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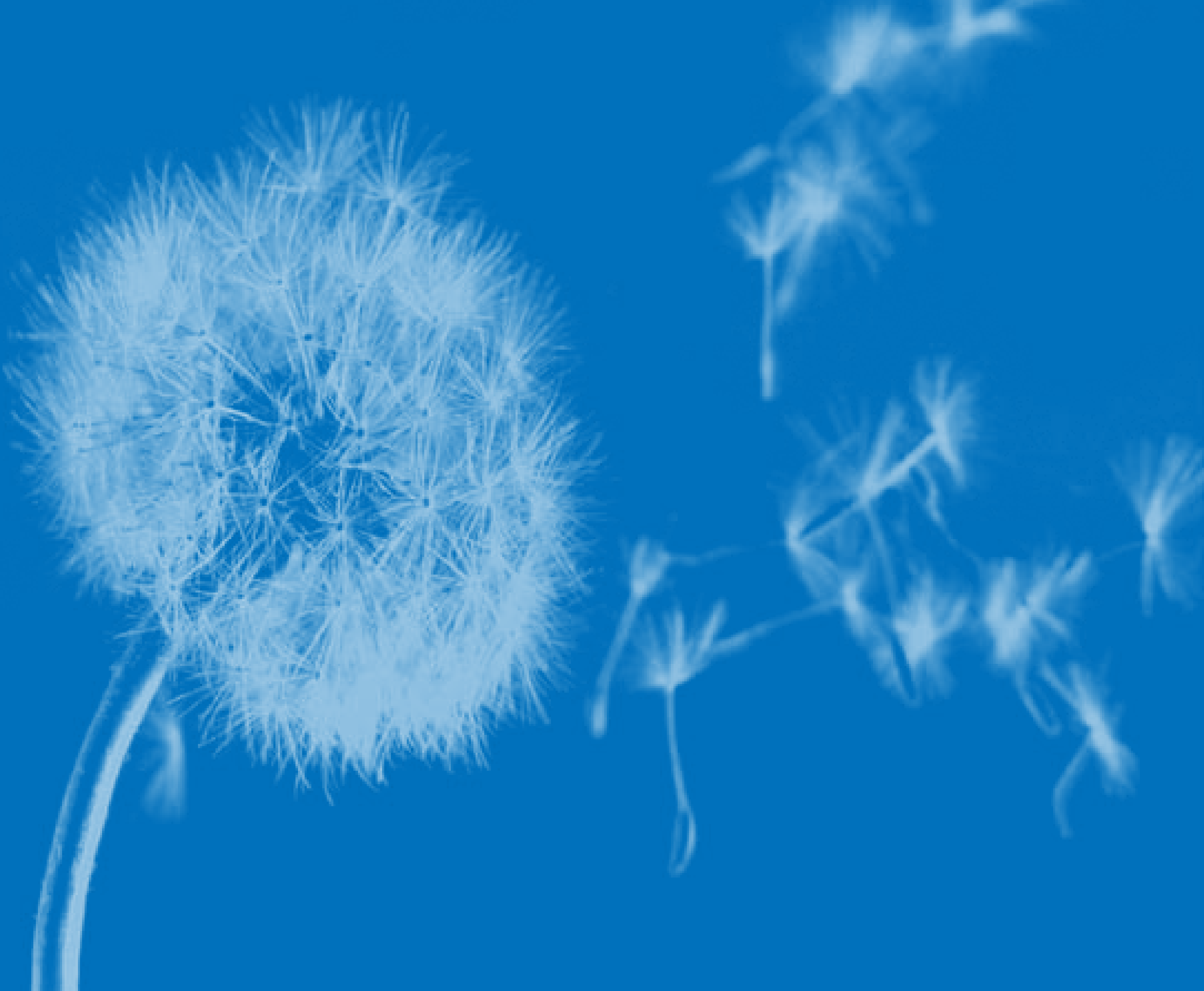
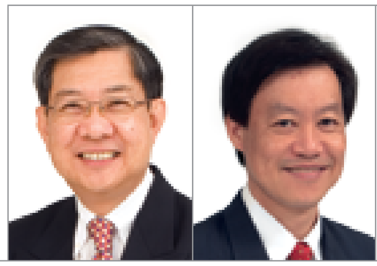


Group Performance Overview

EXCITING BUT CHALLENGING TIMES

The financial year 2006/2007 was both an exciting and challenging one for the F&N Group. On 1 February 2007, new avenues of growth were opened to the Group as F&N officially took over Nestle's canned milk business. F&N's already enviable range of brands were supplemented with new household brands while new product categories and new territories were added to the dairies business. Today, renowned brands such as Carnation, Ideal, Bear, Milkmaid, Milo UHT and Tea Pot are part and parcel of the Group's enhanced brand portfolio.

Heads of Department



Tan Ang Meng (Chief Executive Officer) Joseph Tan Eng Guan (Chief Financial Officer)

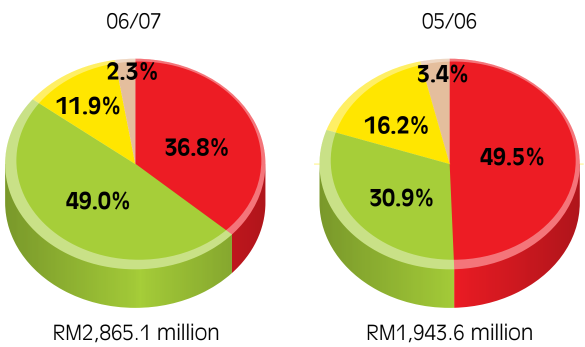
The challenges for the year came in the form of unprecedented cost increases in skim milk, whey powder and palm oil, all of which seriously eroded margins. The effect of these higher costs was compounded by the Nestle acquisition and the resultant doubling of the size of the dairies business. The Group also faced the challenge of having to set up a completely new business in Thailand with annual sales revenue of RM650 million within a very short timeframe.

The soft drinks division had to confront record-high aluminium prices although world sugar prices had softened in comparison to the preceding year and sugar supply had returned to normal. As 65% of the Group's soft drink products are sold in aluminium cans, the cost implications were rather severe.

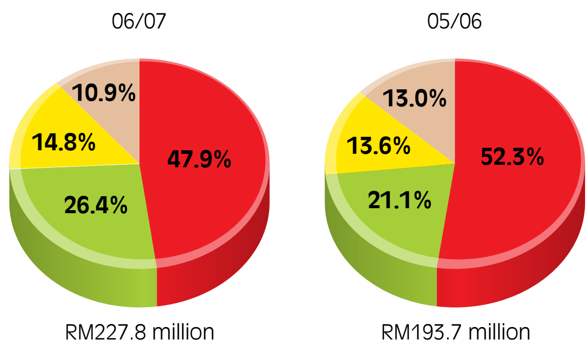
Fortunately consumer sentiment in Malaysia showed marked improvement in the year 2007 and the Group was able to benefit from volume growth, productivity improvements and certain price increases of F&N's main products. The operations in Thailand turned in a small increment in volume and some revenue growth despite weak consumer sentiment. The newly acquired business also contributed to a maiden operating profit in the year under review. Overall, the food and beverage business managed to show improvements in operating profits although margins suffered as a result of higher input costs.

The glass division benefited from the robust economic situation in the countries in which it operates. Supply of glass containers for the region was tight and the glass division

Group Revenue



Group Operating Profit



Soft Drinks Dairy Products Glass Containers Property / Others

Brian Tan Chuen Yeang (Senior Manager, Corporate Planning) | Loong Wei Hin (Senior Manager, Business Development, Export) | Gan Mee Ling (Group Legal Manager/ Company Secretary) | Simon Sim (Group Human Resource Manager) | Ong Kok Choon (Group Internal Audit Manager)

was able to raise production efficiencies and product mix to improve overall margins. Sichuan Malaya Glass in China continued to operate profitably for the second consecutive year.

Phase I of the Fraser Business Park project was officially closed off after the handing over of keys to purchasers. Phase II or Zon.e@Fraser Business Park is about 16% completed and some 75% of the units have already been sold.

By and large, the Group turned in credible results and was able to close off the year on yet another round of record revenue and profit.

ALLOCATION AND MANAGEMENT OF FUNDS

In line with capital demand to invest in the newly acquired business, the Group is evaluating a fund raising programme to raise money from the debt market. As the Group no longer has the benefit of a large cash surplus on its balance sheet, its focus will now shift towards the allocation of capital that will yield superior returns. Going forward, F&N's gearing will remain comfortable and well within the norm as the Group has strong operating cash flows from the business to support these borrowings. In the coming years, the Group will focus sharply on the management of working capital, especially inventories and receivables.

NEXT YEAR'S FOCUS

As outlined in the Chairman's Statement, there are major challenges to be met next year. Management has to ensure that business strategies are executed in a precise enough manner so that the Group will be able to extract the synergies of the enlarged dairies business. At the same time, the Group has to be nimble enough to take advantage of developments in the market place.

In the food and beverage business, the Group will continue to invest further in an already formidable distribution system and IT infrastructure as well as strengthen merchandising, cooler placement and front line sales support.

Together with the respective brand owners, the Group will continue to invest in building strong brands. F&N will also be paying more attention to export opportunities, in particular dairy products to Indochina and Middle East markets.

New capacity for the glass division in Johor Bharu, Sichuan and Thailand will help drive Group revenue. In the property division, Phase II of Fraser Business Park and the imminent launch of F&N's maiden high-end residential project in Ampang will help sustain the Group's earnings.

Soft Drinks

The soft drinks division regained momentum in the year under review to strengthen its dominant position in the marketplace.

Heads of Department

James Teo Hong Beng
(Managing Director)

Khalid Alvi
(General Manager, Sales & Marketing)

STRONGER PERFORMANCE

The division registered revenue of RM1.06 billion, a 10% increase over the RM961.5 million registered in the preceding financial year. The division's operating profits rose 8% to RM109.0 million from RM101.4 million previously. Enhanced economic fundamentals, improved consumer confidence and higher consumption of the division's products during the festive seasons, did much to bolster the soft drinks division's performance.

STRATEGIC MEASURES

Over the course of the year, the soft drinks division strengthened its leadership of the ready-to-drink market in Malaysia by continuing to place an emphasis on its strong brand presence as well as advertising and promotions, product availability and operational efficiency. Several strategic measures were implemented to fortify the division's core strengths, including improving the division's positioning as an efficient, least-cost producer, advocating excellence in sales and distribution activities, as well as encouraging a higher responsiveness within the supply chain. The division's sales department was also restructured to cater to the distinct needs of traditional sales channels and the more modern trade outlets.

Lim Mong Tuan
(General Manager, Sales Operations)

Abdus Sami
(General Manager, Manufacturing)

Phua Khia Goom
(General Manager-Finance)

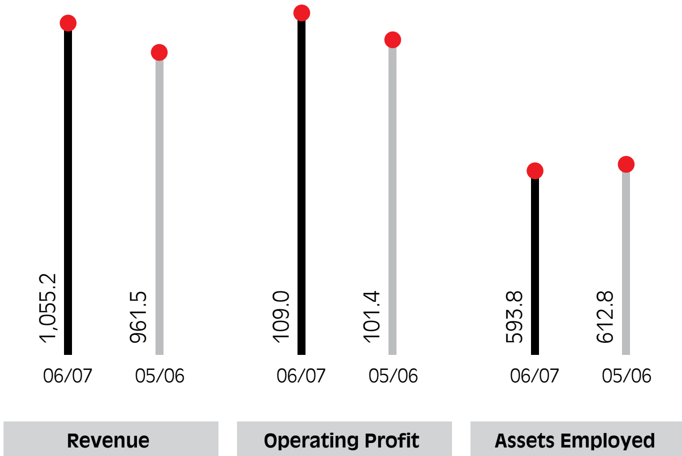
Dato' Haji Kamal Harun
(Corporate Affairs Manager)

MARKET DOMINANCE

The division kept its stranglehold on the isotonic segment with 100PLUS successfully maintaining its market share at over 90% while experiencing double digit growth. Meanwhile, the division's soft drinks portfolio, which is dominated by the Coca-Cola and F&N brands, continued to lead the carbonated soft drinks category.

Under the division's non-carbonated portfolio, SEASONS further consolidated its position as the number two player in the Asian drinks category, by capturing its highest share of the market since its introduction. Within the juice and water category, the Fruit Tree and Aquarius brands continued to experience double digit growth.

Following the acquisition of East Malaysia's largest producer of bottled water, Borneo Springs Sdn Bhd, the division established a new mineral water well at the Kuching plant site and commenced operations at its water plant in Bentong, Pahang. These initiatives have further enhanced the division's dominance of the ready-to-drink market as well as solidified its position as a major Malaysian water producer with mineral water sources in both Peninsular and East Malaysia.



COST MITIGATION

Throughout the financial year, volatility in the global prices of key raw materials, especially aluminium and resin, added continuous pressure on the cost of materials. In order to sustain the division's profitability and mitigate the impact of higher packaging costs, a price increase for cans in the carbonated category was implemented. This price increase had no adverse bearing on the overall volume.

BRANDING ACTIVITIES

The division continued to undertake strategic branding activities which focused on building market share and growing volume for existing products. Efforts were directed at a mix of brand recognition and loyalty activities incorporating various platforms such as TV, radio, endorsements, sponsorships, special events exposure and contests. The following are some of the highlights of the division's brand activities for the financial year as well as an insight into the various awards and accolades garnered:

100PLUS

100PLUS celebrated Malaysia's 50 years of nationhood with the Atasi Segalanya dengan 100PLUS contest. This rank and win contest was aimed at rallying the "rakyat" to celebrate the nation's achievements over the last 50 years. The contest called upon consumers to rank a list of Malaysian achievements and win cash prizes of up to RM50,000. 100PLUS also took the opportunity to showcase the nation's achievements through its creation of the Golden Jubilee Merdeka Series featuring five different designs of limited edition cans.

Following the tremendous success of the inaugural 100PLUS Super Cup football programme in developing junior sports talent, 100PLUS made an investment of RM1.5 million over a two-year period. Last year, more than 100,000 players from 2,000 schools participating in three different age categories benefited from the sponsorship. Moving forward, 100PLUS will continue to contribute towards the development of football in Malaysia, one of eight core sports identified by the Government.

The second edition of the prestigious 100PLUS Malaysian Junior Open saw players from a record nine countries participating in the golf tournament. For 100PLUS, this tournament marks the seventh consecutive year that the brand has sponsored a major junior golf tournament.

100Plus SAM Awards 2006

In line with the 100PLUS' credo, "Outdo Yourself", the brand continued its tradition of inculcating a sporting culture among Malaysians by sponsoring various activities ranging from nurturing young sports talent to supporting established tournaments. 100PLUS' sponsorship of local and international sporting events included the Proton Malaysia Open 2007, Le Tour De Langkawi 2007, BAM Inter-State Junior Championship, Malaysian Cup Prix Championships 2006, SMART Tunnel Run, AmBank KL International Marathon 2007 and various international triathlons. 100PLUS received strong brand exposure in the form of television and newspaper coverage for these events.

In recognition of consumers' continued trust in this brand's consistent offering, 100PLUS secured the Gold award in the Reader's Digest Trusted Brand Award 2007, Soft Drinks Category for the second year running.

F&N

The F&N brand continued its dominance as the refreshment of choice during major festive occasions. F&N soft drinks were the primary brand served at various open house celebrations around the country including the Aidilfitri Open House organised by the Prime Minister's Department.

SEASONS

SEASONS launched its "Soya Has Never Tasted Better" campaign with the aim of imprinting SEASONS as the better tasting soya in consumers' minds.

The Coca-Cola one litre bottle, targeted at small families or individuals requiring an extra serving or two, made its debut as the first carbonated soft drink in Malaysia to be offered in this convenient one litre packaging.

In recognition of its trustworthiness, credible image, quality value, understanding of consumer needs and innovation, Coca-Cola was awarded the Reader's Digest Gold Award for the ninth consecutive year in the 2007 Reader's Digest Trusted Brands Annual Awards.

COCA-COLA

Coca-Cola celebrated Malaysia's 50 years of nationhood with the introduction of limited edition cans focusing on the passions common to all Malaysians - food, music and football.

The division ran Ceriakan Peluang, a consumer contest which offered 11 weekly prizes of Proton Savvy and Proton Neo cars. Carrying the message that opportunities and possibilities become brighter with Coca-Cola, the contest also afforded winners the opportunity to visit the Proton test track in Shah Alam to fully experience the workings of their prize cars. By offering the space on Coke cans to its contest partners for branding purposes, Coca-Cola successfully turned a basic medium into a powerful platform targeting millions of consumers. The contest received due recognition at the Malaysian Media Awards 2007 with a gold award in the Best Use of Small Budget category, a silver award in the Best Use of Ambient/POS category and a bronze award in the Best Use of Sponsorship category.

Coca-Cola achieved another first when its Coca-Cola Bola Kampung advertisement was short-listed in the final line-up for the Cannes Media Lion Award at the 54th International Advertising Festival. The Bola Kampung spot garnered higher-than-expected ratings, beating established top television shows like Akademi Fantasia and American Idol.

Coca-Cola was the inaugural recipient of The Brand Laureate Award for 2006-2007 in the consumer category for soft drinks awarded by the Asia Pacific Brands Foundation. This new award acknowledges branding excellence in the region based on brand strategy, culture, communication, equity and performance.

SPRITE

To grow its market share among its target market segments, Sprite was positioned as the official beverage of the Malaysian Paintball Official Circuit 2007, the first ever international paintball tournament in Asia.

AQUARIUS

The division was involved in the sponsorship of sports activities through its supply of Aquarius mineral water to participants of various sporting events. These included the Little League Soccer Tournament 2007 which saw participation by 50 teams from international schools and private soccer clubs, as well as the Kinta District Soft Ball Inter-school Tournament which involved Under-16 and Under-18 girls teams from ten schools.

QUALITY EXCELLENCE AWARD

The division's Kuching plant achieved another milestone when it won The Coca-Cola Company's Southeast and West Asia Division's Silver Quality Excellence Award. The soft drinks division was also recognised for its adherence to good quality when it was presented with the Regional F&N Quality Excellence Awards for its operations in Shah Alam, Kota Kinabalu, Sandakan, Johor Bahru and Butterworth.

BUSINESS OUTLOOK

Going forward, the soft drinks division will continue to grow its market share within the soft drink segment. Its brand strategy will involve offering unique packaging designs, increasing chilled availability at access points and executing segmented branding and promotional activities. On top of this, the division will employ innovative pricing strategies, improve merchandising and displays, as well as ensure faster speed to market.

With per capita consumption of carbonated soft drinks yet to reach optimum levels, the division will draw on its core strengths to grow this segment aggressively while increasing its competitive edge in the ready-to-drink market. The division will also continue to focus on inculcating a world-class sales and distribution network and improving efficiencies across the entire supply chain. With many of these strategic measures already in place, Management is confident that the division's soft drinks brands will be able to grow its market share and increase sales volume in the coming year.


F&N
ZESTY
ZAPPEL
F&N
COOL
ICE CREAM
SODA
F&N
FLASHY
FRUITADE
F&N
SMASHING

Dairy Products

The dairies division continued to turn in an admirable performance as it underwent exponential expansion in the year under review.

