

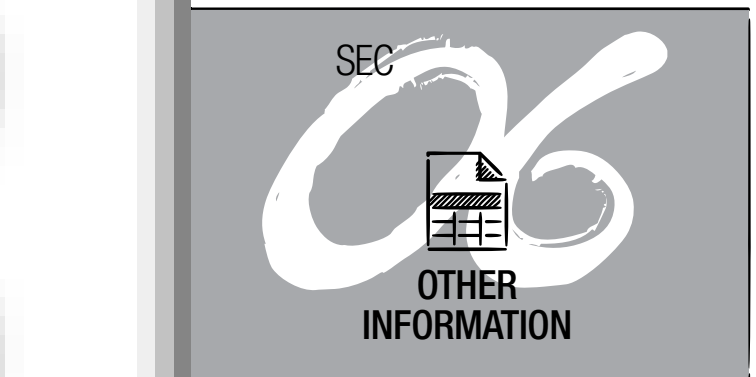


FRASER & NEAVE HOLDINGS BHD  
(4205-V)



*Great  
moments*

**ANNUAL REPORT 2014**



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# our Vision

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

# our Mission

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



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# Our Exports

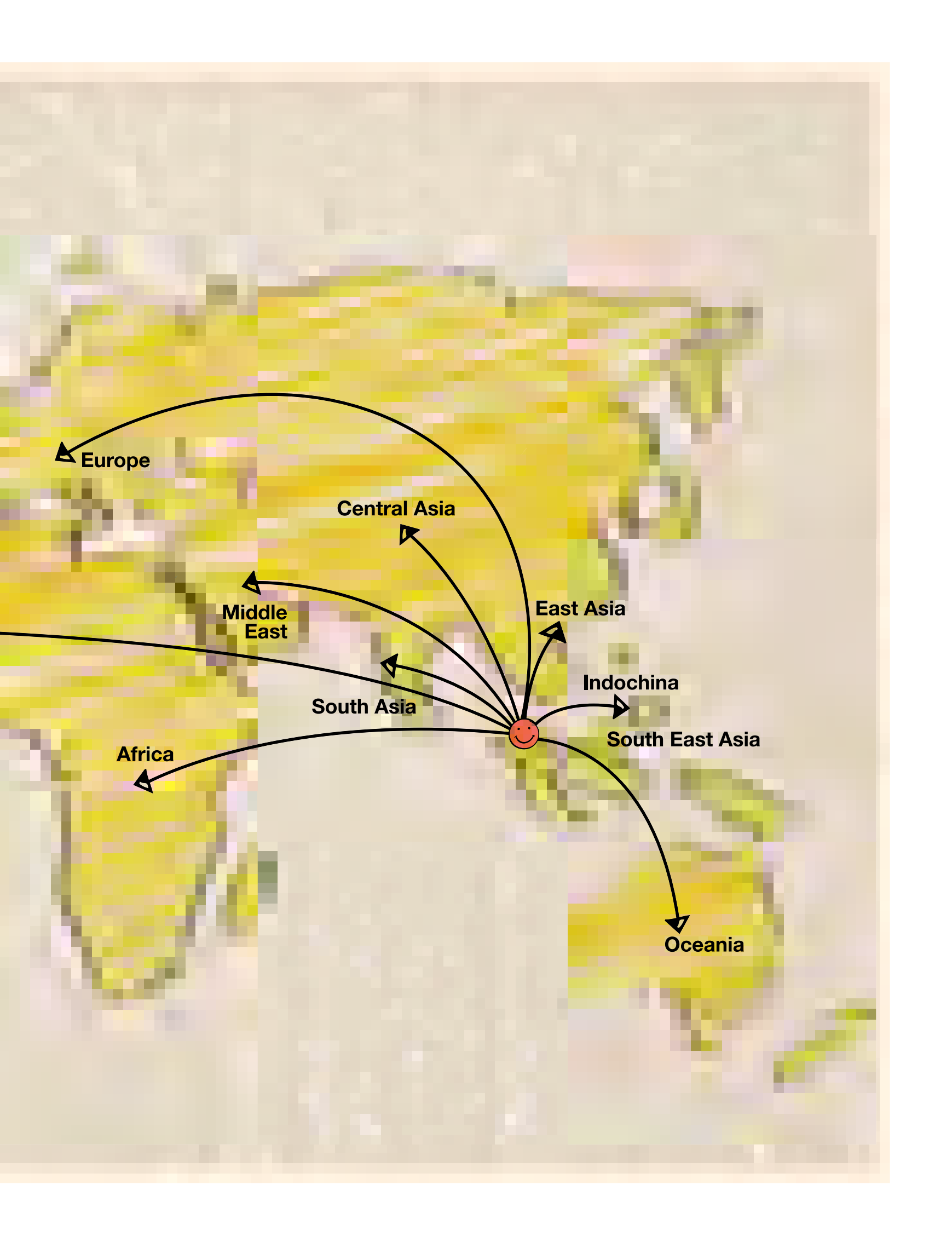
F&N products are exported to over

46

*Countries Worldwide*

Central America





Europe

Central Asia

Middle East

South Asia

Africa

East Asia

Indochina

South East Asia

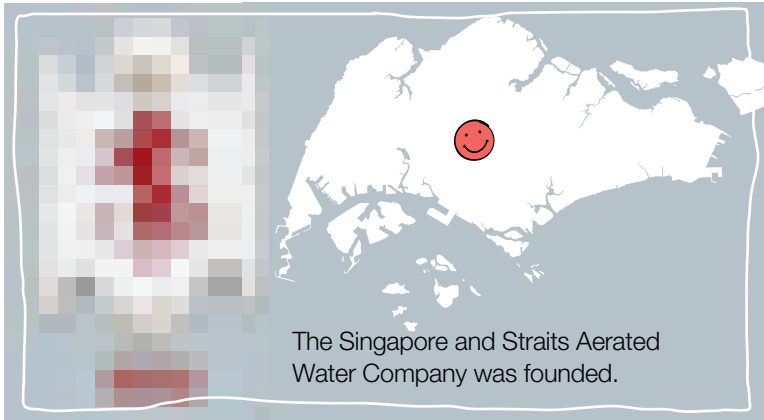
Oceania

# Our Journey

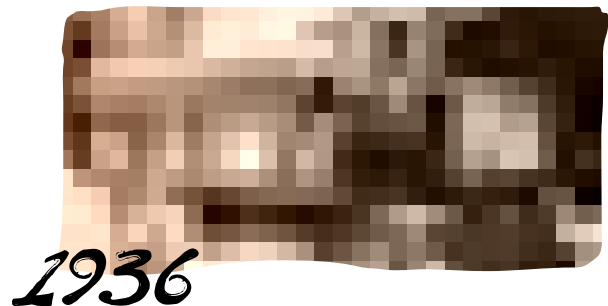
*This is a snapshot of **F&N**'s long and storied history,*

one which is 130 years old and remains woven into the fabric of Malaysian and Singaporean society.

The F&N story begins in 1883, in a registered office in the British colony of Singapore, when two partners in a printing business, John Fraser and David Chalmers Neave, signed their names on a document that brought the Singapore and Straits Aerated Water Company into existence.

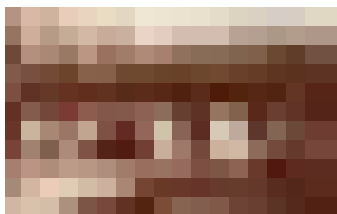


The Singapore and Straits Aerated Water Company was founded.



## 1936

Fraser and Neave, Limited acquired the franchise rights to Coca-Cola drinks. In later years, the company acquired the rights to 7-Up, Fanta and Sunkist as well.



## 1898

The Singapore and Straits Aerated Water Company went public under its present name, Fraser and Neave, Limited on 27 January 1898.

## 1941

Archipelago Brewery was acquired, which produced Anchor beer, another well-known brew in the region.

## 1913

By this year, F&N had branches across the peninsula, including Kuala Lumpur, Malacca, Seremban, Ipoh and Penang. Additionally, overseas expansion had begun and F&N had set up branches in Bangkok and Saigon.

## 1948

Lion Ltd was incorporated to manage Coca-Cola.

## 1959

The Group entered into a joint venture with Beatrice Foods of Chicago, USA, to manufacture Sweetened Condensed



Milk, setting the foundation for the company eventually known as F&N Dairies (Malaysia) Sdn Bhd.

Fraser and Neave, Limited formed Malayan Breweries Limited in a joint venture with Heineken of Holland. The result of this joint venture was the much-loved and iconic Tiger Beer.

## 1931

## Our Journey

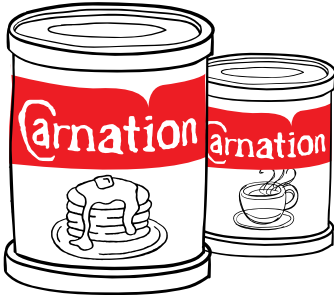
### 1962

The Kuala Lumpur plant was completed and commenced its operations.



Isotonic Drink  
in Malaysia and Singapore

### 1965



Carnation International of Los Angeles joined Beatrice Food and F&N to form a manufacturing company, Premier Milk (Malaya) Sdn Bhd in Kuala Lumpur. The first F&N soft drinks factory in East Malaysia was also opened in Kuching.

### 1983

F&N celebrated its 100<sup>th</sup> anniversary and introduced the iconic 100PLUS brand to the market, which soon became the No.1 Isotonic Drink in Malaysia and Singapore.

### 1985

F&N introduced SEASONS's range of beverages.

### 1968

Dairy production commenced in Singapore and F&N Powdered Milk was introduced the following year.

### 1971

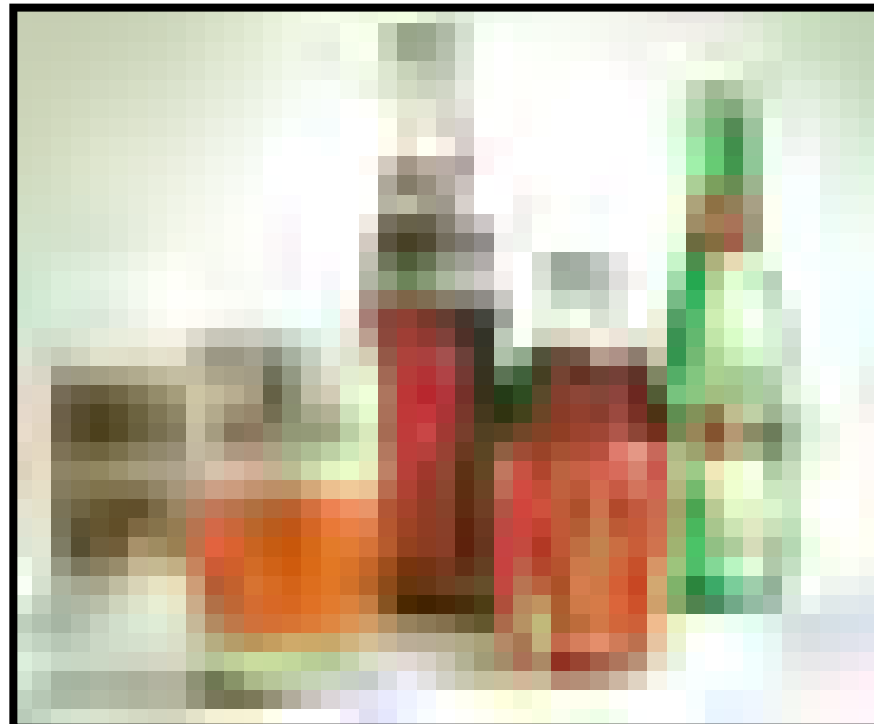
Several new products were launched: Fanta, Daisy long-life milk in Tetrapak, Zapple drinks and Sunkist Orange.

