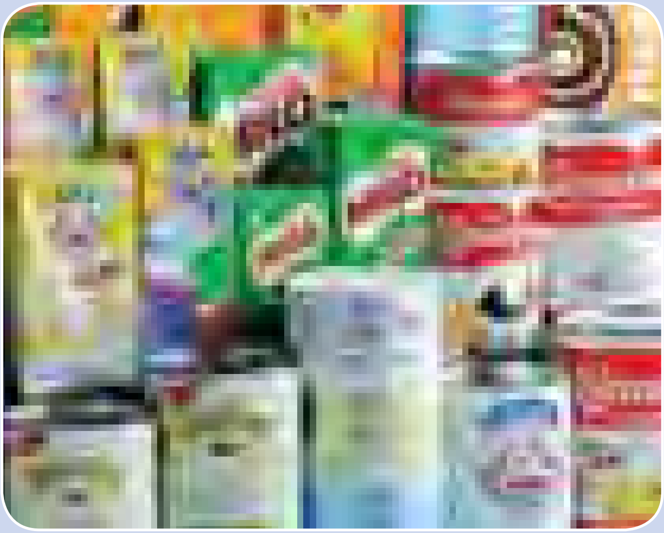
DAIRY PRODUCTS

Sweetened Condensed Milk & Evaporated Milk
Carnation Sweetened Beverage Creamer (SBC) and Carnation Evaporated Milk (Evap) experienced strong internal sales growth of 30 per cent and 19 per cent respectively. Carnation SBC closed the year with a value market share of 34 per cent while Carnation Evap grew three percentage points to register 58 per cent value market share.

Continuous promotions and strong brand visibility contributed to growth within this category. This included the provision of brand decorations to its 11,000 street hawkers nationwide as well as loyalty and reward programmes for food service distributors and customers i.e. Cash & Carry, while working with popular television programmes and magazines for brand communication.

Tea Pot SBC managed to build its value market share to five per cent in just 15 months after its launch largely due to its value for money proposition. With the launch



of Tea Pot Evaporated Milk in January 2009, Dairies Thailand has a complete range of both sweetened and unsweetened offerings, strengthening the Group's goal of becoming the leading player in this product category. Eight months after its launch, Tea Pot Evap gained an admirable one per cent market share.

UHT
In May 2009, Dairies Thailand launched Phase II of the *Taste Challenge Campaign* in support of Milo UHT's refreshing new USP of *Super Delicious with 12 Nutrition Benefits*. The two key communication messages focused on its great taste and health benefits. The campaign utilised an entire spectrum of marketing activities, including the first Milo UHT television commercial released after the Group acquired the business in February 2007. The campaign revived the brand's market share from 28 per cent to 30 per cent following a consecutive three-month decline previously. It also provided a much-needed boost to domestic sales with the traditional trade segment registering the highest volume during the October 2008 to June 2009 sales period.

Bear Brand UHT expanded its "Brain and Bone" communication focus to include a new complementary campaign - *Brain & Bone Bear Brand UHT Kids Challenge* to grow its consumer base while continuing to engage loyal consumers. The competition, involving a public voting system, further promoted the benefits of drinking milk especially amongst mothers with young children.

3-in-1 Coffee Mix

Encouraged by the double-digit market growth within this segment over the past few years, Dairies Thailand launched *F&N CREATIONS*, which signaled the Group's foray into the 3-in-1 coffee mix segment. Available in original flavor, it was available in three options: two, five or 25 sticks in a pouch. It was supported by a 360-degree marketing campaign built

around the product tagline "*Charm of perfect blend*" including 15-second teasers and 30-second thematic television commercials, extensive sampling in office buildings, universities, trade channels and expressways, consumer promotions such as premium giveaways and high in-store visibility at both the modern and traditional trade channels. *F&N CREATIONS* made a modest start with a 0.4 per cent value share nationwide while at convenience stores, it has a 1.1 per cent value share.

Buoyed by the encouraging response, Dairies Thailand launched three new variants – Espresso (Strong coffee), Lite Sweet (Low sugar coffee) and Gold (Premium selection of 100% Brazilian coffee) in August 2009 to appeal to a wider audience. The division is confident of growing value share of the *F&N CREATIONS* product line to three per cent by the end 2010.

Pasteurised TFD Milk

F&N Magnolia Choc Malt, launched in May 2009, provided a "gorgeous taste for chocolate lovers" and targeted the pre-teen and teenage markets, inclusive of those in high schools and universities. With its attractive and trendy packaging, the product continued to garner interest at various sampling activities conducted at graduation ceremonies, tuition and exhibition centres, a taekwondo tournament and via modern trade channels, resulting in an excellent sales turnover. Within four months of its launch, the product garnered 17.6 per cent in value market share and 18.4 per cent in volume market share. To capitalise on this wave, other activities in the pipeline in the coming months include television tie-ins with teen programmes, sports tournaments, sampling at schools and BTS in-train and cinema ads. With all these activities, Dairies Thailand aims to reclaim the 29 per cent market share which Milo held in the past.

OUTLOOK

Signs of recovery in the global economy as well as the government's stimulus programme bode well for the Thai economy. However, unresolved political tensions threaten an already gloomy situation. Nonetheless, the government is forecasting a GDP growth of about 3.5 per cent in 2010. Exports are also expected to pick up but growth will be slow.

In the coming year, Dairies Thailand will focus on growing its current portfolio and introducing new products to consumers, expanding its business in Myanmar and penetrating the Vietnam market. It will continue to pursue cost savings' initiatives in manufacturing, supply chains and other functions to help improve and enhance overall profitability.

GLASS CONTAINERS

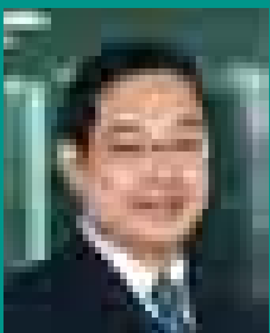
The glass division recorded commendable performance with the Malaysian, Vietnam and China operations achieving their respective performance targets despite the economic slowdown, thanks to concerted efforts to maintain cost competitiveness via cost reduction activities.

MANAGEMENT TEAM

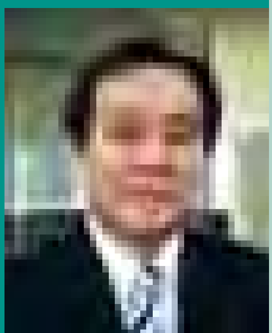
Mogan Muniandy
(General Manager)

Chin Chee Wah
(Asst. General Manager, Technical & Operations)

George Yeow
(Financial Controller)



Alex Ng
(General Manager, Sichuan Malaya Glass)



Jamie Lim
(General Director, Malaya Vietnam Glass)

Raymond Lee
(General Manager, Thai Malaya Glass)

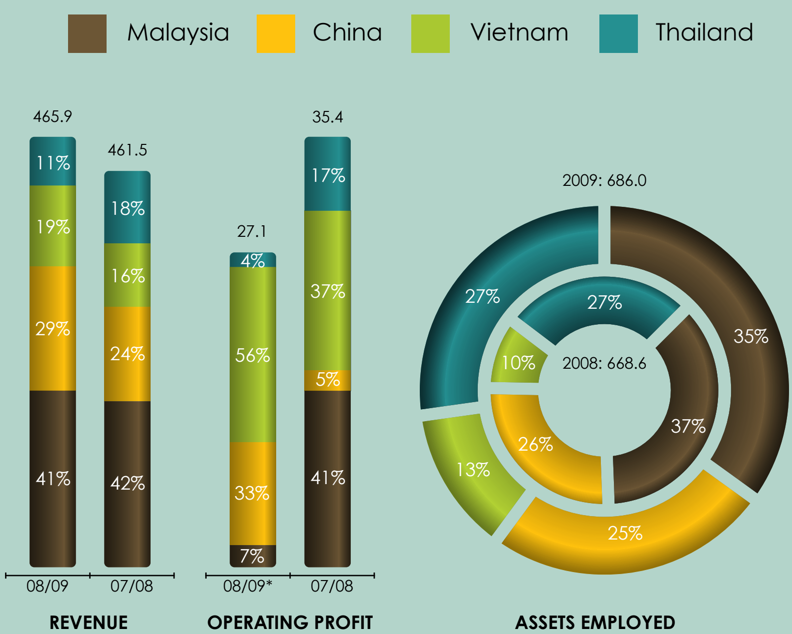
OVERVIEW

Operating profit of the glass division improved by 15% to RM41 million (before unusual items of RM13.5 million arising from the closure of the Petaling Jaya plant) on the back of revenue of RM466 million.

The division's growth was contributed by the implementation of better pricing and product mix. Other contributing factors were the implementation of cost reduction initiatives such as developing lower cost alternative sourcing and controls on working capital and capital expenditure. Operational efficiency and innovation which included the sharing of best practice among glassworks and technology partners, technical advancements and enhanced quality standards were complementary contributing factors.

RATIONALIZATION OF OPERATIONS IN MALAYSIA

The rationalization of operations at Malaya Glass Products Sdn Bhd (MGP) and Kuala Lumpur Glass Manufacturers Company Sdn Bhd is expected to optimize operational synergy and benefits. MGP successfully rebuilt its 3rd furnace (M3) and commenced commercial run of three production lines in August. This increased the overall pulling capacity from 290 to 440 tonne per day resulting in larger economies of scale in operation. With the running of three furnaces, the division was able to fulfill demand for three colours (amber, flint and green) from customers. The reduction in energy costs for natural gas and electricity tariff rates further eased cost pressures of the Malaysian operation.



* After unusual items of RM13.5 million

GLASS CONTAINERS

■ Glass containers being formed below the furnace

MARKET LEADER IN VIETNAM

Malaya-Vietnam Glass Limited (MVGL) enjoyed the status as a market leader in the country. The relocation of the Vietnam plant to Ba Ria-Vung Tau is in progress and its bigger capacity is intended to meet growing demand generated by the improvement of the Vietnamese economy. With the planned operation of the new plant, MVGL would be able to target more niches such as lightweight returnable bottles, shorter production run orders with higher margins and decorative containers, among others.

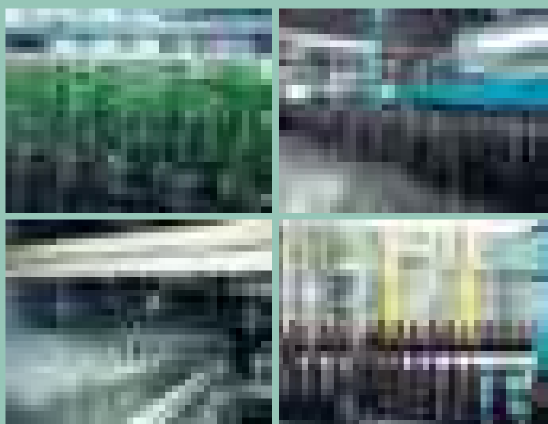
STRENGTHENING POSITION IN CHINA

Sichuan Malaya Glass (SMG) continued to strengthen its position by building close relationships with internationally recognized customers as well as switching from the lower margin liquor segment to the higher margin markets like beer and exports. With the operations of a second furnace and rationalization of manufacturing facilities, SMG is well positioned to take advantage of its expanded capacity to fulfill the additional export orders obtained. This is expected to significantly improve future prospects and profitability.

DEMAND CONTRACTION IN THAILAND

Thai Malaya Glass (TMG) faced some temporary setbacks and fell behind its performance target. However the company was able to gradually exploit its market potential by entering into new market segments such as the flint bottle market.

■ Glass jars in the annealing process



■ Glass bottles at various stages of production at Thai Malaya Glass

OUTLOOK

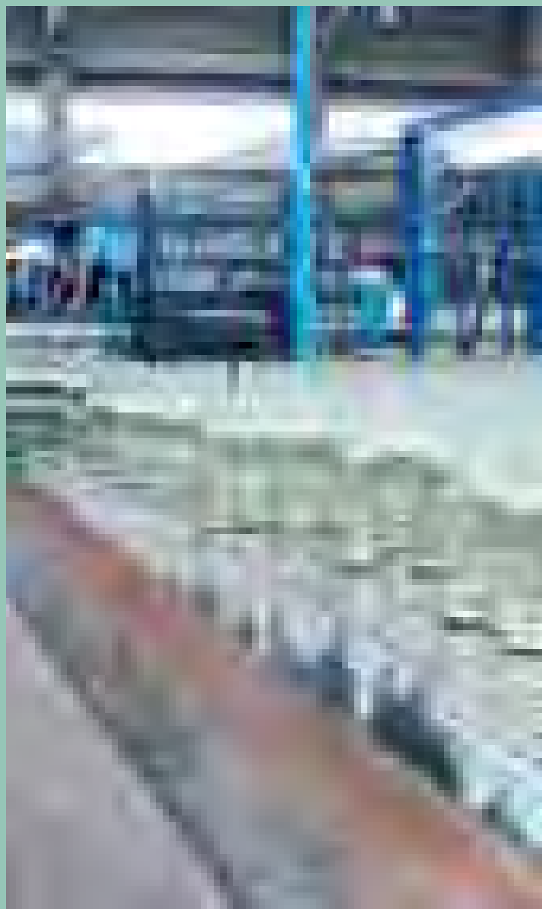
The overall glass container business outlook for the current year is moderate, with a forecast pick up in demand, arising from the anticipated economic recovery in both domestic and export markets. It should also benefits from better operating efficiencies, economy of scale and streamlined management structure arising from consolidation of the Malaysia glass operations.

In Malaysia, MGP shall continue to focus on its niche markets in the beer, food and beverage segments as well as increase its exports to countries like Australia, New Zealand and the Philippines.

In Vietnam, MVG shall record positive growth especially in the beer and soft drink segments and will continue to focus on these markets when the economy improves.

As the export market continues to grow in China, SMG shall target more multi-national customers apart from Anheuser Busch and Asia Pacific Breweries (Shanghai).

In Thailand, the temporary setbacks attributed to reduced orders from local beer customers and the lower of export orders has not deterred TMG from maintaining its cost competitiveness in order to penetrate new export markets in Australasia and the non-returnable bottle segment.



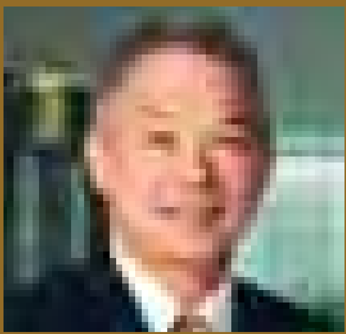
■ Glass bottles on the packing line

■ Glass bottles going through the inspection process

PROPERTY

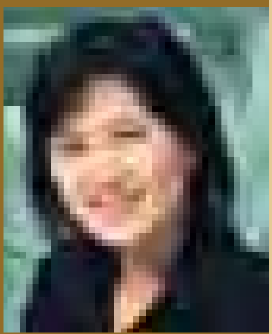
During the financial year, F&N's property division focused on completing the construction of Phase II of Fraser Business Park and on value-added initiatives for its existing land banks with a view to position them ahead of other developers when the property market takes an upturn.

MANAGEMENT TEAM



Cheah Hong Chong
(General Manager, Property)

Bay Hee Choon
(Project Manager)

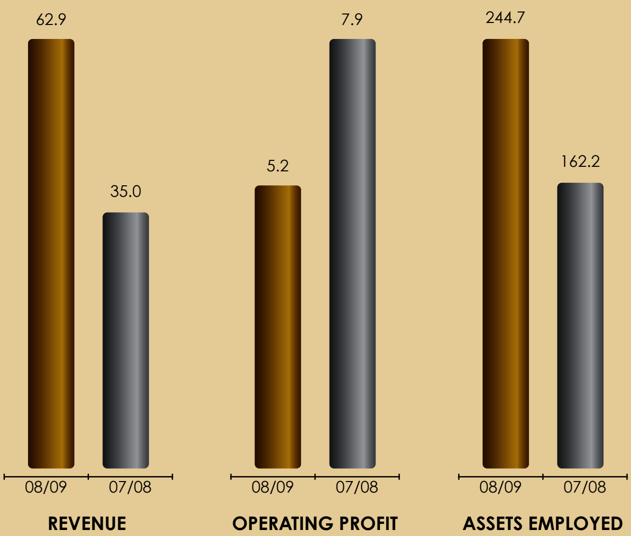


Thian Yin Yin
(Finance Manager)

CHALLENGING TIMES

The weak property market coupled with the credit squeeze as well as increase in materials and labour costs continued to pose stringent challenges to the Company. Nevertheless, work on Fraser Business Park Phase II progressed steadily and is scheduled for completion in December 2009. Positioned as the region's first purpose-built ICT-hub, this RM350 million integrated commercial development featured ICT retail business lots, a budget e-hotel and service apartments. A lease agreement signed with HELP University College will see the establishment of HELP's city campus housing a student population of 5,000 which will support the businesses of the ICT and other retailers at Fraser Business Park.

To realise the vision of turning Fraser Business Park Phase II into the region's leading IT hub, a memorandum of understanding was signed between Brampton Holdings Sdn Bhd, a wholly owned subsidiary of Fraser & Neave Holdings Bhd, and Telekom Malaysia Berhad on August 19, 2009 for the provision of communication infrastructure and facilities. This would enable tenants and residents of the business park to have access to state-of-the-art ICT facilities. Among the facilities available will be telephony, data and broadband connection with the latest fibre-to-the-office (FTTO) broadband connectivity infrastructure.