EXPONENTIAL GROWTH

The successful acquisition of Nestle's canned milk, UHT and chilled diary and juice business in February 2007 has expanded the dairies business by over 200% and added RM1 billion in additional sales revenue per annum. As a result, F&N became the largest canned milk player in the ASEAN region. Brands such as Carnation, Milkmaid, Ideal, Cap Junjung, Milo UHT and Bear coming under license to F&N. On top of this, strategic production facilities and equipment in Thailand as well as the Tea Pot sweetened condensed milk brand were acquired from Nestle.

Heads of Department

Tony Lee
(Chief Operating Officer)

Edward Liew
(General Manager-Malaysia)

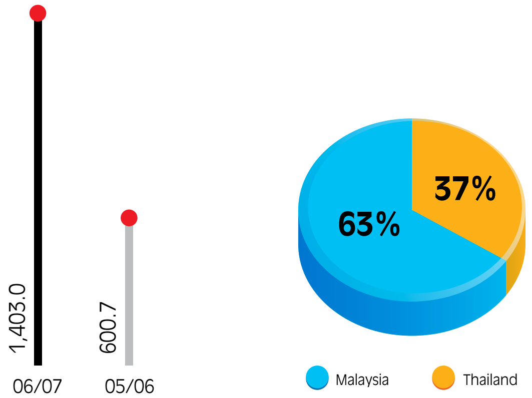
Somsak Chayapong
(Country Head,
Thailand & Indochina)

Ooi Peng Hock
(General Manager-
Manufacturing, Malaysia)

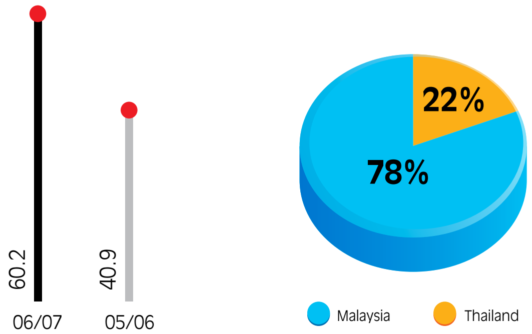
Pratchya Hemsuchi
(Head of Technical &
Manufacturing, Thailand)

The acquisition has provided synergy and economies of scale on the Malaysian front and has aided in the consolidation of the fragmented canned milk market which includes Singapore and Brunei. In Thailand, the dairies operation has become one of the country's top five food and beverage operations and will provide access to the growing markets of Indochina.

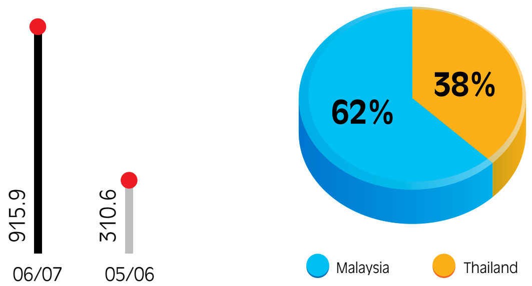
As part of the Group's acquisition strategy, it will invest RM430 million to build two new dairy manufacturing plants in Malaysia and Thailand. The Malaysian operations will relocate its production facility in Petaling Jaya to a new 37.4 acre site at Pulau Indah which will be operational by mid-2010. In Thailand, a site is being identified to relocate the temporary facilities housed within Nestle's Navanakorn facility and the move is expected to be finalised within the next 24 to 30 months.



Revenue



Operating Profit



Assets Employed

** All operations were in Malaysia in the previous year*

MALAYSIA OPERATIONS

COMMENDABLE PERFORMANCE

The Malaysian operations grew its revenue by 47% to RM882.2 million from RM600.7 million previously. The performance is all the more commendable given it was achieved against the backdrop of two price increases within the year and a declining sweetened condensed milk market. The operating profit rose by 14% to RM46.7 million from RM40.9 million previously despite the steep increase in milk powder prices worldwide.

OPERATIONAL EFFICIENCIES

To maintain its competitive edge in the market, the operations focussed its efforts on unlocking synergies through streamlining its operations and emphasising safety and quality. By undertaking manufacturing of the Tea Pot products at the Petaling Jaya factory instead of the Thai factory, transportation costs were reduced and economies of scale achieved from the near 100% increase in sales volume. Moreover, the successful implementation of the OHSAS 18001 accreditation system has helped reinforce the culture of quality within the operations.

MARKET EXPANSION

The Malaysian operations has a vision of being the nation's leading dairy and food marketer with world-class products, standards and capabilities forming part and parcel of its offering. Over the course of the year, it launched several new products thus underscoring the F&N brand promise of enriching peoples' lives.

Under the Pasteurised Juices segment, new products such as Fruit Tree Fresh Mango Nata De Coco, Fruit Tree Fresh Lychee Nata De Coco, Sunkist Orange and Apple, Sunkist No Sugar Added Orange and Apple and Sunkist Lime, were introduced. Within the Pasteurised Milk category, Magnolia Full Cream Milk, Magnolia Skim Milk and Daisy Multigrain were launched. Under the Shelf Stable Milk category, four variants of Magnolia UHT Milk and three variants of Magnolia Sterilised Milk made their debut.

Ice Cream lovers were introduced to Multipack Supremo, Gotcha Zoo Cup, Tropical Sling Lava in orange and grape flavours as well as Mag A Cone Supremo White Chocolate in the Novelty segment. In the Tubs segment, TutiFruiti, Oval and Magnolia Passion were launched.

The year also saw the newly acquired Tea Pot brand as well as the various Nestle brands under license to F&N, all receiving a more refreshing look with label facelifts.

Sesi Teh Tarik F&N

BRANDING ACTIVITIES

The following are highlights of some of the product branding activities implemented by the Malaysian operations as well as some of the awards received:

F&N SWEETENED CONDENSED MILK ("SCM")

F&N SCM continued to enrich consumers' social and personal experiences through creating programmes centred on Malaysia's unique teh tarik culture. The new season of Sesi Teh Tarik F&N, a TV travelogue portraying how teh tarik and F&N SCM impact the lives of Malaysian consumers, continued to generate strong appeal. The programme was complemented by various promotional activities including the hugely popular teh tarik performance in a moving truck. F&N SCM was accorded the Brand Laureate Award by the Asia Pacific Brand Foundation earlier this year and was included in Asia's Top 1,000 Brands 2007 listing published by Media magazine.

F&N EVAPORATED MILK

A series of festive promotions were implemented to strengthen brand affinity and foster emotional bonding between the F&N Evaporated milk brand and its target consumers.

MAGNOLIA

Magnolia took up the position of a dairy brand espousing a healthy lifestyle through its milk and ice cream variants.

Magnolia Pasteurised Milk strengthened its position as the most widely used milk for coffee chains in Malaysia because of its high milk foam producing qualities. The year saw more emphasis being put into developing the retail market for this variant. Magnolia Skim Milk was introduced to cater for health conscious individuals while the new Magnolia Full Cream was targeted at individuals who enjoy a rich taste of milk.

To expand its presence in the huge, yet growing liquid milk market, the Malaysian operations re-entered the UHT milk market through four variants of Magnolia UHT Milk available in single serve and family-sized packs. The operations also continued to strengthen its position in the single serve segment via the introduction of the attractive 150 ml Magnolia Sterilised Milk pack targeted at the growing children's market.

The year under review saw interesting developments taking place in the Magnolia Ice Cream Novelty and Tubs segments where several newly introduced variants garnered good consumer response. The highlight of the year for Magnolia Ice Cream was it being placed third among Asia's top ice cream brands in Asia's Top 1,000 Brands 2007 listing.

Launching Magnolia Passion

FRUIT TREE FRESH

Fruit Tree Fresh continued to make headway in the market by leveraging on the successful "Excite Your Senses" platform as well as concert and movie sponsorships. Positive associations with popular events such as the Sally Yeh concert and Spiderman 3 movie continued to reinforce the brand's innovative, young and vibrant positioning.

SUNKIST

In line with the growing trend towards health and wellness, Sunkist added the Sunkist No Added Sugar Orange and Apple variants to its existing range. Key brand activities included an integrated television commercial and in-store consumer campaign centred on the breaking of fast during the Ramadhan period as well as a Chinese New Year campaign promoting double prosperity imagery.

EXPORT CONTRIBUTIONS

The momentum that dairies exports experienced in the last financial year and which carried through to the new year, was dampened in the second half of the year by a series of price increases brought on by hikes in the price of raw materials,

Brand Laureate Award

notably milk powder. Notwithstanding this, exports continued to make positive contributions to Group turnover with total shipments of some two million cartons. The rebuilding drive in the ASEAN region yielded positive results as seen in the increase in volume shipments and a stronger brand presence.

The traditional sales to Singapore's export unit continued to be sizeable. Going forward, activity in this market will continue to be promoted and sustained. The operations will continue to leverage on F&N's halal certification for canned milk to penetrate into Middle Eastern markets stretching from Iran to Syria.

BUSINESS OUTLOOK

To counter the challenge of unprecedented price hikes in key raw materials, the operations will focus on several cost reduction initiatives which will include keeping closer tabs on yields and material usage as well as varying shift operations to maximise production capacity. The Malaysian operations will also adopt a "make-to-demand" policy to reduce the amount of working capital tied to inventory and bring improvements to inventory levels.

The operations will focus on implementing activities that tie in with the key performance indicators of revenue protection and enhancement, cost reduction and margin improvement, improved asset utilisation, full regulatory compliance and improved product safety. There will also be a renewed emphasis on fostering a customer-focussed culture as well as integrating planning and execution activities.

Under an aggressive market expansion programme put in place, new product application and packaging innovations will be introduced while chillers and freezers will be placed at retail outlets. Investment in brand communications above-the-line activities will also be given priority.

The relocation of production activities from Thailand to Malaysia for the Tea Pot, Carnation and Ideal variants will definitely help enhance efficiency and profitability for the dairies business.

To boost performance for the coming financial year, human capital will be geared up to further strengthen the newly-acquired Tea Pot brand and agency business.

THAILAND OPERATIONS

Following the successful acquisition of production assets from Nestle Thailand and the licensing of specific Nestle trademarks to F&N, the Thai dairies operations have come under the ambit of F&N Dairies (Thailand) Limited ("FNDT"). Commencing business operations on 1 February 2007 with 500 new employees, this wholly-owned subsidiary of F&N Holdings Bhd today boasts improved route-to-market structures and supply chain capabilities.

While sales have been proceeding smoothly as planned, the period under review saw imported milk solids sky-rocketing to a record high in 30 years as a result of a supply shortage and higher demand worldwide. Fuel prices too hovered around USD70+ per barrel throughout the year and recently surpassed USD90 per barrel. With no Thai government fuel subsidies in place (unlike the situation in Malaysia), this has inevitably squeezed margins as price increases usually lag behind cost increases.

ADMIRABLE PERFORMANCE

For the eight months till 30 September 2007, FNDT registered revenue of RM634.8 million, of which RM225.6 million represented exports to the Malaysian operations and third parties. The remaining revenue of RM409.2 million from domestic sales (including RM22.0 million in sales to markets in Indochina) was achieved against the backdrop of slow economic growth, political uncertainty and weak consumer sentiment. Taking into account the challenging operating environment as well as the high input costs and start-up expenses, FNDT's RM13.5 million operating profit for the period was admirable.

Launching of Bear Brand 0% fat milk

COST SAVINGS

FNDT has put in place several cost savings initiatives that have started to mitigate margin pressures on its operations. These measures include the introduction of enhanced efficiencies in the production process, an alternative and more cost competitive supply, route changes as well as direct deliveries to customers in the secondary supply chain to shorten delivery time and reduce costs.

CONTINUOUS MARKET GROWTH

Following the commencement of FNDT's business in February 2007, the Thailand operations brought these brands under its ambit: Bear Brand, Carnation and Carnation Extra in the Sweetened Condensed Milk and Evaporated Milk category; Bear Brand and Bear Brand Gold in the Sterilised Milk category; Bear Brand and Milo in the UHT Milk & Beverage category; and Bear Brand, Milo and Nestle in the Pasteurised Diary and Juice Products category. All categories continued to show growth over the first eight month of FNDT's operations.

The Sweetened Condensed Milk and Evaporated Milk portfolio, one of FNDT's core businesses, contributed 43% of domestic revenue. The Evaporated Milk and Sweetened Beverage Creamer variants both recorded another successful year with a remarkable 20% growth.

The launch of the new Carnation Extra led to an increase in the customer base when consumers who were attracted by its value-for-money proposition, switched over from competing brands. Carnation also maintained its strong market leadership position in the Thai market with 48.3% market share due to its food product quality and integrity among consumers and food operators.

In the Sterilised Milk category, FNDT maintained its dominant market position at 99% of market share with its Bear Brand Sterilised Milk and Bear Brand Gold variants. The latter variant, being a high premium product, continued to generate good margins for FNDT.

FNDT's UHT Milk portfolio, comprising the Milo UHT energy food drink and Bear Brand UHT milk beverage, continued to be entrenched strongly among consumers. Milo was re-launched in the market as Milo Activ-B with a higher vitamin and mineral content, while the trusted Bear Brand continued to enjoy popularity due to its long heritage in Thailand.

FNDT's chilled Pasteurised Products portfolio comprising 100% orange juice, mixed vegetable juice, full fat and low fat variants as well as whipping cream, continued to make inroads into selected retail and food service channels on the strength of its high quality. The pasteurised products market is growing by approximately 15% each year in line with consumers' preference for healthier lifestyles.

Chilled juice products marketed in niche segments under the Nestle brand registered double digit volume and value growth. However, chilled dairy products continued to face severe pressure from competing brands in the areas of pricing and trade discounts. From early 2008 onwards, all chilled products will be sold under the F&N brand whereby innovative and functional products and pack size extensions will be brought into play to better meet consumers' needs.

BRANDING ACTIVITIES

FNDT undertook various branding initiatives in the financial period to further enhance the competitive position of its brands in the Thai market. The following activities were carried out:

Street vendors

SWEETENED CONDENSED MILK & EVAPORATED MILK PORTFOLIO

A campaign highlighting outstanding street vendor decorations was implemented to enhance Carnation's visibility among consumers and foster brand loyalty among food operators. The campaign covered beverage, food, ro-tee and Thai custard outlets and saw some 5,200 decorative sets being set up nationwide.

In line with the strategy of increasing consumption through the innovative application of milk foam, Carnation Evaporated Milk and Carnation Extra demonstrated their unique qualities in a way that no competitors could match. The "foaming ability" campaign sought to educate food operators on the best way to make an easy value-added cup so that they could increase price and profit per cup. Demonstrations and wet sampling activities helped garner attention and create excitement for operators.

STERILISED MILK PORTFOLIO

August 2007 saw the launch of the 140 ml can-size Bear Brand 0% fat milk variant, the first non-fat sterilised milk in Thailand. Aimed at the new generation of consumers who prefer innovation, health and wellness, the launch involved 360-degree sales and marketing activities including a new TV commercial.

UHT PORTFOLIO

In late 2007, the new 125 ml Milo Activ-B pack size for young children was launched. Milo was also the main sponsor of the 24th SEA Games in Bangkok, Thailand in December 2007. The latter event underscores FNDT's corporate social responsibility contribution towards promoting sports in Thailand. To enhance the visibility of UHT Milo and promote chilled Milo consumption, some 5,000 chillers were decorated nationwide. The year also saw the launch of Bear Brand's new packaging and enhanced nutritional content to promote growth and brain development in children.

Visibility of UHT Milo

EXPORTS TO INDOCHINA

F&N's current presence in Indochina (covering the geographies of Myanmar, Cambodia and Laos), is rather modest. The Group registered revenue of RM22.0 million for the eight month period up till 30 September 2007 where the bulk of sales were made in Cambodia and Laos. As F&N sets its sight on entering Vietnam in 2008 as well as tapping Indochina's large population of some 165 million people, it is anticipated that the Indochina business will grow significantly in the future. FNDT will leverage on its current strengths and introduce new products portfolios to make headway in Indochina.

F&N CONSUMER HOTLINE

In line with FNDT's commitment to meeting customer needs, the F&N Consumer Hotline was launched in May 2007 to provide a communication bridge between the company and consumers, customers and business partners. The Consumer Hotline will help detect business issues affecting customers and consumers as well as help provide feedback so proper decision making and remedial action can be carried out promptly. To promote awareness of the new hotline, FNDT has been printing the hotline number and company name on all packaging since July 2007.

BUSINESS OUTLOOK

With Thailand's general election expected by end of 2007, the Thai economy is expected to improve in 2008. The return of consumer and business confidence will benefit the business community as well as FNDT who is anticipating further growth in volume, revenue and profitability.

Going into 2008, FNDT will focus on penetrating the Vietnam market, launching F&N brand chilled products and introducing new products with higher margins under the F&N banner in the later part of the year.

Glass Containers

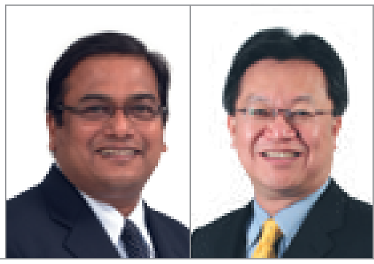
The glass division turned in a sterling performance and registered record profits for the year under review.

RECORD PERFORMANCE

The division achieved an operating profit of RM33.6 million on the back of revenue of RM342 million – a 27% and 9% increase respectively over the preceding year's operating profit of RM26.4 million and revenue of RM314 million. The division's outstanding performance was attributable to improved operating, sales and marketing performance by three of its four glass container operations.

While three of the division's operations in China, Vietnam and Malaysia (Johor Bharu) exceeded their performance targets in terms of production outputs, costs controls as well as sales and marketing metrics, the Malaysian plant in Petaling Jaya faced significant operational issues due to ageing machineries and furnaces. Notwithstanding this, the glass division on the whole recorded double digit improvement in key performance metrics as well as the highest profits since its inception.

Heads of Department



Mogan Muniandy (General Manager)

Chin Chee Wah (General Manager-Sichuan Malaya Glass)

IMPROVED PERFORMANCE IN MALAYSIA

In Malaysia, a relentless focus on improving efficiency and product margins as well as on containing costs of the two local manufacturing plants, contributed to the division's stronger overall performance. In the Malaya Glass Products plant, the rebuilding of the M1 furnace is underway with its commercial run planned for the second quarter of 2008. Kuala Lumpur Glass Manufacturers' ageing machines were

Jamie Lim
(General Manager-
Malaya Vietnam Glass)

Raymond Lee
(General Manager-
Thai Malaya Glass)

George Brook
(General Manager-
Operations)

Lee Hong Cho
(Deputy General Manager-
Project & Technical Services)

George Yeow
(Financial Controller)

refurbished to improve their operational performance while oxy boosting was tapped to improve production capacity and lower costs.