### 1973

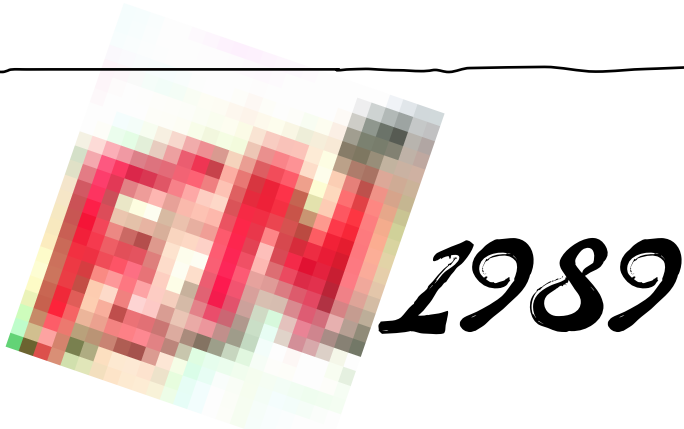
Sweetened Condensed Filled Milk was launched, followed by the launch of Meadow Gold range of ice cream products the following year.

F&N commenced its Ice Cream business.

### 1977



## Our Journey



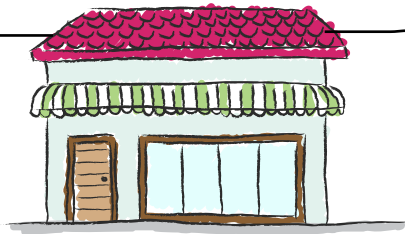
F&N acquired the interests of Beatrice Foods and restructured its dairy operations under F&N Dairies (Malaysia) Sdn Bhd.

## 1995

Magnolia was acquired.

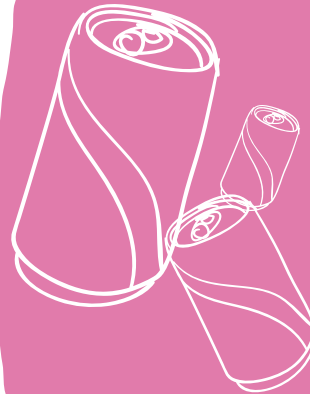


## 1990



F&N acquired the dairies and property interests of Cold Storage Holdings Ltd.

## 1996

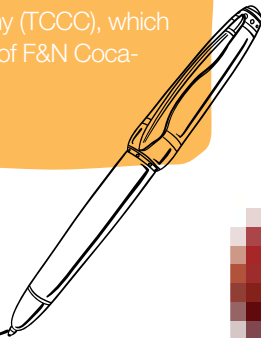


F&N Coca-Cola Malaysia moved to a new plant costing RM160 million in Shah Alam on 23 March 1996. The Group's glass, dairies and soft drinks operation in Malaysia were incorporated under the umbrella of Fraser & Neave Holdings Bhd.

## 1992

Joint venture agreement was signed between Fraser and Neave, Limited and The Coca-Cola Company (TCCC), which saw the birth of F&N Coca-Cola Pte. Ltd.

Agreement



## 1998

F&N Dairies commenced its Pasteurised Milk and Juice business.





## Our Journey

**1999**  F&N started the Thailand Ice Cream business with the setting up of F&N United Ltd.

**2000** F&N took control of Times Publishing after acquiring a 20 per cent stake in 1999.

**2004** F&N's property division started construction on Fraser Business Park in Sungai Besi, Kuala Lumpur.



**2009** Operations at F&N Dairies (Thailand) Limited's new plant in Rojana, Thailand, commenced.



# 2010

Red Bull joined the F&N product line-up. Construction of F&N Dairies manufacturing plant in Pulau Indah began. End of licensing arrangement with The Coca-Cola Company in Malaysia, Singapore and Brunei.



# 2006

F&N acquired the Borneo brand of Mineral Water business in East Malaysia.

# 2011

Official opening of the F&N Dairies manufacturing plant in Rojana, Thailand.

**2012** F&N Dairies manufacturing plant in Petaling Jaya ceased operations after 52 years, making way for the Section 13, Petaling Jaya property development project.

**2013** The 130<sup>th</sup> anniversary of the Fraser & Neave Group and official opening of the F&N Dairies manufacturing plant in Pulau Indah.

# Carnation®



Fraser & Neave Holdings Bhd acquired Nestle's Tea Pot and secured the licence to manufacture and distribute Nestle's Ideal, Carnation and Milkmaid brands in Malaysia, Thailand and Singapore. F&N Dairies (Thailand) Limited was also established this year.

# 2007



# Five Years' Statistics

## Group Financials

Year ended 30 September	2014	2013	2012	2011	2010
<b>Results (RM million)*</b>					
Revenue	<b>3,818.8</b>	3,508.2	3,171.9	3,824.6	3,918.4
Profit before taxation (PBT)	<b>315.5</b>	307.8 <sup>#</sup>	228.9 <sup>#</sup>	463.7	777.9 <sup>^</sup>
Attributable Profits	<b>259.4</b>	259.5 <sup>#</sup>	272.6 <sup>#</sup>	383.1	695.3 <sup>^</sup>
<b>Dividend</b>					
Per share					
- Earnings - basic (sen)	<b>71.0</b>	71.4 <sup>#</sup>	75.5 <sup>#</sup>	106.9	195.1
- Earnings - diluted (sen)	<b>70.9</b>	71.1 <sup>#</sup>	75.0 <sup>#</sup>	106.0	194.2
- Dividend - net (sen)	<b>55.0**</b>	60.0	58.0	97.0	164.5
- Dividend - cover (times)	<b>1.3</b>	1.2	1.3	1.1	1.2
<b>Statement of Financial Position (RM million)</b>					
Share capital	<b>366.0</b>	364.7	363.0	360.4	357.3
Shareholders' equity	<b>1,688.6</b>	1,648.4 <sup>#</sup>	1,553.6 <sup>#</sup>	1,558.8	1,796.5
Total assets	<b>2,734.0</b>	2,721.5 <sup>#</sup>	2,619.0 <sup>#</sup>	2,487.8	2,968.9
Long term borrowings	<b>300.0</b>	150.0	-	150.0	150.0
Net assets per share (RM)	<b>4.62</b>	4.52 <sup>#</sup>	4.28 <sup>#</sup>	4.33	5.03
<b>Ratio</b>					
PBT on revenue (%)	<b>8.3</b>	8.8 <sup>#</sup>	7.2 <sup>#</sup>	12.1	19.9
Return on shareholders' equity (%)	<b>15.4</b>	15.7 <sup>#</sup>	17.5 <sup>#</sup>	24.6	38.7
Net debt to equity ratio (%)	<b>-</b>	1.8 <sup>#</sup>	12.6 <sup>#</sup>	-	-

\* Results for financial year ended 2010 were on a total group basis, which include continuing and discontinued operations.

\*\* Included proposed dividend of 33 sen, which will only be recognised in the financial statements upon shareholders' approval.

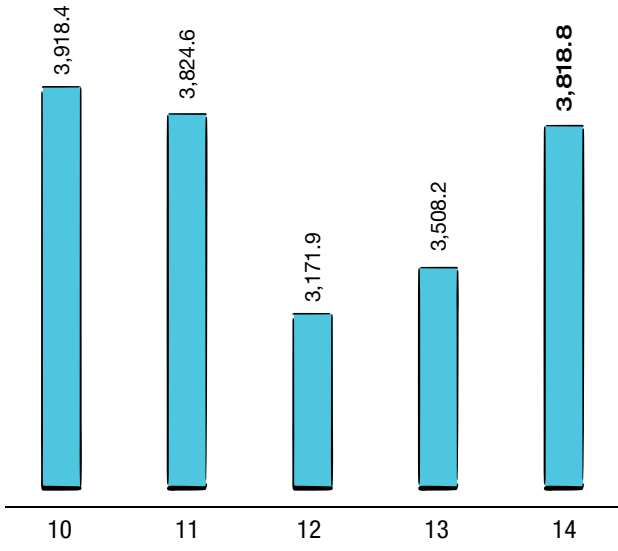
<sup>^</sup> Included exceptional gain on divestment of glass container business of RM382 million.

<sup>#</sup> Adjustments pursuant to the adoption of MFRS 11 *Joint Arrangements* and MFRS 119 *Employee Benefits*.

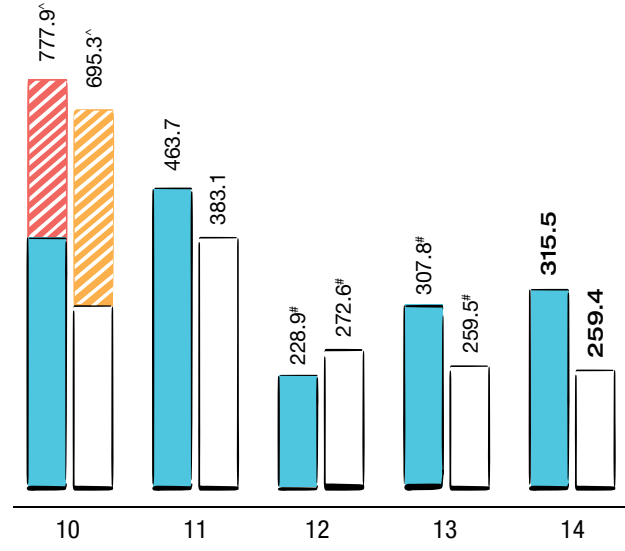
# Five Years' Statistics

## Group Financial Charts

REVENUE  
(RM million)

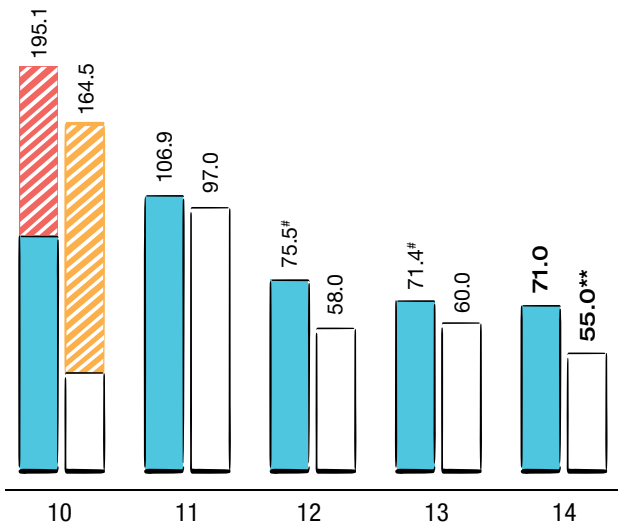


PBT / ATTRIBUTABLE PROFITS  
(RM million)



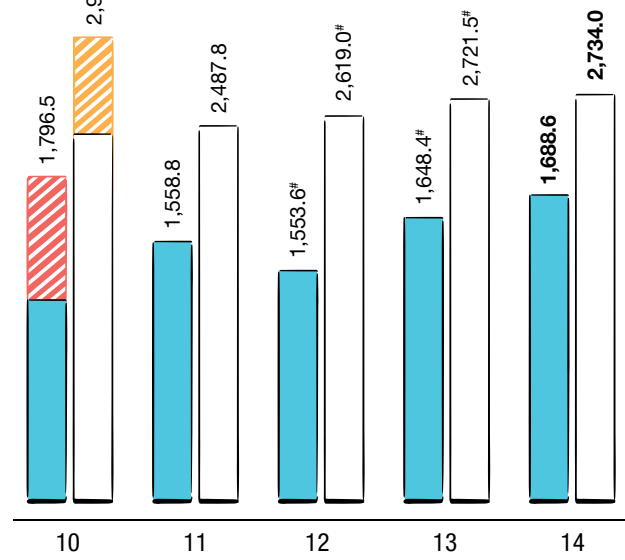
■ PBT  
■ ATTRIBUTABLE PROFITS

EARNINGS PER SHARE / NET DIVIDEND  
(sen)