BRANDING ACTIVITIES

F&N Properties Sdn Bhd remains committed to offer cutting edge ICT technology in its development projects and products. The collaboration with Telekom Malaysia is one such endeavour offering wide range of applications that will add value to businesses at Fraser Business Park.

OUTLOOK

The Property Division will continue to adopt a niche approach in new property development projects. Initiatives will be focused on developing blueprints to unlock the value and potential of the Group's land bank. Efforts include realigning resources to further unlock the value of existing land bank at Petaling Jaya and Kota Kinabalu while continuing the planning of a joint-venture commercial project in Johor Bahru.

■ Fraser Business Park, Phase II - Service Apartments

■ Fraser Business Park, Phase II - Mega Tutorial Centre

■ Fraser Business Park, Phase II - Mega Tutorial Centre

Beautifying Our World

The mangrove butterfly is one of nature's most beautiful gifts to mankind. Deriving its name from the mangrove tree, this winged wonder plays an important role in the natural pollination and sustenance of the mangrove plants. As part of our overall commitment to good corporate governance, we believe it is our duty to act in a socially responsible manner through a range of CSR initiatives that aim to benefit our employees and the communities we serve, as well as help to preserve the beauty of this world we live in.

CORPORATE RESPONSIBILITY

HUMAN RESOURCES

■ One for the album... happy recipients of Chairman's Award 2009.

The Group Human Resource (GHR) went through interesting times this year in its efforts to further invigorate and develop human capital across the F&N Group of Companies. This included the continued building of people, systems and structures to provide support in and in anticipation of business growth and expansion.

TALENT MANAGEMENT

During the financial year under review, GHR participated in various Career Fairs, one of which was organized by the Ministry of Higher Education. The participation was aimed at attracting new talents as well as to build up F&N's employer brand.

In line with the Group's emphasis on building a talent pool, GHR continued to develop a second batch of future leaders via F&N's Management Associates Program (MAP). The Management Associates would undergo a 16-month, cross-functional development via intensive on-the-job trainings and personal development programmes. The MAP will also expose the young workers to the Group's business landscape, including opportunity to undergo a leadership challenge to hone their leadership skills and acquire commercial acumen.

F&N CHAIRMAN'S AWARD

The Group recognises the importance of nurturing the younger generation with the caliber to ensure the continued progress and prosperity of the nation. Under the F&N Chairman's Award for Educational Excellence, the Group rewards all children of its employees who perform exceptionally well in public examinations and for gaining entry to tertiary institutions, be it local or abroad. The annual award scheme is aimed at further enhancing employer-employee relationships as well as reinforcing a caring and harmonious working environment.

The Chairman's Award 2009 ceremony marked the seventh year since the inception of the RM1.2 million award in 2003 to celebrate the Group's 120th Anniversary. In conjunction with F&N's 125th anniversary in 2008, the initial allocation was topped up with an additional RM1.25 million. Since 2003, a total of 898 children had received a total of RM1,067,200. This year, the Group accorded due recognition to 179 children of employees from the Group's soft drinks, dairies, glass and holdings entities who received a total of RM276,000. To-date, a sum of over RM1.34 millions had been disbursed under this scheme.

LEARNING & DEVELOPMENT

During the year under review, GHR also initiated a total of 27 programmes that focused on three main objectives: building HR capabilities, creating workforce alignment and establishing a managerial talent pool.

GHR initiated a series of three programmes over a five-month period to strengthen HR practitioners' ability to drive current and future people transformation and capability development initiatives designed to produce an aligned, motivated and competent workforce.

■ Line of sight workshop... sharing of thoughts

■ James Teo, MD of F&NCC, addressing the participants

The first programme, Competency Based Train-The-Trainer, was implemented to strengthen HR practitioners' ability to facilitate in-house Effective KRA Setting & Performance Appraisal workshops. The second programme was intended to improve workforce performance through the systematic cascading of annual Key Result Areas (KRAs). The third, Job Profiling for HR practitioners, was aimed at streamlining employees roles and responsibilities and thus reduce the overlapping of roles and work duplication to ensure long-term organizational effectiveness.

In line with its three main objectives, GHR implemented four Line of Sight workshops to streamline the efforts of the Group's business units in articulating and crystallising their organisational goals and objectives, determining their success factors and performance indicators and establishing, affirming and assigning accountability for next year's KPI/KRAs. The established KRAs were subsequently cascaded to all employees internally through Effective KRA Setting and Performance Appraisal workshops. This alignment of employees' performance contracts to the common organisational objectives was expected to set employees' goals engagement in line with the overall organisational strategies, and thereby establish a foundation for sustainable high performance.

Besides working on building HR capabilities and creating workforce alignment, GHR also focused on equipping its first batch of Management Associates with skills such as self-management, analytical thinking and problem solving, partnership building and to be result-driven to prepare them for the position of Assistant Managers upon completion of the programme. Four soft-skills training programmes were implemented to achieve this. It was hoped that these programmes, coupled with a structured on-the-job training and project assignments will accelerate the development of these Management Associates into future leaders, thereby creating the managerial talent pool required to support F&N's future growth.

■ F&N participated in the job fair at PWTC in May 2009, organised by the Ministry of Human Resource

CORPORATE RESPONSIBILITY INITIATIVES

> *Responsible businesses go beyond what is required by law to make a positive impact on society and the environment through their management, operations and products and proactive engagement with stakeholders including employees, customers, investors, communities and suppliers*

In keeping with its commitment to improve the quality of life for employees and their families, in addition to that of the local community and society at large, the F&N Group undertook various initiatives to set the platform for civic, economic and educational growth. Notable among these undertakings were philanthropic initiatives, sponsorships, donations in kind and volunteerism focused on promoting the social and physical well-being of society.

CARING FOR THE COMMUNITY

The F&N Out-Do-Yourself Award (OYA), launched in 2008 to honour Malaysia's unsung heroes in the spheres of nation building, sports, academic and civic consciousness, recognised another three recipients during the year. To-date, seven outstanding Malaysians have been honoured for their acts of bravery, chivalry, compassion and kindness. The F&N OYA extends recognition to a maximum of 12 recipients annually.

Powerlifter Mdm Siow Lee Chan who won a bronze medal at the 2008 Paralympic Games in Beijing

Pn Hjh Norlina bt Hj Alawi, who had taken 44 children with HIV/AIDS into her home and heart

Mr. Prakash Suriyamurthy, visually impaired since two months old, subsequently obtained his Masters in Translation

Teacher Mdm Seng Woam Guei who protected her student from an armed attacker

■ Winners of OYA 1- prize giving ceremony in 2008 with the Chairman, YAM Tengku Syed Badarudin Jamalullail, Patron of F&N OYA, Dato' Shahrir bin Abdul Samad and CEO, Mr Tan Ang Meng

The recipients honoured in the second award ceremony

Mdm Chin Chu Lin who collected recyclable items from her neighbourhood to create awareness of environment conservation

En Hassan Kodiron who charged into his neighbour's burning house to save three children from danger

Mdm Wendy Yap Lee Cheng who founded Persatuan Rumah Caring Kajang

■ Winners of OYA 2- prize giving ceremony in May 2009

Judged by a panel of senior editors with former Chief Justice Tun Mohamed Dzaiddin Hj Abdullah as the chief adjudicator, the award winners were honoured at a presentation ceremony where they receive RM3,000 cash, a certificate, plaque and F&N products from Dato' Shahrir bin Abdul Samad, Patron of the F&N OYA. The first four recipients were powerlifter Mdm Siow Lee Chan who won a bronze medal at the 2008 Paralympic Games in Beijing; teacher Mdm Seng Woam Guei who protected her student from an armed attacker; mother of seven, Pn Hjh Norlina bt Hj Alawi, who had taken 44 children with HIV/AIDS into her home and heart; and Mr. Prakash Suriyamurthy who had been visually impaired since two months old, who continued with his pursuit of Masters in Translation and had written and translated articles and books in Malay, English and Tamil. The recipients honoured in the second award ceremony held on 7 May 2009 were Mdm Wendy Yap Lee Cheng who founded Persatuan Rumah Caring Kajang to provide shelter to single parents, orphans, old folks, drug addicts and the mentally-challenged; Mdm Chin Chu Lin who collected recyclable items from her neighbourhood to create awareness of environment conservation; and En Hassan Kodiron who charged into his neighbour's burning house to save three children from danger.

Following the establishment of "Sudut Iqra" or reading corner in Arabic by F&N Coca Cola (F&NCC) at orphanages in Perlis and Kedah, Yayasan Anak-Anak Yatim Pinggir TTDI (Rumah Ilham) became the third recipient of this initiative in 2008, aimed at promoting reading and enhancing proficiency in the English language among children.

Children of the homes in Perlis and Kedah also benefitted from confidence building cum motivation workshops to imbue in them the benefits of reading. The program had begun bearing fruit with the children showing improved essential living skills through teamwork exercises in the preparation of case studies and presentations using the treasury of reading materials readily available in their libraries. Both homes received an additional contribution of books worth over RM2,000 respectively in 2008.

■ Chairman opening the latest Sudut Iqra' F&N at Yayasan Anak - anak Yatim Pinggir TTDI

■ Team building for the children @ Jungle Lodge

Another ongoing project sustained by F&NCC for the 10th consecutive year was the Team Building programme to encourage interpersonal and intrapersonal skills as well as developing a sense of leadership and team spirit among underprivileged children. Some 63 children from Agathian Shelter and Yayasan Anak-Anak Yatim Pinggir TTDI (Rumah Ilham) experienced a jungle adventure trail at Jungle Lodge Alang Sedayu in Gombak. The series of team-building exercises were designed to help boost the children's self-confidence while developing a sense of camaraderie and fostering racial interaction.

■ Chairman hand out baju & duit raya to the children

F&N's community outreach continued to place emphasis on building sustainable corporate responsibility initiatives. In conjunction with Ramadan, 123 orphans from Rumah Kebajikan Anak Yatim Al-Khairiyah and Pertubuhan Kebajikan Anak Yatim/Anak Miskin Klang (PEYAKIN) were treated to a berbuka puasa feast at Sheraton Subang and received new ensembles of baju Melayu and baju kurung complete with songkok and tudung, as well as duit raya. This event has been held annually since 2004.

The promotion of filial piety saw F&NCC bringing cheer to residents of the Simee Home For the Aged in Ipoh with a sumptuous Chinese New Year feast. A lion dance troupe, the tossing of yee sang, mandarin oranges, ang pows, F&NCC products and cash donations spread the festive cheer among the residents.

■ Dato' Kamal, National Corporate Affairs Manager of F&NCC presenting duit raya to children from ETC Genius Resaman, Sg. Buloh

While in the 'F&N Dairies Back to School' program, children of the Pure Life Society were presented with two new sets of uniforms and shoes each plus school supplies and pocket money in preparation for the new school term in January. This program was aimed at bringing cheer and excitement among the children to boost their confidence and equip them with all basic necessities to excel in their academic endeavours.

■ Dato' Kamal, National Corporate Affairs Manager of F&NCC presenting ang pow while the Home Administrator of the Simee Home For The Aged looks on

The children of the Pure Life Society were surprised with a treat to watch the latest Disney On Ice Princess Wishes show at Putra Stadium Bukit Jalil. Not only did the children get to meet popular heroines Cinderella, Snow White,

■ Magnolia Disney On Ice Princess Wishes Grand Roadshow

Jasmine, Ariel, Belle, Mulan and Sleeping Beauty, they also went home with Princess Wishes goodie bags and Magnolia products.

In Thailand, F&N Dairies (FNDT) continued its Corporate Responsibility endeavours through donations and sponsorship of education and sports, among which was a donation of Bear Brand UHT and Milo UHT milk products to underprivileged children from "Bahn Kru Noi".

FNDT was also one of the sponsors of the Advertising Award organized by the Consumers Protection Organisation under the Prime Ministers Ministry. This award was extended to organisations that practise responsible comunication to consumers .

■ Somsak Chayapong, FNDT Country Head & Tan Hock Beng, Deputy Country Head presenting Bear Brand UHT and Milo UHT milk products to underprivileged children from "Bahn Kru Noi"

SPORTS SPONSORSHIP

Football, badminton and golf were among the most popular sporting events in Malaysia that continued to receive strong support and patronage from F&NCC.

The 100PLUS Malaysian Junior Open Golf tournament was among several junior programmes that 100PLUS supported in the country. This year's event marked the ninth consecutive year the brand had actively supported junior golf in the country. 100PLUS' efforts were rewarded by Malaysia's junior golfers displaying their prowess, sweeping eight out of the nine titles up for grabs in the championship. Rising stars, Gavin Kyle Green and Kelly Tan, who will both turn 16 later in the year, were the undoubted stars of the competition, bagging three titles each. The other Malaysian winners were Abel Tham (boys Under-18), Low Khai Jei (boys Under-14), and Joanne Lagan (girls Under-18).

100PLUS was also the main sponsor for the 100PLUS Super Cup Champions Schools Programme (a nationwide football competition for Under-18 age-groups), the 100PLUS National Junior Badminton Circuit and the Minister of Education Football League (MEFL).

The MEFL was a joint project between the Ministry of Youth and Sports and the Football Association of Malaysia (FAM) and aimed to lift the standard of football in Malaysia. 100PLUS was the main sponsor for the MEFL contributing RM1 million annually from 2008 to 2010.

100PLUS was also a sponsor of the Maybank Malaysian Open (Golf) in the year and for Asian Tour events in Malaysia. To recognise the contributions of Malaysian athletes, 100PLUS co-organised the annual Sportswriters Association of Malaysia (SAM) Excellence Awards. The 2009 100PLUS SAM Award was presented to World No. 1 badminton player, Datuk Lee Chong Wei, who was the reigning Sportsman of the Year, Olympian of the Year and winner of the Malaysian Open title and the Super Series Masters Final.

■ 100 Plus Malaysian Junior Open Golf Championship winners - Gavin Kyle Green and Kelly Tan

■ Juara Liga Bola Sepak sponsored by 100Plus

■ Rashid Sidek receiving the mock cheque on behalf of Chong Wei for the 2009 100Plus SAM Award

ENVIRONMENTAL AWARENESS

F&NCC and the Shah Alam City Council (MBSA) embarked on a three-month recycling campaign, for the third consecutive year, to inculcate and rejuvenate the spirit of recycling in school children. The Kempen Kitar Semula F&NCC & MBSA 2009 involved a total of 32 primary and secondary schools and yielded over 105,394 kg of recyclable materials.

Other ongoing environmental projects undertaken by F&NCC included its employee recycling program, a backwash water recovery system and the operation of a sophisticated effluent treatment plant which treated all wastewater from the factory before discharge into the common public drains.

F&N's glass division continued its recycling initiatives by participating in the 3R (Reduce, Reuse, Recycle) Fund Launch and Seminar organized by the National Environment Agency, Singapore in April 2009. A glass recycling study tour was also conducted for primary school students at the Malaya Glass factory in Johor Baru on August 17, 2009.

■ To inculcate and rejuvenate the spirit of recycling in school children.

■ Kempen Kitar Semula F&CC & MBSA 2009 - James Teo, MD of F&NCC, Shah Alam Mayor, Tuan Mazalan Md Nor and singer, Zainal Abidin

WORKPLACE SAFETY

F&N's glass division continued its annual safety awareness programme to raise awareness and educate employees. This was achieved through engaging safety consultants to conduct the annual audiometric test on staff to identify and diagnose hearing problems. The safety manual guideline on safety requirements such as PPE, safety handling, etc was also implemented.

FNDT achieved a safety record of zero accident (no loss time accident) accumulated from February 1, 2007 to September 21, 2009 with a total 962 days or 2.3 million working hours. In terms of its environmental compliance incident, FNDT achieved "zero environmental compliance" status.

Nurturing Success

As a means of nurturing their young, kingfishers perch on a branch over or close to the water watching and waiting for a fish to swim by. They dive in to the water for the fish, inevitably catch it, and then return to the branch where they will stun the fish before feeding it to their young. When it comes to nurturing our staff, we use every means possible to reinforce the positives in their lives, both professionally and personally. Success comes easy when you are happy and motivated.

CORPORATE GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

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

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

THE BOARD

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

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

Assisting the Board are three board committees: the Audit, Nominating and Remuneration Committees (details of which are provided below.) On a day-to-day basis, the Board delegates the conduct of operating matters to its Chief Executive Officer ("CEO"), who is also a member of the Board.

1) Composition and Board Balance

The Company's Articles of Association currently provides for a board composed of a maximum of 11 directors. The present Board comprises 11 directors, whose varied skills and vast experience are relevant to the Group's business operations.

The mix of directors on the Board is broadly balanced to reflect the interests of major shareholders, management and minority shareholders. Of the 11 directors, six are nominees of the two largest shareholders and four are independent. The 11th member is the CEO. With the exception of the CEO, all directors are non-executive directors.

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

2) Board Processes and Committee Activities

During the financial year, the Board held eight meetings, while the relevant Committees had seven meetings. Record of directors' attendance (taking into account the date of their respective appointments) is contained in the table below. Five board meetings were held at the registered office of the Company, while the other three meetings were held off-site in Kuala Lumpur. .

Pages 22 to 27 of this Annual Report contain a profile of each member of the Board.

