its close to 70,000 chillers placements, and Dairies Thailand increasing its direct distribution coverage in retail to over 100,000 outlets as well as F&N hawker coverage to 30,000 hawkers nationwide.

As part of our commitment to provide more value add service to our trade partners, we also conducted an intensive survey on 900 out-of-home outlets which enabled us to gain a keen insight into the product preference of the different channels in canned milk segment.

Part of our success and strength in terms of distribution is the strong relationship we have built with our network of distributors. We have always valued their contribution to our business, and as a mark of our appreciation of their support, when the new GST regime came into play eliminating government sales tax, we were among the first companies to pledge to pass on our savings to our distributors as well as trade customers.

EXPORT

Our exports are mainly from the Dairies units. Aided by a strengthening of the US Dollar, Dairies Malaysia increased its export sales by 13 per cent while Dairies Thailand grew their exports by 17 per cent.

Dairies Thailand has a strong foothold in exports to Indochina, where sales grew 23 per cent this year, driven principally by Cambodia and Laos. Growth in Cambodia was contributed in part by upgrading of the Tea Pot label and the newly launched F&N Magnolia Ginkgo UHT.

Since being accredited as an approved supplier by the Certification and Accreditation Administration of The People's Republic of China last year, we have been establishing export routes to mainland China, Hong Kong and Macau. We have also seen greater interests from UAE, Africa and other halal hubs globally.

CAPACITY EXPANSION

As we continue to grow, as well as for greater go-to-market efficiencies, we have continued to invest in increasing our manufacturing capacity.

In March 2015, we acquired 21.3 acres of land in the Kota Kinabalu Industrial Park (KKIP) to establish a new plant to replace the existing beverages plant in Kota Kinabalu with an annual capacity of 4 million cases of PET beverages.

The new plant is expected to be ready in six years with both beverages and dairies facilities. It will serve both the Sabah and Sarawak markets, greatly reducing transportation costs as well as our warehousing and handling needs. Decentralisation of our manufacturing also minimises the carbon footprint of our supply chain.

In Thailand, following the licence renewal with Nestle – we are investing 30 million Baht to create a new filling and packaging line for evaporated milk to be ready in February 2016. Plans are also in the pipeline to further expand our dairies manufacturing plant in Rojana, Thailand.

BUSINESS REVIEW BY CEO



In July, we rolled out a strategic blueprint for the Group that will bring together the combined strengths of our heritage, people and brands to create greater synergy towards realising **Vision 2020**

STRATEGIC INITIATIVES

In July, we rolled out a strategic blueprint for the Group that will bring together the combined strengths of our heritage, people and brands to create greater synergy towards realising Vision 2020.

We have started the process of reorganising our operation structure in Malaysia in phases. Not only will this allow us to better serve our trade customers, it will also provide us with incredible operational synergies and cost efficiencies, transforming our organisation to be more agile in capturing opportunities in segments where we do not yet have a presence.

BUSINESS REVIEW BY CEO

One of our competitive strengths is the unique way in which we are able to combine local expertise and market knowledge with multinational perspectives to be one of the **lowest-cost producers yet highly brand-centric players**



New opportunities in existing functions and new roles were created during the integration process. This means more opportunities for employees to thrive and develop their careers with the Group; and functions to focus on areas that were previously hindered by the silo structure.

Meanwhile, we continue to forge ahead towards best-in-class in all of our operations. This involves benchmarking against best-in-class parameters internally and against top-performing peers industry-wide. Internally, we are developing Centres of Excellence across the Group – selecting top-performing units of specific areas, and setting their standards as goals that other sections in the Group are to aspire to.

This is to be supported by a highly capable workforce which we will nurture by becoming an Employer of Choice. Our people are critical to achieving the aspirations we have set for ourselves under the new strategic initiative. The Group invested over 40,000 hours and RM2.6 million on training and development this year, which includes a series of Change Leadership Workshops to build the capabilities of our managers across the Group in leading change.

One of our competitive strengths is the unique way in which we are able to combine local expertise and market knowledge with multinational perspectives to be one of the lowest-cost producers yet highly brand-centric players. This will remain a core part of our strategy moving forward.

LOOKING AHEAD

The financial landscape in FY2016 looks set to be as challenging as it was in FY2015, as the Ringgit continues to be weak, oil prices remain depressed and export affected by bearish conditions in trade partner countries. At the same time, the governments of both Malaysia and Thailand are making concerted efforts to stimulate domestic consumption.

For the beverages industry, the weaker consumer demand is expected to be characterised by intense price competition. Selling costs, in particular advertising and promotion related costs are expected to increase significantly but we believe with the sales and marketing strategies that we have initiated, we can maintain our existing leadership positions in the market.

BUSINESS REVIEW BY CEO

Given that certain segments are still strong in the current climate, we are bullish about making further investments in our operations and capacity. We have budgeted at least RM300 million in capital expenditure over the next two years. At the same time, we will continue to keep a keen eye on our costs, ensuring that any new investment is supported by a sound business model that gives us a cost advantage in the long term.

Besides developing our new plant in KKIP, which we expect to take vacant possession in June 2016, our Property division will also continue to focus on strategising opportunities to unlock the value of our existing land banks in Kota Kinabalu Johor Bahru and Kajang.

We are at a very exciting phase in our journey as a Group, with a new blueprint to take us to year 2020. While we have laid the foundations for this transformation programme, the real work of implementing our strategies begins only in the coming year.

We have set ourselves some ambitious targets, but I believe with the dedication and passion of our people, and the support of our partners as well as distributors, we have what it takes to emerge stronger and more resilient as a Total Beverage Company to not only meet our signposts but also to further delight our consumers.

We are at a very **exciting phase in our journey** as a Group, with a new blueprint to take us to year 2020



Yours sincerely,

LIM YEW HOE

Chief Executive Officer

30 November 2015

AWARDS & RECOGNITIONS

ENVIRONMENTAL

- The Prime Minister's Industrial Award for Energy Management by the Ministry of Industry and Thailand Government (Dairies Thailand);
- Thailand Energy Award from Ministry of Energy (Dairies Thailand);
- Thailand Kaizen Award 2014 for energy reduction by the Technology Promotion Association (Thailand-Japan) (Dairies Thailand);
- 3Rs Award and 3Rs+ Award from the Ministry of Industry for its recycling efforts and applied waste management projects (Dairies Thailand);
- CSR-DIW Continuous Award 2015 from the Department of Industrial Works, Ministry of Industry in Thailand (Dairies Thailand);
- Chief Minister's Environmental Award (CMEA) 2014 (F&N Beverages);

MARKETPLACE

- FDA Quality Awards 2015 from the Thai Food & Drug Administration (Dairies Thailand);

WORKPLACE

- MSOSH Gold Class 1 Award by Malaysian Society for Occupational Safety and Health (Dairies Malaysia);
- Excellent Establishment of Labour Relation and Welfare Award 2015 (National Level) from the Department of Labour Protection and Welfare, Ministry of Labour (Dairies Thailand);
- National Safety Award from the Ministry of Labour (Dairies Thailand);
- Zero Accident Award (National level) from the Ministry of Labour (Dairies Thailand).

BRANDS

- Super Brands People's Choice Awards (100PLUS)
- Putra Brands Award, bronze award for (100PLUS)

2015 HIGHLIGHTS



F&N renews licenses for Nestlé Liquid Milk Brands till 2037 From left to right: Dato' Ng Jui Sia, former CEO of Non-alcoholic Beverages, Fraser & Neave, Limited Khun Nopadol Siwabutr, Corporate Affairs Director, Nestlé (Thailand) Limited Mr. Lim Yew Hoe, CEO of Fraser & Neave Holdings Bhd



Children of Kassim Chin Humanity Foundation (KCHM) were delighted to receive the books collected from the Magnolia Milk Mooves Malaysia campaign

Grand prize winners of Cera Raya Bersama F&N contest



More than 10,000 participants took on the challenge at the 100PLUS Outrunner race



Winners of Cabaran Raja Tarik F&N 2015



Mr. Masri bin Panjan Adni, Unit Manager for Engineering, F&N Dairies Manufacturing celebrated the achievements of his four children at the F&N Chairman's Award 2015



F&N Dairies Thailand bags fifth FDA Quality Award



Dairies Thailand team poses alongside brand ambassador Ms. Natapohn "Taew" Tameeruks at the launch of Magnolia Ginkgo Plus UHT Milk



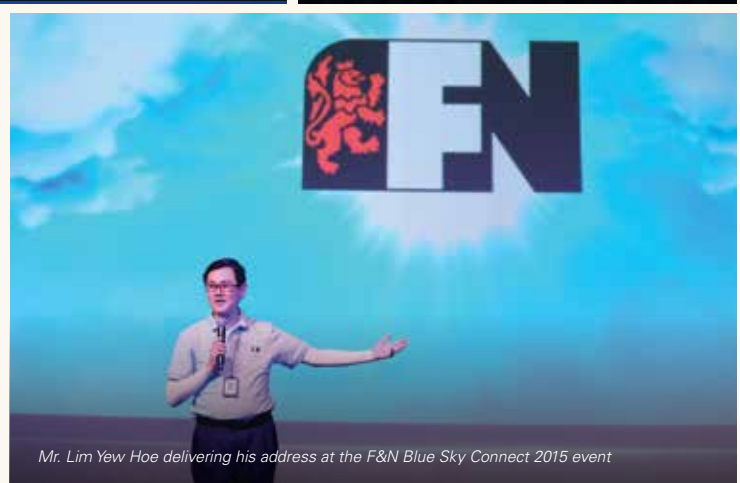
100PLUS receives the Putra Brand Awards 2015



Mr. Lim Yew Hoe exchanges documents with Ir. Melvin Disimond, Deputy CEO cum Acting CEO of KKIP Sdn Bhd at the signing ceremony for the purchase of 21.3 acre land at Kota Kinabalu Industrial Park



Khun Waradej Patpitak, First Vice President of Manufacturing receiving the Prime Minister's Industrial Award for Energy Management on behalf of Dairies Thailand



Mr. Lim Yew Hoe delivering his address at the F&N Blue Sky Connect 2015 event

MARKETING HIGHLIGHTS

There was a strong focus on building brands this year as the Group embarked on an aggressive initiative to launch a series of new products, each targeted at a specific consumer segment. Each business unit continued to develop its portfolio of products with various strategic marketing initiatives that further entrenched our market leadership and position us well towards becoming the undisputed **No.1 Total Beverage Company in Malaysia**



SOFT DRINKS

One of the highlights of the year for Soft Drinks was the Ceria Bersama F&N Contest, that offered our consumers the chance to win a RM1 million house in Laman Glenmarie, Shah Alam, a Toyota Innova 2.0E M/T worth RM97,000, a Nissan Almera 1.5L E A/T worth RM63,000, a home theatre set worth RM30,000, as well as RM10,000 cash.

All they need to do is purchase 100PLUS, F&N Fun Flavours, F&N SEASONS NutriSoy, F&N SEASONS NutriWell, F&N SEASONS Tea or OISHI from 1 June to 31 July 2015 for the chance to win the great prizes. To keep the excitement going during the run-up to the finals, each of our 305 daily winners also received RM200 cash. The contest attracted an overwhelming number of entries, far exceeding our target of 650,000.



F&N FUN FLAVOURS

As the No.1 flavoured Carbonated Soft Drinks brand, F&N Fun Flavours is the catalyst for fun and innovative activations that create great time together with family and friends. Building on the vibrant and youthful image of F&N Fun Flavours, a Feel the Beat campaign got Malaysian youth together through the platform of music. The F&N Feel the Beat movement started with radio deejays and celebrities "spreading cheers" by creating music beats via the F&N Fun Flavours microsite.

This quickly spreads as young Malaysians came up with their own music beats which were uploaded onto the campaign microsite. More than 10,000 youth formed a music wave, creating a new record for being the largest contribution of music beat in Malaysia. The whole campaign was supported with in-store promotions from mid-August till the end of September 2015.

MARKETING HIGHLIGHTS



100PLUS

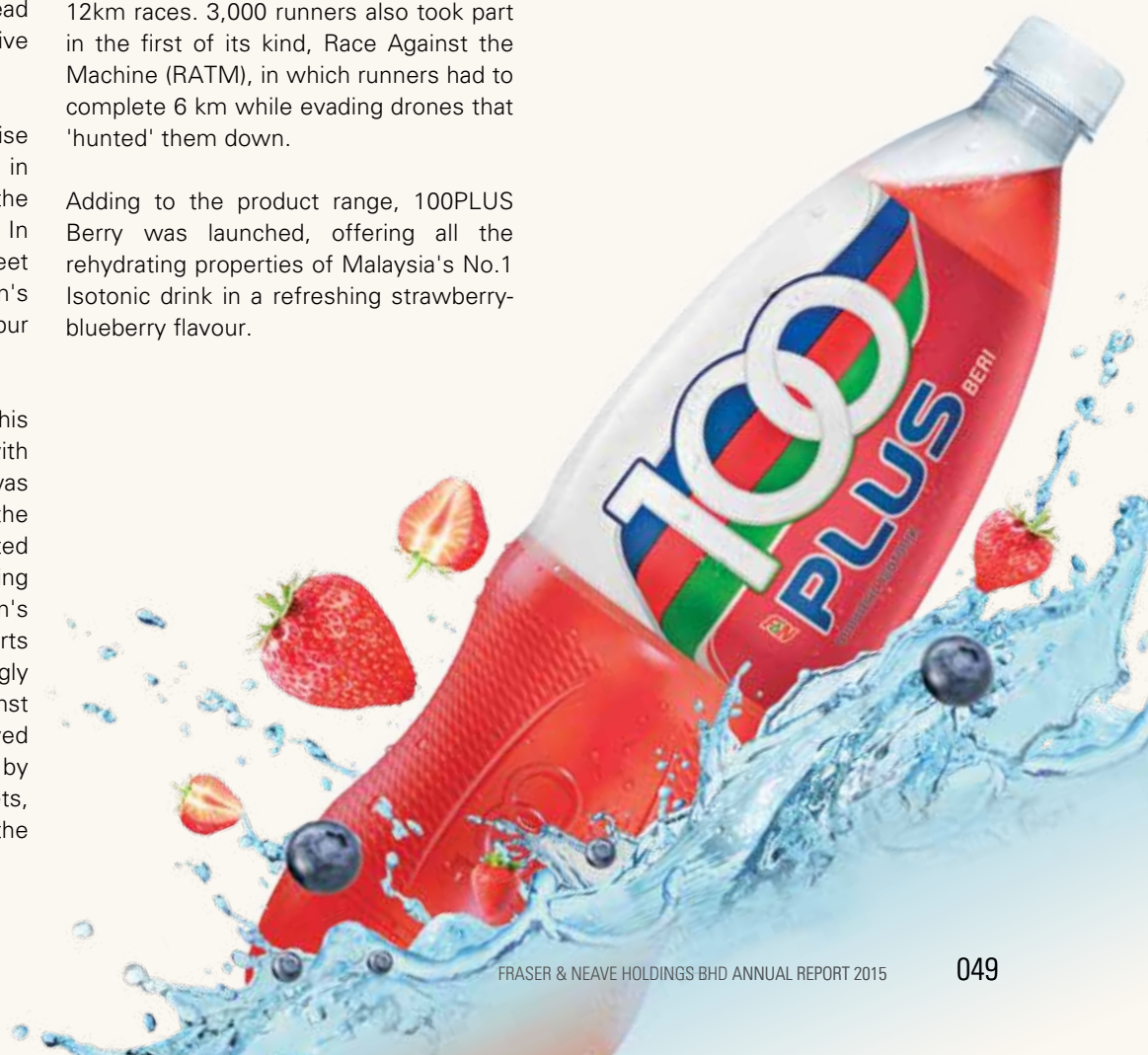
100PLUS The Great Stay Thirsty campaign reinforced our leadership in the Isotonic market with two international footballers – the legendary Pelé and rising star Oscar – as brand ambassadors who spearhead the message that champions never give up despite the odds.

Over one million exclusive merchandise were given away to consumers in exchange for can tabs or labels of the limited edition 100PLUS football packs. In addition, 100 lucky participants got to meet Pelé and Oscar during the campaign's kick off ceremony at the Kuala Lumpur Convention Centre on 29 May 2015.

Also during the event, Pelé shared his vast experience in an audience with the National Football Team which was streamed live to viewers at home on the 100PLUS website, while Oscar conducted a football clinic with the four winning teams of the Ministry of Education's League. The Minister of Youth and Sports also graced the event and sportingly participated in a penalty shoot-out against Oscar. The nationwide campaign achieved over 40 million impressions supported by TV commercials, billboards, retail outlets, on-ground and digital platforms from the April to September.

Another highlight during the year was the 100PLUS Outrunner event held at Precinct 3, Putrajaya on 24 January 2015, which saw 7,000 runners take part in 9km and 12km races. 3,000 runners also took part in the first of its kind, Race Against the Machine (RATM), in which runners had to complete 6 km while evading drones that 'hunted' them down.

Adding to the product range, 100PLUS Berry was launched, offering all the rehydrating properties of Malaysia's No.1 Isotonic drink in a refreshing strawberry-blueberry flavour.



MARKETING HIGHLIGHTS

F&N SEASONS

F&N SEASONS NutriSoy further strengthened its market leadership with a Breakfast Love campaign that promotes healthy and nutritious breakfast with F&N SEASONS NutriSoy soy milk. Among various activities organised, brand ambassador Diana Danielle promoted the nutritious drink on women's TV talk show, Wanita Hari Ini. The campaign was supported by a Facebook competition for the best recipe using F&N SEASONS NutriSoy in a breakfast meal. The three winners were invited to demonstrate their recipes live on TV with Diana Danielle as the host.

In March, F&N SEASONS NutriSoy launched a refreshed logo and this is followed with a 3-month campaign that educates consumers on the goodness of soya as a morning beverage or even as an ingredient for making a healthy breakfast meal.

Meanwhile, following the successful Chillax at Traffic campaign held in the previous year for F&N SEASONS Tea, celebrities Nabil and Hunny Madu front the campaign this year to encourage working adults not to get overly stressed at work.



The #Janji Chillax campaign from August to September 2015 further reinforced F&N SEASONS Tea as Malaysia's No.1 favourite ready-to-drink tea brand. This was accompanied by a refreshed packaging to help consumers to easily identify their favourite variant. Nabil was also featured in a series of hilarious TV commercials as a genie who reminds people to Chillax in various challenging situations. The #Janji Chillax videos garnered over one million views on YouTube and Facebook. A promotion with HOT.fm was also activated to extend consumer engagement with the brand.

F&N SEASONS Ice Lemon Tea in 1L tetra packaging was also introduced to the market this year to enable more Malaysians to share the No.1 RTD Tea in their homes.

F&N SEASONS Tea is
Malaysia's most favourite
ready-to-drink tea brand

MARKETING HIGHLIGHTS

OISHI

Introduced in 2013, OISHI Green Tea has gained considerable traction and double digit share within the Green Tea segment. This year saw a packaging refresh as well as the introduction of 1.5L PET bottle and 300ml cans to cater to different consumption occasions. The 1.5L PET bottle for the Original, Honey Lemon and Genmai flavours was launched in January 2015, accompanied by a campaign that encouraged consumers to share with family and friends.

From 11 September to 9 November 2014, an OISHI SMS & Menang contest that gives away a trip for two to Osaka, a 55" Sony 3D Smart TV, a Canon DSLR camera, an iPad Mini 16GB, shopping vouchers and many other prizes was held. Consumers simply had to SMS the answer to a simple question to stand a chance of winning.

Since January 2015, OISHI, which is brewed from 100 per cent organic tea leaves, is produced in Malaysia and the bottles now carry JAKIM's Halal certification. Besides new TV commercials, an OISHI sampling truck travelled across the length and breadth of the country, emblazoning a strong brand trail to engage with consumers. In September, OISHI in 300ml can was launched to cater to outlets such as hotels, restaurants and cafes in particular.



OISHI
now comes in
1.5L
PET bottle and
300ml
can



OISHI is
brewed from
100%
organic tea
leaves

MARKETING HIGHLIGHTS

EST COLA

est Cola was launched in June 2015 through an innovative social media story involving relationship woes between local celebrity couple Kamal Adli and Emma Maembong. At the launch event itself both singers appeared together as est Cola's ambassadors, revealing that their previous 'split' had just been part of a launch gimmick.

Prior to its launch, extensive consumer research found more than 85 per cent of respondents favoring its taste.

Targeting youth aged 15-24 years, est Cola has been growing in popularity in the competitive Cola market.

To encourage Malaysians to drive safely over the Raya season, est Cola partnered with Touch 'n Go and the Automobile Association of Malaysia (AAM) to organise a Refreshingly Safe Balik Kampung campaign. More than 200,000 cans of est Cola were distributed for free at 20 rest and relaxation stops (R&R) and toll booths throughout the country to keep Malaysian drivers refreshed and alert.



Extensive consumer research found more than

85%

of respondents favoring its taste



MARKETING HIGHLIGHTS

COCO LIFE

Coco Life, a nutritious concoction is made from 100 per cent coconut water that is fat, cholesterol and preservatives free. Since its launch in May 2015, Coco Life is being distributed in more than 7,000 stores as well as golf clubs. More than 2,500 sample packs were given out and a RM1 promotion were held at Shell stations during its launch. Coco Life's facebook page has now attracted more than 69,000 fans while an iVideo of the drink has been viewed more than 450,000 times.

RANGER

Ranger is an energy drink that combines just the right amounts of, taurine, vitamins B3, B6 and C, caffeine and sucrose to live up to its promise to 'unleash the power in you to do more'. It not only enhances physical activity but also improves mental alertness and increases metabolism. The drink is particularly useful to those who need some extra zing while at work or on the road, doing sports or during studies/lectures.



MARKETING HIGHLIGHTS

DAIRIES MALAYSIA

During the year, Dairies Malaysia refreshed the marketing communications for all its condensed milk products under a Restage Campaign and focused its marketing drive on product applications while continuing with signature events and activations.

During the Tastefully F&N Expo held at the Mid Valley Megamall from 31 July to 2 August 2015, more than 100,000 visitors got the chance to sample F&N's new Food & Beverage applications this year. These include F&N Tomyam, Carnation Rainbow Drinks, TEAPOT Green Tea Latte and F&N Magnolia Creamy Mushroom Soup. The full range of new products such as F&N Full Cream Sweetened Condensed Milk, Farmhouse UHT Milk and F&N Fruit Tree Fresh Yuzu was also showcased.

Dairies Malaysia also entered into strategic partnerships profiling the application of its range of pasteurised milk products. In Kuala Lumpur, it supported the Malaysia Barista Championship held in January 2015; the Latte Art Festival held at Publika in May; and the Coffee and Art Fringe Festival (Caffa), also held at Publika, in September. In Penang, it sponsored the Battle of Barista Championship in July.

More than
14,000
cups of F&N food
and beverages were
sampled at the
event



MARKETING HIGHLIGHTS

CONDENSED AND EVAPORATED MILK

Leveraging on the popularity of Thai cuisine, a TV miniseries themed the Taste of Thailand (Citarasa Teristimewa Thailand Bersama F&N) was aired on TV3 and TV9. Featuring popular TV host and actor Fizo Omar, the series highlighted unique Thai cuisines such as Hor Mok, green and Massaman curries and Nitrogen ice cream, made exquisitely using F&N Condensed and Evaporated Milk to deliver creamier and aromatic offerings.

The integrated Taste of Thailand campaign also included Teh Tarik demonstrations on a roadshow which culminated in our highly anticipated Cabaran Raja Tarik F&N competition, held this year at Quill City Mall on 5 August. Participants from all around Malaysia battled it out for the coveted title of Raja Tarik F&N at the Cabaran Raja Tarik F&N 2015 that offers cash prizes totalling up to RM 42,000. Held for over a decade, the competition also serves as our way to recognise the effort and contribution of those who preserves our rich Teh Tarik culture; which is truly Malaysian. The competition was opened to 2 categories – On Premise Outlet participants and the general public/Teh Tarik enthusiasts.

The ever-popular CARNATION Quick Kitchen continued to entice morning commuters at major LRT stations in the Klang Valley with special breakfast combos that included a warm Teh C/Kopi C made with Carnation Evaporated Milk. To further reach out to a wider consumer base, the mobile units were also parked at 12 wet markets over the weekends. In addition, CARNATION launched a 10-miniseries CARNATION® Food Travelogue series which was aired on Astro AEC and 8TV, featuring celebrity chef, Soo Wincci. The grand finale was a cooking workshop at Tesco Extra Mutiara Damansara which received overwhelming response from the consumers and media.

At the same time, MasterChef Dato' Fazley kept consumers enticed with more cooking demonstrations at various malls in the run-up to Hari Raya. Beginning early June 2015, he conducted a series of cooking demos at Giant Batu Caves Mall, Mydin USJ Mall and Tesco Mutiara, sharing recipes co-created with IDEAL. During Ramadan itself, a special programme was held to spread F&N delights at 27 high-traffic spots, including mosques and offices in the Klang Valley and 181 Ramadan bazaars nationwide.



MARKETING HIGHLIGHTS

Magnolia Milk Mooves Malaysia celebrate and recognise the goodness of milk at **more than 40** retail centres nationwide

F&N MAGNOLIA

In conjunction with World Milk Day, F&N Magnolia organised Magnolia Milk Mooves Malaysia, its biggest on-ground, nationwide campaign to celebrate and promote the goodness of milk as a source of nourishment and growth. The three-week campaign, held at more than 40 shopping and retail centres nationwide, encouraged consumers to rekindle their most cherished memories of dairy products while rediscovering F&N Magnolia. The campaign also reinforced the importance of milk for a healthy lifestyle to our consumers.

Besides cultivating a culture of drinking milk, the Magnolia Milk Mooves Malaysia campaign also promoted good reading habits among young and growing learners.

400 illustrated story books collected from consumers during the roadshows were donated to Kassim Chin Humanity Foundation.

Apart from a packaging refresh of all Magnolia variants, the new reformulated F&N Magnolia Low-Fat Hi-Cal pasteurised milk was launched in July 2015. TV host and wellness author Jojo Struys kicked off the launch with a 21-Day "You Can" Challenge aimed at inspiring Malaysians to adopt an 'I'm-Possible' mind-set and live life to the fullest. Consumers were also encouraged to exchange any old pack of milk for a 1L pack of F&N Magnolia Low-Fat Hi-Cal for just RM1. All proceeds were channelled towards dental checks for single mothers.



MARKETING HIGHLIGHTS

FARMHOUSE

Farmhouse, the 100 per cent imported Australian premium fresh milk, is renowned for its high quality and pure natural taste of milk. The health benefits of Farmhouse Omega Low Fat Milk were highlighted in a Young at Heart campaign, which was accompanied by samplings and a twin pack promotion that gave away health screening vouchers worth RM200 to lucky consumers.

Complementing its Farmhouse Pasteurised Milk range, Farmhouse UHT Milk was launched in June 2015 offering consumers Australia's fresh and creamy premium milk at any time of the day. Introductory promotion were offered from June to August followed by a breakfast consumption drive in which a packet of cereal was given away for every twin pack of Farmhouse UHT purchased.

100%
imported Australian
premium fresh milk



MARKETING HIGHLIGHTS

READY-TO-DRINK JUICES

Two new variants were added to the already extensive range of F&N ready-to-drink juices available.

F&N Fruit Tree Fresh Yuzu is a refreshing concoction of Yuzu; a bitter-sour Japanese delight; with lemon, orange juice and real orange pulp, with Vitamin C, offering consumers an antioxidants-rich drink. Leveraging on the popularity of yuzu in Japan, the new F&N Fruit Tree Fresh Yuzu was promoted at a Japanese animation festival (Animax) which attracted over 22,000 visitors.

Meanwhile, Sunkist Pure Premium 100% Orange & Pink Grapefruit Juice was introduced this year, catering to consumers who love the taste of freshly squeezed orange and grapefruit with no added sugar or preservatives. And best of all, the beverage contain added vitamin C as a greater immunity boost.

Both products are available in 1L packs at all major international and independent super and hypermarkets. During the month of Ramadan, consumers also received a free glass goblet with every purchase of a Sunkist 1L Twin Pack.



Freshly squeezed juice
with vitamin C and
no added sugar or
preservatives



MARKETING HIGHLIGHTS

DAIRIES THAILAND

Dairies Thailand continued to build its brands via TV and radio commercials, targeted media and in-store advertisement while also expanding its presence on social media. The year saw the launch of its first ready-to-drink UHT milk; a revamp of TEAPOT; and various promotions to build customer loyalty while attracting new customers.

The business unit also significantly increased its presence within the street hawker segment following a successful decoration campaign for both TEAPOT and Carnation, which attracted the loyalty of some 30,000 hawkers.

Presence within
the street hawker segment :

30,000 hawkers

CANNED MILK

Dairies Thailand continued to invest in enhancing the visibility of Carnation and TEAPOT, at both traditional and modern trade channels through hawker decorations and special displays. About 800 Carnation landmarks were set up within the traditional market.

As a result of marketing efforts, Carnation has penetrated into more than 1,000 coffee shops and restaurants around the country. Carnation, the No.1 brand in the premium segment, also drove the application of milk as an ingredient in food preparation.

A new TV commercial was launched for TEAPOT, with the theme 'Smarter Choice', to communicate its new packaging design introduced in Thailand in July 2015. This was supported by exclusive Tea Pot displays at hawkers and trade outlets reinforcing the new look.

In conjunction with Hari Raya, TEAPOT was also promoted at leading mosques where free samples of drinks prepared using the milk were served in an exclusive campaign in southern Thailand.



MARKETING HIGHLIGHTS



LIQUID MILK

Adding to its range of ready-to-drink milk, Dairies Thailand launched Magnolia Ginkgo Plus UHT in April 2015. Available in three flavours; white malt, chocolate and plain, Magnolia Ginkgo Plus UHT is highly nutritious as it blends milk with ginkgo extracts and added with vitamin B12.

Available in more than 70 per cent of modern trade outlets, Magnolia Ginkgo Plus UHT is the first premium UHT milk for the mass market and has captured 3 per cent market share in just six months.

This was further supported by an integrated marketing campaign with popular actress, Natapohn "Taew" Tameeruks as brand ambassador, which helped to boost brand awareness by 50 per cent. Leveraging on the known health benefits of ginkgo, the campaign focused on reinforcing the benefit of milk as a 'Brain Booster'. More than a million servings of Magnolia Ginkgo Plus UHT were handed out throughout Thailand during the launch campaign.

Capitalising on the popularity of Magnolia milk among high-end cafes, a new and exclusive Magnolia Barista Pasteurised Milk was launched specifically for Starbucks which drew very favourable response. More Starbucks-exclusive products by Dairies Thailand are being planned.

Despite its unrivalled market leadership, the brand, BEAR BRAND were strengthened via strategic brand positioning and the brand maintain more than one third of the market share among the adult milk segment as of September 2015. The goodness of BEAR BRAND Sterilised Milk continued to be emphasised through a new Love campaign, which expanded the consumer base to those beyond 35 years. The TV commercial was themed 100 per cent Love, reinforcing the fact that the product is 100 per cent milk. Meanwhile, special packs of BEAR BRAND Gold were also introduced in an exclusive promotion held with Tesco Lotus stores nationwide.

Magnolia Ginkgo Plus UHT is the first premium UHT milk for the mass market and has captured 3 per cent market share in just six months



03

CORPORATE SUSTAINABILITY

- 066 Workplace Principles
- 071 Community Principles
- 080 Environmental Principles
- 086 Marketplace Principles



A close-up photograph of two hands, one with a darker skin tone and one with a lighter skin tone, gently cupping a mound of dark, rich soil. The hands are positioned in the upper left and center of the frame, with fingers slightly curled. The soil is piled in the center, with some roots visible. The background is a soft, out-of-focus green, suggesting a natural setting. The overall mood is one of care, growth, and nurturing.

**BUILDING
OUR FUTURE**



OUR PRINCIPLES ON SUSTAINABILITY

Workplace



ENGAGE AND DEVELOP

Continuously engage our employees;
Provide personal development and structured career support; Advocate an active lifestyle to nurture a healthy workforce; Promote a fair and safe work environment

Community



DELIVER IN HARMONY

Support development by leveraging our skills and capacity; Develop projects that are in line with our sustainability objectives;
Encourage employee volunteerism

Environmental



DOING MORE WITH LESS

Reducing raw material use and waste;
Conserving water;
Minimise energy consumption and carbon emissions

Marketplace



RESPONSIVE AND TRANSPARENT

Provide delicious and enjoyable products compatible with a healthier lifestyle; Listen and respond to the needs and preferences of our consumers; Actively self-regulate and promote responsible practices throughout our supply chain; Undertake responsible communication to all of our stakeholders

WORKPLACE

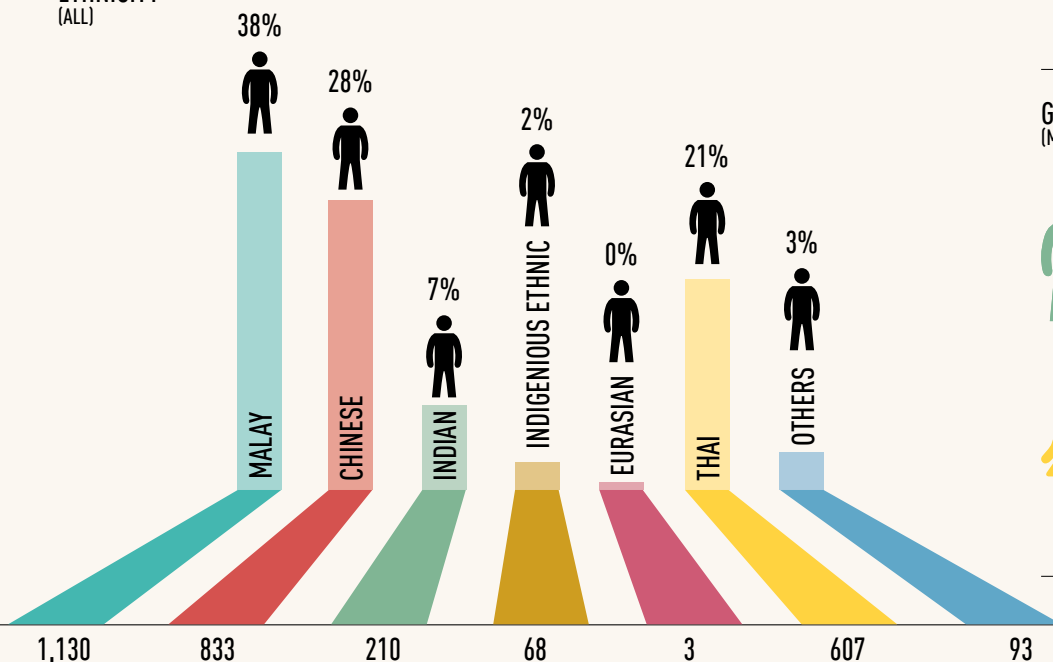
WORKPLACE PRINCIPLES – ENGAGE AND DEVELOP

We believe that the commitment and efforts of our employees are fundamental to continued growth and hence, the economic sustainability of our business via increased productivity and innovation. To attract and retain the best talents, we aim to be a preferred employer, offering a challenging and exciting environment along with avenues for personal development. We also wish to lead in providing a safe workplace which encourages a healthier and active lifestyle.

