




Sustainable Growth









# Brilliant Outlook

Tropical rainforests are among the largest sustainable habitats in the world. One such example, the Royal Belum Rainforest in northern Perak, which encompasses 300,000 hectares of untouched paradise, supports a precious ecosystem that has been thriving and weathering changes for over 130 million years. Among the plethora of flora and fauna found here include the Flame of the Forest, a tree that can change the look of the entire rainforest when it is in full bloom. Given the changes that have taken place in F&N this year, we too have a brilliant outlook ahead of us. Fortified by an expanding portfolio of brands, backed by an ever efficient distribution network, and professionally managed by a team of dedicated work force, we are set on a mission for sustainable growth.

# FINANCIAL CALENDAR

## Financial Results Announcements

First quarter	09 February 2010
Second quarter	06 May 2010
Third quarter	05 August 2010
Fourth quarter	08 November 2010

## Dividend

### Interim

• Announcement	06 May 2010
• Entitlement	08 July 2010
• Payment	04 August 2010

### Special Dividend

• Announcement	08 November 2010
• Entitlement	10 December 2010
• Payment	06 January 2011

### Proposed Final

• Announcement	24 December 2010
• Entitlement	31 January 2011
• Payment	23 February 2011

## Press Conference & Analysts Briefings Held

Half Year	07 May 2010
Full Year	09 November 2010

## General Meeting

Annual	19 January 2011
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## Proxy Form



# FIVE YEARS' STATISTICS

## GROUP FINANCIALS

Year Ended 30 September	2010	2009	2008	2007	2006
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### Results (RM million)\*

Revenue	<b>4,004.7</b>	3,737.1	3,674.2	2,931.5	2,007.6
Profit before taxation (PBT)	<b>^777.9</b>	299.8	239.7	220.9	194.2
Attributable profits	<b>^695.3</b>	224.4	166.8	152.9	142.8

### Dividend

Per share					
- Earnings - basic (sen)	<b>195.1</b>	63.0	46.8	42.9	40.1
- Earnings - diluted (sen)	<b>194.2</b>	62.9	46.8	NA	NA
- Dividend - net (sen)	<b>**164.5</b>	41.8	40.1	34.2	32.7
- Dividend - cover (times)	<b>1.2</b>	1.5	1.2	1.3	1.2

### Balance Sheet (RM million)

Share capital	<b>357.3</b>	356.5	356.5	356.5	356.5
Shareholders' equity	<b>1,796.5</b>	1,293.1	1,182.2	1,157.0	1,115.3
Total assets	<b>2,968.9</b>	2,759.9	2,514.1	2,455.7	1,739.5
Long term borrowings	<b>150.0</b>	360.4	359.4	83.1	16.9
Net assets per share (RM)	<b>5.03</b>	3.63	3.32	3.25	3.13

### Ratio

PBT on revenue (%)	<b>19.4</b>	8.0	6.5	7.5	9.7
Return on shareholders' equity (%)	<b>38.7</b>	17.4	14.1	13.2	12.8
Net debt to equity ratio (%)	<b>-</b>	26.7	20.1	17.0	-

\* On a total Group basis, which include continuing and discontinued operations.

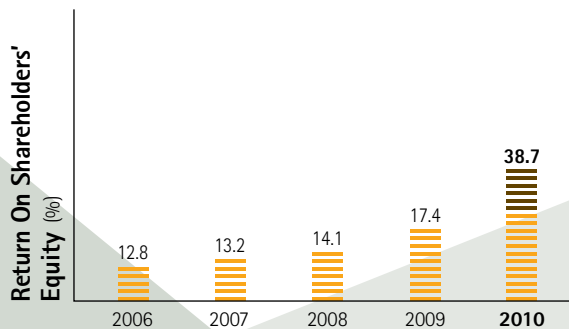
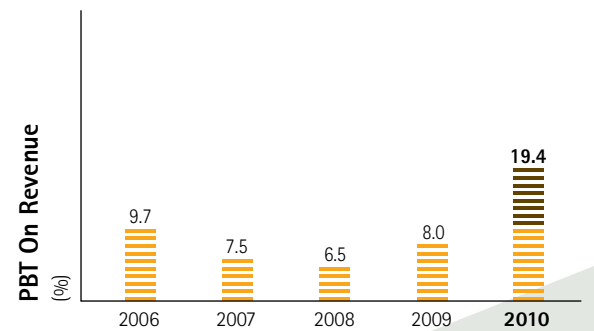
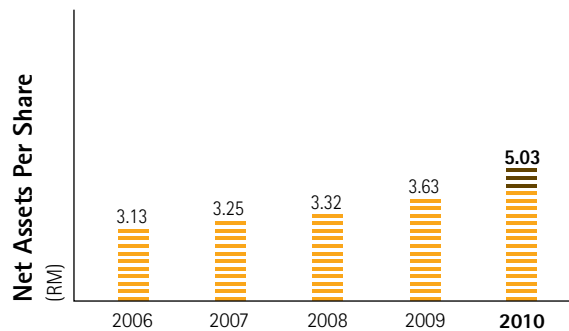
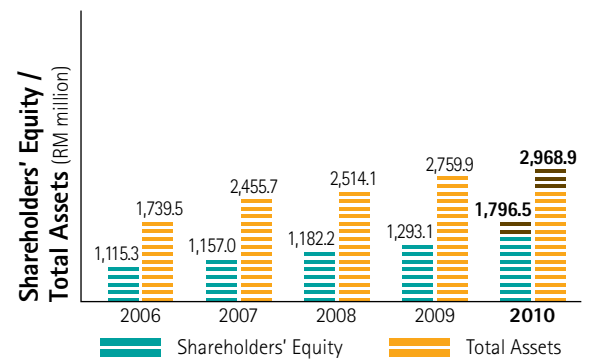
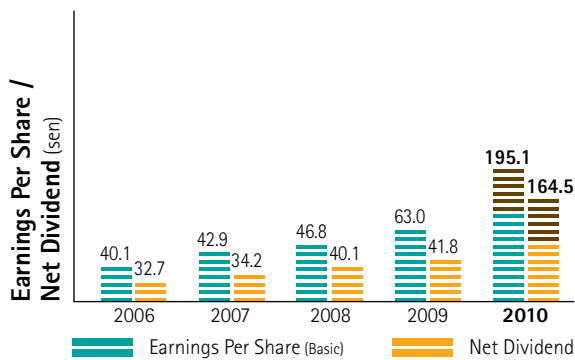
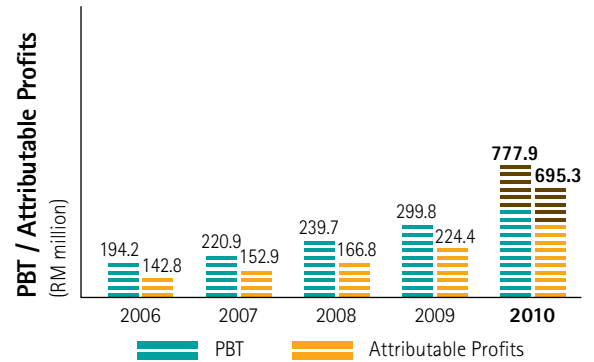
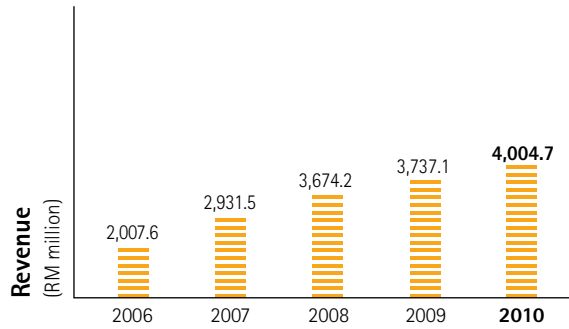
\*\* Included proposed dividend of 38 sen, which will only be recognised in the financial statements upon shareholders' approval and a special interim dividend of 110 sen payable on 6 January 2011.

^ Included exceptional gain on divestment of glass container business of RM382 million.

NA - Not applicable

# FIVE YEARS' STATISTICS

## GROUP FINANCIAL CHARTS



■ Gain on divestment of glass container business



## Vibrant Performance

Even though it does not emit light like a firefly, the lantern bug especially of the genus *Pyrops*, is a favourite among insect collectors because of its bright, contrasting colours. The lantern bug, also known as the lantern fly, is one of the oldest insect species in the world, having been around for more than 300 million years. The vibrant colours of the bug are in many ways reflective of the Company's colourful performance and bright outlook for the future.



# CORPORATE REVIEW

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# CHAIRMAN'S STATEMENT



Financial markets in Southeast Asia were largely insulated from the volatility of the global financial crisis. Malaysia and Thailand, our primary markets were fortunately spared much of the turmoil of the recession and was able to ride on the wave of regional recovery to record GDP growths of 7.5 and 7.4 per cent respectively in 2010. Output recovered to above pre-crisis levels throughout developing East Asia with real GDP set to be sustained in positive territory.

I am proud and pleased to report that the uninterrupted momentum aided by healthier domestic private consumption during the year under review provided the impetus for the Group to register another set of stellar results – the 10th consecutive year of record operating profits while establishing new benchmarks in our drive to deliver sustainable returns and optimizing opportunities to unlock and crystallize the value of our investments.