DIRECTOR	BOARD	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
Y.A.M. Tengku Syed Badarudin Jamalullail	✻ ■ (8/8)	■ (4/4)	■ (1/1)	■ (2/2)
Tan Sri Dato' Dr Lin See Yan	✻ ■ (8/8)	■ (4/4)	■ (1/1)	
Lee Kong Yip	■ (7/8)			■ (2/2)
Leslie Oswin Struys	✻ ■ (8/8)	■ (4/4)	■ (1/1)	■ (2/2)
Tan Ang Meng	■ (8/8)			
Koh Poh Tiong	■ (8/8)		■ (1/1)	■ (2/2)
Anthony Cheong Fook Seng	■ (8/8)	■ (4/4)		
Dato' Dr Mohd Shahar bin Sidek	■ (8/8)			
Dato' Anwarrudin bin Ahamad Osman	✻ ■ (8/8)	■ (4/4)		
Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani	■ (6/8)			
Huang Hong Peng (Appointed on 1 March 2009)	■ (6/6)			
Wang Eng Chin (Alternate to Anthony Cheong Fook Seng)	■			

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

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

All Nominating Committee members attended the sole meeting scheduled during the year. Proposed changes in the composition of the main Board, committees and subsidiary boards were reviewed at this meeting prior to the submission of recommendations to the Board. The directors also reviewed and kept abreast of developments in the area of board performance assessment. A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole.

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

A separate report on the activities of the Audit Committee is contained on page 76 to 78 of this Annual Report.

3) Access to information

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

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

4) Appointments and Re-elections

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

REMUNERATION

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

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

Fees payable to the Company's directors are subject to yearly approval by shareholders at the Company's AGM. The aggregate director's remuneration paid or payable to the directors of the Company and its subsidiaries for the financial year ended 30 September 2009 are as disclosed in the financial statements.

DIRECTORS' TRAINING

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

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

During the financial year ended 30 September 2009, the directors of the Company attended various training programmes and seminars which cover the following topics :

- Directors' Continuing Education Programme
- Mandatory Accreditation Programme
- The Global Economy in the Aftermath of the Financial Crisis
- Risk Management Programme
- Upcoming Changes in Capital Market Regulations
- Overview of the new Securities Commission and Bursa Fund Raising Framework and Board Structure
- Internal Audit & Risk Management
- Board Effective Assessment
- Executive & Board Compensation Design Issues
- Deloitte Transfer Pricing Workshop
- Financial Institutional Directors' Education Programme
- Stock Market Mid-Year Review & Outlook 2009

SHAREHOLDER AND INVESTOR RELATIONS

The Board recognizes the need for and the importance of effective communication with shareholders and the investment community. The Annual General Meeting ("AGM") is especially important for individual shareholders as it provides the main forum for direct dialogue with the Board. The 47th AGM of the Company was held on 21 January 2009 at Sime Darby Convention Centre. The Notice of Meeting attached to the Annual Report was distributed to the shareholders. The AGM in 2009 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholders represented 63.44 % of the issued share capital. There was a forum for the shareholders to raise questions or issues at the AGM regarding the Group's performance in 2007/08, which the directors appropriately addressed.

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

ACCOUNTABILITY AND AUDIT

1) Financial Reports

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

2) Internal Controls and Risk Management

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

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

3) Relationship with External Auditors

The external auditors attended all the scheduled meetings of the Audit Committee during the year. These quarterly meetings enabled the exchange of views on issues requiring attention. The role of the auditors and their participation during the year are stated in the report of the Audit Committee on pages 76 to 78 of this Annual Report.

The Group paid Ernst & Young approximately RM799,000 for professional services rendered in connection with audits and related services for the financial year ended 30 September 2009.

4) Compliance with the Code

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

This statement was made in accordance with a resolution of the Board dated 9 November 2009.

REPORT ON AUDIT COMMITTEE

The Board is pleased to present the following report on the Audit Committee and its activities during the financial year ended 30 September 2009.

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

MEMBERS AND MEETINGS

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

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

NAME	ATTENDANCE
INDEPENDENT	
Tan Sri Dato' Dr Lin See Yan (Chairman)	4 of 4 meetings
Y.A.M. Tengku Syed Badarudin Jamalullail	4 of 4 meetings
Leslie Oswin Struys	4 of 4 meetings
Dato' Anwarrudin bin Ahamad Osman	4 of 4 meetings
NON-INDEPENDENT	
Anthony Cheong Fook Seng	4 of 4 meetings

TERMS OF REFERENCE

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

Membership

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

Authority

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

Terms of Reference

1. The Audit Committee is a committee of the Board and the Board shall determine its membership. The members of the Audit Committee shall elect a Chairman who shall be an independent director. The Company Secretary shall be the Secretary to the Committee.

2. The Committee shall meet at least four times a year or as frequently as required. Its quorum shall be three members constituting a majority of independent directors. The proceedings of the Audit Committee shall be recorded and the minutes of meetings tabled at Board meetings.

3. The Chief Financial Officer, head of the internal audit function and the external auditors (or their representatives) are expected to attend all meetings of the Committee. The CEO and other officers of the company shall attend by invitation. At least twice a year, the Committee shall meet with the external auditors without the presence of executive board members.

4. The duties of the Committee shall be as follows:
   a) To consider and recommend the appointment of the external auditors, their remuneration and any issues regarding their performance.

   b) To assist the Board in the review of the adequacy and effectiveness of the internal control system.

   c) To review the risk management policies and practices of the group to ensure their effectiveness.

   d) To discuss with the external auditors their audit plan and scope of audit.

   e) To review the quarterly, half-yearly and year-end consolidated financial statements and announcements of the Company, before submission to the Board, focusing in particular on:
      - Compliance with applicable accounting standards
      - Changes in major accounting policies and practices
      - Compliance with Bursa Malaysia Securities Berhad and other statutory requirements
      - Significant adjustments arising from the audit
      - Going concern issues of any entity within the Group
      - Significant and unusual events

   f) To review the external auditor's management reports and responses by management, and to discuss any issues of concern arising from the audit.

   g) To support and provide directions to the Group's internal audit function to ensure its effectiveness.

   h) To consider the findings arising from internal audit reports or other internal investigations and responses by management as well as to determine appropriate corrective action required of management.

   i) To consider and resolve when needed any related party transactions that may arise within the Company and its subsidiaries.

   j) To assist the Board in the preparation of the Audit Committee Report for inclusion in the Annual Report of the Company.

   k) To carry out such other responsibilities, functions or assignments as may be agreed to by the Audit Committee and the Board.

ACTIVITIES OF THE COMMITTEE

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

The external audit plans for the financial year were presented to the Committee prior to its implementation. The external auditors were present in all the Committee meetings held during the financial year.

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

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

INTERNAL AUDIT FUNCTION

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

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

The Internal Audit function is performed in-house and the costs incurred for the Internal Audit function in respect of the financial year was about RM1.06 million. At the end of the financial year, the department had seven (7) employees. Thirty-one (31) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

This report was made in accordance with a resolution of the Board on 9 November 2009.

STATEMENT ON INTERNAL CONTROLS

RESPONSIBILITY

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

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

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

RISK MANAGEMENT

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

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

MANAGEMENT PROCESSES AND CONTROL FRAMEWORK

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

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

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

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

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

MONITORING AND REVIEW

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

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

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

Pursuant to paragraph 15.24 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the annual report for the year ended 30 September 2009 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

SUMMARY

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

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

This statement was made in accordance with a resolution of the Board of Directors dated 9 November 2009.

STATEMENT ON DIRECTORS' RESPONSIBILITY

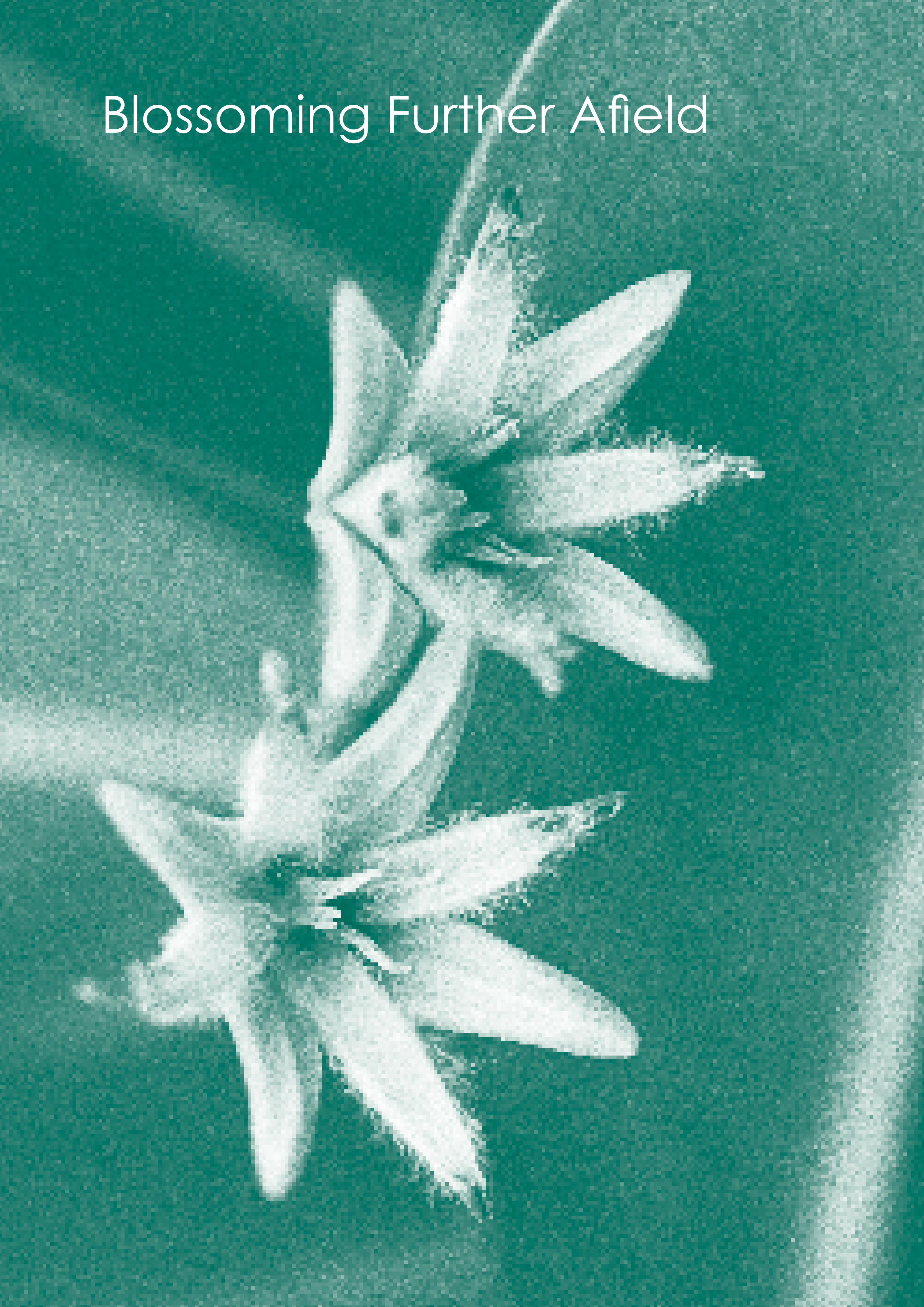
As required under the Companies Act 1965 ("Act"), the Directors on page 90 of this annual report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 30 September 2009.

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

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

This statement is made in accordance with a resolution of the Board dated 9 November 2009.

Blossoming Further Afield



Mangrove flowers are intricately designed and come in various shapes and colours to attract their pollinators which include birds, moths, bats and even the wind. Some mangrove seedlings however, germinate on its parent plant before falling to the mudflats to begin life on their own. In favourable conditions, they can take root immediately, thus increasing their chances of survival. This in many ways mirrors our achievement of having cultivated our presence in numerous parts of the world, particularly within the Asian continent.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2009.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	242,922	168,413
Minority interests	(18,490)	-
Net profit for the year	224,432	168,413

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

EXECUTIVES' SHARE OPTION SCHEME

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

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

Offer date	Balance as at offer date	Option lapsed	Balance as at 30.9.2009	Exercise price	Exercise period
Option 2008					
20.11.2007	2,705,900	(328,600)	2,377,300	RM7.77	20.8.2010 - 19.10.2012
Option 2009					
19.11.2008	2,916,100	(104,800)	2,811,300	RM8.46	19.8.2011 - 18.10.2013

The main features of the Company's ESOS are disclosed in Note 21 to the financial statements. The Company has been exempted from disclosing the names of employees who are granted less than 50,000 options. The names of option holders granted options to subscribe for 50,000 or more ordinary share of RM1 each during the year are as follows:

Name of option holders	Number of options granted Option 2009	Option 2008
Tony Lee Cheow Fui	50,000	50,000
James Teo Hong Beng	53,000	50,000
Mogan a/l Muniandy	53,000	50,000

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

TREASURY SHARES

During the financial year, the Company repurchased 200 of its issued ordinary shares from the open market at an average price of RM8.83 per share. The total consideration paid for the repurchase including transaction costs was RM1,848. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and further relevant details are disclosed in Note 20 to the financial statements.

DIVIDENDS

The amounts paid by way of dividend by the Company since 30 September 2008 were as follows:

(i) A final dividend of 30 sen less taxation amounting to RM80.1 million in respect of the previous financial year was paid on 3 March 2009; and

(ii) An interim dividend of 17 sen less taxation amounting to RM45.4 million in respect of the current financial year was paid on 6 August 2009.

At the forthcoming Annual General Meeting, a final dividend of 4 sen less taxation and 21 sen tax exempt dividend together with a bonus tax exempt dividend of 5 sen amounting to RM103.3 million (2008: RM80.1 million) in respect of the current financial year on 356,256,101 (2008: 356,256,301) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2010.

DIRECTORS

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

Y.A.M. Tengku Syed Badarudin Jamalullail
Tan Sri Dato' Dr. Lin See Yan
Dato' Anwarrudin bin Ahamad Osman
Dato' Dr. Mohd Shahar bin Sidek
Dato' Dr. Nik Norzrul Thani bin Nik Hassan Thani
Leslie Oswin Struys
Lee Kong Yip
Tan Ang Meng
Koh Poh Tiong
Cheong Fook Seng, Anthony
Wang Eng Chin
(Alternate to Cheong Fook Seng, Anthony)
Huang Hong Peng (appointed on 1 March 2009)

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

(i) Dato' Dr. Mohd Shahar bin Sidek, Dato' Dr. Nik Norzrul Thani bin Nik Hassan Thani and Tan Ang Meng pursuant to Article 97 of the Company's Articles of Association;

(ii) Huang Hong Peng pursuant to Article 103 of the Company's Articles of Association; and

(iii) Tan Sri Dato' Dr. Lin See Yan and Leslie Oswin Struys pursuant to Section 129 of the Companies Act, 1965.

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

Companies in which directors held interest	As at 1.10.2008/ date of appointment	Bought/ Allocated	Sold/ Lapsed/ Exercised	As at 30.9.2009
	← Number of shares/share options/unit trust →			
Y.A.M. Tengku Syed Badarudin Jamalullail				
Fraser & Neave Holdings Bhd				
- Ordinary shares (direct)	2,862,000	-	(800,000)	2,062,000
- Ordinary shares (indirect)	65,000	-	(65,000)	-
Leslie Oswin Struys				
Fraser & Neave Holdings Bhd				
- Ordinary shares	100,000	-	(100,000)	-
Tan Ang Meng				
Fraser & Neave, Limited				
- Ordinary shares	5,000	-	-	5,000
Fraser & Neave Holdings Bhd				
- Ordinary shares (direct)	50,100	60,000	(50,000)	60,100
- Ordinary shares (indirect)	212,000	-	(212,000)	-
- Share options (vendor scheme)	93,000	-	(60,000)	33,000
- Share options (company scheme)	116,100	116,100	-	232,200
Asia Pacific Breweries Ltd				
- Ordinary shares	4,380	-	(4,000)	380
Frasers Centrepoint Trust Units	110,000	-	-	110,000
Koh Poh Tiong				
Fraser & Neave, Limited				
- Ordinary shares (indirect)	35,000	-	(35,000)	-
- Share options	-	967,500	-	967,500
Fraser & Neave Holdings Bhd				
- Ordinary shares (direct)	21,800	-	(21,800)	-
Cheong Fook Seng, Anthony				
Fraser and Neave, Limited				
- Ordinary shares (direct)	51,455	-	-	51,455
- Ordinary shares (indirect)	20,250	-	-	20,250
- Share options	2,944,295	619,200	-	3,563,495
Frasers Centrepoint Trust Units	50,000	-	-	50,000
Frasers Commercial Trust Units	-	120,000	-	120,000

DIRECTORS' INTERESTS (cont'd.)

Companies in which directors held interest	As at 1.10.2008/ date of appointment	Bought/ Allocated	Sold/ Lapsed/ Exercised	As at 30.9.2009
	← Number of shares/share options/unit trust			→
Wang Eng Chin				
Fraser and Neave, Limited				
- Ordinary shares	268,960	150,010	(270,000)	148,970
- Share options	564,254	195,048	(10)	759,292
Huang Hong Peng				
Fraser & Neave, Limited				
- Ordinary shares (indirect)	25,000	-	-	25,000
- Share options	1,044,300	-	-	1,044,300
Asia Pacific Beweries Limited				
- Share options	56,250	-	-	56,250
Frasers Centrepoint Trust Units	462,000	-	-	462,000

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

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 29 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 November 2009.

Tengku Syed Badarudin Jamalullail   Tan Ang Meng

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, Tengku Syed Badarudin Jamalullail and Tan Ang Meng, being two of the directors of Fraser & Neave Holdings Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 93 to 151 are drawn up in accordance with the provisions of the Companies Act,1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 November 2009.

