FRASER AND NEAVE, LIMITED

BUILDING A SUSTAINABLE FUTURE

ANNUAL
REPORT
2018

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BUILDING A SUSTAINABLE FUTURE

F&N's portfolio of diversified products bring people together across generations and communities. As we continue our journey to become a food and beverage leader in ASEAN, the Group remains committed to building great brands and delivering high-quality, delicious products to meet consumers' nutritional needs. Through our brands and investments in our communities, we will continue to make F&N an essential part of consumers' lives for even more generations to come.

CORPORATE PROFILE

Established in 1883, Fraser and Neave, Limited ("**F&N**") is a leading Southeast Asia Consumer Group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, F&N provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore stock exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 11 countries spanning Asia Pacific, Europe and the USA, and employs over 7,700 people worldwide.

VISION

To be a stable and sustainable Food & Beverage leader in the ASEAN region.

MISSION

To be ASEAN's leading owner and provider of quality and innovative products that consumers choose and trust. To support our mission, we are guided firmly by our commitment to create value for our stakeholders by ensuring that our corporate actions positively impact the socio-economic and environmental factors.

OUR MAIN BRANDS

In line with the Group's efforts towards greater environmental conservation, we have adopted an electronic transmission for our Annual Report and Sustainability Report.

The electronic version of this Annual Report is available on Fraser and Neave, Limited's website (fraserandneave.com/investor-relations/annual-reports). Shareholders and other interested parties who wish to receive a printed copy may order it through the website (fraserandneave.com/contact-us/request-annual-report), e-mail (ir@fraserandneave.com) or telephone ((65) 6318 9393).

F&N FY2018 Sustainability Report is only available in electronic version, and is available for download at fraserandneave.com/investor-relations/corporate-sustainability.

#GOPAPERLESS

1 Unless specifically stated otherwise, all figures in this Annual Report are quoted in Singapore Dollars.
2 Due to rounding, numbers in charts may not always add up to 100% or totals.

KEY HIGHLIGHTS

50+ NEW

products

F&N ICE MOUNTAIN

#1 water brand in Singapore

#1

120+ EXPORT MARKETS

#1

F&N SEASONS & OYOSHI

#1 in ready-to-drink tea in Malaysia

F&N is Thailand's

#1

manufacturer in Total Condensed Milk

FY2018 profit surged 26%

$213M

100PLUS is the

#1 CARBONATED SOFT DRINKS

in Malaysia and

#1 ISOTONIC DRINK

in Singapore

F&N NUTRISOY is the

#1 SOYA MILK

in Singapore and Malaysia

GROWTH

THIS IS F&N

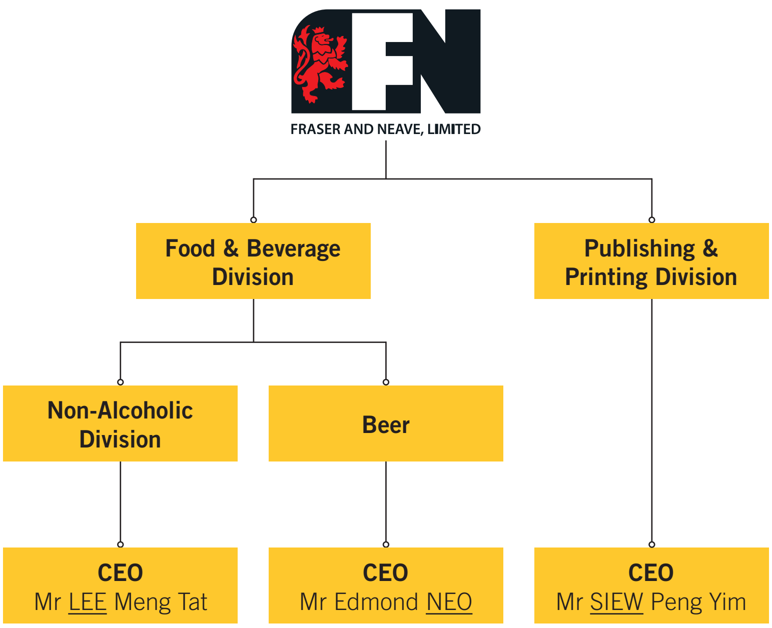
Fraser and Neave, Limited ("**F&N**" or the "**Group**") originated more than a century ago from the spirited decisions of two enterprising young men, John Fraser and David Neave, who diversified from their printing business to pioneer the aerated water business in Southeast Asia ("**SEA**") in 1883.

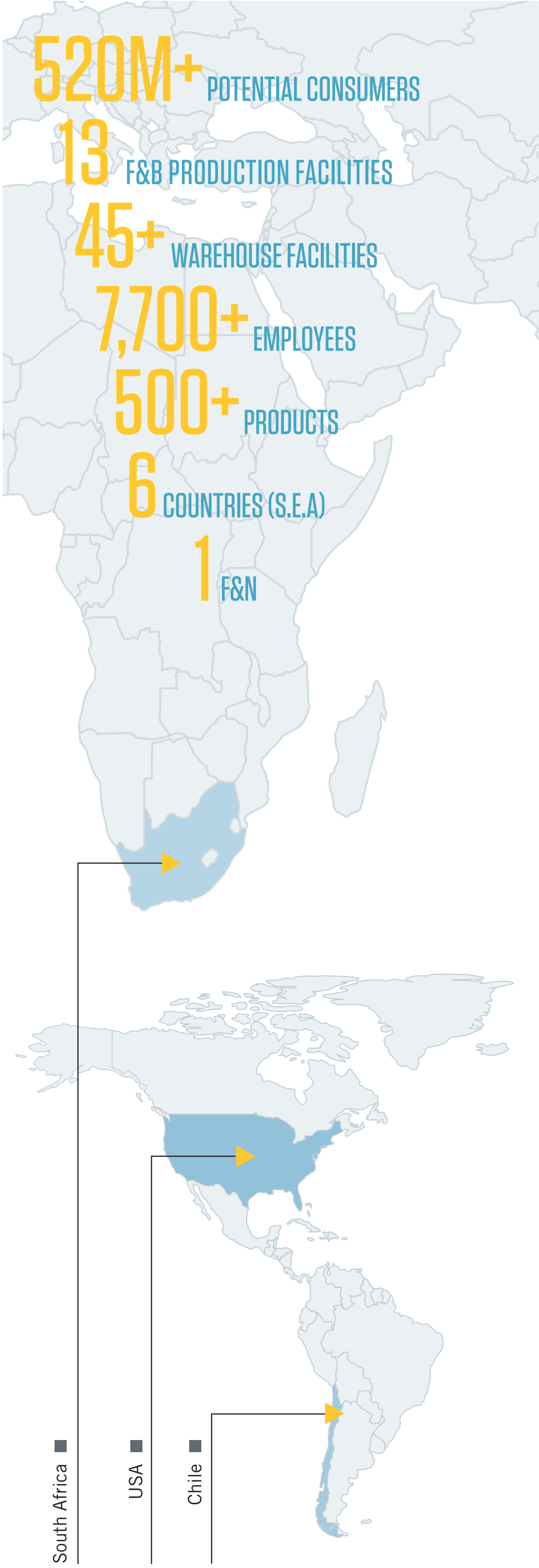
The entrepreneurial spirt, embodied by our founders, remains in today's F&N. As a soft drink company, F&N seized the growth opportunities and ventured into beer brewing business in 1931 in partnership with The Heineken Company and built a very successful beer empire in Asia Pacific – through its joint venture company, Asia Pacific Breweries Limited ("**APB**"). In 1959, it entered the Dairies business by forming a canned milk joint venture with Beatrice Foods of Chicago, and in 2007, it acquired Nestle's liquid canned milk business in Thailand, Malaysia, Singapore and Brunei, and accelerated its growth in the dairy business. Today, F&N is the largest canned milk producer in SEA. In 1985, the Group diversified into the Properties business. Starting with the redevelopment of its soft drinks and brewery sites in Singapore, F&N soon grew its property arm – Frasers Centrepoint Limited ("**FCL**", now known as Frasers Property Limited) to become one of the leading property companies in Singapore with multi-national businesses in residential, hospitality, retail, commercial and industrial properties.

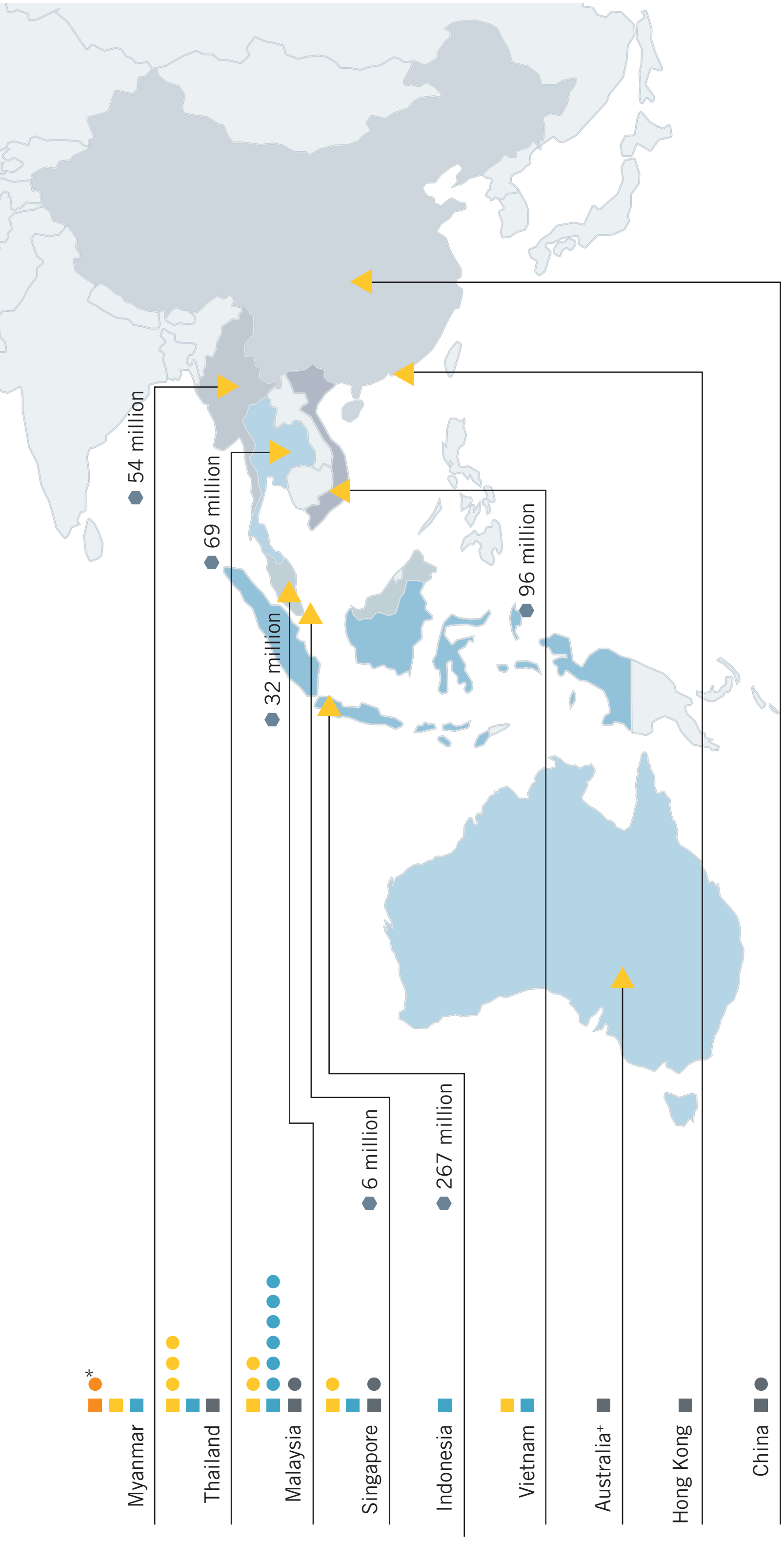
In 2012, F&N divested its equity stake in APB to realise a substantial value for shareholders. In 2014, the Group re-listed FCL on the Singapore Stock Exchange, thereby realising its latent value.

Today, F&N is a leading Asia Pacific Consumer Group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, as well as years of acquisition experience, the Group provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore stock exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 11 countries spanning Asia Pacific, Europe and the USA, and employs over 7,700 people worldwide.







Legend:

Manufacturing Plants
- Dairies
- Soft Drinks
- Beer
- Publishing & Printing

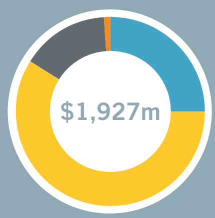
Offices
- Dairies
- Soft Drinks
- Beer
- Publishing & Printing

Population
Source: Worldometers

* Under construction
+ The Group owns ~7.8% of PMP Limited

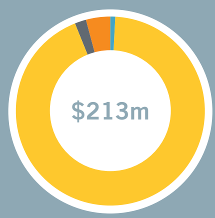
CONTRIBUTION BY SEGMENT

Revenue



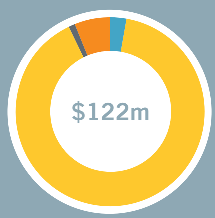
25% 60%
15% 0%

Profit Before Interest & Taxation



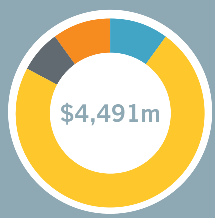
0% 108%
-1% -7%

Attributable Profit Before Fair Value Adjustment & Exceptional Items



-9% 137%
-2% -26%

Total Assets

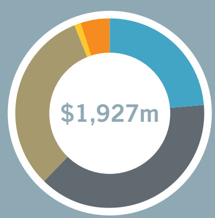


10% 73%
7% 10%

Legend:
Beverages Dairies Publishing & Printing Others

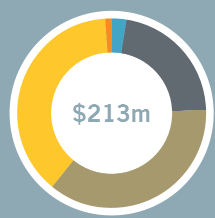
CONTRIBUTION BY GEOGRAPHY

Revenue



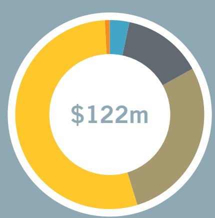
24% 39%
32% 0% 5%

Profit Before Interest & Taxation



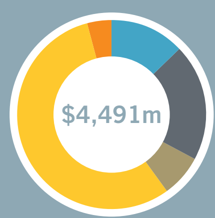
-7% 24%
41% 43% -1%

Attributable Profit Before Fair Value Adjustment & Exceptional Items



-32% 19%
40% 76% -3%

Total Assets



13% 20%
7% 56% 4%

Legend:
Singapore Malaysia Thailand Vietnam Others

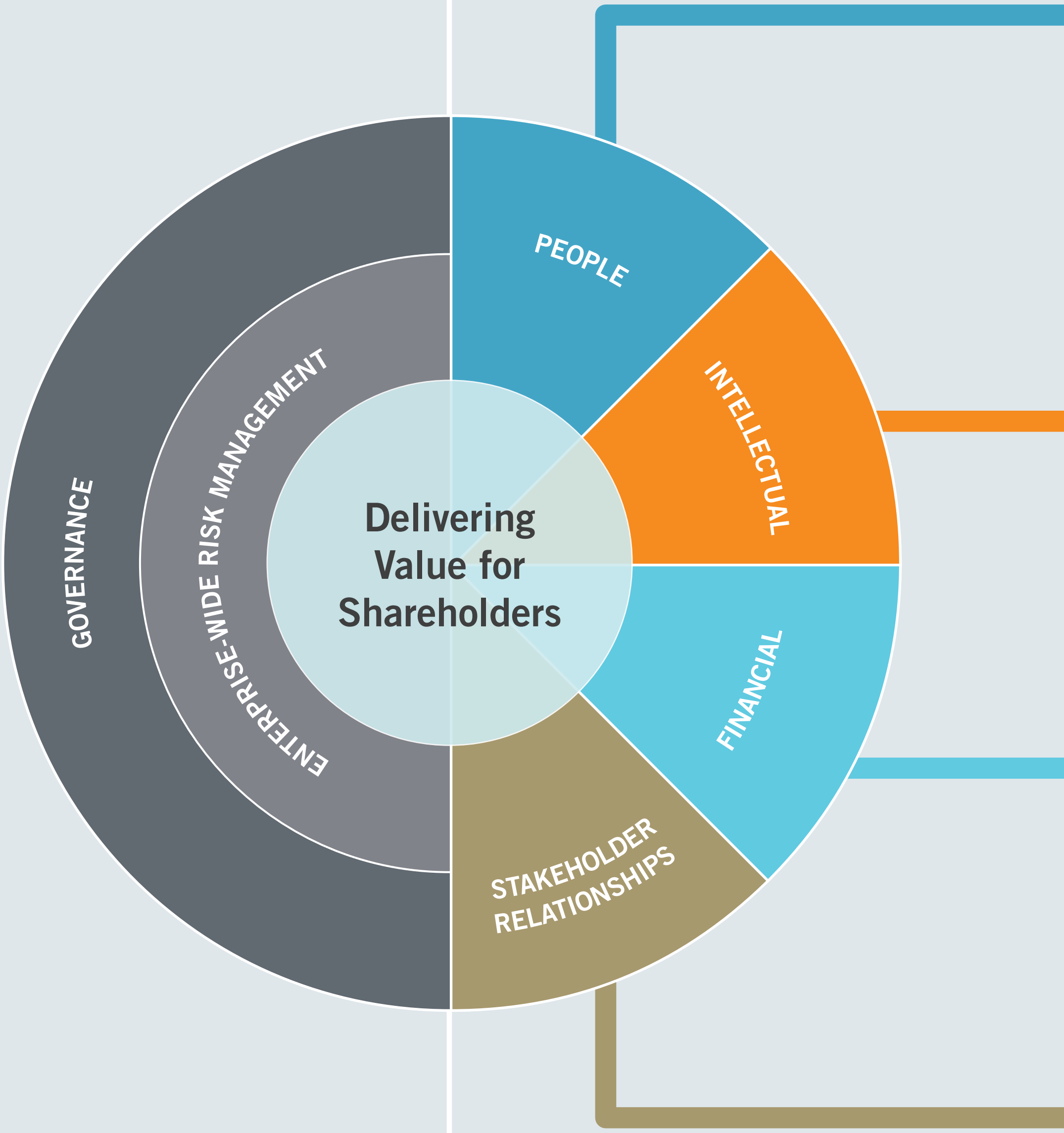
F&N BUSINESS MODEL

OUR STRATEGIC FOCUS

- **WINNING WITH BRANDS**
  - Focus our resources on and drive the growth of brands that are in the medium- to high-growth segments and where F&N has a *right to win*
- **WINNING WITH INNOVATION**
  - Focus on offering new products that appeal to consumers
- **WINNING IN MARKETPLACE**
  - Focus on strengthening levers to execute a strong go-to-market strategy that reduces cost and risk
- **WINNING WITH PEOPLE**
  - Focus on attracting and retaining the talent we need to achieve our growth priorities

OUR DISTINCTIVE ASSETS

- **DYNAMIC BRAND PORTFOLIO**
- **EXCELLENT R&D CAPABILITIES**
- **STRONG TEAM**
- **MARKETPLACE EXCELLENCE**
- **STRONG STRATEGIC PARTNERS**



Our business model enables us to be agile which has allowed us to react quickly to take advantage of opportunities and achieve sustainable, long-term value creation for our stakeholders. Leveraging our key resources (People, Intellectual, Financial and Stakeholder Relationships), we aim to deliver profitable growth by focusing on: 1) Winning with Brands, 2) Winning with Innovation, 3) Winning in Marketplace, and 4) Winning with People. In delivering on our promise, we are committed to protecting the environment and will continue to contribute positively to our society, while managing operational risks of our businesses and adhere to ethical principles of corporate governance.

F&N KEY RESOURCES

PEOPLE

Our People are our most powerful resource

INTELLECTUAL

Our brands, processes and technology help connect with the way our consumers live

FINANCIAL

We are supported by our strong business portfolio which boasts strong liquidity and robust performance

STAKEHOLDER RELATIONSHIPS

We have built strong alliances with customers, strategic partners, employees, investors and communities

VALUE ADDING ELEMENTS

IN OUR CORE MARKETS OF MALAYSIA, SINGAPORE AND THAILAND, AND NEW MARKETS

524 MILLION consumers

13 F&B manufacturing facilities

Over 500 F&B products and flavours

Over 250,000 F&B outlets

STRATEGIC PARTNERS

ThaiBev

Sunkist

VALUE CREATED

WE CREATE VALUE FOR OUR STAKEHOLDERS BY MANAGING AND DEPLOYING OUR RESOURCES AND ASSETS EFFICIENTLY AND EFFECTIVELY

$1,927 MILLION REVENUE

$213 MILLION PBIT

Our products are available in 120+ COUNTRIES

We employ 7,700+ PEOPLE in 11 countries

50+ NEW F&B products launched in 2018

22 PRODUCT & PROCESS excellence awards

VALUE SHARED WITH

EMPLOYEES

Fostering a culture of continuous learning, career development and reward for our employees

Read more from our Sustainability Report pages 31 to 39

CONSUMERS

Providing high-quality, delicious products to meet consumers nutritional needs

Read more from our Sustainability Report pages 26 to 27 and 78 to 83

STAKEHOLDERS

Managing our resources effectively and responsibly to create value and support job creation beyond our business

Read more from our Sustainability Report pages 52 to 67

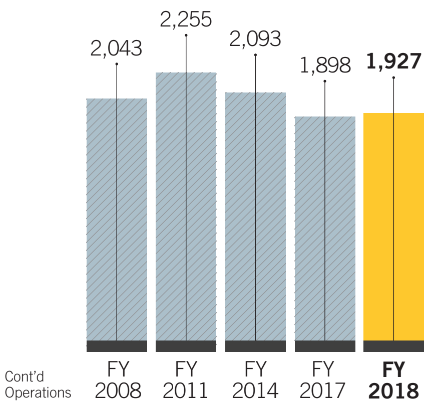
COMMUNITIES

Giving back to local communities through job creation, useful products and social responsibility programmes

Read more from our Sustainability Report pages 26 to 27 and 40 to 51

PERFORMANCE AT A GLANCE

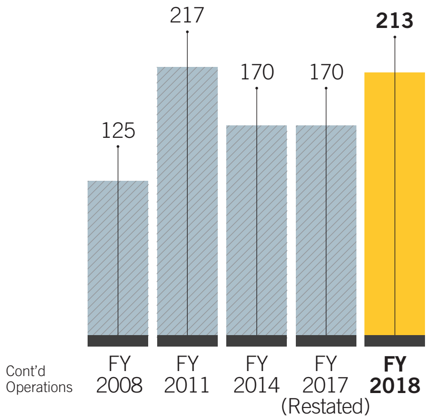
REVENUE ($M)



Discont'd Operations[2]	2,947	4,100	959	-	-
Total Operations	4,990	6,355	3,052	1,898	**1,927**

10-Year CAGR[3]	**-1%**
Increase from FY2008[3]	**-6%**

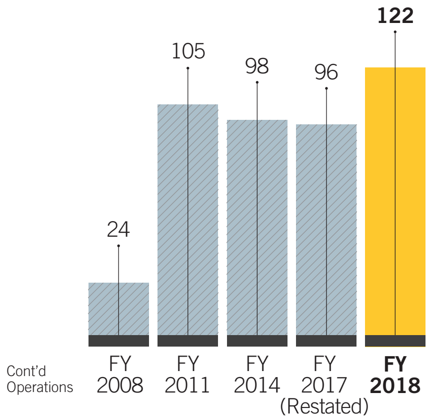
PROFIT BEFORE INTEREST & TAXATION ($M)



Discont'd Operations[2]	641	960	283	-	-
Total Operations	766	1,177	453	170	**213**

10-Year CAGR[3]	**+6%**
Increase from FY2008[3]	**+71%**

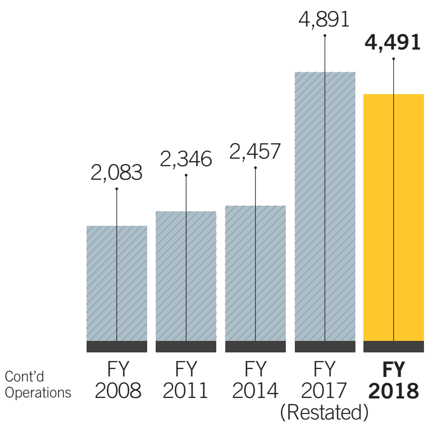
ATTRIBUTABLE PROFIT BEFORE FAIR VALUE ADJUSTMENT & EXCEPTIONAL ITEMS ($M)



Discont'd Operations[2]	348	538	165	-	-
Total Operations	372	643	263	96	**122**

10-Year CAGR[3]	**+17%**
Increase from FY2008[3]	**+397%**

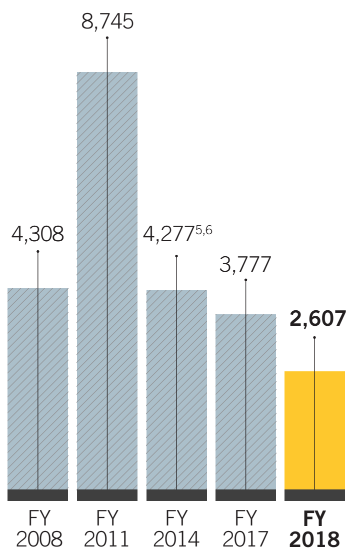
TOTAL ASSETS ($M)



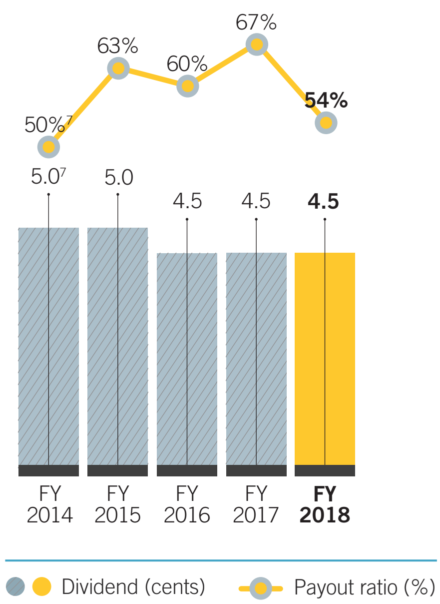
Discont'd Operations[2]	11,443	11,578	222	-	-
Total Operations	13,526	13,924	2,679	4,891	**4,491**

10-Year CAGR[3]	**+8%**
Increase from FY2008[3]	**+116%**

MARKET CAPITALISATION[4] ($M)



DISTRIBUTION



Notes:
1 FY2008, FY2011 and FY2014: As previously reported. FY2017 figures were restated upon the finalisation of the purchase price allocation in relation to our investment in Vietnam Dairy Products Joint Stock Company
2 Upon the disposal of Asia Pacific Breweries Limited/Asia Pacific Investment Pte Ltd ("APB/APIPL") and Myanmar Brewery Limited ("MBL"), and the distribution in-specie of Frasers Centrepoint Limited ("FCL", now known as Frasers Property Limited), their respective results have been classified as discontinued operations
3 Excludes discontinued operations of APB/APIPL, FCL and MBL
4 Based on issued shares at close of business on the first trading day after preliminary announcement of results
5 In January 2014, F&N relisted its property arm, FCL by undertaking a distribution in-specie of FCL shares to F&N shareholders. F&N shareholders received, without cash outlay, two FCL shares for each F&N share owned. Shares of FCL were listed by way of introduction on the Mainboard of SGX on 9 January 2014
6 In April 2014, the Group distributed $607m (or $0.42 per share) to shareholders in a capital reduction exercise
7 Excludes capital distribution of $0.42 per share in FY2014

GROUP FINANCIAL PERFORMANCE

5-YEAR STATISTICS

Notes	Year ended 30 September	FY2014	FY2015	FY2016	FY2017 (Restated)	**FY2018**
1, 2	**Profit Statement ($ million)**					
	Revenue	3,052	2,457	1,979	1,898	**1,927**
	Profit before taxation					
	- before interest	453	255	179	170	**213**
	- before fair value adjustment & exceptional items	452	255	189	164	**198**
	- after fair value adjustment & exceptional items	354	225	188	1,340	**199**
	Attributable profit					
3	- before fair value adjustment & exceptional items	263	115	109	96	**122**
	- after fair value adjustment & exceptional items	147	633	108	1,279	**122**
1	**Balance Sheet ($ million)**					
4	Net asset value	1,605	2,268	2,843	2,815	**2,821**
	Total assets employed	2,679	3,143	3,773	4,891	**4,491**
	Long-term borrowings	119	98	125	517	**497**
	Market Capitalisation ($ million) at close of business on the first trading day after preliminary announcement of results	4,277[7,8]	3,177	3,079	3,777	**2,607**
1,2	**Financial Ratio (%)**					
	Return on average shareholders' equity					
	- profit before fair value adjustment, taxation and exceptional items	8.9	13.2	7.4	5.8	**7.0**
3	- attributable profit before fair value adjustment & exceptional items	5.2	6.0	4.3	3.4	**4.3**
5	Gearing ratio					
	- without non-controlling interests	(13.6)	(38.1)	(32.0)	5.9	**12.1**
	- with non-controlling interests	(10.9)	(33.8)	(28.8)	5.3	**10.8**
1,2	**Per Share**					
	Profit before fair value adjustment, taxation and exceptional items (cents)	31.3	17.6	13.1	11.4	**13.6**
	Attributable profit (cents) (basic)					
	- before fair value adjustment & exceptional items	18.2	8.0	7.5	6.7	**8.4**
	- after fair value adjustment & exceptional items	10.2	43.7	7.5	88.4	**8.4**
4	Net asset value ($)	1.11	1.57	1.97	1.95	**1.95**
	Dividend					
	- net (cents)	5.0[9]	5.0	4.5	4.5	**4.5**
6	- cover (times)	3.6	1.6	1.7	1.5	**1.9**
	Stock Exchange Prices ($) at close of business on the first trading day after preliminary announcement of results	2.96[7,8]	2.20	2.13	2.61	**1.80**

Notes:
1 FY2014 - FY2016: As previously reported. FY2017 figures were restated upon the finalisation of the purchase price allocation in relation to our investment in Vietnam Dairy Products Joint Stock Company
2 Upon the distribution in-specie of Frasers Centrepoint Limited ("FCL", now known as Frasers Property Limited) in FY2014 and the disposal of Myanmar Brewery Limited in FY2015, their respective results have been classified as discontinued operations
3 Attributable profit before fair value adjustment and exceptional items: Profit after taxation and non-controlling interests, but before fair value adjustment and exceptional items
4 Net asset value: Share capital and reserves
5 Gearing ratio: Sum of bank borrowings and term loans, less fixed deposits and cash and bank balances, expressed as a percentage of equity
6 Dividend cover: Attributable profit before fair value adjustment and exceptional items per share, divided by net dividend per share
7 In January 2014, the Group completed the relisting of its property arm, FCL, by undertaking an in-specie distribution of FCL shares to F&N shareholders. F&N shareholders received, without cash outlay, two FCL shares for each F&N share owned. Shares of FCL were listed by way of introduction on the Mainboard of SGX on 9 January 2014
8 In April 2014, the Group distributed $607m (or $0.42 per share) to shareholders in a capital reduction exercise
9 Excludes capital distribution of $0.42 per share in FY2014

CHAIRMAN'S STATEMENT

Mr Charoen Sirivadhanabhakdi
Chairman

SUMMARY OF MESSAGE

- Group revenue grew 2 per cent to $1,926.5 million while earnings surged 26 per cent to $213.5 million from broad-based growth, led largely by Dairies
- We maintained our leading market positions through our well-executed strategies which focussed on meeting consumer preferences, disciplined investment in brand building, targeted geographical and business expansions and improvements in our distribution network
- *100PLUS* remains the best-selling brand in Singapore and Malaysia in the isotonic categories. In Malaysia and Thailand, we retained leadership in the canned milk segments
- Directors recommend for shareholders' approval, a final dividend of 3.0 cents per share, bringing the total dividend for FY2018 to 4.5 cents per share, unchanged from last year

Dear Shareholders,

OVERVIEW

In the year under review, the Group has performed well in a competitive market. Despite rapidly changing consumer behaviour and industry trends, I am pleased to report that Fraser and Neave, Limited maintained its leading market positions and achieved a creditable performance for FY2018. This was made possible through our well-executed strategies which focussed on meeting consumer preferences, disciplined investment in brand building, targeted geographical and business expansions and improvements in our distribution network.

RESULTS FOR FY2018

Group revenue grew 1.5 per cent year-on-year to $1,926.5 million, largely driven by Dairies and strong Malaysian Ringgit.

At the operating level, Group Profit Before Interest and Tax, before fair value adjustment and exceptional items rose 25.6 per cent to $213.5 million from broad-based growth, led largely by Dairies. Dairies earnings were boosted by full-year contribution from our associated company Vietnam Dairy Products Joint Stock Company ("**Vinamilk**") versus 5.5 months last year.

$213.5 MILLION

Group profit before interest and taxation, fair value adjustment and exceptional items surged 26% year-over-year

Full-year dividend of **4.5 CENTS** per share. Proposed final dividend of 3.0 cents per share

Consequently, Group Attributable Profit before fair value adjustment and exceptional items rose 26.4 per cent, to $121.7 million.