■ EARNINGS PER SHARE (BASIC)  
■ NET DIVIDEND

SHAREHOLDERS' EQUITY / TOTAL ASSETS  
(RM million)



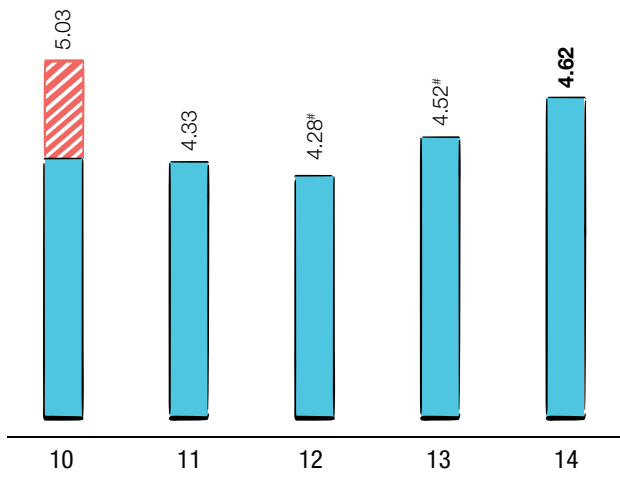
■ SHAREHOLDERS' EQUITY  
■ TOTAL ASSETS

 GAIN ON DIVESTMENT OF GLASS CONTAINER BUSINESS

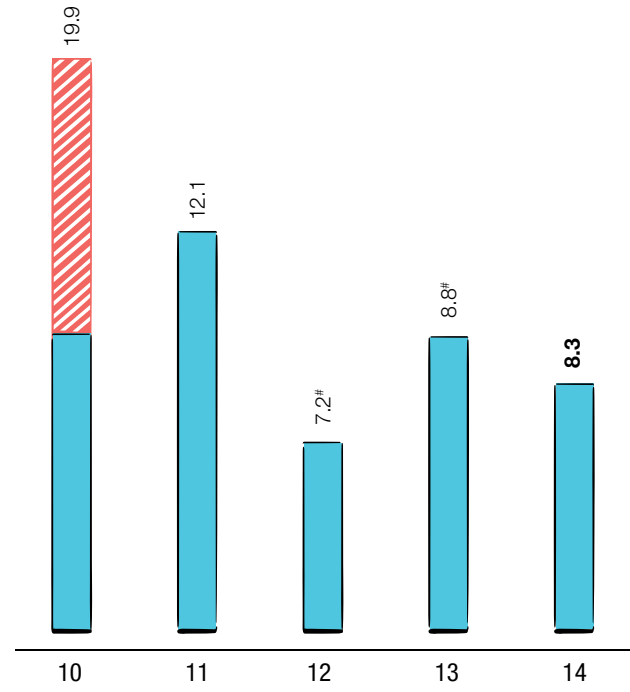
## Five Years' Statistics

Group Financial Charts

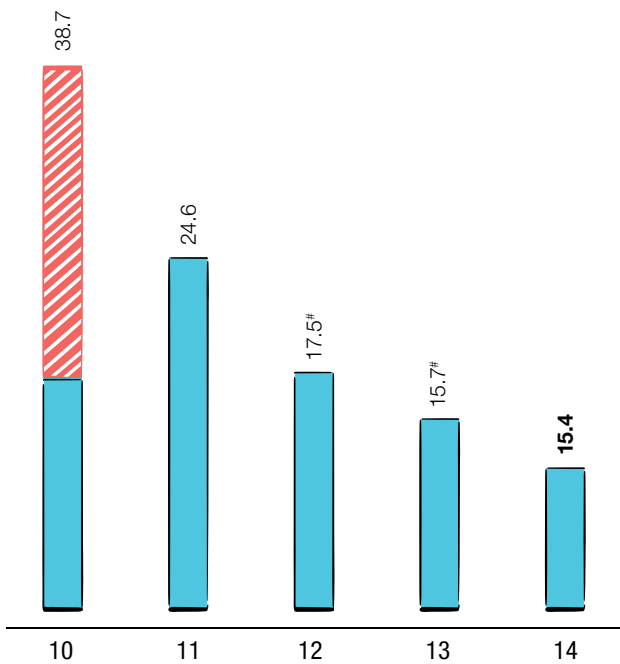
**NET ASSETS PER SHARE  
(RM)**



**PBT ON REVENUE  
(%)**



**RETURN ON  
SHAREHOLDERS' EQUITY  
(%)**



  
GAIN ON DIVESTMENT OF  
GLASS CONTAINER BUSINESS

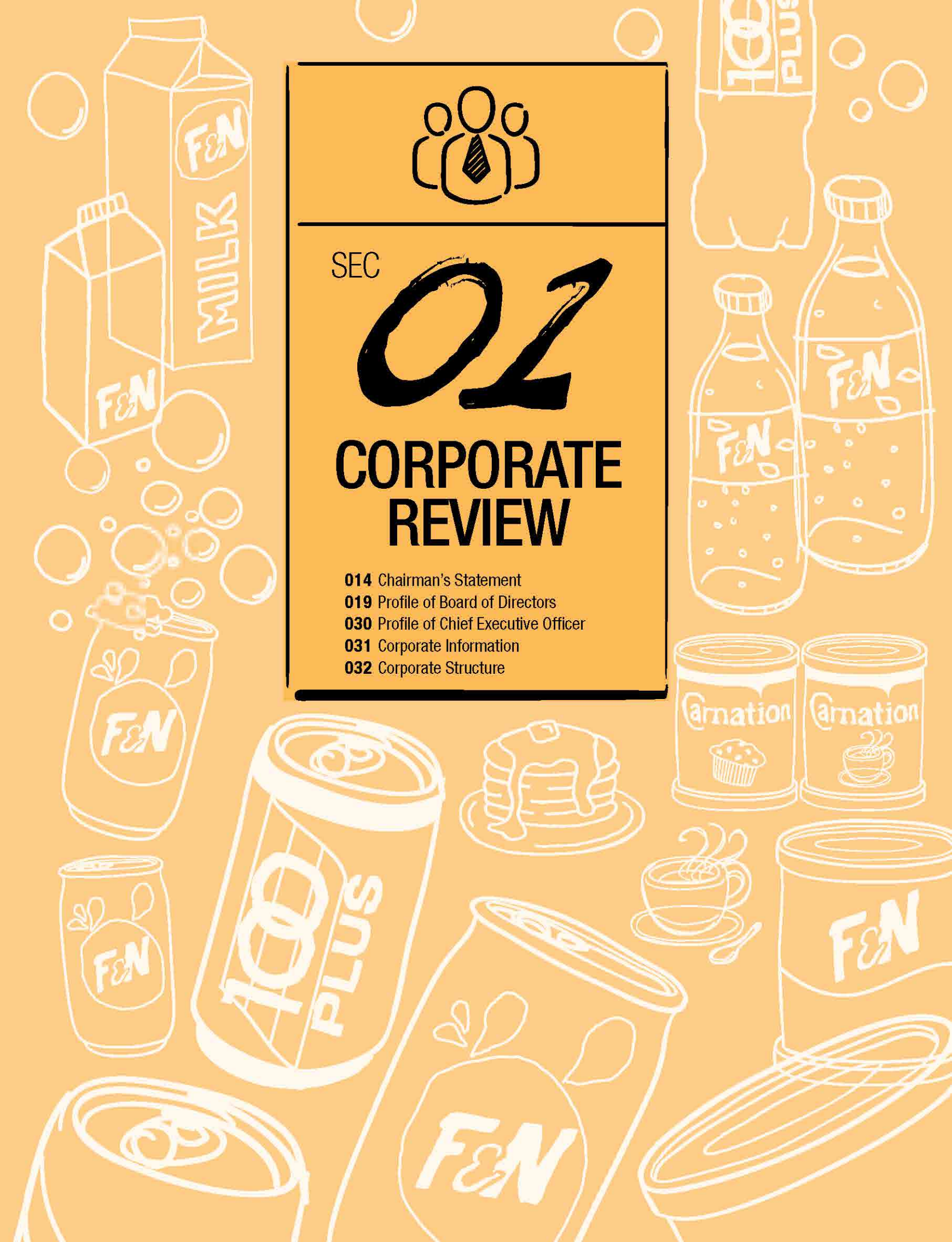


SEC

# 02

## CORPORATE REVIEW

- 014** Chairman's Statement
- 019** Profile of Board of Directors
- 030** Profile of Chief Executive Officer
- 031** Corporate Information
- 032** Corporate Structure







Great *Morning*  
are Made of These

Start the day with a hearty breakfast full of F&N goodness in our dairy products, juices and soya milk – the perfect complements to a meal that gets you ready to go!

Day: **Sunday** Time: **08:05am**



# Chairman's Statement

CORPORATE REVIEW

During the financial year, the Group reinforced its respective market leadership positions for its core products. Notably, our core brands gained share in every category for the third consecutive year.





In a business environment fraught with increasing macro-economic uncertainties, volatile market dynamics and ebbing consumer confidence, Fraser & Neave Holdings Bhd Group ('F&N Holdings Group' or 'the Group') defined yet another year with a resilient performance with revenue growing 8.9 per cent to RM3.82 billion for the financial year ended September 30, 2014.

Our resilience in maintaining our growth trajectory is built on the foundation of over 130 years of business focused on investing, building and strengthening our brands and our unparalleled execution in the marketplace, while meeting and exceeding the trust and expectations of our customers.

As part of an enlarged conglomerate with a vision and aspiration to become Asean's premier total beverage representative by 2020, F&N Holdings Group is poised to build on the strong foundation based on a portfolio of brands and products across growing geographical markets in the Asean region.

The Group will benefit from the new scale and regional capabilities to effectively innovate and drive stronger market execution to offer a diversity of products and market proposition while enhancing long-term value for our stakeholders.

## THE YEAR IN REVIEW

Solid performance and higher contributions from all our business units, driven by Dairies Thailand, which registered a 15.6 per cent growth in revenue, contributed to the total increase in the Group's revenue. This was despite challenges in the market due to reduced consumer disposable income from interest rate hikes, reduction of fuel subsidies and heavier trade competitive pressure and presence.

Our unrelenting focus on strengthening and widening sales distribution networks and trade presence along with effective execution of trade promotions and campaign activations ensured sustained growth by all business units throughout the year.