Tengku Syed Badarudin Jamalullail

Tan Ang Meng

Kuala Lumpur, Malaysia

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

I, Tan Eng Guan, being the officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 93 to 151 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovementioned Tan Eng Guan
at Kuala Lumpur in the Federal Territory
on 9 November 2009

Tan Eng Guan

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

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Fraser & Neave Holdings Bhd, which comprise the balance sheets as at 30 September 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 93 to 151.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
9 November 2009

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 (restated)	Company 2009 RM'000	Company 2008 RM'000
Revenue					
Sale of goods	3	**3,737,063**	3,674,216	**-**	-
Dividends	3	**-**	-	**180,200**	175,000
Cost of sales		**(2,628,179)**	(2,738,969)	**-**	-
Gross profit		**1,108,884**	935,247	**180,200**	175,000
Operating expenses					
Distribution expenses		**(350,056)**	(320,432)	**-**	-
Marketing expenses		**(273,087)**	(232,429)	**-**	-
Administration and other (expenses)/income		**(171,794)**	(125,736)	**64**	(1,641)
		(794,937)	(678,597)	**64**	(1,641)
Operating profit		**313,947**	256,650	**180,264**	173,359
Interest expense	4	**(17,662)**	(19,589)	**-**	(3,235)
Interest income	4	**3,492**	2,611	**1,524**	1,531
Profit before taxation	5	**299,777**	239,672	**181,788**	171,655
Income tax expense	6	**(56,855)**	(59,941)	**(13,375)**	(14,669)
Profit for the year		**242,922**	179,731	**168,413**	156,986
Attributable to:					
Equity holders of the Company		**224,432**	166,845	**168,413**	156,986
Minority interests		**18,490**	12,886	**-**	-
		242,922	179,731	**168,413**	156,986
Basic earnings per share attributable to equity holders of the Company (sen)	7	**63.0**	46.8		
Diluted earnings per share attributable to equity holders of the Company (sen)	7	**62.9**	46.8		

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

BALANCE SHEETS

AS AT 30 SEPTEMBER 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Assets					
Non-current assets					
Property, plant and equipment	9	**1,102,372**	929,064	**-**	-
Prepaid land lease payments	10	**75,838**	83,806	**-**	-
Properties held for development	11	**31,787**	14,205	**-**	-
Investments in subsidiaries	12	**-**	-	**862,216**	709,113
Intangible assets	13	**131,650**	93,162	**-**	-
Deferred tax assets	24	**20,993**	2,480	**-**	-
		1,362,640	1,122,717	**862,216**	709,113
Current assets					
Property development costs	14	**172,354**	152,476	**-**	-
Inventories	15	**482,305**	437,860	**-**	-
Receivables	16	**544,567**	617,393	**150,674**	260,028
Cash and cash equivalents	17	**187,853**	183,643	**2,034**	619
Non-current assets held for sale	18	**10,183**	-	**-**	-
		1,397,262	1,391,372	**152,708**	260,647
Total assets		**2,759,902**	2,514,089	**1,014,924**	969,760
Equity and liabilities					
Equity attributable to equity holder of the Company					
Share capital	19	**356,493**	356,493	**356,493**	356,493
Treasury shares	20	**(1,715)**	(1,713)	**(1,715)**	(1,713)
Reserves	21	**938,366**	827,374	**656,588**	612,224
		1,293,144	1,182,154	**1,011,366**	967,004
Minority interests		**116,259**	135,002	**-**	-
Total equity		**1,409,403**	1,317,156	**1,011,366**	967,004

BALANCE SHEETS AS AT 30 SEPTEMBER 2009 (cont'd)

		Group		Company	
		2009	2008	2009	2008
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Borrowings	22	**360,402**	359,411	**-**	-
Provision for retirement benefits	23	**36,983**	35,245	**-**	-
Deferred tax liabilities	24	**21,810**	32,077	**-**	-
		419,195	426,733	**-**	-
Current liabilities					
Payables	25	**696,510**	656,170	**3,558**	2,756
Borrowings	22	**203,367**	89,636	**-**	-
Provision for taxation		**31,427**	24,394	**-**	-
		931,304	770,200	**3,558**	2,756
Total liabilities		**1,350,499**	1,196,933	**3,558**	2,756
Total equity and liabilities		**2,759,902**	2,514,089	**1,014,924**	969,760

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

Group	Note	Share Capital (Note 19) RM'000	Share Premium (Note 21) RM'000	Treasury Shares (Note 20) RM'000	Foreign Exchange Reserve (Note 21) RM'000	Executives' Share Options Reserve (Note 21) RM'000	Capital Reserve (Note 21) RM'000	Capital Reserve (Note 21) RM'000	Retained Earnings (Note 21) RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
		← Attributable to Equity Holders of the Company							→			
			← Non Distributable				→	← Distributable	→			
At 1 October 2007		356,493	339,990	(1,168)	25,988	-	2,130	15,897	417,659	1,156,989	119,756	1,276,745
Translation gain		-	-	-	6	-	-	-	-	6	4,758	4,764
Net income recognised and expense directly in equity		-	-	-	6	-	-	-	-	6	4,758	4,764
Net profit for the year		-	-	-	-	-	-	-	166,845	166,845	12,886	179,731
Total recognised income and expense for the year		-	-	-	6	-	-	-	166,845	166,851	17,644	184,495
Employee share-based expense		-	-	-	-	582	-	-	-	582	-	582
Additional investment		-	-	-	-	-	-	-	-	-	6,003	6,003
Reduction in minority interests		-	-	-	-	-	-	-	-	-	(1,021)	(1,021)
Treasury shares purchased	20	-	-	(542)	-	-	-	-	-	(542)	-	(542)
Transaction costs	20	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Dividends	8	-	-	-	-	-	-	-	(141,723)	(141,723)	(7,380)	(149,103)
At 30 September 2008		356,493	339,990	(1,713)	25,994	582	2,130	15,897	442,781	1,182,154	135,002	1,317,156

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (cont'd.)

		← Attributable to Equity Holders of the Company →										
			← Non Distributable →					← Distributable →				
Group	Note	Share Capital (Note 19) RM'000	Share Premium (Note 21) RM'000	Treasury Shares (Note 20) RM'000	Foreign Exchange Reserve (Note 21) RM'000	Executives' Share Options Reserve (Note 21) RM'000	Capital Reserve (Note 21) RM'000	Capital Reserve (Note 21) RM'000	Retained Earnings (Note 21) RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 30 September 2008		356,493	339,990	(1,713)	25,994	582	2,130	15,897	442,781	1,182,154	135,002	1,317,156
Translation gain		-	-	-	10,609	-	-	-	-	10,609	2,266	12,875
Net income recognised and expense directly in equity		-	-	-	10,609	-	-	-	-	10,609	2,266	12,875
Net profit for the year		-	-	-	-	-	-	-	224,432	224,432	18,490	242,922
Total recognised income and expense for the year		-	-	-	10,609	-	-	-	224,432	235,041	20,756	255,797
Employee share-based expense		-	-	-	-	1,532	-	-	-	1,532	-	1,532
Reduction in minority interests	12	-	-	-	-	-	-	-	-	-	(39,499)	(39,499)
Treasury shares purchased	20	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Transaction costs	20	-	-	*	-	-	-	-	-	*	-	*
Dividends	8	-	-	-	-	-	-	-	(125,581)	(125,581)	-	(125,581)
At 30 September 2009		**356,493**	**339,990**	**(1,715)**	**36,603**	**2,114**	**2,130**	**15,897**	**541,632**	**1,293,144**	**116,259**	**1,409,403**

* RM83

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

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (cont'd.)

Company	Note	Non Distributable Share Capital (Note 19) RM'000	Share Premium (Note 21) RM'000	Treasury Shares (Note 20) RM'000	Executives' Share Options Reserve (Note 21) RM'000	Distributable Capital Reserve (Note 21) RM'000	Retained Earnings (Note 21) RM'000	Total Equity RM'000
At 1 October 2007		356,493	339,990	(1,168)	-	15,897	240,492	951,704
Net profit for the year, represent total recognised income and expense for the year		-	-	-	-	-	156,986	156,986
Share options granted under ESOS		-	-	-	582	-	-	582
Dividends	8	-	-	-	-	-	(141,723)	(141,723)
Treasury shares purchased	20	-	-	(542)	-	-	-	(542)
Transaction costs	20	-	-	(3)	-	-	-	(3)
At 30 September 2008		356,493	339,990	(1,713)	582	15,897	255,755	967,004
Net profit for the year, represent total recognised income and expense for the year		-	-	-	-	-	168,413	168,413
Share options granted under ESOS		-	-	-	1,532	-	-	1,532
Dividends	8	-	-	-	-	-	(125,581)	(125,581)
Treasury shares purchased	20	-	-	(2)	-	-	-	(2)
Transaction costs	20	-	-	*	-	-	-	*
At 30 September 2009		**356,493**	**339,990**	**(1,715)**	**2,114**	**15,897**	**298,587**	**1,011,366**

* RM83

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	**299,777**	239,672	**181,788**	171,655
Adjustments for:				
Amortisation of intangible assets	**3,360**	2,711	**-**	-
Amortisation of prepaid land lease payment	**1,772**	1,244	**-**	-
Depreciation of property, plant and equipment	**120,616**	111,404	**-**	-
Loss on disposal of property, plant and equipment	**3,189**	2,840	**-**	-
Property, plant and equipment written off	**209**	-	**-**	-
Impairment losses on property, plant and equipment	**4,417**	1,937	**-**	-
Inventories write-off	**16,431**	16,872	**-**	-
Plant, equipment and inventories disposed / written off due to plant closure	**5,596**	-	**-**	-
Interest income	**(3,492)**	(2,611)	**(1,524)**	(1,531)
Interest expense	**17,662**	19,589	**-**	3,235
Provision for retirement benefits	**3,885**	2,759	**-**	-
Provision for doubtful debts	**3,693**	3,644	**-**	-
Reserve on consolidation arising from acquisition of the remaining minority interest of a subsidiary	**-**	(180)	**-**	-
Write-back of impairment loss on property, plant and equipment	**(1,455)**	(3,203)	**-**	-
Executives' share option scheme (Note 21)	**1,532**	582	**-**	-
Write-back of provision for doubtful debts	**(1,844)**	(7,355)	**-**	-
Write-back of provision for obselete inventories	**-**	(1,471)	**-**	-
Write down of inventories	**12,225**	6,709	**-**	-
Operating profit before working capital changes	**487,573**	395,143	**180,264**	173,359
Working capital changes:				
Inventories	**(74,396)**	113,328	**-**	-
Receivables	**69,100**	(41,427)	**209,572**	297,652
Payables	**39,749**	(26,993)	**800**	(243,366)
Property development costs	**(38,377)**	(51,131)	**-**	-
Cash generated from operations	**483,649**	388,920	**390,636**	227,645
Income tax paid	**(78,015)**	(60,811)	**(13,801)**	(106)
Payment of retirement benefits	**(2,147)**	(2,652)	**-**	-
Net cash generated from operating activities	**403,487**	325,457	**376,835**	227,539

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (cont'd.)

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**3,884**	3,167	**-**	-
Acquisition of minority interest (Note 12)	**(79,037)**	(841)	**(79,037)**	-
Additional investment in subsidiaries (Note 12)	**-**	-	**(19,999)**	(230)
Subscription of RNCCPS of subsidiaries (Note 12)	**-**	-	**(152,325)**	-
Purchase of property, plant and equipment (Note 9)	**(295,903)**	(225,551)	**-**	-
Purchase of prepaid land lease payment (Note 10)	**(129)**	(36)	**-**	-
Purchase of computer softwares (Note 13)	**(1,715)**	(2,293)	**-**	-
Interest received	**3,492**	2,611	**1,524**	1,531
Net cash (used in)/generated from investing activities	**(369,408)**	(222,943)	**(249,837)**	1,301
Cash flows from financing activities				
Interest paid	**(17,662)**	(19,589)	**-**	(3,235)
Net funds from minority shareholders	**-**	6,003	**-**	-
Drawdown/(repayment) of borrowings	**114,722**	28,804	**-**	(90,000)
Payment of dividends (Note 8)	**(125,581)**	(141,723)	**(125,581)**	(141,723)
Purchase of treasury shares (Note 20)	**(2)**	(545)	**(2)**	(545)
Payment of dividends to minority shareholders	**-**	(7,380)	**-**	-
Net cash used in financing activities	**(28,523)**	(134,430)	**(125,583)**	(235,503)
Net increase/(decrease) in cash and cash equivalents	**5,556**	(31,916)	**1,415**	(6,663)
Effects of foreign exchange rate changes	**(1,346)**	7,760	**-**	-
Cash and cash equivalents at beginning of financial year	**183,643**	207,799	**619**	7,282
Cash and cash equivalents at end of financial year (Note 17)	**187,853**	183,643	**2,034**	619

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

1. CORPORATE INFORMATION

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

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

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

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 9 November 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at the balance sheet date. The financial statements of the Company and its subsidiaries are prepared for the same reporting date as the Company unless otherwise stated. Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

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

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

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

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

Minority interest is that part of the net results of operations and of the net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured as the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary company. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary company subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

(b) Intangible assets

(i) Goodwill

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(b) Intangible assets (cont'd.)

(ii) Brand

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

(iii) Computer software

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

(c) Investments in subsidiaries

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

(d) Property, plant and equipment and depreciation

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(d) Property, plant and equipment and depreciation (cont'd.)

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

Buildings	2% to 20%
Plant and machinery	7.14% to 50%
Motor vehicles	10% to 20%
Postmix and vending machines	10% to 14.29%
Furniture, fittings and computer equipment	10% to 33.33%

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

(e) Property development costs

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(f) Inventories

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

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

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

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

(g) Provisions for liabilities

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

(h) Leases and prepaid land lease payment

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(i) Income tax

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

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

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

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

(j) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(j) Employee benefits (cont'd.)

(iii) Retirement benefits

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

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

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

(iv) Accrued annual leave

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

(k) Revenue recognition

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

(i) Sale of goods

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(k) Revenue recognition (cont'd.)

(ii) Interest income

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

(iii) Dividend income

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

(l) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(l) Foreign currencies (cont'd.)

(iii) Foreign operations

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

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

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

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

	2009 RM	2008 RM
United States Dollar	**3.52**	3.46
Renminbi	**0.52**	0.50
100 Vietnam Dong	**0.02**	0.02
Singapore Dollar	**2.44**	2.42
New Zealand Dollar	**2.53**	2.32
Thailand Baht	**0.10**	0.10
Australia Dollar	**3.05**	2.77
Sterling Pound	**5.64**	6.24
Euro	**5.17**	4.97
Brunei Dollar	**2.48**	2.41

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(m) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date or when annual impairment testing is required, to determine whether there is any indication of impairment. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the asset's fair value less costs to sell and its value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs. An impairment loss is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity.

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

(n) Financial instruments

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

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

(i) Receivables

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

(ii) Payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(n) Financial instruments (cont'd.)

(iii) Interest-bearing borrowings

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

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

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

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

(iv) Cash and cash equivalents

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

(v) Equity instruments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(n) Financial instruments (cont'd.)

(vi) Foreign exchange contracts

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

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

(o) Properties held for development

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(p) Non current assets held for sale

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

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

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

2.3 New Standards and Interpretations that are not yet effective

FRSs, Amendments to FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating segments	1 July 2009
FRS 101	Presentation of Financial Statements (Revised)	1 January 2010
FRS 123	Borrowing Costs (Revised)	1 January 2010
FRS 139	Financial Instruments: Recognition & Measurement	1 January 2010
Amendments:		
FRS 1	First time Adoption of Financial Reporting Standards	1 January 2010
FRS 2	Share based Payment: Vesting Conditions and Cancellations	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 132	Financial Instruments: Presentation	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.3 New Standards and Interpretations that are not yet effective (cont'd.)

FRSs, Amendments to FRSs and IC Interpretations (cont'd.)		Effective for financial periods beginning on or after
Amendments (cont'd.):		
IC Interpretation 9:	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10:	Interim Financial Reporting & Impairment	1 January 2010
IC Interpretation 11:	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13:	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14:	FRS 119 - The Limit on Defined Benefit Assets, Minimum Funding Requirement and their Interaction	1 January 2010
Improvement to FRSs (2009):		
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
FRS 7	Financial Instruments: Disclosure	1 January 2010
FRS 8	Operating Segments	1 January 2010
FRS 101	Presentation of Financial Statements (as revised in 2009)	1 January 2010
FRS 107	Statement of Cash Flows	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events after the Reporting Period	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Cost	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 January 2010
FRS 128	Investment in Associates	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
FRS 131	Interests in Joint Ventures	1 January 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
FRS 140	Investment Property	1 January 2010

The adoptions of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Group, except for changes arising from the adoption of FRS 7 and FRS139. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS 7 and FRS 139.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Significant accounting estimates and judgements

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

(a) Key sources of estimation uncertainty

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

(i) Impairment of goodwill and brand

The Group determines whether goodwill and brand are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and brand are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill and brand at balance sheet date is disclosed in Note 13.