Including fair value adjustment and exceptional items, Group Attributable Profit fell from $1,279.4 million to $122.2 million. This decline was largely due to the absence of the $1,199.4 million fair value gain recognised last year when the Group first equity accounted for its share of Vinamilk profits in April 2017.

CORPORATE DEVELOPMENTS

During the year, through a series of open market purchases, we successfully raised our shareholding in Vinamilk from 18.74 per cent to 20.01 per cent. Our strategic investment in this company has bolstered the contribution from Dairies and expanded our reach in Vietnam, reducing the dependence on our Malaysian and Thai markets.

We have established a subsidiary in Myanmar known as Emerald Brewery Myanmar Limited to undertake the manufacturing, sale and distribution of beer in Myanmar with local shareholders. The brewery, which is currently under construction, is projected to be ready for commercial production by late 2019 and is expected to have an initial annual capacity of 500,000 hectolitres.

These investments during the year are important steps towards our long-term growth. We will actively continue the search for value-creating strategic acquisitions to transform our Food & Beverage ("**F&B**") business to become a stable and sustainable F&B leader in ASEAN.

CHAIRMAN'S STATEMENT

OPERATIONS REVIEW

Food & Beverage

Our F&B business grew across all segments in Southeast Asia. This year, we consolidated our brand positions across our core markets of Singapore, Malaysia and Thailand and made further inroads into Myanmar, Vietnam and Indonesia. Our investments in growing key brands like *100PLUS*, *OYOSHI*, *F&N MAGNOLIA* and *F&N NUTRISOY* have strengthened our market presence in the region. *100PLUS* remains the best-selling brand in Singapore and Malaysia in the isotonic categories. In Malaysia and Thailand, we retained leadership in the canned milk segments.

Given the increasing interest in health and wellness, we have introduced new tasty beverage alternatives to meet the growing demand for less sugar and lower calories; *100PLUS* now comes in zero sugar variant. We have also intensified our efforts to reduce sugar throughout our existing beverage range.

In working towards achieving our Vision 2020 goals, we have begun looking at plans to develop new pillars of growth beyond 2020 and Southeast Asia. Investments are underway to build new capacity in Soft Drinks and Dairies and steps are being taken to tap the market potential of Muslim consumers globally.

Publishing & Printing

Publishing & Printing delivered better financial performance following a restructuring of its businesses over the last few years. The leaner and more agile operation is in a better position to execute its long-term strategies for sustainable growth.

DIVIDENDS

We believe in maintaining a sustainable dividend policy to enhance long-term shareholder value. The Directors recommend for shareholders' approval, a final dividend of 3.0 cents per share. If approved, the pay-out will be made on 20 February 2019. Including the interim dividend paid in June 2018, the total dividend for the year will be 4.5 cents per share, unchanged from last year. This represents a distribution of 54 per cent, which is in line with our policy of paying approximately 50 per cent of the Group's Attributable Profit before fair value adjustment and exceptional items.

SUSTAINABILITY

This is the second year we have published a Sustainability Report based on the Global Reporting Initiative framework which complies with the SGX requirements. During the year, we broadened the responsibilities of the Risk Management Committee, which now also oversees sustainability practices. The committee was renamed the Sustainability and Risk Management Committee.

The Group is committed to looking for ways to reduce the impact on the environment by reducing our carbon emissions, solid waste, water consumption and improving energy efficiencies in our operations. We also strive to create a positive social impact by enhancing the well-being of our consumers by offering healthier beverages as well as the local communities through our community outreach programmes.

ACKNOWLEDGEMENTS

In January 2018, we were privileged to welcome Dr Sujittra Sombuntham, who was appointed a new independent, non-executive director. We were also pleased to see the return of Messrs Charles Mak and Chan Heng Wing to the Board.

I am thankful to my fellow Board members for their valuable contributions and active participation in board deliberations over the course of the year.

On behalf of the Board, I would also like to thank all our employees for their hard work and dedication to achieving our Vision 2020 objectives. My thanks also go to our other stakeholders – shareholders, customers, suppliers and other business associates for your support.

Charoen Sirivadhanabhakdi
Chairman

BOARD OF DIRECTORS

Mr Charoen Sirivadhanabhakdi

Khunying Wanna Sirivadhanabhakdi

Tengku Syed Badarudin Jamalullail

Mrs Siripen Sitasuwan

Mr Timothy Chia Chee Ming

Mr Charles Mak Ming Ying

Mr Chan Heng Wing

Dr Sujittra Sombuntham

Mr Koh Poh Tiong

Mr Chotiphat Bijananda

Mr Thapana Sirivadhanabhakdi

Mr Sithichai Chaikriangkrai

Mr Michael Chye Hin Fah
(Alternate Director)

Mr Prapakon Thongtheppairot
(Alternate Director)

MR CHAROEN SIRIVADHANABHAKDI, 74

CHAIRMAN / NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
28 Feb 2013

Date of last re-appointment as a director
29 Jan 2016

Country of principal residence
Thailand

BOARD COMMITTEE(S) SERVED ON
Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Honorary Doctoral Degree in Marketing, Rajamangala University of Technology Isan, Thailand
- Honorary Doctoral Degree in Buddhism (Social Work), Mahachulalongkornrajavidyalaya, Thailand
- Honorary Doctorate Degree in Business Administration, Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand
- Honorary Doctoral Degree in Hospitality Industry and Tourism, Christian University of Thailand, Thailand
- Honorary Doctoral Degree in Sciences and Food Technology, Rajamangala University of Technology Lanna, Thailand
- Honorary Doctoral Degree in International Business Administration, University of the Thai Chamber of Commerce, Thailand
- Honorary Doctoral Degree in Management, Rajamangala University of Technology Suvarnabhumi, Thailand
- Honorary Doctor of Philosophy in Business Administration, Mae Fah Luang University, Thailand
- Honorary Doctoral Degree in Business Administration, Eastern Asia University, Thailand
- Honorary Doctoral Degree in Management, Huachiew Chalermprakiet University, Thailand
- Honorary Doctoral Degree in Industrial Technology, Chandrakasem Rajabhat University, Thailand
- Honorary Doctoral Degree in Agricultural Business Administration, Maejo Institute of Agricultural Technology, Thailand

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Berli Jucker Public Company Limited (Chairman)
- Frasers Property Limited (Chairman)
- Thai Beverage Public Company Limited (Chairman)

Others
- Asset World Corp Public Company Limited (Chairman)
- Bangyikhan Distillery Group of Companies (Chairman)
- Beer Thai (1991) Public Company Limited (Chairman)
- Cristalla Co., Ltd. (Chairman)
- International Beverage Holdings Limited (Chairman)
- North Park Golf and Sports Club Co., Ltd. (Chairman)
- Plantheon Co., Ltd. (Chairman)
- Siriwana Co., Ltd. (Chairman)
- Southeast Group Co., Ltd. (Chairman)
- TCC Asset World Corporation Limited (Chairman)
- TCC Assets (Thailand) Company Limited
- TCC Corporation Limited (formerly TCC Holding Co., Ltd.) (Chairman)
- TCC Group of Companies
- TCC Land Co., Ltd. (Chairman)
- Thai Group Holdings Public Company Limited (Chairman)

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
- Big C Supercenter Public Company Limited[1]

Others
- Red Bull Distillery Group of Companies (Chairman)

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
Nil

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

OTHERS
- Darjah Kebesaran Panglima Setia Mahkota (P.S.M.) which carries the title 'Tan Sri' from Malaysia
- Royal Order of Sahametrei, Grand Officer of the Most Noble Order of the Rajamitrabhorn of Cambodia

SHAREHOLDING INTEREST IN F&N GROUP
- Refer to Shareholding Statistics on pages 181 to 182

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
- Spouse of Khunying Wanna Sirivadhanabhakdi (Vice-Chairman and substantial shareholder)
- Father of Mr Thapana Sirivadhanabhakdi (Director)
- Father-in-law of Mr Chotiphat Bijananda (Director)
- See "Directors' Interests in Shares or Debentures" in the Directors' Statement on page 89 for details on relationship with other substantial shareholders of F&N

ADDITIONAL INFORMATION
- Additional information on Mr Charoen, who is seeking re-appointment as a Director at the 120th Annual General Meeting, is given on pages 190 to 193.

Note:
1 Delisted from the Stock Exchange of Thailand on 28 September 2017

BOARD OF DIRECTORS

KHUNYING WANNA SIRIVADHANABHAKDI, 75

VICE-CHAIRMAN / NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
28 Feb 2013

Date of last re-appointment as a director
29 Jan 2018

Country of principal residence
Thailand

BOARD COMMITTEE(S) SERVED ON
Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Honorary Doctoral Degree in Buddhism (Social Work), Mahachulalongkornrajavidyalaya, Thailand
- Honorary Doctoral Degree (Management), Mahidol University, Thailand
- Honorary Doctorate of Philosophy (Business Management), University of Phayao, Thailand
- Honorary Doctoral Degree from the Faculty of Business Administration and Information Technology, Rajamangala University of Technology Tawan-ok, Thailand
- Honorary Doctor of Philosophy in Social Sciences, Mae Fah Luang University, Thailand
- Honorary Doctoral Degree in Business Administration, Chiang Mai University, Thailand
- Honorary Doctoral Degree in Agricultural Business Administration, Maejo Institute of Agricultural Technology, Thailand
- Honorary Doctoral Degree in Bio-technology, Ramkhamhaeng University, Thailand

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Berli Jucker Public Company Limited (Vice-Chairman)
- Frasers Property Limited (Vice-Chairman)
- Thai Beverage Public Company Limited (Vice-Chairman)

Others
- Asset World Corp Public Company Limited (Vice-Chairman)
- Beer Thip Brewery (1991) Co., Ltd. (Chairman)
- Cristalla Co., Ltd (Vice-Chairman)
- International Beverage Holdings Limited (Vice-Chairman)
- North Park Golf and Sports Club Co., Ltd. (Vice-Chairman)
- Plantheon Co., Ltd. (Vice-Chairman)
- Sangsom Co., Ltd. (Chairman)
- Siriwana Co., Ltd. (Vice-Chairman)
- Southeast Group Co., Ltd. (Vice-Chairman)
- TCC Asset World Corporation Limited
- TCC Assets (Thailand) Company Limited
- TCC Corporation Limited (formerly TCC Holding Co., Ltd.) (Vice-Chairman)
- TCC Group of Companies
- TCC Land Co., Ltd. (Vice-Chairman)
- Thai Group Holdings Public Company Limited (Vice-Chairman)

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
- Big C Supercenter Public Company Limited[1]

Others
Nil

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
Nil

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

OTHERS
- Royal Order of Cambodia, Grand Cross of the Most Noble Order of the Rajamitrabhorn (First Class) in Diplomacy

SHAREHOLDING INTEREST IN F&N GROUP
- Refer to Shareholding Statistics on pages 181 to 182

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
- Spouse of Mr Charoen Sirivadhanabhakdi (Chairman and substantial shareholder)
- Mother of Mr Thapana Sirivadhanabhakdi (Director)
- Mother-in-law of Mr Chotiphat Bijananda (Director)
- See "Directors' Interests in Shares or Debentures" in the Directors' Statement on page 89 for details on relationship with other substantial shareholders of F&N

Note:
1 Delisted from the Stock Exchange of Thailand on 28 September 2017

TENGKU SYED BADARUDIN JAMALULLAIL, 73

LEAD INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
08 Jan 2014

Date of last re-appointment as a director
29 Jan 2016

Country of principal residence
Malaysia

BOARD COMMITTEE(S) SERVED ON
- Nominating Committee (Chairman)

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Master of Arts in Law & History, University of Cambridge, UK

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Fraser & Neave Holdings Bhd (Chairman)

Others
- Berkat Restu Sdn Bhd
- Besar Holdings Sdn Bhd
- Mega SPJ Sdn Bhd
- Pusat Dialisis Centre Tuanku Syed Putra – NKF (Chairman)
- Tuanku Syed Putra Foundation
- Vacaron Company Sdn Bhd

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
- Hwang Capital (Malaysia) Berhad

Others
- HDM Capital Sdn Bhd
- Hwang Investment Management Berhad
- HwangDBS Investment Bank Berhad
- Asian Islamic Investment Management Sdn Bhd

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
Nil

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
- 2,062,000 shares in Fraser & Neave Holdings Bhd, a subsidiary of F&N listed on Bursa Malaysia

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

ADDITIONAL INFORMATION
- Additional information on Tengku, who is seeking re-appointment as a Director at the 120th Annual General Meeting, is given on pages 190 to 193.

MRS SIRIPEN SITASUWAN, 70

INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
31 May 2013

Date of last re-appointment as a director
24 Jan 2017

Country of principal residence
Thailand

BOARD COMMITTEE(S) SERVED ON
- Audit Committee (Chairman)
- Nominating Committee
- Remuneration Committee

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Master of Business Administration, Wichita State University, Kansas, USA
- Bachelor of Arts (Commerce), Chulalongkorn University, Thailand
- Listed Company Director Programme, Singapore Institute of Directors, Singapore
- Director Certification Program (DCP) 2017, Thai Institute of Directors (IOD)

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Sermsuk Public Company Limited
- Thai Solar Energy Public Company Limited
- Thanachart Capital Public Company Limited

Others
Nil

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
Nil

Others
- Solaris Asset Management Co., Ltd.

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
Nil

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

MR TIMOTHY CHIA CHEE MING, 68

INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
08 Jan 2014

Date of last re-appointment as a director
24 Jan 2017

Country of principal residence
Singapore

BOARD COMMITTEE(S) SERVED ON
- Audit Committee
- Remuneration Committee (Chairman)

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Bachelor of Science cum laude, majoring in Management, Fairleigh Dickinson University, USA

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Banyan Tree Holdings Limited
- Ceylon Guardian Investment Trust PLC
- Ceylon Investment PLC
- Malaysia Smelting Corporation Berhad
- QuantuMDx Group Limited
- The Straits Trading Company Limited

Others
- Gracefield Holdings Limited (Chairman)
- Hup Soon Global Corporation Private Limited (Chairman)
- Rahman Hydraulic Tin Sdn Bhd
- Singapore Power Limited
- United Motor Works (Siam) Public Co Ltd (Chairman)
- Vertex Venture Holdings Ltd

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
- InnoTek Limited

Others
- Coutts & Co Ltd
- EQT Funds Management Ltd
- Guan Leng Holdings Pte Ltd
- HS Global Holdings Pte Ltd
- JM Financial Singapore Pte Ltd
- Parkesville Pte Ltd
- PowerGas Limited
- SP PowerAssets Limited
- SPI (Australia) Assets Pty Ltd
- United Motor Works (Mauritius) Ltd

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
- ASEAN Business Club (Member, Advisory Council & Co-Chair, Singapore)
- Asian Civilisation Museum (Member, Advisory Board)
- Singapore Management University (Member, Board of Trustees)
- Singapore Indian Development Association (Term Trustee)

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

BOARD OF DIRECTORS

MR CHARLES MAK MING YING, 66

INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
11 Jan 2018

Date of last re-appointment as a director
29 Jan 2018

Country of principal residence
Hong Kong

BOARD COMMITTEE(S) SERVED ON
Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Master of Business Administration, PACE University, USA
- Bachelor of Business Administration, PACE University, USA

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Frasers Property Limited

Others
Nil

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
Nil

Others
Nil

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
- Senior Advisor to Morgan Stanley Asia's Investment Banking Division
- PACE University, USA (Board of Trustees)

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
- Morgan Stanley Asia Pacific (Vice-Chairman)
- Morgan Stanley International Wealth Management (President)
- Chairman and Director of Bank Morgan Stanley AG
- Director in Morgan Stanley Asia Limited and a member of Morgan Stanley's Asia Pacific Executive Committee, the Morgan Stanley Wealth Management Committee and the International Operating Committee
- Managing Director and Head of Morgan Stanley Asia Pacific Private Wealth Management
- Executive Director and Senior Investment Adviser of Morgan Stanley's Private Wealth Management Group

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

MR CHAN HENG WING, 72

INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
11 Jan 2018

Date of last re-appointment as a director
29 Jan 2018

Country of principal residence
Singapore

BOARD COMMITTEE(S) SERVED ON
Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Master of Science, Columbia Graduate School of Journalism, USA
- Master of Arts, University of Singapore, Singapore
- Bachelor of Arts (Honours), University of Singapore, Singapore

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Banyan Tree Holdings Ltd.
- EC World Asset Management Pte Ltd
- Frasers Property Limited

Others
- Fusang Family Office Ltd (HK)
- Fusang Investment Office Ltd (HK)
- One Bangkok Holdings Co., Ltd.
- Precious Quay Pte. Ltd.
- Precious Treasures Pte. Ltd.

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
Nil

Others
- Fusang Corp (Labuan)
- Fusang Family Office Pte Ltd (S)
- Fusang Investment Office Pte Ltd (S)

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
- Ministry of Foreign Affairs: Non-resident Ambassador to Austria
- Milken Institute Asia Center (Senior Advisor)

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

DR SUJITTRA SOMBUNTHAM, 62

INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
11 Jan 2018

Date of last re-appointment as a director
29 Jan 2018

Country of principal residence
Thailand

BOARD COMMITTEE(S) SERVED ON
Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Medical Degree, Prince of Songkla University (First Class Honors, Valedictorian), Thailand
- Board of Internal Medicine, Chulalongkorn University, Thailand
- Diploma in Dermatology, University of London, United Kingdom
- Board of Family Medicine, The Royal College of Family Physicians of Thailand
- Certificate in Anti-Aging Medicine Specialization, World Society of Anti-Aging Medicine, European Organization of Scientific Anti-Aging Medicine
- American Board of Anti-Aging and Regenerative Medicine, USA

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
Nil

Others
- Bhatra Co., Ltd.
- Dermscan Asia Co., Ltd.
- Springfield At Sea Co., Ltd.
- Springfield Beach Club Co., Ltd.
- Springfield Holding Co., Ltd.
- Springfield Royal Club Co., Ltd.
- Thaniya Co., Ltd.
- Thaniya Dental Center Co., Ltd.
- Thaniya Holding Co., Ltd.
- Thaniya Medical Center Co., Ltd.
- Thaniya Real Estate Co., Ltd.
- Thaniyakit Co., Ltd.
- Thanyaville Co., Ltd.
- Yada Development Co., Ltd.

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
Nil

Others
Nil

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
- St. Joseph Hospital Foundation (Vice-President)
- Dermscan Asia Co., Ltd (Clinical Director)
- Thai Society of Cosmetic Dermatology and Surgery (Treasurer)
- Thai Society of Anti-Aging
- Honorary Advisory Board of Dysport
- Mae Fah Luang University (Guest Lecturer)
- Chulalongkorn University (Guest Lecturer)
- Thaniya Medical Clinic (Physician)

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

MR KOH POH TIONG, 71

NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR / ADVISER TO THE BOARD

Date of first appointment as a director
03 Apr 2013

Date of last re-appointment as a director
29 Jan 2016

Country of principal residence
Singapore

BOARD COMMITTEE(S) SERVED ON
- Board Executive Committee (Chairman)
- Sustainability and Risk Management Committee (Chairman)

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Bachelor of Science, University of Singapore, Singapore

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Bukit Sembawang Estates Limited (Chairman)
- Delfi Limited
- Raffles Medical Group Limited
- Saigon Beer-Alcohol-Beverage Corporation (Chairman)

Others
- Great Eastern General Insurance (Malaysia) Berhad
- Great Eastern Life Assurance (Malaysia) Berhad
- National Kidney Foundation (Chairman)
- Singapore Kindness Movement (Chairman)
- Times Publishing Limited (Chairman)
- Yunnan Yulinquan Liquor Co., Ltd. (Chairman)

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
- Ezra Holdings Limited (Chairman and Senior Advisor)
- United Engineers Ltd
- SATS Ltd

Others
- Member of the Integrated Resorts Evaluation Panel, Ministry of Trade and Industry

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
Nil

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
- 251,315 shares in Fraser and Neave, Limited

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

ADDITIONAL INFORMATION
- Additional information on Mr Koh, who is seeking re-appointment as a Director at the 120th Annual General Meeting, is given on pages 190 to 193.

BOARD OF DIRECTORS

MR CHOTIPHAT BIJANANDA, 55

NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
19 Feb 2013

Date of last re-appointment as a director
24 Jan 2017

Country of principal residence
Thailand

BOARD COMMITTEE(S) SERVED ON

Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S)

- Master of Business Administration, Finance, University of Missouri, USA
- Bachelor of Laws, Thammasat University, Thailand

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)

Listed companies

- Frasers Property Limited
- Golden Land Property Development Public Company Limited
- Sermsuk Public Company Limited (2nd Vice-Chairman)
- TICON Industrial Connection Public Company Limited

Others

- Asiatig House Co., Ltd.
- Big C Services Co., Ltd.
- Charm Corp Circle Co., Ltd.
- Concept Land 5 Co., Ltd.
- Dhamma Land Property Company Limited
- DL Engineering Solutions Company Limited
- Frasers Property Australia Pty Limited
- OHCHO Company Limited
- Pattana Bovornkij 4 Company Limited
- Permsub Siri 3 Company Limited
- Permsub Siri 5 Company Limited
- S Sofin Co., Ltd.
- Sinn Bualuang Capital Co., Ltd.
- Sinn Bualuang Leasing Co., Ltd.
- Southeast Academic Center Company Limited
- Southeast Advisory Company Limited
- Southeast Capital Co., Ltd. (Chairman of Executive Board)
- Southeast Group Co., Ltd. (President)
- Southeast Insurance Public Company Limited (Chairman of Executive Board)
- Southeast Joint Venture Co., Ltd.
- Southeast Life Insurance Public Company Limited (Chairman of Executive Board)
- Suansilp Pattana 1 Co., Ltd.
- TCC Group of Companies
- TCC Holdings (2519) Company Limited
- TCC Privilege Card Company Limited
- Tep Nimitr Thanakorn (2001) Co., Ltd.
- Thai Group Holdings PCL

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS

Listed companies

Nil

Others

Nil

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)

Nil

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)

Nil

SHAREHOLDING INTEREST IN F&N GROUP

Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY

- Son-in-law of Mr Charoen Sirivadhanabhakdi (Chairman and substantial shareholder) and Khunying Wanna Sirivadhanabhakdi (Vice-Chairman and substantial shareholder)
- Brother-in-law of Mr Thapana Sirivadhanabhakdi (Director)

ADDITIONAL INFORMATION

- Additional information on Mr Bijananda, who is seeking re-appointment as a Director at the 120th Annual General Meeting, is given on pages 190 to 193.

MR THAPANA SIRIVADHANABHAKDI, 43

NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
19 Feb 2013

Date of last re-appointment as a director
29 Jan 2018

Country of principal residence
Thailand

BOARD COMMITTEE(S) SERVED ON

- Board Executive Committee (Vice-Chairman)
- Nominating Committee
- Remuneration Committee
- Sustainability and Risk Management Committee

ACADEMIC & PROFESSIONAL QUALIFICATION(S)

- Honorary Doctoral Degree of Arts, Rajamangala University of Technology Phra Nakhon, Thailand
- Honorary Doctoral Degree in Hospitality, Rajamangala University of Technology Krungthep, Thailand
- Honorary Doctoral Degree in Community Development, Chiang Mai Rajabhat University, Thailand
- Honorary Doctoral Degree of Business Administration in Strategic Logistic and Supply Chain Management, Suan Sunandha Rajabhat University, Thailand
- Honorary Doctoral Degree of Philosophy in General Management, Ramkhamhaeng University, Thailand
- Master of Science Administration in Financial Economics, Boston University, USA
- Bachelor of Business Administration (Finance), Boston University, USA

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Amarin Printing and Publishing Public Company Limited (Vice-Chairperson)
- Golden Land Property Development Public Company Limited
- Oishi Group Public Company Limited (Vice-Chairman)
- Sermsuk Public Company Limited (3rd Vice-Chairman)
- Thai Beverage Public Company Limited
- Univentures Public Company Limited (Vice-Chairman)

Others
- Beer Thai (1991) Public Company Limited (Vice-Chairman)
- GMM Channel Holding Co., Ltd. (formerly GMM Channel Trading Co., Ltd.) (Executive Chairman)
- InterBev Investment Limited
- International Beverage Holdings Limited (President)
- Plantheon Co., Ltd.
- Pracharath Rak Samakkee Social Enterprise (Thailand) Co., Ltd.
- Red Bull Distillery Group of Companies (Chairman)
- South East Group of Companies (Vice-Chairman)
- TCC Group of Companies
- Thai Beverage Group of Companies
- Thai Group Holdings Public Company Limited

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
- Berli Jucker Public Company Limited
- Siam Food Products Public Company Limited

Others
- InterBev Malaysia Sdn. Bhd

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
- Thai Beverage Public Company Limited (President & Chief Executive Officer and Chief Beer Product Group)

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
- Son of Mr Charoen Sirivadhanabhakdi (Chairman and substantial shareholder) and Khunying Wanna Sirivadhanabhakdi (Vice-Chairman and substantial shareholder)
- Brother-in-law of Mr Chotiphat Bijananda (Director)

MR SITHICHAI CHAIKRIANGKRAI, 64

NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Date of first appointment as a director
22 Feb 2013

Date of last re-appointment as a director
29 Jan 2018

Country of principal residence
Thailand

BOARD COMMITTEE(S) SERVED ON
- Audit Committee
- Board Executive Committee
- Sustainability and Risk Management Committee

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Bachelor of Accountancy (First Class Honors), Thammasat University, Thailand
- Diploma in Computer Management, Chulalongkorn University, Thailand
- Certificate of the Mini MBA Leadership Management, Kasetsart University, Thailand

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Berli Jucker Public Company Limited
- Frasers Property Limited
- Golden Land Property Development Public Company Limited
- Oishi Group Public Company Limited
- Sermsuk Public Company Limited
- Siam Food Products Public Company Limited
- Thai Beverage Public Company Limited
- Univentures Public Company Limited

Others
- Asset World Corp Public Company Limited
- Big C Retail Holding Company Limited
- Eastern Seaboard Industrial Estate (Rayong) Company Limited
- Petform (Thailand) Co., Ltd.
- TCC Assets (Thailand) Company Limited
- Thai Beverage Can Co., Ltd.
- Univentures REIT Management Co., Ltd.

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
- Big C Supercenter Public Company Limited[1]

Others
Nil

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
- Thai Beverage Public Company Limited (Senior Executive Vice-President, Group CFO)

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

Note:
1 Delisted from the Stock Exchange of Thailand on 28 September 2017

BOARD OF DIRECTORS

MR MICHAEL CHYE HIN FAH, 59

ALTERNATE DIRECTOR TO MR THAPANA SIRIVADHANABHAKDI

Date of first appointment as a director
08 Feb 2017

Country of principal residence
Singapore

BOARD COMMITTEE(S) SERVED ON
- Board Executive Committee
- Sustainability and Risk Management Committee

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Bachelor of Business Studies with First Class Honours in Accounting and Finance, Massey University, New Zealand
- Master of Business Studies with Distinction in Accounting and Finance, Massey University, New Zealand
- Fellow of the Institute of Singapore Chartered Accountants
- Associate Member of the Institute of Chartered Secretaries & Administrators
- Member of the Singapore Institute of Directors
- Associate Member of Chartered Secretaries Institute of Singapore

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
- Saigon Beer-Alcohol-Beverage Corporation
- Vietnam Dairy Products Joint Stock Company

Others
- Alliance Asia Investment Private Limited
- Alliance Strategic Investments Pte Ltd
- Beer Chang International Limited
- BeerCo Limited
- BevCo Limited (Hong Kong)
- BevCo Limited
- C A C Co., Ltd
- DECCO 235
- Havi Food Distribution (Thailand) Co., Ltd
- Havi Logistics (Thailand) Limited
- Heritas Capital Management Pte Ltd
- IMC Pan Asia Alliance Corporation
- InterBev (Singapore) Limited
- International Beverage Holdings Limited
- International Beverage Holdings (Singapore) Pte Limited
- International Beverage Holdings (UK) Limited
- International Beverage Trading (Hong Kong) Limited
- International Beverage Trading Limited
- Inver House Distillers Ltd
- Marketing Magic Pte Ltd
- Myanmar Distillery Company Limited
- Myanmar Supply Chain and Marketing Services Company Limited
- Prudence Holdings Limited
- So Water Company Limited
- Super Brands Company Pte Ltd
- Vietnam Beverage Company Limited
- Wellwater Limited

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
- Sermsuk Public Company Limited

Others
- Sermsuk Beverage Co., Ltd
- Sermsuk Holdings Co., Ltd.
- Wrangyer Beverage (2008) Co., Ltd.

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
- Thai Beverage Public Company Limited (Executive Vice-President, Finance and Accounting Group, Deputy Group CFO and Chief Finance Officer – International Business)
- Vietnam Beverage Company Limited (Legal Representative)
- Vietnam F&B Alliance Investment Joint Stock Company (Legal Representative / Chairman of Board of Management)

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
Nil

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

MR PRAPAKON THONGTHEPPAIROT, 47

ALTERNATE DIRECTOR TO MR SITHICHAI CHAIKRIANGKRAI

Date of first appointment as an alternate director
21 Mar 2013

Country of principal residence
Thailand

BOARD COMMITTEE(S) SERVED ON
- Board Executive Committee
- Sustainability and Risk Management Committee

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Advanced Management Programme, INSEAD, France
- Master of Science in Finance, Georgia State University, USA
- Master of Business Administration, Mercer University, USA
- Bachelor of Business Administration, Assumption University, Thailand
- Listed Company Director Programme, Singapore Institute of Directors, Singapore
- Director Certification Program (DCP) 2017, Thai Institute of Directors (IOD)

PRESENT DIRECTORSHIP(S) (as at 12 Dec 2018)
Listed companies
Nil

Others
- Asiaeuro International Beverage (Guangdong) Co., Ltd.
- Asiaeuro International Beverage (Hong Kong) Limited
- Beer Chang International Limited
- Chang International Co., Ltd.
- Dhospaak Co., Ltd.
- InterBev Investment Limited
- International Beverage Holdings Limited
- Modern Trade Management Co., Ltd.
- Myanmar Distillery Co., Ltd.
- Myanmar Supply Chain and Marketing Services Co., Ltd.
- P.M.T. Mansion Co., Ltd.
- Thai Beverage Group of Companies
- Thai Beverage Marketing Co., Ltd.
- Thai Drinks Co., Ltd.

PAST DIRECTORSHIP(S) OTHER THAN F&N HELD OVER THE PRECEDING FIVE YEARS
Listed companies
Nil

Others
- Times Publishing Limited

PRESENT PRINCIPAL COMMITMENTS (other than Directorships) (as at 12 Dec 2018)
- Thai Beverage Public Company Limited (Executive Vice-President – Chief Spirit Product Group, Chief Route-to-Market)

PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS (other than Directorships)
- Held various senior executive positions in the TCC Group, namely Senior Vice-President for Finance in Thai Beverage Public Company Limited, Director in Thai Beverage Marketing Co., Ltd., Senior Executive Vice-President for Land Development and Investment Management in TCC Land Group, Senior Executive Vice-President for Corporate Services in Plantheon Group and TCC Land Group, and Senior Executive Vice-President for Finance in TCC Land Group.

SHAREHOLDING INTEREST IN F&N GROUP
Nil

RELATIONSHIP WITH OTHER DIRECTOR, EXECUTIVE OFFICER, F&N, SUBSTANTIAL SHAREHOLDER OF F&N OR SUBSTANTIAL SHAREHOLDER OF PRINCIPAL SUBSIDIARY
Nil

GROUP MANAGEMENT

Mr Lee Meng Tat
Chief Executive Officer, Non-Alcoholic Beverages

Mr Edmond Neo
Chief Executive Officer, Beer

Mr Siew Peng Yim
Chief Executive Officer, Times Publishing Group

Mr Hui Choon Kit
Chief Financial Officer and Company Secretary

MR LEE MENG TAT, 55

CHIEF EXECUTIVE OFFICER, NON-ALCOHOLIC BEVERAGES

Date of appointment
01 May 2015

Length of service in the F&N Group (as at 30 Sep 2018)
15 years 10 months

JOB DESCRIPTION

Mr Lee is responsible for overseeing and driving the growth strategies of Group's non-alcoholic beverages business, which has operations and investments in Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam.

ACADEMIC & PROFESSIONAL QUALIFICATION(S)

- Certificate in Corporate Governance, International Directors Programme (IDP-C), INSEAD, France
- Advanced Management Program, Harvard Business School, USA
- Master of Business Administration, Imperial College, London, UK
- Bachelor of Engineering (Mechanical), National University of Singapore, Singapore

WORKING EXPERIENCE

- Chief Executive Officer, Wildlife Reserves Singapore Group
- Chief Corporate Development Officer, Food & Beverage Division, Fraser and Neave, Limited
- Chief Executive Officer, China, Heineken-APB (China) Management Services Co., Ltd and Regional Director, China, Asia Pacific Breweries Ltd
- Vice-President & Deputy Head, Education Services and Corporate General Manager (Projects), Times Publishing Ltd
- Vice-President (E-business & Operations), Fannet Online Pte Ltd
- Senior Manager, New Ventures, Fraser and Neave, Limited
- Deputy General Manager, Sembawang Leisure Pte Ltd
- Deputy Director, Regional Tourism, Singapore Tourism Board
- Assistant Head, International Business Development, Singapore Economic Development Board
- Owner, Wokabout Pte Ltd
- Assistant Treasurer, Corporate Banking, DBS Bank Ltd

OTHERS

- Council Member (Co-opted), Singapore Cancer Society

MR EDMOND NEO, 53

CHIEF EXECUTIVE OFFICER, BEER

Date of appointment
01 Oct 2016

Length of service in the F&N Group (as at 30 Sep 2018)
26 years 02 months

JOB DESCRIPTION
Mr Neo is responsible for overseeing and driving the Group's beer business.