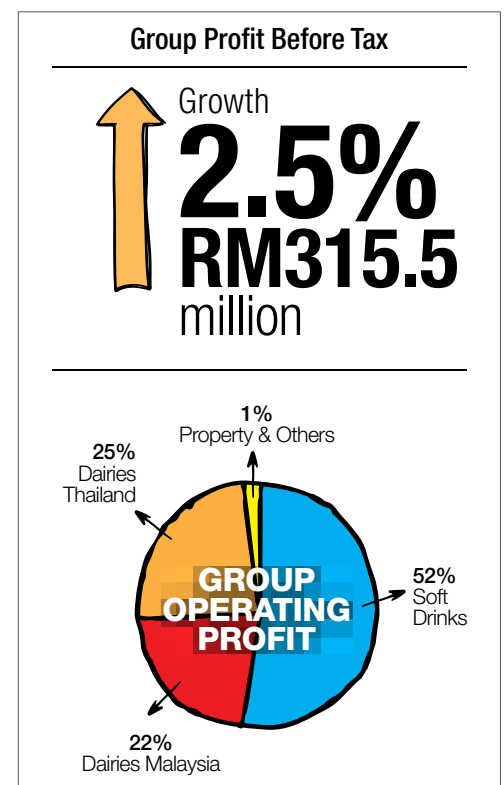
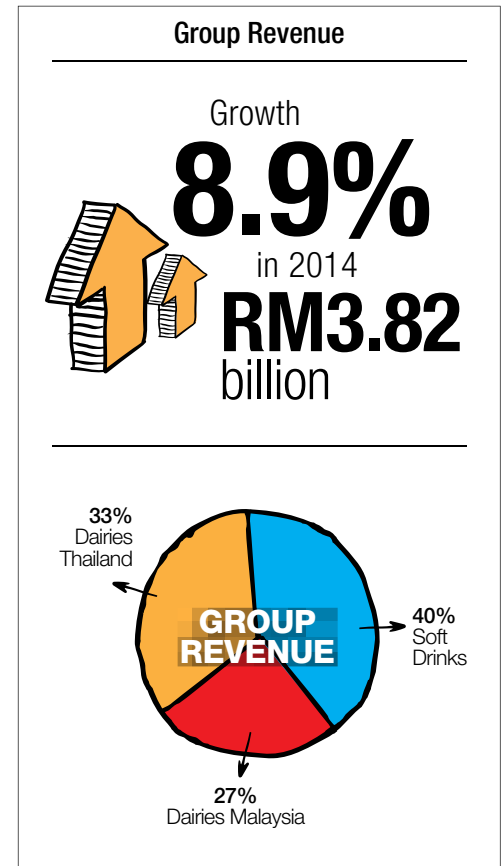
Revenue from Soft Drinks and Dairies Malaysia grew similarly by 4.5 per cent and 7.9 per cent respectively.

Group profit before tax rose from RM307.8 million to RM315.5 million year-on-year. However, excluding an insurance claim of RM49.3 million recognised in the last financial year, Group profit before tax increased 22 per cent from RM258.4 million to RM315.5 million.

Dairies Malaysia's operating profit soared 28.3 per cent, recording a strong turnaround during the year under review attributed to continuing gains from cost efficiency initiatives, receivable recovery and the absence of relocation costs incurred in the corresponding period last year.

Soft Drinks delivered 26.2 per cent growth in its operating profit on the back of improved sales, production yield improvements and lower execution costs. The Group remained steadfast and resilient in managing the many challenges including having to bear significant additional costs to ensure that disruption of water supply to our soft drinks unit did not impact production. Soft Drinks also ramped up production to meet additional demand especially for bottled water without passing on the additional costs to consumers.

Dairies Thailand cushioned the impact of higher milk-based commodity prices through sustained marketing investment to achieve stronger domestic sales and extended outlet penetration and presence; effective trade terms on its sales mix management; operational efficiencies savings and effective spending on advertising and promotions. As a result of the robust sales, Dairies Thailand's operating profit for the period under review only eased 1.5 per cent to RM78.3 million due to higher production costs from milk-based raw material which it was not able to recover in full from end customers.



As we forge ahead, we will strive towards being the best-in-class in all of our operations, be it being the lowest cost producer or having the most effective and efficient distribution network and supply chain in the business.

The Group's profit after tax for the year excluding insurance claims of RM45.0 million recognised in the last financial year, rose 21.0 per cent to RM259.4 million from RM214.5 million on account of better performance from Dairies Malaysia and Soft Drinks.

## MARKET LEADERSHIP

In spite of challenges due to lower disposable consumer income and its effects on spending due to reduction in various Government subsidies and heavier trade competitive pressure and presence, all business units continued to focus on strengthening and deepening their respective sales distribution network and trade presence along with effective execution of various trade promotions and campaigns.

During the financial year, the Group reinforced its respective market leadership positions for its core products. Notably, our core brands gained share in every category for the third consecutive year.

The soft drinks division grew domestic and export volume by 3.5 per cent and 22.7 per cent respectively, driven by 100PLUS and the F&N SEASONS range. 100PLUS sales grew during the financial year to strengthen its market leadership position which exceeds 80 per cent of the Isotonic segment.

The F&N SEASONS range also underwent rebranding as F&N SEASONS Tea, F&N NutriSoy and F&N NutriWell to keep in stride with discerning consumer aspirations for a wider and differentiated portfolio of products to meet their health and wellness demands.

Dairies Malaysia rebounded with all product segments registering significant double digit revenue growth while reinforcing F&N's position at the helm in the Condensed Milk category with the F&N #1 campaign amplifying brand presence in the market place. Driven by the increased marketing and promotional activities, domestic sales grew by 10.3 per cent while the unit maintained its export sales volume in spite of intensive market competition from local manufacturers.

Dairies Malaysia further honed its credentials and leadership by becoming the only local player to offer Malaysians the creamy goodness of Full Cream Sweetened Condensed Milk at an affordable price.

Dairies Thailand continued on its strong growth trajectory recording significant gains in volume and revenue. Double digit growth of its Sweetened Beverage Creamer and Evaporated Milk segments contributed to a solid 16.4 per cent growth in domestic volume. Sales volume to Indo-China grew by 17 per cent and total exports rose sharply by 34 per cent on the back of stronger distributor performance and effective A&P investment.

Carnation Condensed Milk maintained its leading No.1 position in the market, accounting for two-third market share and the Evaporated Milk segment recorded strong double digit revenue growth even as total Condensed Milk industry in Thailand declined five per cent.

## FRASER SQUARE

The PJ Section 13 project with a gross development value of RM1.7 billion is an integrated residential-commercial development to be known as Fraser Square. It comprises three residential blocks, a retail mall with an adjoining hotel and

exclusive boutique office lots, a corporate office building and a SOHO (small office/home office) block. The first phase of the residential block is targeted to be launched by the second quarter of 2015.

## 130<sup>TH</sup> YEAR COMMEMORATION

On May 21, we commemorated F&N Group's 130<sup>th</sup> anniversary with a Gala Dinner at the Sunway Pyramid Convention Centre. Similar events were also held in Johor and Penang followed by Sabah, Sarawak and Kuantan. The memorable night is in appreciation of employees' dedication that supported the Group's achievements and continued growth through the years, and also a celebration of being a part of the iconic F&N brand's heritage. There were many happy faces, camaraderie and recognition for those celebrating their long service with the Group.

## BEST-IN-CLASS

As we forge ahead, we will strive towards being the best-in-class in all of our operations, be it being the lowest cost producer or having the most effective and efficient distribution network and supply chain in the business.

The best-in-class journey encapsulates four main strategies; the lowest cost producer via cost savings, cost efficiency and cost avoidance; a sustainable and achievable growth strategy by focusing on flagship brands, increase relevance to consumers and achieving top line growth; unleashing the potential of our people; and responsibility to the environment and the communities in which we operate.

During the year, our commitment to being best-in-class are duly recognised and acknowledged by the industry and our peers with the honour of various accolades and awards. They include:

- 100 Years of Excellence Award by Malaysia Book of Records (Fraser & Neave Holdings Bhd),

- The Brand Laureate Presidents Award 2013-2014 for the Best Brand in Consumer FMCG by the Asia Pacific Brands Foundation (Fraser & Neave Holdings Bhd),
- Frost & Sullivan Malaysia's Excellence Award 2014 Non-Alcoholic Beverage Company of the Year (F&N Beverages Marketing Sdn Bhd),
- Putra Brand Award Non-Alcoholic Category Gold for 100PLUS (F&N Beverages Marketing Sdn Bhd),
- Reader's Digest Trusted Brand Award 2014 for Bottled Water/Mineral Water to F&N Ice Mountain (F&N Beverages Marketing Sdn Bhd),
- Consumer Protection Thailand Call Center Award 2014 (F&N Dairies Thailand Limited),
- Best Logistics Management Award 2014 (F&N Dairies Thailand Limited),
- National Occupational Safety and Health Award from the Ministry of Labour (F&N Dairies Thailand Limited),
- MSOSH OSH Gold Class II Award by the Malaysian Society Of Occupational Safety and Health (F&N Dairies Manufacturing Sdn Bhd).

In addition, Dairies Malaysia secured accreditation as an approved supplier by the Certification and Accreditation Administration of The People's Republic of China. Dairies Malaysia by virtue of this accreditation is Malaysia's only liquid milk producer to be accorded the privilege and one of three dairy related producers in the country to possess this certification.

## **CORPORATE GOVERNANCE**

The Company continued to build and strengthen its commitment to good corporate governance practices and fair and equitable conducts in its interaction with its stakeholders while subscribing to the principles and recommendations set out in the Malaysian Code on Corporate Governance.

A major initiative this year included periodic review by the Nominating Committee and reassignment and re-allocation of

responsibilities for committee board members with the Board of Directors.

## **CORPORATE SUSTAINABILITY**

At F&N Holdings Group, fulfilling corporate sustainability means embodying our philosophy of 'Pure Goodness, Pure Enjoyment' throughout our operations and in the manner in which we engage with all stakeholders.

Throughout the years we have actively engaged in activities that translate our business vision and core values into action by enhancing our social integrity, practicing environmental stewardship and generating economic value. This is enshrined in four sets of sustainability principles which outlined our commitments to the marketplace, environment, workplace and community.

In 2014, we put emphasis on our biggest assets, our people. As we commemorate the Group's 130<sup>th</sup> anniversary, we recognise that our people are the foundations of our enduring longevity, financial success and affinity with our customers and consumers. We believe the journey to becoming a high performance organisation is only possible if it is supported and driven by highly committed and motivated people.

Employee engagement initiatives saw the roll out of a nationwide CEO Road show in Kuala Lumpur, Penang, Johor Bahru, Kuantan, Kota Kinabalu and Kuching. The aim of the road show was to update on business performance and thank the employees for their contributions towards making F&N the iconic name it is today. Our CEO also took the opportunity to share the Group's vision and called on all employees to rally together to achieve greater heights.

Various activities in nurturing a healthy workforce – Active Fitness campaign which encouraged all employees to walk at least 10,000 steps a day; 'Healthy Cooking' demonstrations; fitness talk and classes; numerous sports tournaments covering badminton, bowling and futsal were organised throughout the year.

At the same time, the Group continues to engage our stakeholders and the community to create meaningful and enduring partnerships by supporting educational, sporting and environmental initiatives; as well as operate with high level of stakeholder integrity while minimising our environmental footprint.

## **DELIVERING VALUE TO SHAREHOLDERS**

The Directors are recommending a final single tier dividend of 33 sen per share (2013: final single dividend of 30 sen per share with a special single tier dividend of 10 sen per share). If approved by shareholders at the forthcoming Annual General Meeting, the total dividend for the year would be 55 sen (2013: single tier dividend of 50 sen per share with special single tier dividend of 10 sen per share).

## **OUTLOOK & PROSPECTS**

Private consumption in Malaysia is expected to moderate in 2015 with the introduction of GST, notwithstanding the favourable employment outlook and Government assistance through cash transfers and lower individual income tax and higher household income.

In Thailand, private consumption is expected to gradually return to normalcy following the change in government in May. However, the halt in some Government subsidies, particularly the rice pledge programme, might impact consumer spending in rural areas.

Raw material cost, continues to be volatile while the Malaysian Ringgit and Thai Baht are expected to remain weak. The Group will be vigilant and respond accordingly to the changing business dynamics and market environment particularly the impending rollout of the GST in April 2015 and the anticipated dampening of consumer sentiment.

The unravelling of global fuel prices and its impact on the Malaysian economy remains of high concern.

Raw material cost, continues to be volatile while the Malaysian Ringgit and Thai Baht are expected to remain weak. The Group will be vigilant and respond accordingly to the changing business dynamics and market environment particularly the impending rollout of the GST in April 2015 and the anticipated dampening of consumer sentiment.

We will methodically maintain close monitoring of the global, regional and domestic economic landscape and continue to develop strategies in tandem with the fluidity of our business environment to identify, leverage and exploit opportunities to strengthen our overall performance in the coming year.