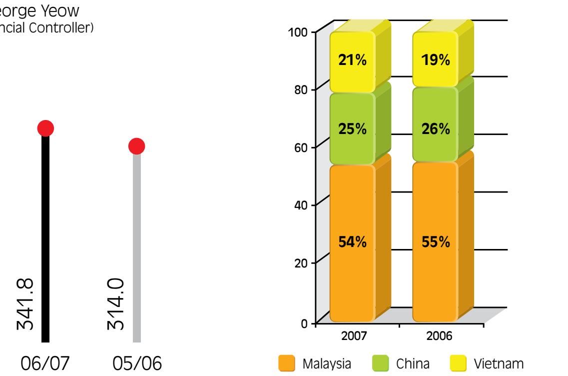
ROBUST OPERATIONS IN CHINA

Operating at full capacity, Sichuan Malaya Glass more than doubled its profits over the preceding year. The operations registered strong demand as a result of the innovative and good quality bottles. The plant's advanced technology and quality manufacturing systems were put to good use to capture sizeable orders from higher margin multi-national customers including internationally recognised brands such as Heineken, Budweiser, Tiger & Coca-Cola.

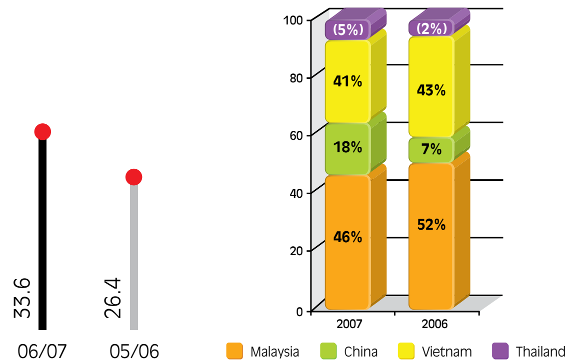
To meet rising demand, construction work on the plant's new 250 tonnes per day furnace and three production lines began in early 2007 and project timelines are on schedule with a commercial run expected by mid-2008. Favourable market conditions in China, cost leveraging and selling price improvements are expected to significantly improve the future prospects and profitability of the China operations.

RECORD PROFITS IN VIETNAM

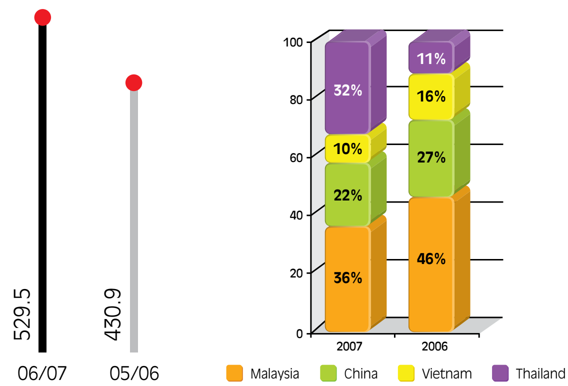
The Vietnam operations continued to maintain its consistent strong performance and recorded its highest profit level since its inception in 1993. A feasibility study is being conducted on the Indochina market to explore further investment opportunities in Vietnam and how best to capitalise on the export segment.



Revenue



Operating Profit



Assets Employed

STRONG HEAD-START IN THAILAND

In Thailand, following the heating up of state-of-the-art USD43 million glass plant on 21 August 2007, the plant commenced its commercial run on 1 October 2007. The Thai plant is F&N's fifth and incorporates a 250 tonne per day furnace and three production lines. At the time of writing, the Thai plant has already secured an order book for the first seven months of its annual capacity.

With this plant coming online, the glass division is today the only regional glass container manufacturer that is able to offer multi-national customers sourcing from five plants in four East Asian countries. To fully exploit the plant's market potential, studies will be conducted in 2008 to analyse how best to utilise a second furnace to expand the plant's production capacity.

BRANDING ACTIVITIES

The glass division is positioning itself to make its presence known in the West. It is looking to increase its export to niche markets in Europe as well as to further strengthen its position in Australasia. In line with F&N's commitment to protect the environment and serve the communities it operate in, it is also spearheading recycling activities in Malaysia and Singapore.

Tengku Syed Badarudin greeting Mr Vanich Chaiyawan, Vice Chairman of Thai Asia Pacific Brewery Co. Ltd at the furnace heating up ceremony in Thailand

Production line at the new plant

BUSINESS OUTLOOK

Going forward, the glass division will set its sights on building a sustainable and profitable regional business with strong earnings and revenue growth. To this end, the division will pursue a strategy of product innovation, quality and cost competitiveness to maintain its dominance in existing and new markets.

While all of the Group's glass container manufacturing operations have had to contend with price hikes in relation to raw materials, energy and other operational expenses, the division is looking forward to improved profitability in the coming financial year. Much of this is expected to come from further improvements in operational efficiency, increased production and higher margin sales.

Property

F&N's property division continued to contribute sustainable income to the Group through projects that featured product innovation coupled with an ICT-centric theme.

HEALTHY RETURNS

Over the course of the financial year, the division completed and handed over Phase I of Fraser Business Park to purchasers. The transformation of F&N's former factory land into prime commercial office and retail space has not only benefited the Group, it has also provided purchasers with very healthy returns within a very short timeframe.

Capital returns for the five and six-storey shop offices in Phase I have shot up with some units being sold at more than 50% over the initial purchase price. Purchasers have been realising healthy returns on their investments as they selectively rent out their shop offices or dispose of their entire units and benefit from the real property gains tax waiver. At the time of writing, market sentiment continues to drive up the value of the properties within Fraser Business Park.

Heads of Department

Cheah Hong Chong
(General Manager)

Raymond Chong
(Senior Manager)

Following the completion of the Group's brand new headquarters at Fraser Business Park, F&N employees shifted out of the temporary offices in Menara Great Eastern in June 2007 to occupy some 58,000 square feet of gross floor space at the new premises.

CREATING VALUE

Drawing upon the success and experience of developing Phase I of Fraser Business Park, the division is focusing on creating and unlocking further value in Phase II of Fraser Business Park known as Zon.e@Fraser Business Park.

Bay Hee Choon
(Project Manager)

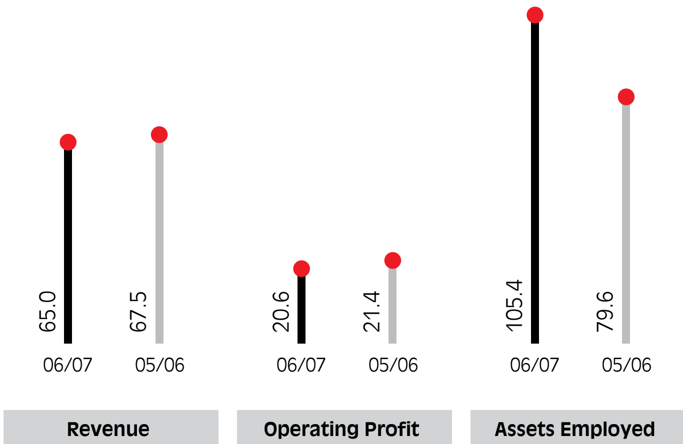
Pua Wah Lum
(Project Manager)

Jackie Yap
(Sales & Marketing Manager)

Thian Yin Yin
(Finance Manager)

Positioned as the region's first purpose built ICT-hub to be equipped with cutting-edge digital technology, the RM350 million Zon.e integrated commercial development will feature dedicated ICT retail business lots, Malaysia's first budget e-hotel, the city campus of a university college and serviced apartments.

Negotiations with a renowned university college to set up its city campus within Zon.e intensified during the financial year and closure is expected by the next financial year. Site works for Zon.e commenced in December 2006 and to date some 75% of the project has been taken up.



MAIDEN RESIDENTIAL PROJECT

The division is closer to fulfilling its aspirations of entering the lucrative niche residential market with the impending launch of its first high-end residential development named "Ampang Hilir 233". Situated along the prestigious "Embassy Row" in Jalan Ampang, the Group's maiden residential project featuring 434 serviced apartments, complementary office suites and retail lots is targeted at buyers looking for quality high-end residential units in a prime location.

Fraser Business Park

BRANDING ACTIVITIES

In line with the need to build a stronger brand image and improve on customer service efforts in the property sector, the division has built a dedicated property gallery and staff up its in-house sales and marketing team. Come 2008, the division will realise its aspirations of owning its own identity once F&N Properties Sdn Bhd is set up.

BUSINESS OUTLOOK

With existing projects underway and new projects in the pipeline, the property division will continue to contribute sustainable income to the Group. The division will also draw upon its successful track record in property development to continue unlocking further value in its projects.

Other than Fraser Business Park, other good value commercial development projects at F&N's existing factory sites can be expected down the road. The Group is currently exploring the viability of undertaking development projects on land which is ripe for development.

Going forward, the property division has set its sights on exploring innovative opportunities that will provide continued sustainability to the Group. As part of its distinct signature offering, the division will continue to roll out the ICT-centric theme for all commercial and residential projects. It will also explore collaboration with reputable institutions and brands to develop value-added products that will complement F&N's own projects.

Ampang Hilir 233 serviced apartment show unit

Zon.e integrated commercial development work in progress

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Human Resources

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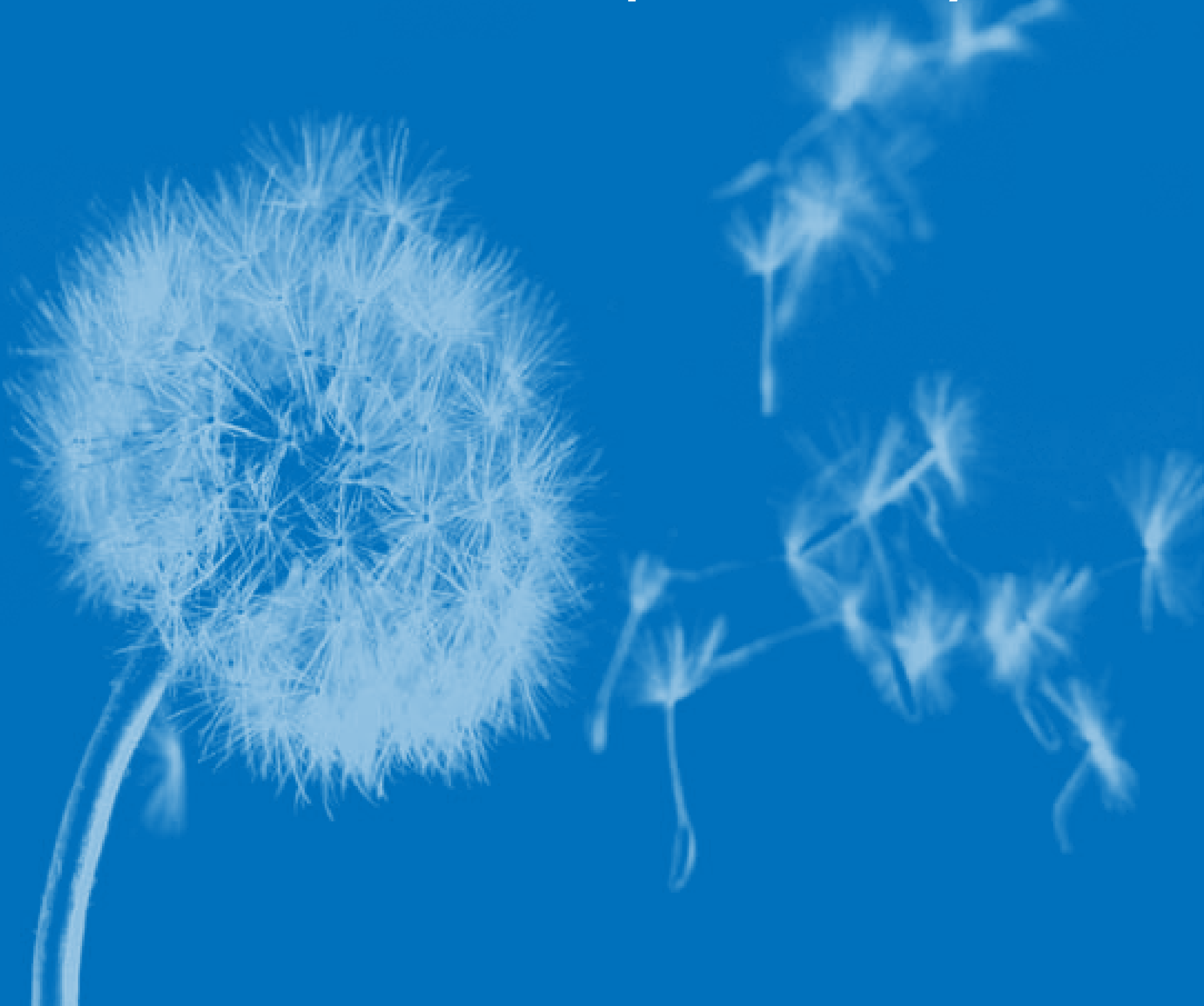
Corporate Social
Responsibility

Corporate Responsibility



Human Resources

HUMAN CAPITAL

The Group's Human Resource undertook some exciting initiatives in the year under review in its efforts to strengthen and develop the Group's human capital.

ACCELERATED RECRUITMENT

At the beginning of the financial year, Group Human Resource embarked on a massive recruitment drive in Thailand to create the workforce for new entity F&N Dairies (Thailand) Limited ("FNDT"). Within a remarkably short three-month time-span over 500 people were absorbed into FNDT which commenced operations on 1 February 2007.

TRAINING AND DEVELOPMENT

Training programmes continue to drive human capital development within the Group. The year under review saw the introduction of exciting programmes incorporating innovative techniques such as neuro-linguistic programming and creative thinking. These programmes helped equip employees with the skills required to make effective presentations as well as taught them to be more dynamic and persuasive.

"Technical & Manufacturing - Winning As One" convention in Bangkok

PRESERVING HARMONY

The Group believes in maintaining a harmonious industrial relations environment through preserving and creating open channels of communication that enhance employer-employee relations. During the course of the financial year, three collective agreements were brought to their conclusion while wage adjustments continued to remain competitive in tandem with increases in the cost of living.

Signing of Collective Agreement with the Employee's Union of F&NCC

The Group achieved yet another milestone in union relations when two unions within the soft drinks division merged to become one entity. The exercise involved intricate mechanisms which ranged from according recognition to registering dissolutions. The importance of the exercise was underscored by the presence of the Minister of Human Resources, YAB Dato Seri Fong Chan Onn at the official signing of the agreement. The merger has afforded F&N a more uniformed grouping of the unions representing a particular category of worker and has proven to be beneficial to both the unions and the Group.

ENSURING CONTINUITY

F&N is committed to creating a reservoir of talent for key executive positions as well as its middle, senior and top management-level employees via talent management, talent development and succession planning programmes. These programmes aim to ensure the continuity of F&N's leadership by having in place a suitable pool of successors for all the Group's key positions. They also seek to enhance employee competencies and skills as well as balance out the personal development plans of employees with the Group's long-term needs.

F&N CHAIRMAN'S AWARDS

The Group recognises the importance of developing a younger generation that has the calibre to ensure the continued progress and prosperity of the nation. Under the F&N Chairman's Awards for Educational Excellence, the Group accorded due recognition to 162 children of employees from the Group's soft drinks, dairies, glass and holdings entities operating in five regions throughout Malaysia.

These children were commended for being high achievers in governmental examinations and for attaining entry to tertiary institutions. The Group awarded a total of RM204,500 to these deserving high achievers. The Chairman's Award scheme was initiated with an initial allocation of RM1.2 million in 2003 to celebrate the Group's 120th anniversary.

Going forward, Group Human Resource will continue to strengthen and develop its human capital to meet the growing needs of F&N's expanding businesses.

Chairman's Award 2007

Corporate Social Responsibility

Corporate social responsibility ("CSR") is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

- World Business Council for Sustainable Development
Netherlands, Sept 1998

The F&N Group is committed to being a responsible member of the community via its conduct of business in an ethical manner, through its recognition of and positive response to societal priorities, and through its meeting and exceeding regulatory expectations. This commitment guides the Group's CSR programme and underscores its obligation towards all stakeholders comprising customers, consumers, employees, shareholders, business partners, the Government and the various communities in which the Group's businesses operate in.

Over the course of the financial year, the Group's undertook numerous initiatives that impacted positively on the elderly and orphans within local communities as well as the nation's youth in the area of sports development, while bringing about educational and environmental benefits in other areas.

CARING FOR THE COMMUNITY

A "Sudut Iqra" or "knowledge corner" was set up in a Perlis orphanage to encourage reading and learning. One of the first of many such projects to be implemented throughout Peninsular Malaysia, it involves the provision of reading materials and reference books to assist underprivileged children in their school work. Conceived by the Group's soft drinks division, the knowledge corner is a concerted and sustained programme that is designed to promote reading through regular competitions such as quizzes to determine the most prolific readers.

The F&N Group also went to the aid of victims of the Johor floods by donating fresh supplies to the Red Crescent for evacuees at flood relief centres and the village areas. Excellent teamwork by F&N's Johor sales team ensured that the transfer of some 48,000 cans of Sweetened Dairy Creamer and 18,000 bottles of Aquarius mineral water to the Red Crescent branch in Johor went through without a hitch. Financial assistance from Malaya Glass Products in Johor Bahru helped ease the burden of its employees affected by the floods in Kota Tinggi and enabled them to rebuild their homes. Employees unaffected by the floods chipped in with additional funds and helped flood victims clean up their homes during their rest days and weekends.

Presenting Sweetened Dairy Creamer to the Red Crescent for Johor flood victims

Sudut Iqra' - F&NCC's Reading & Discovery Corner at Rumah Yayasan Saad

Pre-Chinese New Year celebration at Yayasan Sunbeams Home

Distributing Aquarius mineral water to the Johor flood victims

"Sejahtera Raya Bersama Ideal" campaign

F&N Dairies Malaysia brought early Ramadan cheer to six different organisations in Malaysia with its donation of Ideal Evaporated Milk for the preparation of buka puasa cakes and delicacies under its 'Sejahtera Raya Bersama Ideal" campaign. The six beneficiaries were the Police Families Association, Women's Aid Organisation, Single Mothers Association of the Federal Territory and Selangor, the Lighthouse Children's Welfare Home Association, the Good Samaritan Home and the House of Joy.

ENVIRONMENTAL CONCERNS

To inculcate a good recycling habit among young school children, F&N Coca Cola ("F&NCC") and the Shah Alam City Council ("MBSA") launched a three-month recycling campaign. The "Kempen Kitar Semula F&NCC dan MBSA 2007" involved children from 25 schools within Shah Alam and aimed to create awareness about how recycling could help preserve the environment. Alam Flora Sdn Bhd and the Petaling District Education Office provided assistance with refuse collection and organised mini exhibitions at participating schools. A total of 98 tonnes of recycled items was collected by the schools.

Let's recycle

The in-house PET bottle-blowing plant located within F&NCC's manufacturing facility in Shah Alam has helped do away with the need for more than 4,800 lorry trips from supplier PET Far Eastern's plant in Johor. In setting up the new plant, logistics, storage and handling costs have been reduced, overall efficiency and quality control has been boosted and the environment has been preserved.