Our workplace commitment is to:

- Continuously engage our employees
- Provide personal development and structured career support
- Advocate active lifestyles to nurture a healthy workforce
- Promote a fair and safe work environment

ETHNICITY (ALL)



WORKFORCE STATISTICS

AGE (ALL)



30 and below	19.1%
31-40	37.3%
41-50	28.2%
51 and above	15.4%

GENDER (ALL)



GENDER (MANAGERS AND ABOVE)



WORKPLACE



F&N Senior Management toss up yee sang for good health, success, wealth in the year ahead



F&N employees participated in the F&N Amazing Hunt



Employees having a blast with Magnolia Smoo Cow mascot

EMPLOYEE ENGAGEMENT

We believe it is important to keep employees abreast of goings-on within the Group as well as creating two-way communication platforms. With the roll out of the organisation realignment exercise, additional engagement sessions with employees were organised this year to obtain feedback and to keep employees updated on developments of the project.

- The Group conducted focus groups with employees at 10 locations around the country including East Malaysia.
- Mini townhall sessions were held in the central and regional offices.
- CEO and senior management team "meet and greet" employees in an office-walkabout in October.
- The Senior Leadership team and committees of the transformation project attended a Visioning & Messaging Workshop to develop a common vision for F&N.
- More than 2,000 F&N employees converged at the Blue Sky Connect event - commemorating F&N's new journey as one big family.

Other than formal engagement sessions, numerous fun events that see individuals from all levels get together and get to know each other better were also organised.

- F&N Amazing Hunt - 600 F&N employees from various departments were grouped into 40 groups and raced against each other and time in a series of activities that tested both their wits and physical strengths, and more importantly their collaboration.
- F&N FUN@WORK - Led by our Management Associates, FUN@WORK is a 12-week programme to build and reinforced relationships among staff while reminding employees that with the right people, environment and mindset, work can also be fun.
- F&N Group Bowling Tournament.
- Festive gathering for Deepavali, Christmas, Hari Raya and Merdeka celebration.
- Family Days and team building sessions.



Commemorating a new milestone for F&N as one family

WORKPLACE

F&N CHAIRMAN'S AWARD

Since 2003, the Group has been celebrating academic and extra-curricular excellence among the children of employees via the F&N Chairman's Award. The Award serves both as an employee appreciation initiative as well as a motivation for their children to strive for excellence.

To date, the Group has disbursed more than RM2.7 million under the Award benefitting 2,000 children. This year, a total of RM222,275 cash awards was presented to 149 recipients at a prize giving ceremony witnessed by the recipients' proud family members and the Group management team.



Proud recipients of the 2015 F&N Chairman's Award with Mr. Lim Yew Hoe, F&NHB Chief Executive Officer (front row, fifth from left), Y.A.M. Tengku Syed Badarudin Jamalullail, F&NHB Chairman (front row, sixth from left) and senior management of F&N

PEOPLE DEVELOPMENT

Continuous training and professional development programmes are offered to all employees to enable them to realise their full potential, and at the same time build the Group's human capital.

Over the course of the year, our employees attended a total of 40,721 training hours, averaging about 15 training hours per individual. The Group invested RM2.6 million in the professional development of staff. The training and development programs include 'The 7 Habits of Highly Effective People', 'Change Leadership', 'Total Productive Management (TPM) Journey to World Class' and 'Consumer Insights & Shopper Marketing'.



Employees undergoing the Change Leadership Program

PROMOTING A HEALTHY WORKFORCE

Given that a healthy workforce is a productive workforce, we continuously stress upon our employees the importance of leading healthy lifestyles through wholesome diets and taking part in physical activities. Activities organised this year include:

- 500 employees participated in "A Healthy Breakfast" Promotion.
- Healthy cooking demos on 14 and 21 August 2015 by our own food specialists, Alric Tong and Cheong Wai Loon.
- Encouraging employees to walk more via a 'Burn Calories Not Electricity, Take the Stairs Campaign' held from May to June 2015.
- An ergonomic talk on 'Caring For Your Back at Work' was organised.
- F&N Group Badminton Tournament was held on 9 August 2015, with the participation of 168 employees from Malaysia, Thailand and Singapore.
- 25 employees including Directors took part in the F&N Group Golf Tournament – Chairman's Cup held on 12 September 2015 at the Sg Long Golf & Country Club.
- F&N Sports Club organised several sporting events including two futsal tournaments and a sepak takraw tournament including a Football Friendly against the Royal Malaysian Police (PDRM) at the SUK Padang in Shah Alam.
- F&N Dairies Thailand organised vaccination programmes for all employees against Hemorrhagic and Influenza 2015.



Participants of the F&N Chairman's Cup 2015



F&NHB Chairman at the F&N Group Golf Tournament



Learning about healthy cooking from the experts



F&N employees showed off their badminton skills during the friendly tournament

WORKPLACE

PROMOTING & INNOVATION

- F&N Dairies Thailand organise an annual 'Winning as One' Convention to reinforce the importance of teamwork among Manufacturing Department employees. During the convention, employees worked in teams to churn out creative ideas on continuous improvement which were pitched against each other, nurturing a highly motivated and energised environment.
- F&N Dairies Malaysia organised an Innovative and Creative Circle (ICC) Convention for the second time on 18 November 2015. ICC empowers employees to demonstrate innovative cost-saving and efficiency-enhancing solutions by applying their creativity and innovative thinking. In this year's convention, 15 teams pitted their ideas against each other in front of a panel of judges.
- On 18 June 2015, F&N Dairies Thailand held an Innovation Excellence & Knowledge Management Forum to promote a knowledge-sharing culture in the manufacturing department. The focus was on effective use of the business unit's Knowledge Management System towards building a culture of continuous improvements.



Teamwork takes centrestage at the Innovative and Creative Circle (ICC) Convention

SAFETY AT WORK

The safety of our employees is of utmost important to us. We therefore commit to creating a culture of safety within the organisation in which everyone is aware of and practises safe behaviours.

- Safety programmes that included Fire Prevention, Fire Fighting & Rescue Training; Behavioural Based Forklift Safety Operations; and Occupational First Aid & Cardio-Pulmonary Resuscitation (CPR) Training were organised throughout the year.
- F&N Dairies Malaysia and Dairies Thailand manufacturing facilities are OHSAS 18001:2007 certified, while F&N Beverages Manufacturing plant is EMS 14000:2004 certified.
- As a result of a high level of commitment to safety practices, Dairies Thailand, received the National Safety Award from the Labour Department of Thailand as well as the national level Zero Accident Award for achieving more than 1,000,000 hours without any accident.
- Dairies Thailand also received the Excellent Establishment of Labour Relation and Welfare Award 2015 (National Level) from the Department of Labour Protection and Welfare, Ministry of Labour.



Dairies Malaysia receiving the MSOSH Award

- During the year, Dairies Malaysia received the Gold Class 1 Award in MSOSH Occupational Safety and Health Awards, an annual safety and health performance award by Malaysian Society for Occupational Safety and Health that recognises organisations with highly commendable safety and health records.
- As an extension of safety awareness, a Business Continuity Recovery Mock Run was conducted at our beverages plant in Shah Alam this year to ensure our employees are prepared at all times to manage any potential crisis.

WORKPLACE DIVERSITY

We believe in promoting diversity within the Group in an environment that provides equal opportunities and is merit-based. The organisational realignment has brought together people from diverse background and level of experience into one functional team.

In our effort towards a gender-balanced organisation, this year we have started initiatives in this direction with the introduction of a more flexible working hours and setting up nursing room in all our offices.



Dairies Thailand receiving the Excellent Establishment of Labour Relation and Welfare Award 2015

○

- Support development by leveraging our skills and capacity
- Develop projects that are in line with our sustainability objectives
- Encourage employee volunteerism



COMMUNITY



Fourth from left: Brother Peter Issac, MBT Director, Mr. Lim Yew Hoe, Chief Executive Officer, FNHB and Ir. Dr. Philip Tan Chee Lin, Chairman, Board of Governors, MBT pose with students at the launch of new IT Corner



35 proud graduates of the International Computer Driving Licence (ICDL) accreditation programme

EDUCATION AND NATION BUILDING

Recognising that education is one of the most effective tools to uplift the lives of the marginalised, we have been investing in programmes that aim at enhancing the educational attainment of underprivileged children.

- Since 2010, F&N has established IT Corners at the Montfort Boys Town, Montfort Youth Centre in Malacca and Montfort Girls Centre in Shah Alam, where youth are trained to be computer literate. In 2015, a new RM80,000 IT Corner was set up at the Montfort Boys Town equipped with 30 brand-new computers, a printer, scanner and internet access, complementing the three existing IT rooms in the Montfort group. These centres also train the youth for the International Computer Driving License (ICDL), and more than 160 students who have gained the certification have been able to use it to gain employment. To date, a total of RM250,000 has been invested in this programme.



**MORE THAN
160** students

have gained internationally-
recognised ICDL certification
since 2010

COMMUNITY

- In 2011, F&N established the Empowering Lives Through Education (E.L.I.T.E) programme to support the Kassim Chin Humanity Foundation (KCHF), which provides free kindergarten and tuition classes to over 600 underprivileged children up to the age of 20 in Pangsapuri Enggang, Puchong. F&N sponsors their classes and educational activities while also providing food aid in the form of milk products. During the year, we established an e-Learning Centre with pre-installed educational software, providing basic computer literacy to the children.
- As part of its World Milk Day celebration, F&N also ran a programme entitled Smoo Love Zone, encouraging consumers of F&N Magnolia Milk at more than 40 locations to choose from a selection of books to be donated to children at KCHF. 400 illustrated story books were collected from the public and given to KCHF's four tuition centres.
- F&N also have a tradition of empowering children through other means. F&N has been partnering Leadernomics to carry out various team building initiatives with the children at Yayasan Ilham Pinggir TTDI, an orphanage it has adopted since 2008. The programme taught them both the power of working in teams while also making them realise that, even within their limitations, they can make positive contributions to the world around them.
- F&N teamed up with Southern Metal Can to contribute 20,000 Baht worth of scholarships to 20 students of the Wat-Thanote Tai School in Thailand. Employees also rolled up their sleeves to create a beautiful garden within the school's grounds.



Children of Kassim Chin Humanity Foundation (KCHF) were delighted to receive the books



To-date, F&N has invested over

RM300,000
in the F&N E.L.I.T.E programme,
benefitting over 300 children



A brand new garden for Wat-Thanote Tai School



Pre-schoolers' first experience using the computer

COMMUNITY

NURTURING CHAMPIONS

- 100PLUS continued to champion the elevation of sports in the country by supporting competitions organised by the Ministry of Education, the Badminton Association of Malaysia and the Football Association of Malaysia (FAM).
- Ministry of Education League league is a partnership between 100PLUS, the Ministry of Education and the Ministry of Youth and Sports to develop young football talents in Malaysia and encourage a healthier, sportier lifestyle among youths. This year, 100PLUS under its Stay Thirsty campaign, organised a football clinic by its new ambassador – Brazilian footballer Oscar – with the winning primary and secondary school football teams.
- 100PLUS presented a cheque worth RM2.46 million during the launch to YB Khairy Jamaluddin Abu Bakar, Minister of Youth and Sports in support of the ministry's National Football Development Programme. The contribution is testament to 100PLUS's long-term commitment and support towards building up sport talents in the country.
- 100PLUS supported many other sporting events which include the Selangor Open 2015, a Hockey 5' tournament; and the Maybank Malaysia Open 2015. In addition, together with F&N Ice Mountain, 100PLUS sponsored the 4th edition of Cycle Asia; the Colgano Ride 2015; Time Ironman 70.3 Putrajaya 2015; Nike We Run KL 21K; the Penang Bridge Run; Bursa Bull Charge Run and Pink Wig-a-thon in support of breast cancer awareness.



Leading teams in the Ministry of Education League received a once-in-a-lifetime opportunity to train with Chelsea star, Oscar

- 100PLUS together with the Sportswriters Association Malaysia (SAM) have been recognising sports personalities and sports journalists since 2003. This year, squash champion Datuk Nicol Ann David won the Athlete of the Year, for the third time, while karting phenomenon Muizzuddin Musyaffa Abdul Ghafar was named Young Athlete of the Year.



**RM2.46
MILLION**

presented to National Football
Development Program in support
of sport talents development



Our energetic team all set for the Bursa Bull Charge Run



Former team mate, Sharon Wee accepts the trophy and cash award of RM10,000 on behalf of Datuk Nicol David

RECYCLING PROGRAMMES

- Since 2007, F&N has partnered with the Shah Alam City Council to organise a school recycling programme to promote environmental preservation among students and imbue in them a culture of recycling. This year, the five-month campaign attracted the participation of 41 schools, and collected a total of 118,544.90kg of recyclables, marking a 47.5 per cent increase compared to 80,378.3kg collected last year.
- With the support of the Penang Education Department and Tetra Pak Malaysia, a similar campaign was also run in Penang with the Municipal Council and drew participation from 11 pre-schools, 33 primary schools and 28 secondary schools who rake in a total of 96,576kg of recyclables.
- In Thailand, F&N recycled our liquid milk waste into 43,200 bottles of concentrated liquid fertiliser which is then distributed to all F&N staff, suppliers contractors and also donated to nearby schools. The fertiliser is also used in F&N Dairies Thailand's Rojana Green Park where it has contributed to faster growth and fruit yield.



Schools being briefed during the launch of F&N School Recycling campaign



Fertiliser made from recycled liquid milk waste



215,121KG
of recyclable items collected in
F&N's Kempen Kitar Semula program



Liquid milk waste recycled into
21,600
liters of fertiliser



S.M.K.Seksyen 11 - proud winner of the F&N School Recycling campaign for Shah Alam

COMMUNITY

ENVIRONMENTAL AWARENESS

- In June, 37 of our employees took part in a Royal Initiative Project to build a check dam at the Kaeng Krachan National Park, Thailand. Check dams reduce the velocity of water flowing in streams, ditches and waterways to ensure wild animals and communities have enough to consume during the dry season. They also preserve dampness in the jungle and prevent floods during the rainy season.
- F&N employees put their hands together to convert a patch of grounds at Sekolah Menengah Kebangsaan Pulau Indah into a herb garden. About 70 students from the school helped to plant 10 species of edible and medicinal plants including Tongkat Ali, tamarind, stevia and daun belai gajah. The garden is then looked after by the school's Agro-Technology Club.
- 130 reef rehabilitation frames were installed at three nursery sites on Redang Island in the F&N Save Our Seas (SOS) coral reef rehabilitation programme, run in collaboration with Reef Check Malaysia and Marine Park Terengganu. Surveillance is ongoing to ensure the sustainability of the initiative. In April 2015, divers from F&N accompanied others involved in the programme to repair and/or replace about 60 frames in Pulau Paku Kecil that had been damaged during the monsoon.



The FNDM team and students get their hands dirty planting herb seedlings in the Mini Herb Garden



Thirty-seven employees of FNDT and FNDM worked together to construct the check dam

COMMUNITY



RM200,000 worth of F&N products distributed to flood victims at flood relief centres



A helper at the evacuation center distributing F&N NutriSoy drinks to families



F&N went the extra mile by distributing products to communities in rural areas

DISASTER RELIEF

- In response to the devastating floods that inundated the East Coast towards end 2014, the Group mobilised a flood relief mission that saw RM200,000 worth of products such as F&N Ice Mountain, F&N NutriSoy, F&N Magnolia Sterilised Milk and F&N Condensed Milk distributed to flood relief centres in Dungun, Kemaman, Setiu and Besut in Terengganu and Pasir Mas, Tumpat and Kuala Krai in Kelantan. Thanks to the quick actions of our East Coast Regional team, our relief items were among the first to reach the evacuees.
- Once the team realised that many communities in rural areas who did not take shelter at the flood relief centres were not receiving any aid, our colleagues in Kota Bahru decided to distribute goods door-to-door in Manek Urai. As the area was accessible only via 4WD trucks and lorries, they loaned a three-tonne lorry from a distributor, KK Setia Sdn Bhd, to personally hand over F&N Ice Mountain and comforters to residents of more than 400 houses deep in the villages.
- F&N employees raised RM45,850.52 for 13 colleagues affected by the floods. Our management matched the donation and contributed additional funds, increasing the amount to RM139,750, which was distributed equally among affected employees.



RM200,000
worth of F&N products
mobilised to East Coast flood
relief centers in December 2014

COMMUNITY



Participants of Program Kasih Mesra Bersama F&N gained cooking and entrepreneurial tips



200,000 blankets worth 50 million baht distributed to needy communities across Thailand



est Cola distributed to drivers at toll booths over Raya season

COMMUNITY OUTREACH PROGRAMMES

- In conjunction with Hari Raya, F&N organised a Program Kasih Mesra Bersama F&N to empower single mothers with entrepreneurial skills and knowledge. At the event, 24 single mothers attended a cooking workshop by celebrity chef Anis Nabilah at Starhill Culinary Studio and business coaching from Abd Azharee Abdul Wahid, a leading business planning expert for micro entrepreneurs in Malaysia.
- F&N brought warmth to thousands of families affected by the cold in Thailand by means of green blankets through the "ThaiBev Unites to Fight the Cold" project in cooperation with the Department of Disaster Prevention and Mitigation under the Ministry of Interior. The project, which is into its 15th year, saw some 200,000 blankets worth 50 million baht distributed to needy communities across the Northern and Northeastern regions of Thailand.
- To encourage Malaysians to drive safely over the Raya season, F&N collaborated with Touch 'n Go and the Automobile Association of Malaysia (AAM) to organise a Refreshingly Safe Balik Kampung campaign. More than 1,000 Touch 'n Go cards and 200,000 cans of est Cola were distributed at 20 rest and relaxation stops (R&R) and toll booths throughout the country to help drivers remain refreshed and alert.



24
single mothers
empowered with
cooking and
entrepreneurial
skills

COMMUNITY

- For Christmas, F&N took 33 boys aged six to 20 years from the Salvation Army Boys' Home in Kuching to the Spring Shopping Mall, each with RM200 to spend on whatever they chose. After shopping, the boys were treated to lunch and a special screening of Penguins of Madagascar. They then returned to the home with bags of goodies containing F&N gifts, stationery sets, mathematical instruments, story books and ties.
- F&N employees brought festive joy to Persatuan Kebajikan Warga Tua Seri Bahagia old folk's home in Ipoh and Home of Love old folk's shelter in Kuching with a hearty breakfast prepared by F&N employees themselves. A special birthday celebration was also celebrated with two senior citizens at Home of Love. F&N also presented them with ang pows and goody bags filled with mandarin oranges and essential items. The residents then took turns at the karaoke session and sang to their heart's content.
- Children from Rumah Amal Raudhatul Jannah and Rumah Anak Opah Hasnah went for a buka puasa feast with F&N. The children also received new Hari Raya clothes, stationery and colouring sets, F&N products and duit raya.
- To share in the joy of Deepavali, F&N took 12 children from Sayang Children's Home (Rumah Jagaan Kanak-Kanak Sayang) on a shopping spree at Ajuntha Textiles in Klang, which opened early just to welcome and host them. Each child was given RM200 to spend. This was the fourth year that children from the home have been given this Deepavali treat. The fun-filled day ended with a scrumptious vegetarian lunch.



F&N organised a special shopping spree for 12 children of Sayang Children's Home in light of the upcoming Deepavali festivity



An F&N employee distributing ang pow at Home of Love



Twenty-five children of Rumah Anak Opah Hasnah enjoyed the delicious KFC treat by F&N



F&N hosted 33 boys from the Salvation Army Boys' Home to a memorable Christmas shopping experience at The Spring Shopping Mall in Kuching

ENVIRONMENTAL

ENVIRONMENTAL PRINCIPLES – DOING MORE WITH LESS

Our activities as a major player in the food and beverage sector have an impact on the environment throughout the lifecycle of our operations. From the time ingredients and materials are sourced to the production and manufacturing of the base product, the bottling/canning, packaging, distribution and logistics to the final saleable item as well as all processes dealing with the end of product life, we have some control on how we impact the environment. At the same time, our business relies on the long-term availability of basic raw materials. By reducing our resource use and producing more for less, we can combine sustainability of supply with cost savings while protecting the environment.

As a responsible producer and manufacturer, we are committed to minimising as far as possible our environmental footprint through continuous improvement in the following areas:

- Reducing raw material use and waste
 - Conserving water
 - Minimising energy consumption hence carbon emissions
-



ENVIRONMENTAL

Conscientious efforts to reduce our environmental footprint has led to our business units receiving numerous accolades from the relevant authorities. This year, F&N was recognised with the following awards:

- The Prime Minister's Industrial Award for Energy Management by the Ministry of Industry and Thailand government (Dairies Thailand);
- Thailand Energy Award from Ministry of Energy (Dairies Thailand);
- Thailand Kaizen Award 2014 for energy reduction by the Technology Promotion Association (Thailand-Japan) (Dairies Thailand);
- 3Rs Award and 3Rs+ Award from the Ministry of Industry for its recycling efforts and applied waste management projects (Dairies Thailand);
- CSR-DIW Continuous Award 2015 from the Department of Industrial Works, Ministry of Industry in Thailand (Dairies Thailand);
- Chief Minister's Environmental Award (CMEA) 2014 (F&N Beverages Manufacturing Plant in Kuching).

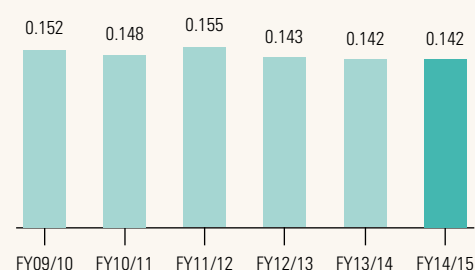
SUSTAINABLE PACKAGING

F&N seeks continuously to use more environmentally-friendly packaging solutions while maintaining the integrity of our products. Various initiatives are ongoing to optimise packaging materials through innovation and technical feasibility, resulting in a significant reduction in our packaging ratio over the years.

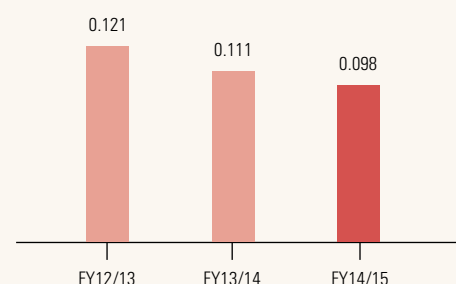
- Packaging ratio for total PET beverages reduced significantly this year due to the introduction of new designed PET bottles. Using FY03/04 as the baseline, the packaging ratio for our PET beverages has reduced by 16 per cent.
- Optimising the usage of cans and lids in its packaging has helped to reduce Dairies Malaysia's packaging ratio from 0.111 in FY13/14 to 0.098.
- Dairies Thailand maintained the same packaging ratio of material used per ton of product as the previous financial year. Total packaging material utilised in FY14/15 was reduced by 2,111 tonnes attributed to the reduction of tin plate usage in its production.

PACKAGING RATIO (tonne of packaging material/tonne of product)

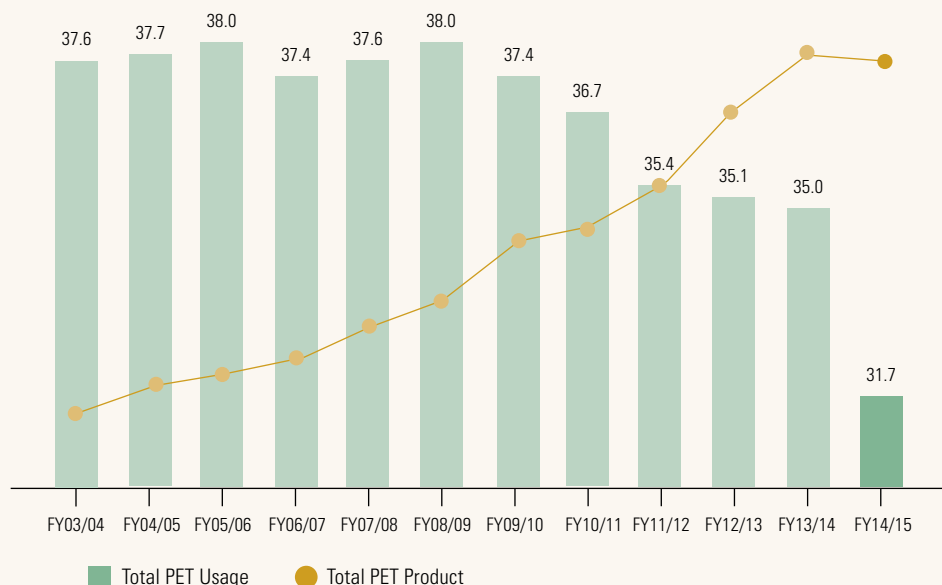
DAIRIES THAILAND MANUFACTURING PLANT



DAIRIES MALAYSIA MANUFACTURING PLANT



PACKAGING RATIO FOR TOTAL PET BEVERAGES



ENVIRONMENTAL

WASTE MANAGEMENT

As a responsible corporation we are committed to reducing the volume of waste generated in the manufacture of our products, and have made progress in our solid waste recycling programme due to concerted and continuous efforts by all departments.

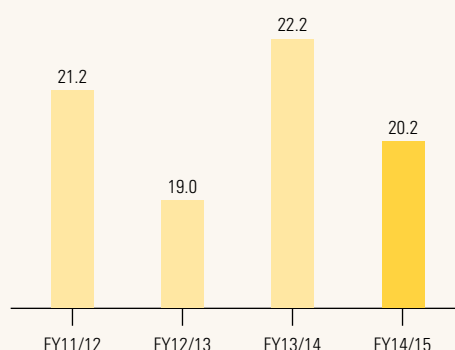
- During the year, F&N Beverages Manufacturing identified the layer pad used in the UHT Plant as another recyclable material; and since June 2015, 129.25 tons of these pads have been recycled. However, more non-recyclable sludge was generated from the effluent treatment plant which reduced the percentage of waste that was recycled. This was due to an increase in mixed liquor suspended solids in the aerobic treatment system. Overall waste generation dropped from 9,198.63 metric tonnes (MT) in FY13/14 to 8,159.22 MT in FY14/15.

- Dairies Malaysia manufacturing plant has more than doubled its total recycled waste percentage compared to the first year of its operation at Pulau Indah in FY12/13. Although Dairies Malaysia generated more solid waste this financial year than the last, the volume of recycled solid waste increased significantly from 29.7 per cent to 54.1 per cent. Moving forward, Dairies Malaysia intends to further increase its recycling activities by using waste from the industrial effluent treatment system as raw material in the production of fertilisers.

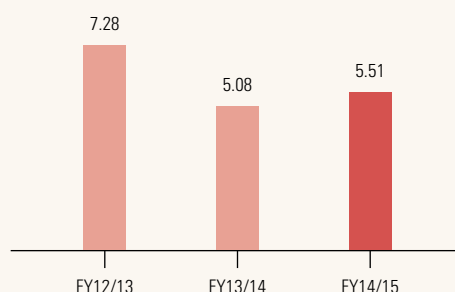
- Dairies Thailand reduced its solid waste ratio by 2.2 per cent from the previous financial year. At the same time, a higher volume of waste was recycled, at 80.7 per cent of total waste generated. The recycling of wastewater sludge began in FY13/14, accounting for the jump in volume of recycled waste in FY12/13 to FY13/14. Continued efforts led to a further increase in waste recycling from FY13/14 to the current financial year.

SOLID WASTE RATIO (kg per tonne of product)

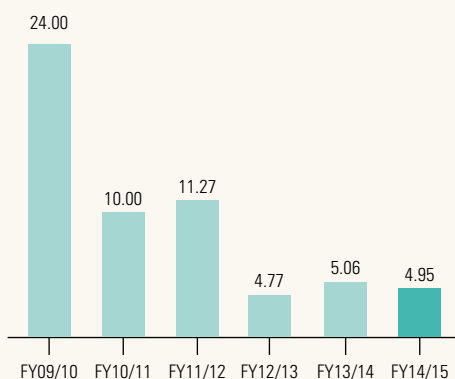
F&N BEVERAGES MANUFACTURING PLANT



DAIRIES MALAYSIA MANUFACTURING PLANT

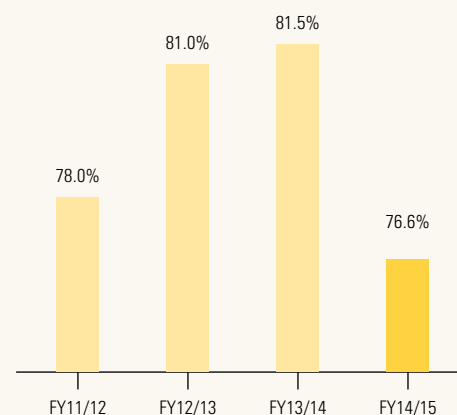


DAIRIES THAILAND MANUFACTURING PLANT

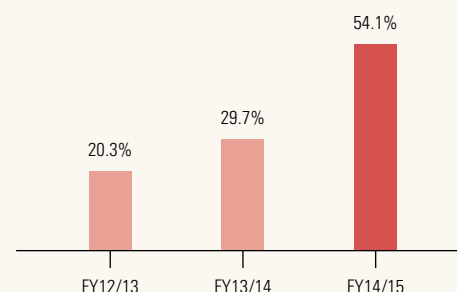


SOLID WASTE RECYCLED (%)

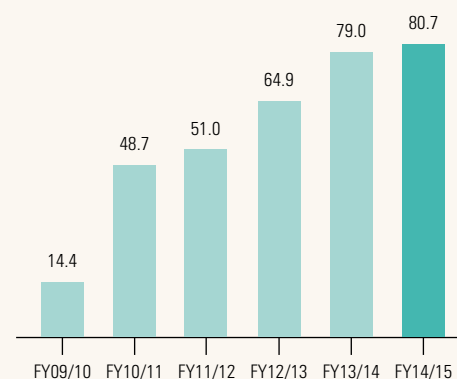
F&N BEVERAGES MANUFACTURING PLANT



DAIRIES MALAYSIA MANUFACTURING PLANT



DAIRIES THAILAND MANUFACTURING PLANT

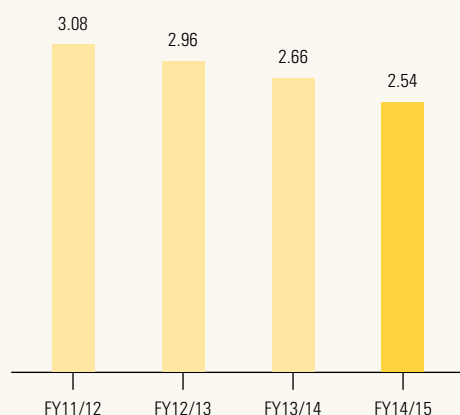


ENVIRONMENTAL

OPTIMISING WATER USAGE

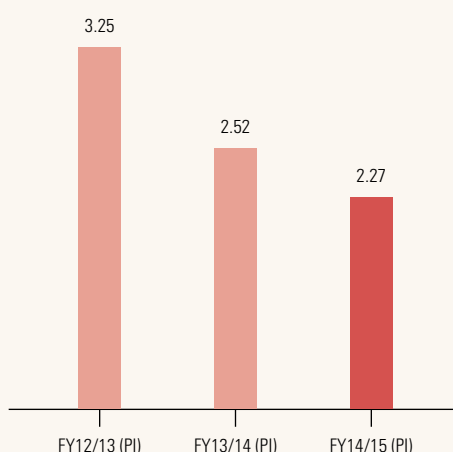
WATER RATIO (m³/tonne)

F&N BEVERAGES MANUFACTURING PLANT



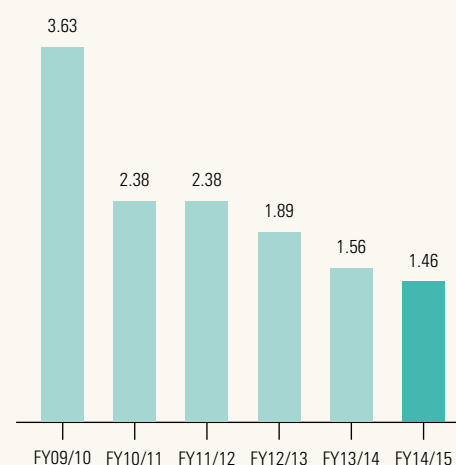
GMP audits and improved operational control in the UHT Plant led to a reduction in water consumption at F&N Beverages Manufacturing by 73,000 m³. Meanwhile its water consumption per tonne of product also decreased, from 2.66 m³/MT in FY13/14 to 2.54 m³/MT.

DAIRIES MALAYSIA MANUFACTURING PLANT



Dairies Malaysia reduced its water consumption per tonne of product from 2.52 m³/MT in FY13/14 to 2.27 m³/MT. It targets to further reduce its water usage by reusing more steam condensate in the boilers, and recycling final discharge water from industrial effluent for gardening.

DAIRIES THAILAND MANUFACTURING PLANT



Dairies Thailand achieved a significant reduction in water usage compared to FY09/10, when the Rojana plant was commissioned. Ever since, water consumption per tonne of product has been decreasing by about 12 per cent per year, driven by continuous improvements in the water management system. FY11/12 was an exception due to the massive floods.