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Bachelor of Accountancy, National University of Singapore, Singapore

WORKING EXPERIENCE
- Managing Director, Chang International Co., Ltd
- General Manager, Regional Brand Development, F&N Interflavine Pte Ltd
- Director, Group Commercial, Asia Pacific Breweries Ltd
- Chief Executive Officer, Asia Pacific Breweries (Lanka) Ltd
- Commercial Manager, Cambodia Brewery Limited
- Assistant General Manager, Group Commercial, Asia Pacific Breweries Ltd
- Regional Marketing Manager, Philips Electronics Singapore
- Senior Marketing Manager, Asia Pacific Breweries Ltd
- Senior Brand Manager, DB Breweries Limited
- Senior Brand Manager, Asia Pacific Breweries Singapore
- Corporate Banking Officer, Overseas Union Bank
- Auditor, Price Waterhouse

OTHERS
Nil

MR SIEW PENG YIM, 50

CHIEF EXECUTIVE OFFICER, TIMES PUBLISHING GROUP

Date of appointment
01 Oct 2014

Length of service in the F&N Group (as at 30 Sep 2018)
6 years 05 months

JOB DESCRIPTION
Mr Siew is responsible for overseeing and driving the growth strategies of the Group's publishing and printing businesses.

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Bachelor of Accountancy, National University of Singapore, Singapore
- Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants, Singapore

WORKING EXPERIENCE
- Chief Financial Officer and Chief Operating Officer, Times Publishing Limited
- Chief Financial Officer, Times Publishing Limited
- Chief Financial Officer, Chief Operating Officer and Executive Director, HTL International Holdings Ltd
- Chief Financial Officer, HTL International Holdings Ltd
- Group Financial Controller, HTL International Holdings Ltd

OTHERS
Nil

MR HUI CHOON KIT, 54

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Date of appointment
01 Oct 2012

Length of service in the F&N Group (as at 30 Sep 2018)
18 years 08 months

JOB DESCRIPTION
Mr Hui is responsible for the Group Finance, Treasury, Taxation, Investor Relations and Corporate Communications, Risk Management and Sustainability, Corporate Secretariat, Group Legal and Management Services functions.

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
- Master of Business Administration, Nanyang Technological University, Singapore
- Bachelor of Business, Curtin University of Technology, Australia
- Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants, Singapore

WORKING EXPERIENCE
- Group Financial Controller, Fraser and Neave, Limited ("FNL")
- Deputy Group Financial Controller/General Manager, Corporate Communications, FNL
- General Manager, Treasury and Budget, FNL
- General Manager, Corporate Communications & Special Projects/Budget Manager, Chairman's Office, FNL
- Deputy General Manager, Corporate Planning & Business Development/ Budget Manager, Chairman's Office, FNL
- Assistant General Manager, Corporate Planning & Business Development, FNL
- Senior Manager, New Ventures, FNL
- Manager, Corporate Finance, Schroder International Merchant Bankers Limited
- Assistant Vice-President, Investment Banking, Keppel Bank of Singapore Limited
- Executive Consultant, Ernst & Young Consultants Pte Ltd

OTHERS
- Member, Finance Committee, National Kidney Foundation

CORPORATE STRUCTURE

FRASER AND NEAVE, LIMITED

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited

Stock Code: F99

Number of Ordinary Shares Outstanding:
1,448,121,153 Shares
(Excluding 131,126 Treasury Shares)

FOOD & BEVERAGE

Fraser & Neave Holdings Bhd

- 20 Subsidiary companies
- 1 Joint Venture company
- 1 Associated company
  Listed company
  Cocoaland Holdings Berhad

Other Listed & Unlisted Companies

- 19 Subsidiary companies
  Asia Dairies (S) Pte Ltd
  Emerald Brewery Myanmar Limited
  F&NBev Manufacturing Pte. Ltd.
  F&N Dairy Investments Pte Ltd
  F&N Foods Pte Ltd
  F&N Interflavine Pte. Ltd.
  F&N Myanmar Services Limited
  F&N Services (F&B) Sdn Bhd
  F&N United Limited
  F&N Vietnam Limited Liability Company
  Magnolia – PDL Dairies (1993) Sdn. Bhd.
  PT. F&N Indonesia
  Tiger Tavern Sdn. Bhd.
  Warburg Engineering Pte. Ltd.
  Warburg Vending Pte Ltd
  Warburg Vending Malaysia Sdn. Bhd.
  Warburg Vending Services Pte. Ltd.
  F&N Creameries Group
    - 4 Subsidiary companies
  Yoke Food Industries Group
    - 1 Subsidiary company
- 1 Associated company
  Listed company
  Vietnam Dairy Products Joint Stock Company

PUBLISHING & PRINTING

Times Publishing Group

- 33 Subsidiary companies
- 1 Joint Venture company
- 2 Associated companies

OTHERS

Other Unlisted Companies

- 6 Subsidiary companies
  F&N Investments Pte Ltd
  F&N Myanmar Investments Pte. Ltd.
  F&N Treasury Pte. Ltd.
  Fraser & Neave (Singapore) Pte. Limited
  Fraser & Neave Investments (Hong Kong) Limited
  InterF&B Pte. Ltd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Charoen Sirivadhanabhakdi
(Chairman)

Khunying Wanna Sirivadhanabhakdi
(Vice-Chairman)

Tengku Syed Badarudin Jamalullail
(Lead Independent Director)

Mrs Siripen Sitasuwan

Mr Timothy Chia Chee Ming

Mr Charles Mak Ming Ying

Mr Chan Heng Wing

Dr Sujittra Sombuntham

Mr Koh Poh Tiong

Mr Chotiphat Bijananda

Mr Thapana Sirivadhanabhakdi

Mr Sithichai Chaikriangkrai

Mr Michael Chye Hin Fah
(Alternate Director to Mr Thapana Sirivadhanabhakdi)

Mr Prapakon Thongtheppairot
(Alternate Director to Mr Sithichai Chaikriangkrai)

BOARD EXECUTIVE COMMITTEE

Mr Koh Poh Tiong
(Chairman)

Mr Thapana Sirivadhanabhakdi
(Vice-Chairman)

Mr Sithichai Chaikriangkrai

Mr Michael Chye Hin Fah

Mr Prapakon Thongtheppairot

SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

Mr Koh Poh Tiong
(Chairman)

Mr Thapana Sirivadhanabhakdi

Mr Sithichai Chaikriangkrai

Mr Michael Chye Hin Fah

Mr Prapakon Thongtheppairot

AUDIT COMMITTEE

Mrs Siripen Sitasuwan
(Chairman)

Mr Timothy Chia Chee Ming

Mr Sithichai Chaikriangkrai

NOMINATING COMMITTEE

Tengku Syed Badarudin Jamalullail
(Chairman)

Mrs Siripen Sitasuwan

Mr Thapana Sirivadhanabhakdi

REMUNERATION COMMITTEE

Mr Timothy Chia Chee Ming
(Chairman)

Mrs Siripen Sitasuwan

Mr Thapana Sirivadhanabhakdi

GROUP MANAGEMENT

Mr Lee Meng Tat
Chief Executive Officer, Non-Alcoholic Beverages

Mr Edmond Neo
Chief Executive Officer, Beer

Mr Siew Peng Yim
Chief Executive Officer, Times Publishing Group

Mr Hui Choon Kit
Chief Financial Officer and Company Secretary

REGISTERED OFFICE

438 Alexandra Road
#20-00 Alexandra Point
Singapore 119958
Tel: (65) 6318 9393
Fax: (65) 6271 0811

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 3405

AUDITOR

KPMG LLP
Partner-in-charge:
Quek Shu Ping
(with effect from financial year 2016)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

DBS Bank Ltd

Crédit Agricole Corporate and Investment Bank

CitiBank N.A.


Life's better with live cultures
100 PLUS
zero
Carnation
Plus
est
SEASONS
no sugar
Fruit Tree
fresh
ORANGE
LESS SUGAR
& CALORIES
NEW
Nutri Soy
ICE MOUNTAIN
Magnolia
Low Fat
Hi Cal
Milk
REDEEM
Nutri Well
Chang
CLASSIC

FOOD & BEVERAGE

CEO BUSINESS REVIEW

NON-ALCOHOLIC BEVERAGES

SUMMARY OF MESSAGE

- F&B revenue improved 3% to $1,645 million
- F&B PBIT surged 15% to $231 million
- Beverages generated turnover of $488 million in FY2018, accounting for 30% of F&B's turnover. Losses narrowed to $0.2 million
- Dairies generated turnover of $1,157 million in FY2018, accounting for 70% of F&B's turnover. Earnings improved 13% to $231 million, accounting for nearly all F&B PBIT
- PBIT margin improved 156bps to 14%
- Dairies remained Group's largest revenue and profit contributor
  - Vinamilk full-year contribution amounted to $95 million
  - Dairies Thailand profit improved 19%
- Soft Drinks profitability improved
  - Beverages Malaysia profit improved over twofold
- In addition to portfolio development through acquisitions and innovations, the Group also drives growth through driving efficiencies in our production processes and route-to-market

Mr Lee Meng Tat
Chief Executive Officer,
Non-Alcoholic Beverages

Revenue

$1,645 MILLION

For FY2018

$1,605 MILLION in FY2017

Profit Before Interest & Taxation

$231 MILLION

For FY2018

$200 MILLION in FY2017

PERFORMANCE REVIEW

FY2017/2018 was a challenging year. F&N operated in a difficult environment where it has to contend with regulatory challenges as well as shifting consumer behaviour and industry trends. While economic indicators in our core markets were generally positive, consumer sentiment has remained relatively subdued and consumption has been weak.

Despite all the megatrends impacting our businesses, F&N Food & Beverage ("**F&B**") division delivered an impressive performance. This year, F&B revenue improved 3%, from $1,605m to $1,645m. The strong top line growth was broad-based, with higher dairy and soft drinks sales in Malaysia, Thailand and Indonesia. Underpinned by higher sales, reduced operating costs and full-year profit contribution from the Group's 20.01% stake in Vietnam Dairy Products Joint Stock Company ("**Vinamilk**"), F&B FY2018 profit before interest and taxation ("**PBIT**") rose 15% to $231m, from $200m a year ago.

F&N's success was due to stellar execution of the strategy established by the Group in 2016. Our strategy focuses on geographic and business expansion as well as on our brands. Our balanced and differentiated portfolio in core markets of Malaysia, Singapore and Thailand has allowed F&N to meet the diverse needs of our customers and strengthened our positions in categories which are strategic for the future. While we consolidate our positions in core markets, we continue to pursue our strategy of pushing our core brands into new markets of Indonesia, Myanmar, Thailand (soft drink) and Vietnam. This diversified growth strategy provides new avenues of growth, as well as protects the company from country-specific economic downturns. We will build on our progress to date and will continue to make disciplined investments in these new markets to grow our presence.

A YEAR OF PROGRESS

This year, both Beverages and Dairies turned in better performances. F&B FY2018 revenue grew 3% to $1,645m, from $1,605m a year ago. The revenue growth was supported by 5% growth in Dairies, mainly due to better export canned milk sales from Malaysia and Thailand, higher ice cream volume and favourable translation effects. On the back of higher sales, full-year profit contribution from Vinamilk and lower operating costs, F&B FY2018 PBIT improved 15% to $231m, up from $200m in FY2017.

Despite challenging conditions, Dairies saw revenue grew 5% to $1,157m, up from $1,105m in FY2017. Dairies Thailand and Dairies Malaysia largely supported the growth, a testament to our continued ability to extract value from our mature markets. Dairies Thailand, which accounted for 36% of F&B revenue and over 50% of Dairies revenue, registered a 5% top line growth, and successfully reinforced its market-leading position in the canned milk segment. Consequently, earnings of Dairies Thailand improved 19% to $87m. Meanwhile, Dairies Malaysia, where sales grew 6% year-on-year ("**y-o-y**"), has benefitted from better export performance and positive currency translation effect. Despite higher sales, Dairies Malaysia PBIT fell 10% to $41m on higher dairy-based commodity prices and packaging costs. Dairies Malaysia accounted for 19% of F&B revenue and 28% of Dairies revenue. This year, Dairies earnings was further bolstered by Vinamilk's $95m earnings contribution, which has benefitted from an additional 6.5-month contribution as profit recognition under equity method started from 16 April 2017.

The soft drinks industry in Malaysia, Singapore and Myanmar continue to be impacted by regulatory changes, dampened market sentiments, competitive pricing and sales disruption. As Singapore and Malaysia soft drinks market contracted, F&N Beverages division top line fell 2% from last year, to $488m. Despite the challenges, we continued to adapt our brands to keep pace with the shifting consumers preferences. This year, we have rolled out numerous innovations across our markets: we have expanded the product range of *100PLUS*, our flagship brand, and further reduced its calorie count by launching reduced and zero-calorie versions. On the back of lower

CEO BUSINESS REVIEW - NON-ALCOHOLIC BEVERAGES

sugar and operating costs, Beverages Malaysia FY2018 earnings improved over twofold to $13m, from $6m in FY2017. Beverages Singapore earnings was down, impacted largely by lower export sales, higher packaging cost and lower selling prices as a result of intense competition and regulatory challenges. Performances of new markets have been mixed. We saw a return of intense market competition and competitive levels of trading terms, which diminished our profits further on a y-o-y comparison. We have responded to the pressure on profits across our new markets by reining in expenses without compromising our growth initiatives. While Myanmar and Thailand (soft drink) earnings have improved – losses in both markets were narrowed by controlling marketing expenses – Indonesia's performance was impacted by currency headwinds and poor consumer sentiments. Taken together, Beverages FY2018 losses narrowed to $0.2m, from a loss of $4m in FY2017.

Brand health remained strong. *100PLUS* cemented its leadership position in Malaysia – in the isotonic and the soft drinks segment; *F&N NUTRISOY* and *F&N SEASONS* are Malaysians favourite soya drink; *F&N SEASONS* and *OYOSHI* (rebranded from OISHI) are the No.1 Ready-To-Drink ("**RTD**") Tea brands; and our canned milk brands – *F&N, TEAPOT* and *CARNATION* – continued to dominate Malaysia and Thailand. All these brands contributed strongly to our top line. This strong performance was driven by continuous innovation, investment in brand equity and expansion into new markets.

PAVING THE WAY FOR GROWTH

Acquisitions are part of our relentless focus on actively managing our brand portfolio

Alongside our breakthroughs through research and development, acquisitions also play a key role in our quest for innovation. The brands we acquire will take us into new growth segments as well as innovative business models that we can continue to operate separately. Our acquisitions of Warburg and Yoke Food Industries ("**YFI**"), for instance, are examples where such acquisitions have helped the Group strengthen our positions in Singapore and Indonesia. Hence F&N is always on the lookout for such gateway acquisition opportunities.

This year, for example, we invested in Tsit Wing International Holdings Limited ("**TW**") as a cornerstone investor during its Hong Kong initial public offering in May 2018 and started discussions on collaboration opportunities. The opportunity for such a strategic investment allowed us to extend our geographic footprint and business.

The Group successfully subscribed for a 4.21% stake at TW initial public offering at HK$1.98 per share, bringing the total acquisition cost to HK$63m ($11m). In April, F&N entered into a memorandum of understanding with TW to explore business and product development opportunities for the supply, distribution, cobranded promotion and co-development of beverage products and/or beverage solutions in Hong Kong, Macau, China and Southeast Asia. Established in 1932, TW is a leading integrated B2B coffee and black tea solutions provider in Hong Kong, Macau and the PRC. A well-trusted brand, TW provides one-stop coffee and tea solution services to commercial customers that cover the entire coffee and tea procurement, processing and distribution value chain.

We continuously review potential acquisition opportunities in mature and emerging markets and pursue these whenever there is a sound business case. Through a series of open market purchases, the Group has successfully increased its stake in Vinamilk from 18.74% to 20.01% in 2018. Profit contribution from Vinamilk has allowed the Group to strengthen our Dairies profitability. We expect to continue to pursue strategic acquisitions in the future to strengthen our product offerings in ASEAN.

Innovation

In anticipation of changes in consumer demand and government regulations, we have further evolved our innovation and reformulation program this year to keep our portfolio relevant and market-leading. We remain relentlessly focused on sugar reduction and have taken significant steps to expand our selection of low- and zero-calorie beverages, reshaping our portfolio to capitalise on consumers' increasing interest in health and wellness. To date, over 90% of our soft drinks range in Singapore and Malaysia are below the 12% sugar level/low- and zero-calorie.

Take the Group's flagship brand, *100PLUS*. This year, to provide healthier alternatives to our consumers, the Group, through careful reformulation, further reduced the sugar content of *100PLUS* range, launched reduced- and zero-sugar variants as well as introduced a new variant across our existing and new markets. In Malaysia, the new and improved *100PLUS* range, which tastes just like its original range but with only 4% of sugar, has also earned the Healthier Choice Symbol ("**HCS**") from the Malaysia Ministry of Health. This year, we have also responded to consumers' needs by expanding *100PLUS* offerings – the launch of *100PLUS* Reduced Sugar, *100PLUS* Blackcurrant and *100PLUS* ACTIVE Powder, packed in slim convenient sachets. *100PLUS* ACTIVE Powder gives its loyalists the same beverage they love in one convenient sachet, anytime, anywhere.

All-time favourites *F&N* Orange and *F&N* Sarsi also get a sugar-free, zero-calorie version this year, much to the delight of their fans. *F&N SEASONS* recently unveiled a new look for their range of the all-time favourite drinks inspired by evolving consumer needs and demands for a healthier lifestyle. *OISHI*, Malaysia's favourite RTD green tea beverage has embarked on a rebranding exercise with a new name *OYOSHI* and innovative packaging design across its entire product range, enabling the well-loved drink to enhance its widespread appeal and stand out amongst other brands in the segment.

We have also strengthened our delicious lineup of *F&N MAGNOLIA*, a trusted household name in Singapore, by complementing its popular pasteurised variant with a UHT version. The new *F&N MAGNOLIA* Plus Lo-Fat Hi-Cal UHT Milk with Oats, just like its pasteurised version, is lower in saturated fats and contains higher calcium than regular milk, and carries the HCS by the Singapore Health Promotion Board ("**HPB**").

To get consumers excited about festivities and drive sales, the Group continued to release limited-time festive packaging and launch new seasonal flavours. This Chinese New Year, *100PLUS* introduced limited-edition Chinese New Year 2018 packaging; *F&N* Sparkling Drinks and *F&N SEASONS* launched two limited-edition festive packs for families to share; and only in Malaysia, F&N brought back the Classic *F&N* Orange Crush, made with real juice, and *F&N* Sarsi for Chinese New Year. This Hari Raya, the Group also unveiled a new festive taste to its limited-edition sparkling drinks lineup.

Building new capabilities

Together with portfolio development, we have continued to search for efficiencies in our processes, focusing on production and route-to-market. A clear example of this is the installation of the RM90.5m aseptic cold-fill line for polyethylene terephthalate ("**PET**") bottles in our Malaysia soft drinks plant by Fraser & Neave Holdings Bhd ("**F&NHB**"), a subsidiary of F&N. This new aseptic cold-fill line uses thinner and lightweight containers and reduces the use of PET resin packaging material by 40%. Located at the F&NHB's Shah Alam soft drinks facility, the state-of-the-art technology line has a maximum capacity of 720,000 bottles daily, enabling F&NHB to increase its bottle production by 10% or 6.5m cases annually. The aseptic cold-fill line began producing *100PLUS* ACTIVE 1L, *F&N SEASONS* tea range and *OYOSHI* since March 2018.

F&NHB is also exploring projects that improve efficiency and productivity at its dairy plant in Pulau Indah, Malaysia. F&NHB aims to double its capacity by removing production bottlenecks. The increased capacity will not only help to meet domestic demand, but also aid F&NHB in growing its export business. It aims to bring in RM800m in total export revenue by 2020.

Since 2015, to deliver long-term growth and profitability, the Group embarked on several business transformation programmes to accelerate the Group's transition into a leaner, more efficient and effective organisation to drive speed and agility. From streamlining and simplifying our operating model, we achieved more than just cost savings. We have enhanced our local market focus by simultaneously reducing the time-to-market and improving our service quality, which allowed us to adapt closer to the rapidly changing beverage landscape and cater to the needs of our consumers and retail customers.

BUILDING A SUSTAINABLE FUTURE

Our performance-driven approach and strategic focus over the last few years have enabled the Group, in large part, to emerge stronger, more efficient and more competitive. We have a solid platform with a clear and definite direction and strengths – building our brands and bringing healthy and innovative products to our loyal consumers in the marketplace. It also means leveraging our longstanding presence and strong network in the region to expand our F&B business, improving margins and operational efficiency, as well as solidifying our collaboration with our strategic partner, Thai Beverage Group, to accelerate the execution of our growth strategy.

We believe that our balanced approach to growth will guide us to face the challenges ahead. We know that change is constant and is further accelerated by the adoption of digital technology. We must proactively influence its course. We must play to F&N's strengths and stay with the business strategy that is working. Above all, we must continue to serve our consumers. Only by enhancing the quality of our consumers' lives in meaningful ways, every day, can we, together with our staff and thousands more who work with us throughout the value chain, deliver the growth shareholders expect every year.

BEVERAGES | CORE MARKET Malaysia

BEVERAGES MALAYSIA: RESULTS

Despite the overall declining soft drinks market trend, FY2018 marked a turnaround for the Beverages Malaysia business. This year, Beverages Malaysia revenue was 1% higher while earnings surged over twofold, thanks to lower sugar cost, favourable foreign currency translation and positive effect of cost control. Key category market share grew as the Group stayed focused and deployed resources to drive our core categories. Isotonic and carbonated soft drinks categories grew in part by the introduction of new products and successful marketing strategies.

This year, leading positions of the Group's core brands – *100PLUS*, *F&N* Sparkling Drinks, *OYOSHI*, *F&N SEASONS* and *F&N NUTRISOY* – were upheld as Beverages Malaysia remained steadfast in marketing and branding initiatives, focused on promoting active and healthy living. *100PLUS*, for instance, reinforced the importance of hydration while leading active lifestyles by offering new reduced sugar variants, and launching special packaging in conjunction with international sports events. It also continued to lend support to Malaysian athletes as well as regional and national sports events.

To support the Group's expansion strategy, this year Beverages Malaysia, held through F&NHB, continued to build its capabilities and expand its capacity in key growth areas. For instance, for its soft drinks plant in Shah Alam, it expanded its water plant by installing a 600bpm water line, adding a combi blow, mould and filling machine, and more than doubling the capacity of its Bentong mineral water plant. In addition, the newly-installed aseptic cold-fill PET line at the Shah Alam plant would also further accelerate Beverages Malaysia's expansion into new healthier offerings in the near future.

ISOTONIC: *100PLUS*

F&N's flagship brand, *100PLUS*, continued its reign as Malaysia's No.1 Carbonated Soft Drinks and No.1 Isotonic Drink. As the first isotonic drink launched in Malaysia some 30 years ago, to remain relevant to today's consumers, *100PLUS* continued to reinvent itself through innovation and renovation. Riding on the health trend amongst consumers, *100PLUS* has been actively taking part in the sugar reduction initiative. Through careful reformulation, it has successfully reduced its sugar content in its entire fruity range of *100PLUS* (Orange, Berry, Lemon Lime and the new Blackcurrant) and earned the HCS awarded by the Malaysia Ministry of Health. It further introduced an even healthier option to its original family range – *100PLUS* Reduced Sugar where it has only 4g of sugar per 100ml, which is 33% less sugar than *100PLUS* Original. It also launched *100PLUS* ACTIVE in powder form in small convenient sachets in response to consumers' growing demand for greater convenience and flexibility.

#1

CARBONATED SOFT DRINKS

#1

ISOTONIC DRINK

* As at September 2018

100PLUS's continuous involvement in sports, including sponsorships of national athletes, major sports events and several national sports bodies, underscores its commitment to promoting active and healthy lifestyles. This year, *100PLUS* and the Badminton Association of Malaysia ("**BAM**") signed a new two-year sponsorship agreement, extending a partnership since 2003. Under the new agreement, *100PLUS* has been named the Official Beverage Sponsor for all BAM events and activities, including the Malaysian Open and the Malaysian Masters.

CEO BUSINESS REVIEW - BEVERAGES

CORE MARKET • Malaysia

ENTIRE 100PLUS RANGE IS NOW CERTIFIED WITH THE HEALTHIER CHOICE LOGO

Endorsed by the Ministry of Health

More importantly, the new deal would see *100PLUS* becoming the title sponsor for the national junior circuit and the junior inter-state tournaments over the next two years.

Throughout the year, *100PLUS* also supported and organised several youth programmes and badminton competitions, successfully driving brand growth and strengthening equity.

In addition to badminton, *100PLUS* continued to reach out and engage the masses by supporting sports organisations and sports events such as the National Sports Council, the *100PLUS* LIGA PREMIER MALAYSIA, and *100PLUS* DAY. As a key advocate for physical activity and active living in Malaysia, *100PLUS* rolled out *100PLUS* DAY across major cities in Malaysia including Johor Bahru, Kuala Terengganu and Sungai Petani, leading up to the grand finale that was held in Bukit Jalil, Kuala Lumpur. *100PLUS* DAY covered a series of fun activities, including a 5km Inflatable Obstacle Fun Run, Zumba sessions and a special audition in search of local talent to join as *100PLUS* ambassadors in a game challenge during the grand finale in Bukit Jalil. In addition, *100PLUS* signed a five-year agreement with the Kuala Lumpur Sports City ("**KLSC**") as its Official Beverage Partner. With the partnership, *100PLUS*, along with the other F&N beverages, are now exclusively available throughout the KLSC.

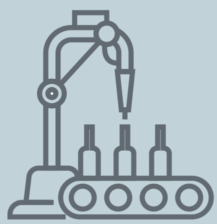
Permanent *100PLUS*-branded drinks booths have also been set-up at the main arenas. The deal also included the creation of a 1,400-metre long *100PLUS*-themed cycling track around the National Stadium. The sponsorships of sporting events and sports organisations provide opportunities for *100PLUS* to strengthen its fans' connection with the brand.

TEA: *F&N SEASONS* AND *OYOSHI*

F&N continued to command Malaysia's RTD tea segment with *F&N SEASONS* and *OYOSHI* leading the RTD black tea and green tea segments' awareness and consumption frequency, respectively.

This year, *F&N SEASONS* improved its taste and unveiled a fresh new look for its tea range. F&N's use of new aseptic cold-fill technology allowed the brand to adopt a trendier, slimmer and appealing PET bottle. Using the new technology, *F&N SEASONS* Tea is exposed to just the right temperature during manufacturing to ensure its taste is optimised for ultimate freshness, thus retaining its proposition as a healthier and flavourful refreshment with antioxidants that is preservative-free.

To further enhance its appeal and differentiate itself in a crowded tea category, *OISHI* embarked on a rebranding exercise with a new name and innovative packaging design across its entire product range. As part of this exercise, *OISHI* was renamed *OYOSHI* to reflect its evolution from being just delicious ("oishi" in Japanese) to a taste that is "beyond delicious" ("oyoshi" in Japanese). Now produced with the new F&N state-of-the-art aseptic cold-fill technology, the unique blend tastes fresher and better defined, providing the brand with even more competitive differentiation.



INVESTMENT

Launch of new aseptic cold-fill line

#1

READY-TO-DRINK TEA

* As at July 2018

BEVERAGES | CORE MARKET Singapore

BEVERAGES SINGAPORE: RESULTS

Weak consumer sentiments, regulatory changes and competitive price environment continued to weigh down on Beverages Singapore's FY2018 performance. Due to lower domestic soft drinks volumes and poorer export sales, Beverages Singapore saw its revenue dip 5%. Nevertheless, due to great marketplace execution, innovation and creative brand marketing, Beverages Singapore continued to gain market shares and maintained its market leading positions in its core categories – *100PLUS* in isotonic, *F&N NUTRISOY* in soya and *F&N ICE MOUNTAIN* in water. Due to lower sales and higher marketing cost, Beverages Singapore earnings fell.

Singapore remains one of F&N's key markets. This year, Beverages Singapore continued its emphasis on product innovation, focusing on healthier beverages. It has expanded its portfolio with lower- or no- calories products including *100PLUS* Zero Sugar, *F&N* Orange Zero, *F&N* Sarsi Zero, *F&N SEASONS* White Chrysanthemum Tea No Sugar and *F&N NUTRISOY* High Calcium Reduced Sugar Fresh Soya Milk with Walnut, all endorsed as 'Healthier Choice' by Singapore's HPB.

ISOTONIC: *100PLUS*

As Singapore's No.1 Isotonic brand, *100PLUS* has always stayed ahead of the curve by focusing on consumers' needs and wants. Understanding the changing needs of consumers, *100PLUS* continued to provide healthier options with the launch of *100PLUS* Zero Sugar in March this year. Formulated to contain zero sugar and zero calories, *100PLUS* Zero Sugar is the perfect healthier choice for everyday consumption.

To build awareness and drive trial, *100PLUS* rolled out its four-month long ZERO IN ON THE MOMENT marketing campaign featuring celebrity couple, radio deejay Kimberly Wang and actor Shane Pow, to promote the new *100PLUS* Zero Sugar. Supported by various above-the-line marketing activities which included radio, out-of-home, digital and in-store advertising, *100PLUS* continued to excite consumers with this new addition.

This year also saw a step-change in our digital marketing to respond to changing consumer and media trends. This included the successful activation of *100PLUS* Zero Sugar #ZeroInSG and #*100PLUS*sg, which bagged over 1.6 million YouTube views.

To further drive awareness, *100PLUS* conducted extensive sampling exercises by deploying Hydration Champions on the city streets in the CBD area. Equipped with their trusty *100PLUS* Zero Sugar drinks dispenser, these Hydration Champions kept consumers refreshed and re-hydrated.

#1

ISOTONIC

SOYA

WATER

As a fervent advocate of active lifestyles, *100PLUS* continued its support of several major sporting events including the OCBC CYCLE, STANDARD CHARTERED SINGAPORE MARATHON, SGX BULL CHARGE, THE COLOR RUN,

CEO BUSINESS REVIEW - BEVERAGES

CORE MARKET • Singapore

THE NEW PAPER BIG WALK, THE STRAITS TIMES RUN, HSBC RUGBY SEVENS, SMBC SINGAPORE OPEN and the WTA FINALS SINGAPORE.

SOYA: *F&N NUTRISOY*
F&N NUTRISOY, Singapore's No.1 Soya Milk brand, continued to raise visibility and awareness of its range of high calcium and low glycemic beverages amongst consumers. This March, *F&N NUTRISOY* embarked on a three-month long MORE THAN JUST FRESH SOYA GOODNESS nationwide campaign to educate consumers on the great taste and superior functional benefits of *F&N NUTRISOY*'s fresh soya milk drinks. Through various customer touchpoints – from outdoor to online advertisements, in-store roadshows to point-of-sales materials – this content marketing successfully highlighted the additional nutritional benefits that *F&N NUTRISOY* offers and drove sales in the super/hyper channel.

Responding to the nutritional needs of our consumers, *F&N NUTRISOY* expanded its soya milk range with the introduction of the new *F&N NUTRISOY* High Calcium Reduced Sugar Fresh Soya Milk with Walnut in August. The rollout was a success, supported by an integrated marketing campaign with various consumer touchpoints.

F&N NUTRISOY continued to be a main partner with Singapore Heart Foundation ("**SHF**") to promote heart health and educate Singaporeans on how to lead a heart healthy lifestyle. This year, it continued its support through its sponsorship of SHF's two key events – GO RED FOR WOMEN 2018 and WORLD HEART DAY 2018. At these events, *F&N NUTRISOY* conducted sampling of its omega range as well as the reduced sugar range. Key benefits of *F&N NUTRISOY*, especially on Omega-3, were also highlighted and communicated to participants.

#2

FLAVOURED CARBONATED SOFT DRINKS

WATER: *F&N ICE MOUNTAIN*
F&N ICE MOUNTAIN is the No.1 Water brand in Singapore, led by its still drinking water range. To satisfy growing consumer demand for convenience and to provide choices, this year, *F&N ICE MOUNTAIN* introduced a 4x375ml multipack for its growing sparkling water range – *F&N ICE MOUNTAIN* Sparkling Water Classic and *F&N ICE MOUNTAIN* Sparkling Water Lemon.

F&N ICE MOUNTAIN also sponsored events to drive brand awareness and consumption. Some of the key events were the STAR WARS™ RUN Singapore 2018, STRAITS TIMES CONCERT IN THE GARDENS and OSIM SUNDOWN MARATHON 2018.

TEA: *F&N SEASONS*
This year, *F&N SEASONS* embarked on the *SEASONS* REFRESH YOUR EVERYDAY MOMENTS island-wide campaign to sustain its top of mind recall with consumers. Targeted at youth, the digital campaign used Facebook, YouTube, static images and 6-second videos to drive home the health message. The videos successfully generated over 4m impressions and well over 1m YouTube views, boosting sales.