At F&N's glass division, recycling initiatives involving the increased usage of cullet or broken glass has not only reduced production costs by as much as 2.5% for each 10% increase in cullet usage, but more importantly, it has helped preserve natural resources and reduced emission and pollution. Malaya Glass Products is working closely with the relevant federal government agencies, local authorities, hotels and restaurants to facilitate the recycling process.

Inculcate good recycling habit among school children

Within F&N Dairies' manufacturing operation in Malaysia, cleaner technology and a joint initiative with Gas Malaysia to utilise LNG over traditional fuel has helped achieve energy savings of RM2.6 million every year since 2004. A continuous

F&NCC and MBSA recycling campaign 2007

training programme aimed at inculcating a "leaner manufacturing" mindset and the constant upgrading of plant equipment have resulted in a rate of efficiency surpassing 6% of the plant's effective capacity as at March 2007.

In Thailand, F&N Dairies Thaliand ("FNDT") initiated two projects at its Navanakorn factory which resulted in energy savings relating to water and steam in the Liquid Milk Processing Line. Overall the factory achieved total savings of 12.6 million litres of water per year (a 4% improvement compared to 2006) and cost reductions of 1 million baht. Evaporator steam consumption was reduced by 135 kg per ton in 2007 resulting in cost savings of 11 million baht compared to the previous year.

ENSURING SAFETY AT WORK

F&N Dairies Malaysia became the first manufacturer in Malaysia to receive Focus International Australia's Occupational Health and Safety Assessment System ("OHSAS") 18001:1999 certification in February 2007. The benefits of the Safety

Briefing on safety at work

Management Systems include a reduction in lost-time injuries and improved morale, real cost reduction and improved profitability, enhanced performance in non-safety areas as well as improved company reputation and relationships with the regulatory authorities. During the first eight months of the year, the year-on-year accident rate was reduced by 21.4%.

The glass division continues to implement its annual safety awareness programme that aims to raise awareness and educate employee on safety practices so that they can collectively maintain a safe and conducive working environment. Representatives from the various departments were identified and trained to lead rapid-response teams in the event of emergencies. The rate of industrial accidents for the financial year 06/07 was reduced by 12% compared to the previous financial year.

Fire drill

F&NCC continues to roll out its ongoing Occupational Health & Safety ("OHS") initiatives which include OHS training, the implementation of a central controlled Safe Work Permit, fire evacuation drills, periodic checks by specialists, certification audits by regulatory authorities and hazardous work controls. All of these initiatives helped reduce the number of accidents and workdays lost during the year.

Training on health and safety

FNDT's Navanakorn factory continues with its systematic implementation of the Safety & Environment Management System incorporating safety meetings, safety inspections and emergency response plans. Under its Safety, Health & Environment ("SHE") programme, safety training and refresher awareness courses are conducted for new employees, contractors, forklift drivers and safety officers to ensure stringent safety standards are adhered to at all times. Industrial hygiene and environmental monitoring is conducted regularly in relation to air quality, noise levels and lighting in work areas and heat stress management tests. As a result, the Lost Time Injury Frequency Rate and Environmental Compliance Incident Rate both stood at zero respectively as at September 2007.

SPORTS SPONSORSHIP

F&NCC is among Malaysia's most prominent sponsors of sporting events. F&NCC brands such as Coca-Cola and 100PLUS play a key role in unearthing and developing a continuous pool of Malaysian sportsmen and sportswomen. Among the many high-profile branded events are the 100PLUS SAM Award 2006, 100PLUS Malaysian Junior Golf Open 2007, Le Tour De Langkawi 2007, 100PLUS National Junior Circuit Badminton Grand Finals 2007, 100PLUS Super Cup U12, U15 and U18 Football National Tournament and the Proton BWF World Championship 2007.

Star Walk

100Plus SAM Award 2006 presentation ceremony

Le Tour De Langkawi

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Corporate Governance

Statement on Corporate Governance

Introduction

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

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

The Board

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

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

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

1) **Composition and Board Balance**
The Company's Articles of Association currently provides for a board composed of a maximum of 11 directors. The present Board comprises 10 directors, whose varied skills and vast experience are relevant to the Group's business operations.

The mix of directors on the Board is broadly balanced to reflect the interests of major shareholders, management and minority shareholders. Of the 10 directors, five are nominees of the two largest shareholders and four are independent. The 10th member is the CEO. With the exception of the CEO, all directors are non-executive directors.

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

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

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

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Tengku Syed Badarudin Jamalullail	# ▲ (7/7)	▲ (5/5)	▲(1/1)	▲(2/2)
Tan Sri Dato' Dr Lin See Yan	# ▲ (7/7)	▲ (5/5)	▲(1/1)	
Datuk Fong Weng Phak	▲ (7/7)	▲ (5/5)		
Lee Kong Yip	▲ (7/7)			▲(2/2)
Leslie Oswin Struys	# ▲ (7/7)	▲ (5/5)	▲(1/1)	▲(2/2)
Tan Ang Meng	▲ (7/7)			
Dr Han Cheng Fong (resigned on 8 Oct 2007)	▲ (7/7)		▲(1/1)	▲ (2/2)
Anthony Cheong Fook Seng	▲ (7/7)	▲ (5/5)	▲(*)	▲(*)
Dato' Dr Mohd Shahar bin Sidek	▲ (6/7)			
Dato' Anwarrudin bin Ahamad Osman	# ▲ (5/7)	▲ (5/5)		
Dato' Dr Nik Norzrul Thani bin Nik Hassan Thani	▲ (7/7)			
Dr Kwok Kain Sze (ceased to be Alternate to Dr Han Cheng Fong on 8 Oct 2007)	▲ (6/7)			
Wang Eng Chin (Alternate to Anthony Cheong Fook Seng)	▲ (7/7)			

Note: ▲ denotes membership and ( ) indicates meetings attended out of the total scheduled meetings held since the beginning of the financial year or appointment date. # denotes an independent member of the Board. (*) appointed as a member of the Nominating and Remuneration Committees on 2 November 2007

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

All Nominating Committee members attended the sole meeting scheduled during the year. Proposed changes in the composition of the main Board, committees and subsidiary boards were reviewed at this meeting prior to the submission of recommendations to the Board. The directors also reviewed and kept abreast of developments in the area of board performance assessment.

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

A separate report on the activities of the Audit Committee is contained on pages 66 to 68 of this Annual Report.

3) **Access to information**

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

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

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

Remuneration

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

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

Fees payable to the Company's directors are subject to yearly approval by shareholders at the Company's AGM. The aggregate director's remuneration paid or payable to the directors of the Company and its subsidiaries for the financial year ended 30 September 2007 are as disclosed in the financial statements.

Directors' Training

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

The directors do attend training, from time to time, to keep them abreast of current developments as well as the new statutory and regulatory requirements. In addition to this, the Group organises training programmes for directors.

Shareholder and Investor Relations

The Board recognises the need for and the importance of effective communication with shareholders and the investment community. The AGM is especially important for individual shareholders as it provides the main forum for direct dialogue with the Board. The 45th AGM of the Company was held on 17 January 2007 at Hotel Nikko Kuala Lumpur. The Notice of Meeting attached to the Annual Report was distributed to the shareholders. The AGM in 2007 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholders represented 65.49% of the issued share capital. There was a forum for the shareholders to raise questions or issues at the AGM regarding the Group's performance in 2005/06, which the directors appropriately addressed.

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

Accountability and Audit

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

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

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

3) **Relationship with external auditors**
   The external auditors attended all the scheduled meetings of the Audit Committee during the year. These quarterly meetings enabled the exchange of views on issues requiring attention. The role of the auditors and their participation during the year are stated in the report of the Audit Committee on pages 66 to 68 of this Annual Report.

   The Group paid Ernst & Young approximately RM943,000 for professional services rendered in connection with audits and related services for the financial year ended 30 September 2007.

4) **Compliance with the Code**
   The Company has complied with the Malaysian Code and observed its best practices throughout the year.

This statement was made in accordance with a resolution of the Board dated 6 November 2007.

Report on Audit Committee

The Board is pleased to present the following report on the Audit Committee and its activities during the financial year ended 30 September 2007.

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

Members and Meetings

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

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

Name	**Attendance**
Independent	
Tan Sri Dato' Dr Lin See Yan (Chairman)	5 of 5 meetings
YAM Tengku Syed Badarudin Jamalullail	5 of 5 meetings
Leslie Oswin Struys	5 of 5 meetings
Dato' Anwarrudin bin Ahamad Osman	5 of 5 meetings
Non-Independent	
Datuk Fong Weng Phak	5 of 5 meetings
Anthony Cheong Fook Seng	5 of 5 meetings

Terms of Reference

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

Membership

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

Authority

1. The Committee shall have the authority to investigate any matters within its terms of reference, or as otherwise directed by the Board, to determine the resources required and to have full access to any employees for information.

2. The Committee is authorised to seek independent professional or other advice when needed as well as to secure the attendance of outsiders with relevant expertise if it considers this necessary.

Terms of Reference

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

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

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

4. The duties of the Committee shall be as follows:

    a) To consider and recommend the appointment of the external auditors, their remuneration and any issues regarding their performance.

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

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

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

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

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

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

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

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

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

Activities of the Committee

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

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

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

Internal Audit Function

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

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

At the end of the financial year, the department had seven employees. Thirty audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

This report was made in accordance with a resolution of the Board on 6 November 2007.

Statement on Internal Controls

Responsibility

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

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

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

Risk Management

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

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

Management Processes and Control Framework

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

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

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

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

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

Monitoring and Review

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

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

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

Pursuant to paragraph 15.24 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the annual report for the year ended 30 September 2007 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Summary

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

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

This statement was made in accordance with a resolution of the Board of Directors dated 6 November 2007

Statement on Directors' Responsibility

As required under the Companies Act 1965 ("Act"), the Directors on page 79 of this annual report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 30 September 2007.

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

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

This statement is made in accordance with a resolution of the Board dated 6 November 2007.

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DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2007.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	165,577	249,843
Minority interests	(12,706)	–
Net profit for the year	152,871	249,843

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 2.3 to the financial statements.

EXECUTIVES' SHARE OPTION SCHEME

The Company's Executives' Share Option Scheme ("ESOS") which is governed by its by-laws was approved by the shareholders at the Extraordinary General Meeting held on 5 April 2007. The ESOS is effective 1 October 2007, however no allocation has been made.

TREASURY SHARES

At an extraordinary general meeting held on 5 April 2007, the Company's shareholders approved the Company's plan to repurchase its own share. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 165,500 of its issued ordinary shares from the open market at an average price of RM7.03 per share. The total consideration paid for the repurchase including transaction costs was RM1,168,464. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and further relevant details are disclosed in Note 18 to the financial statements.

DIVIDENDS

The amounts paid by way of dividend by the Company since 30 September 2006 were as follows:

(i) A final dividend of 29 sen less taxation amounting to RM75.5 million in respect of the previous financial year was paid on 5 February 2007; and

(ii) An interim tax exempt dividend of 12 sen amounting to RM42.8 million in respect of the current financial year was paid on 22 June 2007.

At the forthcoming Annual General Meeting, a final dividend of 30 sen less taxation amounting to RM79.1 million (2006: RM75.5 million) in respect of the current financial year on 356,327,601 (2006: 356,493,101) ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2008.

DIRECTORS

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

Y.A.M. Tengku Syed Badarudin Jamalullail	
Tan Sri Dato' Dr. Lin See Yan	
Datuk Fong Weng Phak	
Dato' Anwarrudin bin Ahamad Osman	
Dato' Dr. Mohd Shahar bin Sidek	
Cheong Fook Seng, Anthony	
Lee Kong Yip	
Leslie Oswin Struys	
Tan Ang Meng	
Dato' Dr. Nik Norzrul Thani bin Nik Hassan Thani	
Wang Eng Chin (Alternate to Cheong Fook Seng, Anthony)	(appointed on 13 February 2007)
Dr. Han Cheng Fong	(resigned on 8 October 2007)
Dr. Kwok Kain Sze (Alternate to Dr. Han Cheng Fong)	(resigned on 8 October 2007)

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

(i) Tan Sri Dato' Dr. Lin See Yan , Datuk Fong Weng Phak and Dato' Anwarrudin bin Ahamad Osman pursuant to Article 97 of the Company's Articles of Association; and

(ii) Leslie Oswin Struys pursuant to Section 129 of the Companies Act, 1965.

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

Companies in which directors held interest	As at 1 October 2006	Bought/ Allocated	Sold/Lapsed/ Exercised	As at 30 September 2007
	Number of shares/share options/unit trust			
Y.A.M. Tengku Syed Badarudin Jamalullail				
Fraser & Neave Holdings Bhd				
- Ordinary shares	2,927,000	30,000	(30,000)	2,927,000
Dr. Han Cheng Fong				
Fraser and Neave, Limited				
- Share options	3,502,350	1,015,875	-	4,518,225
Frasers Property (China) Limited				
- Share options	3,238,318	-	-	3,238,318
Frasers Centrepoint Trust				
- Unit trust	100,000	-	(50,000)	50,000
Cheong Fook Seng, Anthony				
Fraser and Neave, Limited				
- Ordinary shares	20,250	111,455	(20,000)	111,705
- Share options	1,662,550	696,600	(111,455)	2,247,695
Frasers Centrepoint Trust				
- Unit trust	50,000	-	-	50,000
Leslie Oswin Struys				
Fraser & Neave Holdings Bhd				
- Ordinary shares	100,000	-	-	100,000
Kwok Kain Sze				
Fraser and Neave, Limited				
- Ordinary shares	52,860	70,200	-	123,060
- Share options	1,504,700	-	(70,200)	1,434,500
Tan Ang Meng				
Fraser & Neave Holdings Bhd				
- Ordinary shares	194,000	80,000	(28,900)	245,100
- Share options	332,000	-	(75,000)	257,000
Asia Pacific Breweries Ltd				
- Ordinary shares	17,380	-	(8,000)	9,380
Wang Eng Chin				
Fraser and Neave, Limited				
- Ordinary shares	207,515	-	(10,000)	197,515
- Share options	465,032	-	-	465,032

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

SIGNIFICANT AND SUBSEQUENT EVENTS

Significant and subsequent events are disclosed in Note 27 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 November 2007.

Tengku Syed Badarudin Jamalullail

Tan Ang Meng

Kuala Lumpur, Malaysia
6 November 2007

STATEMENT BY DIRECTORS

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

We, Tengku Syed Badarudin Jamalullail and Tan Ang Meng, being two of the directors of Fraser & Neave Holdings Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 81 to 130 are drawn up in accordance with the provisions of the Companies Act,1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 November 2007.

Tengku Syed Badarudin Jamalullail

Tan Ang Meng

Kuala Lumpur, Malaysia
6 November 2007

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

I, Joseph Tan Eng Guan, being the officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 81 to 130 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovementioned Joseph Tan Eng Guan
at Kuala Lumpur in the Federal Territory
on 6 November 2007

Joseph Tan Eng Guan

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

REPORT OF THE AUDITORS

We have audited the accompanying financial statements set out on pages 81 to 130. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statments are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Group and of the Company as at 30 September 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of a subsidiary of which we have not acted as auditors, as indicated in Note 30 to the financial statements, being financial statements that has been included in the consolidated financial statements.

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

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

Ernst & Young
AF: 0039
Chartered Accountants

Wong Kang Hwee
1116/01/08 (J)
Partner

Kuala Lumpur, Malaysia
6 November 2007

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2007

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000
REVENUE					
Sale of goods	3	**2,865,068**	1,943,630	**-**	-
Dividends		**-**	-	**329,516**	147,497
COST OF SALES		**(2,074,191)**	(1,410,195)	**-**	-
GROSS PROFIT		**790,877**	533,435	**329,516**	147,497
OPERATING EXPENSES					
Distribution expenses		**(242,633)**	(186,775)	**-**	-
Marketing expenses		**(168,246)**	(77,780)	**-**	-
Administration and other expenses		**(152,227)**	(75,139)	**(1,662)**	(450)
		(563,106)	(339,694)	**(1,662)**	(450)
OPERATING PROFIT		**227,771**	193,741	**327,854**	147,047
Interest expense	4	**(10,034)**	(3,451)	**(5,674)**	(345)
Interest income	4	**3,168**	3,896	**4,503**	3,875
PROFIT BEFORE TAXATION	5	**220,905**	194,186	**326,683**	150,577
Income tax expense	6	**(55,328)**	(40,604)	**(76,840)**	(28,446)
PROFIT FOR THE YEAR		**165,577**	153,582	**249,843**	122,131
Attributable to:					
Equity holders of the Company		**152,871**	142,827	**249,843**	122,131
Minority interests		**12,706**	10,755	**-**	-
		165,577	153,582	**249,843**	122,131
Earnings per share attributable to equity holders of the Company (sen)	7	**42.9**	40.1		

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

BALANCE SHEETS

AS AT 30 SEPTEMBER 2007

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	9	**838,696**	657,952	**-**	-
Prepaid land lease payments	10	**55,581**	57,479	**-**	-
Investments in subsidiaries	11	**-**	-	**726,883**	530,033
Intangible assets	12	**91,712**	12,335	**-**	-
Deferred tax assets	22	**5,411**	-	**654**	-
		991,400	727,766	**727,537**	530,033
CURRENT ASSETS					
Property development costs	13	**115,550**	67,496	**-**	-
Inventories	14	**573,298**	297,093	**-**	-
Receivables	15	**567,638**	404,894	**553,588**	297,675
Cash and cash equivalents	16	**207,799**	242,202	**7,282**	31,369
		1,464,285	1,011,685	**560,870**	329,044
TOTAL ASSETS		**2,455,685**	1,739,451	**1,288,407**	859,077
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	17	**356,493**	356,493	**356,493**	356,493
Treasury shares	18	**(1,168)**	-	**(1,168)**	-
Reserves	19	**801,664**	758,851	**596,379**	464,785
		1,156,989	1,115,344	**951,704**	821,278
Minority interests		**119,756**	122,902	**-**	-
TOTAL EQUITY		**1,276,745**	1,238,246	**951,704**	821,278
NON-CURRENT LIABILITIES					
Borrowings	20	**83,053**	16,940	**-**	-
Provision for retirement benefits	21	**35,138**	35,295	**-**	-
Deferred tax liabilities	22	**39,552**	42,178	**-**	-
		157,743	94,413	**-**	-
CURRENT LIABILITIES					
Payables	23	**666,708**	381,871	**246,703**	35,530
Borrowings	20	**337,190**	18,766	**90,000**	2,226
Provision for taxation		**17,299**	6,155	**-**	43
		1,021,197	406,792	**336,703**	37,799
TOTAL LIABILITIES		**1,178,940**	501,205	**336,703**	37,799
TOTAL EQUITY AND LIABILITIES		**2,455,685**	1,739,451	**1,288,407**	859,077