Initiatives to capitalise on our core strengths - brands and products, distribution network and facilities to sustain the Group's top and bottom-line growth, will be executed through continuous investment in deepening our brand and market presence, broadening our portfolio through product innovation and renovation that cater to consumer's discerning lifestyles while enhancing the overall operational efficiency of our supply chain in the business.

The launch of the Asean Economic Community which aims for regional integration in 2015 also offers many exciting prospects in the year ahead as this will transform the region with free movement of goods, services, investment, skilled labour and freer flow of capital in tandem with the Group's aspirations to deepen and widen its reach in our rapidly evolving and developing region.

## **ACKNOWLEDGEMENTS**

The Board welcomes the appointment of Mr. Lim Yew Hoe as Chief Executive Officer of Fraser & Neave Holdings Bhd Group with effect from 1 December 2014. The Board also expresses its deepest appreciation and best wishes to Mr. Somsak Chayapong who left the organisation on 30 November 2014. Likewise, the Board thanks Ms. Tong Sing Eng for her contributions and service as director to the Group.

We also welcome Thai Beverage Public Company Limited's (ThaiBev) Vision 2020 to become a leading total beverage company in Asean by 2020. Under the Vision 2020 roadmap, ThaiBev Group will be focusing on building a solid platform in Southeast Asia by strengthening market positions in Singapore, Malaysia and Thailand for overseas expansion, in which F&N will play an integral role. We are excited and will work together to realise ThaiBev's aspirations especially in particular to building F&N among the leading regional brands.

I wish to take this opportunity to express my heartfelt thanks to the Board for their invaluable support and guidance to the management of the Group during the year in review. My appreciation also extends to our shareholders, business partners and customers for their confidence, trust and continued support. Last and not least, I would like to pay tribute to all staff and management for their professionalism, dedication, loyalty and industry that enabled the Group to record its resilient performance.

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

Chairman  
30 November 2014



# Profile of Board of Directors

CORPORATE REVIEW

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



**Malaysian, age 69**

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

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

Tengku Syed was appointed to the Board on 24 February 1987 and on 27 February 2001 was appointed as its Chairman. He was appointed as an Independent Non-Executive Director of Fraser and Neave, Limited on 8 January 2014. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company.

## Profile of Board of Directors

CORPORATE REVIEW

### Y.BHG. DATO' ANWARRUDIN BIN AHAMAD OSMAN



Malaysian, age 71

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

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

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

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

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

Dato' Anwarrudin was appointed to the Board on 20 January 2005. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company.

## Profile of Board of Directors

CORPORATE REVIEW

### ANTHONY CHEONG FOOK SENG



Singapore Citizen, age 60

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

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

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

Mr. Anthony Cheong was appointed to the Board on 1 October 2002. Except for his position as the Group Company Secretary of Fraser and Neave, Limited, a major shareholder of the Company, he does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company.

## Profile of Board of Directors

CORPORATE REVIEW

### CHIN KWAI YOONG



Malaysian, age 66

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

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

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

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

Mr. Chin was appointed to the Board on 23 January 2013. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company.



## Profile of Board of Directors

CORPORATE REVIEW

### Y.BHG. DATO' JOHAN TAZRIN BIN HAMID NGO



Malaysian, age 42

**Independent Non-Executive Director  
Member of Audit Committee**

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

Currently, Dato' Johan is the Managing Director and the Chief Investment Officer of Amara Investment Management Sdn Bhd ('AMARA'), a fund management company incorporated in Malaysia and licensed by the Securities Commission. Dato' Johan established the company in 1997 as a joint venture between K&N Kenanga Berhad and Rothschild Asset Management Intl B.V before taking the company private in 2007 in a management buy-out exercise. Prior to this, he was a Portfolio Manager with Coutts & Co. (London) Ltd managing Asian Equities and Japan. Dato' Johan has 20 years of experience in investment management overseeing Asian equities & fixed income.

Dato' Johan was appointed to the Board on 23 January 2013. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company.

## Profile of Board of Directors

CORPORATE REVIEW

### Y.BHG. DATO' JORGEN BORNHOFT



Danish, age 72

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

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

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

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

Dato' Bornhoft was appointed to the Board on 7 May 2013. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company except that he is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company.

## Profile of Board of Directors

CORPORATE REVIEW

### LEE KONG YIP



**Malaysian, age 70**

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

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

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

Mr. Lee was appointed to the Board on 10 May 2000. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company except that he is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company.

## Profile of Board of Directors

CORPORATE REVIEW

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



Malaysian, age 67

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

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

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

Dato' Dr. Mohd Shahar was appointed to the Board on 30 September 2003. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company except that he is a nominee director of Permodalan Nasional Berhad, a major shareholder of the Company.

## Profile of Board of Directors

CORPORATE REVIEW

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



**Malaysian, age 54**

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

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

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

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

Datuk Dr. Nik was appointed to the Board on 7 November 2006. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company except that he is a nominee director of Permodalan Nasional Berhad, a major shareholder of the Company.



## Profile of Board of Directors

CORPORATE REVIEW

### Y.BHG. DATO' NG JUI SIA



Singaporean, age 62

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

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

Dato' Ng began his career in accounting and auditing in London and Singapore with Price Waterhouse and has extensive general management experience operating in Hong Kong, China, South Asia, Malaysia and Singapore. He was with CarnaudMetalbox Asia Ltd before he joined the F&N Group in 1995. He was appointed the General Manager of F&N Coca-Cola Singapore in 1996 and the Managing Director of F&N Coca-Cola Malaysia in 2000, a position he held till his secondment to F&N's Times Publishing Ltd as Chief Executive Officer with an international portfolio of printing, publishing, distribution and book retailing. Dato' Ng was also a nominee director in Fung Choi Media Group Ltd., a China based company listed on the Singapore Stock Exchange and PMP Ltd, a company listed on the Australia Stock Exchange from November 2007 to July 2010. In October 2010, Dato' Ng was appointed the Chief Executive Officer of the Company and appointed to the Board on 19 January 2011.

On 1 September 2012, Dato' Ng was appointed to the Board of Cocoland Holdings Berhad. He was also appointed an Independent Non-Executive Director of Malaysia Smelting Corporation Berhad on 19 September 2012, an integrated producer of tin metal and tin-based products listed on Malaysia Stock Exchange and Singapore Stock Exchange. On 23 May 2013, he was appointed as a Non-Independent Non-Executive Director of Vietnam Dairy Products Joint Stock Company (Vinamilk). Dato' Ng was appointed the Chief Executive Officer, F&B (Non Alcoholic) of Fraser and Neave, Limited on 1 July 2013 and as a result, he was re-designated as a Non-Independent Non-Executive Director of the Company.

Dato' Ng does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company except that he is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company.

## Profile of Board of Directors

CORPORATE REVIEW

### HUI CHOON KIT



Singaporean, age 50

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

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

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

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

Mr. Hui was appointed as the alternate director to Dato' Ng Jui Sia on 29 August 2013. On 6 August 2014, he ceased as Dato' Ng's alternate and was appointed as a Board member. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company except that he is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company.

# Profile of Chief Executive Officer

CORPORATE REVIEW

LIM YEW HOE



Singapore Citizen, age 48

Chief Executive Officer

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

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

Mr. Lim does not hold any shares in the Company, its subsidiaries or associated companies (other than held through the Company). He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not committed any offences which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



# Corporate Information

CORPORATE REVIEW

## BOARD OF DIRECTORS

*Independent Non-Executive Chairman*

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

## Independent Non-Executive Directors

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

## Non-Independent Non-Executive Directors

**Y.Bhg. Dato' Dr. Mohd Shahar bin Sidek**  
**Y.Bhg. Datuk Dr. Nik Norzrul Thani bin N. Hassan Thani**  
**Anthony Cheong Fook Seng**  
**Y.Bhg. Dato' Jorgen Bornhoft**  
**Lee Kong Yip**  
**Y.Bhg. Dato' Ng Jui Sia**  
**Hui Choon Kit**  
*(appointed on 6 August 2014)*

## COMPANY SECRETARIES

**Soon Wing Chong** MICPA 3508  
**Mayeen Wong May Fun** MAICSA 7018697  
*(appointed on 2 April 2014)*

## GROUP EXECUTIVE COMMITTEE

*Chairman*

**Y.Bhg. Dato' Ng Jui Sia\***

*Members*

**Y.Bhg. Dato' Jorgen Bornhoft**  
**Anthony Cheong Fook Seng**  
**Lee Kong Yip**  
**Hui Choon Kit\***  
*\*appointed on 6 August 2014*

## RISK MANAGEMENT COMMITTEE

*Chairman*

**Lee Kong Yip**

*Members*

**Anthony Cheong Fook Seng**  
**Y.Bhg. Dato' Jorgen Bornhoft\***  
**Y.Bhg. Dato' Dr. Mohd Shahar bin Sidek\***  
*\*appointed on 6 August 2014*

## AUDIT COMMITTEE

*Chairman*

**Chin Kwai Yoong**

*Members*

**Y.Bhg. Dato' Anwarudin bin Ahamad Osman**  
**Y.Bhg. Dato' Johan Tazrin bin Hamid Ngo**  
**Hui Choon Kit**  
*(appointed on 6 August 2014)*

## NOMINATING COMMITTEE

*Chairman*

**Y.Bhg. Dato' Anwarudin bin Ahamad Osman**  
*(appointed on 6 August 2014)*

*Members*

**Y.A.M. Tengku Syarif Bendahara Perlis**  
**Syed Badarudin Jamalullail Ibni Almarhum**  
**Tuanku Syed Putra Jamalullail**  
**Chin Kwai Yoong**  
**Y.Bhg. Dato' Ng Jui Sia**

## REMUNERATION COMMITTEE

*Chairman*

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

*Members*

**Lee Kong Yip**  
**Y.Bhg. Dato' Anwarudin bin Ahamad Osman**  
**Y.Bhg. Dato' Ng Jui Sia**  
**Chin Kwai Yoong**  
*(appointed on 21 March 2014)*

## SHARE BUY-BACK COMMITTEE

*Chairman*

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

*Members*

**Lee Kong Yip**  
**Y.Bhg. Dato' Anwarudin bin Ahamad Osman**  
**Y.Bhg. Datuk Dr. Nik Norzrul Thani bin N. Hassan Thani**  
*(appointed on 6 August 2014)*

## GROUP MANAGEMENT

**Lim Yew Hoe**

*Chief Executive Officer*  
*(appointed on 1 December 2014)*

**Soon Wing Chong**

*Chief Financial Officer*

**David Hoong Cheong Wai**

*Head, Group Human Capital*

**Mayeen Wong May Fun**

*Group Company Secretary*

**Timothy Ooi Aik Tuan**

*Head, Group Legal*

**Suhailah Mohamed Abdulla**

*Head, Group Internal Audit*

## BUSINESS UNIT Senior Management

**Beverages Malaysia**

**Khalid Alvi**  
*Managing Director*

**Dairies Malaysia**

**Tan Hock Beng**  
*Managing Director*

**Dairies Thailand**

**Karn Chitaravimol**  
*Managing Director*

**Property Division**

**Ir. Cheah Hong Chong**  
*General Manager*

## REGISTERED OFFICE

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

## AUDITORS

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

## SHARE REGISTRAR

**Tricor Investor Services Sdn Bhd**  
 Level 17, The Gardens  
 North Tower, Mid Valley City  
 Lingkaran Syed Putra  
 59200 Kuala Lumpur, Malaysia  
 Telephone No. : 603-2264 3883  
 Facsimile No. : 603-2282 1886