(ii) Income taxes

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

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

(iii) Property development revenue recognition

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

(iv) Impairment of property, plant and equipment

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

(v) Depreciation of plant and machinery

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

(b) Critical judgements made in applying accounting policies

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

3. REVENUE

		Group		Company	
		2009	2008	2009	2008
		RM'000	RM'000 (restated)	RM'000	RM'000
Sale of goods	(i)	**3,674,094**	3,639,195	**-**	-
Sale of properties	(ii)	**62,873**	34,961	**-**	-
Dividends		**-**	-	**180,200**	175,000
Others		**96**	60	**-**	-
		3,737,063	3,674,216	**180,200**	175,000

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

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

4. INTEREST EXPENSE AND INTEREST INCOME

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest expense				
Bank borrowings	**(17,259)**	(19,589)	**-**	(2,448)
Subsidiaries	**-**	-	**-**	(787)
Security deposits by customers	**(403)**	-	**-**	-
	(17,662)	(19,589)	**-**	(3,235)
Interest income				
Bank deposits	**3,392**	1,976	**90**	134
Subsidiaries	**-**	-	**1,434**	1,397
Others	**100**	635	**-**	-
	3,492	2,611	**1,524**	1,531

5. PROFIT BEFORE TAXATION

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(a) This is arrived at after charging				
Auditors' remuneration				
Statutory audits				
- current	**734**	923	**33**	30
- under provision of prior year	**-**	-	**-**	3
Other services	**65**	65	**-**	-
Amortisation of intangible assets (Note 13)	**3,360**	2,711	**-**	-
Amortisation of prepaid land lease payment (Note 10)	**1,772**	1,244	**-**	-
Depreciation of property, plant and equipment (Note 9)	**120,616**	111,404	**-**	-
Impairment loss on property, plant and equipment (Note 9)	**4,417**	1,937	**-**	-
Inventories writen off	**16,431**	16,872	**-**	-
Key executives officers				
- Salary and allowances	**4,910**	4,666	**-**	-
- EPF	**965**	888	**-**	-
- Bonus	**3,255**	2,072	**-**	-
- Benefit-in-kinds	**182**	159	**-**	-
- Share option expenses	**246**	127	**-**	-
Management fee to Fraser & Neave (Malaya) Sdn Bhd	**-**	-	**300**	300
Provision for doubtful debts	**3,693**	3,644	**-**	-
Provision for retirement benefits (Note 23)	**3,885**	2,759	**-**	-
Rental expense of premises	**16,184**	20,684	**-**	-
Rental expense of equipment	**4,512**	5,714	**-**	-
Royalties	**72,022**	74,062	**-**	-
Staff costs (excluding key executives officers)				
- Salary, allowances and bonus	**255,882**	243,262	**-**	-
- EPF	**21,907**	18,956	**-**	-
- Share option expenses	**1,532**	455	**-**	-
Write-down of inventories	**12,225**	6,709	**-**	-
Loss on disposal of property, plant and equipment	**3,189**	2,840	**-**	-

5. PROFIT BEFORE TAXATION (cont'd.)

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
(a) This is arrived at after charging (cont'd.)				
Property, plant and equipment written off	**209**	-	**-**	-
Retrenchment cost from restructuring	**4,093**	1,893	**-**	-
Retrenchment cost from plant closure*	**7,920**	-	**-**	-
Plant and equipment & inventory written/disposed off due to plant closure*	**5,596**	-	**-**	-
Relocation cost	**5,295**	-	**-**	-
Foreign exchange loss	**1,348**	3,709	**-**	-

* Costs in 2009 relating to the closure of the glass packaging plant in Jalan Kilang, Petaling Jaya.

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
This is arrived at after crediting:				
Dividend income from subsidiaries	**-**	-	**180,200**	175,000
Provision for doubtful debts write-back	**1,844**	7,355	**-**	-
Provision for obsolete stocks write-back	**-**	1,471	**-**	-
Reserve on consolidation arising from acquisition of the remaining minority interest of a subsidiary (Note 12)	**-**	180	**-**	-
Impairment loss on property, plant and equipment written back (Note 9)	**1,455**	3,203	**-**	-
Foreign exchange gain	**1,924**	1,769	**1,651**	2
Rental income of premises	**540**	592	**-**	-

(b) Directors remuneration

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

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Executive Director				
- Fees	**-**	11	**-**	-
- Salary and bonus	**1,927**	1,748	**-**	-
- EPF	**366**	329	**-**	-
- Benefits in kind	**35**	36	**-**	-
- Share option expenses	**71**	29	**-**	-
Non - Executive Directors				
- Fees	**802**	767	**624**	581
- Benefits in kind	**35**	36	**-**	-

5. PROFIT BEFORE TAXATION (cont'd.)

(b) Directors remuneration (cont'd.)

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

Range of Remuneration (RM)	2009 Executive Director	2009 Non-Executive Directors	2008 Executive Director	2008 Non-Executive Directors
1 - 50,000	**-**	**2**	-	2
50,001 - 100,000	**-**	**7**	-	6
100,001 - 150,000	**-**	**2**	-	2
2,150,000 - 2,200,000	**-**	**-**	1	-
2,350,000 - 2,400,000	**1**	**-**	-	-

6. INCOME TAX EXPENSE

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Current income tax:				
- Malaysian income tax	**64,296**	53,233	**13,375**	14,674
- Foreign tax	**21,571**	13,142	**-**	-
(Over)/Under provision in prior years				
- Malaysian income tax	**(641)**	(446)	**-**	(659)
- Foreign tax	**409**	(1,444)	**-**	-
	85,635	64,485	**13,375**	14,015
Deferred tax:				
Relating to reversal and origination of temporary differences	**(27,230)**	(5,166)	**-**	-
Relating to changes in tax rates	**(1,044)**	(1,109)	**-**	-
(Over)/Under provision in prior years	**(506)**	1,731	**-**	654
	(28,780)	(4,544)	**-**	654
	56,855	59,941	**13,375**	14,669

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. INCOME TAX EXPENSE (cont'd.)

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before taxation	**299,777**	239,672	**181,788**	171,655
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	**74,944**	62,315	**45,447**	44,630
Different tax rates in other countries	**814**	1,204	**-**	-
Effect of income subject to tax at 20%	**-**	(48)	**-**	-
Income not subject to tax (tax incentives/ exemption)	**(2,437)**	(5,710)	**(32,072)**	(30,119)
Expenses not deductible for tax purposes	**7,397**	3,448	**-**	105
Utilisation of previously unrecognised tax losses	**(17)**	-	**-**	-
Deferred tax assets recognised	**(22,064)**	-	**-**	-
(Over)/Underprovision in prior years				
- Income tax	**(232)**	(1,890)	**-**	(601)
- Deferred tax	**(506)**	1,731	**-**	654
- Adjustment due to change in tax rate	**(1,044)**	(1,109)	**-**	-
Tax expense for the year	**56,855**	59,941	**13,375**	14,669

Reinvestment allowances not recognised of RM12,908,000 (2008: RM12,311,000) are available for offset against future taxable profit of the subsidiaries in which those items arose.

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

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

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

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

7. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2009 RM'000	2008 RM'000
Group attributable profit to the shareholders of the Company	**224,432**	166,845
	No of shares	
Issued capital net of treasury shares	**356,256**	356,256
Earnings per share (sen)	**63.0**	46.8

(b) Diluted earnings per share

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

	Group	
	2009 RM'000	2008 RM'000
Group attributable profit to the shareholders of the Company	**224,432**	166,845

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

	No of shares	
Number of shares used to compute diluted earnings per share	**356,699**	356,424
Diluted earnings per share (sen)	**62.9**	46.8

8. DIVIDENDS

	Group and Company	
	Net per share sen	Amount RM'000
2009		
Final dividend in respect of financial year 2008	**22.5**	**80,158**
Interim dividend	**12.8**	**45,423**
		125,581
2008		
Final dividend in respect of financial year 2007	22.2	79,093
Interim dividend	12.6	44,817
Special dividend	5.0	17,813
		141,723

At the forthcoming Annual General Meeting, a final dividend of 4 sen less taxation and 21 sen tax exempt dividend together with a bonus tax exempt dividend of 5 sen amounting to RM103.3 million (2008: RM80.1 Million) in respect of the current financial year on 356,256,101 (2008: 356,256,301) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2010.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Work-in-progress RM'000	Others* RM'000	Total RM'000
Net Book Value						
At 1 October 2008	89,493	174,092	465,380	78,218	121,881	929,064
Additions	9,597	7,168	10,007	235,548	33,583	295,903
Transfers	-	37	-	(679)	219	(423)
Disposals/write offs	-	(185)	(9,012)	-	(1,794)	(10,991)
Reclassification	7,767	(3,012)	97,736	(92,356)	(12,324)	(2,189)
Depreciation	-	(5,739)	(84,944)	(69)	(29,864)	(120,616)
Impairment losses	-	(986)	(2,746)	-	(685)	(4,417)
Write-back of impairment loss	-	246	481	-	728	1,455
Exchange differences	678	1,007	8,536	4,016	349	14,586
At 30 September 2009	**107,535**	**172,628**	**485,438**	**224,678**	**112,093**	**1,102,372**

9. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Group	Freehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Work-in-progress RM'000	Others* RM'000	Total RM'000
At 30 September 2009						
Cost	104,987	228,521	1,089,920	225,322	315,541	1,964,291
Valuation - 1983	2,548	1,350	-	-	-	3,898
Accumulated depreciation	-	(56,167)	(594,289)	(543)	(202,480)	(853,479)
Accumulated impairment loss	-	(1,076)	(10,193)	(101)	(968)	(12,338)
Net book value	**107,535**	**172,628**	**485,438**	**224,678**	**112,093**	**1,102,372**
At 30 September 2008						
Cost	86,945	226,636	1,100,987	78,793	325,040	1,818,401
Valuation - 1983	2,548	1,350	-	-	-	3,898
Accumulated depreciation	-	(53,558)	(627,734)	(474)	(202,143)	(883,909)
Accumulated impairment loss	-	(336)	(7,873)	(101)	(1,016)	(9,326)
Net book value	**89,493**	**174,092**	**465,380**	**78,218**	**121,881**	**929,064**
Depreciation charged - 2008	-	(5,229)	(74,000)	-	(32,175)	(111,404)
At 30 September 2007						
Cost	87,617	233,798	904,321	123,438	301,680	1,650,854
Valuation - 1983	2,548	1,350	-	-	-	3,898
Accumulated depreciation	-	(48,208)	(559,115)	(406)	(192,104)	(799,833)
Net book value	**90,165**	**186,940**	**345,206**	**123,032**	**109,576**	**854,919**
Depreciation charged - 2007	-	(4,619)	(56,610)	-	(23,746)	(84,975)

Certain freehold land and buildings of the Group are stated at directors' valuation and are based on a professional valuer's opinion of the open market value of the properties in 1983. In accordance with the transitional provision allowed by FRS116 2004 - Property, Plant and Equipment by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations, and they continue to be stated at their existing carrying amounts less depreciation.

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

9. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

The net book value of property, plant and equipment pledged to financial institutions as security for the term loans, as referred to Note 22 to the financial statements, is as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Freehold land	**10,666**	10,357
Buildings	**24,510**	23,031
Plant and machinery	**98,177**	107,110
Work-in-progress	**1,947**	328
Others	**808**	1,611
	136,108	142,437

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

	Group	
	2009	**2008**
	RM'000	**RM'000**
Buildings	**486**	555
Freehold land	**542**	542

10. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	**2008**
	RM'000	**RM'000**
At 1 October 2008/2007	**83,806**	55,581
Additions	**129**	29,469
Reclassifications	**(6,325)**	-
Amortisation for the year	**(1,772)**	(1,244)
At 30 September	**75,838**	83,806
Analysed as:		
Long term leasehold land	**74,066**	82,562
Short term leasehold land	**1,772**	1,244
	75,838	83,806

11. PROPERTIES HELD FOR DEVELOPMENT

	Group 2009 RM'000	Group 2008 RM'000
Properties held for development comprise:		
Freehold land	**8,835**	3,698
Building	**20,748**	9,788
Development costs	**1,548**	621
Interest costs	**656**	98
	31,787	14,205

12. INVESTMENTS IN SUBSIDIARIES

		Company 2009 RM'000	Company 2008 RM'000
Unquoted shares at cost:			
- Ordinary shares	(a), (b)	**719,021**	619,985
Less: Pre-acquisition dividend received		**(152,735)**	(54,477)
		566,286	565,508
- Redeemable non-cumulative convertible preference shares ("RNCCPS")	(c)	**295,930**	143,605
		862,216	709,113

The details of the subsidiaries are set out in Note 33 to the financial statements.

12. INVESTMENTS IN SUBSIDIARIES (cont'd.)

During the year, the following events took place:

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

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

	RM'000
Property, plant and equipment	28,787
Inventories	10,648
Trade and other receivables	34,262
Cash and bank balances	9,581
Trade and other payables	(42,583)
Deferred taxation	(1,196)
Carrying value of net assets	39,499
Group's share of net assets	39,499
Goodwill on acquisitions (Note 13)	39,538
Cost of acquisitions (inclusive of stamp duty)	79,037

(b) A capital injection into PML Dairies Sdn Bhd was made by the Company in cash during the year of RM19,999,998 representing 19,999,998 ordinary shares of RM1 each, for working capital purposes. The equity interest in PML Dairies Sdn Bhd remained unchange.

(c) The Company subscribed for the entire RNCCPS in the following subsidiaries:

(i) 18,400 RNCCPS in Utas Mutiara Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM18,400,000;

(ii) 17,700 RNCCPS in Nuvak Company Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM17,700,000;

(iii) 14,000 RNCCPS in PML Dairies Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM14,000,000; and

(iv) 102,225 RNCCPS in Malaya Glass Products Sdn Bhd at an issued price of RM1,000 per RNCCPS totalling to RM102,225,000.

13. INTANGIBLE ASSETS

	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
Group				
Cost				
At 1 October 2007	6,391	73,502	22,145	102,038
Currency realignment	-	1,868	-	1,868
Addition	-	-	2,293	2,293
Write-off	-	-	(1,294)	(1,294)
At 30 September 2008	6,391	75,370	23,144	104,905
Addition (Note 12)	39,538	-	1,715	41,253
Reclassification	-	-	754	754
At 30 September 2009	**45,929**	**75,370**	**25,613**	**146,912**
Accumulated amortisation				
At 1 October 2007	-	-	10,326	10,326
Amortisation for the year	-	-	2,711	2,711
Write-off	-	-	(1,294)	(1,294)
At 30 September 2008	-	-	11,743	11,743
Amortisation for the year	-	-	3,360	3,360
Reclassification	-	-	159	159
At 30 September 2009	**-**	**-**	**15,262**	**15,262**
Net carrying amount				
At 30 September 2009	**45,929**	**75,370**	**10,351**	**131,650**
At 30 September 2008	6,391	75,370	11,401	93,162

13. 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 2009				
Dairy products	6,391	75,370	253	82,014
Soft drinks	39,538	-	442	39,980
Glass packaging	-	-	442	442
Property/Others	-	-	9,214	9,214
	45,929	75,370	10,351	131,650

(b) Key assumptions used in value in use calculations

(i) Goodwill

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

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

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

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

(ii) Brand

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

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

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

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

13. INTANGIBLE ASSETS (cont'd.)

(c) Sensitivity to changes in assumption

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

14. PROPERTY DEVELOPMENT COSTS

	Freehold land RM'000	Group Development cost RM'000	Total RM'000
2009			
Cumulative property development costs			
At 1 October 2008	**132,628**	**214,289**	**346,917**
Costs incurred during the year	**-**	**92,776**	**92,776**
Transfer to property held for development	**(5,138)**	**(12,445)**	**(17,583)**
Reversal of completed project	**(36,825)**	**(109,513)**	**(146,338)**
At 30 September 2009	**90,665**	**185,107**	**275,772**
Cumulative costs recognised in income statement			
At 1 October 2008	**(76,697)**	**(117,744)**	**(194,441)**
Recognised during the year	**(5,266)**	**(50,049)**	**(55,315)**
Reversal of completed projects	**70,000**	**76,338**	**146,338**
At 30 September 2009	**(11,963)**	**(91,455)**	**(103,418)**
Property development costs at 30 September 2009	**78,702**	**93,652**	**172,354**
2008			
Cumulative property development costs			
At 1 October 2007	130,065	156,503	286,568
Costs incurred during the year	6,261	69,651	75,912
Transfer to property, plant and equipment	-	(1,358)	(1,358)
Transfer to property held for development	(3,698)	(10,507)	(14,205)
At 30 September 2008	132,628	214,289	346,917
Cumulative costs recognised in income statement			
At 1 October 2007	(72,976)	(98,042)	(171,018)
Recognised during the year	(3,721)	(19,702)	(23,423)
At 30 September 2008	(76,697)	(117,744)	(194,441)
Property development costs at 30 September 2008	55,931	96,545	152,476

Interest capitalised was RM5.8 million (2008: RM1.2 million).

15. INVENTORIES

	Group	
	2009	**2008**
	RM'000	**RM'000**
At cost		
Manufactured inventories	**122,960**	145,928
Raw materials	**76,314**	133,226
Packaging materials	**37,125**	31,575
Engineering and other inventories	**103,832**	77,833
	340,231	388,562
At net realisable value		
Manufactured inventories	**109,198**	37,416
Raw materials	**19,109**	-
Packaging materials	**6,526**	-
Engineering and other inventories	**7,241**	11,882
	142,074	49,298
Total Inventories	**482,305**	437,860

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM2,494 million (2008: RM2,442 million).

16. RECEIVABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	**465,191**	520,855	**-**	-
Provision for doubtful debts	**(5,358)**	(5,574)	**-**	-
	459,833	515,281	**-**	-
Progress billings in respect of property development costs	**4,411**	3,494	**-**	-
	464,244	518,775	**-**	-
Other receivables				
- Prepayments	**5,382**	6,717	**6**	-
- Deposits	**5,174**	4,584	**-**	4
- Tax recoverable	**11,897**	19,102	**2,263**	1,836
- Others	**30,177**	23,725	**-**	117,201
	52,630	54,128	**2,269**	119,041
Amount due from related parties:				
Subsidiaries	**-**	-	**148,405**	140,987
Related companies	**27,693**	44,474	**-**	-
Holding company	**-**	16	**-**	-
	544,567	617,393	**150,674**	260,028

16. RECEIVABLES (cont'd.)

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
The currency profile is as follows:				
- Ringgit Malaysia	**358,107**	372,697	**3,837**	260,028
- US Dollar	**21,578**	68,481	**-**	-
- Renminbi	**26,643**	21,547	**-**	-
- Vietnam Dong	**22,899**	6,950	**-**	-
- Singapore Dollar	**28,912**	18,156	**-**	-
- Thai Baht	**84,448**	126,332	**146,837**	-
- Others	**1,980**	3,230	**-**	-
	544,567	617,393	**150,674**	260,028

The amounts due from subsidiary are unsecured, repayable on demand and bear interest at 5.2% (2008: 4.2%). Subsequent to year end, an amount of RM146.7 million was converted to a zero coupon bond arrangement. The nominal value was Thai Baht 2,000 million and subject to interest at 5.2%. The tenure of the bond is 7 years commencing 1 October 2009.

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

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2008: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed deposits with foreign licensed banks	**19,641**	14,082	**-**	-
Cash and bank balances	**168,212**	169,561	**2,034**	619
	187,853	183,643	**2,034**	619
The currency profile is as follows:				
- Ringgit Malaysia	**129,768**	136,073	**2,034**	619
- US Dollar	**23,931**	18,692	**-**	-
- Renminbi	**14,603**	4,914	**-**	-
- Thai Baht	**5,673**	8,714	**-**	-
- Vietnam Dong	**7,647**	10,604	**-**	-
- Others	**6,231**	4,646	**-**	-
	187,853	183,643	**2,034**	619

The weighted average interest rates during the financial year and the average maturities of deposits at 30 September 2009 were as follows:

	Weighted Average		Average Maturities	
	2009 %	2008 %	2009 Days	2008 Days
Foreign licensed banks	**4.0**	2.0	**69**	14

18. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2009 RM'000	2008 RM'000
At carrying value:		
Building	**3,646**	-
Leasehold land	**6,537**	-
	10,183	-

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

19. SHARE CAPITAL

	Group and Company	
	2009	2008
	RM'000	RM'000
Authorised:		
500,000,000 ordinary shares of RM1 each	**500,000**	500,000
Issued and fully paid:		
356,493,101 ordinary shares of RM1 each	**356,493**	356,493

As at 30 September 2009, the issued and paid up capital comprises 356,493,101 ordinary shares of RM1.00 each, of which 237,000 (2008: 236,800) ordinary shares are held as treasury shares.

20. TREASURY SHARES

The shareholders of the Company granted authority to the directors at the Extraordinary General Meeting held on 5 April 2007 to repurchase the Company's shares from the open market. During the financial year, the Company repurchased a further 200 of its issued ordinary shares from the open market at an average price of RM8.83 per share. The total consideration paid for the repurchase was RM1,848 comprising consideration paid amounting to RM1,765 and transaction costs of RM83. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Movement of shares repurchased

	Group and Company	
	Number of shares '000	RM'000
At 1 October 2007	165	1,168
Treasury shares purchased	72	542
Transaction costs	-	3
At 30 September 2008	237	1,713
Treasury shares purchased	*	2
Transaction costs	-	**
At 30 September 2009	237	1,715

* 200 shares
** RM83

21. RESERVES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable:				
Share premium	**339,990**	339,990	**339,990**	339,990
Capital reserve	**2,130**	2,130	**-**	-
Foreign exchange reserve	**36,603**	25,994	**-**	-
Executives' share option reserve (Note c)	**2,114**	582	**2,114**	582
	380,837	368,696	**342,104**	340,572
Distributable:				
Capital reserve (Note a)	**15,897**	15,897	**15,897**	15,897
Retained earnings (Note b)	**541,632**	442,781	**298,587**	255,755
	557,529	458,678	**314,484**	271,652
Total reserves	**938,366**	827,374	**656,588**	612,224

(a) This amount represents the proceeds from the issue of New Warrants 2001 in the Company to warrant holders upon replacement of Warrants 2001 with New Warrants 2001.

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 September 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 September 2009, the Company has sufficient credit in the 108 balance and tax-exempt income to pay RM156.54 million franked dividends out of its retained earnings. If the balance of the retained earnings of RM142.05 million were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

21. RESERVES (cont'd.)

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

Offer date	Balance as at offer date	Option lapsed	Balance as at 30.9.2009	Exercise price	Exercise period
Option 2008					20.8.2010-
20.11.2007	2,705,900	(328,600)	2,377,300	RM7.77	19.10.2012
Option 2009					19.8.2011-
19.11.2008	2,916,100	(104,800)	2,811,300	RM8.46	18.10.2013

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

- The maximum number of new ordinary shares of RM1.00 each in the Company which may be issued on the exercise of the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time throughout the duration of the ESOS.

- Eligible full-time executives of the Group and Executive Directors of the Company with at least one year service shall be eligible to participate in the ESOS.

- The allotment to an Eligible Executive shall not exceed the maximum limits for any specific job grade in any one financial year and 1,000,000 new shares of the Company during the tenure of the ESOS, subject to the limits below:

  (i) not more than 50% of the new shares of the Company available under the ESOS shall be allocated, in aggregate, to the Directors and senior management of the Group; and

  (ii) not more than 10% of the new shares of the Company available under the ESOS shall be allocated to any individual Eligible Executive who, either singly or collectively through persons connected to that Eligible Executive, holds 20% or more of the issued and paid-up share capital of the Company.

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

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

21. RESERVES (cont'd.)

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

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

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

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

22. BORROWINGS

		Group	
	Currency	2009 RM'000	2008 RM'000
Current:			
Loans	Thai Baht	**96,935**	71,965
Loans	Renminbi	**8,839**	17,671
Commercial Papers	RM	**97,593**	-
		203,367	89,636
Non-current:			
Term Loan	Thai Baht	**60,402**	59,411
Medium Term Notes	RM	**300,000**	300,000
		360,402	359,411
		563,769	449,047

The Thai Baht and Renminbi loans bear interest at 0.05% to 5.00% per annum (2008: 3.90% to 6.30%). The Thai Baht and Renminbi loans are unsecured, except for an amount of Thai Baht loan of RM10,982,115 (2008: RM19,803,589) and the Thai Baht term loan of RM60,401,632 (2008: RM59,410,767) are secured over property, plant and machinery of certain subsidiary companies as disclosed in Note 9 to the financial statements.

22. BORROWINGS (cont'd.)

The borrowings are repayable over the following periods:

	Group	
	2009 RM'000	2008 RM'000
Within one year	**203,367**	89,636
1 to 2 years	**168,826**	19,804
2 to 3 years	**20,396**	169,804
3 to 4 years	**171,180**	19,803
4 to 5 years	**-**	150,000
	563,769	449,047

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

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

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

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

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

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

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

Direct costs incurred for issuance of the CP/MTN amounting to RM1.2 million were charged to the income statement in the previous year. During the year, those direct recurring costs of the programme amounting to RM0.4 million were also charged to income statement.

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

23. PROVISION FOR RETIREMENT BENEFITS

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

	Group	
	2009 RM'000	2008 RM'000
Present value of unfunded defined benefit obligations	**36,642**	36,675
Unrecognised actuarial gain/(losses)	**341**	(1,430)
Net liability	**36,983**	35,245
The amounts recognised in the income statement are as follows:		
Current service cost	**1,509**	1,579
Interest cost	**1,815**	1,859
Net actuarial gain	**-**	(75)
Amortisation of unrecognised gain	**(89)**	-
Curtailment or settlement gain	**784**	-
Transition obligation recognised	**(134)**	(604)
Total (Note 5a)	**3,885**	2,759
Movements in the net liability in the current year were as follows:		
At 1 October 2008/2007	**35,245**	35,138
Recognised in income statement (Note 5a)	**3,885**	2,759
Contribution paid	**(2,147)**	(2,652)
At 30 September	**36,983**	35,245

Principal actuarial assumptions used:

	2009 %	2008 %
Discount rate	**5.50 - 6.50**	5.75
Rate of increase in salaries	**4.00 - 5.00**	5.00
Mortality rate	**0.03 - 0.59**	0.03 - 0.59
Disability rate	**0.00 - 0.92**	0.00 - 0.92
Retirement at age of 55	**1.00**	1.00

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

24. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 October 2008/2007	**29,597**	34,141	**-**	654
Recognised in income statement:				
- property, plant and equipment	**(25,949)**	(10,000)	**-**	-
- tax losses and unabsorbed capital allowances	**783**	14	**-**	(654)
- deferred income	**(2,092)**	1,761	**-**	-
- provisions	**(1,601)**	3,176	**-**	-
- tax effect on revaluation surplus	**79**	505	**-**	-
At 30 September	**817**	29,597	**-**	-

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred tax assets				
At 1 October 2008/2007	**(2,480)**	(5,411)	**-**	(654)
Recognised in income statement	**(18,513)**	2,931	**-**	654
At 30 September	**(20,993)**	(2,480)	**-**	-
Deferred tax liabilities				
At 1 October 2008/2007	**32,077**	39,552	**-**	-
Recognised in income statement	**(10,267)**	(7,475)	**-**	-
At 30 September	**21,810**	32,077	**-**	-

24. DEFERRED TAX ASSETS AND LIABILITIES (cont'd.)

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred tax assets				
- Tax losses	**(532)**	(1,090)	**-**	-
- Provisions	**(17,311)**	(15,710)	**-**	-
- Deferred income	**(3,007)**	(915)	**-**	-
- Unabsorbed capital allowances	**(2)**	(227)	**-**	-
	(20,852)	(17,942)	**-**	-
Deferred tax liabilities				
Subject to income tax:				
- Property, plant and equipment	**18,098**	44,047	**-**	-
Subject to capital gains tax:				
- Revaluation surplus	**3,571**	3,492	**-**	-
	21,669	47,539	**-**	-
	817	29,597	**-**	-

25. PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	**215,012**	256,699	**13**	5
Other payables				
- Accrued expenses	**283,099**	251,963	**487**	376
- Deposits	**8,979**	6,422	**-**	-
- Sales tax	**7,745**	8,104	**-**	-
- Staff costs	**48,507**	40,947	**-**	-
- Others	**94,246**	59,984	**-**	-
	442,576	367,420	**487**	376
Subsidiaries	**-**	-	**3,058**	2,375
Related companies	**38,495**	32,051	**-**	-
Holding company	**427**	-	**-**	-
	696,510	656,170	**3,558**	2,756

25. PAYABLES (cont'd.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
The currency profile is as follows:				
- Ringgit Malaysia	**480,046**	387,262	**3,558**	2,756
- US Dollar	**6,791**	43,832	**-**	-
- Renminbi	**16,993**	19,990	**-**	-
- Thai Baht	**134,469**	128,677	**-**	-
- Vietnam Dong	**13,956**	8,766	**-**	-
- Singapore Dollar	**42,251**	60,730	**-**	-
- Others	**2,004**	6,913	**-**	-
	696,510	656,170	**3,558**	2,756

The amounts due to related companies are trade in nature and non-interest bearing. The normal trade credit terms granted to the Group for trade payables are 30 to 90 days (2008: 30 to 90 days).

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

26. CAPITAL COMMITMENTS

	Group	
	2009 RM'000	2008 RM'000
Property, plant and equipment:		
Amount approved and contracted for	**87,300**	55,867
Amount approved but not contracted for	**446,492**	699,192
	533,792	755,059

27. LEASE COMMITMENTS

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

	Group	
	2009 RM'000	2008 RM'000
Within one year	**31,887**	28,532
Between one and five years	**13,462**	29,287
After five years	**1,168**	1,185
	46,517	59,004

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group	
	2009	**2008**
	RM'000	**RM'000**
Royalties paid to the holding company	**1,901**	1,946
Related parties*:		
Royalties paid	**31,581**	30,442
Purchase of finished goods	**17,764**	19,439
Purchase of raw materials	**22,035**	22,950
Purchase of concentrates	**126,632**	104,021
Payment of corporate services	**3,067**	2,688
Sales of finished goods	**171,727**	196,542

	Company	
	2009	**2008**
	RM'000	**RM'000**
Subsidiaries:		
Dividend income received	**180,200**	175,000
Interest income received	**1,434**	1,397
Interest expense paid	**-**	787

* Related parties are subsidiaries within the Fraser and Neave, Limited.

These transactions were based on agreed fees or terms determined on commercial basis.

29. SIGNIFICANT EVENTS

(a) On 18 February 2009, the Company announced that the Bottler's/Distributor's Agreements (jointly, the "Agreements") between its subsidiaries, F&NCCB and F&NCC(M) and The Coca-Cola Company ("Coca-Cola") will expire on 26 January 2010 and that Coca-Cola does not intend to renew the Agreements upon expiry.

On 30 June 2009, the Company announced that F&NCCB and F&NCC(M) have entered into a Transition Agreement with Coca-Cola which will take effect from the expiry of the Agreements on 26 January 2010 for another 20 months until 30 September 2011, with some modification of terms.

29. SIGNIFICANT EVENTS (cont'd.)

The Transition Agreement further provides that:

i) F&NCCB and F&NCC(M) will continue to enjoy the existing bottling and distribution exclusivity on "Coca-Cola" and "Sprite" in Malaysia until 30 September 2011.

ii) F&NCCB and F&NCC(M) are entitled to launch new brands or categories (except cola and lemon-lime carbonated soft drinks) from 27 January 2010 for both domestic and export markets; and

iii) Coca-Cola will be entitled to independently pursue opportunities in categories other than isotonic beverages and fruit flavoured carbonated soft drinks in Malaysia from 27 January 2010.

The existing business contribution from the Coke franchise will remain intact throughout the term of this Transition Agreement.

These 20-month arrangements will give F&NCCB, F&NCC(M) and Coca-Cola time to prepare and gear up their respective organizations for the future. The Transition Agreement provides for a smooth transition of business and seeks to minimize any supply disruption to customers and distributors.

(b) On 30 June 2009, the Company announced that it has entered into a Letter of Understanding ("LOU") with Coca-Cola to purchase the remaining10% equity interest in F&NCCB and F&NCC(M) (the "combined entities") for a total cash consideration of RM78.8 million on a willing-buyer willing-seller basis. The sale was completed on 10 September 2009. Please see note 12(a) for details.

30. CONTINGENT LIABILITIES

The Company issued a corporate guarantee to the extent of RM1,000 million (2008: RM1,000 million) of which RM400 million (2008: RM300 million) was utilised in respect of the issuance of the CP/MTN of its subsidiary (Note 22).

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading and investment activities. Where exposures are certain, it is the Group's policy to hedge these risks as they arise. For those exposures less certain in the timing and extent, it is the Group's policy to cover 50% to 90% of anticipated exposure for a maximum period of 12 months forward. At 30 September 2009, the Group did not have any outstanding foreign currency forward contract.

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd.)

Credit risk

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

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

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

Interest rate risk

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

Liquidity risk

The Company's and the Group's exposure to liquidity risk arises in the general funding of the Company's and the Group's business activities. It includes the risk of being able to fund business activities in a timely manner.

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

Fair values

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

Cash and bank balances, other receivables and other payables

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

Trade receivables and trade payables

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

Amount due from/to related companies

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

Borrowings

The fair value of borrowings is estimated by using the effective interest method. The fair value of the tranche 1, tranche 2 and tranche 3 of the CP/MTN are RM153.6 million, RM154.0 million and RM97.7million respectively. Fair values of other borrowings approximately their carrying values as these are floating rate debts.

32. SEGMENTAL INFORMATION

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

Business segments

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

	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Year ended 30 September 2009					
Revenue					
Total revenue	2,106,466	2,507,628	479,863	122,481	5,216,438
Inter - segment	(796,598)	(609,302)	(13,963)	(59,512)	(1,479,375)
External	1,309,868	1,898,326	465,900	62,969	3,737,063
Results					
Operating profit	136,683	140,437	27,079	9,748	313,947
Interest expense					(17,662)
Interest income					3,492
Taxation					(56,855)
Profit after taxation					242,922
Minority interests					(18,490)
Net profit for the year					224,432
Other information					
Segment assets	627,964	925,086	685,996	312,010	2,551,056
Unallocated assets					20,993
Cash and bank balances					187,853
Total assets					2,759,902
Segment liabilities	336,416	286,037	61,677	49,363	733,493
Unallocated liabilities					53,237
Bank borrowings					563,769
Total liabilities					1,350,499

32. SEGMENTAL INFORMATION (cont'd.)

Business segments (cont'd.)