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2007

Group	Note	Share Capital (Note 17) RM'000	Share Premium (Note 19) RM'000	Treasury Shares (Note 18) RM'000	Reserve on Consolidation (Note 19) RM'000	Foreign Exchange Reserve (Note 19) RM'000	Capital Reserve (Note 19) RM'000	Retained Earnings (Note 19) RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 October 2005											
As previously stated		356,493	339,990	-	62,795	17,213	18,027	290,352	1,084,870	107,351	1,192,221
Effects of adopting FRS 3	2.3 (a)	-	-	-	(62,795)	-	-	62,795	-	-	-
At 1 October 2005 (restated)		356,493	339,990	-	-	17,213	18,027	353,147	1,084,870	107,351	1,192,221
Translation gain		-	-	-	-	584	-	-	584	258	842
Net income recognised and expense directly in equity		-	-	-	-	584	-	-	584	258	842
Net profit for the year		-	-	-	-	-	-	142,827	142,827	10,755	153,582
Total recognised income and expense for the year		-	-	-	-	584	-	142,827	143,411	11,013	154,424
Dividends	8	-	-	-	-	-	-	(112,937)	(112,937)	(10,755)	(123,692)
Additional contribution from minority interest		-	-	-	-	-	-	-	-	14,156	14,156
Minority interest arising from acquisition of a subsidiary		-	-	-	-	-	-	-	-	1,137	1,137
At 30 September 2006		356,493	339,990	-	-	17,797	18,027	383,037	1,115,344	122,902	1,238,246
At 30 September 2006											
As previously stated		356,493	339,990	-	62,795	17,797	18,027	320,242	1,115,344	122,902	1,238,246
Effects of adopting FRS 3	2.3 (a)	-	-	-	(62,795)	-	-	62,795	-	-	-
At 30 September 2006 (restated)		356,493	339,990	-	-	17,797	18,027	383,037	1,115,344	122,902	1,238,246
Translation gain/(loss)		-	-	-	-	8,191	-	-	8,191	(60)	8,131
Net income recognised and expense directly in equity		-	-	-	-	8,191	-	-	8,191	(60)	8,131
Net profit for the year		-	-	-	-	-	-	152,871	152,871	12,706	165,577
Total recognised income and expense for the year		-	-	-	-	8,191	-	152,871	161,062	12,646	173,708
Dividends	8	-	-	-	-	-	-	(118,249)	(118,249)	(6,166)	(124,415)
Additional investment		-	-	-	-	-	-	-	-	23,513	23,513
Reduction in minority interests		-	-	-	-	-	-	-	-	(33,139)	(33,139)
Treasury shares purchased	18	-	-	(1,163)	-	-	-	-	(1,163)	-	(1,163)
Transaction costs	18	-	-	(5)	-	-	-	-	(5)	-	(5)
At 30 September 2007		**356,493**	**339,990**	**(1,168)**	**-**	**25,988**	**18,027**	**417,659**	**1,156,989**	**119,756**	**1,276,745**

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

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2007

	Note	Share Capital (Note 17) RM'000	Share Premium (Note 19) RM'000	Treasury Shares (Note 18) RM'000	Capital Reserve (Note 19) RM'000	Retained Earnings (Note 19) RM'000	Total Equity RM'000
Company							
At 1 October 2005		356,493	339,990	-	15,897	99,704	812,084
Net profit for the year, represent total recognised income and expense for the year		-	-	-	-	122,131	122,131
Dividends	8	-	-	-	-	(112,937)	(112,937)
At 30 September 2006		356,493	339,990	-	15,897	108,898	821,278
Net profit for the year, represent total recognised income and expense for the year		-	-	-	-	249,843	249,843
Dividends	8	-	-	-	-	(118,249)	(118,249)
Treasury shares purchased	18	-	-	(1,163)	-	-	(1,163)
Transaction costs	18	-	-	(5)	-	-	(5)
At 30 September 2007		**356,493**	**339,990**	**(1,168)**	**15,897**	**240,492**	**951,704**

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

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2007

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	**220,905**	194,186	**326,683**	150,577
Adjustments for:				
Amortisation of intangible assets	**2,567**	2,573	**-**	-
Amortisation of prepaid land lease payment	**2,176**	1,589	**-**	-
Depreciation	**84,975**	82,180	**-**	-
(Gain)/loss on disposal of property, plant and equipment	**(185)**	2,641	**-**	-
Impairment losses on property, plant and equipment	**3,946**	741	**-**	-
Inventories write-off	**10,948**	11,912	**-**	-
Interest income	**(3,168)**	(3,896)	**(4,503)**	(3,875)
Interest expense	**10,034**	3,451	**5,674**	345
Provision for retirement benefits	**3,643**	3,986	**-**	-
Reserve on consolidation arising from acquisition of a subsidiary	**-**	(5,500)	**-**	-
Write-back of impairment loss on property, plant and equipment	**(688)**	(1,844)	**-**	-
Write down of inventories	**13,130**	4,650	**-**	-
Write down of intangible assets	**2**	-	**-**	-
Operating profit before working capital changes	**348,285**	296,669	**327,854**	147,047
Working capital changes:				
Inventories	**(300,283)**	4,309	**-**	-
Receivables	**(176,486)**	7,311	**(296,930)**	(31,344)
Payables	**270,354**	37,174	**211,173**	29,133
Property development costs	**(28,654)**	388	**-**	-
Exchange differences	**(3,737)**	842	**-**	-
Cash generated from operations	**109,479**	346,693	**242,097**	144,836
Income tax paid	**(37,936)**	(52,530)	**(43)**	(28,403)
Payment of retirement benefits	**(3,800)**	(4,489)	**-**	-
Net cash generated from operating activities	**67,743**	289,674	**242,054**	116,433

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2007

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	**5,810**	1,620	**-**	-
Acquisition of a subsidiary (Note 11)	**-**	(15,229)	**-**	-
Additional investment in subsidiaries	**(25,530)**	-	**(233,327)**	-
Acquisition of property, plant and equipment	**(282,184)**	(97,095)	**-**	-
Prepaid land lease payment	**(289)**	(7,649)	**-**	-
Purchase of intangible assets	**(75,555)**	(1,242)	**-**	-
interest received	**3,168**	3,896	**4,503**	3,875
Net cash (used in)/generated from investing activities	**(374,580)**	(115,699)	**(228,824)**	3,875
CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	**(10,034)**	(3,451)	**(5,674)**	(345)
Net funds from minority shareholders	**23,514**	14,156	**-**	-
Drawdown/(repayment) of borrowings	**384,537**	(21,276)	**87,774**	(9,268)
Payment of dividends (Note 8)	**(118,249)**	(112,937)	**(118,249)**	(112,937)
Purchase of treasury shares	**(1,168)**	-	**(1,168)**	-
Payment of dividends to minority shareholders	**(6,166)**	(10,756)	**-**	-
Net cash generated from/(used in) financing activities	**272,434**	(134,264)	**(37,317)**	(122,550)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(34,403)**	39,711	**(24,087)**	(2,242)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**242,202**	202,491	**31,369**	33,611
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 16)	**207,799**	242,202	**7,282**	31,369

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2007

1. CORPORATE INFORMATION

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

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

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

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 6 November 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described in Note 2.3.

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

2.2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

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

Subsidiaries are consolidated using the acquisition method of accounting. The acquisition method involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Please refer to Note 2.2(b)(i) for the accounting policy on goodwill on acquisition of subsidiary companies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Basis of Consolidation (Contd.)

Under this method, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from their effective date of acquisition or up to their effective date of disposal, as appropriate.

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

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

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

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

(b) Intangible Assets

(i) Goodwill

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(b) Intangible Assets

(ii) Brand

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

(iii) Computer Software

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

(c) Investments in Subsidiaries

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

(d) Property, Plant and Equipment and Depreciation

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

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

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

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

Buildings	2% to 5%
Plant and machinery	8% to 14%
Motor vehicles	10% to 20%
Postmix and vending machines	10%
Furniture, fittings and computer equipment	10% to 20%

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(e) Property Development Costs

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

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

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

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

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

(f) Inventories

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

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

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

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

(g) Provisions for Liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(h) Leases and Prepaid Land Lease Payment

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

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

(i) Income Tax

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

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

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

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

(j) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(j) Employee Benefits (Contd.)

(iii) Retirement benefits

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

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

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

(iv) Accrued annual leave

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

(k) Revenue Recognition

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

(i) Sale of goods

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

(ii) Interest income

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

(iii) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(l) Foreign Currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

(iii) Foreign operations

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

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

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

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

	2007 RM	2006 RM
United States Dollar	**3.42**	3.68
Renminbi	**0.45**	0.46
100 Vietnam Dong	**0.02**	0.02
Singapore Dollar	**2.29**	2.32
New Zealand Dollar	**2.59**	2.41
Thailand Baht	**0.11**	0.10
Australia Dollar	**3.02**	2.76
Sterling Pound	**6.91**	6.91
Euro	**4.84**	4.68
Brunei Dollar	**2.29**	2.32

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(m) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each reporting date or when annual impairment testing is required, to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity.

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

(n) Financial Instruments

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

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

(i) Receivables

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

(ii) Payables

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

(iii) Interest-bearing borrowings

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(n) Financial Instruments (Contd.)

(iv) Cash and cash equivalents

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

(v) Equity instruments

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

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

(vi) Foreign exchange contracts

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

Adoption of new/revised FRSs

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2006 except for the adoption of the following new/revised FRSs mandatory for financial periods beginning on or after 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the FRSs above does not have significant financial impact on the Group and Company other than as is disclosed below:

(a) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets

(i) Goodwill

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in a change in the accounting policy relating to purchased goodwill and its amortisation policy.

Positive goodwill acquired in a business combination is now stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. Any impairment loss is recognised in the income statement. The adoption of these FRSs has no impact to the Group.

Negative goodwill is now recognised immediately in income statement. During the last financial year, the Group has applied the transitional provision allowed by FRS 3 to recognise reserve on consolidation during the year directly to the income statement. As a result of the adoption of FRS 3, the brought forward reserve on consolidation is now reclassified to retained profits. The changes in presentation have been applied retrospectively and the effect has been shown in Note 2.3 (e).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Contd.)

(a) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets (Contd.)

(ii) Computer software

Prior to 1 October 2006, computer software was classified as property, plant and equipment and stated at cost less accumulated depreciation and impairment loss. As a result of the adoption of FRS 138, the carrying amount of computer software is now reclassified as intangible assets and amortised based on straight line basis over the expected useful lives.

The Group has applied FRS 138 retrospectively and the effect has been shown in Note 2.3 (e). The effects on the consolidated balance sheet as at 30 September 2007 are set out in Note 2.3 (d).

(b) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and shown as an allocation from net profit for the period in the consolidated income statement. The movement of minority interest is also presented in the consolidated statement of changes in equity. This changes in presentation have been applied retrospectively and the effect has been shown in Note 2.3 (e). The effects on the consolidated balance sheet as at 30 September 2007 are set out in Note 2.3 (d).

(c) FRS 117 : Leases

Prior to 1 October 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. Under FRS 117, leasehold land is classified as an operating lease unless title passes to the lessee at the end of the lease term. As a result of the adoption of FRS 117, the carrying revalued amount of leasehold land is now reclassified as prepaid land lease payment and amortised over the period of its remaining lease term. The Group has applied FRS 117 retrospectively and the effect has been shown in Note 2.3 (e). The effects on the consolidated balance sheet as at 30 September 2007 are set out in Note 2.3 (d).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Contd.)

(d) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide the extent to which each of the line items in the balance sheet as at 30 September 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

Effects on the consolidated balance sheet as at 30 September 2007.

Group	FRS3 Note 2.3 (a)(i) RM'000	FRS138 Note2.3 (a)(ii) RM'000	FRS101 Note2.3 (b) RM'000	FRS117 Note2.3 (c) RM'000	Total RM'000
	Increase/(Decrease)				
Property, plant and equipment	-	11,819	-	55,581	67,400
Intangible assets	-	(11,819)	-	-	(11,819)
Prepaid land lease payment	-	-	-	(55,581)	(55,581)
Reserve on consolidation	62,795	-	-	-	62,795
Total equity	-	-	(133,756)	-	(133,756)

(e) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

	As previously reported RM'000	FRS3 Note 2.3 (a)(i) RM'000	FRS138 Note 2.3 (a)(ii) RM'000	FRS101 Note2.3 (b) RM'000	FRS117 Note 2.3 (c) RM'000	As restated RM'000
Property, plant and equipment	727,766	-	(12,335)	-	(57,479)	657,952
Prepaid land lease payment	-	-	-	-	57,479	57,479
Intangible Assets	-	-	12,335	-	-	12,335
Reserve on consolidation	62,795	(62,795)	-	-	-	-
Total equity	1,115,344	-	-	122,902	-	1,238,246

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 New Standards and Interpretations that are not yet effective

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company.

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 2004: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 New Standards and Interpretations that are not yet effective (Contd.)

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for:

FRS 112: Income Taxes

The revised FRS 112 requires that entities with unused re-investment or other similar allowance in excess of the normal capital allowance will have to recognise deferred tax asset to the extent that it is probable that the future taxable profit will be available against which the unused re-investment or other similar allowance can be utilised. The Group will apply this revised FRS from financial periods beginning 1 October 2007. The Directors estimate that the initial adoption of the revised FRS will give rise to deferred tax assets amounting approximately RM4.5m on the consolidated financial statements for year ending 30 September 2008, based on the unused re-investment allowance of RM17,539,000 as at 30 September 2007 as described in Note 6 of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements

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

(a) Key Sources of Estimation Uncertainty

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

(i) Impairment of goodwill and brand

The Group determines whether goodwill and brand are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and brand are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill and brand at balance sheet date is disclosed in Note 12.

(ii) Income taxes

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

(iii) Property development revenue recognition

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

(iv) Impairment of property, plant and equipment

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

(v) Depreciation of plant and machinery

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements (Contd.)

(b) Critical Judgements made in Applying Accounting Policies

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

3. SALE OF GOODS

Sale of goods represents:

(a) Invoiced value of goods delivered;

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

4. INTEREST EXPENSE AND INTEREST INCOME

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expense				
Bank borrowings	**(10,034)**	(2,864)	**(2,291)**	(345)
Subsidiaries	**-**	-	**(3,383)**	-
Others	**-**	(587)	**-**	-
	(10,034)	(3,451)	**(5,674)**	(345)
Interest income				
Bank deposits	**2,238**	3,493	**241**	822
Subsidiaries	**-**	-	**4,262**	3,053
Others	**930**	403	**-**	-
	3,168	3,896	**4,503**	3,875

5. PROFIT BEFORE TAXATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(a) This is arrived at after charging:				
Auditors' remuneration				
- Statutory audits	**923**	639	**30**	33
- Other services	**20**	65	**-**	-
Amortisation of intangible assets	**2,567**	2,573	**-**	-
Amortisation of prepaid land lease payment (Note 10)	**2,176**	1,589	**-**	-
Bad debts written off	**-**	1,041	**-**	-
Depreciation of property, plant and equipment	**84,975**	82,180	**-**	-
Impairment loss on property, plant and equipment	**3,946**	741	**-**	-
Inventories write-off	**10,948**	11,912	**-**	-
Key executives officers				
- Salary and allowances	**4,063**	2,840	**-**	-
- EPF	**719**	573	**-**	-
- Bonus	**1,576**	1,085	**-**	-
- Benefit-in-kinds	**130**	118	**-**	-
Loss on disposal of property, plant and equipment	**-**	2,641	**-**	-
Management fee to Fraser & Neave (Malaya) Sdn Bhd	**-**	-	**300**	300
Provision for doubtful debts	**11,652**	4,996	**-**	-
Provision for retirement benefits (Note 21)	**3,643**	3,986	**-**	-
Rental expense of premises	**21,089**	14,738	**-**	-
Rental expense of equipment	**3,421**	3,759	**-**	-
Royalties	**51,577**	22,629	**-**	-
Retrenchment costs	**-**	3,400	**-**	-
Staff costs (excluding directors and key executives)				
- Salary, allowances and bonus	**218,533**	172,383	**-**	-
- EPF	**19,635**	17,721	**-**	-
Write-down of inventories	**13,130**	4,650	**-**	-
Write-off of intangible assets	**2**	-	**-**	-
and crediting:				
Dividend income from subsidiaries	**-**	-	**329,516**	147,497
Provision for doubtful debts write-back	**1,472**	1,251	**-**	-
Provision for obsolete stocks write-back	**1,430**	1,904	**-**	-
Reserve on consolidation arising from acquisition of a subsidiary	**-**	5,500	**-**	-
Gain on disposal of property, plant and equipment	**185**	-	**-**	-
Impairment loss on property, plant and equipment written back	**688**	1,844	**-**	-
Rental income of premises	**587**	548	**-**	-

5. PROFIT BEFORE TAXATION (CONTD.)

(b) Directors remuneration

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

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Executive Director				
- Fees	**18**	18	**-**	-
- Salary and bonus	**1,464**	1,281	**-**	-
- EPF	**278**	244	**-**	-
- Benefits-in-kind	**32**	32	**-**	-
Non-Executive Directors				
- Fees	**723**	696	**565**	565
- Benefits-in-kind	**32**	32	**-**	-

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

	2007		2006	
Range of Remuneration (RM)	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
1 - 50,000	**-**	**8**	-	3
50,001 - 100,000	**-**	**4**	-	7
100,001 - 150,000	**-**	**2**	-	1
1,550,001 - 1,600,000	**-**	**-**	1	-
1,750,001 - 1,800,000	**1**	**-**	-	-

6. INCOME TAX EXPENSE

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	**53,792**	43,519	**77,494**	28,446
- Foreign tax	**9,860**	1,844	**-**	-
Overprovision in prior years	**(287)**	(4,311)	**-**	-
	63,365	41,052	**77,494**	28,446
Deferred tax:				
Relating to reversal and origination of temporary differences	**(6,292)**	595	**(654)**	-
Relating to changes in tax rates	**(1,434)**	-	**-**	-
Overprovision in prior years	**(311)**	(1,043)	**-**	-
	55,328	40,604	**76,840**	28,446

Domestic current income tax is calculated at the Malaysian statutory tax rate of 27 % (2006: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 to 25% effective year of assessment 2009. The computation of deferred tax as at 30 September 2007 did not reflect these changes as the impact is not material.

6. INCOME TAX EXPENSE (CONTD.)

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

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Profit before taxation	**220,905**	194,186	**326,683**	150,577
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	**59,644**	54,372	**88,204**	42,162
Different tax rates in other countries	**(441)**	(1,305)	**-**	-
Effect of income subject to tax at 20%	**(70)**	(40)	**-**	-
Income not subject to tax (tax incentives / exemption)	**(6,887)**	(9,351)	**(11,474)**	(13,776)
Expenses not deductible for tax purposes	**5,114**	2,282	**110**	60
Overprovision in prior years				
- Income tax	**(287)**	(4,311)	**-**	-
- Deferred tax	**(311)**	(1,043)	**-**	-
- Adjustment due to change in tax rate	**(1,434)**	-	**-**	-
Tax expense for the year	**55,328**	40,604	**76,840**	28,446

Reinvestment allowances of RM17,539,000 (2006: RM18,164,000) are available for offset against future taxable profit of the subsidiaries in which those items arose.

7. EARNINGS PER SHARE

Basic earnings per share attributable to equity holders of the Company is calculated by dividing the consolidated net profit for the year attributable to ordinary equity holders of RM153 million (2006: RM143 million) by issued capital net of treasury shares of the Company.