Committed to helping consumers make balanced diet choices, *F&N SEASONS* launched a sugar-free alternative to its best-selling Asian drink flavour in Singapore – *F&N SEASONS* White Chrysanthemum Tea No Sugar. Certified as a HPB Healthier Choice product, *F&N SEASONS* White Chrysanthemum Tea No Sugar contains zero sugar and sweeteners, with no added preservatives.

***F&N* SPARKLING DRINKS**
F&N's concerted efforts at sugar reduction has resulted in the launch of its first sugar-free offerings for the leading *F&N* Sparkling Drinks flavours – *F&N* Orange Zero and *F&N* Sarsi Zero. The all new *F&N* Orange Zero and *F&N* Sarsi Zero are F&N innovations that boast the same great indulgent tastes as the regular range, without the sugar.

As a brand synonymous with festive celebrations, *F&N* Sparkling Drinks rolled out a Chinese New Year-themed 24-can Healthier Choice Festive Packs and limited-edition *F&N* Sparkling Drinks lineup during Hari Raya. The Healthier Choice Festive Packs included the no-sugar *F&N* Orange Zero and *F&N* Sarsi Zero, as well as the reduced sugar variety packs, *F&N SEASONS* Ice Lemon Tea Reduced Sugar and *F&N SEASONS* White Chrysanthemum Tea No Sugar. In addition to its existing range of Hari Raya limited-edition beverages, *F&N* Sparkling Drinks also introduced

NEW

NEW RANGE OF 0% SUGAR BEVERAGES

F&N Lychee Pear which contains 40% less sugar than the regular *F&N* range. Certified Healthier Choice by the HPB, this low-sugar alternative was a great hit amongst Singaporeans.

BEER: *CHANG*

CHANG beer kept up its brand building pace internationally with exciting activities based on the experiential marketing initiatives. This year, it organised transnational activities, with core objectives of engaging with consumers in key global cities and broadening *CHANG* beer's following in these markets. Building on last year's success, *CHANG* SENSORY TRAILS was back for a third year running. A global campaign – across London, Los Angeles and Singapore – the *CHANG* SENSORY TRAILS sought to deliver 'the unexpected' by building a rich, multi-sensorial experience centred on Thai gastronomy, art and music.

As part of the broadcast sponsorship of the 2017/18 English Premier League in Singapore, *CHANG* organised a series of outdoor live viewing parties at iconic locations in the city state. Through these regular football screenings, *CHANG* beer continued to drive awareness for the brand and create memorable moments for a mass sporting audience. These public screenings which carried *CHANG* beer branding ensured visibility across several venues in Singapore and was a key touchpoint for the brand.

Effective consumer promotions, social media presence, eye-catching in-store displays and outdoor sampling at large-scale events encouraged consumer trials and improved brand visibility. The strong performance of *CHANG* beer resulted in a positive volume growth for the brand, as it continued its focus on football, music and Thai culinary experiences to reach a wider audience, effectively boosting brand awareness and consumption.

F&N RETURNS TO MYANMAR WITH GREENFIELD BREWERY

F&N has formed a joint-venture with Sun Ace Company Corporation Limited ("**SA**") and Than Lwin Aye Yar Industrial Production & Construction Co., Ltd ("**TLAY**") to establish a greenfield brewery in Myanmar. In collaboration with our strategic partner, Thai Beverage Public Company Limited, the joint-venture will invest over US$50m in a greenfield brewery which will brew and market a portfolio of ThaiBev's beer brands in Myanmar.

Approved by the Myanmar Investment Committee, as at 26 Nov 2018, F&N holds 79.3% of the new joint-venture company, Emerald Brewery Myanmar Ltd. The balance is held by Myanmar-based SA (20.0%) and TLAY (0.7%). Under the terms of the agreement, F&N will be responsible for overall management, providing brewing and technical expertise, procurement of ingredients and the licensing of brands.

The brewery is located at the Hlegu Township in Yangon. It is expected to be completed by end-2019 with an initial annual capacity of 500,000 hectolitres.

DAIRIES

CORE MARKET
Malaysia

DAIRIES MALAYSIA: RESULTS

This year, the Malaysia F&B sector continued to be characterised by sustained downward price pressure and poor consumer sentiment. Accordingly, domestic dairy volume recorded marginal decline, cushioned by double-digit volume growth in its export to halal core markets, China and the SEA region. Bolstered mainly by better export volumes and favourable translation effect, Dairies Malaysia FY2018 revenue grew 6%, to $319m. Despite lower domestic sales, Dairies Malaysia maintained its No.1 Canned Milk position with *F&N*, *TEAPOT*, *GOLD COIN* and *CARNATION* brands. Its evaporated canned milk, in particular, continued to grow ahead of category. Higher dairy-based commodity prices and packaging costs eroded gains from higher sales and cost savings initiatives. Dairies Malaysia PBIT fell 10% against the previous year, to $41m.

By leveraging its strong position in the canned milk category, Dairies Malaysia will continue to focus on growing its presence in the RTD milk category. Building on the tagline, "PURE ENJOYMENT. PURE GOODNESS", it will continue with its targeted marketing activities to drive the growth of this segment in the years ahead. Leveraging on the Group's in-house technical expertise, product offering and trusted relationships with consumers, *F&N MAGNOLIA* and *FARMHOUSE* are well-positioned to support Dairies Malaysia's ambition of building its new pillar.

Dairies Malaysia's expansion continued apace throughout the year with additional capacities being added to meet local and export demand. A series of de-bottlenecking initiatives has also been put in place to release latent capacity in its Pulau Indah plant.

CANNED MILK: *F&N/TEAPOT/GOLD COIN*

Dairies Malaysia is a leading player in the canned milk industry. This year, despite market challenges, Dairies Malaysia's evaporated milk sales outpaced overall Malaysia evaporated milk segment. The strong performance was due to effective marketing strategies and increased capacity, bolstering Dairies Malaysia's position as the clear market leader in the country.

The Group reinforced its No.1 Condensed and Evaporated Milk position with *F&N*, *GOLD COIN* and *TEAPOT* by directing its marketing campaign on canned milk applications in food and beverage. One of the key marketing campaigns was the two-month long experiential campaign, HANG MASUK HANG MENANG CONTEST. The contest was an extension of *F&N*'s HANG TARIK CAMPAIGN during the Hari Raya season last year to introduce the gold standard of making a cup of perfect Teh Tarik Ori with *F&N* Sweetened Condensed Milk and *F&N* Evaporated Milk. The Hang Tarik personality has resonated with many Malaysians and has since united us over a cuppa of Malaysia's iconic beverage.

F&N celebrated the holy month of Ramadan with the launch of *F&N* SAJIAN SILATURRAHIM campaign. In line with its promise of bringing moments to Malaysians, the campaign offered BIGGER PRICE SAVINGS, WHOLESOME DELIGHTS through its lineup of programs which included savings from the *F&N* Sweetened Condensed Milk and Evaporated Milk promotion nationwide, new Indonesian-styled recipe creations and F&N Citarasa Teristimewa Medan travelogue.

In April, *F&N* rewarded its loyal customers by bringing the JOM MASKA BERSAMA FIZO OMAR (Let's Cook with Fizo Omar) to Peninsular Malaysia. Through the programme, participants were given the chance to attend live cooking demonstrations by F&N Ambassador, Fizo Omar, in which he prepared three *F&N* Sajian Silaturrahim Ramadan recipes, such as Sate Padang and Kolak Ubi.

LIQUID MILK: NEW GROWTH PILLAR *F&N MAGNOLIA/FARMHOUSE*

To drive top of mind and brand preference, *F&N MAGNOLIA* continued to invest in advertising and online media campaigns, as well as sponsorships to create awareness and trials. The key sponsorship event for the year was the ANAK-ANAK MALAYSIA WALK 2018 where participants were treated to nutritious servings of *F&N MAGNOLIA* UHT milk.

DAIRIES | CORE MARKET Thailand

DAIRIES THAILAND: RESULTS

Dairies Thailand continued to deliver solid growth, powered by exceptionally strong export performance. As the Group's best performing operation, Dairies Thailand revenue grew by a robust 5% and PBIT increased 19%, driven by higher export volume to Cambodia and Laos, strict cost control and favourable translation effect.

Despite the current competitive landscape, Dairies Thailand was able to maintain its No.1 Canned Milk position with *TEAPOT* and *CARNATION* brands, and continued to outperform its competitors in the condensed milk and evaporated milk categories, achieving volume share gains. The better-than-market performance was due to its continued ability to innovate products that consumers love, supported by successful trade programmes, as well as its focus on expanding distribution across the country.

This year, Dairies Thailand continued to roll out new products that cater to rapidly changing consumer tastes and the growing emphasis on convenience. *TEAPOT*, for instance, added two new flavours to its latest range of "convenience-on-the-go" squeezable tubes; while *CARNATION*, the largest selling premium sweetened condensed milk ("**SCM**") brand in Thailand, boosted its SCM portfolio with *CARNATION* PLUS which is made with high concentration of quality milk powder.

In the coming years, Dairies Thailand will remain committed to invest for the long-term in its brands, assets and people. It will continue to strengthen its domestic market leading position in the canned milk category, in the RTD milk segment with *F&N MAGNOLIA* (UHT milk segment), and in the sterilised milk segment with *BEAR BRAND*. Dairies Thailand will continue to execute targeted marketing activities and innovate to find the best solutions for our customers. It will leverage its brand strength and distribution network to grow its positions in the RTD milk segment. In addition to driving domestic volume, it will also continue to look to bolster its presence in the SEA region and *TEAPOT* brand in Cambodia and Laos.

CEO BUSINESS REVIEW - DAIRIES

CORE MARKET • Thailand

CANNED MILK: INSPIRING GOURMET CREATIONS

CARNATION

CARNATION, one of Nestle's brands licenced to F&N, remains the biggest player in the canned milk sector in Thailand. From a leading market position, *CARNATION* continued to drive consumption by rolling out new products and targeting advertising to reinforce its image as the premium and preferred choice in food and beverage applications. *CARNATION* PLUS, a premium SCM made with high concentration of quality milk powder from New Zealand was made available nationwide in two pack sizes – 380g can and 180g squeezable tube. These additions provided healthier options and convenience-on-the-go packaging to cater to the various consumption occasions and needs of our consumers. Supported by integrated marketing activities that included new TV commercials, outdoor and online advertisements, as well as roadshows and samplings, the successful campaign boosted *CARNATION* sales and market shares.

As a result of its efforts in the trade such as loyalty campaigns in key channels, premium promotions and point-of-sale materials, *CARNATION* has retained its No.1 Premium Evaporated Milk brand with more than 60% market share.

The Nestle's trademark licence agreement was renewed in 2015 for 22 years, until 2037, for the manufacturing and distribution of Nestle's products in Singapore, Thailand, Malaysia, Brunei and Laos.

TEAPOT

Following the successful launch of *TEAPOT*'s popular sweetened condensed milk in squeezable tube last year, Dairies Thailand recently added two new flavours – Fresh Milk Formula and Chocolate Flavoured – to its latest range of convenience-on-the-go squeezable tubes. Supporting the launch was a series of marketing activities, including TV ads, digital and mobile campaigns, extensive nationwide sampling and various point-of-sales initiatives. As a result of the successful marketing campaign, *TEAPOT* gained volume and market share.

NEW

NEW PRODUCTS


คุณค่าเต็มกล่อง ลองเลย
อร่อย...จำฝังใจ
นมแมกโนเลียพลัสกิงโกะ รสไวท์มอลต์
กิงโกะ
แคลเซียม
มอลต์
จากอังกฤษ

DAIRIES | CORE MARKET Singapore

DAIRIES SINGAPORE: RESULTS

Dairies Singapore FY2018 revenue fell 6%, mainly due to lower export volume. However, PBIT improved 6%, lifted mainly by lower input costs. Aided by effective brand building activities and new product launches, Dairies Singapore maintained its No.1 and No.2 positions in the Liquid Milk and Chilled Juices categories respectively.

This year, Dairies Singapore continued to excite the market by introducing new and healthier products. It expanded its *F&N MAGNOLIA* Plus milk range with the introduction of *F&N MAGNOLIA* Plus Lo-Fat Hi-Cal UHT Milk with Oats. *F&N FRUIT TREE* Fresh also launched a new reduced sugar juice range, *F&N FRUIT TREE* Fresh 50% Less Sugar & Calories. Without compromising taste, *F&N FRUIT TREE* Fresh 50% Less Sugar & Calories Apple & Aloe Vera, in particular, was ranked as one of the lowest sugar apple juice drinks in Singapore. Supported by launch campaigns, these new products generated positive response and helped boost sales and market shares.

LIQUID MILK: *F&N MAGNOLIA*

F&N MAGNOLIA kicked off this year with the START YOUR TSUMTASTIC YEAR WITH *F&N MAGNOLIA* nationwide campaign to help keep the brand top-of-mind and cement market share. *F&N MAGNOLIA* collaborated with Disney Tsum Tsum as it featured lovable Disney characters on the brand's limited edition promotional packaging and collectibles, much to the delight of consumers. Through various consumer touchpoints – outdoor, PR, digital, social media, promotional packaging, in store roadshows, point-of-sales materials, in store media and displays – supported by aggressive below-the-line activities, *F&N MAGNOLIA* reinforced its position as an important part of the daily breakfast routine. The campaign was so successful – sales volume exceeded targets – that *F&N MAGNOLIA* repeated its collaboration with Disney in May.

Riding on the success of *F&N MAGNOLIA*'s earlier campaigns, this July, the Group responded to the nutritional needs of our consumers by launching its first UHT variant of its Plus milk range – *F&N MAGNOLIA* Plus Lo-Fat Hi-Cal UHT Milk with Oats. A combination of two breakfast favourites into one wholesome drink, *F&N MAGNOLIA* Plus Lo-Fat Hi-Cal UHT Milk with Oats is packed full of dietary fibres, minerals and vitamins, contains lower saturated fat and has 67% more calcium than regular milk. *F&N MAGNOLIA* Plus Lo-Fat Hi-Cal UHT Milk with Oats carries HPB's Healthier Choice symbol.

Today, *F&N MAGNOLIA* continues to be a source of nourishment across all life stages, offering an innovative range of milk products that cater to all palates and lifestyle needs. After all, only a well-nourished body and mind can tackle the day's challenges, affirming the belief that breakfast is the most important meal of the day.

JUICE: *F&N FRUIT TREE* FRESH

As part of the Group's relentless focus on sugar reduction, *F&N FRUIT TREE* Fresh introduced a reduced sugar range – *F&N FRUIT TREE* Fresh 50% Less Sugar & Calories – an extension of its popular *F&N FRUIT TREE* Fresh Juices in Singapore. Launched in August, *F&N FRUIT TREE* Fresh 50% Less Sugar & Calories is available in two familiar flavours, Apple & Aloe Vera Juice and Orange Juice. High in vitamin C with no added sweeteners, the latest range of *F&N FRUIT TREE* Fresh provides healthier beverage options without compromising taste.

The successful launch of *F&N FRUIT TREE* Fresh Wonders range last year strengthened the brand franchise due to its premium pricing and positioning. To further build awareness and drive product trial, *F&N FRUIT TREE* Fresh Wonders focused its consumer engagement initiatives on digital platforms, outdoor and sampling activities, extending its reach to more consumers both on-ground and on its social media pages.

DAIRIES | ICE CREAM

OVERVIEW

F&N's Ice Cream division, with well-established and trusted brands like *F&N MAGNOLIA*, *KING'S* and *MEADOW GOLD*, is supported by two manufacturing plants in Malaysia and Thailand. This year, Dairies Ice Cream continued to excite its consumers by introducing new variants of its ever-popular brands like *F&N MAGNOLIA*, *KING'S* and *MEADOW GOLD*. In addition to rolling out new products, Dairies Ice Cream created buzz by updating its *KING'S* logo in the markets of Singapore and Malaysia. The refreshed logo now features the iconic *F&N* logo to create differentiation and strong shelf presence in the marketplace.

MALAYSIA

F&N's Ice Cream division maintained its position as one of the top three ice cream companies in Malaysia by staying relevant and keeping its brand top-of-mind. Throughout the year, marketing activities such as roadshows were conducted to encourage trials, and social media to engage with consumers.

KING'S Potong ice cream cemented its leading position in the potong ice cream category in Malaysia on the back of successful execution of effective marketing campaigns. This year, the *KING's* logo underwent a radical rejuvenation to adopt the F&N corporate logo. The range of potong underwent packaging refresh and introduced new flavours, supplemented by successful marketplace execution and effective marketing campaigns. *KING'S* Potong, for example, re-introduced its premium *KING'S* Potong Mao Shan Wang variant to the delight of Malaysians. *KING'S* Potong Mao Shan Wang was strategically distributed in the market to capitalise on the growing demand for durian by tourists.

In the kids segment, the *F&N MAGNOLIA* Gotcha range expanded its offerings with the introduction of the *F&N MAGNOLIA* Gotcha Choco Volcano, *F&N MAGNOLIA* Gotcha Buggy and *F&N MAGNOLIA* Gotcha Sword. These new offerings, with distinct and differentiated tastes, were launched nationwide in Malaysia.

SINGAPORE

KING's Potong remains Singapore's No.1 Potong brand. This year, *KING's* Potong further cemented it No.1 position with the launch of two new flavours – *KING's* Potong Signature Thai Mango and *KING's* Potong Black Sesame. Inspired and made with local Thai fruit, *KING's* Potong Signature Thai Mango ice cream boasts the sweetness of Thailand's Oak-Rong mango and fresh coconut milk, infused with juicy mango pieces, offering a multi-sensorial indulgence on-the-go. *KING's* Potong Black Sesame packs the familiar taste of black sesame paste, adding an icy twist to a classic Asian dessert to enjoy anytime, anywhere.

Hailed as a childhood favourite of many Singaporeans, *F&N MAGNOLIA* Wafer ice cream refreshed the packaging design of its entire range of wafer ice cream this year. Available in three popular flavours – Chocolate, Durian and Yam, *F&N MAGNOLIA* Wafer ice cream boasts the same great taste as the original *KING'S* wafer ice cream, much to the delight of consumers. *F&N MAGNOLIA* rolled out new advertising campaign to showcase new packaging, including a series of online and social media communications, to generate buzz and awareness.

THAILAND

FY2018 was an exciting year for *F&N MAGNOLIA* as it launched a slew of new products from its ice cream range in Thailand.

Targeting the kids segment, *F&N MAGNOLIA* introduced its first Justice League ice cream inspired by DC Comics and its team of superheroes, in November 2017. Available in three flavours – Lemon-Lime Cola, Blueberry and Apple and Lemon Soda – *F&N MAGNOLIA*'s Justice League-themed ice cream featuring the iconic Batman, Superman and The Flash was a big hit with children. To further strengthen its presence in the kids segment, *F&N MAGNOLIA* Gotcha expanded its offerings with the introduction of *F&N MAGNOLIA* Gotcha Traffic Lights and *F&N MAGNOLIA* Gotcha Strawberry Lemon Cup ice cream. These new flavours were also met with good response.

The Ice Cream division also brought some of *F&N MAGNOLIA* Wafer ice cream range to Thailand. The first of its kind in Thailand, *F&N MAGNOLIA* Wafer ice cream – Chocolate and Durian were a great hit amongst the Thais.

NEW MARKETS

NEW MARKETS

INDONESIA, MYANMAR, THAILAND (SOFT DRINK) AND VIETNAM

New Markets FY2018 performance across geographies were mixed, with each market remaining challenging and volatile, characterised by acceleration of competition, ongoing price discounting and currency risks. Despite that, the focus on the Southeast Asia ("**SEA**") region remains a key part of F&N's march toward becoming a leading F&B player in ASEAN. Since 2015 when the Group outlined its Vision 2020 business plan, F&N has identified Indonesia, Myanmar, Thailand and Vietnam as its key new markets. It has also identified core brands to capture clearly defined market opportunities in these new markets to establish presence. F&N believes that the consumer fundamentals in these markets are promising as SEA's population of over 500m with an emerging middle-class presents a sizeable potential.

Our strategy in New Markets is to operate across categories, focusing on the highest growth categories and consumer opportunities most relevant to our core brands. We will combine organic growth with selective acquisitions that complement our strategy.

F&N'S STAKE IN VINAMILK 20.01%

VINAMILK
VƯƠN CAO VIỆT NAM

(A) INDONESIA

Indonesia, SEA's largest economy, is the most populous country in SEA. Its 267m people, relatively young and fast-urbanising, represent both a sizeable workforce and pool of consumers. This is complemented by the country's steady economic growth of 5.1% in 2017, and 5.1-5.5% expected for 2018. These strong fundamentals make Indonesia one of F&N's most attractive investment locations.

PERFORMANCE

F&N's investment in YFI has boosted the Group's capacity to deepen its presence in Indonesia. Following the YFI acquisition, F&N now directly manages the distribution of *100PLUS*, *F&N* Sparkling Drinks, *F&N* canned milk, *F&N SEASONS* drinks range and *DAYDAY* Asian Soft Drinks via our direct local distribution network in 15 cities such as Jakarta, Medan, Palembang and Riau Islands, giving the Group direct access to the vast Indonesian market.

This year, we grew our direct-managed business by 32% (sell-out volume to trade), driven by a positive Lebaran performance and supported by more on-ground marketing activities, key channel penetration and improvements in the supply chain planning. Both *100PLUS* and *F&N* Sparkling Drinks grew in volume by 16% and 32% respectively.

The Indonesian team also focused on elevating brand visibility and consumer communication in key cities and channels. We conducted consumer trials, sampling and engagement activities, and have also piloted in-store marketing initiatives such as the display of *100PLUS's* branded shelf device.

Moving forward, F&N will continue to build our Indonesia business in key geographies, channels and brands, supported by our strengthened local commercial team and an efficient supply chain management.

(B) MYANMAR

Myanmar, the last frontier in SEA, remains one of our key focus markets. While pace of reform has been slow, plagued by rising inflation and ethnic conflict, Myanmar remains committed to creating the right set of conditions to attract and facilitate foreign investment to spur economic development.

CEO BUSINESS REVIEW
NEW MARKETS

This year, Myanmar's economy experienced a broad-based increase in real GDP growth, up from 5.9% in 2016/17 to 6.4% in 2017/18, with a favourable growth outlook of 6.8% in 2018/19. Coupled with the country's growing middle-class population, Myanmar will continue to present immense opportunities for the Group.

Since its entry into Myanmar, F&N has been introducing products that are of the highest growth categories and consumer opportunities. *100PLUS*, *TEAPOT* and *F&N* Sparkling Drinks have grown from strength to strength in the competitive beverage landscape of this emerging market.

PERFORMANCE

Consumer and brand building remain the key priority for this market. This year, F&N expanded its beverage offering and executed aggressive on-ground activations in Myanmar which saw sales volume surge 20% over last year. Despite intense competition in the isotonic space, *100PLUS* recorded marginal volume growth and successfully defended its leading market position in our core beverage categories.

During the year, the Group partnered Shwe Kan Kaw, a popular tea shop operator in Yangon, to be *TEAPOT's* exclusive canned milk provider for its 49 tea shops in Yangon. This partnership with Shwe Kan Kaw successfully raised *TEAPOT's* brand visibility and increased sales.

(C) THAILAND (SOFT DRINK)

The FMCG industry in Thailand continued to experience sluggish growth across all macro-categories, as consumers remain cautious about spending. Recovery in the FMCG sector is expected in the New Year as investments from the public sector look to boost consumer sentiment and confidence. However, the FMCG sector is also expected to remain highly competitive with new brands and new variants entering the market with higher media spend.

F&N operates in the Thai soft drink market through its licensee Thai Drinks, a subsidiary of Thai Beverage Public Company Limited, for the manufacture, marketing and distribution of *100PLUS* in Thailand.

PERFORMANCE

Since its launch in 2015, *100PLUS's* strong brand equity as the healthier choice refreshment for Thai consumers leading active lifestyles remains uncontested. This year, *100PLUS* rode on positive momentum and strengthened its brand proposition as the healthier carbonated beverage. It launched an online thematic communication engaging TOON BODYSLAM,Thailand's No.1 Superstar, as the presenter to widen the brand's consumption occasions beyond sports and to reinforce health benefits.

On the back of *100PLUS's* successful summer campaign – *100PLUS* ADVENTURES IN ICELAND – F&N, through its appointed licensee, launched the all new *100PLUS* Grape Berry. To induce trial and maximise volume impact, the brand undertook marketing initiatives through the summer, including television and online commercials, print, in-store sampling, events and sponsorships. In addition, *100PLUS* extended its pack size offerings as it rolled out its HERO pack in March. This convenient new pack size was launched at a strategic price point to improve *100PLUS's* competitiveness and further drive trial.

Boosted by strong consumer interest and feedback, not only has *100PLUS* Grape Berry attained the No.2 ranking in the Isotonic portfolio with minimal cannibalisation, it also recorded strong volume growth in both super/hypermart chains

NEW PRODUCTS
in Thailand

and convenience stores during its five-month launch period. *100PLUS* also continued to successfully build on its health image, outperforming diet carbonated soft drinks in all brand health indicators.

This year, *100PLUS* supported running and cycling events in Thailand and conducted a nationwide tour of university campuses. *100PLUS* has become the preferred beverage partner of event organisers, successfully reinforcing its position as the drink-of-choice for those who lead active lifestyles. In the new financial year, *100PLUS* will continue to strengthen its brand position of being the healthier soft drink of choice, and broaden consumption opportunities beyond sports to everyday occasions.

(D) VIETNAM

F&N operates in Vietnam through:

1. its investment in Vietnam Dairy Products Joint Stock Company ("**Vinamilk**") and
2. its wholly-owned subsidiary, F&N Vietnam Limited Company.

Vietnam is F&N's most profitable region, accounting for 40% of the F&B PBIT.

The Vietnam beverage market remains attractive due to increasing purchasing power and favourable demographics, with its real GDP projected to expand by 6.8% this year, before moderating to 6.6% in 2019 and 6.5% in 2020. The sound economic conditions are expected to drive another period of sustained growth in the Vietnamese FMCG market.

To lay the commercial foundation for business expansion in Vietnam, the Group incorporated F&N Vietnam Limited Liability Company in August 2016, to extend its operations beyond the functions of a representative office (set up in June 2015). F&N Vietnam currently distributes, markets and conducts trading of non-alcoholic beverages in the country. This operation is in addition to the Group's investment in Vinamilk.

(i) Vietnam Dairy Products Joint Stock Company

F&N's investments in Vietnam date back to Feb 2005, when it first took an approximately 5% stake in Vinamilk. In December 2016, the Group completed its acquisition of additional shares representing approximately 5.4% interest in Vinamilk through a competitive bid process. Thereafter, through further purchases from the market, the Group continued to increase its stake in Vinamilk. On account of the Group's shareholding in Vinamilk and its appointment of a second representative to its board, the Group was deemed to have a significant influence over Vinamilk for accounting purposes in accordance with the Singapore Financial Reporting Standards. Consequently, effective 16 April 2017, the Group started to equity account for its share of Vinamilk's profit under the equity accounting method.

As at 30 September 2018, the Group's shareholding in Vinamilk has risen to 20.01%.

Vinamilk, one of the top listed companies by market value on the Ho Chi Minh Stock Exchange, is Vietnam's largest dairy company, primarily involved in the production, supply and distribution of dairy products including powdered, liquid and condensed milk and yoghurt, as well as beverages including soy milk, fruit juice and tea. It operates 13 dairy factories and owns 10 cow farms. It is the leader in Vietnam's dairy market and has 240,000 retailers as exclusive distributors.

Vinamilk also has presence in over 40 countries.

PERFORMANCE

Vinamilk's vision is to be the fastest growing sustainable business in dairy and food industry. The company has been strengthening its position in its domestic market, and expanding abroad.

Overall, F&N's Dairies earnings was boosted by Vinamilk's $95m earnings contribution. The Group has benefitted from an additional 6.5-month contribution from Vinamilk as profit recognition under equity method started from 16 April 2017.

(ii) F&N Vietnam Limited Company ("FNV")

FY2018 was a year of organisational improvements, staff rationalisation and consolidation. Since its establishment, FNV's priority has been on go-to-market execution. In-store and online presence are areas where the team is aiming for higher standards in order to grow our brand equity.

To capture extra summer sales, the sales team embarked on mobile selling on weekends and public holidays, covering theme parks, seaside F&B outlets and selected sports facilities. The team also reached out to more sports clubs covering tennis, football, basketball, gyms/fitness centers and extended its presence in multiple e-marketplaces to drive sales.

100PLUS has become the preferred beverage partner of event organisers, successfully reinforcing its position as the drink-of-choice for those who lead active lifestyles. This year, the brand continued to support many sports and lifestyle events which included TECHCOMBANK HO CHI MINH INTERNATIONAL MARATHON 2017, HCMC MARATHON 2018, ĐÀ LẠT ULTRA TRAIL 2018, TIEN PHONG MARATHON, RMIT – THOM MUSIC FESTIVAL and RUN TO FUTURE 2018.


TIMES
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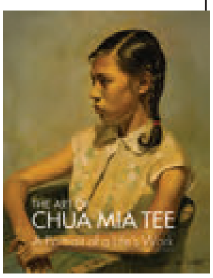
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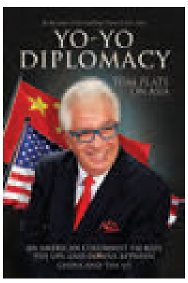
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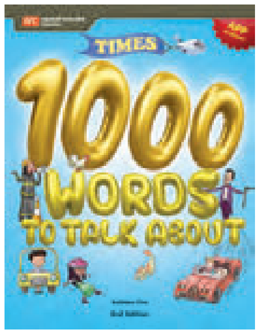


PUBLISHING & PRINTING

CEO BUSINESS REVIEW

PUBLISHING & PRINTING

Mr Siew Peng Yim
Chief Executive Officer,
Times Publishing Group

SUMMARY OF MESSAGE

- P&P revenue fell to $281 million, with pace of decline moderating to 4%
- P&P losses narrowed substantially to $1.2 million from $4.5 million in the prior year, with underlying business breaking even
- Printing profitability sustained
- Growth in Digital Print Management portfolio
- Marshall Cavendish Education defended Singapore market leadership in educational publishing
- Educational Publishing continued to make inroads into international markets; reach in Latin America expanded; USA recorded strong growth in sales
- Maiden contribution from newly-acquired Times Distribution

Revenue

$281 MILLION

For FY2018

$293 MILLION in FY2017

Profit Before Interest & Taxation

($1.2) MILLION

For FY2018

($4.5) MILLION in FY2017

PUBLISHING & PRINTING GROUP OVERVIEW

Publishing & Printing division ("**P&P**") substantially narrowed its losses this year, from $4.5m to $1.2m despite a 4% fall in revenue. The losses was partly attributed to our share of losses from a discontinued printing plant in China. However, the underlying business broke even. The improved performance was attributed to lower operating cost structure following last few years' restructuring exercises, maiden profit contribution from Times Distribution ("**TD**") as well as closures of non-performing businesses.

As a major international content provider, we made good progress in strengthening our educational publishing position in the international markets and expanding our distribution network in Latin America and China. This year, the US market recorded higher sales due to a significant increase in orders from a key distributor and the increasing popularity of our Primary Math titles. Marshall Cavendish Education's Math in Focus received a Strong Evidence Rating as the gold-standard education programme that met the new Every Student Succeeds Act ("**ESSA**") accountability regulations. ESSA regulations require that education programmes be scientifically tested and proven effective. Capitalising on the strength of our Education Publishing unit's Science, Technology, Engineering and Mathematics ("**STEM**") products, we continued to work with Singapore Science Centre to promote our STEM programme.

Our Printing unit continued to sustain its profitable position, despite a persistently challenging magazine print demand in Singapore and the impact of sharp increases in worldwide paper prices. Our efforts to diversify into digital print sales coupled with strong domestic sales in China and export sales from Malaysia, partially mitigated the lower sales in Singapore. Efforts in diversifying our customer base and the formation of strategic partnerships with other printers will help to cushion the potential drop in print volume from our traditional print sources in the coming years.

Newly-acquired TD made its maiden contribution this year, lifting the overall profit contribution from our book distribution business. Our existing book distribution business through Pansing also reported healthy revenue growth. However, gains in book distribution was partially offset by a substantial decline in magazine sales due to the cessation of titles from magazine publishers.

Retail revenue was affected by the loss of the press and books concession at the Singapore Changi International Airport whilst sales at our high-street bookstores in Singapore and Malaysia recorded growth compared to last year. Operating losses continued to narrow following our efforts to improve store profitability.

PUBLISHING

The Group's publishing business is represented by Marshall Cavendish, a major international content provider that publishes extensively with interest spanning Education, General Interest, Business Information and Home Reference.

Publishing: Education

Marshall Cavendish Education ("**MCE**") consolidated its position as the market leader in educational publishing in Singapore by securing several key tenders. This year, MCE successfully won the rights to publish and distribute past year examination papers by the Singapore Examinations and Assessment Bureau for the first time, and was awarded the rights to publish the textbooks for Principles of Accounting and Additional Mathematics in the new syllabus cycle.

In the Spanish speaking region, we extended our reach by signing two new distributor partnerships in Panama and Argentina and expanded our distribution network to six other Latin American countries, reaching out to more than 200,000 students.

We also published the new *English Ahead* series that is in line with the Cambridge Assessment International Education framework and revamped some of our evergreens to meet the needs of the modern English market. The *Times 1000* series, one of MCE's best-selling series for over 30 years, was given a new look with engaging and culturally relatable illustrations. The Times Flashcards for Kids mobile app was also launched in August to complement this series.