	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Year ended 30 September 2009					
Other information (cont'd.)					
Capital expenditure	39,740	194,217	56,274	5,672	295,903
Depreciation, amortisation of intangible assets and prepaid land lease payments	35,388	25,917	56,995	7,448	125,748
Year ended 30 September 2008					
Revenue					
Total revenue	1,897,766	2,728,645	468,161	74,353	5,168,925
Inter - segment	(712,089)	(736,612)	(6,677)	(39,331)	(1,494,709)
External	1,185,677	1,992,033	461,484	35,022	3,674,216
Results					
Operating profit	123,009	88,502	35,368	9,771	256,650
Interest expense					(19,589)
Interest income					2,611
Taxation					(59,941)
Profit after taxation					179,731
Minority interests					(12,886)
Net profit for the year					166,845
Other information					
Segment assets	576,392	819,029	668,633	263,912	2,327,966
Unallocated assets					2,480
Cash and bank balances					183,643
Total assets					2,514,089
Segment liabilities	299,393	276,520	74,596	40,906	691,415
Unallocated liabilities					56,471
Bank borrowings					449,047
Total liabilities					1,196,933
Capital expenditure	30,469	55,376	135,750	3,956	225,551
Depreciation, amortisation of intangible assets and prepaid land lease payments	38,715	26,704	44,337	5,603	115,359

32. SEGMENTAL INFORMATION (cont'd.)

Geographical segments

The following table presents the financial information by geographical segments:

	Revenue		Total Assets		Capital expenditure	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	**2,413,598**	2,302,009	**1,682,988**	1,678,446	**90,425**	129,546
Vietnam	**82,580**	74,837	**99,461**	78,710	**6,269**	9,077
China	**151,698**	118,616	**190,059**	186,944	**7,488**	67,977
Singapore	**155,212**	175,920	**14,177**	799	**-**	-
Thailand	**697,435**	735,590	**696,366**	495,269	**191,721**	18,951
Others	**236,540**	267,244	**76,851**	73,921	**-**	-
	3,737,063	3,674,216	**2,759,902**	2,514,089	**295,903**	225,551

33. SUBSIDIARIES AND ACTIVITIES

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2009	Equity Interest Held (%) 2008
Subsidiaries of Fraser & Neave Holdings Bhd				
Malaya Glass Products Sdn Bhd	Malaysia	Manufacture and sale of glass containers	**100**	100
Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Malaysia	Manufacture and sale of glass containers (ceased operation during the year)	**100**	100

33. SUBSIDIARIES AND ACTIVITIES (cont'd.)

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2009	2008
Subsidiaries of Fraser & Neave Holdings Bhd (cont'd.)				
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Management services and property investment holdings	**100**	100
Four Eights Sdn Bhd	Malaysia	Inactive	**100**	100
F&NCC Beverages Sdn Bhd	Malaysia	Manufacture of soft drinks	**100**	90
F&N Coca-Cola (Malaysia) Sdn Bhd	Malaysia	Distribution of soft drinks	**100**	90
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Distribution of dairy products	**100**	100
Premier Milk (Malaya) Sdn Bhd	Malaysia	Manufacture of dairy products	**100**	100
F&N Foods Sdn Bhd	Malaysia	Manufacture of dairy products	**100**	100
F&N Dairies (Thailand) Limited	Thailand	Manufacture and distribution of dairy products	**100**	100
Arolys Singapore Pte Limited	Singapore	Distribution of dairy products	**100**	100
Lion Share Management Limited	British Virgin Island	Brand owner	**100**	100
PML Dairies Sdn Bhd	Malaysia	Manufacture and distribution of dairy products	**100**	100
Wimanis Sdn Bhd	Malaysia	Property development activities	**100**	100
Brampton Holdings Sdn Bhd	Malaysia	Property development activities	**100**	100

33. SUBSIDIARIES AND ACTIVITIES (cont'd.)

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2009	Equity Interest Held (%) 2008
Subsidiaries of Fraser & Neave Holdings Bhd (cont'd.)				
Elsinburg Holdings Sdn Bhd	Malaysia	Property development activities	**100**	100
Vacaron Company Sdn Bhd	Malaysia	Inactive	**100**	100
Nuvak Company Sdn Bhd	Malaysia	Inactive	**100**	100
Greenclipper Corporation Sdn Bhd	Malaysia	Inactive	**100**	100
Utas Mutiara Sdn Bhd	Malaysia	Property investment holding	**100**	100
Lettricia Corporation Sdn Bhd	Malaysia	Property development activities	**70**	70
F&N Properties Sdn Bhd	Malaysia	Provision of property management services	**100**	100
Tropical League Sdn Bhd	Malaysia	Inactive	**100**	100
F&N Capital Sdn Bhd	Malaysia	Provision of financial and treasury services	**100**	100

33. SUBSIDIARIES AND ACTIVITIES (cont'd.)

Name of company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2009	Equity Interest Held (%) 2008
Subsidiaries of Malaya Glass Products Sdn Bhd				
Malaya-Vietnam Glass Limited	Vietnam	Manufacture and sale of glass containers	**70**	70
Sichuan Malaya Glass Co Ltd * ◆	China	Manufacture and sale of glass containers	**60**	60
Thai Malaya Glass Company Limited	Thailand	Manufacture and sale of glass containers	**70**	70
Subsidiary of F&NCC Beverages Sdn Bhd				
Borneo Springs Sdn Bhd	Malaysia	Manufacture and sale of mineral water, carbonated drinks and bottles	**100**	100

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

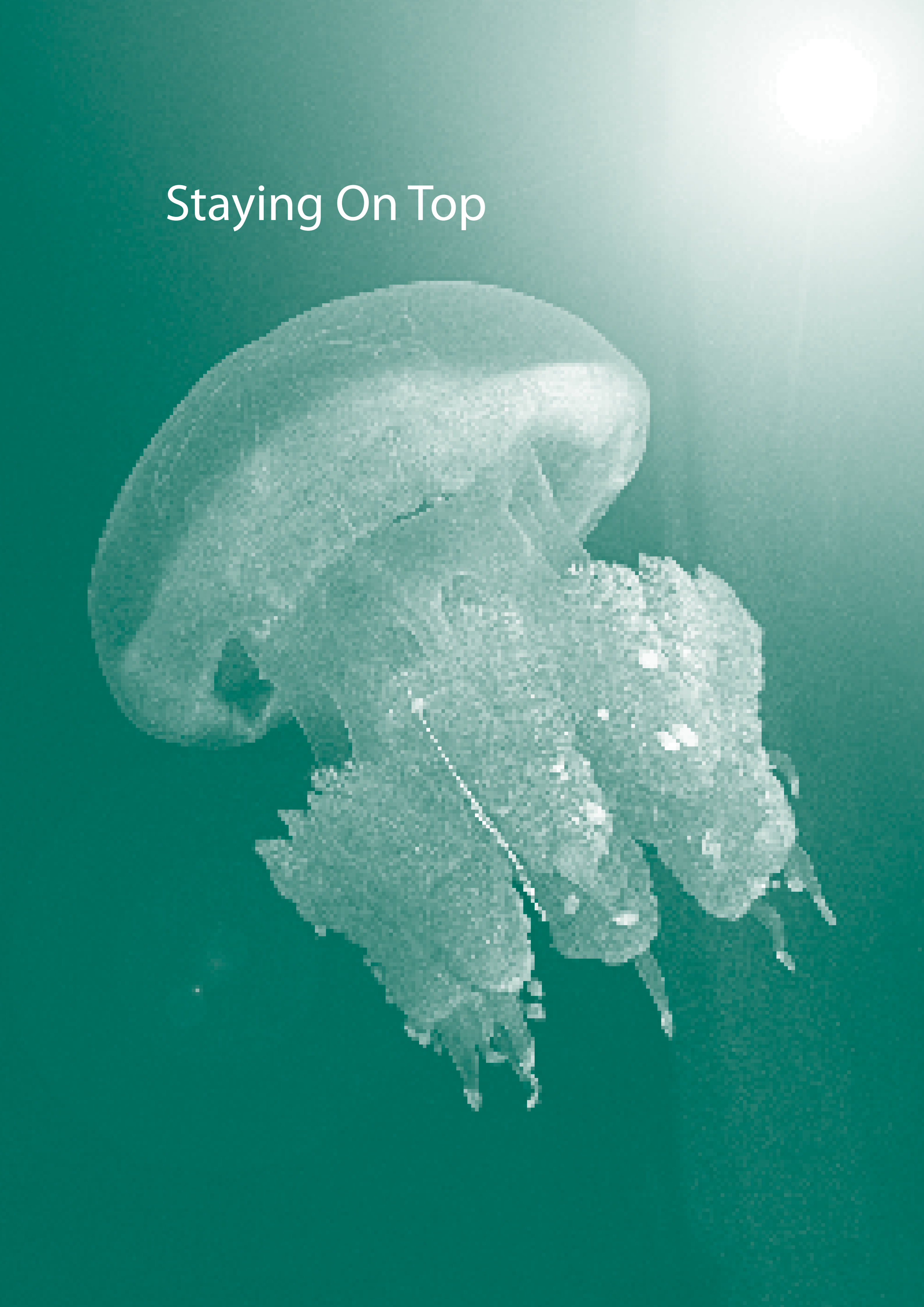
◆ Financial year 31 December

34. COMPARATIVES

During the year, the following comparative figures have been reclassified to conform with current year's presentation:

	As previously reported RM'000	Adjustment RM'000	As restated RM'000
Revenue	3,591,204	83,012	3,674,216
Cost of sales	(2,692,279)	(46,690)	(2,738,969)
Distribution expenses	(285,921)	(34,511)	(320,432)
Marketing expenses	(196,802)	(35,627)	(232,429)
Administration and other expenses	(159,552)	33,816	(125,736)

Staying On Top



The mangrove jellyfish is one of the strangest creatures that inhabits the underwater mangrove environment. In order to sustain itself, the jellyfish supplements its diet of whatever it can trap within its tentacles with food produced through photosynthesis by single-celled algae that have a symbiotic relationship with the jellyfish. Similarly, we too have had to sustain our business during these tough times in order to ride out the storm as effectively as we can, and learn from it. By staying the course, leveraging our expertise, and keeping our current customers happy, our next challenge will be to think of new ways to expand our business to stay ahead of the competition.

OTHER INFORMATION

LIST OF PROPERTIES

LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP
YEAR ENDED 30 SEPTEMBER 2009

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/09 Land RM'000	Buildings RM'000	Last Revalued Date
JOHOR						
72-A (Lot 2134) Jalan Tampoi Johor Bahru	274,864	Industrial/ Factory premise and office	38 years (Freehold)	1,672	2,659	January 1983
72-A (MLO 4620) Jalan Tampoi Johor Bahru	233,046	Industrial/ Factory premise	21 years (Freehold)	1,418	3,437	January 1983
72-A (Lot PTD 54046 & 56057) Jalan Tampoi Johor Bahru	57,935	Industrial/ Warehouse and factory premise	21 years (Freehold)	1,624	988	September 1990
72-A (Lot 11615 to 11630) Jalan Tampoi Johor Bahru	56,192	Vacant land	- (Freehold)	549	65	February 1990
Malay Grant Jalan Tampoi, Johor Bahru	59,895	Detached house/ Warehouse	42 years (Freehold)	1,050	3,767	February 1990
701, Jalan Tampoi, Johor Bahru	241,022	Industrial/ Factory premise	42 years (Freehold)	7,700	181	February 1990
PERAK						
217 Jalan Lahat, Ipoh	287,738	Industrial/ Factory premise	40 years (Freehold)	2,815	3,959	October 1995
79 & 81 Jalan Tun Perak, Ipoh	51,828	Industrial/ Factory premise	103 years (Freehold/ Leasehold expiring 2013 & 2066)	391	91	October 1995

LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP YEAR ENDED 30 SEPTEMBER 2009 (cont'd.)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/09 Land RM'000	Buildings RM'000	Last Revalued Date
PULAU PINANG						
3724 (Lot 834 and 842) Sungei Nyior Butterworth Pulau Pinang	130,324	Industrial/ Factory premise	55 years (Freehold)	2,600	2,014	October 1995
3725 & 3726 (Lot 833) Butterworth Pulau Pinang	97,387	Detached house/ Office premise	54 years (Freehold)	2,120	202	October 1995
KELANTAN						
Pengkalan Chepa Industrial Estate, Kota Bahru	203,861	Industrial/ Factory premise	29 years (Leasehold expiring 2043)	583	563	October 1995
PAHANG						
Mar Lodge, Cameron Highlands	90,931	Detached house/ Holiday bungalow	42 years (Leasehold expiring 2037)	688	198	October 1995
Lot 7399, Jln Mempaga, Mukim Sabai, Karak	216,986	Industrial/ Factory premise	2 year (Freehold)	3,699	5,076	2007
KUALA LUMPUR						
No.3, Jalan Metro Pudu, Fraser Business Park	7,208	Office Premise	2 year (Freehold)	-	16,268	2007
MELAKA						
10 Jalan Bukit Gedong, Melaka	104,000	Industrial/ Factory premise	84 years (Freehold/ Leasehold expiring 2023)	849	674	October 1995

LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP YEAR ENDED 30 SEPTEMBER 2009 (cont'd.)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/09 Land RM'000	Buildings RM'000	Last Revalued Date
SELANGOR						
Lot 3-1 Lion Industrial Park, Shah Alam	1,373,447	Industrial/Factory premise and office	12 years (Freehold)	36,899	63,812	October 1995
Lot 3-2 Lion Industrial Park, Shah Alam	558,875	Industrial/Vacant	- (Freehold)	11,678	-	October 1995
70 Jalan University, Petaling Jaya	382,467	Industrial/ Factory premise	48 years (Leasehold expiring 2058)	18,999	15,922	October 1995
16 Jalan Bersatu 13/4, Petaling Jaya	171,797	Industrial/ Factory premise	48 years (Leasehold expiring 2058)	10,050	4,464	October 1995
Lot 5, Jalan Kilang, Petaling Jaya (classified as non - current assets held for sale (note 18))	207,727	Industrial/ Factory premise	42 years (Leasehold expiring 2058)	6,537	3,646	October 1995
Lot No 56, Section 4, Phase 2B, Mukim Klang, Selangor	151,343	Industrial/ Factory premise	1 year (Leasehold expiring 2097)	29,340	-	2008
SARAWAK						
Lot 924 Block 4 Matang Land District	118,776	Industrial/ Factory premise	3 years (Freehold)	4,379	2,531	2006
Lot 583 Block 4 Matang Land District	261,338	Industrial/ Factory premise	3 years (Leasehold expiring 2038)	4,567	624	2006
3.5 Miles Penrissen Road, Kuching	194,539	Industrial/ Factory premise	43 years (Leasehold expiring 2038)	1,607	6,759	October 1995

LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP YEAR ENDED 30 SEPTEMBER 2009 (cont'd.)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/09 Land RM'000	Buildings RM'000	Last Revalued Date
SARAWAK (cont'd.)						
Lot 1557 Block 218 KNLD Kuching	124,797	Industrial	3 years (Leasehold expiring 2038)	7,171	-	2006
Lot 142, Block 4 Kuching	47,413	Shop office	3 years (Leasehold expiring 2784)	225	187	2006
Sublot 3, Lot 2370, Jalan Tatau Bintulu, Bintulu.	5,272	Industrial/ Factory premise	2 year (Freehold)	-	22	
SABAH						
5.5 Miles Tuaran Road, Kota Kinabalu	142,140	Vacant land	- (Leasehold expiring 2062)	1,266	-	October 1995
5.5 Miles Tuaran Road, Kota Kinabalu	142,578	Industrial/ Factory premise	38 years (Leasehold expiring 2062)	1,036	1,835	October 1995
VIETNAM						
76 Ton That Thuyet Ho Chi Minh, Vietnam	363,691	Industrial/ Factory premise	15 years (Leasehold expiring 2023)	-	6,266	October 1993
CHINA						
6 Block A & C 1st Floor Xin Shi Ji Garden Liiu Shu Town, She Hong Country Sichuan Province China	5,042	Residential	7 1/2 years (Leasehold expiring 2058)	-	103	2002

LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP YEAR ENDED 30 SEPTEMBER 2009 (cont'd.)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/09 Land RM'000	Buildings RM'000	Last Revalued Date
THAILAND						
SIL Industrial Zone Amphur Nong Khae Saraburi Province	975,744	Industrial	3 years (Freehold)	10,666	24,510	2006
90 Moo 8 Mitapap Road, Phayayen District, Amphur Pakchong, Nakonratchasima Province 30320	125,857	Industrial	2 year (Freehold)	-	5,451	2007
668 Moo 4 Rojana Industrial Park Zone 2, U-thai, Phra Nakhon Si Ayutthaya 13210 Thailand.	990,280	Industrial	New (Freehold)	17,732	-	2008
Classified as Group Property Held for Development (Note 11) & Property Development Cost (Note 14)						
KUALA LUMPUR						
Fraser Park Jalan Yew Kuala Lumpur	276,196	For the development of shop office for sale	Freehold	31,941		October 1995
Fraser Park Jalan Yew Kuala Lumpur	40,777	No plan yet	Freehold	5,147		October 1995
Jalan Ampang	67,954	For the development of service apartment and office suites	Freehold	18,230		2005
Lot 609, Geran 24235, Mukim Hulu Semenyih, District of Hulu Langat, Selangor	2,640,251	For the development of residential property	Freehold	24,585		2006
Lot 15350,Lot 15351& Lot PTB 20048, Jalan Balau 1, Jalan Dato Sulaiman, Jalan Tebrau,Mukim Bandar, District of Johor Bharu	132,052	For the development of commercial property	Freehold	19,599		2005