8. DIVIDENDS

	Group and Company	
	Net per share sen	**Amount RM'000**
2007		
Final dividend in respect of financial year 2006	**21.2**	**75,470**
Interim dividend	**12.0**	**42,779**
		118,249
2006		
Final dividend in respect of financial year 2005	20.1	71,869
Interim dividend	11.5	41,068
		112,937

9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Others RM'000	Total RM'000
Net Book Value						
At 1 October 2006						
As previously stated	108,279	57,479	134,269	263,640	164,099	727,766
Effects of adopting FRS 117	-	(57,479)	-	-	-	(57,479)
Effects of adopting FRS 138	-	-	-	-	(12,335)	(12,335)
At 1 October 2006 (restated)	108,279	-	134,269	263,640	151,764	657,952
Additions	3,699	-	6,645	108,671	163,169	282,184
Transfers	(19,400)	-	-	-	(349)	(19,749)
Disposals/write offs	(3,431)	-	(285)	(379)	(1,530)	(5,625)
Reclassification	-	-	49,231	14,378	(63,609)	-
Depreciation	-	-	(4,619)	(56,610)	(23,746)	(84,975)
Impairment losses	-	-	-	(1,866)	(2,080)	(3,946)
Write-back of impairment loss	-	-	-	3	685	688
Exchange differences	1,018	-	1,699	1,146	8,304	12,167
At 30 September 2007	**90,165**	**-**	**186,940**	**328,983**	**232,608**	**838,696**

Group	Freehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Others RM'000	Total RM'000
At 30 September 2007					
Cost	**87,617**	**233,798**	**888,098**	**425,118**	**1,634,631**
Valuation - 1983	**2,548**	**1,350**	**-**	**-**	**3,898**
Accumulated depreciation	**-**	**(48,208)**	**(559,115)**	**(192,510)**	**(799,833)**
Net book value	**90,165**	**186,940**	**328,983**	**232,608**	**838,696**
At 30 September 2006					
Cost (restated)	105,731	177,203	772,960	353,870	1,409,764
Valuation - 1983	2,548	1,350	-	-	3,898
Accumulated depreciation (restated)	-	(44,284)	(509,320)	(202,106)	(755,710)
Net book value (restated)	108,279	134,269	263,640	151,764	657,952
Depreciation charged - 2006	-	(4,047)	(54,504)	(23,629)	(82,180)

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Freehold land RM'000	Buildings RM'000	Plant & machinery RM'000	Others RM'000	Total RM'000
At 30 September 2005					
Cost	125,559	164,765	760,435	295,504	1,346,263
Valuation - 1983	2,548	1,350	-	-	3,898
Accumulated depreciation	-	(40,525)	(466,669)	(171,913)	(679,107)
Net book value	128,107	125,590	293,766	123,591	671,054

Certain freehold land and buildings of the Group are stated at directors' valuation and are based on a professional valuer's opinion of the open market value of the properties in 1983. In accordance with the transitional provision allowed by FRS 116 2004 - Property, Plant and Equipment by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations, and they continue to be stated at their existing carrying amounts less depreciation.

Others comprise platforms, postmix and vending machines, motor vehicles, furniture, fittings, computer equipment and work in progress of RM136,880,000 (2006: RM51,957,000).

The net book value of property, plant and equipment pledged to financial institutions as security for the term loans, as referred to Note 20 to the financial statements, is as follows:

	Group	
	2007 RM'000	**2006 RM'000**
Freehold land	**11,029**	-
Buildings	**34,052**	-
Plant and machinery	**-**	66,244
Work-in-progress	**114,281**	-
Others	**1,452**	-
	160,814	66,244

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

	Group	
	2007 RM'000	**2006 RM'000**
Buildings	**590**	625

Included in the Plant & Machinery, is a temporarily idle equipment of the Group amounting to RM1,313,000 (2006: RM1,381,000).

10. PREPAID LAND LEASE PAYMENTS

	Group	
	2007	**2006**
	RM'000	**RM'000**
		(Restated)
At 1 October 2006/2005	**57,479**	46,108
Additions	**289**	7,649
Acquisition of subsidiary	**-**	5,329
Amortisation for the year (Note 5)	**(2,176)**	(1,589)
Currency realignment	**(11)**	(18)
At 30 September	**55,581**	57,479
Analysed as:		
Long term leasehold land	**54,283**	55,303
Short term leasehold land	**1,298**	2,176
	55,581	57,479

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007	**2006**
	RM'000	**RM'000**
Unquoted shares at cost:		
- Ordinary shares	**619,755**	495,033
Less: Pre-acquisition dividend received	**(36,477)**	-
	583,278	495,033
- Redeemable non-cumulative convertible preference shares	**143,605**	35,000
	726,883	530,033

The details of the subsidiaries are set out in Note 30 to the financial statements.

During the year, the following events took place:

(a) The cost of acquisition of the entire equity interest of four shell companies namely, Arolys Singapore Pte Limited, Lion Share Management Limited, PML Dairies Sdn Bhd and Radiant Worth Sdn Bhd were not material. Hence, no further disclosures were made in the financial statements.

In addition, further capital injection into the following subsidiaries were made in cash during the year:

	RM'000
Nuvak Company Sdn Bhd	250
F&N Dairies (Thailand) Limited	99,600
Premier Milk (Malaya) Sdn Bhd	24,530
Lion Share Management Limited	342
	124,722

11. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(b) The subscription in entirety of the following redeemable non-cumulative convertible preference shares ("RNCCPs"):

(i) 21,000 RNCCPs in Lion Share Management Limited at an issued price at USD1,000 totalling to USD21,000,000 at RM73,605,000; and

(ii) 35,000 RNCCPs in Malaya Glass Products Sdn Bhd at issue price of RM1,000 totalling to RM35,000,000.

(c) During the last financial year, the Group acquired 95% equity interest in Borneo Springs Sdn Bhd, a company incorporated in Malaysia, for a total cash consideration of RM16,108,000 (net of cash acquired - RM15,229,000).

The effects of the acquisitions on the financial results of the Group from the date of acquisitions to 30 September 2006 were as follows:

	2006 RM'000
Revenue	6,814
Profit from operations	538
Net profit for the year	116

The acquisition had the following effect on the financial position of the Group as at the end of the year:

	2006 RM'000
Property, plant and equipment	20,656
Inventories	1,054
Trade and other receivables	4,048
Cash and bank balances	2,082
Trade and other payables	(3,928)
Provision for taxation	(422)
Deferred taxation	(660)
Minority interests	(1,150)
Group's share of net assets	21,680

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	RM'000
Property, plant and equipment	21,110
Inventories	1,341
Trade and other receivables	3,692
Cash and bank balances	879
Trade and other payables	(3,421)
Short term borrowings	(196)
Deferred taxation	(660)
Fair value of total net assets	22,745
Less: Minority interests	(1,137)
Group's share of net assets	21,608
Reserve on consolidation	(5,500)
Cost of acquisition	16,108

12. INTANGIBLE ASSETS

Group	Goodwill RM'000	Brand RM'000	Computer Software RM'000	Total RM'000
Cost				
At 1 October 2005				
As previously stated	-	-	-	-
Effects of adopting FRS 138 (Note 2.3 (e))	-	-	22,130	22,130
At 1 October 2005 (restated)	-	-	22,130	22,130
Addition	-	-	1,242	1,242
Write-off	-	-	(3,241)	(3,241)
At 30 September 2006 (restated)	-	-	20,131	20,131
Additional investment in subsidiaries	6,391	-	-	6,391
Addition	-	73,502	2,053	75,555
Write-off	-	-	(39)	(39)
At 30 September 2007	**6,391**	**73,502**	**22,145**	**102,038**
Accumulated amortisation				
At 1 October 2005				
As previously stated	-	-	-	-
Effects of adopting FRS 138 (Note 2.3 (e))	-	-	8,464	8,464
At 1 October 2005 (restated)	-	-	8,464	8,464
Amortisation for the year	-	-	2,573	2,573
Write-off	-	-	(3,241)	(3,241)
At 30 September 2006 (restated)	-	-	7,796	7,796
Amortisation for the year	-	-	2,567	2,567
Write-off	-	-	(37)	(37)
At 30 September 2007	**-**	**-**	**10,326**	**10,326**
Net carrying amount				
At 30 September 2006 (restated)	-	-	12,335	12,335
At 30 September 2007	**6,391**	**73,502**	**11,819**	**91,712**

12. INTANGIBLE ASSETS (CONTD.)

Impairment test of goodwill and brand

(a) Allocation of goodwill, brand and computer software

Goodwill, brand and computer software have been allocated to the Group's cash generating units identified according to country of operation and business segment as follows:

	Goodwill		Brand	Computer	
			British	Software	
	Malaysia	Thailand	Virgin Island	Malaysia	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2007					
Dairy products	5,391	1,000	73,502	160	80,053
Soft drinks	-	-	-	1,203	1,203
Glass containers	-	-	-	29	29
Property/Others	-	-	-	10,427	10,427
	5,391	**1,000**	**73,502**	**11,819**	**91,712**

(b) Key assumptions used in value in use calculations

(i) Goodwill

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

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

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

No impairment loss was required for the goodwill assessed as their recoverable values were in excess of their carrying value.

(ii) Brand

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

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

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

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

12. INTANGIBLE ASSETS (CONTD.)

Impairment test of goodwill and brand (Contd.)

(c) Sensitivity to changes in assumption

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

13. PROPERTY DEVELOPMENT COSTS

	Group	
	2007 RM'000	**2006 RM'000**
Property development costs at 1 October 2006/2005:		
Freehold land	**92,142**	55,054
Development costs	**100,380**	54,044
	192,522	109,098
Cost incurred during the year:		
Freehold land		
- Additions	**18,523**	-
- transfer from property, plant and equipment	**19,400**	37,088
Development costs	**56,123**	46,336
	94,046	83,424
Cost recognised in income statement:		
At 1 October 2006/2005	**(125,026)**	(72,764)
Recognised during the year	**(45,992)**	(52,262)
At 30 September	**(171,018)**	(125,026)
Property development costs at 30 September	**115,550**	67,496

14. INVENTORIES

	Group	
	2007 RM'000	**2006 RM'000**
At cost		
Manufactured inventories	**207,227**	141,081
Raw materials	**248,407**	67,052
Packaging materials	**36,667**	27,114
Engineering and other inventories	**80,997**	60,801
	573,298	296,048
At net realisable value		
Containers	**-**	1,045
	573,298	297,093

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM1.8 billion (2006: RM1.2 billion).

15. RECEIVABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables	**449,762**	336,778	**-**	-
Provision for doubtful debts	**(14,535)**	(8,659)	**-**	-
	435,227	328,119	**-**	-
Progress billings in respect of property development costs	**6,444**	-	**-**	-
	441,671	328,119	**-**	-
Other receivables				
- Prepayments	**16,793**	2,418	**-**	-
- Deposits	**4,332**	4,256	**5**	5
- Tax recoverable	**22,361**	14,090	**304**	-
- Others	**47,964**	21,082	**29**	183
	91,450	41,846	**338**	188
Dividend receivable	**-**	-	**-**	120,255
Amount due from related parties:				
Subsidiaries	**-**	-	**553,250**	177,232
Related companies	**34,517**	34,929	**-**	-
	567,638	404,894	**553,588**	297,675
The currency profile is as follows:				
- Ringgit Malaysia	**363,526**	321,016	**553,588**	297,675
- US Dollar	**23,003**	42,927	**-**	-
- Renminbi	**36,931**	21,831	**-**	-
- Vietnam Dong	**5,849**	9,406	**-**	-
- Singapore Dollar	**41,345**	6,028	**-**	-
- Thai Baht	**94,931**	-	**-**	-
- Others	**2,053**	3,686	**-**	-
	567,638	404,894	**553,588**	297,675

The amounts due from subsidiaries are unsecured, repayable on demand and are non-interest bearing, except for amounts of RM151.2 million (2006: RM51.3 million) which bear interest at 4% to 4.28% (2006: 4% to 4.1%) per annum.

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

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2006: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits with:				
- Local licensed banks	**-**	99,287	**-**	30,825
- Foreign licensed banks	**22,019**	22,987	**-**	-
	22,019	122,274	**-**	30,825
Cash and bank balances	**185,780**	119,928	**7,282**	544
	207,799	242,202	**7,282**	31,369
The currency profile is as follows:				
- Ringgit Malaysia	**112,926**	197,158	**7,282**	31,369
- US Dollar	**28,049**	1,671	**-**	-
- Renminbi	**46,931**	11,680	**-**	-
- Thai Baht	**5,136**	28,440	**-**	-
- Vietnam Dong	**13,538**	-	**-**	-
- Others	**1,219**	3,253	**-**	-
	207,799	242,202	**7,282**	31,369

The weighted average interest rates during the financial year and the average maturities of deposits at 30 September 2007 were as follows:

	Weighted Average		Average Maturities	
	2007 %	2006 %	2007 Days	2006 Days
Foreign licensed banks	**2.9**	3.0	**90**	30

17. SHARE CAPITAL

	Group and Company	
	2007 RM'000	2006 RM'000
Authorised:		
500,000,000 ordinary shares of RM1 each	**500,000**	500,000
Issued and fully paid:		
356,493,101 ordinary shares of RM1 each	**356,493**	356,493

As at 30 September 2007, the issued and paid up capital comprises 356,493,101 ordinary shares of RM1.00 each, of which 165,500 ordinary shares are held as treasury shares.

18. TREASURY SHARES

The shareholders of the Company granted authority to the directors at the Extraordinary General Meeting held on 5 April 2007 to repurchase the Company's shares from the open market. During the financial year, the Company repurchased 165,500 of its issued ordinary shares from the open market at an average price of RM7.03 per share. The total consideration paid for the repurchase was RM1,168,464 comprising of consideration paid amounting to RM1,163,245 and transaction costs of RM5,219. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Movement of shares repurchased

	Number of shares '000	RM'000
At 1 October 2006	-	-
Treasury shares purchased	165	1,163
Transaction costs	-	5
At 30 September 2007	**165**	**1,168**

19. RESERVES

	Group		Company	
	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000
Non-distributable:				
Share premium	**339,990**	339,990	**339,990**	339,990
Capital reserve	**2,130**	2,130	**-**	-
Foreign exchange reserve	**25,988**	17,797	**-**	-
	368,108	359,917	**339,990**	339,990
Distributable:				
Capital reserve (Note a)	**15,897**	15,897	**15,897**	15,897
Retained earnings (Note b)	**417,659**	383,037	**240,492**	108,898
	433,556	398,934	**256,389**	124,795
Total reserves	**801,664**	758,851	**596,379**	464,785

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

(b) The Company has sufficient tax exempt income and Section 108 tax credit under the Income Tax Act 1967 to frank the payment of dividend out of its entire retained profit as at 30 September 2007.

20. BORROWINGS

		Group		Company	
		2007	**2006**	**2007**	**2006**
	Currency	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current					
Loans	Thai Baht	**115,590**	-	**-**	-
Loan	Renminbi	**11,600**	16,540	**-**	-
Revolving credit	RM	**210,000**	-	**90,000**	-
Term Loan	US Dollar	**-**	2,226	**-**	2,226
		337,190	18,766	**90,000**	2,226
Non-current					
Term Loan	Thai Baht	**83,053**	-	**-**	-
Term Loan	Renminbi	**-**	16,940	**-**	-
		83,053	16,940	**-**	-
		420,243	35,706	**90,000**	2,226

The Thai Baht loans and revolving credit bear interest at 4.2% to 5.3% per annum (2006: nil). The Thai Baht loans and revolving credit are unsecured, except for an amount of RM4,412,480 (2006: nil) and the Thai Baht term loan of RM83,053,000 (2006: nil) are secured over property, plant and machinery of the subsidiary company as disclosed in Note 9 to the financial statements. Revolving credits are either settled or rolled over on their due dates.

The Renminbi term loan bears interest at 5.6% (2006: 5.8% to 7.2%) per annum. This loan was secured over property, plant and machinery of the subsidiary company as disclosed in Note 9 to the financial statements and was fully settled during the year.

The borrowings are repayable over the following periods:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one year	**337,190**	18,766	**90,000**	2,226
1 to 2 years	**20,763**	16,940	**-**	-
2 to 3 years	**20,763**	-	**-**	-
3 to 4 years	**20,763**	-	**-**	-
4 to 5 years	**20,764**	-	**-**	-
	420,243	35,706	**90,000**	2,226

21. PROVISION FOR RETIREMENT BENEFITS

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

	Group	
	2007 RM'000	**2006 RM'000**
Present value of unfunded defined benefit obligations	**36,459**	36,758
Unrecognised actuarial losses	**(1,321)**	(1,463)
Unrecognised transition amount	**-**	-
Net liability	**35,138**	35,295

The amounts recognised in the income statement are as follows:

	Group	
	2007 RM'000	**2006 RM'000**
Current service cost	**1,616**	1,338
Interest cost	**1,845**	2,068
Net actuarial (losses)/ gain	**(110)**	145
Transition obligation recognised	**292**	435
Total (Note 5)	**3,643**	3,986
Movements in the net liability in the current year were as follows:		
At 1 October 2006/2005	**35,295**	35,798
Recognised in income statement (Note 5)	**3,643**	3,986
Contribution paid	**(3,800)**	(4,489)
At 30 September	**35,138**	35,295

	2007 %	**2006 %**
Principal actuarial assumptions used:		
Discount rate	**5.75**	7.00
Rate of increase in salaries	**5.00**	5.00
Mortality rate	**0.03 - 0.59**	0.03 - 0.59
Disability rate	**0.00 - 0.92**	0.00 - 0.92
Retirement at age of 55	**1.00**	1.00

Based on the latest available actuarial valuation carried out in 2006, the provision for retirement and service benefits is considered sufficient to meet the actuarially determined value of vested benefits.

22. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxation is provided on temporary differences between the tax bases and carrying amounts of assets and liabilities at the balance sheet date.