ENVIRONMENTAL

ENERGY CONSUMPTION & CARBON FOOTPRINT

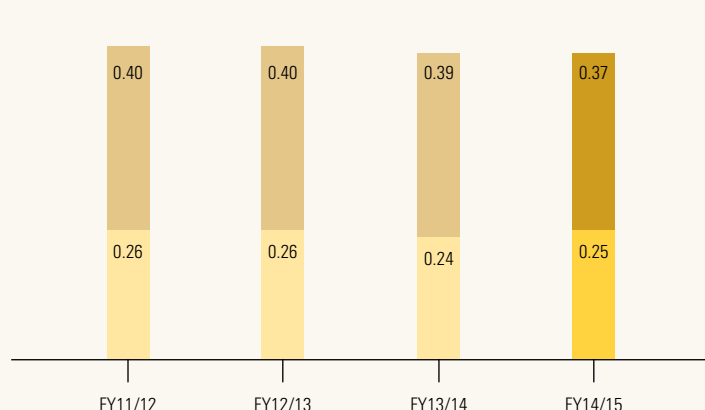
- Several initiatives were instituted in F&N Beverages manufacturing plant to conserve energy. Firstly, high bay lights were converted to T5 lights in the production hall, resulting in a total savings of 12,597 kWh. Secondly, setting the timer for the office chiller has accrued savings of approximately RM28,000 per year. Thirdly, an economiser was installed in a boiler, saving up to 6,840 mmBtu, or RM129,906 a year. Finally, the diffuser in the effluent treatment system was replaced leading to savings of up to 720,000 kWh, or RM252,632, a year.
- However, there was a slight increase in F&N Beverages Manufacturing's electricity usage attributed to increased test runs for new products this year. At the same time, the natural gas ratio continued to be improved from 0.39 to 0.37; and the total carbon emissions ratio remained the same at 0.061.
- Constant monitoring of energy usage as well as the installation of a variable speed drive to control motor speeds has reduced the electricity consumption and natural gas usage of Dairies Malaysia. Moving forward, there are plans to install more variable speed drives in motors, as well as to install economisers in the boilers to further reduce electricity and natural gas consumption. Dairies Malaysia also saw a reduction in CO₂ emissions in FY14/15.
- Since the Rojana plant was operational in FY09/10, energy usage and CO₂ emissions per ton of product at Dairies Thailand have steadily decreased by more than 8 per cent per year respectively. FY11/12 was an exception due to the severe national floods.

F&N BEVERAGES MANUFACTURING – ENERGY CONSUMPTION AND CARBON EMISSIONS

Energy Utilisation Ratio

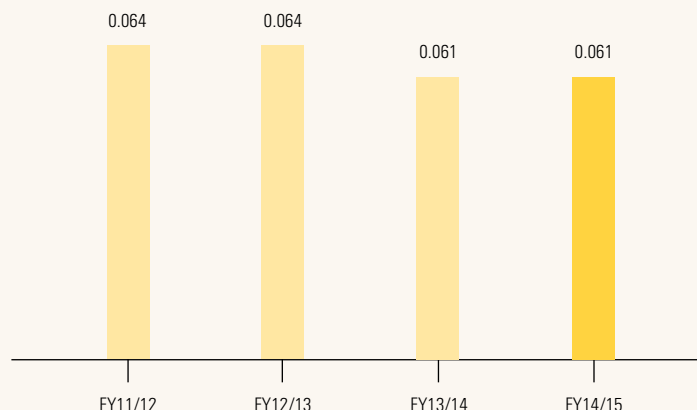
(GJ/tonne)

NG Electricity



Carbon Emissions Ratio

(MT CO₂/tonne)



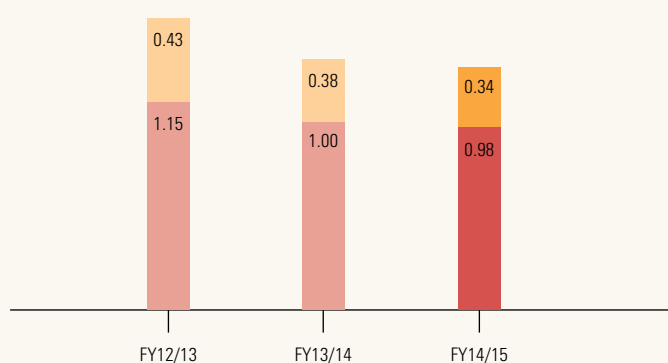
ENVIRONMENTAL

DAIRIES MALAYSIA – ENERGY CONSUMPTION AND CARBON EMISSIONS

Energy Utilisation Ratio

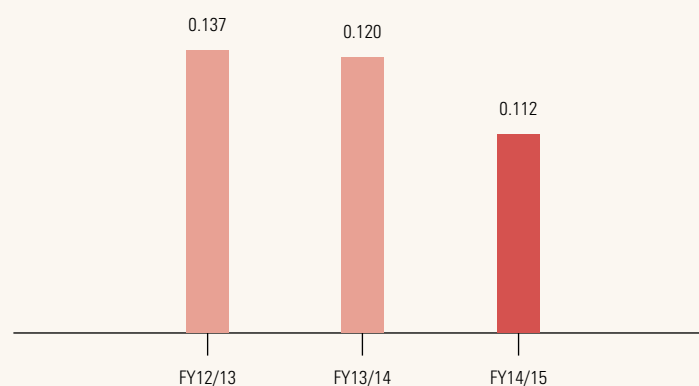
(GJ/tonne)

■ NG ■ Electricity



Carbon Emissions Ratio

(MT CO₂/tonne)

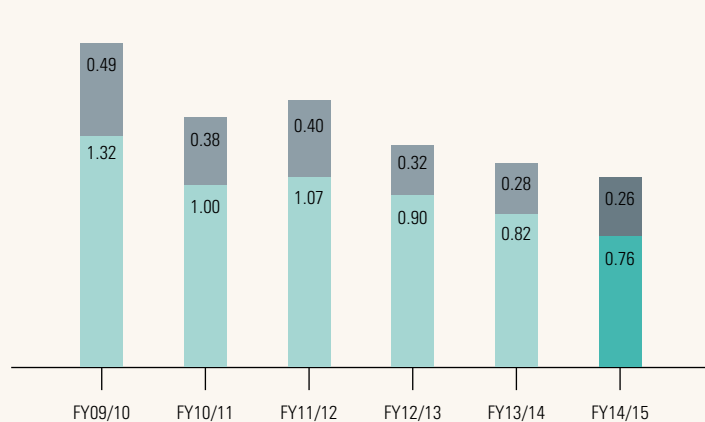


DAIRIES THAILAND – ENERGY CONSUMPTION AND CARBON EMISSIONS

Energy Utilisation Ratio

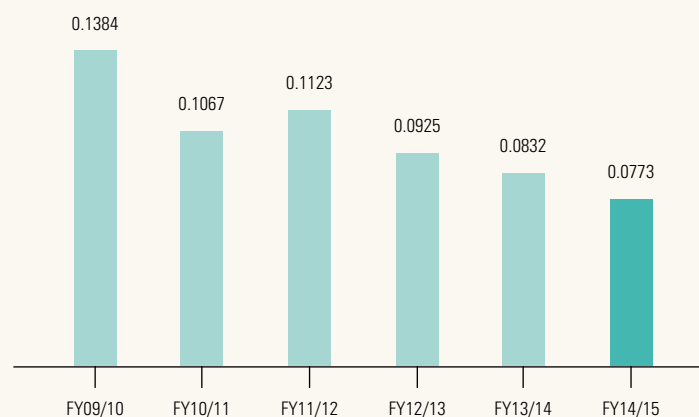
(GJ/tonne)

■ NG ■ Electricity



Carbon Emissions Ratio

(MT CO₂/tonne)



MARKETPLACE

MARKETPLACE PRINCIPLES – RESPONSIVE AND TRANSPARENT

We are cognisant of our responsibility to the millions of our consumers to ensure that they obtain products that are safe to consume while promoting responsible consumption and delivering on our brand promise.

We wish to be a responsive and transparent partner to our commercial stakeholders. Amid a constantly shifting marketplace, our success relies on the ability to understand our consumers' evolving preferences, lifestyles and concerns.

We are therefore committed to:

- Provide delicious and enjoyable products compatible with a healthier lifestyle
 - Listen and respond to the needs and preferences of our consumers
 - Actively self-regulate and promote responsible practices throughout our supply chain
 - Undertake responsible communication to all of our stakeholders
-



MARKETPLACE



HEALTHIER PRODUCTS

We believe we have a responsibility to offer wholesome yet tasty beverages in line with our brand promise, "Pure Goodness, Pure Enjoyment". This is reflected in the F&N Nutrition Charter which stipulates clear guidelines for the entire value chain of beverage production and consumption, from new product development to the provision of accurate nutritional information of our products, and advocating a healthy lifestyle among consumers and employees.

Product innovation and refinement include the introduction of recipes that incorporate reduced sugar, no sugar, low fat content or functional ingredients such as proteins, antioxidants, calcium and other vitamins and minerals.

During the year, we launched several products that have been formulated specifically to be healthier for the consumer. Magnolia Ginkgo UHT was introduced in the Thai market, blending milk with ginkgo extracts and vitamin B12. Coco Life, launched in Malaysia, has all the naturally occurring electrolytes of coconut water. Sunkist 100% Orange and Pink Grapefruit contains no added sugar or preservative while being enriched with additional vitamin C. We also launched F&N Fruit Tree Fresh Yuzu, rich in vitamin C and antioxidants; Farmhouse UHT Milk, which contains the goodness of pure fresh milk; and Ranger, an energy drink infused with vitamins in addition to caffeine, taurine and sucrose – all natural ingredients – for an instant pick-me-up.

SAFE PRODUCTS

In F&N, we constantly reinforce correct procedures in the manufacturing and packaging processes. Throughout this financial year, a Food Handler programme was held to further strengthen hygienic behaviours in the handling of food. Participants learnt about food contamination, different types of food hazards, the importance of personal hygiene and how to prevent food spoilage. Six sessions were held at different locations from October 2014 to August 2015.

During the year, F&N Dairies Thailand manufacturing plant Factory received the FDA Quality Awards 2015 from the Thai Food & Drug Administration its excellence in quality management system.

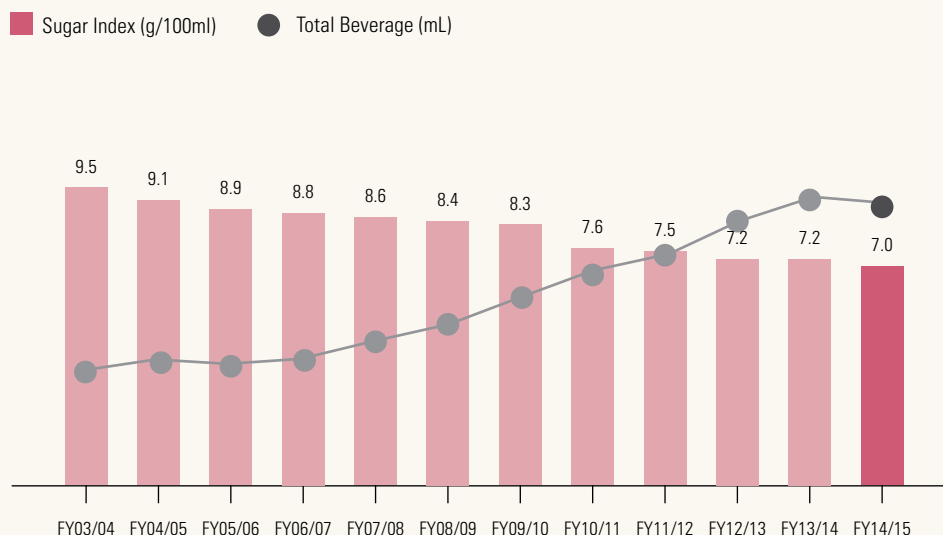
MARKETPLACE

REDUCING OUR SUGAR FOOTPRINT

Our commitment to reduce the sugar content of our beverages is reflected in our Sugar Index, which provides a measure of the sugar content ratio over all beverages for a given year. Compared to the baseline of 9.5g/100ml in FY03/04, our sugar index decreased by 26 per cent to 7.0g/100ml in FY14/15.

Apart from reducing our sugar footprint and offering customers the option of less sweet variants in our portfolio, F&N also actively advocates the F&N Kahwin concept, which combines F&N Evaporated Creamer with F&N Sweetened Creamer for a 'less sweet' option of popular beverages such as teh tarik.

Sugar Index for Total Beverage



RESPONSIBLE SUPPLY CHAIN PRACTICE

All our new products follow a stringent and regulated process throughout their entire lifecycle, ie from the time they are conceptualised till they are commercialised. The nutritional value and other relevant information of each product are thoroughly reviewed before being approved by an internal cross-functional team comprising personnel from Research & Development and Scientific and Regulatory Affairs, plus a dietician. Following this, the data is sent to the government authorities for their verification and endorsement.

Further enhancing responsible practices, the Group promotes, supports and participates in community health and nutrition activities in partnership with various health and regulatory authorities.

SUPPLIER ENGAGEMENT

The Group works closely with our suppliers to ensure standards and practices for food safety and the environment are maintained throughout the value chain. We conduct regular audits on our suppliers, and joined the Supplier Ethical Data Exchange (SEDEX) to further strengthen our ethical practices in the supply chain.

In Thailand, we have established a very close working relationship with fresh milk cooperatives, to whom we introduce new technologies that help to increase their productivity. During the year, Dairies Thailand and ThaiBev affiliated companies donated automatic jet cleaning milking machines to farmers belonging to the Thai-Danish Pattananikom dairy co-operative in Lopburi Province. In addition, a Fresh Milk Seminar was held to increase awareness of the health benefits of fresh milk.

This year, we also conducted an intensive survey on 900 out-of-home outlets in Malaysia for the canned milk segment which enabled us to gain a keen insight into the product preference of the different channels. The findings helped us provide more value add service to our trade partners by positioning the most relevant brands and products that caters to different needs.



Leading food and beverage companies joined hands in the Malaysia Pledge on Responsible Advertising to Children

RESPONSIBLE COMMUNICATION

F&N believes in being honest and open in all our marketing and advertising communication. As a measure of this commitment, we have made a Pledge on Responsible Advertising to Children. This means that we will only advertise products targeting children under 12 that meet specific nutritional criteria based on accepted scientific evidence and/or applicable national and international dietary guidelines. The Responsible Advertising to Children Pledge is a first of its kind in Malaysia, promoted by the Ministry of Health, Malaysian Advertisers Association and Federation of Malaysian Manufacturers Food Manufacturing Group.

In addition, we ensure all product and nutritional information printed on our packaging is accurate. Information provided includes energy per serving size, nutrition tips as well as product endorsements from the authorities. To enable our consumers to make informed food and beverage choices, we also provide other nutritional details on our packaging such as Recommended Daily Allowances (RDA) and the functions of various nutritional components.



The team from FNDT teaching farmers how to operate the machines

The nutritional value and other properties of our products are conscientiously reviewed and approved by an internal cross-functional team before being sent to the government authorities for their verification and endorsement. All new products are required to undergo stringent review before they are launched.

MARKETPLACE

KNOWLEDGE SHARING

In a bid to exchange knowledge and best practices with other industry players, Dairies Malaysia welcomed foreign delegates and industry experts to its plant in Pulau Indah. During the year, these included delegates from the United States (US), led by Michael Scuse, Undersecretary of the US Department of Agriculture (USDA); visitors from Imperial Tobacco Taiwan; delegates from machinery expert HPMT Industries Sdn Bhd; and visitors from Thai Beverage Can Limited and Philippines' Century Pacific Food, Inc.

Dairies Thailand also welcomed Myanmar's Vice President and ministers from the Ministry of Finance, Foreign Affairs and Construction as well as its Ambassador to Thailand to its world class manufacturing facility in Rojana.



Dairies Malaysia welcomed delegates from the United States, led by Michael Scuse, Undersecretary of the US Department of Agriculture (USDA)



A grand visit by Myanmar leaders to F&N's world class manufacturing facility

04

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**BUILDING
ENDURING
PARTNERSHIPS
TO DELIGHT
CUSTOMERS**

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Company is committed to good corporate governance practices and fair and equitable conduct in its interaction with all stakeholders and subscribes to the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("CG Code"). In implementing the principles and recommendations of the CG Code, the Company has adopted the suggestions contained in the 2nd Edition of Corporate Governance Guide ("CG Guide") issued by Bursa Malaysia Bhd, to the extent they are relevant and appropriate.

This statement describes how the Company has applied the principles and complied with the recommendations of the CG Code during the financial year under review.

PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions Reserved for the Board and Delegated to Board Committees and Management

The Board provides entrepreneurial leadership, sets strategic directions and oversees the business affairs of the Group and management effectiveness. The Group has in place a Chart of Authority ("COA") setting out matters reserved for Board's approval and matters delegated to Board Committees and management. The delegation of authority to the Board Committees and the Chief Executive Officer ("CEO") including senior management are set out in the terms of reference ("TOR") of the Board Committees and the COA respectively.

The Board has established six Board Committees namely the Group Executive Committee, Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Share Buy-Back Committee, all of which operate within their respective TORs, which are available for reference at the Company's website at www.fn.com.my. The Board Committees review matters within their TORs and make recommendations to the Board for approval. The Board is kept apprised of the activities of the Board Committees through circulation of the minutes of the Board Committees meetings and update by the respective chairmen of the Board Committees.

1.2 Clear Roles and Responsibilities

The Board is guided by a Board Charter which sets out the duties and responsibilities of the Board. The Board Charter further defines the respective roles of the Chairman of the Board, the CEO and the Non-Executive Directors. The Board Charter is available for reference at the Company's website at www.fn.com.my.

As set out in the Board Charter, the Board assumes among others, the following responsibilities:

- review, adopt and monitor the implementation by management of the strategic and financial plans of the Group.
- oversee and evaluate the conduct of the Group's businesses to ensure that the business is properly managed and management's performance can be assessed.
- approve, review and monitor the Group's risk management strategy, internal controls and reporting systems, evaluate their effectiveness and identify and rectify significant deficiencies.
- establish a succession plan for senior management and ensure that all candidates appointed to senior management positions are of sufficient calibre.
- oversee the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders.
- review and monitor the adequacy, effectiveness and integrity of the Group's management information systems and internal control systems including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines.

1.3 Formalised Ethical Standards

The Group has in place a Code of Business Ethics and Conduct which sets out the standards and ethical conduct expected of all employees in the course of their employment with the Group. Directors, officers and employees are required to observe and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with laws and regulations and the Group's policies.

The Group also has a Whistle-Blowing Policy with a well-defined process to provide an independent feedback channel through which staff may, in confidence and in good faith, raise concerns

STATEMENT ON CORPORATE GOVERNANCE

about possible improprieties in matters of financial reporting or other matters. All cases are independently investigated and appropriate actions taken where required.

Business partners of the Group share the responsibilities in applying the fundamental principles of integrity, respect and excellence in all aspects of the Group business practices. They are refrained from all improper conduct, dishonest or unethical behaviour in their business dealings with all parties including employees of the Group. In addition, they are also committed to compliance with all laws and regulations of the countries where they have business dealings and the Code of Conduct of the Group.

1.4 Strategies Promoting Sustainability

The Board is responsible for formulating on-going programmes to promote sustainability, where attention is given to environmental, social and governance aspects of business which underpins sustainability.

Details of the corporate sustainability programmes of the Group are presented on pages 66 to 90 of this Annual Report.

1.5 Access to Information and Advice

The Board's rights to all information pertaining to the Group and independent access to senior management for information and clarification in furtherance of its duties are set out in the Board Charter. Besides, the Board Charter also provides for the Directors, either as a group or individually to seek and obtain independent professional advice where necessary, at the Company's expense, to discharge their duties effectively.

Directors have unrestricted access to senior management for information or updates regarding the Group. Senior management will provide Directors with the required information or updates either personally or at meetings.

A formal agenda together with meeting papers are forwarded to all Directors seven days before Board and Board Committees meetings for Directors to be prepared to deal with matters arising from such meetings and to enable them to make informed decisions. The Board believes that effective deliberation and decision making process are highly dependent on the quality of information furnished by management.

Management team and external advisers are normally invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda.

1.6 Qualified Company Secretaries

The Board is supported by two qualified Company Secretaries who are members of professional bodies. The Company Secretaries advise the Board on updates relating to new statutory and regulatory requirements of the relevant acts, rules and regulations.

The Company Secretaries organise and attend all meetings of the Board and Board Committees and ensure meetings are properly convened, minutes of meetings and records of resolutions passed are maintained accordingly at the registered office.

1.7 Periodic Review and Publication of Board Charter on Corporate Website

The role, composition and responsibilities of the Board embodying the principles of the CG Code are set out in the Board Charter, which is available for reference at the Company's website at www.fn.com.my. This Charter will be regularly reviewed and amended to reflect changing legal, regulatory and ethical standards.

PRINCIPLE 2 : STRENGTHEN COMPOSITION

2.1 Nominating Committee

The Board has established a Nominating Committee ("NomCom") to assist the Board in ensuring the existence of the right mix of skills, knowledge, experience, qualities, gender, nationality and age that are relevant and contribute to the effective functioning of the Board. A report of the NomCom is set out on page 101 of this Annual Report.

2.2 Criteria for Recruitment and Annual Assessment of Directors

The NomCom is responsible for assessing and recommending appointment to the Board and Board Committees and reviewing the annual assessment of Directors. The criteria to be used in the recruitment and assessment processes are set out in the NomCom Report.

The Board acknowledges the importance of Board diversity including diversity in gender, nationality and age, to the effective functioning of the Board. Currently, all the Directors are male, and female representation will be considered when vacancies arise and suitable candidates are identified. In terms of nationality diversity, 45.5 per cent each of the Directors is Malay and Chinese with 9 per cent Danish. 36.4 per cent of the Directors are between the ages of 40 to 55 and the remaining 63.6 per cent are above 55 years old.

STATEMENT ON CORPORATE GOVERNANCE

2.3 Formal and Transparent Remuneration Policies and Procedures for Directors

The Board has established a Remuneration Committee ("RemCom") to assist the Board in establishing formal and transparent remuneration policies and procedures to attract and retain Directors. The RemCom comprising five members, who are Non-Executive Directors, is also entrusted with the role of determining and recommending suitable policies in respect of salary packages for Executive Directors, Chief Executive Officer and senior executives. The current salary packages comprise a combination of basic salary and a variable performance incentive to attract and retain talent in a competitive environment. There was no change in the remuneration policies and practices during the financial 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. A fixed meeting allowance is paid for attendance at meetings of the Board and Board Committees as well as general meetings. The Chairman of the Board is entitled to a company car and driver.

Fees payable to the Company's Directors are subject to yearly approval by shareholders at the Company's Annual General Meeting ("AGM"). The aggregate Directors' remuneration paid or payable to the Directors of the Company and its subsidiaries that are not wholly owned, for the financial year ended 30 September 2015 is disclosed in the financial statements.

PRINCIPLE 3 : REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independent Directors

The Board recognises the importance of independence and objectivity in its decision-making process. The Independent Directors who are professionals of high calibre and integrity and possess in-depth knowledge of the Group's business, bring their independent and objective views and judgement to Board deliberations.

During the financial year, the Board through the NomCom engaged an external consultant to perform a self/peer evaluation of all Directors including the Independent Directors and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

3.2 Tenure of Independent Directors

The Board takes cognizance of the recommendations of the CG Code regarding tenure of Independent Directors and will seek approval of the shareholders for retention of Independent Directors who have served for a cumulative term of more than nine years.

3.3 Shareholders' Approval for Retention of Independent Directors

In line with the CG Code and premised on the evaluation results, the Board recommended the retention of two Independent Directors namely, Y.A.M. Tengku Syed Badarudin Jamalullail and Y.Bhg. Dato' Anwarrudin bin Ahamad Osman in view that they both continue to be able to exercise independent and objective judgement, have detailed knowledge of the Company's business and have proven commitment, experience and competency to effectively advise and oversee the management. Besides, they both have also met the independence guidelines set out in Chapter 1 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

3.4 Separation of Positions of Chairman and Chief Executive Officer

The positions of the Chairman of the Board and the CEO are held by different individuals and their roles are clearly defined in the Board Charter.

3.5 Board Composition

The Company's Articles of Association provides for the Board to compose of a maximum of 11 Directors. The present Board comprises 11 Directors whose varied skills and vast experience are relevant to the Group's business operations. An Independent Non-Executive Chairman heads the Board who ensures the Board's effectiveness and conduct.

The mix of Directors on the Board is broadly balanced to reflect the interests of major shareholders, management and minority shareholders. Of the 11 Directors, seven are nominees of the two largest shareholders and four are independent and they are all Non-Executive Directors. This composition meets the requirements of the Listing Requirements of Bursa Securities which stipulate that at least two Directors or one-third of the Board, whichever is the higher, must be Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 : FOSTER COMMITMENT

4.1 Time Commitment and Protocol for Accepting New Directorships

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attendance at meetings of the Board and Board Committees and other types of meeting. Meetings for each financial year are scheduled in advance for Directors to plan their schedule ahead.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities as the Directors of the Company as evidenced by their attendance at the respective meetings set out below:

Directors	Board	Board Committees					AGM
		Group EXCO	Audit	Nominating	Risk Management	Remuneration	
Y.A.M. Tengku Syed Badarudin Jamalullail	8/8			3/3		4/4	1/1
Y.Bhg. Dato' Anwarudin bin Ahamad Osman	7/8		4/4	3/3		4/4	1/1
Anthony Cheong Fook Seng	8/8	6/6			4/4		1/1
Y.Bhg. Datuk Chin Kwai Yoong	7/8		4/4	3/3		4/4	1/1
Y.Bhg. Dato' Johan Tazrin bin Hamid Ngo	8/8		4/4				1/1
Y.Bhg. Dato' Jorgen Bornhoft	8/8	6/6			4/4		1/1
Lee Kong Yip	8/8	6/6			4/4	4/4	1/1
Y.Bhg. Dato' Dr. Mohd Shahr bin Sidek	7/8				4/4		1/1
Y.Bhg. Datuk Dr. Nik Norzrul Thani bin N. Hassan Thani	7/8						1/1
Y.Bhg. Dato' Ng Jui Sia*	8/8	6/6		3/3		4/4	1/1
Hui Choon Kit	8/8	6/6	4/4				1/1

* Y.Bhg. Dato' Ng Jui Sia retired from the Board effective 1 October 2015 following his appointment as Advisor, Strategic Projects of Fraser and Neave, Limited.

Under the existing practice, Directors will inform the Board immediately after accepting new directorships in other companies so long their number of directorships in public listed companies is in compliance with the Listing Requirements of Bursa Securities.

4.2 Directors' Training

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

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 organises internal training programmes for the Directors.

STATEMENT ON CORPORATE GOVERNANCE

Training programmes and seminars attended by the Directors of the Company during the financial year ended 30 September 2015 are as follows:

	Directors	Training/seminar attended
1.	Y.A.M. Tengku Syed Badarudin Jamalullail	<ul style="list-style-type: none"> • Risk Management & Internal Control – Workshops for Audit Committee Members • A Breakfast Series with Directors: "The Board's Response in Light of Shareholders' Engagements" • Directors' Continuing Education Programme 2015: <ul style="list-style-type: none"> - New Auditor's Report - Impairment of Assets and Valuation of Investments - Cyber Security and IT Risk Management - Directors' and Officers' Liability Insurance (referred as "Directors' CEP 2015") • Board Chairman Series Part 2: Leadership Excellence from the Chair
2.	Y.Bhg. Dato' Anwarrudin bin Ahamad Osman	<ul style="list-style-type: none"> • Reviewing Financial Proposals and Financial Obligations • Directors' CEP 2015 • Bursa Breakfast Talk - How to Maximise Internal Audit
3.	Anthony Cheong Fook Seng	<ul style="list-style-type: none"> • Singapore Directorship Report Launch • Recent Changes to the Singapore Companies Act • 2014 Hay Group Director & Executive Remuneration Survey – Re-evaluating Rewards • ISCA Distinguished Leaders Series: The Leader, The Teacher and You • Directors' CEP 2015 • So, You Want To Be A Non-Profit Director
4.	Y.Bhg. Datuk Chin Kwai Yoong	<ul style="list-style-type: none"> • Bribery Legislations in Malaysia, UK and USA • Audit Oversight Board – Conversation with Audit Committees • Directors' CEP 2015 • Sustainability Reporting
5.	Y.Bhg. Dato' Johan Tazrin bin Hamid Ngo	<ul style="list-style-type: none"> • Invest Malaysia 2015 • A Premier on Life Insurance Accounting • Education Sector Conference • Directors' CEP 2015 • Bursa Breakfast Talk – How to Maximise Internal Audit
6.	Y.Bhg. Dato' Jorgen Bornhoft	<ul style="list-style-type: none"> • Directors Breakfast Series: "Great Companies Deserve Great Boards" • Forbes Global CEO Conference – The Next Horizon • Invest Malaysia 2015 • Directors Corporate Governance Series: Building Effective Finance Function: From Reporting to Analytics to Strategic Input • Directors' CEP 2015
7.	Lee Kong Yip	<ul style="list-style-type: none"> • Implementation of Goods & Services Tax • Asset Share Methodology • The Changing Landscape of Money Laundering & Terrorism Financing in Malaysia • Goods & Services Tax • Qualified Risk Director Program: <ul style="list-style-type: none"> - Risk Oversight Practices & Corporate Culture - Enterprise Risk Management ("ERM") - Strategic ERM: A Primer for Directors - Evolving Expectations for Board in ERM - Practical ERM Board Oversight and ERM Implementation Issues • Focus Group Discussion in Preparation for Dialogue with the Governor • Broker's Briefing on Directors & Officers' Liability Insurance

STATEMENT ON CORPORATE GOVERNANCE

Directors	Training/seminar attended
	<ul style="list-style-type: none"> Human Capital Department's Briefing Concept Paper on Performance Assessment & Remuneration Framework Detariffication of Fire and Motor Insurance – Impact & Strategies 2015 Non-Executive Directors' Remuneration Study Information Security Key Financial Aspects of Life Insurance Business Presentation of Great Eastern Life Assurance (Malaysia) Berhad/ Overseas Assurance Corporation (Malaysia) Berhad Internal Capital Adequacy Assessment Process Review by PricewaterhouseCoopers Directors' CEP 2015 2nd IERP Global Conference 2015 – Enterprise Risk Management: The Next Generation IFRS 4 and MFRS 9 Economic Outlook & Lookout An Introduction to Companies Bill
8. Y.Bhg. Dato' Dr. Mohd Shahar bin Sidek	<ul style="list-style-type: none"> Qualified Risk Director Program: <ul style="list-style-type: none"> Risk Oversight Practices & Corporate Culture Enterprise Risk Management ("ERM") Strategic ERM: A Primer for Directors Evolving Expectations for Board in ERM Directors' CEP 2015
9. Y.Bhg. Datuk Dr. Nik Norzrul Thani Bin N. Hassan Thani	<ul style="list-style-type: none"> Seminar on Current Trends in Shareholders Activism and Predicting Financial Crime and Fraud Directors' CEP 2015
10. Y.Bhg. Dato' Ng Jui Sia	<ul style="list-style-type: none"> 3rd ASEAN Business Club Forum 2015 – Road to ASEAN Integration Directors' CEP 2015
11. Hui Choon Kit	<ul style="list-style-type: none"> Session on Base Erosion & Profit Shifting and Expected Changes to Transfer Pricing Documentation in Singapore Directors' CEP 2015 Ernst & Young Accounting Seminar

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance of Financial Statements with Applicable Financial Reporting Standards

The Board aims to ensure that financial statements are prepared in accordance with the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company and the Group.

The Board recognises that an effective Audit Committee is necessary in ensuring the Company's financial statements are reliable source of financial information. To assist the Board in this matter, the Audit Committee is entrusted with the responsibility to review the quarterly reports and annual financial statements focusing particularly on compliance with applicable financial reporting standards and other legal requirements, changes in major accounting policies and practices, significant adjustments arising from audit and significant and unusual events.

5.2 Assessment of External Auditors

The Board maintains a transparent and professional relationship with the external auditors through the Audit Committee. Under the existing practice, the Audit Committee invites external auditors to attend all meetings of the Audit Committee. In addition, the Audit Committee will also have private meetings with the external auditors without the presence of the CEO and senior management to enable exchange of views on issues requiring attention.

STATEMENT ON CORPORATE GOVERNANCE

It is the practice of the Audit Committee to conduct an annual assessment of the external auditor. Areas of assessment include among others, the external auditors' objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. Feedback based on the assessment areas is obtained from the Audit Committee, the CEO, the Chief Financial Officer, the Group Internal Auditor and senior management of the business units. In support of the assessment on independence, the external auditors provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. Premised on the assessment result, the Audit Committee will make recommendation for re-appointment of external auditors accordingly. However, in view of the proposed change of auditors from Messrs Ernst & Young to Messrs KPMG, the evaluation for financial year 2015 was not conducted. Instead, the Board conducted an assessment of Messrs KPMG as set out in the Audit Committee Report.

The Audit Committee ensures that the external auditors are independent of the activities they audit and reviews the contracts for provision of non-audit services by the external auditors. During the financial year, the Group incurred RM584,000 for the following non-audit services provided by the external auditors:

- review of statement on risk management and internal control;
- review of interim financial statements;
- review of agreed-upon procedures in relation to the compliance with conditions stipulated in the investment promotion certificate;
- review of an associated company; and
- sales tax refund certification.

PRINCIPLE 6 : RECOGNISE AND MANAGE RISK

6.1 Sound Risk Management Framework

In recognising the importance of risk management and internal controls, the Board has through the Risk Management Committee, established a group risk management framework which is designed to provide consistency in the management of risks across the Group. The key features of the group risk management framework are set out in the Statement on Risk Management and Internal Control on pages 105 to 108 of this Annual Report.

6.2 Internal Audit Function

Following the resignation of the Head of the Group Internal Audit in June 2015, the management of the function was assumed by the Head of Internal Audit of Fraser and Neave, Limited, the holding company of the Company with effect from 1 September 2015. More details are set out in the Audit Committee Report.

PRINCIPLE 7 : TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure

The Company observes the Corporate Disclosure Guide issued by Bursa Securities as well as the disclosure requirements of the Listing Requirements of Bursa Securities. The Company also acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Company holds two briefing sessions in each financial year for fund managers, investment analysts and media in conjunction with announcement of half-yearly and yearly financial results to Bursa Securities.

7.2 Leveraging on Information Technology for Effective Dissemination of Information

The Company maintains a corporate website at www.fn.com.my which provides information relating to among others, annual reports, quarterly financial reports, analysts briefing materials, corporate information, announcements, Board Charter and TORs of Board Committees. Shareholders and the public can also direct their queries through the email contacts provided in the corporate website.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encouraging Shareholder Participation at General Meetings

The Board recognises the need for and the importance of effective communication with shareholders. AGM is especially important for individual shareholders as it is the principal forum for dialogue with the Board. Notice of AGM and annual report are sent to the shareholders at least 21 days ahead of the AGM date to encourage shareholders to attend the AGM. During the AGM, the Board and management take questions from the shareholders present.