During the year, the Group conducted a strategic performance review on the business units and deemed the glass container unit to be a non-core business. Arising from this, the glass container business was divested for a lucrative amount resulting in a significant capital gains of RM382 million. The Group recorded almost a three-fold increase in after tax profit of RM694 million for the year with the exceptional gain factored in.

Revenue from our core business excluding results from the glass business unit increased 11.2 per cent from the last financial year to RM3.64 billion while operating profit rose 35.7 per cent to RM389 million. Profit after taxation surged 48.6 per cent to RM307 million on the back of strong performance of the Group's twin pillars, the soft drinks and dairies divisions. Operating profit of the soft drinks division swelled 42.1 per cent over the previous year while Dairies achieved a 15.8 per cent growth boosted by stronger volume demand. The sales of the Ampang development project contributed a profit of RM20 million for the property division.

To gain footing into the food business, F&N Group took a strategic stake of 23.08 per cent in Cocoaland Holdings Berhad. Cocoaland is a major snack food manufacturer in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The year under review ended on an excellent note with shareholders funds for the Group soaring to RM1.80 billion as at end September 2010 from RM1.29 billion the previous year. The receipt of the proceeds of RM852 million from the divestment of the glass container business also transformed the balance sheet of the Group. As a result, the Group ended the financial year with a net cash position of RM639 million as compared to a net borrowing position of RM376 million in the preceding year.

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### DELIVERING VALUE TO SHAREHOLDERS

To optimize the capital structure of the Group and to reward shareholders' loyalty, the Directors approved a special interim dividend of RM1.10 per share due to the cash surplus arising from the divestment of the glass container business. The Directors also recommend a final single tier dividend of 38 sen per share for approval by shareholders at the forthcoming Annual General Meeting. If approved, the total dividend for the year, excluding the special interim dividend will be 54.50 sen net per share, an increase of 30.5 per cent compared to 41.75 sen net per share paid last year.

Since FY 99/00, the Group has consistently rewarded shareholders with increased dividends payouts on a consecutive basis thanks to our improved financial performance. During the last financial year, our share price increased RM4.23 or 41.3 per cent from RM10.23 on 30 September 2009 to RM14.46 this year. We will endeavour to maintain or increase dividend payout in the years ahead depending on the Group performance. Due to the strong operating cash flows generated by our F&B businesses, I am confident that we will be able to capitalize on new growth opportunities and continue to return value to our shareholders.

### INVESTING FOR THE FUTURE

The year in review saw the commencement of full operations at Dairies Thailand's new state-of-the-art canned milk plant at Rojana at the end of 2009 after having completed a seamless transition from the Nestle Plant at Navanakorn. Dairies Thailand also relocated to its newly built third party Warehouse Distribution Centre, situated 300 metres adjacent to its Rojana dairy plant. In addition to reducing the carbon footprint of the division's logistics operations, its proximity is also expected to yield substantial savings in excess of RM5 million per annum in logistic costs.

Construction of F&N Dairies' RM350 million Pulau Indah plant has commenced and is proceeding on schedule for completion within the second half of 2011. The new plant will mirror the achievements of the Rojana Plant and showcase a myriad of cutting edge green technology that promotes significant gains in water, energy and environmental conservation. The completion of the plant will position F&N among the ranks of the world's largest producers of canned milk.

In the countdown to the amicable end of our 73-year relationship with The Coca-Cola Company come 30 September 2011, various initiatives have been set in motion and are at various stages of execution to build and extend the refreshing preference and reach of our soft drinks brands while leveraging on multi-generational connect with our customers and consumers. Initiatives include aggressively investing to extend our total beverage portfolio while keeping it relevant to all our consumers in offering a wide range of ready to drink beverages. We are also deepening and widening our distribution and marketing networks and channels as well as building strategic linkages through distribution agreements, expansion to new markets and territories. On this premise, the Red Bull franchise was acquired and distribution of the energy drink commenced in April 2010.

### CORPORATE GOVERNANCE

The Board of Directors continued with its focus on implementing initiatives to chart the Group's vision and mission while establishing benchmarks and oversight to ensure sustainability and momentum for the future. Initiatives included the formation of the Executive Committee (EXCO) with clear written terms of reference to assist the Board in the discharge of its oversight function. Additionally, two training sessions were held for the Board of Directors with continuing emphasis on good governance and best practices, and updates on relevant issues which included competition law, corporate responsibility and economic outlook. A formal assessment of the effectiveness of the Board and Board Committees was conducted by an independent professional body. Self evaluation was implemented during the year.

## CORPORATE RESPONSIBILITY

The F&N Group fully supports the Government's endeavor and strategy for sustainable development. We will continue to integrate into our business philosophy several initiatives and measures to promote the effective protection of the environment, prudent use of natural resources, sustaining a stable level of economic growth and employment to ensure a better quality of life for everyone, now and for generations to come.

Our business practices and initiatives are continuously under review and responsible business practices will be implemented at our business units to reduce our impact on the environment. Measures are also taken to monitor and report on the various success and improvements.

## OUTLOOK AND PROSPECTS

We are cautiously optimistic of the future of our businesses in Malaysia and Thailand amidst World Bank forecasts of an easing of East Asian and Pacific economic expansion to slow to about 7.8 per cent in 2011.

That notwithstanding, we will build on our sustained efforts and past investments to strengthen distribution and brand equity, broaden our product range and improve operating efficiency. However, the recent upward trend in prices of key raw materials need to be carefully managed and mitigated to minimize its impact on the Group's profit margins. New products and variants will continue to be launched and distribution of existing core products strengthened.

The Group will strive to sustain and build on current performance while keeping a close brief to mitigate the potential impact of the expected volatility in currencies and commodities in the new financial year.

## ACKNOWLEDGEMENTS

There was a change of guard at the helm of the Group with the appointment of Dato' Ng Jui Sia to take over the reins from Dato' Tan Ang Meng following his retirement as chief executive officer. The Board wishes to place on record its highest appreciation to Dato' Tan Ang Meng for his stellar stewardship in steering the Group to a record nine consecutive years of revenue and profits during his tenure.

The Board extends a warm welcome to Dato' Ng Jui Sia who will be on his second "tour of service", having served as Managing Director of the soft drinks division from 1999 to 2006. Dato' Ng, who is credited for establishing the momentum for the growth and continuing success of the soft drinks business, will now oversee the Group to ascend to a bigger and enlarged sphere of business based on his wide international exposure in F&N Group.

I wish to take this opportunity to thank the Board of Directors for its wise counsel and advice in guiding management through a challenging year. My appreciation also goes to our customers and partners for their continued trust and commitment to work with us; to our staff for their professionalism, loyalty and commitment to grow our business; and last but not least to our shareholders for their continued support.

Yours sincerely

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

Chairman  
30 November 2010

## KENYATAAN PENERUS

Kebanyakan pasaran kewangan di Asia Tenggara telah dilindungi daripada ketidakstabilan krisis kewangan global. Malaysia dan Thailand, iaitu pasaran utama kami, didapati agak bebas daripada gangguan kegawatan dan berupaya menikmati pemulihan serantau dengan mencatat pertumbuhan Keluaran Dalam Negeri Kasar (KDNK) sebanyak 7.5 dan 7.4 peratus dalam tahun 2010. Hasil pengeluaran telah berjaya mengatasi paras sebelum krisis di seluruh Asia Timur dengan KDNK sebenar dijangka akan terus dikekalkan.

Dengan penuh rasa bangga, saya ingin melaporkan bahawa kelancaran momentum serta sokongan penggunaan persendirian domestik yang lebih sihat dalam tahun kajian ini, telah mendorong Kumpulan untuk mencatat satu lagi pencapaian yang menakjubkan – keuntungan operasi selama 10 tahun berturut-turut berjaya direkodkan di samping mencatat tanda aras baru dalam usaha kami untuk menghasilkan pulangan yang mampan serta mengoptimalkan peluang bagi merealisasikan nilai pelaburan kami.

Dalam tahun ini, Kumpulan telah melakukan kajian semula prestasi strategik terhadap unit-unit perniagaan dan menganggap unit perniagaan kaca sebagai bukan perniagaan utama. Ekoran daripada perkembangan ini, unit perniagaan kaca telah dijual dengan hasil yang lumayan dengan memperolehi keuntungan modal sebanyak RM382 juta. Kumpulan telah mencatat keuntungan selepas cukai sebanyak hampir tiga kali ganda, iaitu sebanyak RM694 juta bagi tahun berkenaan.

Pendapatan daripada perniagaan utama kami, tidak termasuk hasil daripada unit perniagaan kaca telah meningkat sebanyak 11.2 peratus dari tahun kewangan lalu kepada RM3.64 bilion sementara keuntungan operasi melonjak sebanyak 35.7 peratus kepada RM389 juta. Keuntungan selepas cukai pula naik sebanyak 48.6 peratus kepada RM307 juta ekoran prestasi mantap daripada dua bahagian utama Kumpulan, iaitu bahagian minuman ringan dan tenusu. Keuntungan operasi daripada bahagian minuman ringan meningkat sebanyak 42.1 peratus dari tahun sebelumnya, sementara bahagian tenusu mencatat pertumbuhan sebanyak 15.8 peratus susulan daripada permintaan volum yang lebih kukuh. Jualan projek pembangunan di Ampang menyumbang keuntungan sebanyak RM20 juta bagi bahagian hartanah.