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 October 2006/2005	**42,178**	41,966	**-**	-
Acquisition of a subsidiary (Note 11)	**-**	660	**-**	-
Recognised in income statement:				
- property, plant and equipment	**(1,797)**	(3,839)	**-**	-
- tax losses and unabsorbed capital allowances	**575**	2,832	**(654)**	-
- deferred income	**(2,676)**	-	**-**	-
- provisions	**(4,172)**	3,463	**-**	-
- tax effect on revaluation surplus	**33**	(2,904)	**-**	-
At 30 September	**34,141**	42,178	**(654)**	-

The movements of deferred tax assets and liabilities during the financial year are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deferred tax assets				
At 1 October 2006/2005	**-**	-	**-**	-
Recognised in income statement	**(5,411)**	-	**(654)**	-
At 30 September	**(5,411)**	-	**(654)**	-
Deferred tax liabilities				
At 1 October 2006/2005	**42,178**	41,966	**-**	-
Recognised in income statement	**(2,626)**	212	**-**	-
At 30 September	**39,552**	42,178	**-**	-

22. DEFERRED TAX ASSETS AND LIABILITIES (CONTD.)

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deferred tax assets				
- Tax losses	**(1,331)**	(172)	**(654)**	-
- Provisions	**(18,886)**	(14,714)	**-**	-
- Deferred income	**(2,676)**	-	**-**	-
- Unabsorbed capital allowances	**-**	(1,734)	**-**	-
	(22,893)	(16,620)	**(654)**	-
Deferred tax liabilities				
Subject to income tax:				
- Property, plant and equipment	**54,047**	55,844	**-**	-
Subject to capital gains tax:				
- Revaluation surplus	**2,987**	2,954	**-**	-
	57,034	58,798	**-**	-
	34,141	42,178	**(654)**	-

23. PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables	**304,905**	135,906	**3**	-
Progress billings in respect of property development costs	**-**	9,535	**-**	-
	304,905	145,441	**3**	-
Other payables				
- Accrued expenses	**210,293**	127,313	**418**	423
- Deposits	**10,381**	16,734	**-**	-
- Sales tax	**9,081**	8,380	**-**	-
- Staff costs	**29,324**	17,500	**-**	-
- Others	**71,966**	45,284	**799**	34
	331,045	215,211	**1,217**	457
Subsidiaries	**-**	-	**245,483**	35,073
Related companies	**30,747**	21,204	**-**	-
Holding company	**11**	15	**-**	-
	666,708	381,871	**246,703**	35,530

23. PAYABLES (CONTD.)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
The currency profile is as follows:				
- Ringgit Malaysia	**445,515**	291,009	**246,703**	35,530
- US Dollar	**58,966**	55,548	**-**	-
- Renminbi	**12,585**	11,973	**-**	-
- Thai Baht	**100,960**	13,975	**-**	-
- Vietnam Dong	**10,087**	-	**-**	-
- Singapore Dollar	**35,454**	-	**-**	-
- Others	**3,141**	9,366	**-**	-
	666,708	381,871	**246,703**	35,530

The amounts due to related companies are trade in nature and non-interest bearing. The normal trade credit terms granted to the Group for trade payables are 30 to 90 days (2006: 30 to 90 days).

Included in amounts due to subsidiaries is an amount of RM154,500,000 (2006:RM nil) which bear interest ranging from 4.21% to 4.4% (2006:RM nil) per annum. All amounts due to subsidiaries are unsecured and have no fixed terms of repayment.

24. CAPITAL COMMITMENTS

	Group	
	2007 RM'000	2006 RM'000
Property, plant and equipment:		
Amount approved and contracted for	**110,327**	95,631
Amount approved but not contracted for	**427,605**	42,704
	537,932	138,335

25. LEASE COMMITMENTS

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

	Group	
	2007 RM'000	2006 RM'000
Within one year	**1,704**	1,336
More than 1 year and less than 2 years	**1,136**	2,541
	2,840	3,877

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held 17 January 2007, the Company obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of trade in nature with the below companies.

Company	Transacting party	Nature of transaction	Interested party	2007 RM'000	2006 RM'000
F&N Coca-Cola (Malaysia) Sdn Bhd F&N Dairies (Malaysia) Sdn Bhd	F&N (S) Pte Ltd	Royalties	F&N Limited	**22,224**	20,547
F&N Dairies (Malaysia) Sdn Bhd	F&N Limited	Royalties	F&N Limited	**1,708**	1,475
F&N Foods Sdn Bhd F&N Dairies (Malaysia) Sdn Bhd Premier Milk (Malaya) Sdn Bhd F&N Coca-Cola (Malaysia) Sdn Bhd	F&N (S) Pte Ltd	Corporate Charges	F&N Limited	**1,875**	2,072
F&N Coca-Cola (Malaysia) Sdn Bhd F&NCC Beverages Sdn Bhd	F&N (S) Pte Ltd	Rental of premises	F&N Limited	**285**	-
F&N Foods Sdn Bhd Premier Milk (Malaya) Sdn Bhd F&N Dairies (Thailand) Limited	F&N Foods Pte Ltd	Sale of finished goods	F&N Limited	**108,709**	89,960
F&N Dairies (Malaysia) Sdn Bhd Premier Milk (Malaya) Sdn Bhd F&N Foods Sdn Bhd F&NCC Beverages Sdn Bhd	F&N Foods Pte Ltd	Purchase of finished goods	F&N Limited	**1,596**	1,137
F&NCC Beverages Sdn Bhd Premier Milk (Malaya) Sdn Bhd F&N Foods Sdn Bhd F&N Coca-Cola (Malaysia) Sdn Bhd	Interflavine Pte Ltd	Purchase of ingredients concentrates and finished goods	F&N Limited	**118,792**	104,436
F&N Dairies (Malaysia) Sdn Bhd	F&N United Ltd	Purchase of finished goods	F&N Limited	**16,523**	18,145
Malaya Glass Products Sdn Bhd	Asia Pacific Breweries (S) Pte Ltd	Sale of finished goods	F&N Limited	**28,813**	23,165
Malaya Glass Products Sdn Bhd	MCS Asia Pacific Brewery LLC	Sale of finished goods	F&N Limited	**1,410**	-
Malaya Glass Products Sdn Bhd	Foster's Tien Giang, Co Ltd (Vietnam)	Sale of finished goods	F&N Limited	**128**	-
Premier Milk (Malaya) Sdn Bhd	F&N Vietnam Foods Co Ltd	Sale of raw material	F&N Limited	**1,711**	-
Malaya Glass Products Sdn Bhd	South Pacific Brewery Ltd	Sale of finished goods	F&N Limited	**9,776**	5,993

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Transacting party	Nature of transaction	Interested party	2007 RM'000	2006 RM'000
Malaya Glass Products Sdn Bhd Malaya-Vietnam Glass Limited	Vietnam Brewery Ltd	Sale of finished goods	F&N Limited	**1,666**	1,107
Malaya Glass Products Sdn Bhd	Myanmar Brewery Ltd	Sale of finished goods	F&N Limited	**1,761**	359
Malaya Glass Products Sdn Bhd	Thailand Asia Pacific Brewery Co Ltd	Sale of finished goods	F&N Limited	**-**	675
Malaya Glass Products Sdn Bhd Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Guiness Anchor Bhd	Sale of finished goods	F&N Limited	**16,002**	16,382
Sichuan Malaya Glass Co Ltd	Shanghai APB Co Ltd	Sale of finished goods	F&N Limited	**15,618**	14,668
Malaya Glass Products Sdn Bhd	Hatay Brewery	Sale of finished goods	F&N Limited	**415**	289
Malaya-Vietnam Glass Limited Malaya Glass Products Sdn Bhd	Saigon Beer Ltd	Sale of finished goods	Saigon Beer*	**23,155**	11,002
Malaya-Vietnam Glass Limited	Saigon Beer Ltd	Purchase of cullets	Saigon Beer*	**301**	-
F&NCC Beverages Sdn Bhd	Coca-Cola (Thailand) Ltd	Purchase of concentrates	The Coca-Cola Company*	**-**	315
F&NCC Beverages Sdn Bhd	Alantic Industries	Purchase of concentrates	The Coca-Cola Company*	**78,527**	75,250
Malaya-Vietnam Glass Limited	Coca-Cola Beverages Vietnam Ltd	Purchase of concentrates	The Coca-Cola Company*	**279**	-
F&NCC Beverages Sdn Bhd	F&N Coca-Cola (S) Pte Ltd	Sale of finished goods	The Coca-Cola Company*	**2,838**	2,397
Malaya-Vietnam Glass Limited	Coca-Cola Beverages Vietnam Ltd	Sale of finished goods	The Coca-Cola Company*	**5,656**	9,111
Malaya-Vietnam Glass Limited	Coca-Cola Beverages Cambodia Ltd	Sale of finished goods	The Coca-Cola Company*	**1,120**	593
F&NCC Beverages Sdn Bhd F&N Coca-Cola (Malaysia) Sdn Bhd	Coca-Cola Far East Ltd	Rental of premises	The Coca-Cola Company*	**63**	-
Sichuan Malaya Glass Co Ltd	Tuopai Yeast Liquor Co Ltd	Sale of finished goods	Tuopai*	**30,661**	37,605

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Transacting party	Nature of transaction	Interested party	2007 RM'000	2006 RM'000
Sichuan Malaya Glass Co Ltd	Tuopai Holding Co Ltd	Rental of premises	Tuopai*	**2,659**	2,944
Malaya Glass Products Sdn Bhd Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Nestle Manufacturing	Sale of finished goods	Nestle*	**5,414**	17,994
Malaya-Vietnam Glass Limited Malaya Glass Products Sdn Bhd	Nestle Vietnam	Sale of finished goods	Nestle*	**1,182**	1,852

* Waiver granted by Bursa Malaysia Securities Berhad on Shareholders' Mandate

27. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) On 2 February 2007 the company announced that the following acquisitions as previously disclosed have been completed:

(i) The acquisition by its wholly-owned subsidiary company F&N Dairies (Thailand) Limited, of the canned liquid milk production assets from Nestle (Thai) and the chilled dairy and juice production assets from Nestle Dairy (Thailand) Limited and

(ii) The acquisition by its wholly-owned subsidiary company Lion Share Management Limited, of the "tea pot" trademarks from Societe des Produits Nestle S.A and

(b) On 16 February 2007 the company announced that acquisition by the Company of 6,000,000 ordinary shares of RM1.00 each in Premier Milk (Malaya) Sdn Bhd ("PML"), representing 25% of the issued and paid-up share capital of PML, from Nestle S.A. has been completed and upon completion PML became the wholly owned subsidiary of the Company.

(c) On 20 September 2007, the Company announced that the Board of Directors, after due consideration, has given approval for the Group to invest in new production facilities at Pulau Indah, Malaysia and Bangkok, Thailand at an estimated total project cost of RM430 million.

Currently, the Group's main dairy production facility in Malaysia is located in Petaling Jaya and has been in operation for over 40 years. Due to capacity and land constraints and dated technology, it is timely to relocate the production facility. The new facility, which is to be located within the Selangor Halal hub at Pulau Indah, will have a planned capacity in excess of 12 million cases annually. It will be constructed on a piece of 37.4 acre leasehold property which was recently purchased by the Group for RM27.7 million. The lease will expire in 2097.

The other new facility will be located in Bangkok to house the production assets that are sited temporarily within the Nestle facility. A property has yet to be identified.

Both the new production facilities are targeted to commence production within the next 2 years.

The Group has applied to the Ministry of International Trade and Industry ("MITI") for a manufacturing licence and tax incentives.

The investment is not subject to shareholders' approval.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Information about the extent and nature of the financial instrument, including significant terms and conditions and their exposure to the interest rate risk is presented in their respective notes.

The Group is exposed to market risk, including primarily changes in currency exchange rates and other instruments in connection with its risk management activities. The Group does not hold or issue derivative financial instruments for trading purposes. The Group has established processes to monitor and control hedging transactions in a timely and accurate manner.

Foreign Currency Risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading and investment activities. Where exposures are certain, it is the Group's policy to hedge these risks as they arise. For those exposures less certain in the timing and extent, it is the Group's policy to cover 50% to 90% of anticipated exposure for a maximum period of 12 months forward. At 30 September 2007, the Group did not have any outstanding foreign currency forward contracts.

Credit Risk

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

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

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

Interest Rate Risk

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

Liquidity Risk

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

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

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

Fair Values

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

Cash and bank balances, other receivables and other payables
The carrying amounts of these amounts approximate fair value due to their short-term nature.

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

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

Borrowings
The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

29. SEGMENTAL INFORMATION

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

Business segments

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

Year ended 30 September 2007	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Revenue					
Total revenue	**1,711,166**	**1,947,762**	**352,811**	**97,521**	**4,109,260**
Inter - segment	**(655,918)**	**(544,746)**	**(11,027)**	**(32,501)**	**(1,244,192)**
External	**1,055,248**	**1,403,016**	**341,784**	**65,020**	**2,865,068**

29. SEGMENTAL INFORMATION (CONTD.)

Year ended 30 September 2007 (Contd.)	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Results					
Operating profit	**109,045**	**60,233**	**33,613**	**24,880**	**227,771**
Interest expense					**(10,034)**
Interest income					**3,168**
Taxation					**(55,328)**
Profit after taxation					**165,577**
Minority interests					**(12,706)**
Net profit for the year					**152,871**
Other information					
Segment assets	**593,756**	**915,939**	**529,502**	**203,278**	**2,242,475**
Unallocated assets					**5,411**
Cash and bank balances					**207,799**
Total assets					**2,455,685**
Segment liabilities	**319,541**	**304,575**	**49,222**	**28,508**	**701,846**
Unallocated liabilities					**56,851**
Bank borrowings					**420,243**
Total liabilities					**1,178,940**
Capital expenditure	**26,101**	**122,344**	**115,204**	**18,535**	**282,184**
Depreciation, amortisation of intangible assets and prepaid land lease payments	**33,372**	**19,668**	**32,866**	**3,812**	**89,718**
Year ended 30 September 2006					
Revenue					
Total revenue	1,564,721	961,884	325,275	92,266	2,944,146
Inter - segment	(603,263)	(361,206)	(11,250)	(24,797)	(1,000,516)
External	961,458	600,678	314,025	67,469	1,943,630
Results					
Operating profit	101,361	40,851	26,394	25,135	193,741
Interest expense					(3,451)
Interest income					3,896
Taxation					(40,604)
Profit after taxation					153,582
Minority interests					(10,755)
Net profit for the year					142,827

29. SEGMENTAL INFORMATION (CONTD.)

Year ended 30 September 2006 (Contd.)	Soft drinks RM'000	Dairy products RM'000	Glass containers RM'000	Property/ Others RM'000	Group RM'000
Other information					
Segment assets	612,781	310,574	430,879	143,015	1,497,249
Cash and bank balances					242,202
Total assets					1,739,451
Segment liabilities	256,737	76,182	51,862	32,385	417,166
Unallocated liabilities					48,333
Bank borrowings					35,706
Total liabilities					501,205
Capital expenditure	33,146	7,281	57,127	8,432	105,986
Depreciation, amortisation of intangible assets and prepaid land lease payments	32,714	12,463	37,670	3,495	86,342

Geographical segments

The following table presents the financial information by geographical segments:

	Revenue		Total Assets		Capital expenditure	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysia	**1,955,738**	1,616,516	**1,614,474**	1,471,616	**65,872**	63,033
Vietnam	**67,971**	54,429	**74,178**	78,809	**232**	552
China	**92,317**	85,992	**163,471**	117,179	**528**	344
Singapore	**173,007**	123,879	**11,303**	-	**-**	-
Philippines	**76,206**	17,640	**-**	-	**-**	-
Middle East	**18,982**	11,358	**-**	-	**-**	-
Thailand	**386,254**	1,690	**516,227**	71,847	**215,552**	42,057
Indonesia	**27,442**	-	**-**	-	**-**	-
South Pacific	**16,087**	-	**-**	-	**-**	-
Cambodia	**19,638**	-	**-**	-	**-**	-
Others	**31,426**	32,126	**76,032**	-	**-**	-
	2,865,068	1,943,630	**2,455,685**	1,739,451	**282,184**	105,986

30. SUBSIDIARIES AND ACTIVITIES

The details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2007	2006
Subsidiaries of Fraser & Neave Holdings Bhd				
Malaya Glass Products Sdn Bhd	Malaysia	Manufacture and sale of glass containers	**100**	100
Kuala Lumpur Glass Manufacturers Company Sdn Bhd	Malaysia	Manufacture and sale of glass containers	**100**	100
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Management services and property investment holdings	**100**	100
F&NCC Beverages Sdn Bhd	Malaysia	Manufacture of soft drinks	**90**	90
F&N Coca-Cola (Malaysia) Sdn Bhd	Malaysia	Distribution of soft drinks	**90**	90
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Distribution of dairy products	**100**	100
Premier Milk (Malaya) Sdn Bhd	Malaysia	Manufacture of dairy products	**100**	75
F&N Foods Sdn Bhd	Malaysia	Manufacture of dairy products	**100**	100
Four Eights Sdn Bhd	Malaysia	Inactive	**100**	100
Wimanis Sdn Bhd	Malaysia	Property development activities	**100**	100
Brampton Holdings Sdn Bhd	Malaysia	Property development activities	**100**	100
Elsinburg Holdings Sdn Bhd	Malaysia	Property development activities	**100**	100
Vacaron Company Sdn Bhd	Malaysia	Inactive	**100**	100
Nuvak Company Sdn Bhd	Malaysia	Inactive	**100**	100
Greenclipper Corporation Sdn Bhd	Malaysia	Inactive	**100**	100
Utas Mutiara Sdn Bhd	Malaysia	Property investment holding	**100**	100
Lettricia Corporation Sdn Bhd	Malaysia	Property development activities	**70**	70

30. SUBSIDIARIES AND ACTIVITIES (CONTD.)

Name of Company	Place of Incorporation	Principal activities	Equity Interest Held (%) 2007	2006
Subsidiaries of Fraser & Neave Holdings Bhd (Contd.)				
F&N Dairies (Thailand) Limited	Thailand	Manufacture and distribution of dairy products	**100**	-
Arolys Singapore Pte Limited	Singapore	Manufacture and distribution of dairy products	**100**	-
Lion Share Management Limited	British Virgin Island	Manufacture and distribution of dairy products	**100**	-
PML Dairies Sdn Bhd *(formerly known as Key Potential Sdn Bhd)*	Malaysia	Manufacture and distribution of dairy products	**100**	-
Radiant Worth Sdn Bhd	Malaysia	Inactive	**100**	-
Subsidiaries of Malaya Glass Products Sdn Bhd				
Malaya-Vietnam Glass Limited	Vietnam	Manufacture and sale of glass containers	**70**	70
Sichuan Malaya Glass Co Ltd *▲	China	Manufacture and sale of glass containers	**60**	60
Thai Malaya Glass Company Limited *(formerly known as Siam Malaya Glass (Thailand) Co Ltd)*	Thailand	Manufacture and sale of glass containers	**70**	70
Subsidiary of F&NCC Beverages Sdn Bhd				
Borneo Springs Sdn Bhd	Malaysia	Manufacture and sale of mineral water, carbonated drinks and bottles	**95**	95

* Audited by firm of auditor other than Ernst & Young or its affiliates
▲ Financial year 31 December

31. COMPARATIVES

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

	As previously reported RM'000	Adjustment RM'000	As restated RM'000
Foreign Exchange Reserve	706	17,091	17,797
Retained Earnings	337,333	(17,091)	320,242
Other Payables			
- Accrued expenses	47,855	79,458	127,313
- Deposits	16,297	437	16,734
- Sales tax	8,743	(363)	8,380
- Staff costs	19,887	(2,387)	17,500
- Others	122,429	(77,145)	45,284

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LIST OF PROPERTIES OF FRASER & NEAVE HOLDINGS BHD GROUP
YEAR ENDED 30 SEPTEMBER 2007