CEO BUSINESS REVIEW - PUBLISHING & PRINTING

For Asian Languages, MCE launched three new Primary Chinese comics series, namely *Nao Nao Comics Street*, *Le Le Brainwave Comics* and *Old Master Q Happy Idioms*, developed to build pupils' Chinese literacy skills in an engaging manner.

To support educators, MCE organised local and overseas professional development training workshops for them.

Educational Technologies Limited ("**ETL**"), which offers products on early childhood education, refreshed and integrated its product contents and formats into online portals for greater ease of access for its customers worldwide and to achieve eco-friendliness and relevance in the digital age. A new series of flashcards was also incorporated for holistic learning. Our distributor in Greater China is launching learning centres in Beijing, Shanghai, Wuxi and Shenzhen, and will be adopting ETL's learning programme in its centres.

To reinforce our leadership position as a curriculum publisher, MCE Hong Kong deepened its strategic partnership with the Singapore Science Centre to promote our Science, Technology, Engineering and Mathematics programme to the international markets. Vietnam and Cambodia have been earmarked as potential countries for the licensing of our programme to local educational institutions. It also collaborated with Ming Pao Media Group to co-publish a new series of Secondary Liberal Studies textbooks.

Publishing: Others

This year, General and Reference ("**GR**") published close to 100 new books across all genres, including high-profile titles such as *Spiaking Singlish* (Gwee Li Sui); *Bank 4.0: Banking Everywhere, Never at a Bank* (Brett King); *The Art of Chua Mia Tee: A Portrait of a Life's Work* (Chua Mia Tee); *Anwar Returns: The Final Twist* (Mark Trowell QC); and *Money Secrets* (Mano Sabnani). Among our corporate publishing projects were *A Dash of Szechwan* (Mandarin Hotel); *Between the Lines: Early Print Advertising in Singapore 1830s – 1960s* (National Library Board); and *50 Years in Business* (RGE Group). Kayloe Tjio's *The Unfinished Revolution: Sun Yat-Sen* and *The Struggle for Modern China*, published in 2017, was shortlisted for the Singapore Literature Prize 2018 (Creative Non-Fiction Category).

The launch of *Anwar Returns* saw nearly 400 guests, including ministers, high commissioners and ambassadors attending the event. *The Art of Chua Mia Tee*, which featured the works of Singapore's foremost realist painter, was launched by President Halimah Yacob. Thought leader, academic and journalist, Professor Tom Plate, was in Singapore to launch *Yo-Yo Diplomacy* at the Lee Kuan Yew School of Public Policy, drawing more than 150 students and academics.

The weak business environment in the building and construction and marine offshore sectors continued to pose challenges to Marshall Cavendish Business Information. Despite dampened business sentiments, it secured two new publishing contracts, the *Singapore Environmental Management Directory* and the *Singapore Electrical Trade Association's 60th Anniversary Commemorative Book*. It also embarked on the development of a new Directory Management System to improve efficiency and enhance its online business.

PRINTING

Besides maintaining relationships with present customers, efforts were put into securing new contracts by our Printing unit. In Singapore, it renewed printing contracts with *The Economists* and *Forbes* and won a new account from Pakistan for the printing of textbooks. Times Offset Malaysia also secured a new contract with Spafax, the publisher of Malaysia Airlines in-flight magazine, *Going Places*. We have been appointed by Disney to produce its range of products, including Marvel, Pixar and Star Wars. As the print industry consolidates, our sales in China and Hong Kong soared as some of the major accounts moved their orders to us. We expect this trend to continue in the next year.

Our efforts to grow the Digital Print Management and Creative Services portfolio are on track with new customers from the finance sector and government agencies. We saw strong growth in the provision for non-print related services which included fulfilment and the development of customer-specific online ordering portals.

RETAIL AND DISTRIBUTION

Following the loss of concession at Singapore Changi International Airport, the joint-venture of Times

NewsLink was terminated. Times Experience Pte Ltd acquired the remaining 50% ownership of Times NewsLink and the rights for KABOOM trademark in Singapore. Consequently, we now fully own the four toy stores in Changi International Airport under KABOOM.

As book retailing faces challenging times, we turned to curating and refreshing merchandise that is relevant to our customers' lifestyle and needs. This included reinforcing the Times Junior's shop-in-shop with complementary merchandise for children.

In distribution, the persistently weak publishing and retail climate in Singapore and Malaysia resulted in lower sales and higher returns in books and magazines. The cessation of magazine titles by various publishers such as Mediacorp also had an adverse impact on revenue. However, our distribution for Hallmark Gifts and Cards in Malaysia continued to gain strength and market share. To date, we have about 140 distribution points across Malaysia.

At Pansing Books, the success of local publisher Landmark's *Robert Kuok: A Memoir* gave book sales a significant boost. Other top new titles this year included *Ponti, The President is Missing*, the blockbuster fiction novel by ex-president Bill Clinton and James Patterson, and *The Concubine's Child Author Visit (KL)*, Carol Jones' debut novel for adults.

In March, through the newly-acquired TD, we brought Elmer, the Patchwork Elephant to bookstores and pre-schools in Singapore and Malaysia. It was warmly welcomed by fans who were delighted to meet the popular character from their favourite picture books. We also launched the ChooseKind Programme in primary schools, bringing the message of empathy and acceptance to students and sharing stories about kindness and friendship. Students participated in our #ChooseKind Challenge, where acts of kindness were celebrated through a fun-filled contest.

Returning for its second year, Happy Sparks held its run, this time in the Tampines heartland at Our Tampines Hub with a theme centred on S.T.E.A.M Learning (Science, Technology, Engineering, Arts, Mathematics). Parents and children alike were captivated by the myriad of exhibition booths dotting the Festive Walk, featuring a range of educational and lifestyle products. The event was so well-received that it attracted more than 50,000 visitors.

INVESTOR RELATIONS

EFFECTIVE AND OPEN COMMUNICATION

The F&N Group is committed to promoting effective and open communication with all stakeholders, ensuring consistency and clarity of disclosure at all times. We aim to engage with our shareholders and investment community openly and regularly in order to facilitate a mutual understanding of our respective objectives, and to provide information on our corporate strategies, trends, operational performance and financial information to the investment community.

To achieve that, F&N makes every effort to disseminate information through a broad range of communication channels and do not provide information selectively. Such commitment ensures that investors have easy access to information on the Group so that they can effectively evaluate the company and make informed investment decisions.

REGULAR DIALOGUES WITH THE INVESTMENT COMMUNITY

Besides communicating regularly with shareholders and the investment community via disclosures of material and other pertinent information through regular dialogues and announcements to SGX-ST, the Investor Relations team undertakes road shows (together with key senior management), investor seminars and conferences to keep the market and investors apprised of the F&N Group's corporate developments and financial performance.

As the Group continued to make inroads into our regional expansion efforts, the Investor Relations team, together with senior management, continued to actively engage and update the investment community on the activities the Group had undertaken in the marketplace.

Retail investors remain an important part of our outreach efforts. In addition to annual general meetings, the Investor Relations team addresses the concerns of retail investors through email, telephone and online query form on F&N's website.

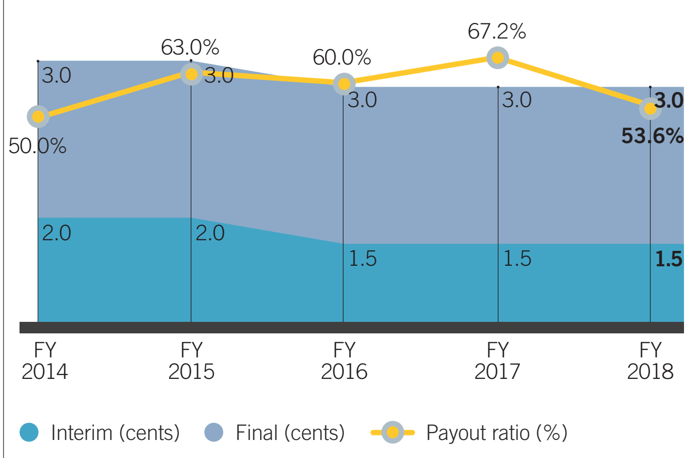
AWARDS

F&N was the 2018 winner of the Merit of Singapore Corporate Governance Award – Sustainability category at the 19th Investors' Choice Awards organised by the Securities Investors Association Singapore. The award recognises F&N's outstanding efforts in maintaining high standards of corporate governance and well-defined business practices to safeguard our shareholders' interests whilst pursuing sustainable growth in the industry.

DIVIDEND

The Group maintained a healthy track record of generous shareholder distributions. For the financial year ended 30 September 2018, the directors have recommended a final dividend of 3.0 cents per share, which together with the interim dividend of 1.5 cents paid earlier brings total dividend for the year to 4.5 cents per share. In line with the Group's dividend policy, the proposed payout represents a distribution of 53.6% of the Group Attributable Profit before fair value adjustment and exceptional items.

DIVIDEND (CENTS)



FY2018/2019 Financial Calendar

Date	Event
29 January 2019	• Annual General Meeting
11 February 2019 (after close of trading) (tentative)	• Announcement of 1st Quarter Results
30 April 2019 (after close of trading) (tentative)	• Announcement of 2nd Quarter Results • Declaration of Interim Dividend
07 August 2019 (after close of trading) (tentative)	• Announcement of 3rd Quarter Results
07 November 2019 (after close of trading) (tentative)	• Announcement of Full Year Results • Declaration of Final Dividend

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Fax: (65) 6236 3405

CAPITAL RESOURCES

The Group aims to maintain a prudent financial structure to ensure that it will be able to access adequate capital at favourable terms. The Group's core businesses, Food & Beverage ("**F&B**") and Publishing & Printing ("**P&P**"), are its main sources of cash flows.

Management monitors the Group's cash flow position, debt maturity profile, cost of funds, interest rate exposures and overall liquidity position on a continual basis. To ensure that the Group has adequate overall liquidity to finance its operations and investments, the Group maintains a significant amount of available banking facilities with many banks. The Group's Debt Issuance Programmes also provide F&N continued access to the debt capital markets.

As at 30 Sep 2018, the Group's borrowings, net of cash, increased to $341.3m, from $165.2m a year ago. The increased borrowings were taken on mainly to finance the purchase of additional Vinamilk shares, which saw our stake in Vinamilk rise from 18.74% as at 30 Sep 2017 to 20.01% as at 30 Sep 2018. Consequently, the Group's net gearing increased to 0.12 times of shareholders' funds. Cash generative businesses, ample funding sources and significant debt headroom put F&N in a strong position to tap further growth opportunities.

Interest cost in FY2018 was $30.5m, higher than the previous year's interest cost of $16.2m due to higher borrowings.

SOURCE OF FUNDING

Besides cash flow from its businesses, the Group also relies on the debt capital markets, the equity market and bilateral banking facilities for its funding. As at 30 Sep 2018, the Group has $0.8 billion in banking facilities and $2.5 billion in Debt Issuance Programmes to meet its funding requirements.

AVAILABLE BANK LINES AS AT 30 SEP 2018

The Group maintains an active relationship with a network of more than 15 banks of various nationalities, located in various countries where the Group operates. Its principal bankers are Oversea-Chinese Banking Corporation Limited, DBS Bank Ltd, Crédit Agricole Corporate and Investment Bank and CitiBank N.A.

The Group adopts the philosophy of engaging the banks as its core business partners. It continues to receive very strong support from its relationship banks across all segments of the Group's businesses. Total banking facilities (utilised and unutilised) extended to the Group as at 30 Sep 2018 amounted to $1.0 billion. The principal bankers of the Group provided 64% of these banking facilities. All banking relationships for the Group are maintained by Corporate Treasury in Singapore.

DEBT CAPITAL MARKETS

The Group has a S$2.0 billion multi-currency debt issuance programme in Singapore and a RM1.5 billion Medium Term Note ("**MTN**") Programme in Malaysia in place to tap the debt capital markets.

MATURITY PROFILE OF GROUP DEBT (EXCLUDES FINANCE LEASES)

Time to maturity	$'million
< 1 year	374
1-2 years	9
2-5 years	389
> 5 years	99
Total	**871**

The Group is not expecting any refinancing issues for borrowings maturing within 1 year amounting to $374.1m as most of these borrowings can be repaid with the Group's existing cash balances or refinanced with existing revolving credit facilities.

INTEREST RATE PROFILE AND DERIVATIVES

The Group manages its interest cost by maintaining a mix of fixed and floating rate borrowings. On a portfolio basis, 66% of the Group's borrowings are in fixed rates with an average fixed rate tenor of 4.0 years as at 30 Sep 2018. The fixed rate borrowings consist largely of the fixed rate notes issued under F&N Treasury Pte Ltd's Debt Issuance Programme and F&N Capital Sdn Bhd's MTN Programme. The remaining 34% of the Group's borrowings are in floating rates as at 30 Sep 2018.

In managing the interest rate profile, the Group takes into account the interest rate outlook, expected cash flow generated from its business operations, holding period of long-term investments and any acquisition and divestment plans.

The Group makes use of interest rate derivatives for the purpose of hedging interest rate risks and managing its portfolio of fixed and floating rate borrowings from time to time. The Group does not engage in trading of interest rate derivatives. It does not have any outstanding interest rate derivatives as at 30 Sep 2018.

GEARING AND NET INTEREST COVER

The Group aims to keep its net gearing ratio below 80%. As at 30 Sep 2018, the Group has net gearing of 0.12 times of shareholders funds. Total interest expense for the year amounted to $30.5m. The total interest income credited to profit statement for the year was $14.6m. The net interest cover over total interest expense was at 7.0 times.

FOREIGN CURRENCY RISKS AND DERIVATIVES

The Group has exposure to foreign currency risks as a result of transactions denominated in foreign currencies arising from operational, financing and investment activities. Where exposures are certain, it is the Group's policy to hedge these risks. For those exposures that are less certain in their timing and extent, it is the Group's policy to cover 50% to 90% of anticipated exposures for a maximum period of 12 months forward. The Group uses foreign exchange forward contracts and certain currency derivatives to manage these foreign currency risks.

The Group does not engage in the trading of foreign currencies and foreign currency derivatives. The Group uses foreign currency contracts and derivatives solely for hedging actual underlying foreign currency requirements in accordance with hedging limits set by the Audit and the Board Committees under the Group Treasury Policy. These policies are reviewed regularly to ensure that the Group Treasury Policy are in line with its current needs, objectives and strategy of the businesses.

The Group's foreign currency contracts and derivatives and mark-to-market values as at 30 Sep 2018 are disclosed in the financial statement in Note 35. The Group does not hedge the foreign currency risks of its investments in overseas subsidiaries, joint venture and associated companies. Such investments are long-term in nature and therefore not feasible and economical to hedge. The Group only hedges dividends payable from its overseas subsidiaries, joint ventures and associated companies.

ENTERPRISE-WIDE RISK MANAGEMENT

The Board and senior management of Fraser and Neave, Limited, ("**F&N**" or the "**Group**") promote a strong risk management culture through having sound risk management processes and operating procedures. It integrates prudent risk limits with appropriate risk measurement, monitoring and reporting, and encourage open communication and escalation of concerns in a timely manner. The purpose is to safeguard the interests of F&N and its shareholders.

The Risk Management Committee assists the Board in its risk oversight. In particular, the committee focuses on the Group's risk appetite, risk tolerance and risk policies, provides guidance on key risks, and ensures that Management has in place an effective and adequate risk management framework.

This year, the scope of the Risk Management Committee has been expanded to include consideration of risks posed by environmental, societal and governance ("**ESG**") factors that can, and increasingly impact F&N's ability to achieve its strategic objectives. Consequently, this committee was reconstituted as the Sustainability and Risk Management Committee ("**SRMC**"). The Board believes that this sustainable enterprise-wide risk management ("**ERM**"), which connects risks, strategy and decision-making, makes the Group more resilient and competitive.

RISK MANAGEMENT PROCESS

F&N adopts a cohesive risk management framework to manage risks in an integrated, systematic and consistent manner. The framework provides for setting of risk appetite and risk tolerance, and identifying risks, assessing impact, determining response and recovery strategies using a top-down and bottom-up approach.

Management (business division heads and business unit heads) has the primary responsibility for identifying and managing risks, and reporting to the Board on the status and effectiveness of risks mitigation and strategy implementation. Material risks, mitigating measures, Key Risk Indicators ("**KRIs**") and risk ratings are reviewed regularly by the Management.

The key risks of the various business units are consolidated for review by CEOs of the Group's business divisions; and subsequently circulated to the F&N SRMC at least three times a year. The Audit Committee and Board review F&N's key risk profile annually.

Each business division has a dedicated risk coordinator to conduct risk analyses with Management. Risk coordinators compile timely reports for submission to the Division Head and conduct briefings on adopted risk policies and practices. The objective is to promote a culture of risk awareness.

To facilitate the reporting and monitoring of risks, F&N uses a web-based Corporate Risk Scorecard ("**CRS**") system which enables business units to report risks and risk status using a common platform. The CRS captures risks, mitigating measures, timelines for action items and risk ratings. Risk parameters, upon which the ratings are based, are reviewed annually.

The Group periodically streamlines the use of risk scorecards and upgrades the CRS system.

Risk appetite and risk tolerance statements, which set out the nature and extent of the significant risks that the Group is willing to accept in achieving its strategic objectives, are reviewed annually.

At the end of each financial year, Management of each business division and the Company provide assurance to the Board, Audit Committee and SRMC on the adequacy and effectiveness of the Group's risk management system and internal controls.

These assurances for FY2018 are disclosed on Page 74 of this report.

KEY RISKS IN FINANCIAL YEAR 2018

As at 30 September 2018 the key risks of the Group have been largely mitigated. The proportion of risks that were rated as "very significant" and "high" have been reduced substantially after taking account of the mitigating measures.

The key categories of risks faced by the Group are summarised as follows.

Strategic Risks

The Group closely tracks developments in the Food and Beverage ("**F&B**") and Publishing and Printing industries, and reviews the effectiveness of its strategies.

The key risks facing the Group include:

(i) changing consumer trend and the impact its products have on the environment

(ii) competition from disruptive technology and

(iii) the risks associated with mergers, acquisitions and industry consolidation.

The Group has continued to work on the development of the soft drink category, focusing on low-calorie, sugar-free and sugar-reduced products. In F&N, we are passionate about improving the environment through finding new innovative ways to reduce waste and extend shelf life (refer to F&N Sustainability Report pages 52 to 83 on the Group's initiatives). The effectiveness of these measures are regularly monitored and evaluated to address the preferences and needs of the consumers.

Similar to the change in consumer demands, the pace of change in technology is also driving our strategic sustainability initiatives. The Group continues its efforts to connect with customers on digital and social platforms and drive sales through e-commerce platforms.

The Group has in place an investment approval process whereby a disciplined approach is taken to review key risks and opportunities presented by potential investments. As part of the approval process, all major investment opportunities are subject to due diligence and are evaluated by cross-functional project team. This ensures that the potential investment is in line with the Group's vision, underlying risk factors and the required return.

Reputational – Food Safety Risks

Food safety remains a key risk to the F&B business division due to the potential reputational impact on the Group. In addition to

(i) close monitoring of food safety issues worldwide,

(ii) upholding the strict requirements stipulated under the various food safety standards and certifications,

(iii) putting in place a robust process to mitigate the risk of food contamination, and

(iv) close monitoring of the status of KRIs which track food safety risks,

Management also shares learnings on food quality and safety issues and best practices across business units.

Reputational – Social Media and Communications Risks

With the increasing use of social media as well as promotion of trending stories, new methods of monetising content, and the spread of misinformation around the world, business divisions closely monitor this medium and periodically review the effectiveness of policies and procedures that are in place.

Currency Risks

The Group operates and procures raw materials internationally and is exposed to currency risks. The hedging of committed cash flows is in accordance with the Group Treasury policy. Such policy is reviewed regularly to ensure it reflects the current needs, objectives and strategy of the business.

Operational – Risks associated with Business Interruption

Globally, the increase in cybercrime, heightened political tension, risk of terrorism, and threats of epidemic diseases reinforce the need for F&N to remain vigilant and respond promptly to unexpected changes in its operating environment.

The Group's cyber security measures are reviewed regularly to mitigate IT-related risks such as malware infection, ransomware, denial of service and unauthorised access.

As part of the Crisis Management maintenance programme, the Group conducts call notification exercises, walk-through and desktop exercises, mock product recalls and IT Disaster Recovery Exercises.

All staff in the Group involved in Crisis Management are trained on key aspects of Crisis Management.

Operational – People Risks

People are the most important asset in the Company. The Group recognises the importance of identifying and growing its talent pool to successfully transform our business. Team building workshops and competency based trainings are organised periodically. As a recognition of the Group's continuing efforts in improving workplace safety and health for its employees, most of its Singapore's operations have been awarded with Singapore's bizSAFE certificates. Plants are also surveyed, to identify potential fire hazards and non-compliance to fire safety standards.

Country Risks

The Group recognises the importance of maintaining a consistent and cohesive ERM programme across the 11 countries where it has a presence, and continues to reinforce risk and BCP awareness throughout the Group.

It also builds on the close working relationships with local authorities and business partners to keep abreast of political, regulatory and economic developments in countries where the Group operates.

The insurance programmes are also reviewed annually to take into account the changing needs of the businesses and the operating environment to better mitigate losses in the event of a claim. Plant and equipment are revalued periodically to ensure adequacy of insurance coverage.

RISK CULTURE

The SRMC encourages proactive and periodic benchmarking of the Group's ERM, BCP and insurance programmes against industry best practices and standards. It takes into account recommendations from consultants and insurance advisers in mitigating cyber security and terrorism risks, pandemic, epidemic and adverse climate situations, to ensure that the ERM, BCP and insurance programmes remain adequate and effective.

As every member of staff has a role to play in risk management, BCP and cyber security awareness workshops, facilitated by the business divisions and Risk Management, are organised for new staff and entities of the Group quarterly. Refresher sessions are organised when required.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Fraser and Neave, Limited ("**F&N**" or the "**Company**") is committed to setting and maintaining high standards of corporate governance. To this end, F&N has in place well-defined corporate policies, business practices and internal controls to help F&N and its subsidiaries (the "**Group**") safeguard its assets and shareholders' interests whilst pursuing sustainable growth and value-enhancement strategies.

F&N is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and adheres closely to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"). The Company is guided in its corporate governance practices by the principles of the Code, and continues to strive towards maintaining accountability, high standards of corporate governance and corporate transparency.

This report is arranged according to the principles listed in the Code. Principles 1 to 6 deal with board matters, Principles 7 to 9 with remuneration matters, Principles 10 to 13 with accountability and audit and Principles 14 to 16 with shareholders rights and responsibilities.

A. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The board of directors of the Company (the "**Board**") has an appropriate balance and mix of skills, experience and knowledge and is well-diversified in terms of age group, gender and nationality. The Board comprises highly qualified and effective members who are responsible for providing overall entrepreneurial leadership and setting strategic objectives for the long-term success of the Group. The Board is entrusted with oversight of the business performance and affairs of the Group. The Board also sets good principles of ethics and values for the Company and seeks to ensure that obligations to shareholders and other stakeholders are understood and met.

The Board (a) reviews annual budgets, financial plans, major acquisitions and divestments, funding and investment proposals, (b) monitors the financial performance of the Group and management's performance, (c) oversees processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, (d) assumes responsibility for corporate governance, (e) considers sustainability issues such as environmental and social factors as part of its strategic formulation and (f) ensures compliance by the Group with relevant laws and regulations.

The Board meets regularly. During Board meetings, our Directors actively participate, discuss, deliberate and appraise matters requiring attention and decision. If required, time is set aside after scheduled Board meetings for discussions amongst our Directors without the presence of management, as this facilitates a more effective check on management.

As at 30 September 2018, the Board comprises twelve Directors, all of whom are non-executive Directors. They are:

Mr Charoen Sirivadhanabhakdi	Chairman
Khunying Wanna Sirivadhanabhakdi	Vice-Chairman
Tengku Syed Badarudin Jamalullail	
Mrs Siripen Sitasuwan	
Mr Timothy Chia Chee Ming	
Mr Charles Mak Ming Ying	
Mr Chan Heng Wing	
Dr Sujittra Sombuntham	
Mr Koh Poh Tiong	
Mr Chotiphat Bijananda	
Mr Thapana Sirivadhanabhakdi	
Mr Sithichai Chaikriangkrai	

The Board has also approved the appointment of the following Alternate Directors:

Mr Michael Chye Hin Fah (Alternate Director to Mr Thapana Sirivadhanabhakdi)
Mr Prapakon Thongtheppairot (Alternate Director to Mr Sithichai Chaikriangkrai)

Please refer to pages 12 to 21 of this Annual Report for key information of each Director.

Delegation of Authority on certain Board Matters

In order for the Board to efficiently provide strategic oversight of F&N, the Board delegates specific areas of responsibilities to five board committees (the "**Board Committees**") namely, the Board Executive Committee, the Audit Committee, the Nominating Committee, the Remuneration Committee and the Sustainability and Risk Management Committee.

A. BOARD MATTERS (cont'd)

Each Board Committee is governed by clear terms of reference (the "**Terms of Reference**") which have been approved by the Board. The determination, amendment or alteration of the Terms of Reference of any Board Committee is a matter reserved for the Board's approval. For example, following the change of name of the Risk Management Committee to the Sustainability and Risk Management Committee ("**SRMC**"), the Board approved changes to the Terms of Reference of this Board Committee taking into consideration the additional role of the SRMC to assist the Board in carrying out its responsibility in determining environmental, social and governance factors ("**ESG factors**") identified as material to the business and monitoring and managing ESG factors.

Minutes of all Board Committee meetings are circulated to the Board so that directors of the Company (the "**Directors**") are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Company also adopts a framework of delegated authorisations in its Manual of Authority ("**MOA**"). The MOA defines the procedures and levels of authorisation required for specified transactions. It sets out approval limits for operating and capital expenditure as well as acquisitions and disposals of assets and investments. The MOA authorises the Board Executive Committee ("**Board Exco**") to approve certain transactions up to specified limits, beyond which the approval of the Board needs to be obtained. Below the Board and Board Exco levels, there are appropriate delegation of authority and approval sub-limits at management level, to facilitate operational efficiency. Under the MOA, certain matters such as approval of credit facilities, approval of annual capital budget and annual operating budget are matters specifically reserved for the approval of the Board. Board approval is also required for material transactions, such as major acquisitions, divestments, funding and investment proposals.

Conflicts of Interest

To address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures which apply in addition to the Directors' obligation to comply with disclosure obligations under the Company's Constitution and the Companies Act (Chapter 50) (the "**Companies Act**"). Directors are required to promptly declare any conflict of interest at a meeting of the Directors or by written notification to the company secretary (the "**Company Secretary**") and they are required to take such action as is necessary to effectively resolve the conflict (for instance recusing themselves by refraining from participating in meetings or discussions (or relevant segments thereof) and by abstaining from voting, on any matter in which they are interested or conflicted).

Board Executive Committee

The Board Exco assumes oversight of the business affairs of F&N and is empowered to exercise the full powers and authority of the Board when the Board does not meet except in respect of matters that specifically require the decision of the Board or any Board Committee. The Board Exco formulates the Group's strategic development initiatives, provides direction for new investments and material financial and non-financial matters to ensure that the Group achieves its desired performance objectives and enhances long-term shareholder value. It assists the Board in enhancing its business strategies and contributes towards the strengthening of core competencies of the Group. The Board Exco also reviews and approves succession planning in respect of senior management of the Company and oversees the Company's and the Group's conduct of business and corporate governance structure.

The Board Exco is made up of the following members:

Mr Koh Poh Tiong	Chairman
Mr Thapana Sirivadhanabhakdi	Vice-Chairman
Mr Sithichai Chaikriangkrai	Member
Mr Michael Chye Hin Fah	Member
Mr Prapakon Thongtheppairot	Member

The activities and responsibilities of the other Board Committees are described in the following sections of this report.

Meetings of the Board and Board Committees

The Board and its various Board Committees meet regularly, and also as required by business needs or if their members deem it necessary or appropriate to do so. For the financial year ended 30 September 2018, the Board met five times.

The Directors are also given direct access to the management team of the Group's business divisions[1] through presentations at Board and Board Committee meetings. Where required or requested by Board members, site visits and meetings with personnel from the Group's business divisions are also arranged in order for Directors to have an intimate understanding of the key business operations of each division. The Company's Constitution provides for Board members who are unable to attend physical meetings to participate through telephone conference, video conference or any other forms of electronic or instantaneous communication facilities.

Note:
1 The Group's business divisions are as follows: Food & Beverage (Non-Alcoholic Beverages), Food & Beverage (Beer) and Publishing & Printing.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

A. BOARD MATTERS (cont'd)

The number of Board meetings and Board Committee meetings held in the financial year ended 30 September 2018 and the attendance of Directors at these meetings are as follows:

	Board	Board Exco	Audit Committee	Sustainability and Risk Management Committee	Remuneration Committee	Nominating Committee
Meetings held for the financial year ended 30 September 2018	5	5	5	4	3	2
Mr Charoen Sirivadhanabhakdi	4/5					
Khunying Wanna Sirivadhanabhakdi	4/5					
Tengku Syed Badarudin Jamalullail	5/5					2/2
Mrs Siripen Sitasuwan	5/5		5/5		3/3	2/2
Mr Timothy Chia Chee Ming	5/5		5/5		3/3	
Mr Charles Mak Ming Ying[1]	4/4					
Mr Chan Heng Wing[1]	4/4					
Dr Sujittra Sombuntham[1]	4/4					
Mr Koh Poh Tiong	4/5	5/5		3/4		
Mr Chotiphat Bijananda	4/5					
Mr Thapana Sirivadhanabhakdi	4/5	3/5		4/4	3/3	2/2
Mr Sithichai Chaikriangkrai	5/5	5/5	5/5	4/4		
Mr Michael Chye Hin Fah (Alternate Director)	-	5/5		4/4		
Mr Prapakon Thongtheppairot (Alternate Director)	-	4/5		4/4		

Note:
1 Mr Charles Mak Ming Ying, Mr Chan Heng Wing and Dr Sujittra Sombuntham were appointed as Directors on 11 January 2018 and their attendance at Board Meetings excludes meetings held before their appointment on 11 January 2018.

Upon appointment, each new Director is issued a formal letter of appointment setting out his or her duties and obligations as a Director of the Company, including their responsibilities as fiduciaries and how to deal with conflicts of interest that may arise. A comprehensive orientation programme is also conducted to familiarise new appointees with the business activities, strategic directions, policies and corporate governance practices of the Group as well as their statutory and other duties and responsibilities as Directors. This programme allows new Directors to get acquainted with senior management, and also facilitates and fosters better rapport and communications with management. Going forward, in accordance with the amended SGX-ST Listing Rules ("**Listing Rules**"), unless the Nominating Committee ("**NC**") is of the view that training is not required because a director has other relevant experience, any new director appointed to the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST.

Our Directors are kept continually and regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments and good corporate governance may be in writing or disseminated by way of briefings, presentations and/or handouts. The Board is also regularly updated on the latest key changes to any applicable legislation and changes to the Listing Rules as well as developments in accounting principles, by way of briefings held by the Company's lawyers and auditors. To ensure that Directors can fulfil their obligations and to continually improve performance of the Board, all Directors are encouraged by the Company to undergo continual professional development during the term of their appointment. Our Directors are also encouraged to be members of the Singapore Institute of Directors ("**SID**") and to receive journal updates and training from SID in order to stay abreast of relevant developments in financial, legal and regulatory requirements. During the financial year ended 30 September 2018, the Board has been briefed and updated on changes to the Listing Rules and the Corporate Governance Code.

A. BOARD MATTERS (cont'd)

Principle 2: Board Composition and Guidance

As at 30 September 2018, the F&N Board comprises twelve non-executive Directors, of whom six are independent. Based on declarations of independence made by each of the independent Directors, none of them has any relationship with the Company, its related corporations[1], the Group's 10% shareholders[2] or the officers of the Company that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interest of the Company. In particular, none of the independent Directors is or has been employed by the Company or any of its related corporations for the current or any past three financial years or has an immediate family[3] member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the Remuneration Committee of the Company. The six independent Directors on the F&N Board help to uphold good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgment on corporate affairs. Their participation and input also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, always taking into account the long-term interests of F&N and its shareholders. As at 30 September 2018, none of the independent Directors have been on the Board for more than nine years.

Notes:

1 The Code 2012 states that "**related corporation**" in relation to a company shall have the same meaning as currently defined under the Companies Act i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

2 Under the Code, the term "**10% shareholder**" refers to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than ten percent (10%) of the total votes attached to all the voting shares in the Company. "**Voting shares**" excludes treasury shares.

3 Under the Listing Rules, the term "**immediate family**" refers to the person's spouse, child, adopted child, step-child, sibling and parent.

The NC undertakes an annual review of the size and composition of the Board to ensure alignment with the needs of the Group. The NC is of the view that the current size and composition of the F&N Board facilitates effective decision-making and is appropriate for the scope and nature of the Group's operations. In line with the Code, taking into account the requirements of the Group's businesses and the need to avoid undue disruptions from changes to the Board and Board Committees, the NC is of the view that the current size of the Board is not so large as to be unwieldy or as to interfere with efficient decision-making. No individual or group dominates the Board's decision-making process.