8.2 Poll Voting at Annual General Meeting

Voting at AGM is carried out by show of hands unless a poll is demanded or the resolution is mandated to be passed by poll voting. Decision for each resolution will be announced to Bursa Securities on the same day.

8.3 Communication and Engagement with Shareholders

In addition to shareholder participation at general meetings, the Board also encourages other channel of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Senior Independent Director, Y.Bhg. Dato' Anwarudin bin Ahmad Osman (through the Company Secretaries at the contact details set out in the corporation information section of this Annual Report).

STATEMENT ON CORPORATE GOVERNANCE

REPORT OF THE NOMINATING COMMITTEE

The NomCom was established in May 2001 and comprises four members who are exclusively Non-Executive Directors, with the majority of them being Independent Directors. The Senior Independent Director chairs the NomCom. The composition of the NomCom is set out below:

Chairman

Y.Bhg. Dato' Anwarudin bin Ahmad Osman
Senior Independent Non-Executive Director

Members

Y.A.M. Tengku Syed Badarudin Jamalullail
Independent Non-Executive Director

Y.Bhg. Datuk Chin Kwai Yoong
Independent Non-Executive Director

Y.Bhg. Dato' Ng Jui Sia
Non-Independent Non-Executive Director
(ceased as a member on 1 October 2015)

Lee Meng Tat
Non-Independent Non-Executive Director
(appointed as a member on 1 October 2015)

Nomination, Election and Selection of Directors

Procedures relating to appointment and re-election of Directors are contained in the Company's Articles of Association. When assessing the suitability of Directors for appointment to the Board, the NomCom will take into consideration the skills, knowledge, expertise and experience, professionalism, integrity, competencies, commitment, contribution, performance, gender, nationality and age of the candidates.

New Directors are subject to re-election at the 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.

Directors over 70 years of age are required to submit themselves for re-appointment annually at AGM of the Company in accordance with Section 129(6) of the Companies Act, 1965.

Board and Board Committees Evaluation and Individual Director Self/Peer Evaluation

The Board is kept abreast of developments in the area of Board performance assessment. A formal evaluation process is in place to assess the effectiveness of the Board as a whole. The Board and Board Committees Evaluation and Individual Director Self/Peer Evaluation are facilitated by the NomCom annually. An external consulting firm is engaged to carry out the evaluation to ensure that the process remains robust and thorough. Evaluation results of the Board and Board Committees are respectively presented to the NomCom and Board at meetings where evaluation results of the Individual Director are sent to the Board Chairman and the respective Directors.

The Board evaluation is based on Board composition, Board role and functioning, information management, corporate social responsibility, managing company's performance, Board priorities, CEO performance and succession planning, Director development and management and risk management. The Board Committees are assessed based on structure, responsibilities, right mix of capabilities, experiences and skills and process while the Individual Director's self and peer assessments are based on objectivity, participation, independence, integrity, knowledge and abilities and personal commitment.

Activities Undertaken during the Financial Year 2015

The NomCom had undertaken the following activities during the financial year 2015:

- a) reviewed and approved the appointment of external consulting firm to conduct Board and Board Committees Evaluation and Individual Director Self/Peer Evaluation.
- b) reviewed the evaluation results of the Board and Board Committees presented by external consultant and proposed action plans to be taken.
- c) reviewed its terms of reference.
- d) reviewed and recommended the appointment of Mr. Lee Meng Tat as a Director in place of Y.Bhg. Dato' Ng Jui Sia and the relevant changes to the respective composition of the Board Committees.
- e) reviewed the training programmes for Board of Directors.
- f) reviewed the required mix of skills, knowledge and experience which non-executive directors should bring to the Board and diversity in gender, nationality, age, culture and socio-economic background.
- g) reviewed and recommended re-election of Directors who are due for retirement by rotation, re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965 and retention of Independent Directors who have served for a cumulative period of nine years.

AUDIT COMMITTEE REPORT

The Board is pleased to present the following report on the Audit Committee and its activities for the financial year ended 30 September 2015.

AUDIT COMMITTEE COMPOSITION AND MEETINGS

The Audit Committee, is chaired by Y.Bhg Datuk Chin Kwai Yoong and comprises Non-Executive Directors, a majority of whom are independent, which is in line with the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities Malaysia Berhad ("Bursa Securities").

The names of the members of the Audit Committee and the record of their attendance at meetings during the financial year are as follows:-

Names	Date of meeting			
	6 November 2014	10 February 2015	5 May 2015	4 August 2015
Independent and Non-Executive Directors				
Y.Bhg Datuk Chin Kwai Yoong (Chairman)	√	√	√	√
Y.Bhg Dato' Anwarudin bin Ahamad Osman	√	√	√	√
Y.Bhg Dato' Johan Tazrin bin Hamid Ngo	√	√	√	√
Non-Independent and Non-Executive Director				
Mr. Hui Choon Kit	√	√	√	√

√ - Attendance at meeting

At the invitation of the Audit Committee, the Chief Executive Officer, relevant Senior Management personnel, external and internal auditors attended the Audit Committee meetings and presented their reports on financial results, audit and other matters for the information and/ or approval of the Audit Committee. The Chairman of the Audit Committee thereafter tabled the recommendations of the Audit Committee to the Board and apprised the Board of relevant issues.

Throughout the year, there was continuous engagement between members of the Audit Committee and Senior Management on matters impacting the Group. This included the conduct of quarterly pre-Audit Committee meetings chaired by the Audit Committee Chairman and attended by the external and internal auditors as well as the Chief Executive Officer and Chief Financial Officer focusing on items related to financial management and internal controls.

TERMS OF REFERENCE

The Audit Committee is responsible among others, to review and monitor the integrity of the Group's reporting process, system of internal control, audit process as well as compliance with legal, regulatory and taxation matters for the Group. The terms of reference of the Audit Committee, which is annually reviewed, is made available on our corporate website at www.fn.com.my.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee discharged its functions and carried out its duties as set out in its terms of reference. The summary of key activities undertaken by the Audit Committee during the financial year is provided below:

Financial Reporting and Compliance

The Audit Committee reviewed the quarterly and annual consolidated financial statements and announcements of the Group, before submission to the Board. In doing so, there was focus on changes in major accounting policies and practices as well as adjustments/ issues affecting the audit to ascertain compliance with applicable financial reporting standards, the Listing Requirements of Bursa Securities and other statutory requirements. The external auditors' annual and interim audit reports as well as the accompanying management reports and responses by Management were also reviewed by the Audit Committee as part of their oversight over the accounting, auditing and financial reporting practices and procedures of the Group.

AUDIT COMMITTEE REPORT

Internal Control

Based on reports presented by the Management, external and internal auditors during the Audit Committee meetings, the Audit Committee assessed the adequacy of the internal control system of the Group. The Audit Committee was also updated on investigations conducted on whistle blowing allegations to ensure that independent investigations of such allegations had been conducted and appropriate follow-up action was taken.

External Audit

The Audit Committee had conducted an evaluation of the external auditors Ernst & Young, encompassing technical competencies, adequacy of specialist support and partners/director accessibility and time commitment, supplemented by an assessment of the auditors conducted by the auditors following the conclusion of the financial year 2013/14 audit. On the basis of the evaluation by the Audit Committee a recommendation was made to the Board to re-appoint them for the ensuing financial year. The appointment was duly confirmed by the shareholders at the annual general meeting in January 2015.

Apart from conducting the annual statutory audit, the auditors were also required to review the Condensed Interim Financial Statements for each of the three quarters ended 30 June 2015 in accordance with the relevant Malaysian financial reporting standards and Bursa Securities Listing Requirements.

The statutory audit and alongside the quarterly reviews ensure that the Audit Committee is regularly in contact and in engagement with the auditors, including one without the presence of management, to ensure that the reviews and audits were robust and effective and conducted consistent with professional auditing standards. The Audit Committee is pleased to report that there was no significant matter of disagreement between the auditors and management.

To reinforce the independence and objectivity of the auditors, the Audit Committee appraised all non-audit services that the auditors may be called upon to perform. This was so in those circumstances where the auditors were best qualified and suitable to provide the required services given their comprehensive knowledge of our business operations, systems and processes. During the financial year, the amount of non-audit related fees paid to the auditors amounted to RM584,000 (FY2013/14 RM203,000) and comprised mainly two assignments, namely review of the Quarterly Announcements and Sales Tax Refund following the implementation of the Goods and Services Tax in April 2015.

Other activities by the Audit Committee included a review and discussion of the annual audit plan to ensure that time allocated to audit the areas of high risks as highlighted in the Group's risk matrices are adequately dealt with and the level of resources and experiences assigned to the examination were appropriate and right.

Consistent with its examination, the auditors performed review procedures to obtain reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. They reported that they did not note any instance indicating existence of fraud that might result in a material misstatement in the financial statements. The auditors were also required to perform a limited assurance review of the Statement on Risk Management and Internal Control as required under the Bursa Securities Listing Requirements.

In October 2015, Fraser and Neave, Limited, the immediate holding company of the Company had advised its intention to nominate KPMG to be the auditors of the Company in place of Ernst & Young. This move is to align the external audit arrangements to that of the Company's immediate holding company. Following on, the Board had undertaken an assessment on the suitability of the nominated audit firm. This assessment included amongst other matters, an evaluation of the firm's independence, audit and specialist resources, audit methodologies and the proposed assignment team. On this basis, the Board will be recommending that KPMG be appointed as auditors of the Company for the financial year ending 30 September 2016. Accordingly, the retiring auditors Ernst & Young had indicated that it would not seek reappointment and a resolution setting out the nomination and the appointment of KPMG as auditors of the Company for the ensuing year will be put to the shareholders at the forthcoming Annual General Meeting.

AUDIT COMMITTEE REPORT

GROUP INTERNAL AUDIT

Group Internal audit activities were performed by a team of professional internal auditors managed by the Head of Group Internal Audit. Following her resignation in June 2015, the management of the function was assumed by the Head of Internal Audit of Fraser and Neave, Limited with effect from 1 September 2015. This move was made to streamline the internal audit arrangements of the Fraser & Neave Limited Group which included the Company to facilitate the deployment and utilisation of the Group's internal audit resources and methodologies.

The Audit Committee continually evaluated the Group Internal Audit function to ensure its activities are performed independently and with impartiality and due professional care. The annual internal audit plan was approved by the Audit Committee to ascertain the extent of its scope and coverage of the Group's activities, including the adequacy of Group Internal Audit's staffing strategies in supporting the plan's completion. Following the completion of audit reviews conducted, the audit reports and the corresponding key findings, recommendations and corrective action taken by Management were deliberated upon by the Audit Committee.

In accordance with the annual internal audit plan which had been approved by the Audit Committee, Group Internal Audit conducted regular reviews of the governance and internal controls processes within the Group. The audits were performed using a risk based approach and is consistent with the Group's established framework in designing, implementing and monitoring of its control systems. Group Internal Audit had regular interactions with members of the Audit Committee, Senior Management, the external auditors and Group Risk Management.

The ambit of the Group Internal Audit function is defined in the Internal Audit Charter which is annually reviewed and tabled to the Audit Committee. During the financial year the key activities carried out by Group Internal Audit, included the following:

- Performed periodic audits of key subsidiaries within the Group to test on the appropriateness of control design and implementation as well as compliance to existing policies and procedures. This included the conduct of the following audits:
 - sales activities covering order processing, cooler and chiller management, distributor management and market returns management;
 - marketing activities encompassing appointment and performance evaluation of media/advertising agencies, budget planning and marketing spend;

- financial management including financial reporting, fixed assets management, credit management and collections;
- human resources covering manpower and planning, recruitment, resignation/retirement, learning & development, and employee engagement activities;
- logistics and distribution, covering finished goods management, transporters as well as warehouse security and safety; and
- information technology for areas of cyber risk, disaster recovery plan and back up management.
- Followed up on the status of implementation of recommendations made for reporting to the Audit Committee and Management on a quarterly basis.
- Performed ad-hoc reviews and investigations as requested by the Audit Committee and Management, including matters reported via the whistleblowing channel.

The operational costs incurred by Group Internal Audit for the financial year 2015 amounted to RM1.74 million.

OTHER MATTERS

The related party transactions entered into by the Group were reviewed by the Audit Committee to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the Listing Requirements of Bursa Securities and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders. The Audit Committee were also apprised of recurring related party transactions, in particularly towards ensuring that amounts transacted were within the approved shareholders' mandate obtained.

As at the date of this report, the Audit Committee had also reviewed the verification work performed by Group Internal Audit on the allocation of share grants under the Restricted Share Grant Plan at the end of the financial year to ensure compliance with the established criteria.

The Statement on Risk Management and Internal Control and the Audit Committee report for inclusion in this Annual Report were reviewed by the Audit Committee prior to Board approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is intended to provide our stakeholders and readers of this Annual Report with sufficient and meaningful information about the adequacy and current state of Fraser & Neave Holdings Bhd ("F&N" or the "Group")'s system of risk management and internal controls.

INTRODUCTION

This Statement has been prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers ("Guidelines") issued on 31 December 2012. These Guidelines provide guidance for companies complying with paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia and Principle 6 of the Malaysian Code on Corporate Governance that was issued in March 2012.

BOARD'S RESPONSIBILITY AND ACCOUNTABILITY

F&N recognises that effective risk management and a sound system of internal control are fundamental to good corporate governance. The Board acknowledges its responsibility to maintain a sound risk management and internal controls system to address all key risks which the Group considers relevant and material to its operations while Management plays an integral role in assisting the design and implementation of the Board's policies on risks and controls.

In view of the inherent limitations in any such system, the Board recognises that the system of risk management and internal controls are designed to manage and mitigate risks rather than eliminate the risks which may hinder the achievement of the Group's objectives and would therefore provide only reasonable and not absolute assurances against material misstatements or losses.

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

RISK MANAGEMENT

The Group has in place a Group Risk Management Framework ("GRMF") which is designed to provide consistency in the management of risks across the Group. The GRMF is embedded into the corporate culture, processes and structures of the Group. It defines the standard conditions as well as minimum requirements for risk management of the Group and addresses the following key areas:

Risk Management Roles and Responsibilities

In providing oversight of risk management framework and policies in the Group, the Board is assisted by the Risk Management Committee ("RMC") to:

- ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets; and
- determine the nature and extent of significant risks which the Group is willing to take in achieving its strategic objectives.

The terms of reference ("TOR") of the RMC states, amongst others, that the RMC also maintains a close relationship with Audit Committee to minimise and/or prevent any overlapping of functions with the Audit Committee, which include the review of the adequacy and effectiveness of internal controls systems, including financial, operational, compliance and information technology controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

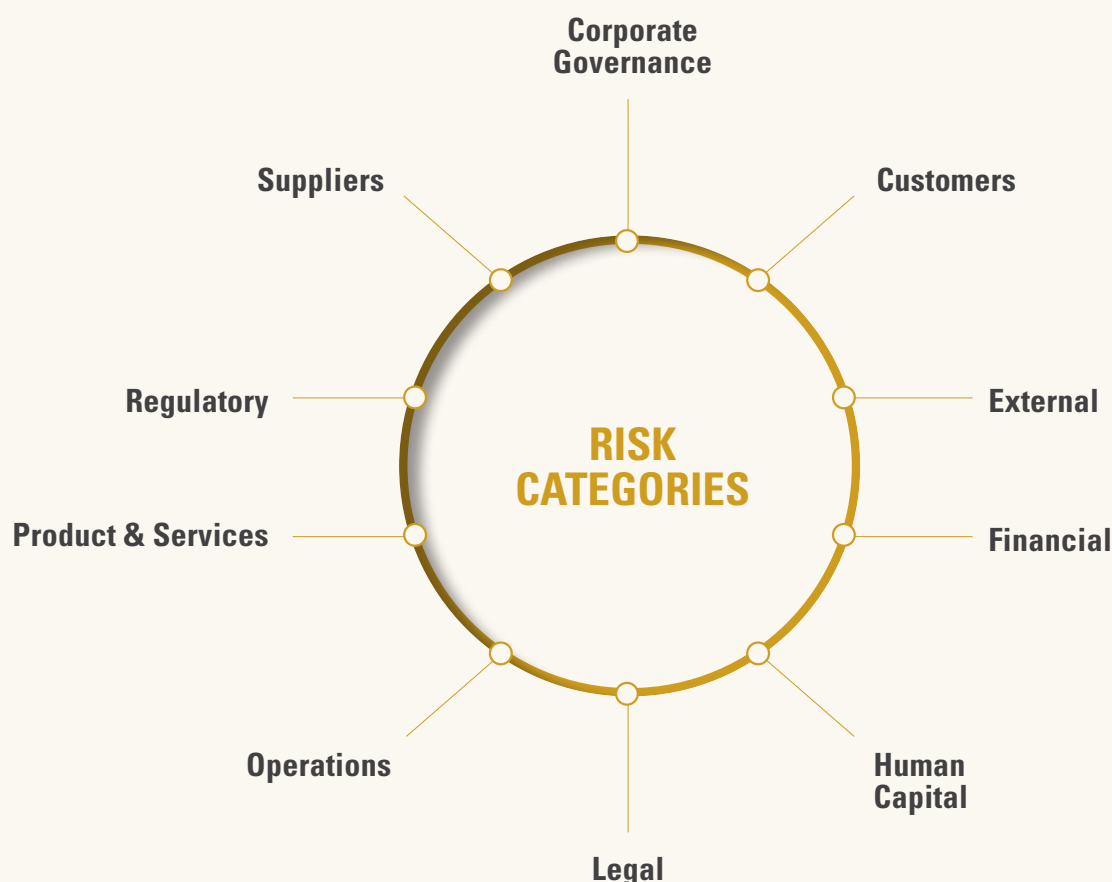
During the year, RMC had convened 4 meetings on a quarterly basis to review the implementation of the risk management framework as well as to deliberate on the top business risks and the actions to be taken to mitigate the risks identified.

The responsibility for day to day risk management resides with the Management of each subsidiary and they are accountable for the risks identified and assessed. In managing the risks of the Group, Management works closely with the risk coordinators to ascertain that there is on-going monitoring and review of risks and related controls and that action plans are developed and implemented to manage these risks. Management Risk Committee, chaired by the Chief Executive Officer and supported by key management personnel from respective Business Units, meets on quarterly basis to share insights and ensure that the management of risks faced by their subsidiaries are conducted within the boundaries set by the GRMF, prior to escalation to the RMC.

Risk Identification and Assessment

As part of the GRMF, a risk management methodology and approach are applied across the Group to facilitate risk identification, assessment, reporting, review and mitigation, as described below:

- A consistent risk likelihood and risk impact criteria are applied across the Group, reflecting the acceptable risk appetite as approved by the Board.
- Risks are identified based on the following risk categories to ensure a uniform and comprehensive risk identification approach:
- Risks identified are assessed to determine their impact on the relevant business strategies/ objectives and their likelihood of occurrence. The outcome of the risk assessment process at respective business unit level will then be consolidated at the Group level in a Corporate Risk Scorecard which enables subsidiaries within the Group to report risks and risk status using a common platform.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Reporting and Review

On a quarterly basis, the risk profiles of the key subsidiaries are tabled to the Management Risk Committee and the RMC in a heat map, which sets out the priority and focus for risk mitigation strategies based on risk ratings at gross and net levels. Risk parameters, upon which the ratings are measured, are reviewed and updated annually. Key Risk Indicators ("KRIs"), presented in the form of Key Risk Dashboard, are also established to monitor risks and mitigating measures for risks that are material to the Group. Risk appetite statements, which delineates the nature and extent of risk that the Group is willing to accept or retain in pursuit of its goals and objectives, are reviewed by the RMC annually.

At the end of the financial year, CEO and CFO provided assurance to the Board that the risk management and internal controls systems in place for the Group are adequate and effective to address risks which the Group considers relevant and material to its operations through the ERM Validation Report and Comfort Matrix.

The ERM Validation Report summarizes the risk management activities conducted and implementations of GRMF during the year whilst the Comfort Matrix depicts the key financial, compliance, operational and information technology risks of the Group and presented against strategies, policies, people, processes, systems, mechanisms and reporting processes that have been put in place.

Both ERM Validation Report and Comfort Matrix were tabled at the RMC prior to recommendations to the Board.

In addition, the risk management process in the Group are reviewed on a periodic basis by Internal Audit, according to its annual audit plan approved by the Audit Committee.

INTERNAL CONTROL

The following internal control components have been embedded into clearly defined corporate values, codes of business conduct as well as comprehensive policies and procedures to assist the Board to maintain a sound system of internal controls in the Group.

Code of Business Conduct, Fraud and Whistle Blowing policies

An integrated Code of Business Conduct, Fraud and Whistleblowing framework sets the pace of upholding integrity and ethical values within the Group.

Code of Business Conduct ("the Code") defines acceptable behaviour for staff in dealing with key stakeholders. The Code is made available to all staff in the Group's intranet and staff are required to acknowledge that they have read and understood the Code.

Fraud Control Policy had been developed to define consistent and clear process focussed on the prevention, detection and management of fraud and applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with F&N.

Whistle Blowing Policy had been formulated to encourage, and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, of concerns about possible improprieties. Allegations of improprieties which had been reported via the whistle blowing channel are appropriately followed up upon and the outcome(s) reported at the Audit Committee meetings.

Board and Board Committees

Board and Board Committees provide important oversight function and ascertain the adequacy of the internal control framework in the Group. Further details on the structures of the Board and its committees are provided under Corporate Information on page 27 as well as the Statement on Corporate Governance and Audit Committee Report on pages 94 and 104.

Human Capital

Industry tools and benchmarks assist Group Human Capital to analyse skills and knowledge related to specific job functions. This includes job descriptions to define tasks assigned to respective jobs and functions as well as a Performance Management System which provides rating criteria for the assessment of performance based on agreed Key Result Areas and competencies defined for each staff.

Limits of Authority

The authority limits for the Group's organisational requirements for areas such as procurement, contracting, human resources and financial management are encapsulated in the Chart of Authority. The Chart of Authority is a comprehensive document that provides guidance on the division of responsibilities between the Board and Management and is periodically reviewed and updated to reflect changes in the business, operational and organisational environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Annual Business Plans and Performance

The Annual Business Plan sets the targets and objectives of the Group and is supplemented by strategic initiatives and activities as well as key performance indicators to support and track the achievement of the Group's targets and objectives. Frequent engagements between the Board and the Chief Executive Officer/ Management via Group Executive Committee meetings and management reports provide an avenue for performance to be periodically monitored and followed up upon.

Policies and Procedures

The Group has set in place standard operating procedures covering critical and significant facets of the Group's business processes and are primarily geared towards the prevention of asset and data loss and other major aspects of the Group's business operations. These areas include financial management, occupational safety procedures, information technology, social media, 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.

Information Systems

The Group operates on a comprehensive information system platform which enables transactions to be captured, compiled and reported in a timely and accurate manner. The information system is automated and provides management with data, analysis, variations, exceptions and other input relevant to the Group's performance.

Business Continuity

The Board is cognizant of the importance of business continuity management ("BCM") in strengthening the Group's resilience in response to the evolving business environment and enhancement of shareholders' values. During the year under review, F&N had engaged an external consultant to assist in the following key activities:

- BCM training and awareness;
- business impact analysis;
- development of BCM strategies and plans; and
- implementation of crisis simulation exercises (including testing of notification trees)

to better prepare the Group's personnel to manage such emergencies, if any, in the future.

Audit Committee and Group Internal Audit

Group Internal Audit performs periodic audits of subsidiaries within the Group based on a risk based internal audit plan approved by the Audit Committee. The audits are designed to test on the appropriateness of control design and implementation as well as compliance to existing policies and procedures. Based on the audits performed, areas of improvement on control design and implementation are highlighted, on a quarterly basis, to the Audit Committee and Management for corrective actions to be taken. Status of implementation of corrective actions is tracked until completion and quarterly updates are provided to the Audit Committee and Management. Further details on the activities of the Audit Committee and Group Internal Audit are set out in the Audit Committee Report on page 102.

CONCLUSION

The Board is of the view that the Group's overall risk management and internal controls system is sound and adequate, in all material aspects, and have received the same assurance from both the Chief Executive Officer and Chief Financial Officer of the Group. The Board ensures that the risk management process in identifying, evaluating and managing significant risks is operating adequately and effectively throughout the financial year up to the date of approval of this statement. It is in the Board's opinion that the Group's system of internal control is adequate and effective to safeguard the interest of shareholders and stakeholders as well as the Group's assets.

STATEMENT ON DIRECTORS' RESPONSIBILITY

FOR PREPARATION OF FINANCIAL STATEMENTS

As required under the Companies Act, 1965, the Directors on page 125 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the financial year then ended.

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 financial year. In cases where judgements 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.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements:

1. Utilisation of Proceeds

Commercial Paper ("CP") and Medium Term Note ("MTN") Programme respectively with a nominal value of RM750 million for each Programme

A wholly owned subsidiary of the Company, F&N Capital Sdn Bhd ("The Issuer") is able to issue up to RM750 million in nominal value of each of the CP and the MTN, which are unconditionally and irrevocably guaranteed by the Company. The CP Programme shall have tenure of seven (7) years from the first issue date of the CP under the CP Programme whilst the MTN Programme shall have tenure of fifteen (15) years from the first issue date of the MTN under the MTN Programme.

The Issuer had on 26 September 2013 and 7 October 2013, successfully issued RM150 million each in nominal value of MTN pursuant to the MTN Programme for the purposes of refinancing the Group's existing private debt securities.

These MTNs have tenure of five (5) years and will mature on 26 September 2018 and 5 October 2018 respectively. They bear interest at rates of 4.38% and 4.24% per annum respectively and payable semi-annually in arrears.

During the financial year:

- (i) On 18 February 2015, the Issuer had utilised RM100 million of the CP facility with the tenure of six (6) months and interest rate of 4.05% per annum for working capital purposes. This CP was repaid on 17 August 2015.
- (ii) On 17 August 2015, the Issuer had utilised RM50 million of the CP facility with the tenure of one (1) month and interest rate of 3.60% per annum for working capital purposes. This CP was repaid on 15 September 2015.

2. Share Buy-Back

The Company did not buy-back any shares, resell or cancel any treasury shares during the financial year. To date, 237,100 shares were retained as treasury shares.

3. Options, Convertible Securities or Employee Share Scheme

The Company did not issue any convertible securities during the financial year. Details of the Executives' Share Option Scheme and Share Grant Plan of the Company are disclosed in the financial statements for the financial year 2015.

4. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year.

5. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

6. Variance in Results

There was no variance between the results for the financial year 2015 and the unaudited results previously announced by the Company. The Group and the Company did not release any profit estimate, forecast or projection during the financial year.

7. Profit Guarantees

There were no profit guarantees issued by the Group and the Company during the financial year.

8. Non-Audit Fees

Disclosure is made in the Statement on Corporate Governance set out on page 100 of this Annual Report.

9. Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) of the Company and/or its subsidiaries involving the interest of Directors and major shareholders during the financial year.

ADDITIONAL COMPLIANCE INFORMATION

10. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the 53rd Annual General Meeting of Fraser & Neave Holdings Bhd ("FNHB" or "Company") held on 20 January 2015, the Company had obtained shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties which are necessary for the day-to-day operation of the FNHB Group.

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions entered into during the financial year ended 30 September 2015 are as follows:

Mandated Related Parties	Relationship	Type of Transaction	Actual Value Transacted RM'000
Fraser and Neave, Limited ("F&N Ltd") Group	F&N Ltd is the holding company of FNHB	Purchase of concentrates and/or raw materials from the F&N Ltd Group	197,191
		Purchase of finished products from the F&N Ltd Group	17,878
		Sale of finished products and/or raw materials to the F&N Ltd Group	193,254
		Payment of royalties to the F&N Ltd Group for use of trademarks, trade names and brand names of F&N Ltd	54,805
		Payment of fees to the F&N Ltd Group for corporate services, corporate research and development services and technical services	1,864
		Receipt of rental from the F&N Ltd Group	368
		Receipt of corporate services fees and staff costs from the F&N Ltd Group	187
Berli Jucker Public Company Limited ("BJC") Group	BJC's ultimate parent company is TCC Holding Co. Ltd., which is under the control of Khun Charoen and Khunying Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, BJC Group is deemed person connected to the said ultimate major shareholders	Purchase of raw materials (eg. cans, etc) from the BJC Group	71,018
		Sale of finished products to the BJC Group	568
		Payment of agent fees to the BJC Group for attending to documentation for transfer of goods	3
		Payment of network monitoring & professional fees to the BJC Group	383
Thai Beverage Public Company Limited ("ThaiBev") Group	ThaiBev is deemed a major shareholder of the Company by virtue of its indirect substantial interest in F&N Ltd held through its indirect wholly owned subsidiary, Interbev Investments Limited	Sale of finished products to the ThaiBev Group	510
		Purchase of finished products from the ThaiBev Group	1,088
		Receipt of tetrapak co-packing services from the ThaiBev Group	2,021

ADDITIONAL COMPLIANCE INFORMATION

10. Recurrent related party transactions of a revenue or trading nature (Continued)

Mandated Related Parties	Relationship	Type of Transaction	Actual Value Transacted RM'000
Frasers Centrepoint Limited ("FCL") Group	FCL is a subsidiary of TCC Assets Limited, which in turn is under the control of Khun Charoen and Khunying Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, FCL Group is deemed person connected to the said ultimate major shareholders	Receipt of rental from the FCL Group	89
		Receipt of corporate services fees and staff costs from the FCL Group	996
Southeast Group Co. Ltd. ("Southeast") Group	Southeast is under the control of Khun Charoen and Khunying Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, Southeast Group is deemed person connected to the said ultimate major shareholders	Payment of insurance premium to the Southeast Group	2,968
TCC Land Co. Ltd. ("TCC Land") Group	TCC Land is under the control of Khun Charoen and Khunying Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, TCC Land Group is deemed person connected to the said ultimate major shareholders	Sale of finished goods to the TCC Land Group	587
TCC Holding Co. Ltd. ("TCCH") Group	TCCH is under the control of Khun Charoen and Khunying Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, TCCH Group is deemed person connected to the said ultimate major shareholders	Payment of management fees to the TCCH Group	1,614

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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2015.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	280,072	264,522
Equity holders of the Company	280,074	264,522
Non-controlling interests	(2)	-
	280,072	264,522

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 30 September 2014 were as follows:

	RM'000
In respect of the financial year ended 30 September 2014 as reported in the Directors' report of that year:	
- Final single tier dividend of 33 sen per share on 366,064,061 ordinary shares, declared on 26 December 2014 and paid on 26 February 2015	120,801
In respect of the financial year ended 30 September 2015:	
- Interim single tier dividend of 22 sen per share on 366,265,101 ordinary shares, declared on 5 May 2015 and paid on 12 June 2015	80,578
	201,379

At the forthcoming Annual General Meeting, the Directors are recommending for shareholders' approval, a final single tier dividend of 35.5 sen per share in respect of the current financial year ended 30 September 2015 (excluding treasury shares). The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2016.

DIRECTORS' REPORT

DIRECTORS

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

Tengku Syed Badarudin Jamalullail (Chairman)
 Dato' Anwarrudin bin Ahamad Osman
 Datuk Chin Kwai Yoong
 Dato' Dr. Mohd Shahr bin Sidek
 Dato' Johan Tazrin bin Hamid Ngo
 Dato' Jorgen Bornhoft
 Datuk Dr. Nik Norzrul Thani bin N. Hassan Thani
 Anthony Cheong Fook Seng
 Lee Kong Yip
 Hui Choon Kit
 Lee Meng Tat (Appointed on 1 October 2015)
 Dato' Ng Jui Sia (Resigned on 1 October 2015)

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 the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share grants granted pursuant to the immediate holding company's Restricted Share Plan ("RSP") and Performance Share Plan ("PSP").

