



I AM HEARTENED TO REPORT THAT F&N CONTINUED TO EXPERIENCE STRONG GROWTH MOMENTUM IN OUR CORE MARKETS OF MALAYSIA, SINGAPORE AND THAILAND IN FY2016. WE ALSO MADE INROADS INTO NEW MARKETS IN THE REGION.

MR CHAROEN SIRIVADHANABHAKDI
Chairman

MESSAGE FROM OUR CHAIRMAN

Dear Shareholders,

I am heartened to report that F&N continued to experience strong growth momentum in our core markets of Malaysia, Singapore and Thailand in FY2016. We also made inroads into new markets in the region. The strategies we undertook and results are in line with our Vision 2020 of becoming a stable and sustainable Food & Beverage leader in the ASEAN region.

RESULTS FOR FY2016

The Group delivered strong results for the year under review amid challenging market conditions.

Profit after tax of our continuing operations (excluding Myanmar Brewery which was sold last year) grew strongly to \$166 million, on the back of a strong dairies performance from volume growth and favourable commodity prices, partially offset by the loss of the *RED BULL* distribution franchise in Malaysia, higher marketing spend to support the launches of new products in existing and new markets, and a negative currency translation effect. At the end of the financial year, the Group maintained a strong financial

Key Highlights



Group Profit after Tax doubled to \$166m

Key Highlights

OISHI is the



#1

ready-to-drink green tea brand in Malaysia

position through prudent balance sheet management, with net cash increasing \$43 million to \$908 million.

The Group has invested in future growth to strengthen our positions in our primary markets. We have installed a new filling and packaging line in Rojana which became operational during the year. We will also be building a new soft drinks plant in East Malaysia to double capacity (operational by 2021), installing a new aseptic cold-fill PET bottle line and constructing a new state-of-the-art storage facility in Shah Alam, and a new UHT line in Kuching. The new facilities in Shah Alam and Kuching will come on stream from the end of 2016 to 2018.

Key Highlights



Doubling capacity of East Malaysia's soft drinks plant (By 2021)

to reap synergies with ThaiBev and strengthen our portfolio of core brands, taking them into new markets as well as innovate to introduce new products in our core markets of Malaysia, Singapore and Thailand.

Following the relaunch in Malaysia last year, *OISHI* has become the leading ready-to-drink green tea brand in Malaysia. Meanwhile, sales of *RANGER*, a new energy drink launched in Malaysia have continued to grow. Both *OISHI* and *RANGER* are brands licensed from the ThaiBev Group. We continue to build *100PLUS'* brand presence in

Key Highlights

Strong Balance Sheet with net cash of \$908m



CORPORATE AND STRATEGIC DEVELOPMENTS

In late 2014, F&N, together with the Thai Beverage Public Company Limited ("ThaiBev") Group initiative, launched Vision 2020, a strategic roadmap conceived to increase the size and scale of our businesses to become a stable and sustainable Food & Beverage leader in the ASEAN region. I am pleased to report that we have continued

MESSAGE FROM OUR CHAIRMAN

Key Highlights



Vietnam and Myanmar continued to grow

Thailand following its launch last year, and steps are being taken to increase trial and acceptance and improve our distribution reach.

We recognise the importance of growth markets like Vietnam and Myanmar. During the year, we expanded our operations in Vietnam through the establishment of a wholly-owned foreign-invested enterprise in Vietnam to take control and manage the import, marketing, distribution and sale of F&N products. Our regional office in Myanmar continued to grow sales via exports, with plans to eventually increase our presence and penetration in the near future. We have made good progress with *100PLUS*, with the launch of *100PLUS* Orange and *100PLUS* Edge in the year which followed launches of *F&N NUTRISOY*, *F&N SEASONS* and *TEAPOT* canned milk. In Indonesia, our subsidiary, PT Yoke Food Industries continued to expand the presence of our brands in the market.

Our Malaysian subsidiary, Fraser & Neave Holdings Bhd, continued to

make progress with its transformational Project Bluesky – a major strategic initiative to realign its soft drinks and dairies operations in Malaysia to create greater synergy and a more resilient business by leveraging the combined strengths of our people, our brands, and our wide network of business partners and distributors to achieve the ambition to be the leading total beverage company in Malaysia by 2020.

F&N Foods in Singapore acquired its vending machine partner, Warburg Group of Companies, and has successfully integrated it to operate as one vending unit, increasing the focus on performance and accountability and realising synergies.

On the Publishing & Printing front, Marshall Cavendish Education (“MCE”) continued to be in the forefront of education publishing, and expanded its footprint in new international markets, in Latin America and Spanish speaking countries. Key to this was efforts to expand our digital product offerings, developing strategic partnerships and building brand awareness to cement the position of MCE in education. Our printing operations continued to make progress following restructuring efforts last year to align our capacity with demand. As a result, a small loss was incurred. We successfully renewed several major accounts in the year, in both Singapore and Malaysia, thanks to Times Printer’s long-standing relationships and good reputation for delivering on its commitments. Times Bookstores Singapore was also rebranded to meet changing consumer needs.



Realised synergies through acquisition of Warburg

Key Highlights





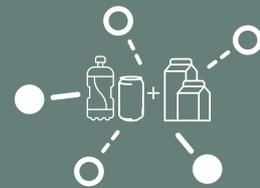
Key Highlights



60%
Dividend
payout ratio

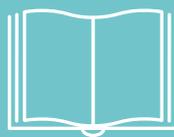
Key Highlights

Combined soft drinks and dairies operations in Malaysia to create greater synergy



Key Highlights

Marshall Cavendish Education in the forefront of education publishing



go to our stakeholders – our shareholders, customers, suppliers and other business associates for your continued support.

We are pleased to have Mr Edmond Neo and Mr Bennett Neo join us in October 2016, as Chief Executive Officer, Beer and Chief Executive Officer, Food, respectively. Edmond succeeds Mr Prapakon Thongtheppairot who will focus on his new role as Spirit Product Group CEO at ThaiBev. The extensive knowledge and operational experience in multiple leadership roles of Edmond and Bennett will build upon the Group's strengths to bring us closer to achieving our Vision set for 2020.

I am confident that notwithstanding the headwinds and uncertainties we are likely to face in the coming year, with your support, we shall continue to grow long-term stakeholder value.

CHAROEN SIRIVADHANABHAKDI
Chairman

DIVIDENDS

The Board recommends a final dividend of 3 cents per share for approval of shareholders at the forthcoming Annual General Meeting. Taken with the interim dividend paid in June 2016, the total dividend for the year will be 4.5 cents per share. This represents a payout ratio of 60%, above our guide of 50% of the Group's Attributable Profit Before Fair Value Adjustment and Exceptional

Items, and takes into account the capital position and near-term capital needs of the Group.

ACKNOWLEDGMENTS

I would like to convey my gratitude to my fellow directors for their guidance and commitment in the year. I should also like to thank management and all our employees for their hard work and whole-hearted support of our Vision 2020 objectives and targets. My thanks also