The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity of backgrounds and competencies of our Directors, whose competencies range from banking, finance and accounting to relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This is beneficial to the Company and its management as decisions by, and discussions with, the Board are enriched by the broad range of views and perspectives and the breadth of experience of our Directors. The NC is of the view that there is an appropriate balance of expertise and skills amongst the Directors as they collectively bring with them a broad range of complementary competencies and experience.

The Directors are provided with accurate, complete and timely information and have direct and unrestricted access to management. This is to give the Board and Board Committees sufficient time to critically evaluate and consider issues relevant to the Company and its businesses and operations. This also allows our Directors to effectively carry out their duties and discharge their oversight function.

Principle 3: Chairman and Chief Executive Officer

The Chairman of the Company and the Chief Executive Officers ("**CEOs**") of each of the Group's business divisions are separate persons to ensure an appropriate balance and separation of power, increased accountability, and clear division of responsibilities. The Chairman, who is non-executive, is not related to any of the CEOs of the Group's business divisions. There is no business relationship between him and any of these CEOs. Likewise, none of the CEOs are related to each other, and neither is there any other business relationship between or among them.

The Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions amongst Board members and the management team on strategic, business and other key issues pertinent to the businesses and operations of the Group. In addition, the Chairman promotes a culture of openness and debate at Board meetings and also ensures, with the support of the Company Secretary, that Directors are provided with clear, complete and timely information in order to make sound, informed decisions.

The Chairman encourages active and effective engagement, participation and contribution from all Directors, and facilitates constructive relations among and between them and management. With the full support of the Board, the Company Secretary and management, the Chairman facilitates and encourages the Company in its bid to promote, attain and maintain high standards of corporate governance and transparency. The Chairman also sees to it that there is overall effective communications to and with shareholders on the performance of the Group. In turn, the CEOs of the Group's business divisions are responsible for executing the Group's strategies and policies, and are accountable to the Board for the conduct and performance of the respective business operations under their charge.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

A. BOARD MATTERS (cont'd)

Lead Independent Director

Tengku Syed Badarudin Jamalullail, Chairman of the NC, was appointed as Lead Independent Director on 7 May 2015. As the Lead Independent Director, he serves in a lead capacity to coordinate the activities of the independent Directors when necessary and appropriate. The Lead Independent Director is available to address shareholders where they have concerns for which contact through normal channels such as the Chairman or the Chief Financial Officer of the Company is inappropriate. The Lead Independent Director also has the authority to call and lead meetings of the independent Directors when necessary and appropriate and to provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

Nominating Committee

The Nominating Committee is made up of the following Directors:

Tengku Syed Badarudin Jamalullail	Chairman
Mrs Siripen Sitasuwan	Member
Mr Thapana Sirivadhanabhakdi	Member

A majority of the members of this Board Committee, including its Chairman, are independent and non-executive Directors. The Lead Independent Director, Tengku Syed Badarudin Jamalullail is the Chairman of the NC.

The NC is guided by written Terms of Reference, which are approved by the Board. The Terms of Reference clearly set out the authority and duties of the NC. The responsibilities of the NC include reviewing the structure, size and composition of the Board. The NC also identifies the balance of skills, knowledge and experience required for the Board to discharge its responsibilities effectively and nominates candidates to meet the needs and requirements of the Group.

Independence

The NC determines the independence of each Director annually and as and when circumstances require, based on the definitions set out in the Listing Rules and the guidelines of independence set out in the Code. The NC provides its views to the Board for the Board's consideration.

For the financial year ended 30 September 2018, the NC has performed a review of the independence of the Directors as at 30 September 2018 and following its assessment, has determined the status of each Director as follows:

Mr Charoen Sirivadhanabhakdi[1]	Non-Independent
Khunying Wanna Sirivadhanabhakdi[1]	Non-Independent
Tengku Syed Badarudin Jamalullail	Independent
Mrs Siripen Sitasuwan	Independent
Mr Timothy Chia Chee Ming	Independent
Mr Charles Mak Ming Ying	Independent
Mr Chan Heng Wing	Independent
Dr Sujittra Sombuntham	Independent
Mr Koh Poh Tiong[2]	Non-Independent
Mr Chotiphat Bijananda[3]	Non-Independent
Mr Thapana Sirivadhanabhakdi[4]	Non-Independent
Mr Sithichai Chaikriangkrai[5]	Non-Independent

Notes:

1 Each of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are directly or indirectly interested in not less than ten percent (10%) of the total voting shares in the Company through their interests in TCC Assets Limited ("**TCCA**") and Thai Beverage Public Company Limited ("**ThaiBev**"). As at 30 September 2018, TCCA has a direct interest of 59.25% in the Company and ThaiBev, through its indirect wholly-owned subsidiary InterBev Investment Limited, holds a 28.48% interest in the Company. Mr Charoen Sirivadhanabhakdi is married to Khunying Wanna Sirivadhanabhakdi.

2 Mr Koh Poh Tiong is also an adviser to the Board, and has received compensation for provision of services other than Director's fees.

3 Mr Chotiphat Bijananda is the son-in-law of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and is a director of TCCA.

4 Mr Thapana Sirivadhanabhakdi being a son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is an immediate family member of a 10% shareholder of the Company.

5 Mr Sithichai Chaikriangkrai is a Director, Senior Executive Vice-President and Group Chief Financial Officer of ThaiBev.

Process and Criteria for New Directors and Re-Appointment

The NC also takes the lead in identifying, evaluating and selecting suitable candidates for new directorships. In its search and selection process, the NC considers factors such as the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board

A. BOARD MATTERS (cont'd)

and Board Committees. It also reviews the composition of the Board, including the mix of expertise, skills and attributes of existing Directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. Where it deems necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates.

The NC reviews all nominations for appointments and re-appointments to the Board and to Board Committees, and submits its recommendations for approval by the Board, taking into account an appropriate mix of core competencies for the Board to fulfil its roles and responsibilities.

The Company's Constitution provides that at least one-third of its Directors shall retire from office and are subject to re-election at every Annual General Meeting of the Company ("**AGM**"). All Directors are required to retire from office at least once every three years. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for re-appointment by virtue of their skills, experience and contributions. Newly-appointed Directors during the year must also submit themselves for retirement and re-election at the next AGM immediately following their appointment. The shareholders approve the appointment or re-appointment of Board members at the AGM.

Review of Director's Time Commitments

The NC also appraises the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board. The NC determines annually whether Directors who hold multiple board representations are able to and have been devoting sufficient time and attention to carry out their duties and discharge their responsibilities adequately. The Code recommends that the Board should fix the maximum number of listed company board representations which any Director may hold and that this should be disclosed in the Company's annual report. Details of other directorships and other principal commitments of each of the Directors may be found on pages 12 to 21 of this Annual Report.

In determining whether each Director is able to devote sufficient time to discharge his or her duties as a director of the Company, the NC has taken cognizance of the recommendations under the Code, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their other principal commitments per se. The attendance and contributions by each Director to and during meetings of the Board and relevant Board Committees and their personal capabilities are holistically assessed and taken into account by the NC. Based on attendance at Board and Board Committee meetings during the year, the NC is of the view that all the Directors were able to participate in a substantial number of meetings, devote sufficient time and attention to the affairs of the Company and adequately discharge their duties. The NC is therefore satisfied that during the year, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out his duties as a Director of the Company.

Alternate Directors

The Board currently has two Alternate Directors, namely Mr Michael Chye Hin Fah who is the Alternate Director to Mr Thapana Sirivadhanabhakdi and Mr Prapakon Thongtheppairot who is the Alternate Director to Mr Sithichai Chaikriangkrai. Mr Michael Chye Hin Fah and Mr Prapakon Thongtheppairot are familiar with the affairs of the Company. The Board has considered the expertise, business and financial backgrounds of Mr Michael Chye Hin Fah and Mr Prapakon Thongtheppairot and is satisfied that they are both appropriately qualified to serve as Alternate Directors.

Key Information regarding Directors

Key information on the Directors is set out on pages 12 to 21 of this Annual Report.

Principle 5: Board Performance

The Board has implemented a formal process for annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

All Directors are required to assess the performance of the Board and the Board Committees. The assessment covers areas such as Board processes, managing the Company's performance, effectiveness of the Board and the Board Committees and Director development. The Board has implemented formal processes for assessing the Board and its Board Committees, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board. As part of this process, Directors are requested to complete an evaluation questionnaire which includes questions on (i) how the Board plays an effective role and adds value on critical issues, (ii) how the Board operates to deliver impact and value, and (iii) the evaluation of the Board Committees. The process is designed to provide an evaluation of the current effectiveness of the Board and to support the Chairman and Board to proactively, consider what can enhance the readiness of the Board to address strategic priorities of the Group. Directors can also provide input on issues which do not fall under these categories, for instance, addressing specific areas where improvements can be made. Feedback and comments received from the Directors are reviewed by the NC, in consultation with the Chairman of the Board.

Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

A. BOARD MATTERS (cont'd)

Principle 6: Access to Information

The Company recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with detailed Board papers specifying relevant information and commercial rationale for each proposal for which Board approval is sought. Such information includes relevant financial statements which are presented quarterly, management accounts, financial forecasts, risk analyses and assessments, mitigation strategies, feasibility studies and key commercial issues for the Board's attention and consideration. Reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets are also circulated to the Board.

A calendar of activities is scheduled for the Board a year in advance. The Company recognises that information should be supplied to the Board in a timely manner and as far as possible, Board papers and agenda items are dispatched to the Directors about a week before scheduled meetings. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed so that discussions can be more meaningful and productive. Senior management is requested to attend meetings of the Board and the Board Committees in order to provide input and insight into matters being discussed, and to respond to any queries that the Directors may have. The Board also has separate and independent access to the Company's senior management and the Company Secretary.

The Company Secretary is responsible for, among other things, ensuring that Board procedures, the Company's Constitution and relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289), Companies Act and Listing Rules are complied with. The Company Secretary attends all Board meetings and provides advice and guidance on corporate governance practices and processes with a view to enhancing long-term shareholder value.

The Company Secretary also facilitates and acts as a channel of communication to ensure good information flows within the Board and its various Board Committees, as well as between and with senior management. In addition, the Company Secretary solicits and consolidates Directors' feedback and evaluation from time to time, and arranges for and facilitates orientation programmes for new Directors and assists with their professional development as required. The Company Secretary is the Company's primary channel of communication with SGX-ST.

The appointment and removal of the Company Secretary is subject to the approval of the Board. Where it is necessary for the efficacious discharge of their duties, the Directors may seek and obtain independent professional advice at the Company's expense.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee ("**RC**")

The RC is made up of non-executive Directors, the majority of whom, including its Chairman, are independent Directors. The RC comprises the following members:

Mr Timothy Chia Chee Ming	Chairman
Mrs Siripen Sitasuwan	Member
Mr Thapana Sirivadhanabhakdi	Member

The RC is guided by written Terms of Reference, which are approved by the Board. The Terms of Reference clearly set out the authority and duties of the RC. The RC's main responsibility is to assist the Board in establishing a formal and transparent process for developing policies on executive remuneration and for fixing the remuneration packages of individual directors. The RC reviews and recommends to the Board, remuneration packages and service terms of individual Directors and each of the CEOs of the Group's business divisions. When carrying out its duties, the RC also reviews and makes recommendations, for endorsement by the Board, on the remuneration framework which covers all other aspects of remuneration including salaries, allowances, performance bonuses, grant of share awards and incentives.

Remuneration Action Framework

The RC reviews on an annual basis, the level and mix of remuneration and benefits policies and practices of the Company, including long-term incentives. When conducting such reviews, the RC takes into account the performance of the Company and employees. It also reviews and approves the framework for salary reviews, performance bonus and incentives for key management of the Group.

The RC also aligns the CEOs' leadership, through appropriate remuneration and benefits policies and long-term incentives, with the Company's strategic objectives and key challenges. Performance targets are also set for the CEOs and their performances evaluated yearly.

B. REMUNERATION MATTERS (cont'd)

The RC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and management. Among other things, this helps the Company to stay competitive in its remuneration packages. During the financial year ended 30 September 2018, Carrots Consulting Pte Ltd, Mercer (Singapore) Pte Ltd and Korn Ferry Hay Group Pte Ltd were appointed as remuneration consultants. The Company does not have any relationship with these remuneration consultants which would affect their independence and objectivity.

Principle 8: Level and Mix of Remuneration

In recommending the level and mix of remuneration, the RC seeks to build, motivate and retain Directors and key management. It ensures that competitive remuneration policies and practices are in place to draw and motivate high-performing executives so as to drive the Group's businesses to greater growth, efficiency and profitability. In its deliberation, the RC takes into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration and employment conditions are competitive.

The Company's compensation framework comprises fixed remuneration, annual variable bonuses and long-term incentives. Annual variable bonuses are linked to achievement of financial and non-financial key performance indicators. The Company also uses indicators such as core values, competencies, key result areas, performance rating, and potential of the employees (including key management) to link remuneration to corporate and individual performance. Long-term incentive plans are in place and are conditional upon pre-determined performance targets being met. The long-term incentive plans serve to motivate and reward employees and align their interests to maximise long-term shareholder value.

Long-Term Incentive Plans

The RC administers the Company's share-based remuneration incentive plans, namely, the F&N Restricted Share Plan ("**RSP**") and F&N Performance Share Plan ("**PSP**").

Through the RSP and PSP, the Company seeks to foster a greater ownership culture within the Group by aligning more directly the interests of key senior management and senior executives with the interest of shareholders, and for such employees to participate and share in the Group's growth and success.

The RSP is available to a broader base of senior executives compared to the PSP. Its objectives are to increase the Company's flexibility and effectiveness in its continuing efforts to attract, motivate and retain talented senior executives and to reward these executives for the performance of the Company and that of the individual. The PSP applies to senior management in key positions who shoulder the responsibility of the Company's performance and who are able to drive the growth of the Company through superior performance. It serves as further motivation to key senior management in striving for excellence and delivering long-term shareholder value.

Under the RSP and PSP, the Company grants share-based awards ("**Base Awards**") conditional upon pre-determined performance targets being met. These targets are set by the RC in its absolute discretion for the performance conditions to be met over the performance period. The performance period for the RSP and PSP are two and three years respectively. For the RSP, the targets set are the achievement of (i) Net Revenue; (ii) Profit Before Interest and Tax; (iii) Attributable Profit Before Fair Value Adjustment and Exceptional Items; and/or (iv) Return On Capital Employed.

For the PSP, the pre-set targets are based on Return On Invested Capital, Total Shareholders' Return Relative to Straits Times Index and Absolute Total Shareholders' Return as a multiple of Cost of Equity.

The Base Awards represent the right to receive fully paid ordinary shares, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance and service conditions are met. The final number of shares to be released will depend on the achievement of the pre-determined targets at the end of the performance period. If the pre-determined targets are exceeded, more shares than the Base Awards can be delivered, subject to a maximum percentage of the Base Awards. The first grant of Base Awards was made in December 2009.

The aggregate number of new ordinary shares allotted and issued and/or to be allotted and issued, when aggregated with existing ordinary shares (including shares held in treasury) delivered and/or to be delivered, pursuant to the RSP and the PSP, shall not exceed 10% of the total number of issued ordinary shares of the Company (excluding treasury shares).

The RC currently does not intend, in any given year, to grant awards under the RSP and PSP which would comprise more than 1% of the total number of issued ordinary shares from time to time (the "**Yearly Limit**"). However, if the Yearly Limit is not fully utilised in any given year, the balance of the unutilised Yearly Limit may be used by the Company to make grants of awards in subsequent years.

Senior management participants in key positions are required to hold a minimum number of the shares released to them under the RSP and PSP to maintain a beneficial ownership stake in the Company for the duration of their employment or tenure with the Company.

B. REMUNERATION MATTERS (cont'd)

The RSP and PSP (together, the "**Existing Share Plans**") were adopted at an extraordinary general meeting of the Company held on 22 January 2009 and have a duration of 10 years commencing on the date of adoption. The Existing Share Plans are accordingly due to expire on 21 January 2019. The Company is proposing to adopt a new F&N Restricted Share Plan 2019 (the "**F&N RSP 2019**") to replace the Existing Share Plans and will be obtaining shareholders' approval for the new F&N RSP 2019 at the AGM to be held on 29 January 2019.

Principle 9: Disclosure on Remuneration

Remuneration of Directors and Key Management Personnel

Information on the remuneration of Directors of the Company and top five key management personnel of the Group is set out below.

Directors of the Company as at 30 September 2018	Remuneration $	Director Fee %	Adviser Fee %	Allowances %	Total %
Mr Charoen Sirivadhanabhakdi	-[1]	-	-	-	-
Khunying Wanna Sirivadhanabhakdi	-[1]	-	-	-	-
Tengku Syed Badarudin Jamalullail	134,000[2]	100.0	-	-	100.0
Mrs Siripen Sitasuwan	175,000	100.0	-	-	100.0
Mr Timothy Chia Chee Ming	146,000	100.0	-	-	100.0
Mr Charles Mak Ming Ying	58,234	100.0	-	-	100.0
Mr Chan Heng Wing	58,234	100.0	-	-	100.0
Dr Sujittra Sombuntham	58,234	100.0	-	-	100.0
Mr Koh Poh Tiong	2,128,259[3,4]	8.2	85.8	6.0	100.0
Mr Chotiphat Bijananda	79,000	100.0	-	-	100.0
Mr Thapana Sirivadhanabhakdi	162,000[4]	100.0	-	-	100.0
Mr Sithichai Chaikriangkrai	158,000	100.0	-	-	100.0
Mr Michael Chye Hin Fah (Alternate Director)	49,000	100.0	-	-	100.0
Mr Prapakon Thongtheppairot (Alternate Director)	48,000	100.0	-	-	100.0

Notes:
1 Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi waived payment of Directors' fees due to them.
2 Includes the payment of $20,000 being the basic fee for serving as the Lead Independent Director.
3 Includes payment of $1,825,000 being fees for services provided as adviser to the Board, and $128,259 being car allowance paid pursuant to this appointment.
4 The Directors, who are also directors of Times Publishing Limited ("**TPL**"), have agreed to waive payment of directors' fees due to them from TPL for the year ended 30 September 2018.

Key Management Personnel of the Group as at 30 September 2018	Remuneration $	Fee %	Salary %	Bonus %	Allowances & Benefits %	Others %	Long-Term Incentives[1] %	Total %
Mr Lee Meng Tat	1,275,378	-	60.0	27.0	4.0	-	9.0	100.0
Mr Hui Choon Kit	1,036,886	-	55.0	29.0	5.0	-	11.0	100.0
Mr Lim Yew Hoe	1,192,363	-	46.0	17.0	28.0	-	9.0	100.0
Mr Siew Peng Yim	662,855	-	65.0	22.0	8.0	-	5.0	100.0
Mr Bennett Neo Gim Siong[2]	499,623	-	52.0	33.0	7.0	-	8.0	100.0
Total	4,667,105							

Notes:
1 The value of the long-term incentives was calculated based on the closing share price of F&N shares of $2.57 on 28 December 2017.
2 Mr Bennett Neo Gim Siong ceased to be Chief Executive Officer (Food) with effect from 9 May 2018. Mr Neo has been seconded to the ThaiBev group to pursue other career opportunities.

No termination, retirement and post-employment benefits were granted to Directors and the above mentioned key management personnel (who are not Directors or the CEO of the Company).

There are no employees within the Group who are immediate family members of a Director, and whose remuneration exceeds $50,000 during the year.

B. REMUNERATION MATTERS (cont'd)

Directors' Fees

The remuneration of non-executive Directors takes into account their level and quality of contribution and their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. Directors are paid a basic fee and attendance fees for attending Board meetings. Non-executive Directors who perform services through Board Committees are paid additional basic and attendance fees for such services. No Director decides his own fees. Directors' fees are reviewed annually to benchmark such fees against the amounts paid by other major listed companies. The Company's Board fee structure during the year is as set out below. The Board fee structure remains unchanged from that in the preceding financial year i.e. financial year ended 30 September 2017.

	Basic Fee $	Attendance Fee $
Board		
- Chairman	150,000	2,000
- Member	75,000	1,000
- Lead Independent Director	20,000	-
Audit Committee and Board Exco		
- Chairman	50,000	2,000
- Member	25,000	1,000
NC, RC and SRMC		
- Chairman	30,000	2,000
- Member	15,000	1,000

Shareholders' approval will be sought at the 120th AGM of the Company on 29th January 2019, for the payment of Directors' fees proposed for the financial year ending 30 September 2019 up to $2,000,000, the same amount for which approval was sought and obtained at the 119th AGM of the Company.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

F&N prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("**SFRS**") prescribed by the Accounting Standards Council. The Board is responsible for presenting a balanced and understandable assessment of the Group's performance, position and prospects and the Board provides shareholders with quarterly and annual financial reports. The Board releases its quarterly and full-year financial results through announcements to the SGX-ST and, where appropriate, press releases and presentation packs. In communicating and disseminating its results, the Board aims to present a balanced and clear assessment of the Company's performance, position and prospects.

In order to enable the Board to obtain adequate and timely information, management provides the Board Exco with management accounts at every meeting of this Board Committee. Minutes of all such Board Committee meetings are circulated to the Board. This is in addition to such other information as the Board may require from time to time to make a balanced and informed assessment of the Company's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risks and for ensuring that management maintains a sound system of risk management and internal controls with a view to safeguarding the Company's assets and shareholders' interests.

Sustainability and Risk Management Committee and Audit Committee

During the year, the Board, through the Audit Committee and the Sustainability and Risk Management Committee, reviewed the adequacy and effectiveness of the Company's internal controls and risk management systems.

Internal Controls

The Audit Committee ("**AC**"), with the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the Company's system of internal controls, including financial, operational, compliance and information technology controls, established by management. In assessing the adequacy and effectiveness of internal controls, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

C. ACCOUNTABILITY AND AUDIT (cont'd)

The importance and emphasis placed by the Group on internal controls is underpinned by the fact that the key performance indicators for management's performance takes into account the findings of both internal and external auditors and the number of unresolved or outstanding issues raised in the process.

Risk Management Systems

The Sustainability and Risk Management Committee ("**SRMC**"), reviews and reports to the Board on the adequacy and effectiveness of the Group's risk management framework to ensure that robust risk management and internal controls systems are in place.

The Company has adopted an enterprise-wide risk management ("**ERM**") framework to enhance its risk management capabilities. An outline of the Group's ERM framework and progress report is set out on pages 62 and 63 of this Annual Report.

Key risks, mitigating measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Key business risks are thoroughly assessed by management and each significant transaction is comprehensively analysed so that management understands the risks involved before it is embarked upon.

The SRMC assists the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies, in determining ESG factors identified as material to the business, monitoring and managing of ESG factors and overseeing standards, management processes and strategies to implement sustainability practices which are in compliance with the SGX-ST Listing Manual. The SRMC is also responsible for, among other things, reviewing the Group's ERM framework, processes and procedures for identifying, measuring, reporting and mitigating key risks in the Group's businesses and operations. Together with the AC, the SRMC helps to ensure that management maintains a sound system of risk management and internal controls to safeguard the interests of shareholders and the assets of the Group. The SRMC also provides guidance to management, and renders assistance to the Board to oversee the ERM framework and for determining the nature and extent of significant risks which the Board would be willing to take in achieving the Group's strategic objectives. The meetings of the SRMC are attended by senior management of the Company's business divisions, and serve as a forum to review and discuss material risks and exposures of these businesses and their strategies to mitigate risks.

Periodic updates are provided by senior management of the Company's business divisions to the SRMC on the Group's risk profile, and on the status of key enterprise risk management and business continuity initiatives. These updates include the assessment of the Group's key risks by major business units, risk categories, and the status and changes in plans undertaken by management to manage key risks. Risk tolerance statements, which set out the nature and extent of significant risks which the Group is willing to take in achieving its strategic objectives, are monitored and reported to the SRMC.

The SRMC comprises the following members:

Mr Koh Poh Tiong	Chairman
Mr Thapana Sirivadhanabhakdi	Member
Mr Sithichai Chaikriangkrai	Member
Mr Michael Chye Hin Fah	Member
Mr Prapakon Thongtheppairot	Member

To assist the Company in ascertaining the adequacy and effectiveness of the Group's internal controls and risk management systems, management implements a control self-assessment exercise. Management also maps out key risks with the existing assurance processes in a comfort matrix every year. Using a comfort matrix of key risks, the material financial, operational, compliance and information technology risks of the Company have been documented and presented against strategies, policies, people, processes, systems, mechanisms and reporting processes that have been put in place.

The Board has received assurance:

(a) from the CEOs and the Chief Financial Officers ("**CFOs**") or Financial Controllers ("**FCs**") of each of the Group's significant business divisions and the Chief Financial Officer of the Company that as at 30 September 2018 the financial records of the Group have been properly maintained and the financial statements for the year ended 30 September 2018 give a true and fair view of the Group's operations and finances;

(b) from the CEOs and the CFOs or FCs of each of the Group's business divisions and the Chief Financial Officer of the Company that as at 30 September 2018 the system of internal controls in place for the Group is adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations[1]; and

C. ACCOUNTABILITY AND AUDIT (cont'd)

(c) from the CEOs and CFOs or FCs of each of the Group's business divisions[2] and the Chief Financial Officer of the Company that as at 30 September 2018 the risk management system in place for the Group is adequate and effective to address risks which the Group considers relevant and material to its operations.

Notes:
1 An assurance on internal controls addressing financial, operational, compliance and information technology risks in respect of Food & Beverage (Beer) is not meaningful as at 30 September 2018 given the current scale of operations.
2 An assurance in respect of the adequacy and effectiveness of the risk management system in place for the Food & Beverage (Beer) business has been given by the CEO of this business division.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by management, the AC and SRMC and assurance from the CEOs, the CFOs or FCs of each of the Group's business divisions and the Chief Financial Officer of the Company, the Board is of the view that as at 30 September 2018 the Group's internal controls were adequate and effective to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

Based on the enterprise-wide risk management framework adopted by the Company, reviews performed by the SRMC and assurance from the CEOs and the CFOs or FCs of each of the Group's business divisions and the Chief Financial Officer of the Company, the Board is of the view that as at 30 September 2018 the Group's risk management system was adequate and effective to address risks which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

The AC concurs with the Board's view that as at 30 September 2018, the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to address risks which the Group considers relevant and material to its operations.

Principle 12: Audit Committee

The AC, on behalf of the Board, undertakes the monitoring and review of the system of internal controls. Its main responsibilities are to assist the Board in the discharge of its oversight responsibilities in the areas of internal controls, financial and accounting practices, operational and compliance controls. Significant findings are reported to the Board.

The AC is guided by written Terms of Reference endorsed by the Board and which clearly set out its authority and duties. It is duly authorised to investigate any matter within such Terms of Reference, and has full access to and the co-operation of management, as well as the full discretion to invite any Director or executive officer to attend its meetings. Under the Terms of Reference of the AC, a former partner or director of the Company's existing auditing firm or auditing corporation shall not act as a member of the AC (i) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (ii) for so long as he has any financial interest in the auditing firm or auditing corporation.

The AC comprises the following three members:

Mrs Siripen Sitasuwan	Chairman
Mr Timothy Chia Chee Ming	Member
Mr Sithichai Chaikriangkrai	Member

The AC is made up of non-executive Directors, the majority of whom, including its Chairman, are independent Directors. The members of the AC are appropriately qualified. Their collective wealth of experience and expertise in accounting and financial management enables them to discharge their responsibilities competently. The AC has reasonable resources to enable it to discharge its functions effectively. None of the members of the AC were previous partners or directors of the Company's auditor KPMG LLP ("**KPMG**") and none of the members of the AC hold any financial interest in KPMG.

During the year, the key activities of the AC included the following:

- Reviewing quarterly and full-year financial statements and related SGX-ST announcements, including the external auditors' report for the full-year and significant financial reporting issues and assessments, to safeguard the integrity in financial reporting, and to ensure compliance with the requirements of the SFRS. In the review of the financial statements, the significant matters referred to in Table A were reviewed by the AC and discussed with management and external auditors.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

C. ACCOUNTABILITY AND AUDIT (cont'd)

- Reviewing and approving the internal and external audit plans to ensure the adequacy of the audit scope.
- Recommending, for the approval of the Board, the half-year and annual financial results and related SGX-ST announcements.
- Reviewing the independence, adequacy and effectiveness of the Group's internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group.
- Reviewing with internal and external auditors, the scope and results of the audit reports and their recommendations, and monitoring the timely and proper implementation of any required corrective or improvement measures.
- Reviewing and evaluating with internal and external auditors, and reporting to the Board at least annually on the adequacy and effectiveness of internal control systems, including financial, operational, compliance and information technology controls and together with SRMC, risk management systems.
- Reviewing whistle-blowing investigations within the Group and ensuring appropriate follow-up actions, if required.

Table A

Significant matters	How the AC reviewed these matters
Impairment of fixed assets and investment in subsidiaries	The AC considered the approach and methodology used by management in determining the recoverable amount of fixed assets and investment in subsidiaries. The AC was satisfied that the approach and methodology used by management in this process was appropriate. Impairment of fixed assets and investment in subsidiaries were also areas of focus for the external auditors who have included this item as a key audit matter in their audit report for the financial year ended 30 September 2018.
Impairment of goodwill and intangible assets (including brands)	The AC considered the approach and methodology used by management in determining the recoverable amount of goodwill and intangible assets (including brands). The AC was satisfied that the approach and methodology used by management in this process was appropriate. Impairment of goodwill and intangible assets (including brands) were also areas of focus for the external auditors who have included this item as a key audit matter in their audit report for the financial year ended 30 September 2018.
Accounting for acquisition of investment in Vinamilk	The AC considered the judgement and estimates applied by management in determining the allocation of the purchase price to the fair value of the identifiable assets acquired and liabilities assumed. The AC was satisfied that the judgement and estimates applied by management were reasonable. The accounting for acquisition of investment in Vinamilk was also an area of focus for the external auditors who have included this item as a key audit matter in their audit report for the financial year ended 30 September 2018.

C. ACCOUNTABILITY AND AUDIT (cont'd)

The AC also meets with internal audit and KPMG in each case, without the presence of management at least once a year to obtain feedback on the competency and adequacy of the finance function, to review the assistance given by the Company's management to internal and external auditors and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial reporting and operational systems. In addition, updates (if any) on changes in accounting standards and treatment are prepared by KPMG and periodically circulated to members of the AC.

The AC reviews and approves the remuneration and terms of engagement of KPMG. The AC also makes recommendations to the Board regarding the appointment, re-appointment and removal of the Company's external auditor. Upon the Board's approval, the relevant recommendations are tabled for approval by shareholders.

During the year, the AC conducted a review of the scope and results of audit by KPMG, and their cost effectiveness, as well as the independence and objectivity of KPMG. It also reviewed all non-audit services provided by KPMG, and the aggregate amount of audit fees paid/payable to them. For details of fees paid/payable to KPMG in respect of audit and non-audit services, please refer to Note 4 of the Notes to the Financial Statements on page 123. The AC is satisfied that neither their independence nor their objectivity was put at risk, and that they were able to meet the audit requirements and statutory obligations of the Company. The AC is also satisfied with the aggregate amount of audit fees paid to KPMG. Accordingly, the AC has recommended the re-appointment of KPMG at the AGM of the Company. In recommending the re-appointment of the auditors, the AC considered and evaluated a variety of factors including, the audit engagement partner to be assigned to the audit, the number and experience of supervisory and professional staff to be assigned to the audit and the size and complexity of the Group, its business and operations.

The Company has complied with Rule 712 of the Listing Rules which requires, amongst others, that a suitable auditing firm be appointed by the Company, having regard to the factors set out therein. The Company has also complied with Rule 715 of the Listing Rules which requires that the same auditing firm of the Company audits its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

Whistle-Blowing Policy

The Group has in place a Whistle-Blowing Policy ("**Policy**"). This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by staff and any other person in confidence and in good faith, without fear of reprisal. Details of this Policy have been disseminated and made available to all employees. This Policy is also available on the Company's website. The improprieties that are reportable under the Whistle-Blowing Policy include:

(a) financial or professional misconduct;

(b) improper conduct, dishonest or unethical behaviour, or violence at the workplace;

(c) any irregularity or non-compliance with laws/regulations, and/or internal control;

(d) conflicts of interest;

(e) health/safety of any individual; and

(f) any other improprieties or matters that may adversely affect shareholders' interest in, and assets of, the Company and its reputation.

All whistle-blowing complaints which are raised are independently investigated and appropriate actions taken. The AC reviews and ensures that independent investigations and any appropriate follow-up actions are carried out.

Principle 13: Internal Audit

The Internal Audit ("**IA**") Department is an independent function within the Company. It conducts objective and independent assessments on the adequacy and quality of the Group's system of internal controls. The Head of IA, who is a Chartered Accountant of Singapore, reports directly to the Chairman of the AC.

The Head of IA and key internal audit staff are members of the Institute of Internal Auditors, Singapore and the department has adopted and complied with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. To ensure that the internal audits are effectively performed, it recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are also given relevant training and development opportunities to update their technical knowledge and auditing skills. Key staff members of the IA Department also receive relevant technical training and seminars organised by the Institute of Internal Auditors, Singapore and other professional bodies.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

C. ACCOUNTABILITY AND AUDIT (cont'd)

The IA Department operates within the framework stated in its Terms of Reference, which is approved by the AC. Under the Terms of Reference of the AC, the AC has the authority to approve the hiring, removal, evaluation and compensation of the head of the internal audit function. The IA Department has unfettered access to all the Company's documents, records, properties and personnel including access to the AC. The IA Department adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of the Group. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities, and material internal controls, including compliance with the Company's policies, procedures and regulatory responsibilities.