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than emoluments received or due and receivable by the directors) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director 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, RSP and PSP in the Company and its related corporations during the financial year were as follows:

Companies in which Directors held interest	Number of ordinary shares			As at 30.9.2015
	As at 1.10.2014	Acquired	Sold	
Fraser & Neave Holdings Bhd				
Tengku Syed Badarudin Jamalullail				
- direct interest	2,062,000	-	-	2,062,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

Companies in which Directors held interest (cont'd.)	Number of ordinary shares			As at 30.9.2015
	As at 1.10.2014	Acquired	Sold	
Fraser and Neave, Limited ("F&NL")				
Dato' Ng Jui Sia				
- direct interest	160,821	251,339	(36,100)	376,060
Anthony Cheong Fook Seng				
- direct interest	92,950	148,436	-	241,386
Hui Choon Kit				
- direct interest	99,571	144,948	-	244,519
Frasers Centrepoint Limited				
Dato' Ng Jui Sia				
- direct interest	321,642 ¹	-	-	321,642
Anthony Cheong Fook Seng				
- direct interest	185,900 ¹	-	-	185,900
Hui Choon Kit				
- direct interest	199,142 ¹	-	-	199,142
Fung Choi Media Group Ltd				
Dato' Ng Jui Sia				
- direct interest	80,000	-	-	80,000
- indirect interest ²	10,000	-	-	10,000
Thai Beverage Public Company Limited				
Dato' Jorgen Bornhoft				
- direct interest	200,000	-	-	200,000
Dato' Ng Jui Sia				
- direct interest	120,000	50,000	-	170,000

Companies in which Directors held interest	Number of share grants					As at 30.9.2015
	As at 1.10.2014	Adjustment	Awarded	Achievement factor	Vested ³	
F&NL						
Dato' Ng Jui Sia						
- RSP - Year 2	26,563 ⁴	25,546 ⁴	-	-	(52,109) ⁵	-
- RSP - Year 3	51,650 ⁶	48,710 ⁶	-	-	(50,180) ⁵	50,180
- RSP - Year 4	57,418 ⁷	53,630 ⁸	-	41,052	(76,050) ⁵	76,050
- RSP - Year 5	42,360 ⁹	-	-	-	-	42,360
- RSP - Year 6	-	-	33,000 ¹⁰	-	-	33,000
- PSP - Year 3	24,426 ¹¹	22,954 ¹²	-	25,620	(73,000) ¹³	-
- PSP - Year 4	20,300 ¹⁴	5,260 ¹⁵	-	-	-	25,560
- PSP - Year 5	10,199 ¹⁶	-	-	-	-	10,199
- PSP - Year 6	-	-	8,000 ¹⁷	-	-	8,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

Companies in which Directors held interest (cont'd.)	Number of share grants					As at 30.9.2015
	As at 1.10.2014	Adjustment	Awarded	Achievement factor	Vested ³	
F&NL (cont'd.)						
Anthony Cheong Fook Seng						
- RSP - Year 2	16,171 ¹⁸	15,552 ¹⁸	-	-	(31,723) ⁵	-
- RSP - Year 3	24,150 ¹⁹	22,776 ¹⁹	-	-	(23,463) ⁵	23,463
- RSP - Year 4	51,529 ²⁰	48,130 ²¹	-	(9,959)	(44,850) ⁵	44,850
- RSP - Year 5	42,360 ²²	-	-	-	-	42,360
- RSP - Year 6	-	-	33,000 ²³	-	-	33,000
- PSP - Year 3	16,190 ²⁴	15,215 ²⁵	-	16,995	(48,400) ¹³	-
- PSP - Year 4	18,217 ²⁶	4,720 ²⁷	-	-	-	22,937
- PSP - Year 5	10,199 ²⁸	-	-	-	-	10,199
- PSP - Year 6	-	8,000 ²⁹	-	-	-	8,000
Hui Choon Kit						
- RSP - Year 2	17,655 ³⁰	16,980 ³⁰	-	-	(34,635) ⁵	-
- RSP - Year 3	24,150 ³¹	22,776 ³¹	-	-	(23,463) ⁵	23,463
- RSP - Year 4	44,168 ³²	41,255 ³³	-	(8,523)	(38,450) ⁵	38,450
- RSP - Year 5	50,455 ³⁴	-	-	-	-	50,455
- RSP - Year 6	-	-	43,000 ³⁵	-	-	43,000
- PSP - Year 3	16,190 ³⁶	15,215 ³⁷	-	16,995	(48,400) ¹³	-
- PSP - Year 4	15,615 ³⁸	4,046 ³⁹	-	-	-	19,661
- PSP - Year 5	12,148 ⁴⁰	-	-	-	-	12,148
- PSP - Year 6	-	-	10,000 ⁴¹	-	-	10,000

- The interest arose from the completion of the distribution of the dividend in specie by F&NL of all of the ordinary shares held by F&NL in the issued share capital of Frasers Centrepoint Limited ("FCL") to the shareholders of F&NL, on the basis of two ordinary shares in FCL for each share in F&NL held by the shareholders of F&NL and the listing of FCL on the Main Board of the Singapore Exchange Securities Trading Limited on 9 January 2014.
- Shares held by spouse.
- The vesting, and/or settlement of any shares under the F&NL RSP and F&NL PSP are contingent upon the satisfaction of certain conditions, and if such takes place, will be the subject of a further declaration.
- The deemed interest in 26,563 shares in F&NL arose from the release of shares in accordance with the F&NL RSP. Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 52,109 shares in F&NL.
- Shares have been released in accordance with the F&NL RSP.
- The deemed interest in 51,650 shares in F&NL arose from the release of shares in accordance with the F&NL RSP. Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 100,360 shares in F&NL.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

- 7 The deemed interest in 57,418 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 150% of the adjusted base award of 57,418 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 8 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 111,048 shares in F&NL.
- 9 The deemed interest in 42,360 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP in respect of the financial year ended 30 September 2014. The actual number of F&NL shares to be awarded will range from 0% to 150% of the base award of 42,360 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 10 The deemed interest in 33,000 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP in respect of the financial year ended 30 September 2015. The actual number of F&NL shares to be awarded will range from 0% to 150% of the base award of 33,000 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 11 The deemed interest in 24,426 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 200% of the adjusted base award of 24,426 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 12 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 47,380 shares in F&NL.
- 13 Shares have been released in accordance with the F&NL PSP.
- 14 The deemed interest in 20,300 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 200% of the adjusted base award of 20,300 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 15 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 25,560 shares in F&NL.
- 16 The deemed interest in 10,199 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP in respect of the financial year ended 30 September 2014. The actual number of F&NL shares to be awarded will range from 0% to 200% of the base award of 10,199 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 17 The deemed interest in 8,000 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP in respect of the financial year ended 30 September 2015. The actual number of F&NL shares to be awarded will range from 0% to 200% of the base award of 8,000 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 18 The deemed interest in 16,171 shares in F&NL arose from the release of shares in accordance with the F&NL RSP. Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 31,723 shares in F&NL.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

- 19 The deemed interest in 24,150 shares in F&NL arose from the release of shares in accordance with the F&NL RSP. Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 46,926 shares in F&NL.
- 20 The deemed interest in 51,529 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 150% of the adjusted base award of 51,529 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 21 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 99,659 shares in F&NL.
- 22 The deemed interest in 42,360 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP in respect of the financial year ended 30 September 2014. The actual number of F&NL shares to be awarded will range from 0% to 150% of the base award of 42,360 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 23 The deemed interest in 33,000 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP in respect of the financial year ended 30 September 2015. The actual number of F&NL shares to be awarded will range from 0% to 150% of the base award of 33,000 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 24 The deemed interest in 16,190 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 200% of the adjusted base award of 16,190 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 25 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 31,405 shares in F&NL.
- 26 The deemed interest in 18,217 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 200% of the base award of 18,217 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 27 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 22,937 shares in F&NL.
- 28 The deemed interest in 10,199 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP in respect of the financial year ended 30 September 2014. The actual number of F&NL shares to be awarded will range from 0% to 200% of the base award of 10,199 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 29 The deemed interest in 8,000 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP in respect of the financial year ended 30 September 2015. The actual number of F&NL shares to be awarded will range from 0% to 200% of the base award of 8,000 shares, depending on the level of achievement of performance targets set a three-year performance period.
- 30 The deemed interest in 17,655 shares in F&NL arose from the release of shares in accordance with the F&NL RSP. Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 34,635 shares in F&NL.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

- 31 The deemed interest in 24,150 shares in F&NL arose from the release of shares in accordance with the F&NL RSP. Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 46,926 shares in F&NL.
- 32 The deemed interest in 44,168 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 150% of the adjusted base award of 44,168 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 33 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 85,423 shares in F&NL.
- 34 The deemed interest in 50,455 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP in respect of the financial year ended 30 September 2014. The actual number of F&NL shares to be awarded will range from 0% to 150% of the base award of 50,455 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 35 The deemed interest in 43,000 shares in F&NL arose from the grant of a conditional award of restricted shares under the F&NL RSP in respect of the financial year ended 30 September 2015. The actual number of F&NL shares to be awarded will range from 0% to 150% of the base award of 43,000 shares, depending on the level of achievement of performance targets over a two-year performance period.
- 36 The deemed interest in 16,190 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 200% of the adjusted base award of 16,190 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 37 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 31,405 shares in F&NL.
- 38 The deemed interest in 15,615 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP after adjustment due to a capital reduction undertaken by F&NL during the financial year ended 30 September 2013. The actual number of F&NL shares to be awarded will range from 0% to 200% of the adjusted base award of 15,615 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 39 Adjustments were made on 7 October 2014 following F&NL's distribution to its shareholders by way of dividend in specie and a capital reduction undertaken by F&NL during that year. This resulted in the deemed interest increasing to 19,661 shares in F&NL.
- 40 The deemed interest in 12,148 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP in respect of the financial year ended 30 September 2014. The actual number of F&NL shares to be awarded will range from 0% to 200% of the base award of 12,148 shares, depending on the level of achievement of performance targets over a three-year performance period.
- 41 The deemed interest in 10,000 shares in F&NL arose from the grant of a conditional award of performance shares under the F&NL PSP in respect of the financial year ended 30 September 2015. The actual number of F&NL shares to be awarded will range from 0% to 200% of the base award of 10,000 shares, depending on the level of achievement of performance targets over a three-year performance period.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

ISSUE OF SHARES

During the financial year, the Company has issued 619,300 new ordinary shares of RM1.00 each pursuant to the exercise of share options under the Executives' Share Option Scheme ("ESOS") as follows:

- (i) 25,300 ordinary shares pursuant to the ESOS at an issue price of RM10.47 per share for cash; and
- (ii) 594,000 ordinary shares pursuant to the ESOS at an issue price of RM14.52 per share for cash.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Subsequent to the end of the financial year and up to the date of this report, 131,700 ESOS (131,700 ordinary shares were issued at the issue price of RM14.52 per share) were exercised which resulted in 131,700 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. Consequently, the issued and paid-up share capital of the Company increased by RM131,700 to RM366,778,501 comprising 366,778,501 ordinary shares of RM1.00 each. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. The share premium of RM1,781,000 arising from the issuance of the ESOS has been included in the share premium account.

TREASURY SHARES

There were no repurchase of treasury shares during the financial year. As at 30 September 2015, the Company held 237,100 treasury shares under Section 67A of the Companies Act, 1965.

ESOS AND SHARE GRANT PLAN ("SGP")**(a) ESOS**

The 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 all the options to subscribe for ordinary shares of RM1.00 each in the share capital of the Company granted to executives pursuant to the ESOS are as follows:

Offer date	Balance as at 1.10.2014	Options exercised	Options lapsed	Balance as at 30.9.2015	Exercise price/ adjusted exercise price w.e.f. 13.12.2010 RM	Vesting period
← No. of options →						
Options 2010						
20.11.2009	25,300	(25,300)	-	-	11.34/10.47	20.8.2012 - 19.10.2014
Options 2011						
22.11.2010	725,700	(594,000)	-	131,700	14.52	22.8.2013 - 21.10.2015

DIRECTORS' REPORT

ESOS AND SHARE GRANT PLAN ("SGP") (CONT'D.)

(a) ESOS (cont'd.)

The main features of the Company's ESOS are disclosed in Note 24(c) to the financial statements. There were no options granted during the financial year.

Number of unexercised share options as at 30.9.2015

Name of option holders	Option 2011
Poh Eng Lip (retired)	25,000
Ismail Bin Ibrahim	17,000
Velaithan A/L Rangavan	3,400
Zenas Kok Pi Chuan	12,200
Chang Yit Wah	5,300
Loh Lai Ching	1,300
Poh Eng Lip	25,000
Voon Joon Liung	2,200
Juphar Intachat	2,000
Siew Yee Teck, Adam	12,200
Khoo Suan Gaik, Joan	2,700
Yee Yu Seng	2,000
Lim Kay Sing	19,000
Teh Li Phing	7,000
R Saravanelu A/L Rethina Velu	12,200
Dhiren Patel a/l Surendra Patel	8,200

There were no options granted to Directors of the Company.

(b) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") (collectively the Share Grant Plan ("SGP"))

The Company had undertaken a review of the ESOS and introduced an additional long term incentive plan, i.e. the SGP. The plan which is governed by its by-laws, was approved by Bursa Malaysia Securities Berhad on 20 December 2011 and approved by shareholders at the Extraordinary General Meeting held on 13 January 2012.

The first grant of RSP was made in March 2012 whilst the second grant of RSP was made in February 2013. The third and fourth grant of RSP were made in August 2014 and January 2015 respectively. There were no grants made under the PSP. The details of the shares awarded under the RSP are as follows:

Offer date	No. of options				Balance as at 30.9.2015	Vesting period
	Balance as at 1.10.2014/ grant date	Adjustment for achievement factor	Shares vested	Shares lapsed		
RSP 2012 (15.3.2012)	109,500	-	(65,425)	(850)	43,225	31.12.2013 - 31.12.2015
RSP 2013 (7.2.2013)	313,800	37,800	(176,300)	(4,550)	170,750	31.12.2014 - 31.12.2016
RSP 2014 (12.8.2014)	574,200	-	-	-	574,200	31.12.2015 - 31.12.2017
RSP 2015 (15.1.2015)	546,700	-	-	-	546,700	31.12.2016 - 31.12.2018

The main features of the Company's RSP and PSP are disclosed in Note 24(d) to the financial statements.

The Directors do not participate in both the ESOS and SGP.

STATEMENT BY DIRECTORS

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

We, Tengku Syed Badarudin Jamalullail and Hui Choon Kit, 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 128 to 227 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and the cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 228 have been prepared, in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directives of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 November 2015.

Tengku Syed Badarudin Jamalullail

Hui Choon Kit

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Soon Wing Chong, being the officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 128 to 228 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 Soon Wing Chong
at Kuala Lumpur in the Federal Territory
on 3 November 2015.

Soon Wing Chong

Before me,

Commissioner for Oaths
Wern Li Morsingh (W 605)

DIRECTORS' REPORT

HOLDING COMPANIES

The immediate holding company is Fraser and Neave, Limited, a corporation incorporated in the Republic of Singapore whilst the ultimate holding company is TCC Assets Limited, a corporation incorporated in British Virgin Islands.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Ernst & Young, will not be seeking reappointment at the forthcoming annual general meeting.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 November 2015.

Tengku Syed Badarudin Jamalullail

Hui Choon Kit

STATEMENT BY DIRECTORS

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

We, Tengku Syed Badarudin Jamalullail and Hui Choon Kit, 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 128 to 227 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and the cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 228 have been prepared, in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directives of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 November 2015.

Tengku Syed Badarudin Jamalullail

Hui Choon Kit

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Soon Wing Chong, being the officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 128 to 227 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 Soon Wing Chong
at Kuala Lumpur in the Federal Territory
on 3 November 2015.

Soon Wing Chong

Before me,

Commissioner for Oaths
Wern Li Morsingh (W 605)

INDEPENDENT AUDITORS' REPORT

To the members of Fraser & Neave Holdings Bhd (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Fraser & Neave Holdings Bhd, which comprise the statements of financial position as at 30 September 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 128 to 227.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

To the members of Fraser & Neave Holdings Bhd (Incorporated in Malaysia) (cont'd.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 36 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 on page 228 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
3 November 2015

Low Khung Leong
No. 2697/01/17(J)
Chartered Accountant

INCOME STATEMENTS

For the financial year ended 30 September 2015

	Note	Group 2015 RM'000	2014 RM'000 (restated)	Company 2015 RM'000	2014 RM'000
Revenue	4	4,060,239	3,818,802	224,910	234,441
Cost of sales		(2,802,508)	(2,703,056)	-	-
Gross profit		1,257,731	1,115,746	224,910	234,441
Other income	5(a)	12,852	6,614	36,586	90
Operating expenses					
Distribution expenses		(384,927)	(382,280)	-	-
Marketing expenses		(403,999)	(299,817)	-	-
Administrative expenses		(134,464)	(118,645)	(5,107)	(3,222)
Other expenses	5(b)	(15,205)	(7,417)	(2,176)	(8,852)
		(938,595)	(808,159)	(7,283)	(12,074)
Operating profit		331,988	314,201	254,213	222,457
Interest expense	6	(16,241)	(15,338)	-	-
Interest income	6	13,389	11,635	11,346	9,922
		329,136	310,498	265,559	232,379
Share of results of a joint venture	15	(3,362)	(903)	-	-
Share of results of an associate	16	8,055	5,874	-	-
Profit before tax	7	333,829	315,469	265,559	232,379
Income tax expense	8	(53,757)	(56,061)	(1,037)	(902)
Profit for the year		280,072	259,408	264,522	231,477
Profit attributable to:					
Equity holders of the Company		280,074	259,429	264,522	231,477
Non-controlling interests		(2)	(21)	-	-
		280,072	259,408	264,522	231,477
Basic earnings per share attributable to equity holders of the Company (sen)	9(a)	76.5	71.0		
Diluted earnings per share attributable to equity holders of the Company (sen)	9(b)	76.4	70.9		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
		(restated)		
Profit for the year	280,072	259,408	264,522	231,477
Other comprehensive income				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement gains on defined benefit plans	748	2,687	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	101,450	(13,770)	-	-
Total comprehensive income for the year, net of tax	382,270	248,325	264,522	231,477
Attributable to:				
Equity holders of the Company	382,272	248,346	264,522	231,477
Non-controlling interests	(2)	(21)	-	-
	382,270	248,325	264,522	231,477

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

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2015

		Group	
	Note	30 September 2015 RM'000	30 September 2014 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	1,064,821	1,028,919
Investment properties	12	50,763	57,084
Properties held for development	13	55,291	54,654
Investment in a joint venture	15	80,196	71,496
Investment in an associate	16	72,410	78,353
Intangible assets	17	131,155	135,437
Deferred tax assets	27	49,330	58,693
		1,503,966	1,484,636
Current assets			
Inventories	18	542,775	390,713
Receivables	19(a)	562,042	492,592
Tax recoverable		14	670
Cash and short term deposits	20	412,209	365,387
		1,517,040	1,249,362
Total assets		3,021,006	2,733,998

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2015 (cont'd.)

		Group	
	Note	30 September 2015 RM'000	30 September 2014 RM'000
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	21	366,647	366,028
Treasury shares	22	(1,716)	(1,716)
Shares held by SGP Trust	23	(7,733)	-
Reserves	24	1,519,605	1,324,301
		1,876,803	1,688,613
Non-controlling interests		204	206
Total equity		1,877,007	1,688,819
Non-current liabilities			
Borrowings	25	300,000	300,000
Provision for retirement benefits	26	37,937	36,353
Deferred tax liabilities	27	32,682	30,971
		370,619	367,324
Current liabilities			
Payables	28(a)	753,291	609,645
Provisions	28(b)	7,925	5,749
Borrowings	25	-	50,000
Tax payable		12,164	12,461
		773,380	677,855
Total liabilities		1,143,999	1,045,179
Total equity and liabilities		3,021,006	2,733,998

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2015 (cont'd.)

		Company	
	Note	30 September 2015 RM'000	30 September 2014 RM'000
Assets			
Non-current assets			
Investments in subsidiaries	14	931,262	955,010
Investment in a joint venture	15	140,632	128,340
Investment in an associate	16	68,727	68,727
Receivables	19(b)	200,840	159,720
		1,341,461	1,311,797
Current assets			
Receivables	19(a)	35,311	17,190
Cash and short term deposits	20	40,262	15,302
		75,573	32,492
Total assets		1,417,034	1,344,289
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	21	366,647	366,028
Treasury shares	22	(1,716)	(1,716)
Shares held by SGP Trust	23	(7,733)	-
Reserves	24	1,051,032	973,478
Total equity		1,408,230	1,337,790
Current liabilities			
Payables	28(a)	772	530
Provisions	28(b)	7,925	5,749
Tax payable		107	220
		8,804	6,499
Total equity and liabilities		1,417,034	1,344,289

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2015

Note	Attributable to equity holders of the Company											
	Non-distributable						Distributable					
	Share capital	Share premium	Treasury shares	Shares held by SGP Trust	Loss on purchase of shares for SGP	Foreign exchange reserve	Share-based payment reserve	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
	(Note 21)	(Note 24)	(Note 22)	(Note 23)	(Note 24)	(Note 24)	(Note 24)	(Note 24)	(Note 24)	(Note 24)		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
At 1 October 2014	366,028	438,206	(1,716)	-	-	(3,687)	8,382	9,934	871,466	1,688,613	206	1,688,819
Total comprehensive income	-	-	-	-	-	101,450	-	-	280,822	382,272	(2)	382,270
Transaction with owners												
Shares granted under SGP	-	-	-	-	-	-	10,340	-	-	10,340	-	10,340
Shares exercised under ESOS	619	9,698	-	-	-	-	(1,427)	-	-	8,890	-	8,890
Shares vested under SGP	-	-	-	4,200	(190)	-	(4,010)	-	-	-	-	-
Purchase of shares by SGP Trust	-	-	-	(11,933)	-	-	-	-	-	(11,933)	-	(11,933)
Dividends	10	-	-	-	-	-	-	-	(201,379)	(201,379)	-	(201,379)
Total transactions with owners	619	9,698	-	(7,733)	(190)	-	4,903	-	(201,379)	(194,082)	-	(194,082)
At 30 September 2015	366,647	447,904	(1,716)	(7,733)	(190)	97,763	13,285	9,934	950,909	1,876,803	204	1,877,007

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2015 (cont'd.)

<div> <div>←</div> <div>Attributable to equity holders of the Company</div> <div>→</div> </div>										
<div> <div>←</div> <div>Non-distributable</div> <div>→ Distributable</div> </div>										
Note	Share capital (Note 21) RM'000	Share premium (Note 24) RM'000	Treasury shares (Note 22) RM'000	Foreign exchange reserve (Note 24) RM'000	Share-based payment reserve (Note 24) RM'000	Legal reserve (Note 24) RM'000	Retained earnings (Note 24) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 October 2013	364,658	417,309	(1,716)	10,083	12,165	9,934	836,007	1,648,440	227	1,648,667
Total comprehensive income	-	-	-	(13,770)	-	-	262,116	248,346	(21)	248,325
Transaction with owners										
Share options granted under ESOS	-	-	-	-	(651)	-	-	(651)	-	(651)
Shares granted under SGP	-	-	-	-	1,010	-	-	1,010	-	1,010
Shares exercised under ESOS	1,293	19,692	-	-	(2,905)	-	-	18,080	-	18,080
Shares vested under SGP	77	1,205	-	-	(1,237)	-	-	45	-	45
Dividends	10	-	-	-	-	-	(226,657)	(226,657)	-	(226,657)
Total transactions with owners	1,370	20,897	-	-	(3,783)	-	(226,657)	(208,173)	-	(208,173)
At 30 September 2014	366,028	438,206	(1,716)	(3,687)	8,382	9,934	871,466	1,688,613	206	1,688,819

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2015 (cont'd.)

<div> <div>←</div> <div>Attributable to equity holders of the Company</div> <div>→</div> </div>								
<div>←</div> <div>Non-distributable</div>					<div>→</div> <div>Distributable</div>			
Note	Share capital (Note 21) RM'000	Share premium (Note 24) RM'000	Treasury shares (Note 22) RM'000	Shares held by SGP Trust (Note 23) RM'000	Loss on purchase of shares for SGP (Note 24) RM'000	Share-based payment reserve (Note 24) RM'000	Retained earnings (Note 24) RM'000	Total equity RM'000
Company								
At 1 October 2014	366,028	438,206	(1,716)	-	-	8,382	526,890	1,337,790
Total comprehensive income	-	-	-	-	-	-	264,522	264,522
Transaction with owners								
Shares granted under SGP	-	-	-	-	-	10,340	-	10,340
Shares exercised under ESOS	619	9,698	-	-	-	(1,427)	-	8,890
Shares vested under SGP	-	-	-	4,200	(190)	(4,010)	-	-
Purchase of shares by SGP Trust	-	-	-	(11,933)	-	-	-	(11,933)
Dividends	-	-	-	-	-	-	(201,379)	(201,379)
Total transactions with owners	619	9,698	-	(7,733)	(190)	4,903	(201,379)	(194,082)
At 30 September 2015	366,647	447,904	(1,716)	(7,733)	(190)	13,285	590,033	1,408,230

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2015 (cont'd.)

<div> <div>←</div> <div>Attributable to equity holders of the Company</div> <div>→</div> </div>						
<div>←</div> <div>Non-distributable</div>			<div>→</div> <div>Distributable</div>			
Note	Share capital (Note 21) RM'000	Share premium (Note 24) RM'000	Treasury shares (Note 22) RM'000	Share-based payment reserve (Note 24) RM'000	Retained earnings (Note 24) RM'000	Total equity RM'000
Company						
At 1 October 2013	364,658	417,309	(1,716)	12,165	522,070	1,314,486
Total comprehensive income	-	-	-	-	231,477	231,477
Transaction with owners						
Share options granted under ESOS	-	-	-	(651)	-	(651)
Shares granted under SGP	-	-	-	1,010	-	1,010
Shares exercised under ESOS	1,293	19,692	-	(2,905)	-	18,080
Shares vested under SGP	77	1,205	-	(1,237)	-	45
Dividends	-	-	-	-	(226,657)	(226,657)
Total transactions with owners	1,370	20,897	-	(3,783)	(226,657)	(208,173)
At 30 September 2014	366,028	438,206	(1,716)	8,382	526,890	1,337,790

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 September 2015

	Note	Group 2015 RM'000	2014 RM'000 (restated)	Company 2015 RM'000	2014 RM'000 (restated)
Cash flows from operating activities					
Profit before tax		333,829	315,469	265,559	232,379
Adjustments for:					
Depreciation of property, plant and equipment	11	86,698	81,844	-	-
Impairment loss on property, plant and equipment	11	1,991	2,118	-	-
Property, plant and equipment written off	11	1,685	1,526	-	-
Loss on disposal of property, plant and equipment	7(a)	602	202	-	-
Change in fair value of investment properties	12	6,321	-	-	-
Amortisation of intangible assets	17	6,410	5,924	-	-
Inventories written down	7(a)	6,624	871	-	-
Inventories written off	7(a)	12,813	10,398	-	-
Net fair value gain on derivatives	7(a)	(4,408)	(1,099)	-	-
Share of results of a joint venture	15	3,362	903	-	-
Share of results of an associate	16	(8,055)	(5,874)	-	-
Dividend income	4	-	-	(224,910)	(234,441)
Interest expense	6	16,241	15,338	-	-
Interest income	6	(13,389)	(11,635)	(11,346)	(9,922)
Retirement benefits expense	26	4,039	5,129	-	-
Allowance for impairment on trade receivables	19	1,493	5,240	-	-
Share-based payment transactions expense		10,340	359	-	-
Reversal of impairment loss on property, plant and equipment	11	(2,185)	(1,905)	-	-
Reversal of allowance for impairment on trade receivables	19	(465)	(584)	-	-
Bad debts recovered	7(a)	(526)	(4,811)	-	-
Reversal of inventories written down	18	(907)	(2,634)	-	-
Reversal of impairment on investment in a subsidiary	14	-	-	(252)	-
Net unrealised foreign exchange loss/(gain)	5(a)&(b)	2,271	590	(34,081)	4,771
Provision for potential claims	5(b)	-	4,040	-	4,040
Operating profit/(loss) before changes in working capital		464,784	421,409	(5,030)	(3,173)

STATEMENTS OF CASH FLOWS

For the financial year ended 30 September 2015 (cont'd.)

	Note	Group 2015 RM'000	2014 RM'000 (restated)	Company 2015 RM'000	2014 RM'000 (restated)
Cash flows from operating activities (cont'd.)					
Changes in working capital:					
Increase in inventories		(170,592)	(49,214)	-	-
Increase in trade and other receivables		(54,823)	(11,243)	(7,735)	(14,655)
Increase/(decrease) in trade and other payables		143,682	(7,972)	242	(16,175)
Decrease in property development costs	13	(637)	(136)	-	-
Cash generated from/(used in) operations		382,414	352,844	(12,523)	(34,003)
Income tax paid		(44,874)	(42,883)	(1,150)	(600)
Income tax refunded		2,777	11,015	-	35
Insurance claims received		-	36,766	-	-
Benefits paid for retirement benefits	26	(2,566)	(1,737)	-	-
Net cash generated from/(used in) operating activities		337,751	356,005	(13,673)	(34,568)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		906	787	-	-
Purchase of property, plant and equipment	11	(72,280)	(60,801)	-	-
Purchase of intangible assets	17	(258)	(153)	-	-
Proceeds from capital repayment scheme in a subsidiary	14	-	-	24,000	-
Investment in a subsidiary	14	-	-	(3)	-
Loan to a joint venture	15	(6,700)	(39,500)	(6,700)	(39,500)
Placement of deposits with licensed bank		(3,066)	-	-	-
Dividends received		3,500	3,032	214,412	234,441
Interest received		7,788	8,084	11,346	9,922
Net cash (used in)/generated from investing activities		(70,110)	(88,551)	243,055	204,863

STATEMENTS OF CASH FLOWS

For the financial year ended 30 September 2015 (cont'd.)

	Note	Group 2015 RM'000	2014 RM'000 (restated)	Company 2015 RM'000	2014 RM'000 (restated)
Cash flows from financing activities					
Interest paid		(16,260)	(8,188)	-	-
Proceeds from exercise of ESOS		8,890	18,125	8,890	18,125
Purchase of shares by SGP Trust	23	(11,933)	-	(11,933)	-
Repayment of borrowings	25	(50,000)	(40,000)	-	-
Payment of dividends	10	(201,379)	(226,657)	(201,379)	(226,657)
Net cash used in financing activities		(270,682)	(256,720)	(204,422)	(208,532)
Net increase/(decrease) in cash and cash equivalents		(3,041)	10,734	24,960	(38,237)
Effects of foreign exchange rate changes		46,797	(6,058)	-	-
Cash and cash equivalents at beginning of financial year		365,387	360,711	15,302	53,539
Cash and cash equivalents at end of financial year	20	409,143	365,387	40,262	15,302

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

1. CORPORATE INFORMATION

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 immediate holding company is Fraser and Neave, Limited, which is incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The ultimate holding company is TCC Assets Limited, which is incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding and its subsidiaries are primarily engaged in the manufacture and sale of soft drinks, dairy products and property development activities and the provision of management services. There have been no significant changes in the nature of these principal activities during the financial year. Information on the Group's structure is provided in Notes 15, 16 and 36. Information on other related party relationships of the Group is provided in Note 30.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 3 November 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company for the financial year ended 30 September 2015 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies and effects arising from adoption of new/revised and amendments to MFRSs

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following new and amended MFRSs and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 October 2014.

- Preface to MASB Approved Accounting Standards
- Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*
- Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*
- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle
- IC Interpretation 21 *Levies*

The adoption of the above standards and interpretations did not have any significant effect on the financial performance, position or presentation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.3 MFRSs and Amendments to MFRSs issued but not yet effective**

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for annual financial periods beginning on or after 1 January 2016

- MFRS 14 *Regulatory Deferral Accounts* *
- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception* *
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* *
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants* *
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Annual Improvements to MFRSs 2012-2014 Cycle

Effective for annual financial periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*
- MFRS 15 *Revenue from Contracts with Customers*

* not applicable

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 *Financial Instruments*

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9 *Mandatory Effective Date of MFRS 9 and Transition Disclosures*, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 may result in change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except when there are indications of impairment, unrealised losses are not eliminated.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.5 Business combinations and goodwill**

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.10(a).

2.6 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Investment in associate and joint venture

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Investment in associate and joint venture (cont'd.)

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associate are prepared as of a different reporting date from that of the Group. The share of results of an associate refers to Cocoaland Holdings Berhad and is derived from the sum total of its unaudited quarterly results recognised by the Group for the four quarters ended 30 June 2015. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 *Financial Instruments: Recognition and Measurement* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.8 Fair value measurements**

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 32.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence to transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Intangible assets (cont'd.)

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) 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.

Brands are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such brands are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of a brand are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the brand is derecognised.

(c) 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 costs are amortised on a straight line basis over their expected useful lives at rates between 12.5% to 33.3%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises its purchase price and any directly attributable costs in bringing the property, plant and equipment to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of fixed assets if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not yet available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

	Lease term (ranging from 18 to 99 years)
Leasehold land	
Buildings	2% to 6.67%
Plant and machinery	6.7% to 33.33%
Motor vehicles	10% to 20%
Postmix, coolers and vending machines	10% to 20%
Furniture, fittings and computer equipment	10% to 50%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.12 Properties held for development

Properties held for development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Properties held for development are classified within non-current assets and are stated at cost less any accumulated impairment losses.

Properties held for development are reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.13 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Cost of raw materials and packaging materials comprise cost of purchase and are stated on a weighted average cost or standard cost basis (which approximates average actual cost).
- Cost of finished goods includes raw materials, labour and an appropriate proportion of production overheads.
- Engineering inventories comprise cost of purchase and are stated on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Leases**(a) As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

A lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item is classified as an operating lease. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Leases (cont'd.)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.16 Taxes

(a) Current tax

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

Current taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.16 Income taxes (cont'd.)****(b) Deferred tax (cont'd.)**

The carrying amount of deferred tax assets is reviewed at each reporting 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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the profit or loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Sales tax and Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of sales tax and GST except:

- where the sales tax and GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the sales tax and GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax and GST included.

The net amount of sales tax and GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

2.17 Employee benefits**(a) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Employee benefits (cont'd.)

(b) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme.

A Thailand company in the Group and its employees have jointly established a provident fund. The employees and the Thailand company contribute to the fund on a monthly basis. The fund's assets are held in a separate trust fund.

Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plan

Certain subsidiaries of the Group operate unfunded defined benefit plan for its employees. The plan pays a lump sum amount (instead of a pension) at retirement. The schemes do not hold any physical assets but instead the Group makes provision to cover the estimated retirement benefits liabilities.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Employee benefits (cont'd.)

(d) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(e) Share-based compensation plans

Eligible employees of the Group receive remuneration in the form of share options and share awards as consideration for services rendered.

(i) Equity-settled transactions

The fair value of the employee services received in exchange for the grant of the options or share awards is recognised as an expense in the profit or loss with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options or share awards on the date of grant. Non-market vesting conditions are included in assumptions about the number of options or share awards that are expected to become exercisable or vest on the vesting date. The impact of the revision of original estimates, if any, is recognised in the profit or loss, with a corresponding adjustment to equity over the remaining vesting period.

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

When the share awards are vested and new ordinary shares issued, the corresponding share-based payment reserve are credited to share capital.

The fair value of options or share awards granted to employees of subsidiaries are recharged by the Company to the subsidiaries.

(ii) Cash-settled transactions

The cost of a cash-settled share-based payment transaction is measured initially at fair value at the grant date. This fair value is recognised in profit or loss over the vesting period with recognition of a corresponding liability. Until the liability is settled, it is remeasured at each reporting date with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Revenue and income 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold.

Revenue from sale of goods represents the invoiced value of net sales (including excise duties, net of sales tax/GST, trade discounts, incentives and vendor allowances).

(b) Sale of properties

Revenue from sale of completed properties and sale of properties under development are recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in the properties, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.19 Foreign currency****(a) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in the profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually as at 30 September and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 September at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.21 Financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Financial assets (cont'd.)

(a) Financial assets at fair value through profit or loss

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

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

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(b) Loans and receivables

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

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

(c) Held-to-maturity investments

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Financial assets (cont'd.)

(d) Available-for-sale financial assets

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

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.22 Impairment of financial assets**

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

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

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

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

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

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

(b) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Financial liabilities

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

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

(a) Financial liabilities at fair value through profit or loss

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

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

(b) Other financial liabilities

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

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

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.24 Financial guarantee contracts**

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in the profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

2.25 Interest-bearing borrowings and borrowing costs

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

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.26 Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand, short-term deposits and short-term highly liquid investments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks and short term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared or when they are approved by shareholders in the annual general meeting.

2.29 Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented in the reserve for own shares.

When treasury shares are distributed as share dividends, the cost of treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

2.30 Trust for SGP

The Company has established a trust for its SGP and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's share from the open market for the purposes of this trust.

The shares purchased are measured and carried at the cost of purchase on initial recognition and subsequently. The SGP Trust is consolidated into Group's consolidated financial statements as a deduction from equity and classified as "shares held by SGP Trust".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.31 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classified all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.32 Segment reporting

For management purposes, the Group's operating businesses are organised according to products and services, namely soft drinks, dairies Malaysia, dairies Thailand, property and others which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

3. 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.