Untuk menceburi bidang perniagaan makanan, Kumpulan F&N telah mengambil alih sebanyak 23.08 peratus kepentingan strategik dalam Cocoland Holdings Berhad (Cocoland). Cocoland merupakan pengilang makanan snek utama di Malaysia dan tersenarai dalam Pasaran Utama, Bursa Malaysia Securities Berhad.

Tahun di bawah tinjauan berakhir dengan pencapaian menarik di mana dana bagi para pemegang saham Kumpulan telah melonjak kepada RM1.80 bilion pada akhir September 2010 daripada RM1.29 bilion seperti yang dicatat pada tahun sebelumnya. Penerimaan pendapatan sebanyak RM852 juta daripada penjualan perniagaan unit kaca turut mengubah kunci kira-kira Kumpulan. Susulan itu, Kumpulan telah mengakhiri tahun kewangan dengan kedudukan tunai bersih sebanyak RM639 juta berbanding kedudukan pinjaman bersih sebanyak RM376 juta dalam tahun sebelumnya.

## MEMBERI NILAI KEPADA PARA PEMEGANG SAHAM

Bagi memanfaatkan struktur modal Kumpulan dan untuk membalas kesetiaan para pemegang saham, para Pengarah telah meluluskan dividen interim khas sebanyak RM1.10 sesaham disebabkan oleh lebih tunai daripada penjualan perniagaan unit kaca. Para Pengarah turut mengesyorkan dividen satu peringkat terakhir sebanyak 38 sen sesaham untuk kelulusan para pemegang saham di Mesyuarat Agung Tahunan akan datang. Jika diluluskan, jumlah dividen bagi tahun tersebut, tidak termasuk dividen interim khas, ialah sebanyak 54.50 sen sesaham bersih, iaitu meningkat sebanyak 30.5 peratus berbanding 41.75 sen sesaham bersih yang dibayar pada tahun lepas.



Sejak Tahun Kewangan 99/00, Kumpulan telah memberikan kenaikan dividen secara konsisten kepada para pemegang saham hasil daripada prestasi kewangan yang bertambah baik. Pada tahun kewangan yang lalu, harga saham kita telah meningkat sebanyak RM4.23 atau 41.3 peratus daripada RM10.23 pada 30 September 2009 kepada RM14.46 pada tahun ini. Kami akan berusaha untuk mengekalkan atau meningkatkan pembayaran dividen pada tahun-tahun akan datang bergantung kepada prestasi Kumpulan. Disebabkan oleh aliran tunai operasi yang kukuh daripada perniagaan Makanan & Minuman (F&B), saya yakin kita akan dapat memanfaatkan peluang-peluang pertumbuhan baru ini dan akan terus memberikan pulangan nilai kepada para pemegang saham.

## **MELABUR UNTUK MASA DEPAN**

Pada akhir tahun 2009, kilang tenusu Dairies Thailand di Rojana telah memulakan operasi keseluruhannya selepas selesainya peralihan dari Kilang Nestle di Navanakorn. Dairies Thailand turut ditempatkan semula ke Pusat Edaran Gudang pihak ketiga yang baru dibina dan terletak 300 meter bersebelahan dengan kilang tenusu Rojana. Di samping dapat mengurangkan kesan karbon bagi operasi logistik bahagian, jaraknya yang berhampiran dijangka akan menjimatkan lebih RM5 juta setahun dari aspek kos logistik.

Pembinaan Kilang F&N Dairies di Pulau Indah yang bernilai RM350 juta telah pun bermula dan dijangka siap dalam setengah tahun kedua 2011. Kilang baru ini akan mencerminkan pencapaian di Kilang Rojana di samping menampilkan pelbagai teknologi hijau yang canggih yang mendorong kepada penjimatan air, tenaga dan pemuliharaan alam sekitar. Apabila siap kelak, kilang ini akan meletakkan F&N di antara para pengeluar tenusu yang terbesar di dunia.

Menjelang berakhirnya perhubungan selama 73 tahun kami dengan Syarikat Coca-Cola pada 30 September 2011 kelak, pelbagai inisiatif telah digerakkan, termasuk pelbagai peringkat pelaksanaan bagi membina dan meluaskan jenama minuman ringan kami di samping memanfaatkan perhubungan kami dengan para pelanggan dan pengguna. Inisiatif-inisiatif ini merangkumi melabur secara agresif bagi meluaskan jumlah portfolio minuman kami di samping memastikan ia relevan kepada semua pelanggan dengan menawarkan pelbagai jenis minuman yang sedia untuk diminum. Kami juga sedang meluaskan rangkaian edaran dan pemasaran serta membina perhubungan strategik menerusi perjanjian edaran dan perluasan ke pasaran dan wilayah baru. Berteraskan hakikat ini, francais Red Bull telah diperolehi dan edaran minuman bertenaga tersebut telah bermula pada bulan April 2010 yang lalu.

## **URUS TADBIR KORPORAT**

Para Ahli Lembaga Pengarah telah meneruskan tumpuan mereka kepada pelaksanaan pelbagai inisiatif bagi merealisasikan wawasan dan misi Kumpulan di samping mewujudkan tanda aras dan pengawasan bagi memastikan pengekal dan momentum untuk masa depan. Inisiatif ini termasuk pembentukan Jawatankuasa Eksekutif (EXCO) dengan bidang kuasa bertulis yang jelas bagi membantu Lembaga Pengarah melaksanakan fungsi pengawasan mereka. Selain itu, dua sesi latihan telah diadakan untuk para Ahli Lembaga Pengarah dengan penekanan berterusan kepada urus tadbir yang baik dan amalan terbaik. Penilaian formal terhadap keberkesanan Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah telah dilaksanakan oleh sebuah badan profesional yang bebas. Penilaian diri telah dilaksanakan dalam tahun ini.

## **TANGGUNGJAWAB KORPORAT**

Kumpulan F&N menyokong penuh usaha dan strategi Kerajaan terhadap pembangunan mapan. Kami akan menyerap pelbagai inisiatif dan langkah dalam falsafah perniagaan kami bagi menggalakkan perlindungan yang efektif terhadap alam sekitar, menggunakan sumber asli dengan bijak, mengekalkan kestabilan paras pertumbuhan ekonomi dan pekerjaan bagi memastikan kualiti hidup yang lebih baik untuk setiap orang, untuk masa sekarang dan untuk generasi akan datang.

## KENYATAAN PENERUS

Semua amalan dan inisiatif perniagaan kami sentiasa dikaji semula dan amalan perniagaan yang lebih bertanggungjawab akan dilaksanakan di unit-unit perniagaan kami bagi mengurangkan impak ke atas alam sekitar. Langkah-langkah juga diambil bagi memantau dan melaporkan pelbagai kejayaan dan peningkatan.

## TINJAUAN DAN PROSPEK

Kami agak optimistik terhadap masa depan perniagaan kami di Malaysia dan Thailand walaupun Bank Dunia meramalkan bahawa pengembangan ekonomi Asia Timur dan Pasifik akan perlahan sehingga kepada kira-kira 7.8 peratus dalam tahun 2011.

Namun demikian, kami akan memanfaatkan usaha berterusan dan pelaburan kami di masa lalu bagi memantapkan edaran dan ekuiti jenama, meluaskan jenis produk kami serta meningkatkan kecekapan pengendalian. Walau bagaimanapun, peningkatan harga bahan-bahan mentah utama baru-baru ini perlu diurus dan dikawal dengan baik bagi mengurangkan impak ke atas margin keuntungan Kumpulan. Pelbagai produk baru dan kelainan akan terus dilancarkan, sementara edaran produk-produk utama yang sedia ada akan terus diperkukuhkan.

Kumpulan akan berusaha untuk mengekalkan dan membina prestasi semasa kami di samping sentiasa memantau untuk mengurangkan impak dari ketidakstabilan matawang dan komoditi yang dijangka akan berlaku dalam tahun kewangan baru.

## PENGIKTIRAFAN

Terdapat perubahan di dalam pucuk pimpinan Kumpulan di mana Dato' Ng Jui Sia telah menggantikan Dato' Tan Ang Meng yang bersara daripada jawatan ketua pegawai eksekutif. Pihak Lembaga Pengarah dengan sukacitanya ingin merakamkan setinggi-tinggi penghargaan kepada Dato' Tan Ang Meng di atas kepimpinannya yang berjaya memacu Kumpulan untuk mencatat pendapatan dan keuntungan cemerlang selama sembilan tahun berturut-turut.

Pihak Lembaga Pengarah juga ingin mengucapkan Selamat Datang kepada Dato' Ng Jui Sia yang akan 'berkhidmat buat kali kedua' selepas bertugas sebagai Pengarah Urusan di bahagian minuman ringan dari tahun 1999 hingga 2006. Dato' Ng, terkenal kerana telah berjaya mencetuskan momentum pertumbuhan dan kejayaan berterusan bagi perniagaan minuman ringan, akan menyelia Kumpulan untuk mendaki ke aras perniagaan yang lebih tinggi dan lebih mantap berteraskan kepada pengalaman dan pendedahan antarabangsa beliau yang begitu luas dalam Kumpulan F&N.