## PRINCIPAL BANKERS

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

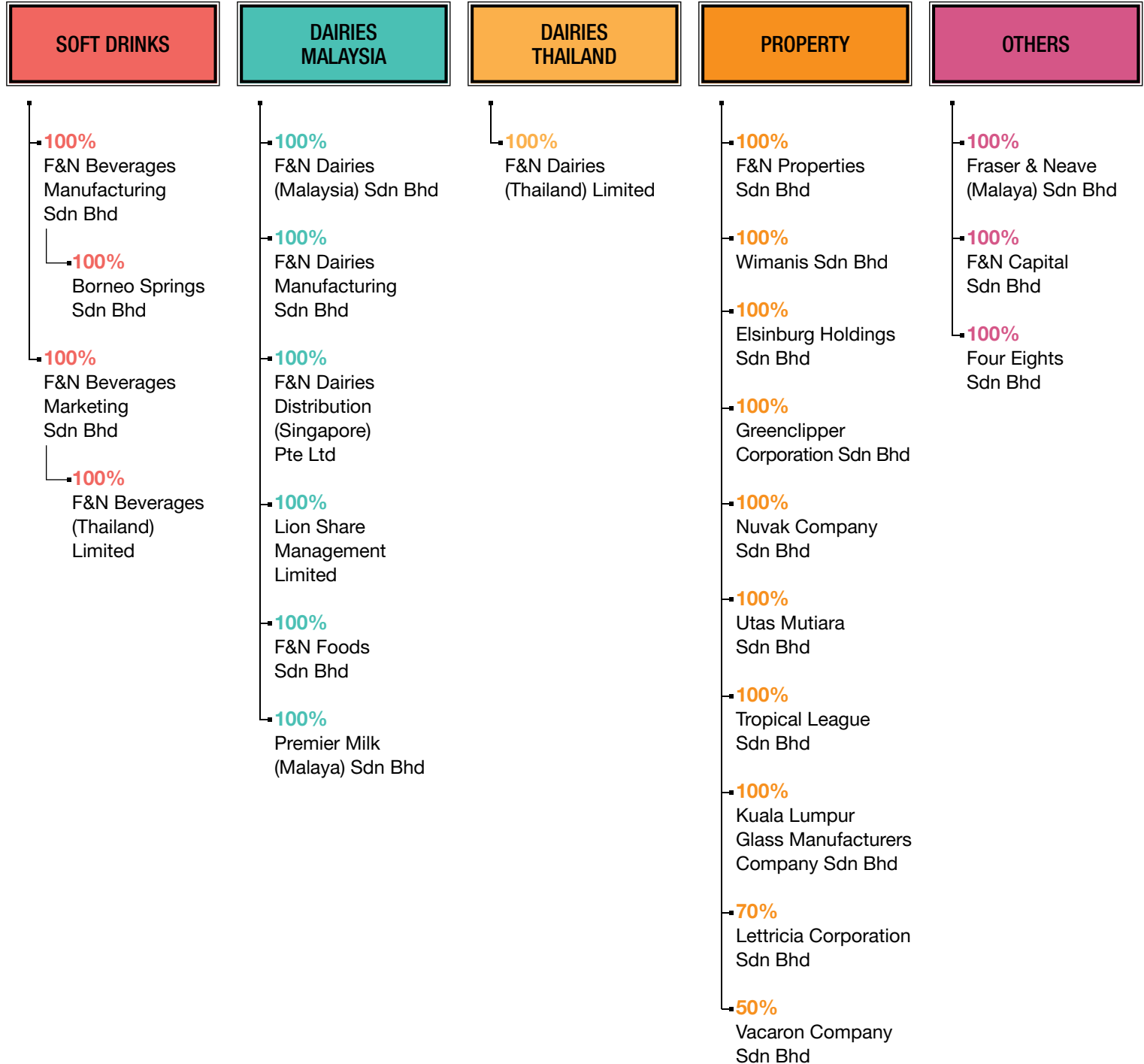
## STOCK EXCHANGE

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

# Corporate Structure

As at 30 September 2014

CORPORATE REVIEW





SEC

# 02

## BUSINESS REVIEW

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- 042 Dairies Malaysia
- 048 Dairies Thailand
- 054 Property







Great Recipe for  
*Together*ness

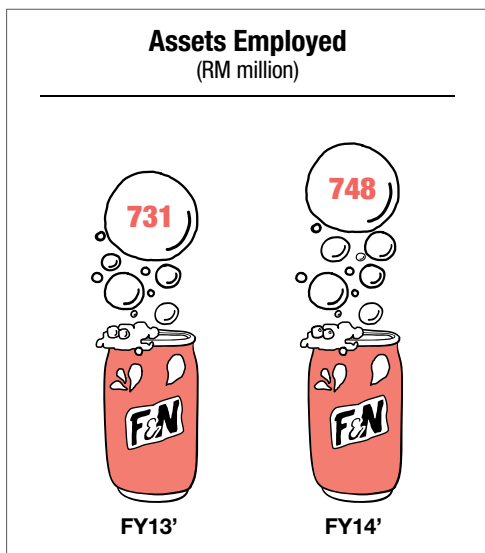
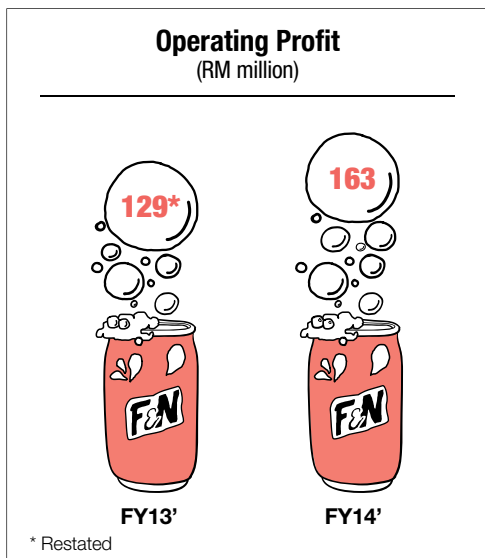
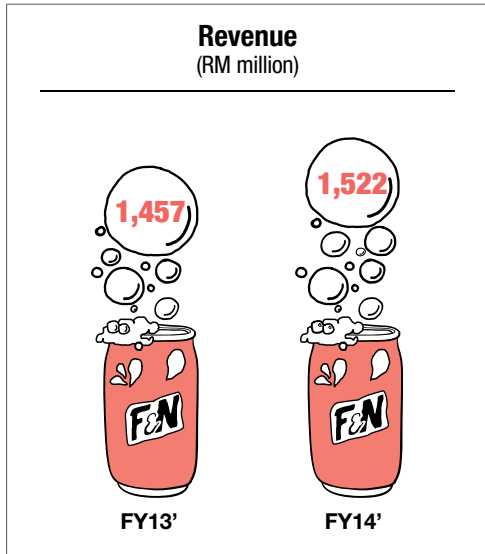
Create treasured moments in the kitchen with help from your little ones, and the natural freshness and nutrition of quality F&N products. Perfect ingredients for healthy, happy families.

Day: **Tuesday** Time: **12:30pm**



# Soft Drinks

BUSINESS REVIEW



## Overview

Despite a challenging macro environment that saw continued reductions in fuel and sugar subsidies which were compounded by several months of water shortage, soft drinks division grew its market share in every category it operates in for the third year in a row to achieve a 4.5 per cent increase in revenue from RM1.46 billion to RM1.52 billion. Complemented by economies of scale and enhanced cost efficiencies, especially at its plants, Soft Drinks' operating profit grew by 26.2 per cent.

100PLUS  
**No.1**  
Isotonic Drink  
in Malaysia



F&N SEASONS  
**No.1**  
RTD Tea Brand

F&N SEASONS  
NutriSoy  
**No.1**  
Soya Brand



Employing best-in-class manufacturing standards and effective strategies to cope with the water shortage, such as increasing its storage capacity and production hours, the division not only maintained its output but actually revved up its assembly lines to meet the surge in demand for various beverages during periods of water rationing.

The year saw the launch of the first ever fortified soy, F&N SEASONS NutriSoy with Calcium - which is already achieving healthy sales. At the same time, the division reinforced efforts to build its existing brands. This, coupled with various initiatives to improve cost and operational efficiencies from production to distribution and marketing, led to F&N Beverages Marketing Sdn Bhd being named the Non-Alcoholic Beverage Company of the Year at the Frost & Sullivan Excellence Award 2014 for the second year in a row.

## 100PLUS

100PLUS kicked off the financial year with a bang with the Gold award for non-alcoholic drinks at the Putra Awards 2013 and was named a Top 10 Malaysians favourite brand at the Superbrands Awards 2013. Already the number one isotonic beverage within the ready-to-drink market, 100PLUS focused on reinforcing its unrivalled status as the most effective rehydration drink.

From March to April 2014, the 100PLUS Hydration Campaign reminded the Malaysian public of the importance of staying hydrated at all times in a hot climate – not just during or after sports but also in the normal course of day-to-day activities.

During the World Cup 2014, 100PLUS Game On promotion was rolled out from May to mid-July 2014. During this two-and-a-half month period, consumers gripped by the World Cup fever could redeem their favourite football jerseys and mugs with 100PLUS bottle labels and can tabs as well as win prizes in the 100PLUS Penalty Kick Challenge. The highlight of this contest was a trip for two to Brazil, awarded to the participant who submitted the most proof of purchase.

In a bid to provide Malaysians an escape from the heat and at the same time to educate



the public on hydration, 100PLUS introduces the 100PLUS Heat Buster Truck. Beginning its journey at The Curve Shopping Mall in Mutiara Damansara and then making its way to Kuantan, Penang, Johor Bahru and Melaka, Malaysians were invited to rehydrate, re-energise and have fun with the 100PLUS Heat Buster Truck at the truck locations where many fun and exciting activities were held. 100PLUS also gave away more than 100,000 100PLUS drinks to help Malaysians stay hydrated. At the Pit Stop Corner, consumers also could take a picture of themselves with their favourite destination (i.e. Paris, Switzerland) and stand to win great prizes.

Not forgetting ongoing commitments towards an active lifestyle, 100PLUS continued to support various sporting events in the country, reinforcing its role of championing the elevation of sports in Malaysia especially among the youth. The 2013 100PLUS-FAM National Football Award was among the key highlight in the brand's constant support towards Malaysian football scene and Football Association of Malaysia (FAM) in general. Badminton Association of Malaysia (BAM) is also another sports association that benefits from the 100PLUS involvement in Malaysian sports scene.

The brand's relentless support for sports has made it the major sponsor of the 100PLUS Malaysian Junior Open Golf Championship, held in Kota Kinabalu, Sabah, in September 2014, and the Port Dickson International Triathlon 2014. In sending the message of the importance of hydration across the nation, 100PLUS also associate itself to prominent

events, which include the Standard Chartered KL Marathon, Putrajaya Night Run, Adidas King of The Road, Nike Run, Ipoh Star Walk and Penang Star Walk.

100PLUS also recognised outstanding Malaysian athlete and sports journalists at the annual Sportswriters Association of Malaysia (SAM)-100PLUS-Kementerian Belia dan Sukan (KBS) Award. Bodybuilder Sazali Abd Samad was crowned the 2013 SAM-100PLUS- KBS Athlete of the Year and took home RM10,000 in prize money and a trophy. Sixteen-year-old teenage diving sensation Mohd Nazreen Abdullah and the Amateur Swimming Union of Malaysia (ASUM) received the SAM-100PLUS-KBS Young Athlete and Most Dynamic Association of the Year awards respectively for 2013. Sports journalists as well as photographers from various publications were also honoured at the awards ceremony with a total of RM45,000 in cash incentives.