3.1 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.

3.2 Key sources of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

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

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. Terminal value of approximately RM127,000,000 (2014: RM172,000,000), calculated based on the long term sustainable growth rate for the industry at 1% (2014: 1%), which has been used to determine income for the future years.

(b) 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 2 to 50 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. A 10% difference in the average useful life of these assets from management's estimate would result in approximately 5% (2014: 5%) variance in profit for the year.

(c) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair value at the reporting date for investment properties. For certain investment property, an investment approach was used as there is a lack of comparable market data because of the nature of the properties. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 12.

(d) Impairment of goodwill and brand

Goodwill and brands are tested for impairment 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 amounts of the goodwill and brand at financial reporting date are disclosed in Note 17.

(e) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loans and receivables at the reporting date are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)**3.2 Key sources of estimation uncertainty (cont'd.)****(f) Income taxes**

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement 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 periods in which such determination is made. The carrying amounts of tax recoverable, tax payable and deferred tax at reporting date are disclosed in the statement of financial position.

(g) Provision for retirement benefits

The provision for retirement benefits are determined and assessed based on actuarial valuations using the Projected Unit Credit Method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are disclosed in Note 26.

(h) Provision for potential claims

The Group determines whether a present obligation from potential claims that may exist at the reporting date by taking into account all available evidences. Management and external legal counsel have studied the potential claims and believe that adequate provision has been made to cover any material exposure arising from the potential claims as disclosed in Note 38.

(i) Share-based payments

Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for ESOS and a Monte-Carlo valuation model for SGP. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 24.

(j) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 32 for further disclosures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

4. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sale of goods	4,058,218	3,817,996	-	-
Dividend income				
- from subsidiaries	-	-	210,912	231,409
- from associate	-	-	13,998	3,032
Others	2,021	806	-	-
	4,060,239	3,818,802	224,910	234,441

5. OTHER INCOME AND OTHER EXPENSES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(a) Other income				
Fair value gain on derivatives	5,713	1,304	-	-
Reversal of impairment on investment in a subsidiary (Note 14)	-	-	252	-
Unrealised foreign exchange gain	-	-	36,257	-
Others	7,139	5,310	77	90
	12,852	6,614	36,586	90
(b) Other expenses				
Fair value loss on derivatives	1,305	205	-	-
Change in fair value of investment properties (Note 12)	6,321	-	-	-
Property, plant and equipment written off (Note 11)	1,685	1,526	-	-
Provision for potential claims (Note 28(b))	-	4,040	-	4,040
Unrealised foreign exchange loss	2,271	590	2,176	4,771
Others	3,623	1,056	-	41
	15,205	7,417	2,176	8,852

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

6. INTEREST EXPENSE AND INTEREST INCOME

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
		(restated)		
Interest expense:				
Commercial Papers ("CP") and Medium Term Notes ("MTN")	15,922	15,074	-	-
Security deposits by customers	319	264	-	-
	16,241	15,338	-	-
Interest income:				
Bank deposits	8,027	7,524	819	1,366
Subsidiaries	-	-	4,935	4,445
Joint venture	5,362	4,111	5,592	4,111
	13,389	11,635	11,346	9,922

7. PROFIT BEFORE TAX

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(a) This is arrived at after charging/(crediting):				
Auditors' remuneration				
- Statutory audits	738	648	80	56
- Other services	584	203	223	193
Depreciation of property, plant and equipment (Note 11)	86,698	81,844	-	-
Impairment loss on property, plant and equipment (Note 11)	1,991	2,118	-	-
Property, plant and equipment written off (Note 11)	1,685	1,526	-	-
Loss on disposal of property, plant and equipment	602	202	-	-
Amortisation of intangible assets (Note 17)	6,410	5,924	-	-
Inventories written down	6,624	871	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

7. PROFIT BEFORE TAX (CONT'D.)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(a) This is arrived at after charging/(crediting): (cont'd.)				
Inventories written off	12,813	10,398	-	-
Retirement benefits expense (Note 26)	4,039	5,129	-	-
Allowance for impairment on trade receivables (Note 19)	1,493	5,240	-	-
Provision for potential claims (Note 28(b))	-	4,040	-	4,040
Rental expense:				
- Premises	17,413	14,210	-	-
- Equipment	7,585	6,483	-	-
Royalties:				
- Holding company	3,912	1,662	-	-
- Related companies	50,892	50,977	-	-
- Third parties	73,251	67,088	-	-
Staff costs (excluding compensation of key management personnel (Note 30(b)))				
- Salary, allowances and bonus	211,874	190,459	-	-
- Contributions to defined contribution plan	23,622	23,653	-	-
- Share-based payment expense	9,754	283	-	-
Non-Executive Directors' remuneration (Note 7(b))	1,292	916	1,292	916
Net realised foreign exchange loss/(gain)	(2,444)	(797)	1,392	682
Bad debts recovered	(526)	(4,811)	-	-
Reversal of impairment loss on property, plant and equipment (Note 11)	(2,185)	(1,905)	-	-
Reversal of allowance for impairment on trade receivables (Note 19)	(465)	(584)	-	-
Reversal of inventories written down (Note 18)	(907)	(2,634)	-	-
Rental income:				
- Premises	(1,872)	(842)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

7. PROFIT BEFORE TAX (CONT'D.)

(b) Directors' remuneration

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors				
- Fees	1,292	916	1,292	916

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

Remuneration (RM)	Non-Executive Directors	
	2015	2014
0 - 50,000	-	3
50,001 - 100,000	2	6
100,001 - 150,000	8	2
150,001 - 200,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

8. INCOME TAX EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	41,458	39,629	1,037	902
- Foreign tax	1,098	2,163	-	-
- (Over)/underprovision in prior years				
- Malaysian income tax	-	(1,240)	-	-
- Foreign tax	(82)	51	-	-
	42,474	40,603	1,037	902
Deferred tax (Note 27):				
- Origination of temporary differences	12,349	18,457	-	-
- Overprovision in prior years	(1,658)	(2,999)	-	-
- Effect of reduction in tax rate	592	-	-	-
	11,283	15,458	-	-
	53,757	56,061	1,037	902
Deferred tax related to items recognised in other comprehensive income (Note 27):				
Net gain on actuarial gains and losses	195	1,016	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

8. INCOME TAX EXPENSE (CONT'D.)

Reconciliations of income tax expense applicable to profit before tax 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	333,829	315,469	265,559	232,379
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	83,457	78,867	66,390	58,095
Different tax rates in other countries	(6,727)	(4,804)	-	-
Effect of changes in income tax rate on deferred tax	588	-	-	-
Income not subject to tax (tax incentives/exemption)	(30,787)	(18,968)	(66,035)	(59,722)
Expenses not deductible for tax purposes	10,625	5,956	682	2,529
Deferred tax recognised at different tax rates	(694)	-	-	-
Utilisation of previously unrecognised tax losses, capital allowances and reinvestment allowances	(1,727)	(1,369)	-	-
Deferred tax assets not recognised	1,142	-	-	-
Overprovision in prior years				
- Income tax	(82)	(1,189)	-	-
- Deferred tax	(1,658)	(2,999)	-	-
Share of results of a joint venture	841	226	-	-
Share of results of an associate	(2,014)	(1,469)	-	-
Others	793	1,810	-	-
Total income tax expense	53,757	56,061	1,037	902
Effective income tax rate	16%	18%	0%	0%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. Tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The computation of deferred tax as at 30 September 2015 has reflected these changes.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

8. INCOME TAX EXPENSE (CONT'D.)

Tax savings during the financial year arising from:

	Group	
	2015	2014
	RM'000	RM'000
Utilisation of previously unrecognised tax losses	225	151
Utilisation of previously unabsorbed capital allowances	977	865
Utilisation of previously unabsorbed investment tax allowances	525	353
	1,727	1,369

Details of deferred tax asset not recognised are stated in Note 27 to the financial statements.

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	2014
	RM'000	RM'000
Profit net of tax, attributable to equity holders of the Company	280,074	259,429
	No. of shares	
	2015	2014
	'000	'000
Weighted average number of ordinary shares net of treasury shares	366,164	365,429
Basic earnings per share (sen)	76.5	71.0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

9. EARNINGS PER SHARE (CONT'D.)**(b) Diluted earnings per share**

Diluted earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the dilutive effects of potential ordinary shares, i.e. share options granted pursuant to the ESOS and RSP vested pursuant to the SGP.

	Group	
	2015	2014
	RM'000	RM'000
Profit net of tax, attributable to equity holders of the Company	280,074	259,429

There were no changes to the Group's profit, net of tax, arising from the dilutive effect of the share options granted pursuant to the ESOS and RSP vested pursuant to the SGP.

	No. of shares	
	2015	2014
	'000	'000
Weighted average number of ordinary shares net of treasury shares	366,164	365,429
Adjustment for share options granted pursuant to the ESOS and RSP vested pursuant to the SGP	187	335
Adjusted weighted average number of ordinary shares net of treasury shares	366,351	365,764
Diluted earnings per share (sen)	76.4	70.9

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements except for those transactions disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

10. DIVIDENDS

	Group and Company	
	2015	2014
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2014: 33 sen (2013: 30 sen) per share	120,801	109,649
- Special interim single tier dividend for 2013: 10 sen per share	-	36,550
- Interim single tier dividend for 2015: 22 sen (2014: 22 sen) per share	80,578	80,458
	201,379	226,657

At the forthcoming Annual General Meeting, the Directors are recommending for shareholders' approval, a final single tier dividend of 35.5 sen per share in respect of the current financial year ended 30 September 2015 (excluding treasury shares). The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2016.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Buildings	Plant and machinery	Work-in- progress	Others*	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 October 2013	93,726	53,471	486,157	730,648	6,236	315,871	1,686,109
Additions	-	-	897	1,692	22,911	35,301	60,801
Transfer to intangible assets (Note 17)	-	-	-	-	(4,732)	-	(4,732)
Disposals	-	-	(165)	(2,821)	-	(14,417)	(17,403)
Written off	-	-	-	(312)	-	(10,203)	(10,515)
Reclassification	-	-	-	9,400	(7,999)	(1,401)	-
Exchange differences	(530)	-	(4,160)	(5,512)	-	(657)	(10,859)
At 30 September 2014 and 1 October 2014	93,196	53,471	482,729	733,095	16,416	324,494	1,703,401
Additions	-	-	459	1,060	40,822	29,939	72,280
Transfer to intangible assets (Note 17)	-	-	-	-	(1,870)	-	(1,870)
Disposals	-	-	-	(3,346)	-	(19,642)	(22,988)
Written off	-	-	-	(2,098)	-	(10,571)	(12,669)
Reclassification	-	-	946	20,317	(22,092)	829	-
Exchange differences	3,810	-	29,915	41,980	1,157	4,684	81,546
At 30 September 2015	97,006	53,471	514,049	791,008	34,433	329,733	1,819,700

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

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

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Work-in- progress RM'000	Others* RM'000	Total RM'000
Accumulated depreciation and impairment loss							
At 1 October 2013	(2,216)	(9,926)	(58,985)	(359,498)	-	(189,711)	(620,336)
Depreciation for the year (Note 7(a))	-	(801)	(9,571)	(41,359)	-	(30,113)	(81,844)
Disposals	-	-	24	2,812	-	13,578	16,414
Written off	-	-	-	276	-	8,713	8,989
Impairment loss recognised in profit or loss (Note 7(a))	-	-	-	(544)	-	(1,574)	(2,118)
Impairment loss reversed in profit or loss (Note 7(a))	-	-	-	174	-	1,731	1,905
Exchange differences	-	-	392	1,832	-	284	2,508
At 30 September 2014 and 1 October 2014	(2,216)	(10,727)	(68,140)	(396,307)	-	(197,092)	(674,482)
Depreciation for the year (Note 7(a))	-	(800)	(11,554)	(42,656)	-	(31,688)	(86,698)
Disposals	-	-	-	3,346	-	18,134	21,480
Written off	-	-	-	2,098	-	8,886	10,984
Impairment loss recognised in profit or loss (Note 7(a))	-	-	-	(735)	-	(1,256)	(1,991)
Impairment loss reversed in profit or loss (Note 7(a))	-	-	-	634	-	1,551	2,185
Exchange differences	-	-	(4,023)	(19,703)	-	(2,631)	(26,357)
At 30 September 2015	(2,216)	(11,527)	(83,717)	(453,323)	-	(204,096)	(754,879)
Net carrying amount:							
At 30 September 2014	90,980	42,744	414,589	336,788	16,416	127,402	1,028,919
At 30 September 2015	94,790	41,944	430,332	337,685	34,433	125,637	1,064,821

* Comprises motor vehicles, postmix, coolers, vending machines, furniture, fittings and computer equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

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

Impairment/reversal of impairment loss of property, plant and equipment

The Group carries out an annual review of the recoverable amount of its property, plant and equipment. An impairment loss of RM1,991,000 (2014: RM2,118,000), representing the write-down of these property, plant and equipment to its recoverable amount of RM nil (2014: RM nil) was recognised in "operating expenses" line item of the income statement for the financial year ended 30 September 2015. The reversal of the impairment loss of the property, plant and equipment of RM2,185,000 (2014: RM1,905,000) was made during the financial year as those property, plant and equipment were repaired and refurbished. The carrying amounts of the assets are increased to its recoverable amount of RM2,185,000 (2014: RM1,905,000).

12. INVESTMENT PROPERTIES

	Group 2015 RM'000	2014 RM'000
At fair value		
At 1 October 2014/2013	57,084	57,084
Change in fair value recognised in profit or loss (Note 5 (b))	(6,321)	-
At 30 September	50,763	57,084
<u>Other information</u>		
Rental income derived from investment properties	2,168	453
Direct operating expenses (including repairs and maintenance) generating rental income	(1,153)	(834)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(557)	(522)
Net profit/(loss) arising from investment properties carried at fair value	458	(903)

The Group's investment properties comprise two commercial properties and a car park located at Kuala Lumpur. Management determined that the investment properties consist of these two classes of assets based on the nature, characteristics and risks of each property.

As at 30 September 2015 and 2014, the fair values of the properties are based on valuations performed by an accredited independent valuer, Henry Butcher Malaysia Sdn Bhd.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

12. INVESTMENT PROPERTIES (CONT'D.)

Description of valuation techniques used and key inputs:

Properties	Valuation technique	Significant unobservable inputs	Range and rate	
			2015	2014
Commercial properties	Investment approach	Estimated rental value per square feet per month (RM)		
		- 1 st to 5 th year	3.95 - 5.50	3.95 - 5.50
		- 6 th year onwards	3.95 - 5.50	4.95 - 7.00
		Capitalisation rate		
		- 1 st to 5 th year	7%	7%
		- 6 th year onwards	7.25%	7.25%
		Void factor		
		- 1 st to 5 th year	10%	10%
		- 6 th year onwards	5%	5%
		Capital expenditure reserve	3%	3%
		Discount factor	7.25%	7.25%
Car park	Direct comparison approach	Value per car park per bay	RM30,000	RM30,000

Generally, increases in estimated rental value and capitalisation rate would result in a higher fair value.

13. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2015 RM'000	2014 RM'000
At cost		
At 1 October 2014/2013	54,654	54,518
Cost incurred during the year	637	136
At 30 September	55,291	54,654
Properties held for development comprise:		
- Freehold land	49,783	49,783
- Development costs	5,508	4,871
	55,291	54,654

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
At cost		
Unquoted shares:		
- Ordinary shares ^{(a) & (b)}	372,776	396,776
- Redeemable non-cumulative convertible preference shares ("RNCCPS")	565,404	565,404
	938,180	962,180
Less: Impairment loss	(6,918)	(7,170)
	931,262	955,010

The details of the subsidiaries are set out in Note 36.

During the year, the following events took place:

- (a) On 23 September 2015, the Group had incorporated F&N Marketing (B) Sdn Bhd ("FNMB") in Brunei Darussalam under the Companies Act, Chapter 39 for a total cash consideration of Brunei Dollar ("BND") 2 comprising 2 ordinary shares of BND1 each. FNMB had not commenced operations since its incorporation.
- (b) A wholly owned subsidiary of the Company, Premier Milk (Malaya) Sdn Bhd has reduced its issued and paid up capital of RM24,000,000 to RM2 by cancelling 23,999,998 ordinary shares of RM1 each, and that the credit of RM23,999,998 arising therefrom was distributed to the Company as capital repayment.

The Company subscribed for the entire RNCCPS in the following subsidiaries:

Subsidiaries	Issue price RM	Number of shares	2015 RM'000	2014 RM'000
Lion Share Management Limited	3,505	21,000	73,604	73,604
Utas Mutiara Sdn Bhd	1,000	18,400	18,400	18,400
Greenclipper Corporation Sdn Bhd	1,000	7,000	7,000	7,000
F&N Properties Sdn Bhd	1,000	57,000	57,000	57,000
Nuvak Company Sdn Bhd	1,000	27,400	27,400	27,400
F&N Dairies Manufacturing Sdn Bhd	1,000	382,000	382,000	382,000
		512,800	565,404	565,404

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

15. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At cost				
Unquoted shares	500	500	500	500
Share of post-acquisition reserves	(5,144)	(1,782)	-	-
	(4,644)	(1,282)	500	500
Shareholder's loan	124,820	118,120	124,820	118,120
Interest on shareholder's loan	15,312	9,950	15,312	9,720
	135,488	126,788	140,632	128,340
Less: Unrealised profit	(55,292)	(55,292)	-	-
	80,196	71,496	140,632	128,340

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

Name of joint venture	Principal activities	Proportion of ownership interest	
		2015 %	2014 %
Vacaron Company Sdn Bhd (Financial year end: 30 September)	Property development	50.00	50.00

The summarised financial information of the joint venture is as follows:

	Group	
	2015	2014
	RM'000	RM'000
Assets and liabilities:		
Current assets	270,400	252,491
Non-current assets	3,195	1,097
Current liabilities	(282,902)	(256,171)
	(9,307)	(2,583)
Income and expenses:		
Revenue	-	-
Loss for the year	(6,724)	(1,806)
Group's share of:		
- Net liabilities	(4,654)	(1,292)
- Loss for the year	(3,362)	(903)

The joint venture had no other contingent liabilities or capital commitments as at 30 September 2015 and 2014. Vacaron Company Sdn Bhd ("VCSB") cannot distribute its profits without the consent from the two venture partners.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

15. INVESTMENT IN A JOINT VENTURE (CONT'D.)

Shareholder's loan

On 11 November 2011, the Company had entered into a conditional subscription cum shareholders' agreement ("SSA") with FCL Centrepont Pte Ltd ("FCLC") to form a joint venture, via its wholly owned subsidiary, VCSB for the purpose of carrying out a proposed mixed development on the land held under PN 3679 for Lot No. 35 and PN 3681 for Lot No. 37, Seksyen 13, Bandar Petaling Jaya ("PJ"), Daerah Petaling, Selangor ("Land").

The Company and FCLC have both granted shareholder's loans to VCSB in the financial year pursuant to the SSA. The loans are unsecured and bears interest at KLIBOR + 1.25% (2014: KLIBOR + 1.25%) per annum. The shareholder's loan is denominated in RM.

Unrealised profit

On 18 January 2012, VCSB issued new 499,998 and 500,000 VCSB shares to the Company and FCLC respectively. Consequent thereupon, the Company and FCLC each holds 50% equity interest in VCSB. With the announcement of the completion of the transaction in the financial year ended 30 September 2012, the Company had effectively divested 50% of its interest in the development land in PJ Section 13 and recognised a gain of approximately RM55,292,000. The remaining 50% unrealised profit RM55,292,000 will be realised upon the disposal of the land by the joint venture or the date on which the Group ceases to have joint control over the joint venture.

16. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At cost				
Quoted shares	68,727	68,727	68,727	68,727
Share of post-acquisition reserves	26,584	18,529	-	-
Dividend received	(22,901)	(8,903)	-	-
	72,410	78,353	68,727	68,727
Fair value of investment in an associate for which there is published price quotation	114,314	78,386	114,314	78,386

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

16. INVESTMENT IN AN ASSOCIATE (CONT'D.)

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

Name of associate	Principal activities	Proportion of ownership interest	
		2015 %	2014 %
Cocoaland Holdings Berhad (Financial year end: 31 December)	Investment holding company, manufacturing, trading, marketing of processed and preserved foods and fruits of all kinds	27.19	27.19

The share of results of an associate is derived from the sum total of its unaudited quarterly results recognised by the Group for the four quarters ended 30 June 2015. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The summarised financial information of the associate is as follows:

	Group	
	2015 RM'000	2014 RM'000
Assets and liabilities:		
Current assets	144,301	114,634
Non-current assets	134,920	142,782
Current liabilities	(40,617)	(38,692)
Non-current liabilities	(8,900)	(5,881)
	229,704	212,843
Proportion of Group's ownership:		
Net assets	54,252	60,195
Goodwill on acquisition	18,158	18,158
Carrying amount of investment	72,410	78,353
Income and expenses:		
Revenue	265,842	251,218
Profit for the year	29,626	21,602
Group's share of profit for the year	8,055	5,874
Capital commitments (Note 29):		
Share of associate's capital commitments incurred jointly with other investors:		
- Amounts approved and contracted for purchase of property, plant and equipment	164	189

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

16. INVESTMENT IN AN ASSOCIATE (CONT'D.)

	Group 2015 RM'000	2014 RM'000
Contingencies (Note 29):		
Share of associate's contingent liabilities incurred jointly with other investors:		
- Bank guarantees issued to third party	818	462

17. INTANGIBLE ASSETS

	Goodwill RM'000	Brand RM'000	Computer software RM'000	Total RM'000
Group				
Cost:				
At 30 September 2013 and 1 October 2013	45,929	75,370	39,496	160,795
Additions	-	-	153	153
Transfer from property, plant and equipment (Note 11)	-	-	4,732	4,732
Written off	-	-	(160)	(160)
At 30 September 2014	45,929	75,370	44,221	165,520
Additions	-	-	258	258
Transfer from property, plant and equipment (Note 11)	-	-	1,870	1,870
Written off	-	-	(314)	(314)
At 30 September 2015	45,929	75,370	46,035	167,334
Accumulated depreciation and impairment loss:				
At 30 September 2013 and 1 October 2013	(5,392)	-	(18,927)	(24,319)
Amortisation for the year (Note 7(a))	-	-	(5,924)	(5,924)
Written off	-	-	160	160
At 30 September 2014	(5,392)	-	(24,691)	(30,083)
Amortisation for the year (Note 7(a))	-	-	(6,410)	(6,410)
Written off	-	-	314	314
At 30 September 2015	(5,392)	-	(30,787)	(36,179)
Net carrying amount:				
At 30 September 2014	40,537	75,370	19,530	135,437
At 30 September 2015	40,537	75,370	15,248	131,155

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

17. INTANGIBLE ASSETS (CONT'D.)**(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 2015				
Dairy products	999	75,370	3,032	79,401
Soft drinks	39,538	-	3,464	43,002
Property/Others	-	-	8,752	8,752
	40,537	75,370	15,248	131,155
At 30 September 2014				
Dairy products	999	75,370	4,585	80,954
Soft drinks	39,538	-	4,603	44,141
Property/Others	-	-	10,342	10,342
	40,537	75,370	19,530	135,437

(b) Key assumptions used in value in use calculations**(i) Goodwill**

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

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 3 years period.

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.

The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the cash-generating units.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

17. INTANGIBLE ASSETS (CONT'D.)

(b) Key assumptions used in value in use calculations (cont'd.)

(i) Goodwill (cont'd.)

Cash flows beyond these periods are extrapolated using the estimated growth rate stated in the table below.

Significant assumptions

	Growth rate	Pre-tax discount rate
At 30 September 2015		
Dairy products	6.6%	10.2%
Soft drinks	11.6%	10.2%
At 30 September 2014		
Dairy products	5.5%	9.8%
Soft drinks	11.4%	9.8%

(ii) Brand

The recoverable amount of brand have been determined based on 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 3 years business plan; and
- 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.

Significant assumptions

	Terminal growth rate	Pre-tax discount rate
At 30 September 2015	1.0%	10.2%
At 30 September 2014	1.0%	9.8%

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

17. INTANGIBLE ASSETS (CONT'D.)**(c) Sensitivity to changes in assumptions**

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

18. INVENTORIES

	Group	
	2015	2014
	RM'000	RM'000
Manufactured inventories	196,997	204,113
Raw materials	305,165	145,727
Packaging materials	26,412	24,952
Engineering and other inventories	14,201	15,921
Total inventories at the lower of cost and net realisable value	542,775	390,713

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM2,491,720,000 (2014: RM2,422,461,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

19. RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(a) Current				
Trade receivables	425,764	408,574	-	-
Allowance for impairment	(1,515)	(5,379)	-	-
	424,249	403,195	-	-
Other receivables				
- Prepayments	3,665	2,575	-	-
- Deposits	13,361	3,683	-	-
- Staff loans	8,645	7,941	-	-
- Sales tax refund receivable	6,265	-	-	-
- Foreign currency forward contracts (Note 31(a))	5,713	1,322	-	-
- Marketing subsidies receivable	5,937	5,583	-	-
- Sundry debtors	9,353	11,702	-	-
- Others	20,214	13,446	91	5,246
	73,153	46,252	91	5,246
Amounts due from related parties (Note 30(c))				
- Subsidiaries ⁽ⁱ⁾	-	-	24,718	11,659
- Related companies ⁽ⁱⁱ⁾	40,187	32,602	-	278
- Joint venture ⁽ⁱⁱⁱ⁾	74	-	-	-
- Associate ⁽ⁱⁱⁱ⁾	10,502	7	10,502	7
- Other related party ⁽ⁱⁱⁱ⁾	13,877	10,536	-	-
	64,640	43,145	35,220	11,944
	562,042	492,592	35,311	17,190
(b) Non-current				
Amount due from a subsidiary (Note 30(c)) ^(iv) :				
Principal	-	-	173,411	141,878
Accreted interest	-	-	27,429	17,842
As at 30 September	-	-	200,840	159,720
Total receivables	562,042	492,592	236,151	176,910

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

19. RECEIVABLES (CONT'D.)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
The currency profile is as follows:				
- Ringgit Malaysia	358,529	336,083	35,311	17,190
- US Dollar	33,555	26,275	-	-
- Singapore Dollar	4,184	5,502	-	-
- Thai Baht	163,867	121,541	200,840	159,720
- Others	1,907	3,191	-	-
	562,042	492,592	236,151	176,910

- (i) These amounts due from subsidiaries are unsecured, receivable on demand and interest free.
- (ii) The amounts due from related companies, a joint venture and an associate are unsecured, non-interest bearing and are receivable on demand. Related companies are subsidiaries and associates of TCC Assets Limited, Thai Beverage Public Company Limited and Berli Jucker Public Company Limited, excluding entities within the Group.
- (iii) The amount due from other related party is unsecured, non-interest bearing and is receivable on demand. Related party is subsidiaries and associates of Permodalan Nasional Berhad ("PNB"). PNB is a substantial shareholder of the Company.
- (iv) The long term amount due from a subsidiary is on a zero coupon bond arrangement. The tenure of the bond is 7 years commencing 1 October 2009 and is repayable by way of a bullet repayment at the end of the tenure of the bond. The redemption value is RM206,613,000 (2014: RM169,043,000; Thai Baht 1,671,628,000) and the effective interest rate of the bond is 2.88% (2014: 2.88%) per annum.
- (v) The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables except for the debts due from related companies and its joint ventures. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

19. RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	367,794	342,511
Ageing of trade receivables that are past due but not impaired:		
1 to 30 days	50,183	56,619
31 to 60 days	5,340	3,300
61 to 90 days	762	287
91 to 120 days	59	191
More than 120 days	111	287
	56,455	60,684
Impaired	1,515	5,379
	425,764	408,574

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM56,455,000 (2014: RM60,684,000) that are past due at the reporting date but not impaired. Certain receivables that are past due but not impaired are secured by bank guarantees and properties. The management is confident that these receivables are recoverable as these accounts are still active.

Receivables that are impaired

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

	Group	
	2015 RM'000	2014 RM'000
At 1 October 2014/2013	5,379	862
Charge for the year (Note 7(a))	1,493	5,240
Written off	(4,898)	(139)
Reversal of impairment loss (Note 7(a))	(465)	(584)
Exchange differences	6	-
At 30 September	1,515	5,379

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

20. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances:				
Local licensed banks	145,106	126,578	2,262	1,302
Foreign licensed banks	107,707	70,653	-	-
	252,813	197,231	2,262	1,302
Short term deposits:				
Local licensed banks	99,474	109,056	38,000	14,000
Foreign licensed banks	59,922	59,100	-	-
	159,396	168,156	38,000	14,000
Cash and short term deposits	412,209	365,387	40,262	15,302
The currency profile is as follows:				
- Ringgit Malaysia	244,580	235,634	40,262	15,302
- US Dollar	17,376	14,810	-	-
- Singapore Dollar	10,552	4,653	-	-
- Thai Baht	135,254	104,667	-	-
- Others	4,447	5,623	-	-
	412,209	365,387	40,262	15,302

The weighted average effective interest rates and the average maturities of deposits as at 30 September 2015 were as follows:

	Weighted average interest rates		Average maturities	
	2015	2014	2015	2014
	%	%	Days	Days
Group				
Local licensed banks	2.8	2.9	10	4
Foreign licensed banks	1.3	1.7	13	20
Company				
Local licensed banks	3.2	3.0	1	1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

20. CASH AND SHORT TERM DEPOSITS (CONT'D.)

For the purpose of statement of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	252,813	197,231	2,262	1,302
Short term deposits	159,396	168,156	38,000	14,000
	412,209	365,387	40,262	15,302
Deposits with licensed banks with maturity of over 3 months	(3,066)	-	-	-
Cash and cash equivalents	409,143	365,387	40,262	15,302

21. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM1.00 each	500,000	500,000	500,000	500,000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At 1 October 2014/2013	366,028	366,028	364,658	364,658
Shares exercised under ESOS	619	619	1,293	1,293
Shares vested under SGP	-	-	77	77
At 30 September	366,647	366,647	366,028	366,028

As at 30 September 2015, the issued and paid up capital comprises 366,646,801 (2014: 366,027,501) ordinary shares of RM1.00 each, of which 237,100 (2014: 237,100) ordinary shares are held as treasury shares.

During the financial year, the Company has issued 619,300 new ordinary shares of RM1.00 each pursuant to the exercise of share options under the ESOS as follows:

- (i) 25,300 ordinary shares pursuant to the ESOS at an issue price of RM10.47 per share for cash; and
- (ii) 594,000 ordinary shares pursuant to the ESOS at an issue price of RM14.52 per share for cash.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

21. SHARE CAPITAL (CONT'D.)

Subsequent to the end of the financial year and up to the date of this report, 131,700 ESOS (131,700 ordinary shares were issued at the issue price of RM14.52 per share) were exercised which resulted in 131,700 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. Consequently, the issued and paid-up share capital of the Company increased by RM131,700 to RM366,778,501 comprising 366,778,501 ordinary shares of RM1.00 each. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. The share premium of RM1,781,000 arising from the issuance of the ESOS has been included in the share premium account.

22. TREASURY SHARES**Movement of shares repurchased**

	Group and Company			
	2015		2014	
	Number of shares '000	RM'000	Number of shares '000	RM'000
At 1 October 2014/2013				
30 September	237	1,716	237	1,716

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. There were no shares repurchased during the financial year and in the previous financial year.

23. SHARES HELD BY SGP TRUST**Movement of shares purchased**

	Group and Company			
	2015		2014	
	Number of shares '000	RM'000	Number of shares '000	RM'000
At 1 October 2014/2013	-	-	-	-
Purchase	673	11,933	-	-
Reissued pursuant to SGP	(242)	(4,200)	-	-
At 30 September	431	7,733	-	-

The Company established a trust ("SGP Trust") for its eligible executives pursuant to the SGP.

The SGP Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purposes of this trust. The shares purchased for the benefit of SGP holders are recorded as "Shares held by SGP Trust" in the Group's and the Company's financial position as a deduction in arriving at the shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

23. SHARES HELD BY SGP TRUST (CONT'D.)

Details of the shares acquired during the financial year are as follows:

	Lowest	Share price (RM) Highest	Average	Number of shares	Total consideration (RM)
At 30 September 2015	15.92	18.37	17.74	673	11,933

24. RESERVES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable:				
Share premium ^(a)	447,904	438,206	447,904	438,206
Legal reserve ^(b)	9,934	9,934	-	-
Foreign exchange reserve	97,763	(3,687)	-	-
Share-based payment reserve ^{(c) & (d)}	13,285	8,382	13,285	8,382
Loss on purchase of shares for SGP ^(e)	(190)	-	(190)	-
	568,696	452,835	460,999	446,588
Distributable:				
Retained earnings	950,909	871,466	590,033	526,890
Total reserves	1,519,605	1,324,301	1,051,032	973,478

(a) The movements of share premium during the financial year are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 October 2014/2013	438,206	417,309	438,206	417,309
Arising from issuance of new ordinary shares				
- pursuant to ESOS	9,698	19,692	9,698	19,692
- pursuant to SGP	-	1,205	-	1,205
At 30 September	447,904	438,206	447,904	438,206

(b) Non-distributable legal reserve amounting to RM9,934,000 relates to a subsidiary in Thailand. Under the Section 116 of Public Companies Act B.E. 2535, the subsidiary is required to set aside at least 5% of its net income after accumulated deficit (if any) as a legal reserve until the reserve is not less than 10% of the registered share capital. This reserve is non-distributable as dividends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

24. RESERVES (CONT'D.)

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

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 upon 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 (14 March 2007) for the implementation of the ESOS.

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

The following tables illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

Offer date	Balance as at 1.10.2014	Options exercised	Options lapsed	Balance as at 30.9.2015	Exercisable at 30.9.2015
Option 2010					
20.11.2009	25,300	(25,300)	-	-	-
WAEP (RM)	10.47	10.47	-	-	-
Option 2011					
22.11.2010	725,700	(594,000)	-	131,700	131,700
WAEP (RM)	14.52	14.52	-	14.52	14.52

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

24. RESERVES (CONT'D.)

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

The fair value of share options granted 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 inputs to the model used are as follows:

	Options	
	2011	2010
Dividend yield (%)	3.76	3.89
Expected volatility (%)	22.70	21.80
Risk-free interest rate (%)	3.53	3.61
Expected life of option (years)	4.90	4.50
Share price at date of grant (RM)	14.62	11.20
Exercise share price (RM)	14.52	10.47

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.