Akhir kata, saya ingin mengambil kesempatan ini untuk merakamkan jutaan terima kasih kepada Para Ahli Lembaga Pengarah di atas nasihat dan tunjuk ajar yang telah diberikan di sepanjang tahun yang mencabar ini. Tidak lupa juga setinggi-tinggi penghargaan saya huluskan kepada para pelanggan dan rakan-rakan niaga kami di atas kepercayaan dan komitmen berterusan yang diberikan; kepada para kakitangan kami di atas sikap profesionalisme, kesetiaan dan komitmen mereka untuk memastikan perniagaan syarikat terus berkembang maju, dan akhir sekali, kepada para pemegang saham kami di atas sokongan padu mereka yang tidak berbelah-bagi.

Yang benar

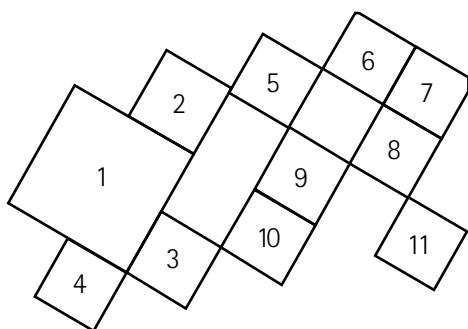
**TENGGU SYARIF BENDAHARA PERLIS SYED BADARUDIN  
JAMALULLAIL IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL**

Pengerusi  
30 November 2010

# BOARD OF DIRECTORS







- 1) Y.A.M. Tengku Syed Badarudin Jamalullail
- 2) Mr Koh Poh Tiong
- 3) Y.Bhg. Dato' Tan Ang Meng
- 4) Y.Bhg. Tan Sri Dato' Dr Lin See Yan
- 5) Mr Lee Kong Yip
- 6) Y.Bhg. Dato' Dr Mohd Shahar bin Sidek
- 7) Mr Huang Hong Peng
- 8) Y.Bhg Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani
- 9) Mr Leslie Oswin Struys
- 10) Y.Bhg. Dato' Anwarrudin bin Ahamad Osman
- 11) Mr Anthony Cheong Fook Seng

# PROFILE OF BOARD OF DIRECTORS

## **Y.A.M. TENGKU SYARIF BENDAHARA PERLIS SYED BADARUDIN JAMALULLAIL IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL** Malaysian, age 65

*Chairman of the Board, Independent and non-executive director*

*Chairman of the Group Executive, Nominating, Remuneration and Share Buy Back Committees*

*Member of the Audit Committee*

Tengku Syed Badarudin 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-DBS (Malaysia) Berhad / Hwang-DBS Investment Bank Berhad. He is also a board member of Yayasan Tuanku Syed Putra, a charitable foundation.

He was appointed to the Board on 24 February 1987 and on 27 February 2001 was appointed its Chairman. During the financial year, he attended all the 7 scheduled meetings of the Board and an adhoc Board meeting. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company.

## **Y.BHG. TAN SRI DATO' DR LIN SEE YAN** Malaysian, age 71

*Independent and non-executive director*

*Chairman of the Audit Committee*

*Member of the Group Executive and Nominating Committees*

Tan Sri Dato' Dr. Lin is an independent strategy and finance consultant. Qualified as Malaysia's first Chartered Statistician, he graduated from the University of Malaya in Singapore and Harvard University (where he received 3 degrees, including a PhD in economics). He is Professor of Economics (Adjunct) Universiti Utara Malaysia and Professor of International Finance & Business (Adjunct) Universiti Malaysia Sabah, as well as an Eisenhower Fellow. He is also a Chartered Scientist, London.

Prior to 1998, he was Chairman / President and CEO of Pacific Bank and for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Dr Lin continues to serve the public interest. Some current appointments include: member of the PM's Economic Action Council Working Group and a member of key Steering Committees at the Ministry of Higher Education Economic Advisor, Associated Chinese Chambers of Commerce and Industry of Malaysia; Member, Asian Shadow Financial Regulatory Committee; Governor, Asian Institute of Management, Manila; Director on the Board of Monash University Sunway Campus Malaysia; Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University as well as Regional Director for Asia, Harvard Alumni Association at the University; and President, Harvard Club of Malaysia. Tan Sri advises and sits on the boards of a number of publicly listed and private businesses in Malaysia, Singapore and Indonesia, including being Chairman of Cabot Malaysia Sdn Bhd and is Director of Ancom Berhad, Genting Berhad, Genting Malaysia Bhd, Wah Seong Corporation Bhd, Jobstreet Corporation Bhd, KrisAssets Holdings Bhd and Top Glove Corporation Bhd.

He was appointed to the Board on 12 March 1996. During the financial year, he attended 6 out of the 7 scheduled meetings of the Board and an adhoc Board meeting. 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.

**MR KOH POH TIONG** Singaporean, age 63

*Non-independent and non-executive director*

*Member of the Group Executive, Nominating, Remuneration and Share Buy Back Committees*

Mr. Koh Poh Tiong is the Chief Executive Officer, Food & Beverage of Fraser and Neave, Limited. Previously, he held the position of Chief Executive Officer of Asia Pacific Breweries Limited (APB) from October 1993 to September 2008. He remains as a director of APB and retains directorships in most of APB's operating companies in the region.

He is Chairman of the Singapore Kindness Movement (SKM), Chairman of the School Advisory Committee (SAC) of Gan Eng Seng School, a Director of PSA International Ltd and PSA Corporation Ltd and The Great Eastern Life Assurance Co Ltd.

From April 2000 to March 2008, he was Chairman of the Agri-Food & Veterinary Authority (AVA) and a member of the APEC Business Advisory Council representing Singapore from January 1999 to August 2001. His previous directorships included National Healthcare Group Pte Ltd, Media Corporation of Singapore Pte Ltd, Television Corporation of Singapore Pte Ltd, Wildlife Reserves Singapore Pte Ltd, Jurong BirdPark Pte Ltd and Board member of the Singapore Youth Olympic Games (YOG) Organizing Committee.

For his contributions to AVA, he was bestowed the Public Service Medal at the National Day Awards 2007. He also received the Service to Education Award from the Ministry of Education in 2007 and the 1998 DHL/The Business Times Outstanding CEO of the Year Award.

He was appointed as a director on 1 October 2008. During the financial year, he attended all the 7 scheduled meetings of the Board and an adhoc Board meeting. 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 in his capacity as the Chief Executive Officer, Food & Beverage of Fraser and Neave, Limited, a major shareholder of the Company.

**MR ANTHONY CHEONG FOOK SENG** Malaysian, age 56

*Non-independent and non-executive director*

*Member of the Group Executive and Audit Committees*

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

He 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 subsidiaries.

He was appointed to the Board on 1 October 2002. During the financial year, he attended all the 7 scheduled meetings of the Board and an adhoc Board meeting. 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

### **MR HUANG HONG PENG** Singaporean, age 51

*Non-independent and non-executive director*

*Member of the Group Executive Committee*

Mr Huang Hong Peng is currently the Deputy Chief Executive Officer, Food & Beverage of Fraser and Neave Group ("F&N Group"). He sits on the boards of F&N Group subsidiaries and associates.

Before his transfer to the F&N Group on 1 October 2008, he was the Regional Director, China/CEO's Office of Asia Pacific Breweries Limited ("APB"), a subsidiary of Fraser and Neave, Limited and was responsible for brewery operations of the APB Group in the People's Republic of China ("PRC") now consolidated under Heineken-APB (China) Pte Ltd. He joined the APB Group in November 1994 and has served in various positions in Myanmar and the PRC. He also sits on the boards of APB Group subsidiaries and associates.

Before joining the APB Group, Mr Huang was Assistant Director, Airport Management in the Civil Aviation Authority of Singapore and has a degree in Air Transport from the Ecole National de l'Aviation Civile, Toulouse, France.

He was appointed as a director on 1 March 2009. During the financial year, he attended 6 out of the 7 scheduled meetings of the Board and an adhoc Board meeting. 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.

### **Y.BHG. DATO' DR MOHD SHAHAR BIN SIDEK** Malaysian, age 63

*Non-independent and non-executive director*

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 PhD 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.

He was appointed to the Board on 30 September 2003. During the financial year, he attended 6 out of the 7 scheduled meetings of the Board and an adhoc Board meeting. 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.



**MR LEE KONG YIP** Malaysian, age 66

*Non-independent and non-executive director*

*Member of the Group Executive, Remuneration and Share Buy Back Committees*

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 Program in the Graduate School of Business Administration in the University of California Berkeley, USA in 1988.

From 1969 to 1994, he has 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 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) Bhd, Great Eastern Capital (Malaysia) Sdn Bhd and Great Eastern Life Assurance (Malaysia) Berhad.

He was appointed to the Board on 10 May 2000. During the financial year, save for an adhoc Board meeting, he attended all the 7 scheduled meetings of the Board. 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 & Neave, Limited, a major shareholder of the Company.