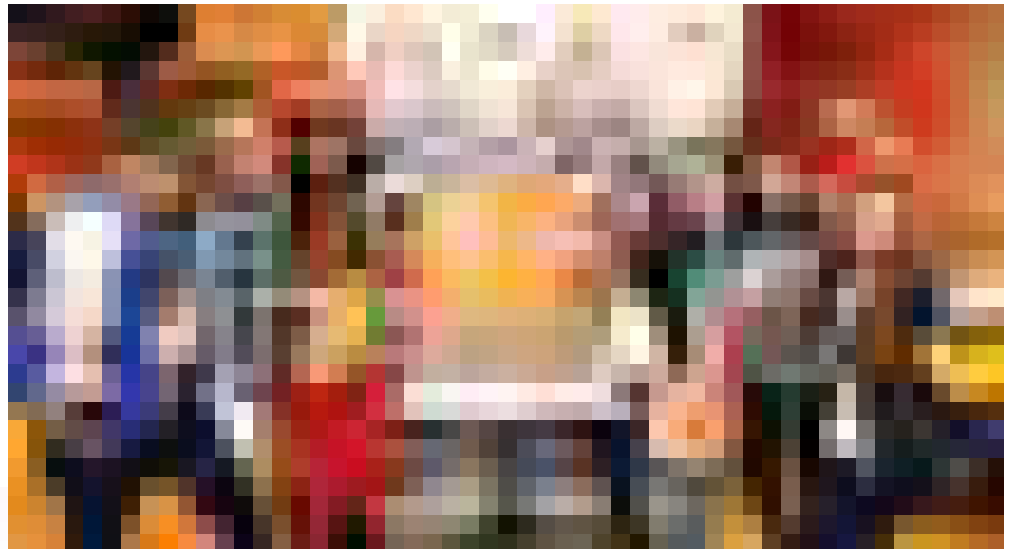




## F&N FUN FLAVOURS

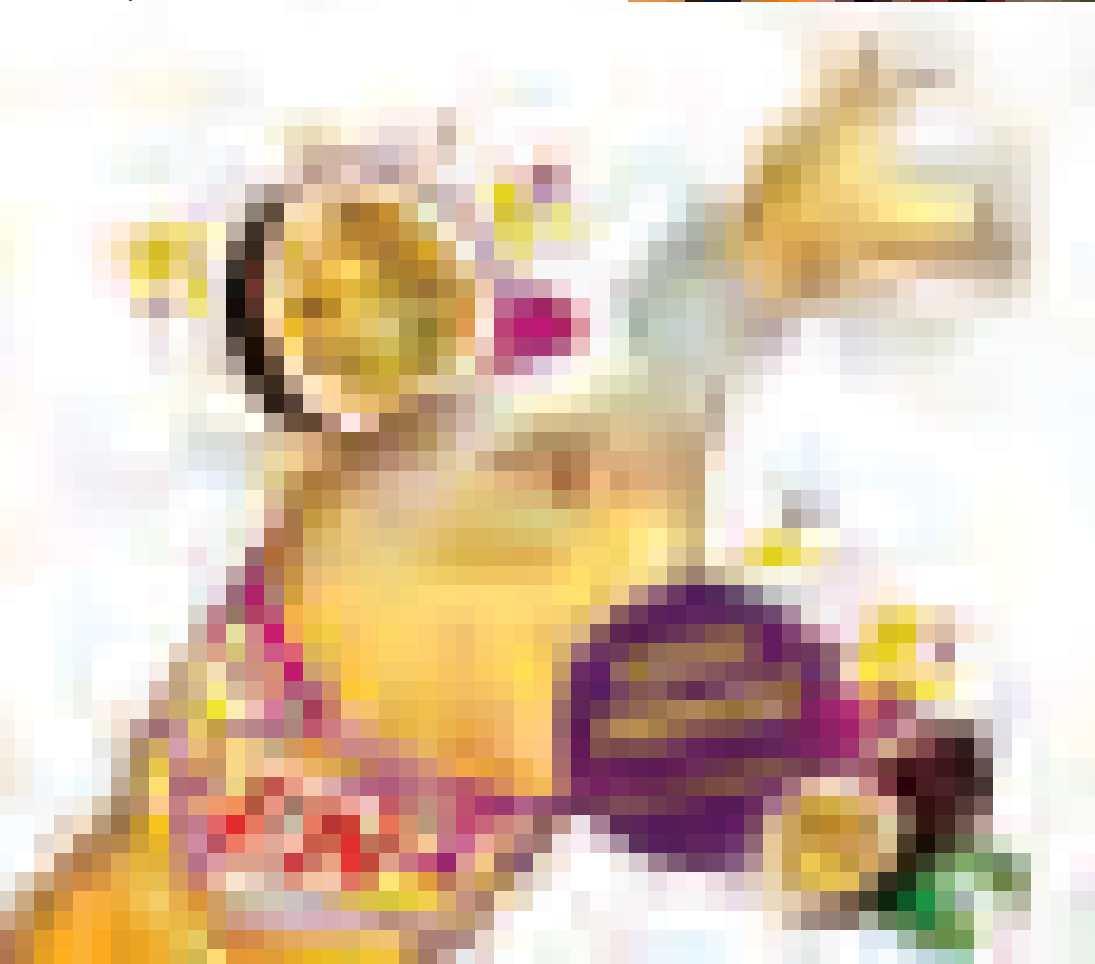
The F&N Fun Flavours went to town this year injecting an even greater element of enjoyment and happiness into its range of products with F&N 'More Fun Together' campaign. The emphasis was on family and friends getting together and having a great time with F&N Fun Flavours.

A 360° campaign that focused on getting friends and families together in engaging and fun activities was rolled out in March and April, with new TV, cinema and radio commercials, billboard advertisements and supplemented by consumer give-aways and sampling activities. This campaign was accompanied by the 'Fun-A-Thon' Facebook contest.

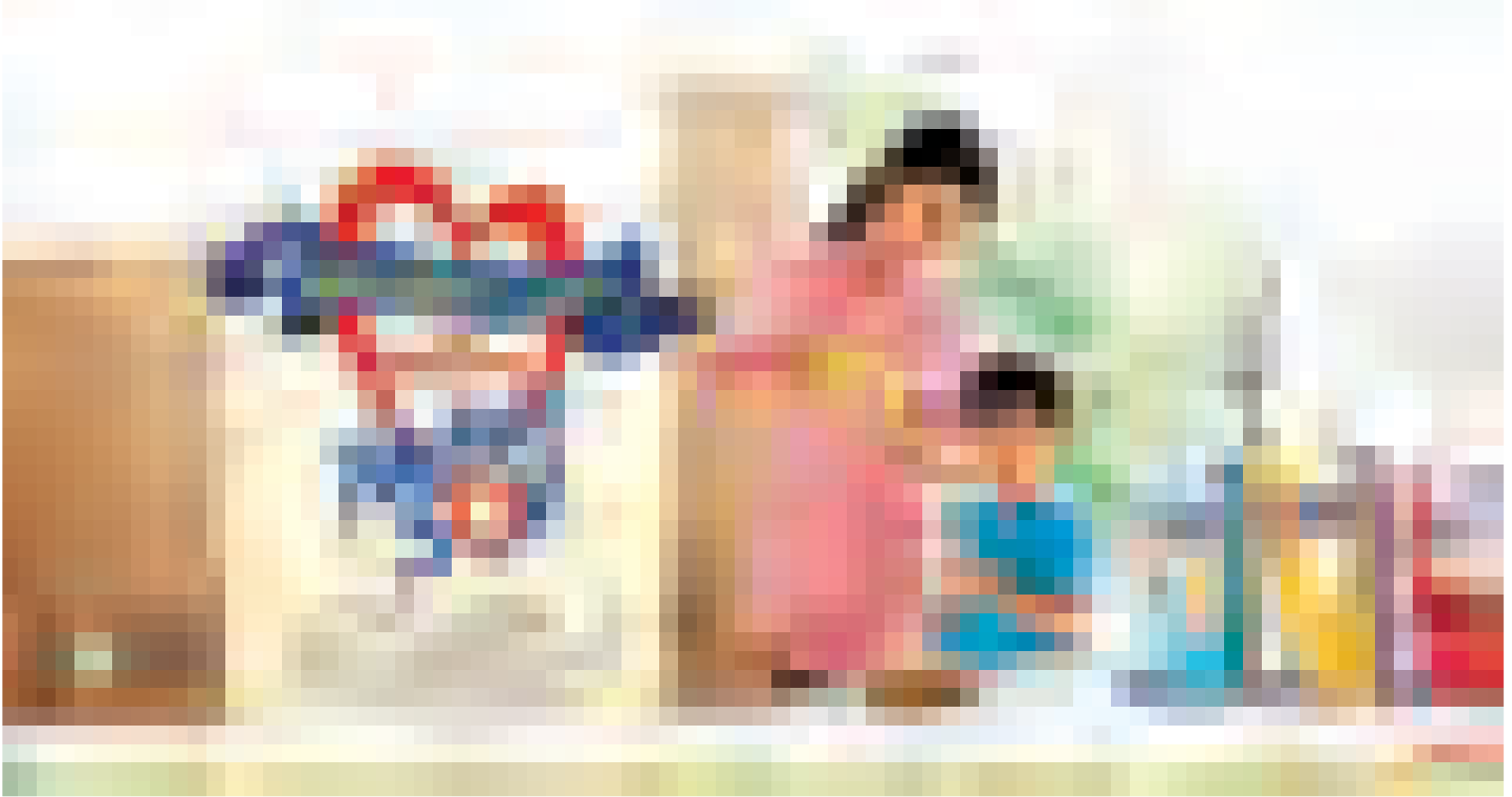


F&N being the catalyst for fun, gathered friends and families to participate in fun-filled activities and rewarded them with movie tickets, dining and shopping vouchers, outdoor theme park entrance tickets, karaoke and holiday trips. The 'Fun-A-Thon' contest finale was then held at Kenny Rogers Roasters store in MidValley Megamall, with radio DJ celebrities in attendance. F&N generated even more hype by giving away free drinks, muffins and lucky pick bags which received overwhelming response from shoppers who queued outside the store. Shoppers also stood to win F&N collectible mugs, movie tickets and RM50 shopping vouchers.

F&N introduced the limited edition flavour, F&N Passionfruit 1.5L in conjunction with HRP 2014. The launch was supported with TVC tag on and Radio advertisement. The flavour was well received by Malay consumers and 38,000 cartons were sold in the short period.







## F&N SEASONS

The No.1 soya drink brand in Malaysia, F&N SEASONS further entrenched its position with the launch of its first fortified soya beverage, F&N SEASONS NutriSoy with Calcium, which hit the market in August 2014. Containing nine times more calcium than normal soya milk, and further enriched with vitamin D to aid in the absorption of the mineral, the new beverage presents added value to consumers concerned about bone health, especially women aged 25-35 years.

In addition to the new product, the year saw an aggressive campaign to promote F&N SEASONS NutriSoy as a breakfast drink. The F&N NutriSoy Breakfast Love Campaign, which was held in November-December 2013 and again in March-April 2014, promoted soya milk as a healthy and delicious choice to enhance breakfast staples such as cornflakes and other cereal/biscuit-based meals. Accompanied by a change in packaging as well as extensive

promotion in stores, the campaign created a change in perception with regard to soya drinks in general which further strengthened F&N SEASONS NutriSoy's popularity in the country.

The range of F&N SEASONS NutriSoy drinks available – Regular, Less Sweet and Rose – contributed to the brand being named Product of the Year in the Ambient Product category by Advertising & Marketing Malaysia for product innovation.

Meanwhile, the Chillax in Traffic campaign called for motorists to chill and relax with a cool drink of F&N SEASONS tea whenever they are stuck in traffic. The campaign was accompanied by an interesting social media component which encouraged Malaysians to share jokes and provide the latest traffic updates on Facebook to keep each other entertained and maintain their cool when traffic heated up.



### F&N ICE MOUNTAIN

While only introduced into the market in 2010, F&N Ice Mountain has quickly earned its place as Malaysians' trusted choice of drinking water. For the second year running, F&N Ice Mountain won Gold in the Reader's Digest Trusted Brand Awards 2014, reflecting its popularity among consumers. With over 67 million bottles sold nationwide in 2013, F&N Ice Mountain mineral water continues to make greater strides as one of Malaysia's leading choice of bottled mineral water.