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/07 Land RM'000	Net book value as at 30/9/07 Buildings RM'000	Last Revalued Date
JOHOR						
72-A (Lot2134) Jalan Tampoi Johor Bahru	274,864	Industrial/Factory premise and office	36 years (Freehold)	1,672	2,964	January 1983
72-A (MLO 4620) Jalan Tampoi Johor Bahru	233,046	Industrial/Factory premise	19 years (Freehold)	1,418	3,321	January 1983
72-A (Lot PTD 54046 & 56057) Jalan Tampoi Johor Bahru	57,935	Industrial/Warehouse and factory premise	19 years (Freehold)	1,624	1,138	September 1990
72-A (Lot 11615 to 11630) Jalan Tampoi Johor Bahru	56,192	Vacant Land	- (Freehold)	549	121	February 1990
Malay Grant 598, Jalan Tampoi, Johor Bahru	59,895	Detached house/Warehouse	40 years (Freehold)	1,050	3,973	February 1990
701, Jalan Tampoi, Johor Bahru	241,022	Industrial/ Factory premise	40 years (Freehold)	7,700	191	February 1990
PERAK						
217 Jalan Lahat, Ipoh	287,738	Industrial/ Factory premise	38 years (Freehold)	2,815	2,515	October 1995
79 & 81 Jalan Tun Perak, Ipoh	51,828	Industrial/ Factory premise	101 years (Freehold/ Leasehold expiring 2013 & 2066)	405	137	October 1995
KUALA LUMPUR						
No.3, Jalan Metro Pudu, Fraser Business Park	7,208	Commercial	3 Months (Freehold)	-	14,955	2007
MELAKA						
10 Jalan Bukit Gedong, Melaka	104,000	Industrial/ Factory premise	82 years (Freehold/ Leasehold expiring 2023)	892	778	October 1995
SELANGOR						
Lot 3-1 Lion Industrial Park, Shah Alam	1,373,447	Industrial/Factory premise and office	10 years (Freehold)	36,899	68,057	October 1995
Lot 3-2 Lion Industrial Park, Shah Alam	558,875	Industrial/Vacant	- (Freehold)	11,678	-	October 1995
70 Jalan University , Petaling Jaya	382,467	Industrial/ Factory premise	46 years (Leasehold expiring 2058)	19,771	16,943	October 1995
16 Jalan Bersatu 13/4 , Petaling Jaya	171,797	Industrial/ Factory premise	46 years (Leasehold expiring 2058)	10,443	4,712	October 1995
Lot 5, Jalan Kilang, Petaling Jaya	207,727	Industrial/ Factory premise	40 years (Leasehold expiring 2058)	6,737	3,943	October 1995

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/07 Land RM'000	Net book value as at 30/9/07 Buildings RM'000	Last Revalued Date
PULAU PINANG						
3724 (Lot 834 and 842) Sungei Nyior Butterworth Pulau Pinang	130,324	Industrial/ Factory premise	53 years (Freehold)	2,600	2,125	October 1995
3725 & 3726 (Lot 833) Butterworth Pulau Pinang	97,387	Detached house/ Office premise	52 years (Freehold)	2,120	213	October 1995
KELANTAN						
Pengkalan Chepa Industrial Estate, Kota Bharu	203,861	Industrial/ Factory premise	27 years (Leasehold expiring 2043)	610	623	October 1995
PAHANG						
Mar Lodge, Cameron Highland	90,931	Detached house/ Holiday Bungalow	40 years (Leasehold expiring 2037)	739	212	October 1995
SARAWAK						
3.5 Miles Penrissen Road, Kuching	194,539	Industrial/ Factory premise	41 years (Leasehold expiring 2038)	1,684	7,100	October 1995
Lot 1557 Block 218 KNLD Kuching	124,797	Industrial	1 year (Leasehold expiring 2038)	7,633	-	2006
Lot 924 Block 4 Matang Land District	118,776	Industrial/ Factory premise	1 year (Freehold)	4,379	1,820	2006
Lot 583 Block 4 Matang Land District	261,338	Industrial/ Factory premise	1 year (Leasehold expiring 2038)	5,103	684	2006
Lot 142 Block 4 Matang Land District	47,413	Shop office	1 year (Leasehold expiring 2784)	-	196	2006
Lot 7399, Jln Mempaga, Mukim Sabai, Karak	216,986	Industrial	Freehold	3,680	-	2007
Sublot 3, Lot 2370, Jalan Tatau Bintulu, Bintulu.	5,272	Industrial	Freehold	18	12	2007
SABAH						
5.5 Miles Tuaran Road, Kota Kinabalu	142,140	Vacant Land	- (Leasehold expiring 2062)	1,421	-	October 1995
5.5 Miles Tuaran Road, Kota Kinabalu	142,578	Industrial/ Factory premise	36 years (Leasehold expiring 2062)	1,075	1,934	October 1995

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Net book value as at 30/9/07 Land RM'000	Buildings RM'000	Last Revalued Date
VIETNAM						
76 Ton That Thuyet Ho Chi Minh, Vietnam	363,691	Industrial/ Factory premise	13 years (Leasehold expiring 2023)	-	7,710	October 1993
CHINA						
6 Block A & C 1st Floor Xin Shi Ji Garden Liiu Shu Town, She Hong Country Sichuan Province China	5,042	Residential	51/2 years (Leasehold expiring 2058)	-	99	2002
THAILAND						
SIL Industrial Zone Amphur Nong Khae Saraburi Province	975,744	Industrial	1 year (Freehold)	11,029	34,052	2006
90 Moo 8 Mitapap Road, Phayayen District, Amphur Pakchong, Nakonratchasima Province 30320	125,857	Industrial	Freehold	-	6,412	

Classified as Group Property Development Cost (Note 13)

Location	Land area (sq. ft.)	Description/ Existing use of building	Approximate age of building (Tenure)	Land RM'000	Buildings RM'000	Last Revalued Date
KUALA LUMPUR						
Fraser Park Jalan Yew Kuala Lumpur	251,385	For the development of shop office for sale	Freehold	36,824	-	October 1995
Jalan Ampang	67,954	For the development of service apartment and Office suites	Freehold	18,230	-	2005
Fraser Park Jalan Yew Kuala Lumpur	316,594	For the development of shop office for sale	Freehold	37,088	-	October 1995
Lot 609, Geran 24235, Mukim Hulu Semenyih, District of Hulu Langat, State of Selangor	2,025,540	For the development of residential property	Freehold	18,523	-	2006
Lot 15350,Lot 15351 & Lot PTB 20048, Jalan Balau 1/ Jalan Dato Sulaiman/ Jalan Tebrau, Mukim Bandar, District of Johor Bahru, State of Johor	131,987	For the development of commercial property	Freehold	19,400	-	2005

SHAREHOLDINGS STATISTICS

SHAREHOLDINGS AS AT 30 NOVEMBER 2007

Authorised share capital - RM500,000,000
Fully paid and issued shares - RM356,493,101 (inclusive of 165,500 treasury shares)
Class of shares - Ordinary shares of RM1.00 each with equal voting rights
Voting rights - One vote for each ordinary shares held in the event of a poll

ANALYSIS OF SHAREHOLDINGS

Size of holding	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
1 - 1,000	1,678	36.72	1,176,767	0.33
1,001 - 10,000	2,276	49.80	9,121,829	2.56
10,001 - 100,000	527	11.53	15,979,478	4.48
100,001 to less than 5% of issued shares	87	1.91	63,807,920	17.91
5% and above of issued shares	2	0.04	266,241,607	74.72
	4,570	100.00	356,327,601	100.00

DIRECTORS' SHAREHOLDINGS

		Direct holdings		Indirect holdings	
No.	Name of shareholders	No.	%	No.	%
1	Y.A.M. Tengku Syed Badarudin Jamalullail	2,862,000	0.80	65,000	0.02
2	Struys Leslie Oswin	100,000	0.03	-	-
3	Tan Ang Meng	180,100	0.05	65,000	0.02
		3,142,100	0.88	130,000	0.04

SUBSTANTIAL SHAREHOLDERS (as shown in the Register of Substantial Shareholders)

		Direct holdings		Indirect holdings	
No.	Name of shareholders	No.	%	No.	%
1	Fraser and Neave Limited	208,853,410	58.61	-	-
2	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	57,388,197	16.11	-	-
		266,241,607	74.72	-	-

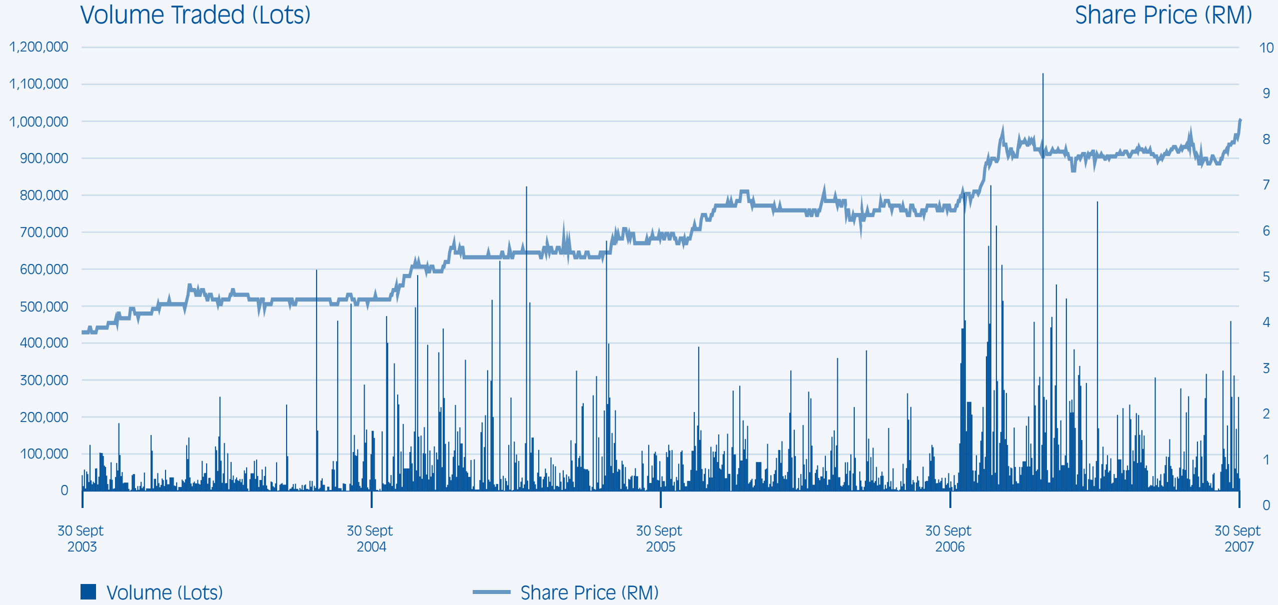
SHAREHOLDINGS AS AT 30 NOVEMBER 2007

THIRTY LARGEST SHAREHOLDERS (as shown in the Register of Members)

No.	Name of shareholders	Shares held	%
1	Fraser and Neave Limited	208,853,410	58.61
2	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	57,388,197	16.11
3	Employees Provident Fund Board	13,310,430	3.74
4	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	10,590,000	2.97
5	Permodalan Nasional Berhad	8,608,200	2.42
6	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Icapital.Biz Berhad	2,497,000	0.70
7	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities for Syed Badarudin Jamalullail (01-00737-000)	1,744,000	0.49
8	HSBC Nominees (Asing) Sdn Bhd Exempt An For Danske Bank A/S (Client Holdings)	1,304,700	0.37
9	Yap Ah Fatt	1,300,000	0.36
10	Pertubuhan Keselamatan Sosial	1,240,000	0.35
11	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Aberdeen Malaysia Equity Fund	1,205,000	0.34
12	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Employees' Provident Fund Board	1,133,000	0.32
13	HSBC Nominees (Asing) Sdn Bhd Exempt An For BNP Paribas Securities Services (Convert in USD)	1,100,000	0.31
14	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	989,300	0.28
15	HSBC Nominees (Asing) Sdn Bhd UBS AG Zurich for SBC Lux Equity Portfolio Malaysia	920,800	0.26
16	Syed Badarudin Jamalullail Bin Syed Putra Jamalullail	900,500	0.25
17	Mayban Nominees (Tempatan) Sdn Bhd Avenue Invest Berhad for Kumpulan Wang Amanah Pencen (E00170-220136)	722,000	0.20
18	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non PAR 1)	623,900	0.18
19	Key Development Sdn Berhad	600,000	0.17
20	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	564,500	0.16
21	Chinchoo Investment Sdn Berhad	500,000	0.14
22	Gan Teng Siew Realty Sdn Berhad	500,000	0.14
23	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (HK BR-TST-ASING)	500,000	0.14
24	Mayban Nominees (Tempatan) Sdn Bhd Capital Dynamics Asset Management Sdn Bhd for ACE Synergy Insurance Bhd	480,000	0.13
25	Lee Chin Hong	438,000	0.12
26	BHLB Trustee Berhad Public Focus Select Fund	400,200	0.11
27	Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank For Global Emerging Markets Small Cap (Danske Fund)	390,900	0.11
28	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	382,000	0.11
29	Cartaban Nominees (Asing) Sdn Bhd Nordea Bank Danmark A/S For Industriens Pensionsforsikring AS (28815)	351,000	0.10
30	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Pacific Focus18 Fund (5071-401)	341,600	0.10
		319,878,637	89.79

F&N Share Price and Bursa Malaysia's Composite Index

F&N Share Price and Volume Traded



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of Fraser & Neave Holdings Bhd will be held at Banyan, Casuarina & Dillenia, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 24 January 2008 at 2.30 pm for the following purposes :

AGENDA

Routine Business

1 To receive and adopt the Audited Financial Statements for the year ended 30 September 2007 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2 To approve the payment of a final dividend of 30 sen gross per share (22.2 sen net) for the year ended 30 September 2007. (Resolution 2)

3 To re-elect the following directors :
Under Article 97 of the Articles of Association

a) Datuk Fong Weng Phak (Resolution 3a)
b) Tan Sri Dato' Dr Lin See Yan (Resolution 3b)
c) Dato' Anwarrudin bin Ahamad Osman (Resolution 3c)

Under Section 129 of the Companies Act 1965

d) Mr Leslie Oswin Struys (Resolution 3d)

4 To approve directors' fees of RM681,000 for the year ending 30 September 2008 (2007: RM565,000) (Resolution 4)

5 To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2008 and to authorise the directors to fix their remuneration. (Resolution 5)

Special Business

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

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

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

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

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

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

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

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

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

"THAT approval be and is hereby given for the Company and/or its subsidiaries ("F&N Group") to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 2.4, Part B of the Circular dated 28 December 2007 with the related party mentioned therein, provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies, and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders

AND THAT such approval shall be in force until:
(i) the conclusion of the next Annual General Meeting of the Company ("AGM"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

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

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

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

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the forthcoming Annual General Meeting, the proposed final dividend of 30 sen gross per share (22.2 sen net) will be paid to shareholders on 28 February 2008. The entitlement date for the proposed dividend shall be on 31 January 2008.

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

a) Shares transferred to the depositor's securities account before 4.00 pm on 31 January 2008 in respect of ordinary transfer; and

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

By Order of the Board

JOSEPH TAN ENG GUAN
Company Secretary

Kuala Lumpur, Malaysia
28 December 2007

Notes :

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

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

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

4) The instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company at Level 8, F&N Point, No. 3 Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55200 Kuala Lumpur not less than 48 hours before the meeting.

EXPLANATORY NOTES ON THE SPECIAL BUSINESS

(i) Authority to allot and issue shares pursuant to the Fraser & Neave Holdings Bhd Executives' Share Option Scheme.

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

(ii) **PROPOSED SHARE BUY-BACK**

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

(iii) **PROPOSED SHAREHOLDERS' MANDATE**

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

Statement Accompanying the Notice of the 46th Annual General Meeting of Fraser & Neave Holdings Bhd.

Pursuant to paragraph 8.28(2) and format as set out in Appendix 8A of Bursa Malaysia Securities Berhad's Listing Requirements.

1. The directors who are standing for re-election :

   Under Article 97 of the Articles of Association

   a) Datuk Fong Weng Phak
   b) Tan Sri Dato' Dr Lin See Yan
   c) Dato' Anwarrudin bin Ahamad Osman

   Under Section 129 of the Companies Act 1965

   d) Mr Leslie Oswin Struys

   The details of the directors who are standing for re-election are disclosed under the Profile of Board of Directors.

2. Directors attendance at board meetings for the year ended 30 September 2007.

   The information can be found in the Statement on Corporate Governance section of the Annual Report.

3. Place, date and time of the 46th Annual General Meeting

Place	:	Banyan, Casuarina, Dillenia Sime Darby Convention Centre No. 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur
Date	:	24 January 2008
Time	:	2.30 pm

(Please note that only beverages will be served at the AGM).

Proxy Form

FRASER & NEAVE HOLDINGS BHD

CDS account no.

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

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

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

of……
(FULL ADDRESS)

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

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

of……
(FULL ADDRESS)

or failing him / her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us and my/our behalf at the 46th Annual General Meeting of the Company to be held on Thursday, 24 January 2008 at 2.30 pm at the Banyan, Casuarina, Dillenia, Sime Darby Convention Centre, No. 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur and at every adjournment thereof.

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

No.	Resolutions : Routine Business	For	Against
1	To receive and adopt the Audited Financial Statement for the year ended 30 September 2007 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final dividend of 30 sen gross per share (22.2 sen net) for the year ended 30 September 2007.		
3	To re-elect the following directors : Under Article 97 of the Articles of Association a) Datuk Fong Weng Phak b) Tan Sri Dato' Dr Lin See Yan c) Dato' Anwarrudin bin Ahamad Osman Under Section 129 of the Companies Act 1965 d) Mr Leslie Oswin Struys		
4	To approve directors' fees of RM681,000 for the year ending 30 September 2008. (2007 : RM565,000)		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending 30 September 2008 and to authorise the directors to fix their remuneration.		
Special Business			
6	To authorise Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Fraser & Neave Holdings Bhd. Executives' Share Option Scheme as approved at the Extraordinary General Meeting of the Company on 5 April 2007.		
7	To renew the authority for the purchase of its own shares by the Company		
8	To renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

As Witness my/our hand this ………. day of ……………..2008.

No. of ordinary shares held

…………………………
Signature of member

Notes:

1. A member entitled to attend and vote at the above meeting may appoint a proxy or proxies ((but not more than two) to attend and vote on his behalf and such proxy or proxies need not be a member or members of the Company.
2. Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.
3. In the case of a corporation, this form of proxy must be executed under seal or under the hand of its attorney duly authorised.
4. This instrument appointing a proxy or proxies must be deposited with the Company Secretary at the registered office of the Company Level 8, F&N Point, No. 3 Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55200 Kuala Lumpur not less than 48 hours before the meeting.

Fold here

STAMP

The Company Secretary

Fraser & Neave Holdings Bhd
Level 8, F&N Point
No. 3, Jalan Metro Pudu 1
Fraser Business Park
Off Jalan Yew
55200 Kuala Lumpur

Fold here

Fraser and Neave Limited is the trademark owner of the **F&N** brands.

The Coca-Cola Company is the trademark owner of the **Coca-Cola** brands.

Sunkist Growers Inc is the trademark owner of the **Sunkist** brands.

Lion Share Management Limited is the trademark owner of the **Tea Pot** brand.