**Y.BHG. DATO' TAN ANG MENG** Malaysian, age 55

*Non-independent and non-executive director*

Dato' Tan Ang Meng is a Certified Public Accountant and was admitted to the membership of the Malaysian Institute of Certified Public Accountants in 1980.

In 1975 to 1981, he was employed in the Kuala Lumpur office of PriceWaterhouseCoopers, then known as Price Waterhouse. He then joined UMW. In 1983, he joined Guinness Malaysia Berhad as Assistant Chief Accountant. Following the merger between Guinness Malaysia Bhd and Malayan Breweries (M) Sdn Bhd, he was transferred to Malayan Breweries Limited in 1991 (which later changed its name to Asia Pacific Breweries Ltd) and worked in various executive capacities as well as in various regional offices in the group. His last position held was that of Regional Director based in Singapore with responsibility for the brewery operations in China, Vietnam, Cambodia and Myanmar. Dato' Tan was the Chief Executive Officer of the Company (F&NHB) from March 2001 to July 2010.

He was appointed to the Board on 24 May 2001. During the financial year, he attended 6 out of the 7 scheduled meetings of the Board and an adhoc Board meeting. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company.

**Y.BHG. DATO' DR NIK NORZRUL THANI BIN NIK HASSAN THANI** Malaysian, age 50  
*Non-independent and non-executive director*

Dato' Dr Nik Norzrul Thani holds a Ph.D. in Law from the School of Oriental and African Studies (SOAS), 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.

Dato' 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 in 1996 to 1997, and was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia. Dato' Dr Nik is a Fellow of the Chartered Institute of Marketing (United Kingdom) and is also a Fellow of the Financial Services Institute of Australia (FINSIA).

Currently, Dato' Dr Nik Norzrul Thani is a practising lawyer with Zaid Ibrahim & Co. Prior to joining Zaid Ibrahim & Co., Dato' Dr Nik was with Baker & McKenzie (International Lawyers), Singapore.

He was appointed to the Board on 7 November 2006. During the financial year, he attended all the 7 scheduled meetings of the Board and an adhoc Board meeting. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company except that he is a nominee director of Permodalan Nasional Berhad, a major shareholder of the Company.

**Y.BHG. DATO' ANWARRUDIN BIN AHAMAD OSMAN** Malaysian, age 67  
*Independent and non-executive director*  
*Member of the Group Executive and Audit Committees*

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

Upon graduation, he 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 MD/CEO 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 and had represented Malaysia in the OPEC/NON-OPEC dialogues from 1989 – 1991.

Currently, Dato' Anwarrudin holds directorship positions in KKB Engineering Bhd and in several non-listed companies. He is also Executive Vice-Chairman of Yasmin Engineering Sdn Bhd (formerly known as TDW Malaysia Sdn Bhd)

He was appointed to the Board on 19 January 2005. During the financial year, save for an adhoc Board meeting, he attended all the 7 scheduled meetings of the Board. 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.

**MR LESLIE OSWIN STRUYS** Singaporean, age 73

*Senior Independent and non-executive director*

*Member of the Audit, Nominating, Remuneration and Share Buy Back Committees*

Mr Leslie Oswin Struys graduated from the University of Malaya in 1960 with a Bachelor of Arts degree in Economics.

He joined Fraser and Neave, Limited in 1960 and in his career worked in numerous capacities in sales, marketing and production. He was based in various locations including KL and Ipoh and was the first Branch Manager of the new F&N bottling plant in Johor which was built in 1967. His last position was Product Manager in the soft drinks operations in Malaysia and Singapore in 1972. He was then transferred to Malaya Glass Berhad (which later became Fraser & Neave Holdings Bhd.) as its General Manager and held that position until his retirement in December 1997. He was also a director of Malaya Glass Berhad from 1985 and later of Fraser & Neave Holdings Bhd. until December 1997. He is also a director of Leeden Ltd based in Singapore.

He was re-appointed to the Board on 24 May 2001. During the financial year, he attended all the 7 scheduled meetings of the Board and an adhoc Board meeting. 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.

*Note: None of the above directors have any disclosable offences as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### NON-EXECUTIVE DIRECTORS

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

Chairman & Independent Director  
Chairman of the Group Executive, Nominating,  
Remuneration and Share Buy Back Committees  
Member of the Audit Committee

**Y.Bhg. Tan Sri Dato' Dr Lin See Yan**

Independent Director  
Chairman of the Audit Committee  
Member of the Group Executive and  
Nominating Committees

**Mr Anthony Cheong Fook Seng**

Member of the Group Executive and  
Audit Committees

**Mr Koh Poh Tiong**

Member of the Group Executive,  
Nominating, Remuneration and Share Buy Back  
Committees

**Mr Huang Hong Peng**

Member of the Group Executive Committee

**Y.Bhg. Dato' Anwarrudin bin  
Ahamad Osman**

Independent Director  
Member of the Group Executive and  
Audit Committees

**Mr Lee Kong Yip**

Member of the Group Executive,  
Remuneration and Share Buy Back Committees

**Mr Leslie Oswin Struys**

Senior Independent Director  
Member of the Audit, Nominating, Remuneration and  
Share Buy Back Committees

**Y.Bhg. Dato' Dr Mohd Shahr bin Sidek**

**Y.Bhg. Dato' Dr Nik Norzrul Thani  
bin Nik Hassan Thani**

**Y.Bhg. Dato' Tan Ang Meng**

## COMPANY SECRETARIES

**Mr Joseph Tan Eng Guan,**  
CA(M), MBA, (MIA 8834)

**Ms Gan Mee Ling,**  
LLB Hons (Malaya) (LS01360)

## GROUP MANAGEMENT

**Y.Bhg. Dato' Ng Jui Sia,**  
B.A (Admin) & ICAEW  
Chief Executive Officer

**Mr Joseph Tan Eng Guan,** CA(M), MBA  
Chief Financial Officer

**Mr Jeffrey Bok,** B. Sc (Hons.)  
Head, Group Human Resource

**Ms Gan Mee Ling,** LLB Hons. (Malaya)  
Group Company Secretarial Manager

**Ms Tiah Oon Su,** B. Econs(Accounting),  
LLB Monash University Australia  
Head, Group Legal

**Mr Ong Kok Choon,**  
MA (UK), FCMA (UK), CIA (USA)  
Group Internal Audit Manager

**Mr Loong Wei Hin,**  
B.Econs (Hons.) Harvard B. School (1991)  
Senior Manager, Business Development, Export

**Mr Soh Swee Hock,** MBA  
Manager, Group Corporate Services

## BUSINESS UNIT SENIOR MANAGEMENT

### SOFT DRINKS:

**Mr James Teo Hong Beng,**  
B.A.Sc, MBA  
Managing Director

### DAIRY PRODUCTS:

**Mr Tony Lee Cheow Fui,**  
B.Com, CA (Aust.)  
Chief Operating Officer

**Mr Somsak Chayapong,**  
BSc (Chula),  
PED (IMD Business School, Lausanne)  
Country Head - Thailand & Indochina

### PROPERTY:

**Ir. Cheah Hong Chong,**  
BSc (Hons), M. Phil (Cantab), MBA MIEM, P.E.  
General Manager

## REGISTERED ADDRESS

Level 8, F&N Point  
No. 3 Jalan Metro Pudu 1  
Fraser Business Park  
Off Jalan Yew, 55100 Kuala Lumpur  
Tel: 03-9235 2288 Fax: 03-9222 7878  
Email: cosec@fn.com.my

## SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2264 3883 Fax: 03-2282 1886

## AUDITORS

Ernst & Young, Kuala Lumpur

## PRINCIPAL BANKERS

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

## STOCK EXCHANGE LISTING

Bursa Malaysia: Main Market Company  
Name & Code: F&N and 3689  
Stock Sector: Consumer Products



# CORPORATE STRUCTURE

## SOFT DRINKS

- 100% F&N Beverages Manufacturing Sdn Bhd  
*(formerly known as F&NCC Beverages Sdn Bhd)*
- 100% Borneo Springs Sdn Bhd
- 100% F&N Beverages Marketing Sdn Bhd  
*(formerly known as F&N Coca-Cola (Malaysia) Sdn Bhd)*

## DAIRY PRODUCTS

- 100% F&N Dairies (Malaysia) Sdn Bhd
- 100% F&N Foods Sdn Bhd
- 100% Premier Milk (Malaya) Sdn Bhd
- 100% F&N Dairies (Thailand) Limited
- 100% Arolys Singapore Pte Limited
- 100% Lion Share Management Limited
- 100% PML Dairies Sdn Bhd

## PROPERTY

- 100% Wimanis Sdn Bhd
- 100% Brampton Holdings Sdn Bhd
- 100% Vibrant Asset Sdn Bhd
- 100% Vacaron Company Sdn Bhd
- 100% Elsinburg Holdings Sdn Bhd
- 100% Greenclipper Corporation Sdn Bhd
- 100% Nuvak Company Sdn Bhd
- 100% Utas Mutiara Sdn Bhd
- 100% F&N Properties Sdn Bhd
- 100% Tropical League Sdn Bhd
- 70% Lettricia Corporation Sdn Bhd
- 100% Kuala Lumpur Glass Manufacturers Company Sdn Bhd

## OTHERS

- 100% Fraser & Neave (Malaya) Sdn Bhd
- 100% Four Eights Sdn Bhd
- 100% F&N Capital Sdn Bhd

# In Tandem With World Markets

Royal Belum is home to one of the world's most threatened wildlife species, the blue-striped beetle. Also known as the royal tiger beetle, this endangered bug runs around on bare earth and sand at tremendous speed. Being ultra sensitive to its environment, the blue-striped beetle can fly off readily at the slightest inkling of danger. Just as we are sensitive to our customers needs, we are proactive and agile to seize opportunities that lie ahead.