- (d) Share grants under RSP and PSP

Under the RSP and PSP, the Company grants shares to eligible participants annually, referred to herein as "RSP Shares" and "PSP Shares", respectively. The grant ("Base Award") represents the right to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met. The Remuneration Committee that administers this scheme has absolute discretion in the granting of shares under the RSP and PSP. The RSP Base Award is conditional on the achievement of pre-determined targets set for a two-year performance period and the PSP Base Award is conditional on the achievement of pre-determined targets set for a three-year performance period. The final number of RSP Shares and PSP Shares to be awarded will be determined at the end of the relevant performance period ("Final Award").

RSP

The RSP is a share-based incentive plan for eligible participants, which was approved by shareholders at an Extraordinary General meeting held on 13 January 2012.

Information regarding the RSP:

- (i) Depending on the achievement of pre-determined targets set for a two-year performance period for the RSP, the final number of restricted shares awarded could range between 0% to 150% of the initial grant of the restricted shares.
- (ii) Based on meeting stated performance conditions over a two-year performance period, 50% of the RSP awards will vest. The balance will vest equally over the subsequent two years with fulfillment of service requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

24. RESERVES (CONT'D.)

(d) Share grants under RSP and PSP (cont'd.)

The following table illustrates the number and movements in, RSP grants:

Offer date	Balance as at 1.10.2014/ grant date	Adjustment for achievement factor	Shares vested	Shares lapsed	Balance as at 30.9.2015
RSP 2012 15.3.2012	109,500	-	(65,425)	(850)	43,225
RSP 2013 7.2.2013	313,800	37,800	(176,300)	(4,550)	170,750
RSP 2014 12.8.2014	574,200	-	-	-	574,200
RSP 2015 15.1.2015	546,700	-	-	-	546,700

No awards were granted to Directors of the Company.

The estimated fair value of shares granted during the year ranges from RM16.01 to RM16.80. The fair value of equity-settled contingent award of shares are determined using Monte Carlo Valuation Model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used are as follows:

	RSP			
	2015	2014	2013	2012
Dividend yield (%)	4.02	3.93	3.66	4.02
Expected volatility (%)	19.23	12.22	20.94	19.23
Risk-free interest rate (%)	2.94 - 3.26	3.18 - 3.49	3.03 - 3.20	2.94 - 3.26
Expected life of option (years)	1.80 - 3.80	1.39 - 3.39	1.90 - 3.90	1.80 - 3.80
Share price at date of grant (RM)	18.06	17.68	18.00	18.06

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

24. RESERVES (CONT'D.)

- (d) Share grants under RSP and PSP (cont'd.)

PSP

The PSP is a share-based incentive plan for eligible participants, which was approved by shareholders at an Extraordinary General meeting held on 13 January 2012.

Information regarding the PSP:

- (i) Depending on the achievement of pre-determined targets set for a three-year performance period for the PSP, the final number of restricted shares awarded could range between 0% to 200% of the initial grant of the restricted shares.
- (ii) PSP awards will vest based on meeting stated performance conditions over a three-year performance period.

As at 30 September 2015, no shares were granted under the PSP.

- (e) Loss on purchase of shares for SGP

Upon vesting of share awards, there will be a difference between total purchase price paid by SGP Trust (Note 23) to acquire the shares from the open market and the fair value of the share awards granted to employees of subsidiaries. This difference will be consolidated into Group's consolidated financial statements as a deduction from equity and classified as "loss on purchase of shares for SGP".

25. BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
Current		
Unsecured:		
Commercial Papers ("CP")		
- CP/MTN of RM1,500,000,000	-	50,000
Non-current		
Unsecured:		
Medium Term Notes ("MTN")		
- CP/MTN of RM1,500,000,000	300,000	300,000
Total borrowings	300,000	350,000
Within one year	-	50,000
More than 1 year	300,000	300,000
	300,000	350,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

25. BORROWINGS (CONT'D.)**CP and MTN Programme**CP/MTN - RM1,500,000,000

A wholly owned subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), is able to issue up to RM750,000,000 in nominal value under each of the CP and the MTN programmes respectively, which are unconditionally and irrevocably guaranteed by the Company. The CP Programme has tenure of seven (7) years from the first issue date of the CP under the CP Programme whilst the MTN Programme has tenure of fifteen (15) years from the first issue date of the MTN under the MTN Programme.

The Issuer had on 26 September 2013 and 7 October 2013, successfully issued RM150,000,000 each in nominal value of MTN pursuant to the MTN Programme for the purposes of refinancing the Group's existing private debt securities.

These MTN have tenure of five (5) years and will mature on 26 September 2018 and 5 October 2018 respectively. They bear interest at rates of 4.38% and 4.24% per annum respectively and payable semi-annually in arrears.

As at 30 September 2015, the unutilised CP/MTN facility available for use amounted to RM1,200,000,000 (2014: RM1,150,000,000).

26. PROVISION FOR RETIREMENT BENEFITS

	Group 2015 RM'000	2014 RM'000
Movements in the net benefit liability were as follows:		
At 1 October 2014/2013	36,353	36,784
Recognised in profit or loss (Note 7(a)):		
Current service cost	2,314	3,437
Interest cost	1,725	1,692
	4,039	5,129
Recognised in other comprehensive income:		
Remeasurement loss/(gain)		
- Actuarial loss/(gain) arising from:		
- demographic assumptions	-	150
- financial assumptions	-	(743)
- experience adjustments	(943)	(3,110)
	(943)	(3,703)
Other:		
Benefits paid	(2,566)	(1,737)
Exchange differences	1,054	(120)
	(1,512)	(1,857)
At 30 September	37,937	36,353

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

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

	Group 2015	2014
Principal actuarial assumptions used:		
Discount rate (%)	3.90 - 5.50	3.90 - 5.50
Rate of increase in salaries (%)	4.00 - 7.00	4.00 - 7.00
Mortality rate (%)	0.03 - 0.67	0.03 - 0.67
Disability rate (%)	0.00 - 0.07	0.00 - 0.07
Retirement age (years)		
- Malaysia	60	60
- Thailand	60	60

A quantitative sensitivity analysis for significant assumptions as at 30 September 2015 is as shown below:

	Discount rate		Rate of increase in salaries	
	1% increase	1% decrease	1% increase	1% decrease
	RM'000	RM'000	RM'000	RM'000
Group				
Impact on defined benefit obligation (income)/expense	(2,964)	3,430	3,404	(2,998)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation on profit after tax as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (2014: 10 years).

Based on the latest available actuarial valuation carried out in 2015, the provision for retirement benefits is considered sufficient to meet the actuarially determined value of vested benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

27. DEFERRED TAX

	Group	
	2015 RM'000	2014 RM'000
At 1 October 2014/2013	(27,722)	(44,280)
Recognised in profit or loss (Note 8):		
- property, plant and equipment	3,607	5,239
- investment properties	(2,299)	1,175
- tax losses and unabsorbed capital allowances	(416)	5,270
- tax incentive	11,679	5,427
- retirement benefit plans	(166)	(1,444)
- provisions and others	(1,122)	(209)
	11,283	15,458
Recognised in other comprehensive income (Note 8):		
- retirement benefit plans	195	1,016
Exchange differences	(404)	84
At 30 September	(16,648)	(27,722)

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

	Group	
	2015 RM'000	2014 RM'000
Deferred tax assets:		
At 1 October 2014/2013	(58,693)	(71,113)
Recognised in profit or loss	9,765	11,556
Recognised in other comprehensive income	2	780
Exchange differences	(404)	84
At 30 September	(49,330)	(58,693)
Deferred tax liabilities:		
At 1 October 2014/2013	30,971	26,833
Recognised in profit or loss	1,518	3,902
Recognised in other comprehensive income	193	236
At 30 September	32,682	30,971

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

27. DEFERRED TAX (CONT'D.)

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

	Group 2015 RM'000	2014 RM'000
Deferred tax assets		
- Tax losses and unabsorbed capital allowances	(991)	(574)
- Tax incentives	(68,704)	(80,912)
- Retirement benefit plans	(6,817)	(5,731)
- Provisions and others	(5,167)	(4,264)
	(81,679)	(91,481)
Deferred tax liabilities		
- Property, plant and equipment	63,760	60,189
- Investment properties	1,271	3,570
	65,031	63,759
Net deferred tax assets	(16,648)	(27,722)

The following deferred tax assets have not been recognised as they may not be used to offset taxable profits elsewhere in the Group:

	Group 2015 RM'000	2014 RM'000
Unutilised tax losses	20,607	5,337
Unabsorbed capital allowances	6,230	10,140
Unabsorbed income tax allowances	-	13,798
	26,837	29,275
Deferred tax benefit at 24% (2014: 25%), if recognised	6,441	7,319

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off and levied by the same tax authority.

At 30 September 2015, there was no recognised deferred tax liability (2014: RM Nil) for taxes that would be payable on the unremitted earnings of a certain subsidiary of the Group. The Group has determined that the undistributed profits of this subsidiary will not be distributed in the foreseeable future.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

28. PAYABLES AND PROVISIONS

(a) Payables

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables	350,132	222,110	-	-
Other payables				
- Accrued expenses	178,373	173,171	584	516
- Deposits ⁽ⁱ⁾	15,086	15,850	-	-
- Sales tax	100	8,080	-	-
- Staff costs	56,710	43,498	-	-
- Distributors' incentive	13,586	17,680	-	-
- Foreign currency forward contracts (Note 31(a))	-	17	-	-
- Sundry creditors	28,846	43,284	-	-
- Others	47,902	45,429	-	-
	340,603	347,009	584	516
Amount due to related parties (Note 30(c))				
- Subsidiaries	-	-	188	14
- Related companies ⁽ⁱⁱ⁾	52,324	34,498	-	-
- Associate ⁽ⁱⁱⁱ⁾	1,159	925	-	-
- Other related party ⁽ⁱⁱⁱ⁾	9,073	5,103	-	-
	62,556	40,526	188	14
Total trade and other payables	753,291	609,645	772	530
The currency profile is as follows:				
- Ringgit Malaysia	477,205	428,063	755	527
- US Dollar	23,478	44,673	-	-
- Singapore Dollar	4,816	2,661	17	3
- Thai Baht	243,085	130,502	-	-
- Others	4,707	3,746	-	-
	753,291	609,645	772	530

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

28. PAYABLES AND PROVISIONS (CONT'D.)

(a) Payables (cont'd.)

- (i) Included in deposits are deposits received from dealers which bear interest at rate of 3.25% (2014: 3.10%) per annum.
- (ii) The amounts due to related companies and an associate are unsecured, repayable on demand and non-interest bearing. The normal trade credit terms granted to the Group for trade payables are 30 to 90 days (2014: 30 to 90 days). Related companies are subsidiaries and associates of TCC Assets Limited, Thai Beverage Public Company Limited, Berli Jucker Public Company Limited and TCC Holdings Co Ltd, excluding entities within the Group.
- (iii) The amount due to other related party is unsecured, payable on demand and non-interest bearing. This party is related to Permodalan Nasional Berhad ("PNB").

(b) Provision for litigation/potential claims

	Group and Company	
	2015	2014
	RM'000	RM'000
At 1 October 2014/2013	5,749	17,934
Provision (Note 5(b) and Note 7(a))	-	4,040
Settlement	-	(16,225)
Exchange differences	2,176	-
At 30 September	7,925	5,749

The provision is in respect of the material litigation/potential claims as disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

29. COMMITMENTS AND CONTINGENCIES

Capital commitments

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment:		
Amounts approved and contracted for:		
- Building	4,005	-
- Machinery and equipment	39,548	19,536
- Others	887	4,043
	44,440	23,579
Amounts approved but not contracted for:		
- Building	58	3,950
- Machinery and equipment	37,809	43,910
- Others	1,724	4,697
	39,591	52,557
	84,031	76,136
Share of associate's capital commitments incurred jointly with other investors (Note 16):		
Amounts approved and contracted for purchase of property, plant and equipment	164	189

Lease commitments

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

Non-cancellable operating lease commitments - Group as lessee

	Group	
	2015 RM'000	2014 RM'000
Future minimum rentals payable:		
Not later than 1 year	11,617	11,224
Later than 1 year and not later than 5 years	27,647	1,310
Later than 5 years	1,170	1,017
	40,434	13,551

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

29. COMMITMENTS AND CONTINGENCIES (CONT'D.)

Contingencies

The Group had no contingent liabilities or assets of a material nature since the previous financial year except:

	Group 2015 RM'000	2014 RM'000
Share of associate's contingent liabilities incurred jointly with other investors (Note 16):		
Bank guarantees issued to third party	818	462

As the Group and the Company consider the likelihood of these contingent liabilities crystallising to be remote, this amount does not represent a value that is expected to crystallise.

30. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

Related party transactions had been entered into in the ordinary course of business on normal commercial terms. The following are the related party transactions:

	Group 2015 RM'000	2014 RM'000
<u>Fraser and Neave, Limited Group</u>		
Sales	193,255	167,870
Receipt of corporate service fees	187	73
Rental income	368	335
Purchases	215,069	205,307
Royalties paid	54,804	52,639
Corporate charges paid	1,865	1,422
Other expenses	57	65
<u>Vacaron Company Sdn Bhd</u>		
Sales	12	-
Receipt of corporate service fees and staff costs	996	1,037
Rental income	89	107
Interest income	5,362	4,111
Shareholder's loan granted	6,700	39,500
<u>Cocoaland Holdings Berhad Group</u>		
Purchases	5,728	3,899
<u>Thai Beverage Public Company Limited Group</u>		
Sales	510	600
Purchases	6,064	1,934
Marketing expenses	103	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

30. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Significant related party transactions (cont'd.)

	Group	
	2015 RM'000	2014 RM'000
<u>Berli Jucker Public Company Limited Group</u>		
Sales	568	4,138
Receipt of corporate service fees and staff costs	41	-
Purchases	71,018	42,678
Other expenses	386	13
<u>Other related parties of TCC Group</u>		
Sales	587	60
Management fees	1,614	1,140
Insurance premium paid	2,968	2,324
Other expenses	32	564
<u>Permodalan Nasional Berhad Group</u>		
Sales	73,310	67,014
Purchases	51,916	54,664
Purchase of office equipment	-	974
Repair and maintenance of motor vehicle	-	30
Rental of equipment paid	1,905	2,074
Other expenses	388	376
	Company	
	2015 RM'000	2014 RM'000
<u>Subsidiaries</u>		
Dividend income	210,912	231,409
Interest income	4,935	4,445
Management fees	309	300
<u>Cocoaland Holdings Berhad</u>		
Dividend income	13,998	3,032
<u>Vacaron Company Sdn Bhd</u>		
Shareholder's loan granted to joint venture	6,700	39,500
Interest income	5,592	4,111

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

30. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Significant related party transactions (cont'd.)

The sales to and purchases from related parties are made at normal market price.

Permodalan Nasional Berhad ("PNB") is deemed a related party to the Company by virtue of PNB holding 63,000,000 shares through Amanahraya Trustees Berhad, representing 17.19% equity interest in Fraser & Neave Holdings Bhd and having two nominee Directors on the Board of the Company.

(b) Compensation of key management personnel of the Group

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

The following table summarises remuneration paid to key management personnel:

	Group	
	2015	2014
	RM'000	RM'000
Salaries and allowances	4,441	3,580
Payment pursuant to a mutual separation agreement	-	2,017
Contributions to defined contribution plan	420	301
Bonus	1,115	1,046
Benefits-in-kind	467	414
Share-based payment transactions	586	76
	7,029	7,434

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

30. RELATED PARTY DISCLOSURES (CONT'D.)

(c) Related party balances

The related party balances are shown below:

	Group 2015 RM'000	2014 RM'000
Amount due from related parties: (Note 19(a))		
<u>Related companies</u>		
Fraser and Neave, Limited Group	39,757	31,367
Thai Beverage Public Company Limited Group	185	143
Berli Jucker Public Company Limited Group	210	1,092
Other related parties of TCC Group	35	-
	40,187	32,602
<u>Joint venture</u>		
Vacaron Company Sdn Bhd	74	-
<u>Associate</u>		
Cocoaland Holdings Berhad Group	10,502	7
<u>Other related party</u>		
Permodalan Nasional Berhad Group	13,877	10,536
Amount due to related parties: (Note 28(a))		
<u>Related companies</u>		
Fraser and Neave, Limited Group	41,973	30,133
Thai Beverage Public Company Limited Group	1,556	581
Berli Jucker Public Company Limited Group	8,668	3,643
Other related parties of TCC Group	127	141
	52,324	34,498
<u>Associate</u>		
Cocoaland Holdings Berhad Group	1,159	925
<u>Other related party</u>		
Permodalan Nasional Berhad Group	9,073	5,103

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

30. RELATED PARTY DISCLOSURES (CONT'D.)

(c) Related party balances (cont'd.)

	Company 2015 RM'000	2014 RM'000
Amount due from related parties: (Note 19)		
Subsidiaries	225,558	171,379
<u>Related companies</u>		
Fraser and Neave, Limited Group	-	278
<u>Associate</u>		
Cocoaland Holdings Berhad Group	10,502	7
Amount due to related parties: (Note 28(a))		
Subsidiaries	188	14

Except otherwise indicated in the respective notes, the outstanding balances at the end of the financial year are unsecured, interest free and settlement occurs in cash.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(a) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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 2015 and 2014, the outstanding foreign currency forward contracts of the Group are as follows:

	Notional value RM'000	Fair value RM'000
Currency		
2015		
USD (less than 9 months)	65,096	5,538
AUD (less than 3 months)	2,431	175
	67,527	5,713
2014		
USD (less than 3 months)	47,287	1,322
AUD (less than 3 months)	3,338	(17)
	50,625	1,305

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.

The difference between the notional value and fair value of the foreign currency forward contracts amounted to RM4,408,000 (2014: RM1,099,000) was recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

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

(a) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit after tax to a reasonably possible change in the US Dollar ("USD"), Thai Baht ("THB") and Singapore Dollar ("SGD") exchange rates against the functional currency of the Company, with all other variables held constant:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
USD/RM				
- strengthened 10%	2,059	(269)	-	-
- weakened 10%	(2,059)	269	-	-
THB/RM				
- strengthened 10%	4,203	7,178	15,063	11,979
- weakened 10%	(4,203)	(7,178)	(15,063)	(11,979)
SGD/RM				
- strengthened 10%	744	562	-	-
- weakened 10%	(744)	(562)	-	-

(b) Credit risk

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

Exposure to credit risk

The Group's and the Company's exposure to credit risk arise in the event that the counterparties fail to perform their obligations. The maximum exposure to credit risk is represented by the carrying amount of each class of recognised financial assets, other than derivatives, as indicated in the statements of financial position.

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

The Company is also exposed to credit risk in respect of its financial guarantees provided to credit facilities granted to a subsidiary. The maximum credit risk exposure of these financial guarantees is RM1,500,000,000 (2014: RM2,500,000,000) of which RM300,000,000 (2014: RM350,000,000) was utilised in respect of the issuance of the CP/MTN of its subsidiary (Note 25).

Credit risk concentration profile

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk. As at the reporting date, there was no indication that any subsidiary would default on repayment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

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

(b) Credit risk (cont'd.)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions that are neither past due nor impaired, as disclosed in Note 20, are placed with reputable financial institutions or companies with high credit rating and no history of default.

(c) Interest rate risk

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

The Group and the Company have no exposure to significant interest rate risk as the fixed rate debts were entered into by the Group and the Company in order to minimise fluctuations in interest rates.

A reasonably possible change of 100 basis point in interest rate, arising mainly from the lower/higher interest on bank loans, with all other variables held constant, would have no material impact on the Group's profit or loss. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise in the general funding of the Group's and the Company'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 maintains sufficient cash and deposits, and has available funding through diverse sources of committed and uncommitted credit facilities from various banks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

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

(d) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

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

	Within 1 year RM'000	2-3 years RM'000	> 3 years RM'000	Total RM'000
Group				
2015				
Interest-bearing borrowings	16,086	175,770	150,087	341,943
Payables (Note 28(a))	753,291	-	-	753,291
	769,377	175,770	150,087	1,095,234
2014				
Interest-bearing borrowings	66,104	25,895	312,910	404,909
Payables (Note 28(a))	609,645	-	-	609,645
	675,749	25,895	312,910	1,014,554
Company				
2015				
Payables (Note 28(a))	772	-	-	772
2014				
Payables (Note 28(a))	530	-	-	530

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

32. FAIR VALUE MEASUREMENT**(a) Determination of fair value**

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

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

	Note
Trade and other receivables (current)	19(a)
Trade and other payables (current)	28(a)

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

The 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:

Foreign currency forward contracts

The fair value of a foreign currency forward contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the reporting date applied to a contract of similar quantum and maturity profile. The fair values of foreign currency forward contracts are disclosed in Note 31(a), foreign currency risk and Note 32(b).

(b) Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Fair value measurement hierarchy for assets and liabilities:

	Date of valuation	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Group				
As at 30 September 2015				
Assets measured at fair value				
Investment properties (Note 12)	30 September 2015	-	-	50,763
Foreign currency forward contracts (Note 19(a))	30 September 2015	-	5,713	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

32. FAIR VALUE MEASUREMENT (CONT'D.)

(b) Fair value measurement hierarchy (cont'd.)

		Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Group				
As at 30 September 2015				
Assets for which fair value are disclosed				
Investment in an associate (Note 16)	30 September 2015	114,314	-	-
As at 30 September 2014				
Assets measured at fair value				
Investment properties (Note 12)	30 September 2014	-	-	57,084
Foreign currency forward contracts (Note 19(a))	30 September 2014	-	1,322	-
Assets for which fair value are disclosed				
Investment in an associate (Note 16)	30 September 2014	78,386	-	-
Liabilities measured at fair value				
Foreign currency forward contracts (Note 28(a))	30 September 2014	-	17	-
Company				
As at 30 September 2015				
Assets for which fair value are disclosed				
Investment in an associate (Note 16)	30 September 2015	114,314	-	-
As at 30 September 2014				
Assets for which fair value are disclosed				
Investment in an associate (Note 16)	30 September 2014	78,386	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

33. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire treasury shares from the market. No changes were made in the objective, policies or processes during the financial years ended 30 September 2015 and 2014.

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

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

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Short term borrowings	25	-	50,000	-	-
Long term borrowings	25	300,000	300,000	-	-
Total debts		300,000	350,000	-	-
Total equity attributable to equity holders of the Company		1,876,803	1,688,613	1,408,230	1,337,790
Debt equity ratio		0.16	0.21	-	-

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Company is required to maintain consolidated shareholders' equity equal to or not less than 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than minimum issued and paid-up capital.

The Group and the Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

34. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss ("FVTPL");
- (b) Loans and receivables ("L&R");
- (c) Held-to-maturity ("HTM");
- (d) Available-for-sale financial assets ("AFS"); and
- (e) Other financial liabilities ("OFL")

	Note	Carrying amounts RM'000	FVTPL RM'000	L&R RM'000	OFL RM'000
Group					
Financial assets:					
2015					
Receivables (excluding prepayments)	19(a)	558,377	5,713	552,664	-
Cash and short term deposits	20	412,209	-	412,209	-
		970,586	5,713	964,873	-
2014					
Receivables (excluding prepayments)	19(a)	490,017	1,322	488,695	-
Cash and short term deposits	20	365,387	-	365,387	-
		855,404	1,322	854,082	-
Financial liabilities:					
2015					
Payables	28(a)	753,291	-	-	753,291
Borrowings	25	300,000	-	-	300,000
		1,053,291	-	-	1,053,291
2014					
Payables	28(a)	609,645	17	-	609,628
Borrowings	25	350,000	-	-	350,000
		959,645	17	-	959,628

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

34. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D.)

	Note	Carrying amounts RM'000	FVTPL RM'000	L&R RM'000	OFL RM'000
Company					
Financial assets:					
2015					
Receivables (excluding prepayments)	19	236,151	-	236,151	-
Cash and short term deposits	20	40,262	-	40,262	-
		276,413	-	276,413	-
2014					
Receivables (excluding prepayments)	19	176,910	-	176,910	-
Cash and short term deposits	20	15,302	-	15,302	-
		192,212	-	192,212	-
Financial liabilities:					
2015					
Payables	28(a)	772	-	-	772
2014					
Payables	28(a)	530	-	-	530

35. SEGMENTAL INFORMATION

For management purposes, the Group's operating businesses are organised according to products and services, namely soft drinks, dairies Malaysia, dairies Thailand, property and others.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

35. 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:

Financial year ended 30 September 2015	Soft drinks RM'000	Dairies Malaysia RM'000	Dairies Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue	1,511,528	1,090,927	1,491,231	4,773	73,075	4,171,534
Inter-segment	(153)	(8,194)	(27,122)	(3,444)	(72,382)	(111,295)
External	1,511,375	1,082,733	1,464,109	1,329	693	4,060,239
Results						
Operating profit	127,649	98,680	111,061	(5,626)	224	331,988
Share of results of a joint venture	-	-	-	-	-	(3,362)
Share of results of an associate	-	-	-	-	-	8,055
Interest expense (Note a)	-	-	-	-	-	(16,241)
Interest income (Note a)	-	-	-	-	-	13,389
Income tax expense (Note a)	-	-	-	-	-	(53,757)
Net profit for the year						280,072
Other information						
Segment assets	753,384	785,142	688,347	118,255	61,733	2,406,861
Investment in a joint venture	-	-	-	-	80,196	80,196
Investment in an associate	-	-	-	-	72,410	72,410
Unallocated assets	-	-	-	-	-	49,330
Cash and short term deposits (Note a)	-	-	-	-	-	412,209
Total assets						3,021,006
Segment liabilities	289,130	226,831	258,938	1,417	22,837	799,153
Unallocated liabilities	-	-	-	-	-	32,682
Provision for taxation (Note a)	-	-	-	-	-	12,164
Bank borrowings (Note a)	-	-	-	-	-	300,000
Total liabilities						1,143,999

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

35. SEGMENTAL INFORMATION (CONT'D.)

Operating segments (cont'd.)

Financial year ended 30 September 2015	Soft drinks RM'000	Dairies Malaysia RM'000	Dairies Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Other information (cont'd.)						
Purchase of property, plant and equipment	48,163	7,696	13,123	78	3,220	72,280
Purchase of intangible assets	14	23	-	2	219	258
Depreciation and amortisation of intangible assets	41,746	21,473	21,971	1,758	6,160	93,108
Property, plant and equipment written off	1,624	61	-	-	-	1,685
Allowance for impairment on trade receivables	1,111	382	-	-	-	1,493
Inventories written down	64	3,861	2,699	-	-	6,624
Inventories written off	2,701	10,047	65	-	-	12,813

Financial year ended 30 September 2014

Revenue

Total revenue	1,522,753	1,060,893	1,265,238	3,574	70,144	3,922,602
Inter-segment	(194)	(9,273)	(21,421)	(2,988)	(69,924)	(103,800)
External	1,522,559	1,051,620	1,243,817	586	220	3,818,802

Results

Operating profit	162,716	69,954	78,298	318	2,915	314,201
Share of results of a joint venture	-	-	-	-	-	(903)
Share of results of an associate	-	-	-	-	-	5,874
Interest expense (Note a)	-	-	-	-	-	(15,338)
Interest income (Note a)	-	-	-	-	-	11,635
Income tax expense (Note a)	-	-	-	-	-	(56,061)
Net profit for the year						259,408

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

35. SEGMENTAL INFORMATION (CONT'D.)

Operating segments (cont'd.)

Financial year ended 30 September 2014	Soft drinks RM'000	Dairies Malaysia RM'000	Dairies Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Other information						
Segment assets	747,985	663,316	506,833	180,943	60,992	2,160,069
Investment in a joint venture	-	-	-	-	71,496	71,496
Investment in an associate	-	-	-	-	78,353	78,353
Unallocated assets	-	-	-	-	-	58,693
Cash and short term deposits (Note a)	-	-	-	-	-	365,387
Total assets						2,733,998
Segment liabilities	270,771	188,241	169,706	3,209	19,820	651,747
Unallocated liabilities	-	-	-	-	-	30,971
Provision for taxation (Note a)	-	-	-	-	-	12,461
Bank borrowings (Note a)	-	-	-	-	-	350,000
Total liabilities						1,045,179
Purchase of property, plant and equipment	43,840	6,109	6,430	73	4,349	60,801
Purchase of intangible assets	41	68	-	-	44	153
Depreciation and amortisation of intangible assets	40,857	21,316	19,481	69	6,045	87,768
Property, plant and equipment written off	1,506	18	-	2	-	1,526
Allowance for impairment on trade receivables	4,761	454	25	-	-	5,240
Inventories written down	226	634	11	-	-	871
Inventories written off	4,197	5,681	520	-	-	10,398

Note a: Group financing (including finance costs), cash and short term deposits and provision for taxation are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

35. SEGMENTAL INFORMATION (CONT'D.)

Geographical segments

The following table presents the financial information by geographical segments:

	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	2,370,761	2,347,562	926,624	946,213
Vietnam	1,644	9,638	-	-
China	-	-	-	-
Singapore	191,562	190,997	-	-
Thailand	1,228,434	1,033,522	300,036	254,511
Others	267,838	237,083	75,370	75,370
	4,060,239	3,818,802	1,302,030	1,276,094

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Property, plant and equipment	1,064,821	1,028,919
Investment properties	50,763	57,084
Properties held for development	55,291	54,654
Intangible assets	131,155	135,437
	1,302,030	1,276,094

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 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

36. SUBSIDIARIES AND ACTIVITIES

Name of company	Place of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2015	2014	2015	2014
Subsidiaries of Fraser & Neave Holdings Bhd						
Kuala Lumpur Glass Manufacturers Company Sdn Bhd ⁽ⁱ⁾	Malaysia	Inactive	100	100	-	-
Fraser & Neave (Malaya) Sdn Bhd ⁽ⁱ⁾	Malaysia	Management services and property investment holdings	100	100	-	-
Four Eights Sdn Bhd ^{(i) #}	Malaysia	Inactive	100	100	-	-
F&N Beverages Manufacturing Sdn Bhd ⁽ⁱ⁾	Malaysia	Manufacture of soft drinks	100	100	-	-
F&N Beverages Marketing Sdn Bhd ⁽ⁱ⁾	Malaysia	Distribution of soft drinks	100	100	-	-
F&N Marketing (B) Sdn Bhd ^{(iii) ^}	Brunei	Inactive	100	-	-	-
F&N Dairies (Malaysia) Sdn Bhd ⁽ⁱ⁾	Malaysia	Distribution of dairy products	100	100	-	-
Premier Milk (Malaya) Sdn Bhd ⁽ⁱ⁾	Malaysia	Inactive	100	100	-	-
F&N Foods Sdn Bhd ^{(i) #}	Malaysia	Inactive	100	100	-	-
F&N Dairies (Thailand) Limited ⁽ⁱⁱⁱ⁾	Thailand	Manufacture and distribution of dairy products	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

36. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Place of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2015	2014	2015	2014
Subsidiaries of Fraser & Neave Holdings Bhd (cont'd.)						
F&N Dairies Distribution (Singapore) Pte Ltd ⁽ⁱⁱⁱ⁾	Singapore	Distribution of dairy products	100	100	-	-
Lion Share Management Limited ⁽ⁱ⁾	British Virgin Island	Brand owner	100	100	-	-
F&N Dairies Manufacturing Sdn Bhd ⁽ⁱ⁾	Malaysia	Manufacture and distribution of dairy products	100	100	-	-
Wimanis Sdn Bhd ⁽ⁱ⁾	Malaysia	Property development activities	100	100	-	-
Elsinburg Holdings Sdn Bhd ⁽ⁱ⁾	Malaysia	Property development activities	100	100	-	-
Nuvak Company Sdn Bhd ⁽ⁱ⁾	Malaysia	Inactive	100	100	-	-
Greenclipper Corporation Sdn Bhd ⁽ⁱ⁾	Malaysia	Property development activities	100	100	-	-
Utas Mutiara Sdn Bhd ⁽ⁱ⁾	Malaysia	Property investment holding	100	100	-	-
Lettricia Corporation Sdn Bhd ⁽ⁱ⁾	Malaysia	Property development activities	70	70	30	30
F&N Properties Sdn Bhd ⁽ⁱ⁾	Malaysia	Provision of property management services	100	100	-	-
Tropical League Sdn Bhd ⁽ⁱ⁾	Malaysia	Inactive	100	100	-	-
F&N Capital Sdn Bhd ⁽ⁱ⁾	Malaysia	Provision of financial and treasury services	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

36. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Place of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2015	2014	2015	2014
Subsidiary of F&N Beverages Manufacturing Sdn Bhd						
Borneo Springs Sdn Bhd ⁽ⁱ⁾	Malaysia	Manufacture and sale of mineral water	100	100	-	-
Subsidiary of F&N Beverages Marketing Sdn Bhd						
F&N Beverages (Thailand) Limited ⁽ⁱⁱ⁾	Thailand	Inactive	100	100	-	-

(i) Audited by Ernst & Young, Malaysia.

(ii) Audited by member firms of Ernst & Young Global in the respective countries.

(iii) Auditors have not been appointed as the subsidiary was newly incorporated during the financial year and the first financial statement is to be audited in the next financial year.

* Equals to the proportion of voting rights held.

^ Comprises 50% direct equity interest and 50% indirect equity interest.

In the process of member's voluntary winding up.

The Group has concluded that Lettricia Corporation Sdn Bhd, the only subsidiary with non-controlling interest, is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

37. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES

The Group had adopted and applied MFRS 11 *Joint Arrangements* in the previous financial year. The effects of adoption of this new and amended MFRS on the comparatives for the financial year ended 30 September 2015 are shown below:

Group	As previously stated RM'000	Adjustments (a) RM'000	(b) RM'000	As restated RM'000
Income statements:				
For the financial year ended 30 September 2014				
Interest expense	(11,227)	(4,111)	-	(15,338)
Interest income	7,524	4,111	-	11,635

Statements of cash flows:**For the financial year ended 30 September 2014**

Interest expense	11,227	4,111	-	15,338
Interest income	(7,524)	(4,111)	-	(11,635)
Increase in trade and other receivables	(11,184)	-	(59)	(11,243)
Decrease in trade and other payables	(3,861)	-	(4,111)	(7,972)
Loan to a joint venture	(43,670)	-	4,170	(39,500)

Company**Statements of cash flows:****For the financial year ended 30 September 2014**

Increase in trade and other receivables	(10,544)	-	(4,111)	(14,655)
Loan to a joint venture	(43,611)	-	4,111	(39,500)

(a) Adjustments pursuant to the adoption of MFRS 11 *Joint Arrangements*.

(b) Being reclassification to conform with current year's presentation.