### OISHI

Following the launch of OISHI Green Tea in August 2013, the division fine-tuned the product packaging and mix as well as its marketing communication to have greater appeal and relevance to the Malaysian consumer. Made from 100 per cent natural tea leaves grown in certified organic plantations, the product presents a fundamentally strong value proposition in a market that is increasingly more health conscious.



OISHI with a new packaging design was rolled out in September 2014 in an 'Authentic Japanese' themed relaunch campaign which demonstrated OISHI's expertise as a Master Brewer in Green Tea. The 360° integrated communication campaign encompasses TV, Print, Digital, Radio and In-store.

At selected retail outlets, brand ambassadors also dressed in kimonos and yukatas, served OISHI Green Tea to consumers. Consumers were also invited to immerse themselves in the Japanese culture by participating in the Japanese Tea ceremony and dancing to Japanese drums.

OISHI is now available across all Hyper & Supermarkets and Provision stores, Petrol-marts and Convenience Stores.



## **BEST-IN-CLASS PRODUCTION**

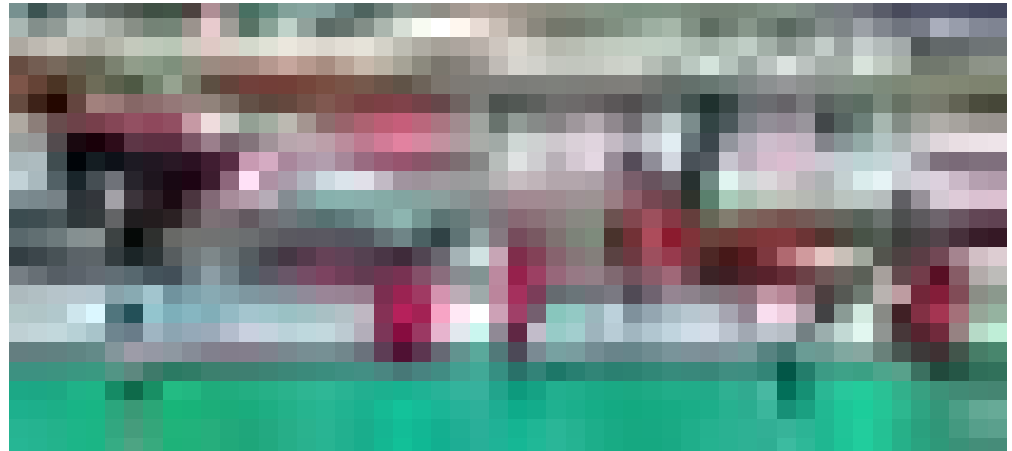
During the year, Soft Drinks added emphasis on Total Productivity Management at its plants with the ultimate objective of attaining regional best-in-class standards. Towards this end, various initiatives were implemented straddling the entire value chain of production, from the assembly line to safety of employees, health and environment, and staff motivation. Best-in-class production, practices and processes will entail greater cost efficiencies, less wastage and a strengthening of fundamentals to increase the sustainability of Soft Drinks' manufacturing operations.

As part of ongoing efforts to adopt more environment-friendly processes, PET lines in the Shah Alam, Kuching and Kota Kinabalu plants have been converted to produce lightweight PET bottles. As these use less plastic and resins, they are more environmental-friendly while also further enhanced cost efficiency. Improvement in production lines efficiency and production planning optimisation in F&N Beverages Manufacturing further reduced its water and energy ratio by 10 per cent and five per cent this year.

These initiatives are supported by a more energised workforce. During the year, the Mission Directed Working Team (MDWT) concept was launched, which entails creating a number of smaller, goal-oriented teams that are rewarded based on the achievement of targets. In effect a recognition programme, MDWT has inspired a number of suggestion schemes and improvement projects, injecting a new level of motivation among employees.

## **ENHANCED DISTRIBUTION & MARKETING**

Continued efforts to strengthen its distribution network, coupled with effective demand planning, led to soft drinks division increasing its outlet base by about 3,000 stores across Peninsular and East Malaysia. As the most pervasive fast moving consumer goods products in the country, Soft Drinks continued to build its partner relationship with the implementation of Best Execution Standards Tracking (BEST) at the outlets to motivate salesmen and retailers to enhance product availability and merchandising standards.



## **OUTLOOK**

The coming financial year promises to be challenging as the government's subsidy rationalisation continues to unfold, compounded by the introduction of the Goods and Services Tax (GST) and the ringgit that is softening against major currencies.

Soft Drinks will continue to strengthen its leadership in core segments of soya and isotonic drinks. At the same time, the division will reinforce all efforts to build its ready-to-drink tea segment by investing strategically in F&N SEASONS beverages as well as OISHI Green Tea, and maintain its critical mass via its Asian Soft Drinks, Fun Flavours and water.

The diversity and breadth of its brand portfolio enables soft drinks division to appeal to the entire spectrum of the consumer market, which the division will leverage on with packaging and product innovation as well as targeted festive activation. It will also continue to grow its emergent and fast rising products that have been introduced recently such as OISHI Green Tea and F&N SEASONS NutriSoy.

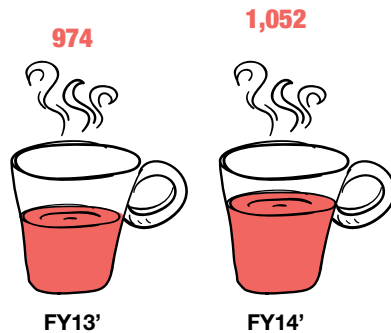
Leveraging its basket of strong products and F&N's association with many Great Moments, soft drinks division is confident of riding out the challenges of 2015 given the operational changes that have strengthened the company's fundamentals. It looks forward to progressing its current transformative initiatives to present to the market even more Pure Goodness and Pure Enjoyment in 2015 and years to come.



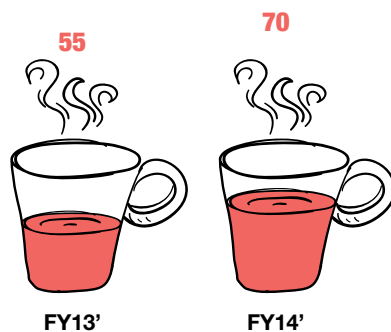
# Dairies Malaysia

BUSINESS REVIEW

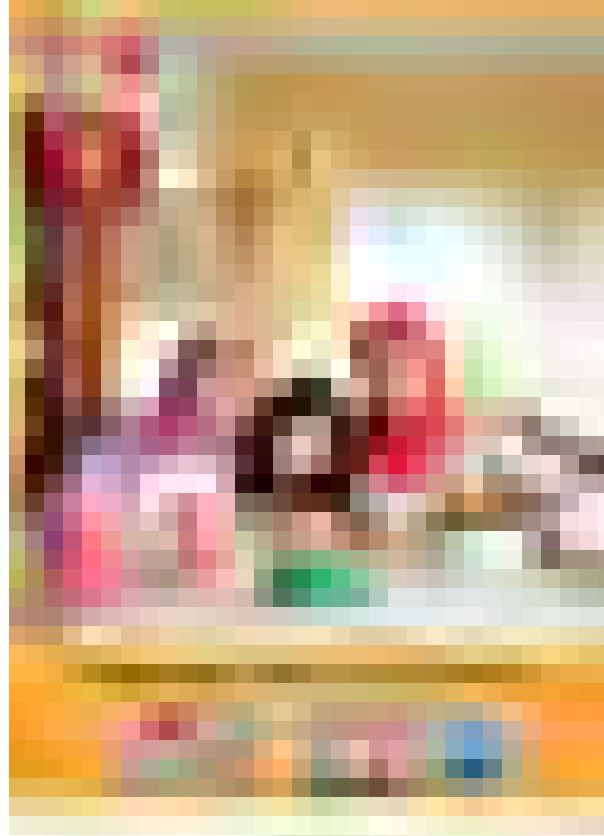
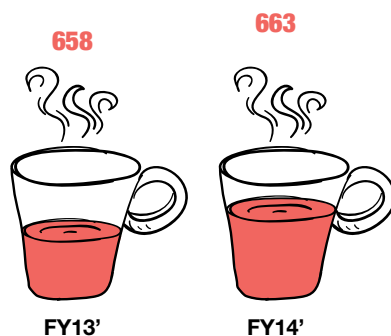
## Revenue (RM million)



## Operating Profit (RM million)



## Assets Employed (RM million)



Operating Profit

28.3%

F&N Sweetened  
Condensed Milk and  
Evaporated Milk is

**NO!**  
market leader  
in Malaysia



A combination of internal and external efficiencies, with a particular focus on effective supply chain management, cost reduction and enhanced engagement with consumers, led to an exceptionally good financial year for Dairies Malaysia.

The Condensed Milk business in particular performed extremely well, with Sweetened Condensed Milk achieving a turnaround for the first time since four years ago, and the Evaporated Milk segment recording an all-time high double digit revenue and sales growth.

Supported by a good showing in the Ready-to-Drink juices and milk segments, in which the division regained its market share both at F&B outlets as well as in shops and stores, Dairies Malaysia's operating profit soared 28.3 per cent from RM55 million to RM70 million in FY2014. The unrelenting focus on trade presence along with effective execution

of trade promotions and campaign activations also contributed to an eight per cent revenue growth from RM974 million in the last financial year to RM1,052 million.

Its performance was all the more impressive given the hike in milk-based commodity prices in the last quarter of the financial year, which Dairies Malaysia managed to cushion with RM10 million in cost savings from concerted efforts to enhance operational efficiencies, improve yields and streamline processes. This was reflected in prompt mitigating actions to counter the water shortage, which allowed for the build-up of stocks and inventories to avert a slowdown in production lines.

*Good Food, Great Drinks!*



## CONSUMER FAVOURITES

### CONDENSED MILK

Already the undisputed leader in the Condensed Milk segment, Dairies Malaysia garnered more than two thirds of the total Condensed Milk market in Malaysia with Sweetened Condensed Milk (SCM) further increasing its market share by four points and Evaporated Milk by two points via a series of marketing activities geared at enhancing its relationship with consumers and customers while also driving greater consumption through festive activation, and the aggressive promotion of recipes.

This year, Dairies Malaysia gave their Condensed Milk packaging a refreshing new look with more focused communication and relevant imagery to dial up the appetite appeal and help consumers better differentiate the wide variant of F&N Sweetened Condensed Milk and Evaporated Milk available.

Dairies Malaysia reinforced F&N's leadership as the top brand in the Condensed Milk category with the F&N #1 campaign and amplified brand presence at selected outlets via posters, beverage counter branding, menu boards, signage and flag-lines. Under the campaign, Dairies Malaysia also rewarded

its loyal customers by presenting select coffeeshop owners with F&N #1 branded product offerings such as mugs, cups and saucers, towels, caps, kole, and aprons.

Leveraging on F&N's heritage, Dairies Malaysia also celebrated its 130<sup>th</sup> anniversary with an F&N 130 Years of Family Recipes Contest, inviting consumers to share their most loved family recipes that incorporate F&N Sweetened Condensed Milk and/or Evaporated Milk. For a touch of glamour, the contest was endorsed by celebrity chef Anis Nabilah; and to make it even more exciting, international flight tickets were given away as prizes.

During the World Cup 2014, Dairies Malaysia brought 'Samba' fever to its customers with the F&N Samba programme. Aside from decorating selected outlets with parasols, flag lines, posters, and F&N branded projectors; each outlet operator was also given F&N World Cup jerseys to be worn throughout the season. Special F&N Samba Menu meals paired with teh tarik, kopi tarik, air bandung or three-layered tea were also introduced.