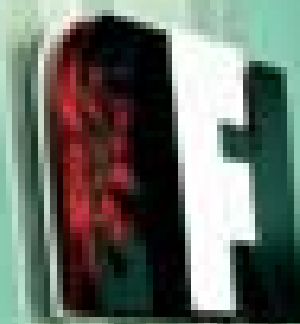




## BUSINESS REVIEW

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CEO'S  
STATEMENT



**FRASER & NEAVE HOLDINGS**



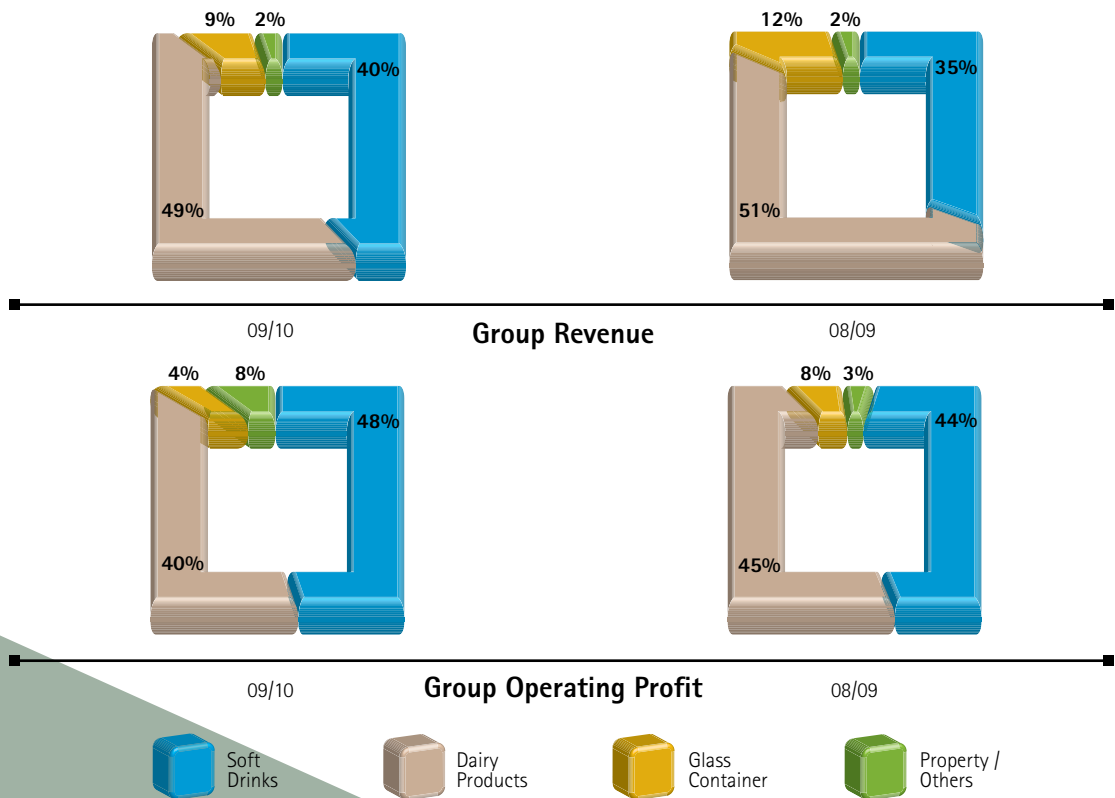
## TRANSFORMATION OF THE F&N GROUP GAINS TRACTION

The transformation of the F&N Group from being primarily a Malaysian and Thailand-focused enterprise to a major regional food and beverage player gained momentum in the year under review.

In capping another fine year of excellent results, the Group recorded new milestones, namely breaching the RM4 billion revenue marker; delivering a group profit after tax of RM694 million; the successful divestment of the glass container business for an exceptional gain of RM382 million; and acquisition of a significant and strategic foothold into the food business, with the subscription of 23.08 per cent of listed Cocoaand Holdings Berhad (Cocoaand).



**Dato' Ng Jui Sia**  
Chief Executive Officer



The acquisition of the Cocoaand stake will provide the Group with a strategic third pillar necessary to bolster and accelerate the development of the food business to complement the soft drinks and evolving regional dairies business.

## CEO'S STATEMENT

Our sharpened focus on initiatives to enhance operational efficiency, product innovation, new product category launches and brand repositioning along with reinforcement of consumer brand franchise contributed positively to a 11.2 per cent increase in group revenue to RM3.64 billion for the core soft drinks and dairies business, while operating profit surged 35.7 per cent to RM389 million.

The acquisition of the Cocoaland stake will provide the Group with a strategic third pillar necessary to bolster and accelerate the development of the food business to complement the soft drinks and evolving regional dairies business. We see vast opportunities in the food business as people become more affluent with demand for more convenient readily available snack food. As Malaysia moves into a high-income economy, the anticipated increase in the middle-income group will lead to growing consumption which will augur well for the food business.

The soft drinks division set a new historical benchmark with volume at 62 million cases and revenue at RM1.59 billion, contributing to operating profit of RM194 million, the highest ever. The 100PLUS and Seasons posted double digit volume growth reflecting strong consumer brand franchise and growing consumption. Capacity at the Shah Alam factory increased by 13 per cent with the launch of a new RM45 million polyethylene terephthalate (PET) monoblock production line, the first in the Asia Pacific region, which is able to blow bottles, fill and pack all our carbonated soft drinks products with just one production line. Over the last five years, the soft drinks business grew steadily from 40 million cases to 62 million cases, of which F&N brands contributed 67 per cent and this percentage accounts for some 30 per cent of the ready-to-drink market.

Our non-carbonated portfolio expanded from 25.4 per cent of our soft drinks business to 28.0 per cent reflecting a growing demand for a wider repertoire of drinks. During the year, F&N included fruit teas and juices to its range of soft drinks to cater to consumers of this segment. Brand repositioning and reinforcement along with our ability to innovate, differentiate and manufacture a new relevant product line will be key to garnering more market share.

The combined dairies division continue to post commendable growth, with revenue up by 4.1 per cent to RM1.98 billion and operating profit jumped 15.8 per cent to RM163 million. This was achieved under conditions of capacity limitations in Petaling Jaya plant whilst the manufacturing facility relocation to Rojana was completed in September 2009 but all production lines were fully operational 2 months later.

The historical ground breaking for the construction of the RM350 million Pulau Indah plant took place on 23rd October 2009. The Pulau Indah plant, when completed by the second half of 2011, together with the Rojana plant will take pride of place as Southeast Asia's largest canned milk plants.

Replicated from the blueprint of the Rojana plant, the Pulau Indah plant will showcase cutting edge green technology which minimizes the company's carbon footprint via the incorporation of water, energy and environmental conservation technology. Situated within the Selangor Halal Hub, this plant will enable the Group to build and expand export opportunities in the fast growing halal markets in the Middle East, Africa and Indonesia and hence gain visible presence regionally.

Dairies Malaysia registered a marginal revenue growth to RM1.10 billion, capped by capacity limitations, with operating profits at RM98 million, showing a commendable gain of 8.4 per cent. Dairies Thailand grew 6.6 per cent to close at RM867 million, with operating profits at RM65 million, recording a growth of 29.1 per cent - driven by growing domestic consumption and further inroads into Indochina. In Thailand, export revenue declined due to the cessation of supply to Nestle Indonesia when Nestle switched to local production in the later part of the year. Following this development, Dairies Thailand diverted its marketing efforts to Indochina which paid off when revenue from this market grew by a substantial 62.4 per cent.

No longer constrained by capacity limitations with the completion of the state-of-art production lines in Malaysia, we foresee reliance on our Dairies division as a major revenue contributor to the Group with steady or higher share of the sterilized and canned milk dominating our dairies segment.

The divestment of the glass container division for a gain of RM382 million, to unlock and maximize shareholders value, marked the end of a chapter in F&N's 46-year involvement in the glass business.

The property division successfully completed Zon.e@Fraser Business Park, renamed as Komplex Metro Pudu, and will next focus on unlocking and enhancing the value of the Group's land banks. Of immediate interest will be the re-development of the Section 13 Petaling Jaya 12.7 acre site, which currently houses the dairies manufacturing plant.

## THE YEAR AHEAD

In the National Budget 2011, the Government unveiled the Economic Transformation Programme (ETP) to spearhead Malaysia's transformation into a high-income economy by 2020. Key Entry Point Projects (EPPs) were announced, with an estimated investment of over RM100 billion to commence in the year. It is envisaged that the ETP, when implemented, coupled with the gradual recovery of the global economy would generate positive economic spin-offs and translate to increased domestic and private consumption.