38. MATERIAL LITIGATION/POTENTIAL CLAIMS

In August 2013, the Company was served with a Kuala Lumpur High Court Writ of Summons and Statement of Claim by BJC O-I Glass Pte Ltd ("BJC O-I"). BJC O-I's action against the Company was for damages for alleged breaches of a share purchase agreement dated 14 May 2010 (the "Share Purchase Agreement") between Berli Jucker Public Company Ltd ("BJC"), ACI International Pty Ltd ("ACI") and the Company for the sale by the Company to BJC and ACI as purchasers of the entire issued and paid-up share capital of Malaya Glass Products Sdn Bhd. BJC and ACI subsequently assigned their rights in the Share Purchase Agreement to BJC O-I.

BJC O-I was claiming special damages of RM43,000,000 as well as general and consequential damages to be determined by the court (the "Suit").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

38. MATERIAL LITIGATION/POTENTIAL CLAIMS (CONT'D.)

BJC O-I is a 50-50 joint venture between Thailand-listed conglomerate BJC and Owens-Illinois Singapore Pte Ltd, which is a subsidiary of NYSE-listed Owens-Illinois Inc. BJC is a subsidiary of TCC Holding Company Limited ("TCCH").

BJC O-I is deemed a related party to the Company under the Listing Requirements of Bursa Malaysia in that, following acquisitions by Thai Beverage Public Company Limited (through its subsidiary) and TCC Assets Limited (both of which are members of the same group as TCCH) of shares in the Company (the "F&NL Share Acquisitions"), BJC and BJC O-I became persons connected with major shareholders of the Company. The Share Purchase Agreement was entered into prior to the F&NL Share Acquisitions.

On 9 January 2014, the Company entered into a settlement agreement (the "Settlement Agreement") with BJC O-I, BJC and ACI in respect of the Suit instituted by BJC O-I against the Company pursuant to which the Company agreed to pay a total sum of USD4,973,912 (approximately RM16,000,000) (the "Settlement Sum") to BJC O-I and Thai Malaya Glass Co Ltd ("TMG"), without any admission as to any claims and/or liabilities.

The Settlement Agreement covered all claims pleaded in the Suit and/or in connection with the Share Purchase Agreement, save and except for:

- (a) claims relating to Sichuan Malaya Glass Co Ltd ("SMG") as pleaded in the Suit ("SMG Claims"). SMG is one of the subsidiaries of Malaya Glass Products Sdn Bhd ("MGP") of which the entire issued and paid-up share capital was purchased by BJC and ACI, through BJC O-I, pursuant to the Share Purchase Agreement; and
- (b) claims relating to Taxation assessment liabilities pursuant to the terms and conditions in the Share Purchase Agreement ("Tax Claims").

The other salient terms of the Settlement Agreement were, as follows:

- (a) BJC, ACI and BJC O-I would assign absolutely all of their rights, benefits and obligations under the Share Purchase Agreement including the right to sue (but excluding the rights, benefits and obligations in relation to the SMG Claims and the Tax Claims) to ACI, which assignment took effect upon receipt of the Settlement Sum.
- (b) The Company, BJC, ACI and BJC O-I expressly agreed, consented to and acknowledged that:
 - (i) ACI's right to institute fresh proceedings against the Company in respect of the Share Purchase Agreement is limited to the SMG Claims as pleaded in the Suit; and
 - (ii) BJC O-I's right to institute fresh proceedings against the Company in respect of the Share Purchase Agreement is limited to the Tax Claims.
- (c) Upon receipt of the Settlement Sum, BJC, ACI and BJC O-I released and forever discharged the Company from all actions relating to all claims pleaded in the Suit and/or in connection with the Share Purchase Agreement, save and except for the SMG Claims and Tax Claims, and vice versa.

The Settlement Sum has been paid and the Suit was withdrawn on 20 January 2014.

As of the date of this report, no claims in respect of the SMG Claims and Tax Claims have been filed against the Company. The Company has made adequate provision in respect of the SMG Claims and Tax Claims as disclosed in Note 28(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

39. SIGNIFICANT EVENTS

Significant events during the year were as follows:

- (a) Licensing and Distribution Arrangements with Société des Produits Nestlé S.A. and Nestec S.A.

The Company and its dairy subsidiaries have on 23 January 2015 entered into several agreements (the "Agreements") with Société des Produits Nestlé S.A. ("Nestle") and Nestec S.A. ("Nestec") to manufacture and distribute *Carnation*, *Bear Brand*, *Bear Brand Gold*, *Ideal Milk* and *Milkmaid* products in Thailand, Laos PDR, Cambodia, Singapore, Malaysia and Brunei subject to a royalty payment based on a percentage of net proceeds of sale.

Pursuant to the Agreements, the term of the initial licences granted on 1 February 2007 to the Group by Nestle and Nestec to manufacture and distribute the Nestle brand products have been extended for an initial period of 11 years 7 months from 1 July 2015 with a right to further extend for a term of 10 years until 31 January 2037. Thereafter, the licences may be renewed for further five-year terms if all parties agree in writing.

Under these new arrangements, Milo UHT and Bear Brand UHT for Thailand and the Indochina market would be returned to Nestle with effect from 1 July 2015 in a strategic realignment that would enable Nestle to strengthen their regional strategy in this category.

The long term arrangements as a result of entering into the Agreements would enable the Group to strengthen its focus on core categories whilst maintaining the broadest portfolio of canned milk brands in the region.

The new arrangements would have no significant impact on the Group's overall performance for the financial year ended 30 September 2015.

- (b) Non-renewal of agreement for exclusive marketing, distribution and sale of Red Bull energy drinks in Malaysia

The Company's wholly owned subsidiary, F&N Beverages Marketing Sdn Bhd ("F&N Beverages"), had entered into an agreement ("Principal Agreement") with Allexcel Trading Sdn Bhd ("Allexcel") for the exclusive marketing, distribution and sale of Red Bull energy drinks in Malaysia for an initial period of five years commencing 1 April 2010 and expired on 31 March 2015.

Pursuant to the above, F&N Beverages had on 27 March 2015 entered into a Transition Agreement with Allexcel. Under the Transition Agreement, F&N Beverages and Allexcel agreed not to renew the term of the Principal Agreement as both parties were unable to reach an agreement on the changes in commercial terms.

Further, the parties agreed to a transition period which commenced on 1 April 2015 and ended on 30 September 2015, during which F&N Beverages would hand over to Allexcel the exclusive marketing, distribution and sale of Red Bull energy drinks in Malaysia in phases.

The non-renewal of the Principal Agreement did not have a material negative impact on the operating or financial performance of the Group for the financial year ended 30 September 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2015

40. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED PROFITS/ (LOSSES)

The breakdown of the retained profits of the Group and of the Company as at 30 September 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Group and its subsidiaries				
- Realised	941,135	827,105	556,916	530,029
- Unrealised	56,397	26,431	33,117	(3,139)
	997,532	853,536	590,033	526,890
Total share of retained earnings from a joint venture				
- Realised	(6,672)	(2,325)	-	-
- Unrealised	1,528	543	-	-
	(5,144)	(1,782)	-	-
Total share of retained earnings from an associate				
- Realised	6,103	11,225	-	-
- Unrealised	(2,420)	(1,599)	-	-
	3,683	9,626	-	-
Consolidation adjustments	(45,162)	10,086	-	-
Retained earnings (Note 24)	950,909	871,466	590,033	526,890

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OTHER INFORMATION

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LIST OF PROPERTIES

As at 30 September 2015

				Net book value as at 30 September 2015		
Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Land RM'000	Buildings RM'000	Date of last revaluation/ acquisition
<u>JOHOR</u>						
Malay Grant 598, Jalan Tampoi, Johor Bahru	59,895	Detached house/ Warehouse and office	48 years (Freehold)	1,050	3,077	February 1990
701, Jalan Tampoi, Johor Bahru	241,022	Industrial/ Warehouse and office	48 years (Freehold)	7,662	151	February 1990
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
<u>PERAK</u>						
217, Jalan Lahat, Ipoh	287,738	Industrial/ Warehouse and office	46 years (Freehold)	2,815	1,850	October 1995
79 & 81, Jalan Tun Perak, Ipoh	51,828	Industrial/ Leased premises	109 years (Freehold/ Leasehold expiring 2066)	363	-	October 1995
<u>PULAU PINANG</u>						
3724 (Lot 834 and 842), Sungei Nyior, Butterworth, Pulau Pinang	130,324	Industrial/ Warehouse and office	61 years (Freehold)	2,600	1,682	October 1995
3725 & 3726 (Lot 833), Butterworth, Pulau Pinang	97,387	Detached house/ Warehouse and office	60 years (Freehold)	2,120	169	October 1995
<u>KELANTAN</u>						
Pengkalan Chepa Industrial Estate, Kota Bharu	203,861	Industrial/ Warehouse and office	35 years (Leasehold expiring 2043)	502	383	October 1995

LIST OF PROPERTIES

As at 30 September 2015

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30 September 2015		Date of last revaluation/ acquisition
				Land RM'000	Buildings RM'000	
<u>PAHANG</u>						
Mar Lodge, Cameron Highland	90,931	Detached house/ Holiday Bungalow	48 years (Leasehold expiring 2037)	535	154	October 1995
Lot 7399, Jln Mempaga, Mukim Sabai, Karak	216,986	Industrial/ Factory premise	8 years (Freehold)	3,699	6,213	2007
<u>KUALA LUMPUR</u>						
No. 3, Jalan Metro Pudu, Fraser Business Park	7,208	Office Premise	8 years (Freehold)	-	12,937	2007
Kompleks Metro Pudu, No. 1 Jalan Metro Pudu 2, Fraser Business Park	88,057	Office Premise	6 years (Freehold)	-	13,068	September 2013
Lot 682 Seksyen 92, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur	40,763	Leased premise	Freehold	5,598	-	September 2013
<u>MELAKA</u>						
10 Jalan Bukit Gedong, Melaka	104,000	Industrial/ Warehouse and office	90 years (Freehold/ Leasehold expiring 2023)	720	363	October 1995
<u>SELANGOR</u>						
Lot 3-1 Lion Industrial Park, Shah Alam	1,373,447	Industrial/Factory premise and office	18 years (Freehold)	36,899	60,025	October 1995
Lot 3-2 Lion Industrial Park, Shah Alam	558,875	Industrial/Vacant	Freehold	11,679	-	October 1995
Lot No 56, Section 4, Phase 2B, Mukim Klang, Selangor	1,629,042	Industrial/ Factory premise	7 years (Leasehold expiring 2097)	27,326	160,594	2008
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

LIST OF PROPERTIES

As at 30 September 2015

				Net book value as at 30 September 2015		
Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Land RM'000	Buildings RM'000	Date of last revaluation/ acquisition
<u>SARAWAK</u>						
Lot 924, Block 4, Matang Land District	118,776	Industrial/ Factory premise	9 years (Freehold)	4,379	3,833	2006
Lot 1581, Block 4, Matang Land District	261,338	Commercial	9 years (Leasehold expiring 2071)	4,112	2,857	2006
3.5 Miles Penrissen Road, Kuching	194,539	Industrial/ Factory premise	49 years (Leasehold expiring 2074)	1,374	16,795	October 1995
Lot 1557, Block 218 KNLD, Kuching	124,797	Industrial/ Factory premise	9 years (Leasehold expiring 2074)	5,675	-	2006
Lot 142, Block 63, Kuching	47,413	Vacant	9 years (Leasehold expiring 2784)	225	160	2006
<u>SABAH</u>						
5.5 Miles Tuaran Road, Kota Kinabalu	142,140	Industrial/ Vacant	5 years (Leasehold expiring 2062)	1,125	-	October 1995
5.5 Miles Tuaran Road, Kota Kinabalu	142,578	Industrial/ Factory premise	44 years (Leasehold expiring 2062)	919	4,913	October 1995
<u>THAILAND</u>						
90 Moo 8, Mitapap Road, Phayayen District, Amphur Pakchong, Nakonratchasima Province 30320	125,857	Industrial/ Factory premise	8 years (Freehold)	-	2,351	2007
668 Moo 4, Rojana Industrial Park Zone 2, U-thai, Phra Nakhon Si Ayutthaya 13210 Thailand	990,280	Industrial/ Factory premise	6 years (Freehold)	20,955	138,757	2010

SHAREHOLDINGS STATISTICS

As at 30 November 2015

Authorised share capital	:	RM500,000,000
Issued and paid-up share capital	:	RM366,778,501
Voting issued and paid-up share capital	:	RM366,541,401
Treasury shares	:	237,100 ordinary shares of RM1.00 each
Class of share	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote for each ordinary share held in the event of a poll

ORDINARY SHARES DISTRIBUTION SCHEDULE

Size of Shareholdings	No. of Shareholders	%	No. of Voting Shares	%
1 to 99 shares	483	10.329	7,036	0.002
100 to 1,000 shares	2,096	44.825	1,381,089	0.377
1,001 to 10,000 shares	1,687	36.078	6,177,698	1.685
10,001 to 100,000 shares	343	7.335	10,411,363	2.840
100,001 to less than 5% of issued shares	64	1.369	57,334,075	15.642
5% and above of issued shares	3	0.064	291,230,140	79.454
	4,676	100.00	366,541,401	100.00

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

No.	Name of Director	Direct Shareholding		Indirect Shareholding	
		No. of Voting Shares Held	%	No. of Voting Shares Held	%
1	Y.A.M. Tengku Syed Badarudin Jamalullail	2,062,000	0.563	-	-

None of the Directors of the Company holds any share either directly or indirectly in its subsidiaries and associated companies save and except for the interest held through the Company.

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

No.	Name of Shareholders	Direct Shareholding		Indirect Shareholding	
		No. of Voting Shares Held	%	No. of Shares Held	%
1	Fraser and Neave, Limited	203,470,910	55.511	-	-
2	InterBev Investment Limited	-	-	203,470,910	55.511*
3	International Beverage Holdings Limited	-	-	203,470,910	55.511*
4	Thai Beverage Public Company Limited	-	-	203,470,910	55.511*
5	Maxtop Management Corp.	-	-	203,470,910	55.511*
6	Siriwana Company Limited	-	-	203,470,910	55.511*
7	MM Group Limited	-	-	203,470,910	55.511*
8	Shiny Treasure Holdings Limited	-	-	203,470,910	55.511*
9	Khun Charoen Sirivadhanabhakdi	-	-	203,470,910	55.511*
10	Khunying Wanna Sirivadhanabhakdi	-	-	203,470,910	55.511*
11	TCC Assets Limited	-	-	203,470,910	55.511*
12	Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	61,338,900	16.735	-	-
13	Employees Provident Fund Board	29,601,230	8.076	-	-
		294,411,040	80.321		

* Indirect interest in the Company is held through Fraser and Neave, Limited pursuant to Section 6A of the Companies Act, 1965

SHAREHOLDINGS STATISTICS

As at 30 November 2015

30 LARGEST SHAREHOLDERS

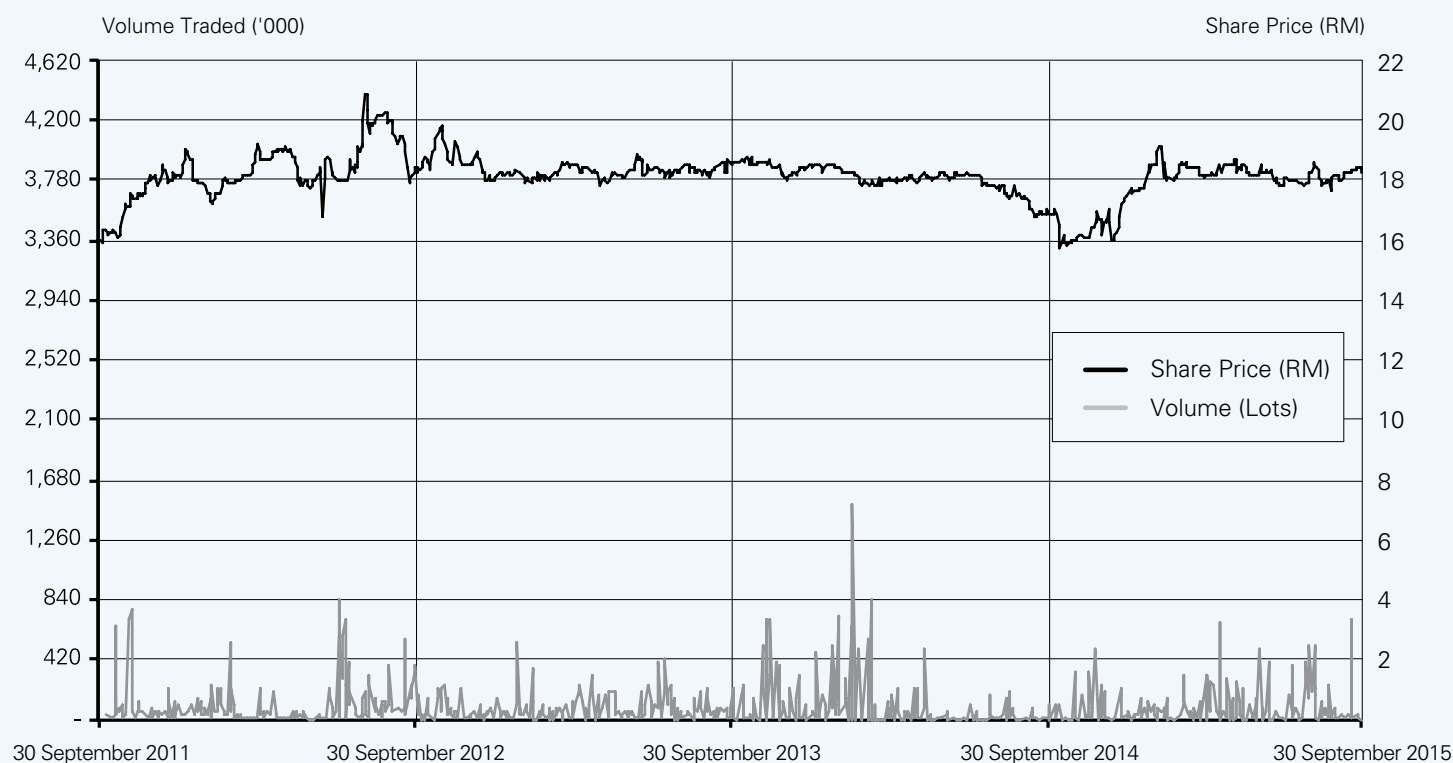
No.	Name of Shareholders	Shareholdings	% of Voting Shares
1.	Fraser and Neave, Limited	203,470,910	55.511
2.	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	61,338,900	16.735
3.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	26,420,330	7.208
4.	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	9,770,000	2.665
5.	Amanahraya Trustees Berhad – AS 1Malaysia	8,165,100	2.228
6.	Amanahraya Trustees Berhad – Amanah Saham Malaysia	5,777,200	1.576
7.	Permodalan Nasional Berhad	3,000,000	0.818
8.	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 2	2,750,000	0.750
9.	Kumpulan Wang Persaraan (Diperbadankan)	2,480,800	0.677
10.	Amanahraya Trustees Berhad – Amanah Saham Didik	2,472,500	0.674
11.	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB Bank for Syed Badarudin Jamalullail (PBCL-0G0077)	2,000,000	0.546
12.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (Affin-HWG)	1,882,000	0.513
13.	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	1,705,100	0.465
14.	HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969)	1,238,000	0.338
15.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (Aberdeen)	1,090,000	0.297
16.	Citigroup Nominees (Tempatan) Sdn Bhd – Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	1,000,000	0.273
17.	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt AN for Bank of Singapore Limited	1,000,000	0.273
18.	Citigroup Nominees (Tempatan) Sdn Bhd – Bank Negara Malaysia National Trust Fund (Hwang)	643,400	0.176
19.	Key Development Sdn. Berhad	600,000	0.164
20.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Manulife Investment – HW Flexi Fund (270519)	577,700	0.158
21.	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	559,500	0.153
22.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – iCapital.biz Berhad	517,600	0.141
23.	Chinchoo Investment Sdn. Berhad	500,000	0.136
24.	Gan Teng Siew Realty Sdn. Berhad	500,000	0.136
25.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Manulife Investment CM Shariah Flexi FD (270785)	489,700	0.134
26.	Lee Chin Hong	438,000	0.119
27.	HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	429,100	0.117
28.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Saham Amanah Sabah (Acc-2-940410)	423,100	0.115
29.	AMSEC Nominees (Tempatan) Sdn Bhd – Exempt AN for AmTrustee Berhad (F&N SGP)	385,925	0.105
30.	CIMB Group Nominees (Tempatan) Sdn Bhd – CIMB-Principal Asset Management Berhad for Manulife Insurance (Malaysia) Berhad – (Equity Fund)	380,300	0.104
Total		342,005,165	93.306

SHARE PRICE CHARTS

FRASER & NEAVE HOLDINGS BERHAD'S SHARE PRICE AND BURSA MALAYSIA'S COMPOSITE INDEX



FRASER & NEAVE HOLDINGS BERHAD'S SHARE PRICE AND VOLUME TRADED



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of Fraser & Neave Holdings Bhd ("Company") will be held at Banyan, Casuarina & Dillenia, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 21 January 2016 at 10:00 a.m. for the following purposes:

Ordinary Business		
1.	To receive the Audited Financial Statements for the financial year ended 30 September 2015 together with the Reports of the Directors and Auditors thereon.	Refer to Note (1)
2.	To approve the payment of a final single tier dividend of 35.5 sen per share for the financial year ended 30 September 2015.	Resolution 1
3.	To re-elect Dato' Johan Tazrin bin Hamid Ngo who retires in accordance with Article 97 of the Company's Articles of Association, as a Director. Note: Datuk Chin Kwai Yoong who retires by rotation in accordance with Article 97 of the Company's Articles of Association, has expressed his intention not to seek re-election.	Resolution 2
4.	To re-elect Mr. Lee Meng Tat who retires in accordance with Article 103 of the Company's Articles of Association, as a Director.	Resolution 3
5.	To pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965: "THAT Y.A.M. Tengku Syed Badarudin Jamalullail who is retiring at the conclusion of the 54 th Annual General Meeting of the Company pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next annual general meeting." "THAT Dato' Anwarrudin bin Ahamad Osman who is retiring at the conclusion of the 54 th Annual General Meeting of the Company pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next annual general meeting." "THAT Dato' Jorgen Bornhoft who is retiring at the conclusion of the 54 th Annual General Meeting of the Company pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next annual general meeting." "THAT Mr. Lee Kong Yip who is retiring at the conclusion of the 54 th Annual General Meeting of the Company pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next annual general meeting."	Resolution 4 Resolution 5 Resolution 6 Resolution 7
6.	To approve Directors' fees of RM1,400,000 for the financial year ending 30 September 2016 payable monthly in arrears after each month of completed service of the Directors during the financial year.	Resolution 8
7.	To pass the following resolution for appointment of Messrs KPMG as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young: "THAT Messrs KPMG, having consented to act, be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young, to hold office until the conclusion of the next annual general meeting and THAT the Directors be and are hereby authorised to fix their remuneration."	Resolution 9

NOTICE OF ANNUAL GENERAL MEETING

Special Business		
8.	<p>ORDINARY RESOLUTION -PROPOSED RENEWAL OF SHARE BUY-BACK</p> <p>"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") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant authorities, the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to the extent permitted by the law, to make purchases of ordinary shares of RM1.00 each ("F&N Shares") in the Company's issued and paid-up ordinary share capital from time to time through Bursa Securities, subject further to the following:</p> <ul style="list-style-type: none"> (i) the maximum number of ordinary shares which may be purchased and held by the Company does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point in time ("Proposed Share Buy-Back"); (ii) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the Company's total retained profits and/or share premium account at the time of purchase of the Proposed Share Buy-Back; (iii) the approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting ("AGM") of the Company, following the passing of this resolution or the expiration of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution passed by shareholders of the Company at a general meeting but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority; and (iv) upon completion of the purchase(s) of the F&N Shares or any part thereof by the Company, the Directors be and are hereby authorised to cancel all the F&N Shares so purchased, retain all the F&N Shares as treasury shares for future re-sale or retain part thereof as treasury shares and cancelling the balance or distribute all or part of the F&N Shares as dividends to shareholders, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of MMLR and any other relevant authority for the time being in force <p>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."</p>	Resolution 10

NOTICE OF ANNUAL GENERAL MEETING

9.	<p>ORDINARY RESOLUTION -PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE</p> <p>"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 Sections 2.4.1 and 2.4.2, Part B of the Statement/Circular to Shareholders dated 28 December 2015 with the related parties 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 parties 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:</p> <p>(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;</p> <p>(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</p> <p>(iii) revoked or varied by the Company in a general meeting,</p> <p>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 may consider necessary, expedient or in the interests of the Company to give effect to this resolution."</p>	Resolution 11
10.	<p>ORDINARY RESOLUTION -RETENTION OF INDEPENDENT NON-EXECUTIVE CHAIRMAN</p> <p>"THAT pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Y.A.M. Tengku Syed Badarudin Jamalullail be and is hereby retained as the Independent Non-Executive Chairman of the Company until the conclusion of the next annual general meeting."</p>	Resolution 12
11.	<p>ORDINARY RESOLUTION -RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR</p> <p>"THAT pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Dato' Anwarudin bin Ahamad Osman be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next annual general meeting."</p>	Resolution 13
12.	To transact any other business which due notice shall have been given.	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Company's 54th Annual General Meeting, the proposed payment of a final single tier dividend of 35.5 sen per share for the financial year ended 30 September 2015 will be paid to shareholders on 4 February 2016. The entitlement date for the proposed dividend shall be on 27 January 2016.

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 p.m. on 27 January 2016 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
SOON WING CHONG
MAYEEN WONG MAY FUN
Company Secretaries

Kuala Lumpur, Malaysia
28 December 2015

Notes:

- (1) Item 1 of the agenda is intended for discussion only as under Section 169(1) of the Companies Act, 1965, the Audited Financial Statements do not require formal approval of shareholders. As such, this item will not be put forward for voting.
- (2) 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.
- (3) Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.
- (4) In the case of a corporation, the form of proxy must be executed under seal or under the hand of its attorney duly authorised.
- (5) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Each appointment of proxy by an exempt authorised nominee shall be by a separate instrument of proxy which shall specify the proportion of shareholding to be represented by each proxy.
- (6) The instrument appointing a proxy or proxies must be deposited with the Company Secretaries at the registered office of the Company at Level 8, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur not less than 48 hours before the meeting.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

A. FOR ORDINARY BUSINESS

i) **Re-Appointment of Directors**

In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Board (save for the interested directors) has assessed the independence of the Independent Directors including the Independent Directors who are due for re-appointment. The Board is of the opinion that the Independent Directors constantly provide independent and objective judgement in all Board and Board Committee deliberation.

ii) **Appointment of Auditors**

Notice of nomination pursuant to Section 172(11) of the Companies Act, 1965 in respect of the nomination of Messrs KPMG for appointment as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young, has been received by the Company, a copy of which is marked as "Annexure A" and enclosed with the Annual Report.

B. FOR SPECIAL BUSINESS

i) **Proposed Renewal of Share Buy-Back**

Resolution 10, if passed, will provide the Company with the authority to buy-back its shares and will allow the Company a further option to utilise its financial resources more efficiently. Additionally, it is intended to stabilise the supply and demand as well as the price of the Company's shares. Please refer to Part A of the Statement/Circular to Shareholders dated 28 December 2015 for more details.

ii) **Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 11, if passed, will enable the Company and/or its subsidiaries ("F&N Group") to enter into recurrent transactions with the related parties 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 parties than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders. Please refer to Part B of the Statement/Circular to Shareholders dated 28 December 2015 for more details.

iii) **Retention of Independent Non-Executive Chairman**

The Board of Directors has via the Nominating Committee assessed the independence of Y.A.M. Tengku Syed Badarudin Jamalullail and is of the view that the retention of Tengku Syed as the Independent Non-Executive Chairman of the Company is in the best interest of the Company. The Board is mindful that Tengku Syed is also the Lead Independent Non-Executive Director of Fraser and Neave, Limited, the holding company of the Company but opines that Tengku Syed's directorships in both companies will not influence his independent judgement.

The Board recommends that Tengku Syed continues to act as the Independent Non-Executive Chairman of the Company on the following basis:

- a) Tengku Syed continues to be able to exercise independent and objective judgement and to act in the interest of the Company;
- b) Tengku Syed has detailed knowledge of the business of the Company and has proven commitment, experience and competency to effectively advise and oversee the management of the Company; and
- c) Tengku Syed has met the independence guidelines set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF ANNUAL GENERAL MEETING

iv) Retention of Independent Non-Executive Director

The Board of Directors has via the Nominating Committee assessed the independence of Dato' Anwarudin bin Ahamad Osman and is of the view that the retention of Dato' Anwarudin as an Independent Non-Executive Director of the Company is in the best interest of the Company. The Board recommends that Dato' Anwarudin continues to act as an Independent Non-Executive Director of the Company on the following basis:

- a) Dato' Anwarudin continues to be able to exercise independent and objective judgement and to act in the interest of the Company;
- b) Dato' Anwarudin has contributed sufficient time and efforts in his capacity as an Independent Non-Executive Director and has attended all relevant meetings for informed and balanced decision making; and
- c) Dato' Anwarudin has met the independence guidelines set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Members Entitled to Attend 54th Annual General Meeting

For the purpose of determining a member who shall be entitled to attend the 54th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 13 January 2016. Only a depositor whose name appears on the Record of Depositors as at 13 January 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Annual Report 2015

The Company issues to shareholders its Annual Report 2015 in CD-ROM. A full version of the Annual Report in printed form shall be provided to shareholders within four (4) market days from the date of receipt of the verbal or written request. Shareholders who wish to receive the full version of the Annual Report 2015 in printed form and who require assistance with viewing the CD-ROM, kindly contact Ms. Mayeen Wong May Fun or Mr. Soon Wing Chong at telephone number: 603-9235 2288. Alternatively, you may send the duly completed form to the Company's registered office at Level 8, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur, Malaysia or fax to 603-9222 7878. You may also send your request by email to mayeen.wong@fn.com.my or wingchong.soon@fn.com.my. The full version of the Annual Report 2015 can also be obtained from the Company's website at www.fn.com.my.



FRASER AND NEAVE, LIMITED

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

438 Alexandra Road
#20-00 Alexandra Point
Singapore 119958

Annexure A

Tel : (65) 6318 9393
Fax: (65) 6271 0811
www.fraserandneave.com

Date: 16 October 2015

The Board of Directors
Fraser & Neave Holdings Bhd
Level 8, F&N Point
No. 3, Jalan Metro Pudu 1
Fraser Business Park
Off Jalan Yew
55100 Kuala Lumpur, Malaysia

Dear Sirs

**RE: NOTICE OF NOMINATION OF MESSRS KPMG AS AUDITORS IN PLACE OF THE
RETIRING AUDITORS, MESSRS ERNST & YOUNG**

Pursuant to Section 172(11) of the Companies Act 1965, we, being a member of Fraser & Neave Holdings Bhd ("the Company"), hereby give notice of our nomination of Messrs KPMG for appointment as Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young, and propose the following Ordinary Resolution for tabling at the forthcoming Annual General Meeting of the Company:

"THAT Messrs KPMG, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young, to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration."

Yours faithfully,

On behalf of
Fraser and Neave, Limited
Hui Choon Kit
Chief Financial Officer



FRASER & NEAVE HOLDINGS BHD

Company No.: 4205-V, Incorporated in Malaysia

PROXY FORM

I/We _____ I.C. No./Company No. _____
(full name in block letters)

of _____
(full address)

being a member/ members of Fraser & Neave Holdings Bhd, hereby appoint _____
(full name in block letters)

_____ I.C. No. _____ of

_____ (full address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf as indicated below, at the 54th Annual General Meeting of the Company to be held at **Banyan, Casuarina & Dillenia, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia** on **Thursday, 21 January 2016** at **10:00 a.m.** or at any adjournment thereof:

Ordinary Resolutions	No.	For	Against
To approve the payment of a final single tier dividend of 35.5 sen per share for the financial year ended 30 September 2015.	1		
To re-elect Dato' Johan Tazrin bin Hamid Ngo who retires in accordance with Article 97 of the Company's Articles of Association, as a Director.	2		
To re-elect Mr. Lee Meng Tat who retires in accordance with Article 103 of the Company's Articles of Association, as a Director.	3		
To re-appoint Y.A.M. Tengku Syed Badarudin Jamalullail as a Director pursuant to Section 129(6) of the Companies Act, 1965.	4		
To re-appoint Dato' Anwarudin bin Ahamad Osman as a Director pursuant to Section 129(6) of the Companies Act, 1965.	5		
To re-appoint Dato' Jorgen Bornhoft as a Director pursuant to Section 129(6) of the Companies Act, 1965.	6		
To re-appoint Mr. Lee Kong Yip as a Director pursuant to Section 129(6) of the Companies Act, 1965.	7		
To approve Directors' fees of RM1,400,000 for the financial year ending 30 September 2016 payable monthly in arrears after each month of completed service of the Directors during the financial year.	8		
To appoint Messrs KPMG as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young and to authorise the Directors to fix the auditors' remuneration.	9		
To approve the Proposed Renewal of Share Buy-Back.	10		
To approve the Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature.	11		
To approve the retention of Y.A.M. Tengku Syed Badarudin Jamalullail as the Independent Non-Executive Chairman of the Company.	12		
To approve the retention of Dato' Anwarudin bin Ahamad Osman as the Independent Non-Executive Director of the Company.	13		

Please indicate with an "X" in the spaces above how you wish your vote to be cast. If no specific direction as to voting is given, your proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____ 20____

Number of shares held	
CDS Account No.	

Signature(s)/Common Seal of Shareholder(s)

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/her 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, the form of proxy must be executed under seal or under the hand of its attorney duly authorised.
- (4) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Each appointment of proxy by an exempt authorised nominee shall be by a separate instrument of proxy which shall specify the proportion of shareholding to be represented by each proxy.
- (5) The instrument appointing a proxy or proxies must be deposited with the Company Secretaries 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.

Fold here

**AFFIX
STAMP**

Company Secretaries
FRASER & NEAVE HOLDINGS BHD 4205-V
Level 8, F&N Point, No. 3, Jalan Metro Pudu 1
Fraser Business Park, Off Jalan Yew
55100 Kuala Lumpur
Malaysia

Fold here

Fraser & Neave Holdings Bhd

F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park,
Off Jalan Yew, 55100 Kuala Lumpur, Malaysia

Tel : (603) 9235 2288 Fax : (603) 9222 7878

www.fn.com.my