SHAREHOLDINGS STATISTICS

Shareholdings as at 30 November 2009

Authorised share capital - RM500,000,000
Fully paid and issued shares - RM356,493,101(inclusive of 237,100 treasury shares)
Class of shares - Ordinary shares of RM1.00 each with equal voting rights
Voting rights - One vote for each ordinary shares held in the event of a poll

Analysis of shareholdings

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
1 - 99	279	7.48	4,174	0.01
100 - 1,000	1,295	34.72	967,768	0.27
1,001 - 10,000	1,715	45.99	6,670,580	1.87
10,001 - 100,000	381	10.22	11,137,492	3.12
100,001 to less than 5% of issued shares	57	1.53	55,027,280	15.45
5% and above of issued shares	2	0.06	282,448,707	79.28
Total	3,729	100.00	356,256,001	100.00

Directors' shareholdings

No. Name of shareholders	Direct holdings No.	%	Indirect holdings No.	%
1. Y.A.M. Tengku Syed Badarudin Jamalullail	2,062,000	0.57	-	-
2. Tan Ang Meng	60,100	0.01	-	-
	2,122,100	0.58	-	-

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

No. Name of shareholders	Direct holdings No.	%	Indirect holdings No.	%
1. Fraser and Neave, Limited	204,244,910	57.33	-	-
2. Permodalan Nasional Berhad	8,158,500	2.29	78,203,797	21.95
	212,403,410	59.62	78,203,797	21.95

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

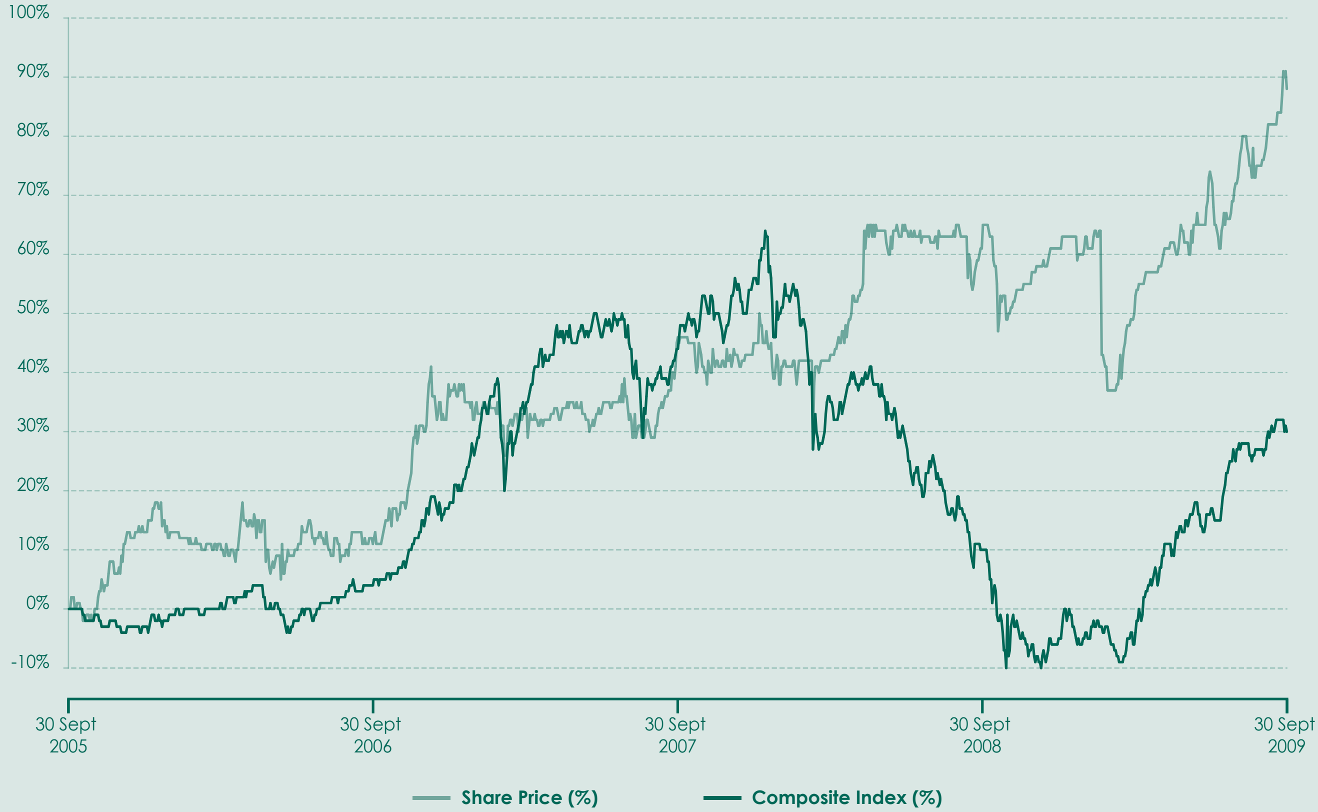
No.	Name of shareholders	Shares held	%
1.	Fraser and Neave, Limited	204,244,910	57.33
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	78,203,797	21.95
3.	Employees Provident Fund Board	13,021,130	3.66
4.	Malaysia Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,770,000	2.74
5.	Permodalan Nasional Berhad	8,158,500	2.29
6.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Lux For Aberdeen Global	3,304,200	0.93
7.	DB (Malaysia) Nominee (Tempatan) Sdn Bhd icapital.biz Berhad	2,497,000	0.70
8.	Malaysia Nominees (Tempatan) Sendirian Bhd Pledged Securities Account for Y.A.M. Tengku Syed Badarudin Jamalullail (01-00737-000)	1,744,000	0.49
9.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	1,712,800	0.48
10.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.42
11.	HSBC Nominees (Asing) Sdn Bhd Exempt an for BNP Paribas Securities Services (Singapore - SGD)	1,012,000	0.28
12.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan) (FD 1-280305)	845,000	0.24
13.	AMSEC Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	723,000	0.20
14.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for the Employees' Provident Fund Board (250416)	647,000	0.18
15.	Key Development Sdn Bhd	600,000	0.17
16.	Malaysia Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	559,500	0.16
17.	Gan Teng Siew Realty Sdn Bhd	500,000	0.14
18.	Chinchoo Investment Sdn Bhd	500,000	0.14
19.	Mayban Nominees (Tempatan) Sdn Bhd Capital Dynamics Asset Management Sdn Bhd for ACE Synergy Insurance Berhad (CDAM23-990350)	480,000	0.13
20.	Lee Chin Hong	438,000	0.12
21.	Soong Bee Yoke	391,400	0.11
22.	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	322,700	0.09
23.	HSBC Nominees (Asing) Sdn Bhd UBS AG Zurich for LGT Capital Managment LTD	300,000	0.08

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

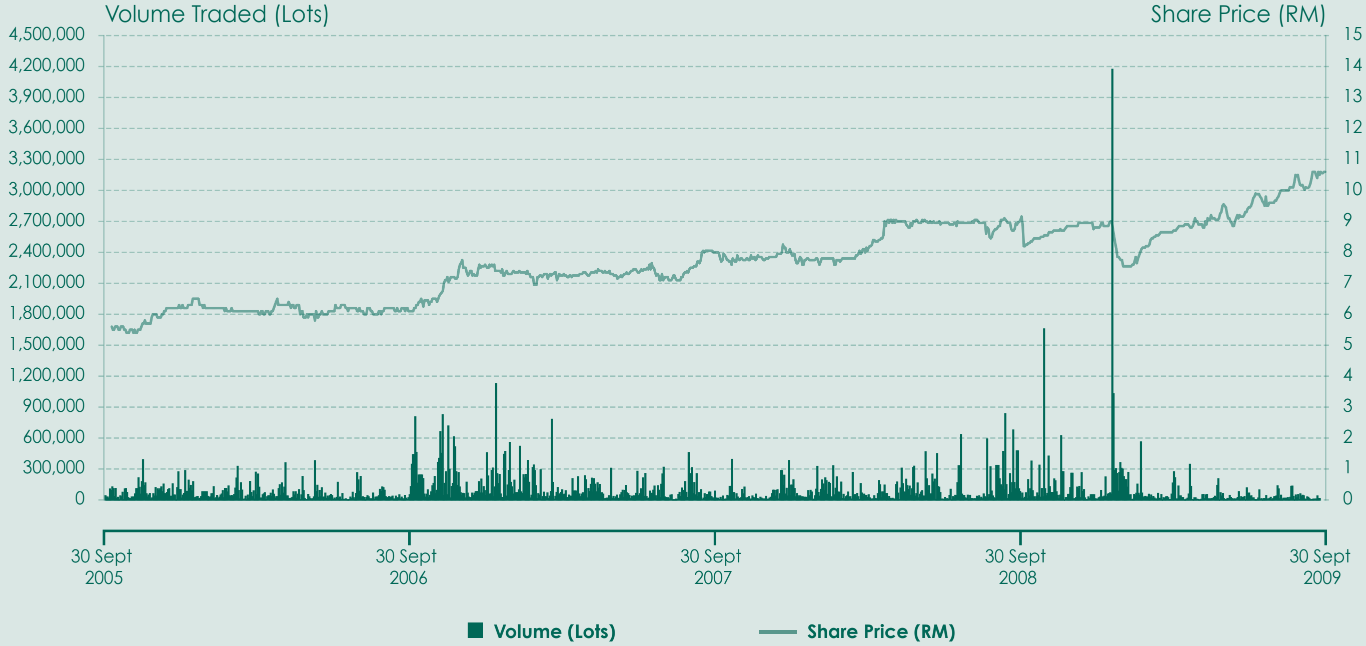
No.	Name of shareholders	Shares held	%
24.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Clariden LEU AG	300,000	0.08
25.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Danske Bank A/S (client holdings)	290,000	0.08
26.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMORGAN Chase Bank, National Association (Guernsey)	282,700	0.08
27.	Mayban Nominees (Tempatan) Sdn Bhd HwangDBS Investment Management Bhd for Employess Provident Fund (230571)	281,000	0.08
28.	Mayban Nomines (Tempatan) Sdn Bhd Aberdeen Asset Management Bhd for Malaysian Timber Council (Endownment Fund)	273,000	0.08
29.	Mayban Nominess (Tempatan) Sdn Bhd Capital Dynamics Asset Management Sdn Bhd for Choong Lye Hock Estates Sdn Bhd (CDAM 36-200748)	223,700	0.06
30.	Mayban Nominess (Tempatan) Sdn Bhd Capital Dynamics Asset Management Sdn Bhd for Lee Hau Hian (CDAM45-230137)	220,000	0.06
		333,345,337	93.55

SHARE PRICE CHARTS

F&N SHARE PRICE AND BURSA MALAYSIA'S COMPOSITE INDEX



F&N SHARE PRICE AND VOLUME TRADED



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 48th Annual General Meeting of Fraser & Neave Holdings Bhd will be held at Banyan, Casuarina & Dillenia, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 21 January 2010 at 2.30 pm for the following purposes:

AGENDA

Routine Business

1 To receive and adopt the Audited Financial Statements for the year ended 30 September 2009 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2 To approve the payment of a final dividend of 4 sen gross per share (3 sen net) and 21 sen per share tax exempt, together with a bonus tax exempt dividend of 5 sen per share for the year ended 30 September 2009. (Resolution 2)

3 To re-elect the following directors:

Under Article 97 of the Articles of Association

a) Dato' Dr Mohd Shahar bin Sidek (Resolution 3a)
b) Mr Tan Ang Meng (Resolution 3b)
c) Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani (Resolution 3c)

Under Article 103 of the Articles of Association

d) Mr Huang Hong Peng (Resolution 3d)

Under Section 129 of the Companies Act 1965

e) Mr Leslie Oswin Struys (Resolution 3e)
f) Tan Sri Dato' Dr Lin See Yan (Resolution 3f)

4 To approve directors' fees of RM681,000 for the year ending 30 September 2010 payable monthly in arrears after each month of completed service of the directors during the financial year. (2009 : RM681,000) (Resolution 4)

5 To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2010 and to authorise the directors to fix their remuneration. (Resolution 5)

Special Business

6 To authorise Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd. Executives' Share Option Scheme as approved at the Extraordinary General Meeting of the Company on 5 April 2007. (Resolution 6)

7 Proposed renewal of the authority for the purchase of its own shares by the Company (Resolution 7)

"**THAT** subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities, and the approvals of the relevant authorities, the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to the extent permitted by the law, to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up ordinary share capital from time to time through Bursa Securities, subject further to the following:

(i) the maximum number of ordinary shares which may be purchased and held by the Company does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point in time ("Proposed Share Buy-Back");

(ii) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the Company's total retained profits and/or share premium account at the time of purchase of the Proposed Share Buy-Back;

(iii) the approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting ("AGM") of the Company, following the passing of this resolution or the expiration of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution passed by shareholders of the Company at a general meeting but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority; and

(iv) upon completion of the purchase(s) of the F&N Shares or any part thereof by the Company, the Directors be and are hereby authorised to cancel all the F&N Shares so purchased, retain all the F&N Shares as treasury shares for future re-sale or retain part thereof as treasury shares and cancelling the balance or distribute all or part of the F&N Shares as dividends to shareholders, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

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

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

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries ("F&N Group") to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 2.4, Part B of the Circular dated 24 December 2009 with the related party mentioned therein, provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies, and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders

AND THAT such approval shall be in force until:

(i) the conclusion of the next Annual General Meeting of the Company ("AGM"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by the Company in a general meeting,

whichever is the earlier **AND THAT** the Directors of the Company and each of them be authorised to do all such acts and things (including, without limitation, to execute all such documents) as they or he may consider necessary, expedient or in the interests of the Company to give effect to this resolution."

9 To transact any other business which may properly be brought forward.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the forthcoming Annual General Meeting, the proposed final dividend of 4 sen gross per share (3 sen net) and 21 sen per share tax exempt, together with a bonus tax exempt dividend of 5 sen per share for the year ended 30 September 2009 will be paid to shareholders on 3 March 2010. The entitlement date for the proposed dividend shall be on 4 February 2010.

A depositor shall qualify for the entitlement to the dividend only in respect of:

a) Shares transferred to the depositor's securities account before 4.00 pm on 4 February 2010 in respect of ordinary transfer; and

b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
JOSEPH TAN ENG GUAN
Company Secretary
Kuala Lumpur, Malaysia

24 December 2009

Notes :

1) *A member entitled to attend and vote at the above meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf and such proxy or proxies need not be a member or members of the Company.*

2) *Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.*

3) *In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised.*

4) *The instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company at Level 8, F&N Point, No. 3 Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur not less than 48 hours before the meeting.*

EXPLANATORY NOTES ON THE SPECIAL BUSINESS

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

The proposed ordinary resolution 6, if passed, will give the Directors of our Company, from the date of this Annual General Meeting, authority to allot and issue ordinary shares pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd Executives' Share Option Scheme.

(ii) Proposed Renewal of Share Buy-back

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

(iii) Proposed Renewal of Shareholders' Mandate

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

FRASER & NEAVE HOLDINGS BHD.

PROXY FORM

CDS account no.

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

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

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

of ....
(FULL ADDRESS)

a member of FRASER & NEAVE HOLDINGS BHD, hereby appoint ....

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

of ....
(FULL ADDRESS)

or failing him / her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us and my/our behalf at the 48th Annual General Meeting of the Company to be held on Thursday, 21 January 2010 at 2.30 pm at the Banyan, Casuarina, Dillenia, Sime Darby Convention Centre, No. 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur and at every adjournment thereof.

Please indicate with an "X" how you wish your votes to be cast.

NO.	RESOLUTIONS: ROUTINE BUSINESS	FOR	AGAINST
1	To receive and adopt the Audited Financial Statements for the year ended 30 September 2009 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final dividend of 4 sen gross per share (3 sen net) and 21 sen per share tax exempt, together with a bonus tax exempt dividend of 5 sen per share for the year ended 30 September 2009.		
3	To re-elect the following directors : Under Article 97 of the Articles of Association a) Dato' Dr Mohd Shahar bin Sidek		
	b) Mr Tan Ang Meng		
	c) Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani		
	Under Article 103 of the Articles of Association d) Mr Huang Hong Peng		
	Under Section 129 of the Companies Act 1965 e) Mr Leslie Oswin Struys f) Tan Sri Dato' Dr Lin See Yan		
4	To approve directors' fees of RM681,000 for the year ending 30 September 2010 payable monthly in arrears after each month of completed service of the directors during the financial year. (2009 : RM681,000)		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2010 and to authorise the directors to fix their remuneration.		
SPECIAL BUSINESS			
6	To authorise Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd. Executives' Share Option Scheme as approved at the Extraordinary General Meeting of the Company on 5 April 2007.		
7	To renew the authority for the purchase of its own shares by the Company		
8	To renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

As Witness my/our hand this .... day of .... 2010.

No. of ordinary shares held

....
Signature of member

Notes:

1. *A member entitled to attend and vote at the above meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf and such proxy or proxies need not be a member or members of the Company.*

2. *Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.*

3. *In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised.*

4. *This instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company, Level 8, F&N Point, No. 3 Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur not less than 48 hours before the meeting.*

Fold here

STAMP

The Company Secretary

Fraser & Neave Holdings Bhd.
Level 8, F&N Point
No. 3, Jalan Metro Pudu 1
Fraser Business Park
Off Jalan Yew
55100 Kuala Lumpur

Fold here

Fraser & Neave Limited, owns the **F&N** brand

The Coca-Cola Company owns the **Coca-Cola** brand

Sunkist Growers Inc owns the **Sunkist** brand

Lion Share Management Limited owns the **Teapot** brand