With a stable political landscape and improved socio economic sentiments returning to Thailand and the Indochina region, aided by the global recovery, the prospects for our businesses in Malaysia and Thailand are projected to be promising. Our position in these primary markets will be strengthened arising from our sustained efforts and ongoing investments to enhance distribution and brand equity.

The eventual exit of the Coca-Cola business in September 2011, will pose new challenges for the Group in the short term. However it also opens up exciting opportunities to launch new products and venture into regional markets which prior to this were inaccessible to us. Plans are in place to mitigate the impact, which includes inter alia, the launch of new product variants, the continued reinforcement of the distribution infrastructure and consumer brand franchise, and the search for new markets and strategic alliances. The Red Bull franchise acquired in April 2010, is making positive progress, and will contribute its first full year revenue in the next financial year.

The F&N Group is conscientious about creating a sustainable operating environment where it can continue to operate over the long term. There is immediate recognition that corporate responsibility (CR) initiatives must be embedded into our overall business strategies and operations to progress towards achieving sustainability. The Group will continue to invest in affordable green technologies and applications that will reduce carbon footprint and promote energy efficiencies.

Although the improvements in global trade, especially in emerging Asian economies like China and India, have been positive, global economic conditions have yet to revert to pre-crisis levels. Our operations will be sensitive to the upward trend of global commodity prices, the volatile fuel price, and the prospects of further subsidy reduction by the Government. Notwithstanding, the Group will continue with its on-going efforts to extract economies of scale from its operations to mitigate and minimize the impact of the higher input cost.

Yours sincerely

**Dato' Ng Jui Sia**  
Chief Executive Officer

30 November 2010

SOFT  
DRINKS



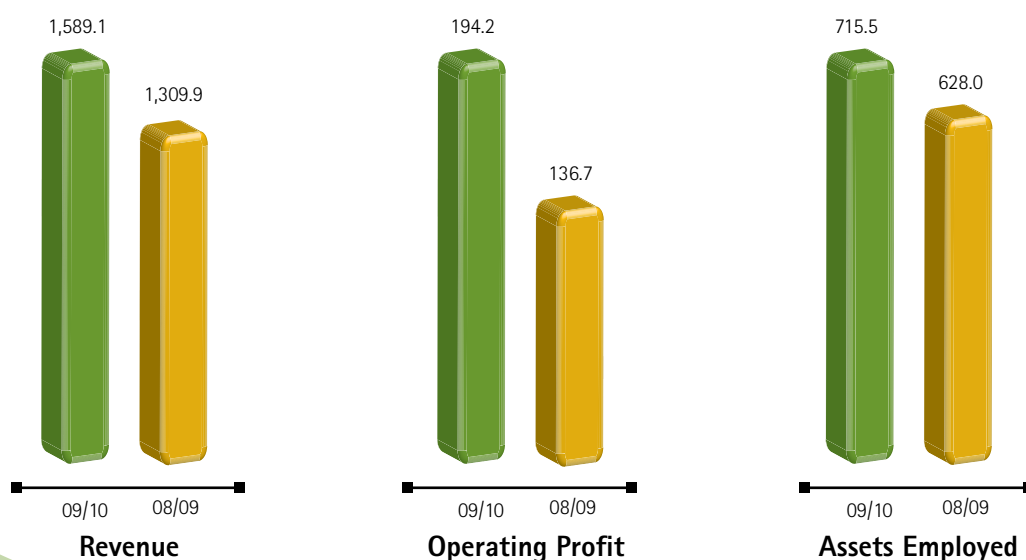
## OVERVIEW

The division reported solid performance, registering its third consecutive year of record growth, building on the momentum of expanding volume and reinforcing market share leadership in the ready-to-drink segment via a broad portfolio of offerings in the carbonated soft drinks, isotonic, Asian drinks, teas, juices and energy drinks categories.

Overall revenue surged 21.3 per cent, setting a new historical benchmark. Operating profit grew 42.1 per cent driven by robust sales volume growth of 19.6 per cent. This growth momentum was achieved on the back of sales and distribution superiority, combined with targeted marketing activities, including the launch of some key new products, and supported by brand leadership. The year was marked by an increase of RM0.25 sen per kilogram in the cost of sugar, a key ingredient, which would otherwise have had a major impact, but was balanced by the benefits of continual cost saving initiatives and increased organizational efficiencies.



**James Teo Hong Beng**  
Managing Director



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## SOFT DRINKS

During the period under review, new corporate identities for the marketing and manufacturing arms of the division namely F&N Beverages Marketing Sdn Bhd and F&N Beverages Manufacturing Sdn Bhd, were unveiled in January 2010.

## ENHANCED OPERATIONS

By focusing on increased operational efficiency and improved costs controls, the division achieved considerable savings while strengthening its organizational systems, structure and processes.

Innovation and technology were leveraged to enhance operations through initiatives including the continuous overhaul of production lines, the induction of new machineries, implementation of a warehouse management system and introduction of new sales forecasting tools.

With an eye towards responsible and sustainable sourcing of raw materials, the division conducted regular supplier reviews while exploring new sources of supplies. Supplier Performance Tracking initiatives were rolled out to ensure suppliers' compliance to the stringent established criteria.

Supply chain proficiency was also enhanced especially in the production and logistics area via systems upgrades, introduction of a higher level of operational automation, improved inventory management, effective logistics and product quality management and enhanced safety measures.

Statutory compliance continued to be a mainstay and helped the division maintain strong rapport with various regulatory authorities and to ensure an open channel for discussion.

## INNOVATIVE RETAILING

While festivities and celebrations continued to be key occasions for consumption, the division initiated focused marketing activities to stimulate consumption during the non festive period to achieve a sustainable volume trend.

The business landscape continues to become more competitive with the arrival of new players. The division continued to closely monitor competitor activities and focus on growing brand presence through expansion of consumer engagement platforms, targeted consumer programmes and introduction of product and package innovation to meet the ever changing consumer tastes and preferences.

To promote sustainable and equitable trade partnerships, the division initiated periodical reviews of business, processes and quality with partners, key customers and suppliers to emphasize and promote an environment and culture of continuous improvement.

## LEADING THE FIELD

100PLUS topped the division's product portfolio, leading the isotonic category with over 88 per cent market share in the sport and isotonic category, while the F&N CSD category accounts for some 30 per cent share.

SEASONS consolidated its position as the No. 2 player in the Asian drinks category with 27 per cent market share. Following the launch of four new varieties of SEASONS teas, the division further strengthened its No. 2 position within the tea segment.

The ready-to-drink (RTD) segment was further boosted with the introduction of 5 new Fruit Tree offerings in July, further expanding its juice drinks portfolio.





*Brand/sampling activities by Red Bull*

The period under review also saw the division being appointed exclusive distributor of Red Bull energy drinks in Malaysia. Red Bull contributed 2.2 per cent of overall soft drinks' volume although the appointment only commenced 1 April 2010. The agreement with Allexcel Trading Sdn Bhd, is already yielding significant success as the division surpassed its 12-month sales and distribution targets within the first four months with the division. The inclusion of Red Bull, the leading energy drink in Malaysia further enhanced the division's beverage portfolio.

## BRAND ACTIVITIES

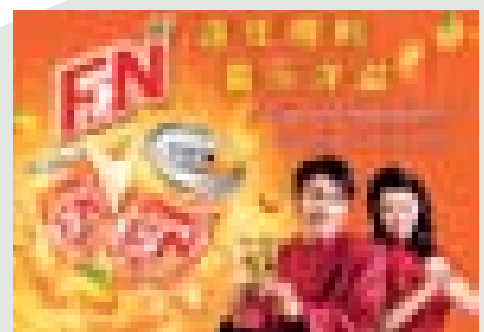


The unveiling of the new corporate identities for F&N Beverages Marketing Sdn Bhd and F&N Beverages Manufacturing Sdn Bhd kicked off the division's marketing thrust for 2010. Collectively known as F&N Beverages, the event marked a "homecoming" of sorts, consolidating an exclusive F&N identity for the Group's entire business while providing the impetus to explore newer opportunities.

By unleashing a combination of innovative marketing equipment and effective trade and consumer programmes, F&N Beverages succeeded in growing its corporate and brand presence. This includes a health and wellness focus, the introduction of a less sweet range and fruit juices, opening up new markets.

Marketing efforts were directed at brand recognition and loyalty activities incorporating various channels such as TV and radio, new social media, endorsements and sponsorships, special events, promotions and contests.

The division also stepped up its use of billboards and more creative displays at modern trade channels using header boards, creative racks, and cool zones to strengthen its equity in the visual space arena and to better attract consumers. Throughout the year, various promotional activities were held during the cultural festivities to promote the various brands by engaging the modern trade and selected traditional outlets. These include special Gift Packs produced to commemorate the Chinese New Year and Hari Raya, in addition to competitive trade offerings leading up to the celebrations.



## SOFT DRINKS

East Malaysian consumers also got a taste of "Pure Enjoyment, Pure Goodness" in two competitions specifically executed in that market. The **F&N Peraduan Tin Bertuah** which involved the entire F&N Fun Flavours range and the **SEASONS Peraduan Tab Bertuah** which involved the entire SEASONS Asian Drinks range (SEASONS Soya Bean, SEASONS Soya Bean Less Sugar, SEASONS Rose Soya Bean, SEASONS Red Bean Soya, SEASONS Chrysanthemum Tea, SEASONS Ice Lemon Tea or SEASONS Grass Jelly) both ran from June to August 2010. Cool prizes up for grabs included iPhones, a Nokia E72 mobile phone, RM888 in cash, LeRun Mountain Bikes, iPod Nanos, amongst others.



*Signing ceremony with AirAsia Berhad to officially sell 100PLUS on board all AirAsia flights departing from Malaysia*

## 100PLUS

In February 2010, 100PLUS took to the skies when the division signed a strategic partnership agreement with AirAsia Berhad, to officially sell 100PLUS on board all AirAsia flights departing from Malaysia. As a homegrown champion, it was only fitting that 100PLUS be in partnership with AirAsia, another Malaysian icon and arguably, the world's most exciting airline with giant global ambitions. The agreement was a big step for the division in extending its presence beyond Malaysian shores, namely for 100PLUS. Passenger dehydration is a common occurrence in air travel. Now, travelers flying AirAsia to all its exciting destinations ex-Malaysia can overcome dehydration with 100PLUS, which is specially formulated to refresh, rehydrate and re-energise the body faster than water.



*100PLUS Thomas Cup 1 Million Support Campaign*

In continuing its efforts to build 100PLUS as an iconic brand, the **100PLUS Thomas Cup 1 Million Support Campaign** was rolled out, to give Malaysians an opportunity to show their support for the Malaysian badminton team. The campaign launched in April 2010 saw HM Yang Di-Pertuan Agong, Tuanku Sultan Mizan Zainal Abidin and HM Raja Permaisuri Agong Tuanku Nur Zahirah sign a "support dossier" to kick-off the nationwide campaign to collect one million signatures from Malaysians. The campaign came to a close when Datin Paduka Seri Rosmah Mansor, the patron of Malaysian badminton, became the one-millionth signatory. Datin Seri Rosmah who is also the wife of the Prime Minister presented the "support dossier" to World No. 1 and 100PLUS ambassador, Datuk Lee Chong Wei, witnessed by the Malaysian Thomas and Uber Cup teams.

In conjunction with this campaign the **100PLUS One Team, One Dream SMS & Win Contest** for consumers was activated and offered more than RM300,000 in prizes. Consumers of 100PLUS were presented the opportunity to win 73 daily prizes of RM50 over a period of 61 days, or nine weekly prizes of RM5,000, while one lucky consumer with the highest number of SMSes over the entire contest period was rewarded RM50,000, 10 Thomas Cup match tickets and 10 AirAsia tickets for flights within Malaysia.



100PLUS Football Xtreme

The 100PLUS products used for the contest featured the *ONE TEAM. ONE DREAM* logo in support of the Malaysian national badminton team depicting six top Malaysian players.

As part of the brand's "Outdo Yourself" battle cry and continuing efforts to encourage consumers to keep active, **100PLUS Football Xtreme** was launched to capture the excitement of the FIFA World Cup in South Africa. Held across three states, over four weekends, the event drew in some

1800 participants. **100PLUS FOOTBALL Xtreme** is a 3-on-3 football competition in which the competitors battled against the elements of fire, wind and water in a specially constructed futuristic steel cage. The Grand Finals saw 10 players battling it out for a Volkswagen New Beetle 2.0 Extreme worth RM158,888. Consumers were engaged via TV and print commercials, social media and an online game, **100PLUS FOOTBALL 'Be a Manager'** targeted at encouraging participation and building brand awareness.

In July 2010, 100PLUS signed a three year agreement with the Malaysian Hockey Federation (MHF) for the title sponsorship of the **100PLUS Tun Abdul Razak Cup**. 100PLUS' commitment comprises RM1.5 million in cash and kind to include the provision of 100PLUS beverages for other MHF-organised events such as the Azlan Shah Cup, the Malaysian Hockey League, international matches and age-group competitions. The Razak Cup is one of the oldest tournaments and most prestigious domestic competitions in the country and has been held annually since its inception in 1963. This sponsorship fortified 100PLUS' position as the preferred isotonic beverage for various sporting activities in Malaysia.

All these efforts paid off handsomely when 100PLUS garnered two distinguished brand awards – the Gold in the Non-Alcoholic Beverage Category in the Putra Brand Award 2010 and the Best Brand for Food & Beverage - Isotonic Drink in the Brand Laureate Awards 2010.

### Carbonated Soft Drinks

The F&N "**Mix & Win**" with Ice Cream Soda campaign kicked off in mid-December 2009 to coincide with the year-end Christmas and New Year celebrations. Six cool, refreshing F&N Ice Cream Soda alcohol free mocktails - *Dragon Ball of Fire, Cranberry-O, Asian Twist, Yellow Submarine, Green Peace and Jazz It Up* - were promoted during this campaign; all easy to prepare, ageless beverages to enjoy on any occasion. The campaign successfully highlighted the versatility of F&N Ice Cream Soda – for consumption on its own or by blending in other ingredients to create wonderful concoctions. During the campaign, the **F&N Street Invasion** roadshow toured nine states to showcase street performances and in conjunction with a contest to encourage consumers to create their own original concoctions and compete for the top prize of RM10,000 and 30 LCD TV sets as consolation prizes.



F&N "Mix & Win" with Ice Cream Soda campaign

## SOFT DRINKS



*The Big F&tN Fun Fest in Kuala Lumpur - endorsed by the Malaysian Ministry of Youth & Sports*

In August 2010, **The Big F&tN Fun Fest** saw over 1000 Malaysians create history, rallying to form the nation's first ever human smiley visible from the sky. This youth extravaganza attracted over 20,000 people who participated in a variety of fun and exciting activities such as games, customised t-shirt designing, a concert featuring popular artistes, street dance performances, graffiti wall painting and the simultaneous release of thousands of 'Hope Balloons' which painted the sky a delightful, bright orange. Each balloon carried a personalised wish from members of the public. Endorsed by the Malaysian Ministry of Youth and Sports, **The Big F&tN Fun Fest** unfurled on a busy stretch in the heart of Kuala Lumpur's central business district. The event was another youth engagement activity aimed at encouraging the spirit of camaraderie through fun-centric, creative and healthy activities. To create awareness a variety of mediums were used, namely social media campaigns and advertising in the print and electronic media. Consumers walked away with free drinks, T-shirts as well as various goodies bearing the F&tN insignia.



F&tN also won the Bronze Award for the **Best Use of Television** at the Malaysian Media Awards 2010 for leveraging all youth programmes on a leading television channel (8TV) for its **F&tN Freestylz "Show Your Moves"** campaign. It included celebrity hosts and production teams getting "hijacked" to display their dance moves to create on-air buzz and excitement.

### SEASONS

The SEASONS portfolio was given a boost with the introduction of a new fruity tea range to capitalise on rapidly growing consumer preference for products associated with health and wellness. These 4 refreshing additions were Jasmine Green Tea, Ice Lemon Green Tea, Ice Peach Tea and Ice Apple Tea. The launch was supported by an advertising campaign, billboards and on-the-ground activation which included SEASONS 'green angels' handing out chilled cans of SEASONS Jasmine Green to spread the campaign message of "Stay fresh and healthy with SEASONS Jasmine Green Tea".



*F&N Fruit Tree rolled out five new flavours in PET bottle*

## FRUIT TREE

F&N Fruit Tree rolled out five new flavours in PET bottle - Orange (with pulp), Apple, Lychee, Blackcurrant and Mango - to grow its juice portfolio, one of the fastest growing categories in Malaysia. The new flavours were an extension to the division's Fruit Tree cans range. Random taste tests conducted by a global research company, indicated consumer preference for these five Fruit Tree flavours compared to other brands in the market.

Fruit Tree is the only brand to offer all these five flavours in a PET packaging. The packaging offers convenience while the contents satiate consumers trending towards fresh and fruity products.

In support of the roll out, the **F&N Fruit Tree Juicy Wins** promotion was launched to offer consumers the opportunity to sample one of these flavours while 30 lucky individuals had the opportunity to win RM500. The lunch hour promotion was held simultaneously on two separate days at 10 selected 7-Eleven outlets across Klang Valley and another 10 selected 7-Eleven outlets across Peninsular Malaysia. The entire roll out was supported by advertisements across all mediums including social media and the **F&N Fruit Tree Juicy Wins Video Contest**.



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## THE ROAD AHEAD

As an open economy, the Malaysian economy, while enjoying the positive spinoffs from the global economic recovery is also subjected to "external headwinds" that could derail its growth momentum. The recent Budget announcement projected a growth of 6.0 per cent for the year ahead, and highlighted efforts to transform the nation into a developed and high income economy, which is to be driven by the much lauded Economic Transformation Programme (ETP). Fiscal pump priming will continue through the implementation of, inter alia, the huge infrastructure projects to stimulate short term economic growth. Amidst the Government's stimulus drive, the division envisages private consumption to remain strong. This factor coupled with its affordable offerings, strong consumer brand franchise, and notwithstanding a change in the competitive landscape, the division is cautiously optimistic of continuing growth in the year ahead.

DAIRY  
PRODUCTS