During the year, the IA Department conducted its audit reviews based on the internal audit plan approved by the AC. All audit reports detailing audit findings and recommendations are provided to management who would respond on the actions to be taken. Each quarter, the IA Department would submit to the AC a report on the status of the audit plan and on audit findings and actions taken by management on such findings. Key findings are highlighted at AC meetings for discussion and follow-up action. The AC monitors the timely and proper implementation of required corrective, preventive or improvement measures undertaken by management.

The AC is satisfied that the internal audit function is independent and effective and that the IA Department has adequate resources and appropriate standing within the Company to perform its function effectively.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

F&N believes in treating all shareholders fairly and equitably. It is committed to keeping all its shareholders and other stakeholders informed, in a timely and consistent manner, of its corporate activities, including changes (if any) in the Company or its businesses which are likely to materially affect the price or value of its shares in a timely and consistent manner.

Shareholders of F&N are also given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

Principle 15: Communication with Shareholders

The Company prides itself on its high standards of disclosure and corporate transparency. F&N is committed to providing fair, relevant, comprehensive and timely information regarding the Group's performance and progress to shareholders and the investment community to enable them to make informed investment decisions. The Group's dedicated Investor Relations ("**IR**") team is tasked with and focuses on facilitating communications between the Company and its shareholders, as well as with the investment community.

The IR team communicates regularly with shareholders and the investment community, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST. The team conducts roadshows (together with senior management), and participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance. During the year, the IR team, together with senior management, engaged with Singapore and foreign investors at investor conferences as well as one-on-one and group meetings. The aim of such engagements is to provide shareholders and investors with prompt disclosure of relevant information, to enable them to have a better understanding of the Company's businesses and performance.

The Company makes available all its briefing materials to analysts and the media. Such information, financial information, annual reports and all announcements of the Company are made available to the SGX-ST and on the Company's website at www.fraserandneave.com, with contact details for investors to channel their comments and queries.

Further details on IR's activities and responsibilities during the year can be found in the Investor Relations section of this Annual Report on page 60.

In determining dividends, the Board balances the need for a satisfactory return to shareholders against the Company's investment requirement to ensure sustainable growth in the future. Over the years, the Board has maintained a track record of generous shareholder distributions. The Board remains committed to paying approximately fifty percent (50%) of Group Attributable Profit Before Fair Value Adjustment and Exceptional Items.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES (cont'd)

Principle 16: Conduct of Shareholder Meetings

The Board supports and encourages active shareholder participation at AGMs. It believes that general meetings serve as an opportune forum for shareholders to meet the Board and senior management, and to interact with them.

The Company's Constitution allows (i) each shareholder who is not a relevant intermediary (as defined in the Companies Act) the right to appoint up to two proxies and (ii) each shareholder who is a relevant intermediary to appoint more than two proxies to attend and vote on their behalf in shareholders' meetings. A copy of each of the Annual Report and Notice of AGM are sent to all shareholders. At general meetings, the Company sets out separate resolutions on each substantially separate issue and shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed.

Board members and senior management are present at each shareholders' meeting to respond to any questions from shareholders. The Company's independent auditor is also present to address queries about the conduct of audit and the preparation and content of the independent auditor's report.

For greater transparency, F&N has implemented electronic poll voting since its 2010 AGM. This entails shareholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hand), thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results of all votes cast for, or against, each resolution is then screened at the meeting and announced to the SGX-ST after the meeting. The Company will continue to use the electronic poll voting system at the forthcoming AGM. As the authentication of shareholder identity and other related security and integrity issues still remain a concern, the Company has decided for the time being, not to implement voting in absentia methods such as voting via mail, e-mail or fax.

Code of Business Conduct

F&N has in place a Code of Business Conduct which sets out the business practices, standards and ethical conduct expected of all employees in the course of their employment with the Group. The Code of Business Conduct is disseminated and distributed to all employees for compliance, and covers such aspects of the business operations of the Group as conflicts of interest and dealings with government officials, government employees, and suppliers and customers of the Company. In addition, Directors, officers and employees are required to observe and maintain high standards of integrity in carrying out their roles and responsibilities, and to comply with relevant and applicable laws and regulations, as well as with Company policies.

Listing Rule 1207 sub-Rule (19) on Dealings in Securities

The Company has established a procedure for dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealings with the Company's securities on short-term considerations. In compliance with best practices in Listing Rule 1207 sub-Rule (19) of the Listing Rules, the Group issues quarterly reminders to its Directors, officers and relevant employees on the restrictions in dealings in listed securities of the Group during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full-year results, and ending on the date of such announcements. Directors, officers and relevant employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	(a) Fraser and Neave, Limited ("**F&N**" or the "**Company**") has complied in all material respects with the principles and guidelines set out in the Code.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(b) Please see above.
Board Responsibility Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Company has a Manual of Authority ("**MOA**") which defines the procedures and levels of authorisation required for specified transactions. The MOA authorises the Board Executive Committee to approve certain transactions up to specified limits, beyond which the approval of the Board needs to be obtained. Under the MOA, certain matters such as approval of credit facilities, approval of annual capital budget and annual operating budget are matters specifically reserved for the approval of the Board. Board approval is also required for material transactions, such as major acquisitions, divestments, funding and investment proposals.
Members of the Board Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	(a) The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among Directors. This is reflected in the diversity of backgrounds and competencies of its Directors.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(b) The current competencies of the Board range from banking, finance and accounting to relevant industry knowledge including entrepreneurial and management experience and familiarity with regulatory requirements and risk management. The profiles of the directors can be found on pages 12 to 21 of this Annual Report ("**this Report**").
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(c) The Board has delegated the Nominating Committee (the "**NC**") to annually review the size and composition of the Board with a view to maintaining an appropriate balance of expertise, skills and attributes taking into account the needs of F&N and its subsidiaries (the "**Group**"). Please also refer to Guideline 4.6 below on the process for Board succession planning.

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for:	
	(i) selecting and appointing new directors; and	(i) The NC takes the lead in identifying, evaluating and selecting suitable candidates for new directorships. In its search and selection process, the NC considers factors such as the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board and Board Committees. The NC also takes into account the existing mix of expertise, skills and attributes of the Directors so as to identify needed and/or desired competencies to supplement the Board's existing attributes.
	(ii) re-electing incumbent directors.	(ii) The NC will assess whether Directors are properly qualified for re-appointment by virtue of their skills, experience and contributions.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	(a) Yes.
	(b) What are the types of information and training provided to:	
	(i) new directors; and	(b)(i) New Directors are given a formal letter of appointment setting out, among other things, a Director's duties and obligations including their responsibilities as fiduciaries and, how to deal with conflicts of interest that may arise. A comprehensive orientation programme is also conducted to familiarise new appointees with the business activities, strategic directions, policies and corporate governance practices of the Group, as well as their statutory and other duties and responsibilities as Directors.
	(ii) existing directors to keep them up-to-date?	(b)(ii) Directors are kept continually and regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments and good corporate governance may be in writing or disseminated by way of briefings, presentations and/or handouts. Directors are also encouraged to be members of the Singapore Institute of Directors ("**SID**") and to receive journal updates and training from SID in order to stay abreast of relevant developments in financial, legal and regulatory requirements.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS		HOW HAS THE COMPANY COMPLIED?	
Guideline 4.4	(a)	What is the maximum number of listed company board representations that the Company has prescribed for its directors?	(a)	The Company has not prescribed a maximum number of listed company board representations that a Director may hold.
	(b)	If a maximum number has not been determined, what are the reasons?	(b)	The NC is tasked with determining whether each Director is able to adequately devote sufficient time and attention to carrying out and discharging their responsibilities to the Company. The NC has taken cognizance of the recommendations of the Code but is of the view that its assessment of a Director's ability to devote sufficient time to the discharge of his or her duties as a director of the Company should not entail a restriction on the number of other board commitments or their other principal commitments.
	(c)	What are the specific considerations in deciding on the capacity of directors?	(c)	The attendance and contributions by each Director to and during meetings of the Board and relevant Board Committees and their personal capabilities are holistically assessed and taken into account by the NC.
Board Evaluation Guideline 5.1	(a)	What was the process upon which the Board reached the conclusion on its performance for the financial year?	(a)	All Directors are required to assess the performance of the Board and the Board Committees. The assessment covers areas such as Board processes, managing the Company's performance, effectiveness of the Board and Board Committees and Director development. Feedback and comments received from the Directors are reviewed by the NC in consultation with the Chairman of the Board.
	(b)	Has the Board met its performance objectives?	(b)	Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Independence of Directors Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The current F&N Board comprises twelve non-executive Directors of whom six are independent. In compliance with Guideline 2.2 of the Code, independent Directors make up half of the Board where the Chairman is not an independent director.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No. (b) Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.
Disclosure on Remuneration Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Yes. (b) The Company has disclosed the aggregate remuneration paid to the top five key management personnel on page 72 of this Report. The aggregate remuneration paid to the top five key management personnel is $4,667,105.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	(a) Executive Directors Not applicable as there are no executive directors on the F&N Board. Key Management Personnel The Remuneration Committee (the "**RC**"), on an annual basis, reviews the level and mix of remuneration policies and practices of the Company, including long-term incentives. When conducting such reviews, the RC takes into account the performance of the Company and employees. The Company's compensation framework comprises fixed remuneration, annual variable bonuses and long-term incentives. Annual variable bonuses are linked to achievement of financial and non-financial key performance indicators. The Company also uses indicators such as core values, competencies, key result areas, performance rating, and potential of the employees (including key management) to link remuneration to corporate and individual performance. Long-term incentive plans are in place and are conditional upon pre-determined performance targets being met. The long-term incentive plans serve to motivate and reward employees and align their interests to maximise long-term shareholder value.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	(b) The Company subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating and potential of the employees. The Company has also put in place long-term share-based incentive schemes which are based on the achievement of certain pre-determined targets.
	(c) Were all of these performance conditions met? If not, what were the reasons?	(c) Yes.

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Risk Management and Internal Controls Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	The Company recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with detailed Board papers specifying relevant information and commercial rationale for each proposal for which Board approval is sought. Such information includes relevant financial forecasts, risk analyses, mitigation strategies, feasibility studies and key commercial issues for the Board's attention and consideration. Reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets are also circulated to the Board. Board papers and agenda items are dispatched to the Directors about a week before scheduled meetings. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed. On a quarterly basis, financial statements are presented at Board meetings. Risk-related reports are submitted to the Sustainability and Risk Management Committee ("**SRMC**") four times a year. The SRMC, comprising selected board members, assists the Board in overseeing risk management and managing environmental, social and governance factors for the Group ("**ESG factors**").
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	(a) The Board's view on the adequacy and effectiveness of the Company's internal control and risk management systems is based on reviews and reports from the Audit Committee ("**AC**") and SRMC. With the assistance of internal and external auditors, the AC reviews and reports to the Board on the adequacy of the Company's system of internal controls including financial, operational, compliance and information technology controls. In assessing the adequacy and effectiveness of internal controls, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations. The SRMC is responsible for among other things, reviewing the Group's enterprise-wide risk management framework, processes and procedures for identifying, measuring, reporting and mitigating key risks in the Group's business and operations. The SRMC also assists the Board in carrying out its responsibility in determining ESG factors identified as material to the business.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 11.3	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that:	
	(i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and	(b)(i) The Board has received assurance that as at 30 September 2018 the financial records of the Group have been properly maintained and the financial statements for the year ended 30 September 2018 give a true and fair view of the Group's operations and finances, from the CEOs and the Chief Financial Officers ("**CFOs**") or Financial Controllers ("**FCs**") of each of the Group's significant business divisions and from the Chief Financial Officer of the Company.
	(ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(b)(ii) The Board has received assurance that the system of internal controls in place for the Group is adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations, from the CEOs and the CFOs or FCs of each of the Group's business divisions and from the Chief Financial Officer of the Company[1]. The Board has received assurance that as at 30 September 2018 the risk management system in place for the Group is adequate and effective to address risks which the Group considers relevant and material to its operations, from the CEOs and the CFOs or FCs of each of the Group's business divisions[2] and from the Chief Financial Officer of the Company. **Notes:** 1 Please refer to pages 74 and 75 of this Annual Report. An assurance on internal controls addressing financial, operational, compliance and information technology risks in respect of Food & Beverage (Beer) is not meaningful as at 30 September 2018 given the current scale of operations. 2 Please refer to pages 74 and 75 of this Annual Report. An assurance in respect of the adequacy and effectiveness of the risk management system in place for the Food & Beverage (Beer) business has been given by the CEO of this business division.

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	(a) As disclosed in Note 4(c) to the Notes to the Financial Statements, the fees paid/payable to external auditors for audit and non-audit services for the financial year ended 30 September 2018 are: **$'000** **Audit fees paid/payable** - Auditor of the Company 793 - Member firms of the Auditor of the Company 708 1,501 **Non-audit fees paid/payable** - Auditor of the Company 136 - Member firms of the Auditor of the Company 169 305
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b) Non-audit fees amount to 20% of the total fees paid/payable to the auditor of the Company and member firms of the Auditor of the Company, and are not substantial.
Communication with Shareholders Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) The Company, through its Investor Relations ("**IR**") team communicates regularly with shareholders and the investment community, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) Yes. Please refer to pages 78 and 79 of this Report.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(c) The IR team together with senior management conducts roadshows and participates in investor seminars, conferences, one-on-one and group meetings.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

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DIRECTORS' STATEMENT

The directors have pleasure in presenting their statement together with the audited financial statements of Fraser and Neave, Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 September 2018.

1. DIRECTORS

The directors of the Company in office at the date of this statement are:

Mr Charoen Sirivadhanabhakdi (Chairman)
Khunying Wanna Sirivadhanabhakdi (Vice-Chairman)
Tengku Syed Badarudin Jamalullail
Mr Charles Mak Ming Ying
Mr Timothy Chia Chee Ming
Mr Chan Heng Wing
Mr Koh Poh Tiong
Mrs Siripen Sitasuwan
Dr Sujittra Sombuntham
Mr Chotiphat Bijananda
Mr Thapana Sirivadhanabhakdi
Mr Sithichai Chaikriangkrai
Mr Michael Chye Hin Fah (Alternate Director to Mr Thapana Sirivadhanabhakdi)
Mr Prapakon Thongtheppairot (Alternate Director to Mr Sithichai Chaikriangkrai)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during, the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed in this statement.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Companies Act (Chapter 50 of Singapore), interest in the shares in, or debentures of, the Company and its related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest		Deemed Interest	
Name of Director	**As at 1 Oct 2017**	**As at 30 Sep 2018**	**As at 1 Oct 2017**	**As at 30 Sep 2018**
Charoen Sirivadhanabhakdi				
Fraser and Neave, Limited				
• Ordinary Shares	-	**-**	1,270,503,884 (1)	**1,270,503,884 (1)**
Frasers Property Limited *(formerly known as Frasers Centrepoint Limited)*				
• Ordinary Shares	-	**-**	2,541,007,768 (1)	**2,541,007,768 (1)**
Frasers Property Treasury Pte. Ltd. *(formerly known as FCL Treasury Pte. Ltd.)*				
• S$600,000,000 4.88% Subordinated Perpetual Securities (Series 3)	-	**-**	S$250,000,000	**S$250,000,000**
• S$700,000,000 5.00% Subordinated Perpetual Securities (Series 5)	-	**-**	S$300,000,000	**S$300,000,000**
Fraser & Neave Holdings Bhd				
• Ordinary Shares	-	**-**	203,470,910	**203,470,910**
TCC Assets Limited				
• Ordinary Shares	25,000	**25,000**	-	**-**

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (cont'd)

	Direct Interest		Deemed Interest	
Name of Director	As at 1 Oct 2017	As at 30 Sep 2018	As at 1 Oct 2017	As at 30 Sep 2018
Khunying Wanna Sirivadhanabhakdi				
Fraser and Neave, Limited				
• Ordinary Shares	-	**-**	1,270,503,884 [(1)]	**1,270,503,884 [(1)]**
Frasers Property Limited *(formerly known as Frasers Centrepoint Limited)*				
• Ordinary Shares	-	**-**	2,541,007,768 [(1)]	**2,541,007,768 [(1)]**
Frasers Property Treasury Pte. Ltd. *(formerly known as FCL Treasury Pte. Ltd.)*				
• S$600,000,000 4.88% Subordinated Perpetual Securities (Series 3)	-	**-**	S$250,000,000	**S$250,000,000**
• S$700,000,000 5.00% Subordinated Perpetual Securities (Series 5)	-	**-**	S$300,000,000	**S$300,000,000**
Fraser & Neave Holdings Bhd				
• Ordinary Shares	-	**-**	203,470,910	**203,470,910**
TCC Assets Limited				
• Ordinary Shares	25,000	**25,000**	-	**-**
Tengku Syed Badarudin Jamalullail				
Fraser & Neave Holdings Bhd				
• Ordinary Shares	2,062,000	**2,062,000**	-	**-**
Koh Poh Tiong				
Fraser and Neave, Limited				
• Ordinary Shares	251,315	**251,315**	-	**-**
Frasers Property Limited *(formerly known as Frasers Centrepoint Limited)*				
• Ordinary Shares	385,660	**385,660**	-	**-**
Frasers Property Treasury Pte. Ltd. *(formerly known as FCL Treasury Pte. Ltd.)*				
• S$700,000,000 5.00% Subordinated Perpetual Securities (Series 5)	S$250,000	**S$250,000**	-	**-**

(1) Each of Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, owns 50% of the issued share capital of TCC Assets Limited ("TCCA"), and is therefore deemed to be interested in all of the shares in the Company in which TCCA has an interest. Both the Company and Frasers Property Limited ("FPL") (formerly known as Frasers Centrepoint Limited) are direct subsidiaries of TCCA.

Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi also jointly hold a 51% direct interest in Siriwana Company Limited ("Siriwana"). Siriwana holds an aggregate of approximately 45.27% interest in Thai Beverage Public Company Limited ("ThaiBev").

Further, Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi jointly hold a 100% direct interest in MM Group Limited ("MM Group"). MM Group holds a 100% direct interest in each of Maxtop Management Corp. ("Maxtop"), Risen Mark Enterprise Ltd. ("RM") and Golden Capital (Singapore) Limited ("GC"). Maxtop holds a 17.23% direct interest in ThaiBev; RM holds a 3.32% direct interest in ThaiBev; and GC holds a 0.06% direct interest in ThaiBev.

ThaiBev holds a 100% direct interest in International Beverage Holdings Limited, which in turns holds a 100% direct interest in InterBev Investment Limited ("IBIL"). Each of Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is therefore deemed to be interested in all the shares in the Company in which IBIL has an interest.

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (cont'd)

(b) There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 October 2018.

(c) By virtue of Section 4 of the Securities and Futures Act, Chapter 289, each of Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is deemed to have interests in the shares of the subsidiaries held by the Company and in the shares of the subsidiaries held by FPL.

(d) Except as disclosed in this statement, no director who held office at the end of the financial year had any interest in shares in, or debentures of, the Company, or its related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4. SHARE PLANS

(a) F&N Restricted Share Plan ("RSP") and F&N Performance Share Plan ("PSP")

The Company has in place the RSP and PSP (collectively, the "Share Plans") which are administered by the Remuneration Committee. The Share Plans were approved by the shareholders of the Company at the Extraordinary General Meeting held on 22 January 2009 and will be expiring on 21 January 2019. The Company proposes to adopt a new F&N Restricted Share Plan 2019 (the "F&N RSP 2019") to replace the Share Plans following their expiry and the Company will be obtaining shareholders' approval for the new F&N RSP 2019.

Share Grants under RSP and PSP

Under the RSP and PSP, the Company grants a base number of conditional share awards (the "Base Award") to eligible participants annually. The Base Award represents the right to receive fully paid ordinary shares of the Company, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met. The Remuneration Committee, as the administrator of the Share Plans, has absolute discretion in granting the Base Awards.

Depending on the level of achievement of the pre-determined targets over a two-year performance period for the RSP and three-year performance period for the PSP, an achievement factor will be applied to the relevant Base Award to determine the final number of RSP shares and PSP shares to be awarded at the end of the respective performance periods. The achievement factor ranges from 0% to 150% for the RSP and 0% to 200% for the PSP. Accordingly, the actual number of RSP shares to be awarded pursuant to the RSP will range from 0% to 150% and the actual number of PSP shares to be awarded pursuant to the PSP will range from 0% to 200% of the relevant Base Award (the "Final Award").

At the end of the two-year performance period, 50% of the number of shares under the RSP Final Award will be vested to the participants. The balance will be vested in equal instalments over a period of two years. All the shares under the PSP Final Award will be vested to the participants at the end of the three-year performance period.

Senior management participants are required to hold a minimum number of shares that are vested to them under the RSP and PSP for the duration of their employment or tenure with the Company.

No awards have been granted to controlling shareholders or their associates, or parent group directors or employees under the Share Plans.

No awards have been granted to directors of the Company.

No participant has received 5% or more of the total number of shares available/delivered pursuant to grants under the RSP and PSP.

DIRECTORS' STATEMENT

4. SHARE PLANS (cont'd)

(a) F&N Restricted Share Plan ("RSP") and F&N Performance Share Plan ("PSP") (cont'd)

The first grant of the RSP and PSP was made in December 2009 for Financial Year 2009/10. The details of the shares awarded under the RSP and PSP in aggregate are as follows:

(i) RSP

Shares	Grant Date	Balance as at 1.10.2017 or Grant Date if later	Cancelled	Achievement Factor	Vested	Balance as at 30.9.2018
Year 5	01.10.2014	269,100	(8,250)	-	(260,850)	-
Year 6	06.05.2015	463,050	(16,450)	-	(225,025)	221,575
Year 7	26.02.2016	1,193,476	(67,950)	180,524	(670,250)	635,800
Year 8	28.12.2016	1,034,354	(91,000)	-	-	943,354
Year 9	28.12.2017	1,016,700	(75,500)	-	-	941,200
		3,976,680	(259,150)*	180,524	(1,156,125)	2,741,929

* Cancelled due to resignations.

(ii) PSP

Shares	Grant Date	Balance as at 1.10.2017 or Grant Date if later	Achievement Factor	Vested	Balance as at 30.9.2018
Year 6	06.05.2015	30,500	(12,100)	(18,400)	-
Year 7	26.02.2016	84,383	-	-	84,383
Year 8	28.12.2016	67,538	-	-	67,538
Year 9	28.12.2017	78,000	-	-	78,000
		260,421	(12,100)	(18,400)	229,921

(b) Fraser & Neave Holdings Bhd ("F&NHB") Restricted Share Plan ("F&NHB RSP") and F&NHB Performance Share Plan ("F&NHB PSP") (collectively, the "Share Grant Plan")

The Share Grant Plan was approved by Bursa Malaysia Securities Berhad on 20 December 2011 and subsequently approved by the shareholders of F&NHB at its Extraordinary General Meeting held on 13 January 2012.

Under the F&NHB RSP and F&NHB PSP, F&NHB grants a base number of conditional share awards (the "F&NHB Base Award") to eligible participants annually. The F&NHB Base Award represents the right to receive fully paid shares of F&NHB, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met. The Remuneration Committee of F&NHB, as administrator of the Share Grant Plan, has absolute discretion in the granting of shares under the F&NHB RSP and F&NHB PSP.

Depending on the achievement of pre-determined targets over a two-year performance period for the F&NHB RSP and three-year performance period for the F&NHB PSP, the final number of F&NHB RSP shares and F&NHB PSP shares to be awarded could range between 0% to 150% of the initial grant of the F&NHB RSP Base Award and 0% to 200% of the initial grant of F&NHB PSP Base Award, respectively (the "F&NHB Final Award").

At the end of the two-year performance period, 50% of the F&NHB RSP shares under the F&NHB Final Award will be vested to the participants. The balance will be vested in equal instalments over a period of two years.

All of the F&NHB PSP shares under the F&NHB Final Award will be vested to the participants at the end of the three-year performance period.

No awards have been granted to the directors of F&NHB.

DIRECTORS' STATEMENT

4. SHARE PLANS (cont'd)

(b) Fraser & Neave Holdings Bhd ("F&NHB") Restricted Share Plan ("F&NHB RSP") and F&NHB Performance Share Plan ("F&NHB PSP") (collectively, the "Share Grant Plan") (cont'd)

The first grant of the F&NHB RSP was made in March 2012. The details of the shares awarded under the F&NHB RSP are as follows:

Shares	Grant Date	Balance as at 1.10.2017 or Grant Date if later	Cancelled	Achievement Factor	Vested	Balance as at 30.9.2018
Year 3	12.08.2014	124,250	-	-	(124,250)	-
Year 4	15.01.2015	209,000	(5,600)	-	(104,500)	98,900
Year 5	05.01.2016	476,500	(10,450)	(92,900)	(191,800)	181,350
Year 6	22.12.2016	493,200	(28,600)	-	-	464,600
Year 7	22.12.2017	496,000	(26,100)	-	-	469,900
		1,798,950	(70,750)*	(92,900)	(420,550)	1,214,750

* Cancelled due to resignations.

(c) Other than those disclosed in this paragraph 4, no shares of the Company or any corporation in the Group were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group, whether granted before or during that financial year.

(d) Other than those reported in this paragraph 4, there were no unissued shares of the Company or any corporation in the Group under options as at the end of the financial year to which this statement relates.

5. AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act (Chapter 50 of Singapore), the SGX-ST Listing Manual and the Code of Corporate Governance 2012. These functions include, *inter alia*, the following:

(a) reviewing quarterly and full-year financial statements and related financial results announcements, including the independent auditors' report for the full-year and significant financial reporting issues and assessments, to safeguard the integrity in financial reporting, and to ensure compliance with the requirements of the Singapore Financial Reporting Standards;

(b) reviewing and approving the internal and external audit plans to ensure the adequacy of the audit scope;

(c) recommending, for the approval of the Board, the half-year and annual financial results and related financial results announcements;

(d) reviewing the adequacy and effectiveness of the Group's internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group;

(e) reviewing with internal and external auditors, the scope and results of the audit report and their recommendations, and monitoring the timely and proper implementation of any required corrective or improvement measures; and

(f) reviewing and evaluating with internal and external auditors, and reporting to the Board at least annually on the adequacy and effectiveness of internal control systems, including financial, operational and compliance and information technology controls and together with the Sustainability and Risk Management Committee, risk management systems.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Report.

The Audit Committee has nominated KPMG LLP for re-appointment by the shareholders as independent auditors at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

6. INDEPENDENT AUDITORS

The independent auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

7. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2018 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended 30 September 2018; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

SIRIPEN SITASUWAN
Director

SITHICHAI CHAIKRIANGKRAI
Director

9 November 2018

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
FRASER AND NEAVE, LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Fraser and Neave, Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 September 2018, the consolidated statement of changes in equity of the Group and statement of changes in equity of the Company and the consolidated profit statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 99 to 177.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of fixed assets and investment in subsidiaries
(Refer to Note 2.8, Note 2.18, Note 12 and Note 15 to the financial statements)

The key audit matter	***How the matter was addressed in our audit***
Fixed assets constitutes 12.5% of the Group's total assets and investment in subsidiaries constitutes 82.4% of the Company's total assets as at 30 September 2018. Impairment of $0.1 million was recorded for fixed assets at Group level during the year. When there are indicators of impairment noted in a business segment, the Group will estimate the recoverable amount of the fixed assets and investment in subsidiaries at the Company level based on the discounted future cash flows expected to be generated from the business segment. The net present value of the forecast cash flows is derived from profit forecasts which include key assumptions such as sales growth rates and gross profit margins for the next 5 years, and discount rate. The assessment of management's judgements in arriving at these key assumptions is a key focus area of our audit.	Our procedures included, among others, assessing the appropriateness of the methodology used in determining the recoverable amount of the fixed assets and investment in subsidiaries. We also assessed the reasonableness of the key assumptions used in the 5-year profit forecasts by comparing sales growth rates and gross profit margins to past performance and future plans. We also compared the discount rates applied to the cost of capital of comparable listed companies. We evaluated the sensitivity of the profit forecasts by considering the downside scenarios against reasonably plausible changes to the key assumptions. **Our findings** – We found the methodology used to be appropriate and key assumptions applied in the impairment testing to be reasonable.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
FRASER AND NEAVE, LIMITED

Impairment of goodwill and intangible assets (including brands)
(Refer to Note 2.12, Note 2.13, Note 2.18, Note 18, Note 19 and Note 22 to the financial statements)

The key audit matter

As at 30 September 2018, the Group has goodwill of $75.6 million mainly relating to the printing and publishing group and beverages group, and intangible assets (including brands) of $56.6 million mainly relating to brands owned by the Group.

The Group will estimate the recoverable amount of goodwill and intangible assets with indicators of impairment based on discounted future cash flows expected to be generated from the respective operating unit. The net present value of the forecast cash flows is derived from profit forecasts which include key assumptions such as sales growth rates and gross profit margins for the next 3 to 5 years, and discount rate for the operating units which the goodwill and intangible assets are allocated to.

As there are judgement and estimation involved in the preparation of the discounted future cash flows and determination of certain key inputs, this is a key focus area in our audit.

How the matter was addressed in our audit

We assessed the determination of the operating units that goodwill is allocated to based on our understanding of the nature of the Group's business.

For goodwill and intangible assets with indicators of impairment, our procedures included, among others, assessing the appropriateness of the methodology used in determining the recoverable amount of the goodwill and intangible assets. We assessed the reasonableness of the key assumptions used in the 3 to 5 year profit forecasts, by comparing sales growth rates and gross profit margins to past performance and future plans. We also compared the discount rates applied to the cost of capital of comparable listed companies. We evaluated the sensitivity of the profit forecasts by considering the downside scenarios against reasonably plausible changes to the key assumptions.

Our findings – We found the methodology used to be appropriate and key assumptions applied in the impairment testing to be reasonable.

Accounting for acquisition of investment in Vinamilk
(Refer to Note 2.4 and Note 17 to the financial statements)

The key audit matter

In prior year, interest in Vinamilk was classified from other investment to investment in associated company on 15 April 2017 and during the year, the Group finalised the purchase price allocation exercise for the additional interest in Vinamilk acquired.

There is judgement and estimates used in determining the allocation of the purchase price to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed.

How the matter was addressed in our audit

We involved our valuation specialists (where necessary) and compared the methodologies and key assumptions used in determining the fair values assigned to the identifiable assets acquired and liabilities assumed to generally accepted market practices and market data.

Our findings – The estimates used in allocating the purchase price to the respective assets acquired and liabilities assumed were within an acceptable range.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
FRASER AND NEAVE, LIMITED

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Shareholding Statistics which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Shareholding Statistics, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
FRASER AND NEAVE, LIMITED

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Quek Shu Ping.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
9 November 2018

PROFIT STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	THE GROUP 2018 ($'000)	THE GROUP 2017 ($'000) (Restated)
REVENUE	3	**1,926,537**	1,897,959
Cost of sales		**(1,254,191)**	(1,236,660)
GROSS PROFIT		**672,346**	661,299
Other income (net)	4(a)	**5,264**	1,614
Operating expenses			
- Distribution		**(181,212)**	(174,595)
- Marketing		**(250,894)**	(271,996)
- Administration		**(126,165)**	(129,363)
		(558,271)	(575,954)
TRADING PROFIT		**119,339**	86,959
Share of joint venture companies' loss		**(3,568)**	(668)
Share of associated companies' profit		**97,697**	50,297
Gross income from investments	6	**-**	33,394
PROFIT BEFORE INTEREST AND TAXATION ("PBIT")		**213,468**	169,982
Finance income		**14,628**	10,671
Finance cost		**(30,491)**	(16,187)
Net finance cost	4(b)	**(15,863)**	(5,516)
PROFIT BEFORE FAIR VALUE ADJUSTMENT, TAXATION AND EXCEPTIONAL ITEMS		**197,605**	164,466
Fair value adjustment of investment properties		**301**	(1,724)
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS	4(c)	**197,906**	162,742
Exceptional items	7	**719**	1,177,566
PROFIT BEFORE TAXATION		**198,625**	1,340,308
Taxation	8	**(19,568)**	(14,707)
PROFIT AFTER TAXATION		**179,057**	1,325,601
ATTRIBUTABLE PROFIT TO:			
Shareholders of the Company			
- Before fair value adjustment and exceptional items		**121,713**	96,282
- Fair value adjustment of investment properties		**301**	(1,728)
- Exceptional items		**155**	1,184,887
		122,169	1,279,441
Non-controlling interests		**56,888**	46,160
		179,057	1,325,601
Earnings per share attributable to the shareholders of the Company	10		
Basic - before fair value adjustment and exceptional items		**8.4 cts**	6.7 cts
- after fair value adjustment and exceptional items		**8.4 cts**	88.4 cts
Fully diluted - before fair value adjustment and exceptional items		**8.4 cts**	6.6 cts
- after fair value adjustment and exceptional items		**8.4 cts**	88.2 cts

The Notes on pages 107 to 177 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	THE GROUP	
	2018 (\$'000)	2017 (\$'000) (Restated)
Profit after taxation	**179,057**	1,325,601
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit statement		
Share of other comprehensive income of associated companies	**2,688**	(2,365)
Realisation of reserves on dilution of interest in an associated company	**-**	6,795
Realisation of fair value gains on change of interest in available-for-sale financial asset	**-**	(1,200,750)
Net fair value changes on available-for-sale financial assets	**(27,221)**	24,424
Currency translation difference	**(21,142)**	(74,346)
	(45,675)	(1,246,242)
Items that will not be reclassified to profit statement		
Remeasurement of defined benefit obligations	**284**	1,283
Revaluation of fixed assets	**256**	-
	540	1,283
Other comprehensive income for the year, net of taxation	**(45,135)**	(1,244,959)
Total comprehensive income for the year	**133,922**	80,642
Total comprehensive income attributable to:		
Shareholders of the Company	**68,412**	37,351
Non-controlling interests	**65,510**	43,291
	133,922	80,642

The Notes on pages 107 to 177 form an integral part of the Financial Statements.

BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Notes	THE GROUP 2018 ($'000)	THE GROUP 2017 ($'000) (Restated)	THE COMPANY 2018 ($'000)	THE COMPANY 2017 ($'000)
SHARE CAPITAL AND RESERVES					
Share capital	11(a)	**851,941**	849,301	**851,941**	849,301
Treasury shares	11(b)	**(267)**	(267)	**(267)**	(267)
Reserves	11(c)	**1,969,542**	1,965,965	**860,910**	864,916
		2,821,216	2,814,999	**1,712,584**	1,713,950
NON-CONTROLLING INTERESTS		**348,604**	317,108	**-**	-
		3,169,820	3,132,107	**1,712,584**	1,713,950
Represented by:					
NON-CURRENT ASSETS					
Fixed assets	12	**561,459**	505,643	**269**	332
Investment properties	13	**41,672**	40,581	**-**	-
Properties held for development	14	**18,529**	18,025	**-**	-
Subsidiary companies	15	**-**	-	**2,087,620**	1,915,824
Joint venture companies	16	**48,257**	46,669	**-**	-
Associated companies	17	**2,560,292**	2,377,062	**-**	-
Intangible assets	18	**104,430**	93,574	**147**	167
Brands	22	**27,704**	27,115	**212**	212
Other investments	20	**13,879**	30,131	**222,485**	222,705
Other receivables	24	**1,298**	1,350	**-**	-
Deferred tax assets	30	**6,609**	9,677	**-**	-
Bank fixed deposits	21	**-**	2,927	**-**	-
		3,384,129	3,152,754	**2,310,733**	2,139,240
CURRENT ASSETS					
Inventories	23	**242,512**	247,085	**-**	-
Trade receivables	24	**272,192**	279,654	**-**	-
Other receivables	24	**50,310**	59,165	**358**	675
Related parties	24	**9,607**	7,054	**9**	1
Subsidiary companies	15	**-**	-	**22,486**	518,309
Joint venture companies	16	**1,863**	571	**-**	-
Associated companies	17	**12**	1	**-**	-
Bank fixed deposits	21	**214,830**	291,028	**92,263**	8,684
Cash and bank balances	21	**315,295**	843,953	**108,704**	287,584
		1,106,621	1,728,511	**223,820**	815,253
Assets held for sale	26	**-**	9,887	**-**	-
		1,106,621	1,738,398	**223,820**	815,253
Deduct: CURRENT LIABILITIES					
Trade payables	27	**160,961**	155,029	**-**	-
Other payables	27	**197,422**	202,234	**7,996**	7,993
Related parties	27	**9,121**	13,689	**1,265**	1,265
Subsidiary companies	15	**-**	-	**9,137**	328,014
Joint venture companies	16	**-**	11	**-**	-
Associated companies	17	**1,253**	1,583	**-**	-
Borrowings	28	**374,131**	785,591	**180,000**	360,000
Provision for taxation		**32,959**	32,990	**3,931**	3,148
		775,847	1,191,127	**202,329**	700,420
Liabilities held for sale	26	**-**	2,371	**-**	-
		775,847	1,193,498	**202,329**	700,420
NET CURRENT ASSETS		**330,774**	544,900	**21,491**	114,833
Deduct: NON-CURRENT LIABILITIES					
Other payables	27	**12,575**	13,169	**-**	-
Subsidiary companies	15	**-**	-	**619,640**	540,123
Borrowings	28	**497,288**	517,498	**-**	-
Provision for employee benefits	29	**18,256**	17,807	**-**	-
Deferred tax liabilities	30	**16,964**	17,073	**-**	-
		545,083	565,547	**619,640**	540,123
		3,169,820	3,132,107	**1,712,584**	1,713,950

The Notes on pages 107 to 177 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

		THE GROUP										
	Notes	Share Capital ($'000)	Treasury Shares ($'000)	Capital Reserve ($'000)	Revenue Reserve ($'000)	Exchange Reserve ($'000)	Fair Value Adjustment Reserve ($'000)	Share-based Payment Reserve ($'000)	Dividend Reserve ($'000)	Total ($'000)	Non-controlling Interests ($'000)	Total Equity ($'000)
YEAR ENDED 30 SEPTEMBER 2018												
Balance at 1 October 2017, restated		849,301	(267)	19,416	2,101,244	(208,671)	1,264	9,304	43,408	2,814,999	317,108	3,132,107
Comprehensive income												
Share of other comprehensive income of associated companies		-	-	-	2,378	204	84	22	-	2,688	-	2,688
Revaluation of fixed assets		-	-	256	-	-	-	-	-	256	-	256
Net fair value changes on available-for-sale financial assets		-	-	-	-	-	(27,221)	-	-	(27,221)	-	(27,221)
Remeasurement of defined benefit obligations		-	-	-	232	-	-	-	-	232	52	284
Currency translation difference		-	-	-	-	(29,712)	-	-	-	(29,712)	8,570	(21,142)
Other comprehensive income for the year		-	-	256	2,610	(29,508)	(27,137)	22	-	(53,757)	8,622	(45,135)
Profit for the year		-	-	-	122,169	-	-	-	-	122,169	56,888	179,057
Total comprehensive income for the year		-	-	256	124,779	(29,508)	(27,137)	22	-	68,412	65,510	133,922
Contributions by and distributions to owners												
Employee share-based expense		-	-	-	-	-	-	3,491	-	3,491	940	4,431
Issue of shares in the Company upon vesting of shares awarded	11	2,640	-	-	-	-	-	(2,640)	-	-	-	-
Purchase of shares by a subsidiary company		-	-	-	(521)	-	-	-	-	(521)	(417)	(938)
Shares of a subsidiary company reissued pursuant to its share plans		-	-	(729)	1,996	-	-	(1,267)	-	-	-	-
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	-	102	102
Dividends:	9											
Dividends paid		-	-	-	(21,757)	-	-	-	(43,408)	(65,165)	(31,000)	(96,165)
Dividends proposed		-	-	-	(43,444)	-	-	-	43,444	-	-	-
Total contributions by and distributions to owners		2,640	-	(729)	(63,726)	-	-	(416)	36	(62,195)	(30,375)	(92,570)
Changes in ownership interests												
Change of interests in subsidiary company		-	-	-	-	-	-	-	-	-	(3,639)	(3,639)
Total changes in ownership interests		-	-	-	-	-	-	-	-	-	(3,639)	(3,639)
Total transactions with owners in their capacity as owners		2,640	-	(729)	(63,726)	-	-	(416)	36	(62,195)	(34,014)	(96,209)
Balance at 30 September 2018		851,941	(267)	18,943	2,162,297	(238,179)	(25,873)	8,910	43,444	2,821,216	348,604	3,169,820

The Notes on pages 107 to 177 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

THE GROUP

	Notes	Share Capital ($'000)	Treasury Shares ($'000)	Capital Reserve ($'000)	Revenue Reserve ($'000)	Exchange Reserve ($'000)	Fair Value Adjustment Reserve ($'000)	Hedging Reserve ($'000)	Share-based Payment Reserve ($'000)	Dividend Reserve ($'000)	Total ($'000)	Non-controlling Interests ($'000)	Total Equity ($'000)
YEAR ENDED 30 SEPTEMBER 2017 (Restated)													
Balance at 1 October 2016		849,301	(2,655)	18,746	889,151	(142,346)	1,177,590	(425)	10,349	43,373	2,843,084	309,460	3,152,544
Comprehensive income													
Share of other comprehensive income of associated companies		-	-	-	(2,542)	199	-	-	(22)	-	(2,365)	-	(2,365)
Realisation of reserves on dilution of interest in an associated company		-	-	-	1,699	4,868	-	425	(197)	-	6,795	-	6,795
Realisation of fair value gains on change of interest in available-for-sale financial asset		-	-	-	-	-	(1,200,750)	-	-	-	(1,200,750)	-	(1,200,750)
Net fair value changes on available-for-sale financial assets		-	-	-	-	-	24,424	-	-	-	24,424	-	24,424
Remeasurement of defined benefit obligations		-	-	-	1,198	-	-	-	-	-	1,198	85	1,283
Currency translation difference		-	-	-	-	(71,392)	-	-	-	-	(71,392)	(2,954)	(74,346)
Other comprehensive income for the year		-	-	-	355	(66,325)	(1,176,326)	425	(219)	-	(1,242,090)	(2,869)	(1,244,959)
Profit for the year		-	-	-	1,279,441	-	-	-	-	-	1,279,441	46,160	1,325,601
Total comprehensive income for the year		-	-	-	1,279,796	(66,325)	(1,176,326)	425	(219)	-	37,351	43,291	80,642
Contributions by and distributions to owners													
Employee share-based expense		-	-	-	-	-	-	-	3,836	-	3,836	1,318	5,154
Treasury shares reissued pursuant to share plans	11	-	2,388	901	-	-	-	-	(3,289)	-	-	-	-
Purchase of shares by a subsidiary company		-	-	-	(1,608)	-	-	-	-	-	(1,608)	(1,289)	(2,897)
Shares of a subsidiary company reissued pursuant to its share plans		-	-	(231)	1,604	-	-	-	(1,373)	-	-	-	-
Capital repayment to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(70)	(70)
Dividends:	9												
Dividends paid		-	-	-	(21,739)	-	-	-	-	(43,373)	(65,112)	(30,615)	(95,727)
Dividends proposed		-	-	-	(43,408)	-	-	-	-	43,408	-	-	-
Total contributions by and distributions to owners		-	2,388	670	(65,151)	-	-	-	(826)	35	(62,884)	(30,656)	(93,540)
Changes in ownership interests													
Change of interests in subsidiary companies		-	-	-	(2,552)	-	-	-	-	-	(2,552)	(4,987)	(7,539)
Total changes in ownership interests		-	-	-	(2,552)	-	-	-	-	-	(2,552)	(4,987)	(7,539)
Total transactions with owners in their capacity as owners		-	2,388	670	(67,703)	-	-	-	(826)	35	(65,436)	(35,643)	(101,079)
Balance at 30 September 2017		849,301	(267)	19,416	2,101,244	(208,671)	1,264	-	9,304	43,408	2,814,999	317,108	3,132,107

The Notes on pages 107 to 177 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

		THE COMPANY							
	Notes	Share Capital ($'000)	Treasury Shares ($'000)	Capital Reserve ($'000)	Revenue Reserve ($'000)	Fair Value Adjustment Reserve ($'000)	Share-based Payment Reserve ($'000)	Dividend Reserve ($'000)	Total Equity ($'000)
YEAR ENDED 30 SEPTEMBER 2018									
Balance at 1 October 2017		849,301	(267)	(1,099)	734,205	83,813	4,589	43,408	1,713,950
Comprehensive income									
Net fair value changes on available-for-sale financial assets		-	-	-	-	(11,189)	-	-	(11,189)
Other comprehensive income for the year		-	-	-	-	(11,189)	-	-	(11,189)
Profit for the year		-	-	-	72,669	-	-	-	72,669
Total comprehensive income for the year		-	-	-	72,669	(11,189)	-	-	61,480
Contributions by and distributions to owners									
Employee share-based expense		-	-	-	-	-	2,319	-	2,319
Issue of shares in the Company upon vesting of shares awarded	11	2,640	-	-	-	-	(2,640)	-	-
Dividends:	9								
Dividends paid		-	-	-	(21,757)	-	-	(43,408)	(65,165)
Dividends proposed		-	-	-	(43,444)	-	-	43,444	-
Total transactions with owners in their capacity as owners		2,640	-	-	(65,201)	-	(321)	36	(62,846)
Balance at 30 September 2018		851,941	(267)	(1,099)	741,673	72,624	4,268	43,444	1,712,584
YEAR ENDED 30 SEPTEMBER 2017									
Balance at 1 October 2016		849,301	(2,655)	(2,000)	753,938	75,014	5,687	43,373	1,722,658
Comprehensive income									
Net fair value changes on available-for-sale financial assets		-	-	-	-	8,799	-	-	8,799
Other comprehensive income for the year		-	-	-	-	8,799	-	-	8,799
Profit for the year		-	-	-	45,414	-	-	-	45,414
Total comprehensive income for the year		-	-	-	45,414	8,799	-	-	54,213
Contributions by and distributions to owners									
Employee share-based expense		-	-	-	-	-	2,191	-	2,191
Treasury shares reissued pursuant to share plans	11	-	2,388	901	-	-	(3,289)	-	-
Dividends:	9								
Dividends paid		-	-	-	(21,739)	-	-	(43,373)	(65,112)
Dividends proposed		-	-	-	(43,408)	-	-	43,408	-
Total transactions with owners in their capacity as owners		-	2,388	901	(65,147)	-	(1,098)	35	(62,921)
Balance at 30 September 2017		849,301	(267)	(1,099)	734,205	83,813	4,589	43,408	1,713,950

The Notes on pages 107 to 177 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	THE GROUP	
	2018 ($'000)	2017 ($'000) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	**197,906**	162,742
Adjustments for:		
Depreciation of fixed assets	**45,918**	44,567
Impairment of fixed assets and intangible assets	**118**	1,088
Reversal of impairment of fixed assets and intangible assets	**(804)**	(886)
Fixed assets and intangible assets written off	**1,000**	589
Provision for employee benefits	**1,652**	329
Write back of provision for employee benefits	**-**	(462)
Gain on disposal of fixed assets	**(3,271)**	(70)
Amortisation of brands and intangible assets	**12,090**	12,865
Interest income	**(14,628)**	(10,671)
Interest expenses	**30,491**	16,187
Share of joint venture companies' loss	**3,568**	668
Share of associated companies' profit	**(97,697)**	(50,297)
Investment income	**-**	(33,394)
Employee share-based expense	**4,431**	5,154
Fair value adjustment of financial instruments	**173**	454
Fair value adjustment of investment properties	**(301)**	1,724
(Gain)/loss on disposal of financial instruments	**(804)**	672
Operating cash before working capital changes	**179,842**	151,259
Change in inventories	**8,254**	275
Change in receivables	**8,773**	(7,493)
Change in related parties' and joint venture and associated companies' balances	**(6,904)**	(2,698)
Change in payables	**(6,551)**	(50,592)
Development expenditure on properties held for development	**-**	(235)
Currency realignment	**5,568**	129
Cash generated from operations	**188,982**	90,645
Interest income received	**12,737**	8,886
Interest expenses paid	**(30,265)**	(13,656)
Income taxes paid	**(11,289)**	(12,945)
Payment of employee benefits	**(1,216)**	(1,380)
Net cash from operating activities	**158,949**	71,550
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends from associated companies	**87,146**	34,633
Investment income	**-**	33,394
Proceeds from sale of fixed assets	**4,871**	1,061
Payment of deferred consideration for prior years' acquisition of subsidiary companies	**-**	(6,071)
Net cash inflow on acquisition of subsidiary companies and business assets	**687**	-
Investments in an associated company	**(213,182)**	(51,252)
Purchase of other investment	**(10,969)**	(964,901)
Purchase of fixed assets	**(93,187)**	(64,733)
Payment for intangible assets	**(13,369)**	(10,506)
Loan to a joint venture company	**-**	(643)
Deposits pledged in relation to acquisition of subsidiary companies	**-**	3,832
Deposits made in relation to acquisition of subsidiary companies completed after the financial year	**-**	(8,000)
Net cash used in investing activities	**(238,003)**	(1,033,186)

The Notes on pages 107 to 177 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	THE GROUP	
	2018 ($'000)	2017 ($'000) (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of)/Proceeds from term loans and bank borrowings	**(434,858)**	1,169,532
Acquisition of non-controlling interests in subsidiary companies	**-**	(7,539)
Purchase of shares by a subsidiary company	**(938)**	(2,897)
Capital contribution by/(repayment to) non-controlling interests	**102**	(70)
Payment of dividends:		
- by subsidiary companies to non-controlling interests	**(31,000)**	(30,615)
- by the Company to shareholders	**(65,165)**	(65,112)
Net cash (used in)/from financing activities	**(531,859)**	1,063,299
Net (decrease)/increase in cash and cash equivalents	**(610,913)**	101,663
Cash and cash equivalents at beginning of year	**1,134,383**	1,037,871
Effects of exchange rate changes on cash and cash equivalents	**3,696**	(5,151)
Cash and cash equivalents at end of year	**527,166**	1,134,383
Cash and cash equivalents at end of year comprise:		
Cash and bank deposits (Note 21)	**530,125**	1,137,908
Bank overdrafts (Note 28)	**-**	(598)
	530,125	1,137,310
Less: Deposits pledged in relation to acquisition of subsidiary companies (Note 21)	**(2,959)**	(2,927)
	527,166	1,134,383
Analysis of acquisition of subsidiary companies and business assets		
Net assets acquired:		
Intangible assets	**6,801**	-
Other non-current assets	**892**	-
Current assets	**7,290**	-
Current liabilities	**(8,788)**	-
Cash and cash equivalents	**1,585**	-
	7,780	-
Goodwill/Provisional goodwill on acquisition	**1,118**	-
Consideration paid	**8,898**	-
Less: Deposits paid in last financial year	**(8,000)**	-
Cash and cash equivalents of subsidiary companies and business assets acquired	**(1,585)**	-
Net cash inflow on acquisition of subsidiary companies and business assets	**(687)**	-

The Notes on pages 107 to 177 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

The following Notes form an integral part of the Financial Statements on pages 99 to 106.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 9 November 2018.

1. GENERAL

Fraser and Neave, Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The registered office of the Company is located at 438 Alexandra Road, #20-00 Alexandra Point, Singapore 119958. TCC Assets Limited incorporated in the British Virgin Islands is the immediate and ultimate holding company.

The principal activities of the Group are:
(a) production and sale of beverages and dairy products; and
(b) printing and publishing.

These activities are carried out through the Company's subsidiary, joint venture and associated companies to which the Company provides management and administrative services.

The Company's operation is managed through a wholly-owned subsidiary company.

The financial statements of the Group as at and for the year ended 30 September 2018 comprise the Company and its subsidiary companies (together referred to as the "Group").

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act (Chapter 50 of Singapore). The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar and all values are rounded to the nearest thousand ($'000) unless otherwise stated.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year and are consistent with those used in the previous financial year, except as disclosed below.

On 1 October 2017, the Group and the Company adopted the following amendments to standards that are mandatory for application from that date.

Amendments to FRS 7	Disclosure Initiative
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Improvements to FRSs (December 2016):	
Amendments to FRS 112	Disclosure of Interests in Other Entities

The adoption of the above amendments to standards had no material effect on the financial performance or position of the Group and the Company.

From 1 October 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 30 September 2018. Comparative information has not been presented (see Note 28).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.2 Basis of Consolidation and Business Combinations

Subsidiary companies are those companies controlled by the Group. Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial year of the Company and all its subsidiary companies ends on 30 September unless otherwise stated. The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiary companies made up to 30 September. The financial statements of subsidiary companies are prepared using consistent accounting policies.

Acquisitions of subsidiary companies are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary company comprises the fair value of the assets transferred, liabilities incurred, equity interest issued by the Group and any contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any change in the contingent consideration to be paid will be recognised in the profit statement. Acquisition-related costs are expensed as incurred.

All intra group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associated and joint venture companies are eliminated to the extent of the Group's interest in them. Unrealised losses are also eliminated but only to the extent that there is no evidence of impairment.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

Non-controlling interests in the acquiree is recognised on the acquisition date at the non-controlling interests' proportionate share of the acquiree's net identifiable assets.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in the profit statement.

When a change in the Company's ownership interest in a subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill are derecognised. Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest and its fair value is recognised in the profit statement.

The accounting policy on goodwill on acquisition of subsidiary companies is included in Note 2.12(b).

Business combinations prior to 1 October 2010

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity. Any additional acquired interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

2. ACCOUNTING POLICIES (cont'd)

2.2 Basis of Consolidation and Business Combinations (cont'd)

Transactions with non-controlling interests (cont'd)

A change in ownership interest in subsidiary companies that do not result in a change of control is accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests will be adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognised directly in equity and attributed to owners of the parent company.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses.

A list of the significant subsidiary companies is shown in Note 40.

2.3 Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

(a) Joint operations

A joint operation is an arrangement which provides the Group with the rights to the assets and obligations for the liabilities relating to the arrangement.

The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint operations with the similar items, line by line, in its consolidated financial statements.

(b) Joint venture companies

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group recognises its interest in joint venture companies using equity method. The Group's investments in joint venture companies are recorded at cost and adjusted to recognise the Group's share of post-acquisition reserves of the joint venture companies and less accumulated impairment losses, if any.

Investments in joint venture companies include goodwill. When the Group's share of losses in a joint venture company equals or exceeds its interest in the joint venture company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture company.

The Group's share of the operating results and exceptional items of joint venture companies are shown separately in the profit statement. The Group's share of other comprehensive income is recognised in other comprehensive income. Net assets of the joint venture companies are included in the consolidated financial statements under the equity method based on their latest audited financial statements except where their financial periods do not end on 30 September, then management accounts to 30 September are used.

The joint venture is equity accounted for until the date on which the Group ceases to have joint control over the joint venture.

In the Company's separate financial statements, investments in joint venture companies are carried at cost less accumulated impairment losses.

A list of the significant joint arrangements is shown in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.4 Associated Companies

An associated company (not being a subsidiary company or joint venture company) is a company in which the Group exercises significant influence over the financial and operating policy decisions.

The Group's investments in associated companies are carried at cost and adjusted to recognise the Group's share of post-acquisition reserves of the associated companies, and less accumulated impairment losses, if any. Investments in associated companies include goodwill.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The Group's share of the operating results, exceptional items and fair value adjustment of investment properties of associated companies are shown separately in the profit statement. The Group's share of other comprehensive income is recognised in other comprehensive income. Net assets of the associated companies are included in the consolidated financial statements under the equity method based on their latest audited financial statements except where their financial periods do not end on 30 September, then management accounts to 30 September are used.

An associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company. Upon loss of significant influence over the associated company, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in the profit statement.

In the Company's separate financial statements, investments in associated companies are carried at cost less accumulated impairment losses.

A list of the significant associated companies is shown in Note 40.

2.5 Revenue Recognition

Sale of Goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold.

Revenue from sale of goods represents the invoiced value of net sales (including excise duties and net of trade discounts).

Sale of Services

Service income is recognised upon rendering of services.

Others

Rental income is recognised on a straight-line basis over the lease term commencing on the date from which the lessee is entitled to exercise its right to use the leased asset.

Interest income is taken up on an accrual basis (using the effective interest method).

Dividend income is recognised when the Group's right to receive payment is established.

Other categories of revenue are taken up on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.6 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of 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.

2.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit statement except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiary, joint venture and associated companies to the extent that the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits 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 by the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. ACCOUNTING POLICIES (cont'd)

2.8 Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and accumulated impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of fixed assets if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure for additions, improvements and replacements are capitalised and expenditure for maintenance and repairs are charged to the profit statement. Subsequent expenditure relating to fixed assets that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured, otherwise it is recognised as an expense during the financial year in which it is incurred. The carrying amount of the replaced parts is derecognised.

An asset is derecognised upon sale or retirement and any gain or loss on derecognition of the asset is included in the profit statement. Any amount in revaluation reserve relating to that asset is transferred to revenue reserve.

Depreciation is calculated on the straight-line method to write off the cost or valuation of fixed assets less residual value over their estimated useful lives. No depreciation is charged for freehold land and capital work-in-progress. The residual values, depreciation method and useful lives are reviewed and adjusted as appropriate at each balance sheet date. The annual depreciation rates applied to write down the fixed assets over their estimated useful lives are as follows:

Leasehold land	- Lease term (ranging from 10 to 99 years)
Building	- Lease term (ranging from 10 to 60 years)
Plant, machinery and equipment	- 6.7% to 33%
Motor vehicle and forklift	- 10% to 20%
Postmix and vending machine	- 10% to 20%
Furniture and fitting, computer equipment	- 10% to 50%

Capital Work-in-Progress includes fixed assets under construction and advance payments and progress payments made for fixed assets and are not depreciated until each stage of development is completed and becomes operational.

The carrying amounts of fixed assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable.

2.9 Investment Properties

Investment properties are properties that are held for long term rental yields and/or capital appreciation. Completed investment properties are initially recognised at cost, including transaction cost and subsequently measured at fair value, determined annually by independent professional valuers on balance sheet date. Changes in fair values are recognised in the profit statement in the year in which they arise.

Transfers are made to or from completed investment properties only when there is a change in use. For a transfer from completed investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to completed investment property, the property is accounted for in accordance with the accounting policy for fixed assets up to the date of change in use.

On disposal of a completed investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.10 Properties Held for Development

Properties held for development are stated at cost less provision for foreseeable losses. The cost of properties held for development includes cost of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

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

Properties held for development are reclassified as property development costs at the point where the development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2.11 Borrowing Costs

Borrowing costs are generally expensed as incurred. However, borrowing costs that are directly attributable to acquisition and construction are capitalised as part of the cost of fixed assets and development properties. Capitalisation of borrowing costs commences when activities to prepare the assets are in progress until the asset is ready for its intended use. Borrowing costs capitalised in development properties are determined after netting off interest income earned from progress billings received and placed on fixed deposits.

2.12 Intangible Assets

Intangible assets acquired separately are capitalised at cost. Intangible assets from a business acquisition are capitalised at fair value as at the date of acquisition. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment loss.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortisation charged on finite intangible assets is taken to the profit statement as amortisation expense. Intangible assets with indefinite useful lives are subjected to impairment test annually or more frequently if events or changes in circumstances indicate that the carrying value might be impaired.

Internally generated goodwill and internally generated intangible assets arising from research are not capitalised and the expenditure is charged to the profit statement when it is incurred. Deferred development costs arising from deferred expenditure are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value might be impaired. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(a) Development costs of published products are expensed as incurred, except for development costs which can reasonably be expected to be recovered from related future revenues.

The development costs are then amortised in accordance with their estimated economic useful lives, upon completion of published products as follows:

	Directories	Education	General and Reference
1st year	100%	33%	50%
2nd year	-	33%	30%
3rd year	-	34%	20%

At each balance sheet date, the Group assesses whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.12 Intangible Assets (cont'd)

(b) Goodwill on acquisition is identified as being the excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, over the net fair value of the acquiree's identifiable assets and liabilities. In instances where the latter amount exceeds the former, the excess is recognised as a gain in the profit statement on the acquisition date.

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.

Internally generated goodwill is not capitalised.

(c) Other intangible assets are amortised on a straight-line basis in accordance with their estimated economic useful lives as follows:

Intangible assets	Useful lives
Imprints	5.0%
Co-publishing rights	21.7%
Non-contractual customers	10.0%
Customer relationships	6.7% to 20.0%
Publishing rights	12.5%
Licensing rights	10.0%
Distribution rights	6.7% to 10.0%
Software	12.5% to 33.3%

2.13 Brands

Brands with finite lives are stated at cost less accumulated amortisation and accumulated impairment losses. They are assessed for impairment annually or whenever there is an indication of impairment. The useful life is also examined on an annual basis and an adjustment, where applicable, is made on a prospective basis. Amortisation is calculated to write off their cost over their estimated useful lives of up to 14 years on a straight-line method to the profit statement.

Brands with indefinite lives are 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. The indefinite useful life is reviewed annually to determine whether it continues to be supportable. The brand is tested for impairment annually or more frequently when indicators of impairment are identified.

Internally generated brands are not capitalised and the expenditure is charged against profit in the year in which the expenditure is incurred.

2.14 Inventories

All inventories are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Cost in respect of raw materials, consumable stores and goods purchased for resale is stated based on first-in-first-out, weighted average or standard cost (which approximates average actual cost). Cost in respect of manufactured inventories and work-in-progress includes attributable production overheads. Engineering spares and other inventories are valued on the weighted average cost basis less appropriate allowances for obsolete items.

2. ACCOUNTING POLICIES (cont'd)

2.15 Financial Assets

(a) Classification

The classification of financial assets is determined at initial recognition. The Group classifies its investments in financial assets in the following categories:

(i) *Financial assets at fair value through profit or loss*

Derivative financial instruments whose fair value is positive are classified as financial assets at fair value through profit or loss. The accounting policy for derivative financial instruments is included in Note 2.17.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, cash and cash equivalents, amount due from related parties, subsidiary, joint venture and associated companies.

Cash and cash equivalents include cash on hand and in bank, deposits with financial institutions and bank overdrafts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, pledged deposits (including fixed deposits held as profit guarantee) are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless there is intention to dispose of the assets within 12 months after the balance sheet date. Available-for-sale financial assets comprise equity securities.

(b) Recognition and derecognition

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when all risks and rewards of ownership have been substantially transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss recognised directly in equity is recognised in the profit statement.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the profit statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under fair value adjustment reserve within equity.

When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments in the fair value adjustment reserve within equity will be released through the profit statement.

2. ACCOUNTING POLICIES (cont'd)

2.15 Financial Assets (cont'd)

(e) Determination of fair value

The fair value of quoted financial assets are based on current market prices. Unquoted investments that do not have quoted market prices in an active market nor methods of reasonably estimating the fair value, are carried at cost.

(f) Impairment

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit statement.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed in subsequent periods.

(iii) Available-for-sale financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit statement is removed from the fair value adjustment reserve within equity and recognised in the profit statement. Impairment losses recognised in the profit statement on equity investments are not reversed through the profit statement, until the equity investments are disposed of.

(g) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. ACCOUNTING POLICIES (cont'd)

2.16 Financial Liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit statement when the liabilities are derecognised as well as through the amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Other financial liabilities comprise trade payables, other payables, amounts due to subsidiary, joint venture, associated companies and related parties, borrowings and bank overdrafts.

2.17 Derivative Financial Instruments

The Company and the Group use derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations. Foreign exchange forward contracts are used to hedge its risks associated primarily with foreign currency fluctuations. Interest rate swap contracts are used to hedge its risks associated with interest rate fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instrument that do not qualify for hedge accounting are recognised directly in the profit statement.

The fair value of forward foreign currency contracts is calculated by reference to current forward foreign exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Derivative instruments that qualify for hedge accounting are classified either as cash flow hedge or fair value hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the criteria for hedge accounting are accounted for as cash flow hedges.

Cash flow hedges are hedges of the exposure to the variability of cash flow that is attributable to a particular risk associated with a recognised asset or liability that could affect the profit statement.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve within equity, while the ineffective portion is recognised in the profit statement.

Amounts taken to hedging reserve are transferred to the profit statement when the hedged transaction affects the profit statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to hedging reserve are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in hedging reserve are transferred to the profit statement. If the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in hedging reserve remain in hedging reserve until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.18 Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each reporting date or when annual impairment testing is required, to determine whether there is any indication of impairment. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of disposal and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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. The carrying amount is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss is recognised in the profit statement. Impairment loss on goodwill is not reversed in a subsequent period.

2.19 Discontinued Operations and Assets and Liabilities Held for Sale

A component of the Group is classified as a discontinued operation when the criteria to be classified as held-for-sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or component is available for immediate sale in its present condition.

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the assets (or all the assets and liabilities in the group) are measured in accordance with the applicable FRSs. Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the profit statement.

Any impairment loss on initial classification and subsequent measurement is recognised as expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the profit statement.

All income and expenses from discontinued operations are reported separately from income and expenses from continuing activities in the profit statement.

2.20 Treasury Shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.21 Employee Benefits

(a) Retirement Benefits

Provision for retirement benefits is made in accordance with:

(i) the terms of agreements concluded with various categories of employees, or

(ii) pension and retirement benefit schemes, or

(iii) defined contribution plans under statutory regulations in the country, where applicable.

Retirement Benefits in accordance with agreements

The provisions represent the present value of the amounts likely to become payable in respect of services already rendered. An independent actuarial calculation of the provision is made every three years. Internal calculation of the provision is made each intervening year on the same basis as those used for the independent actuarial calculation.

Pension and Retirement Benefit Schemes

The cost of providing benefits under the defined benefits plans are determined by the project unit credit method. The liability recognised in the balance sheet is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality bonds that are denominated in the currency in which the benefits will be paid and have tenures approximating that of the related post-employment benefit obligations. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in the profit statement.

Defined contribution plans under statutory regulations

Obligations for contributions to defined contribution plans are recognised as an expense in the profit statement as incurred.

(b) Equity Compensation Plans

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered.

Equity-settled transactions

The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense in the profit statement with a corresponding increase in the employee share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the awards on the date of grant. At each balance sheet date, the number of share awards that are expected to be vested are estimated. The impact of the revision of the original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to the original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimates due to market conditions.

When the awards are released, the share-based payment reserve is credited to share capital if new shares are issued. If treasury shares purchased are re-issued to employees, the share-based payment reserve is credited to treasury shares with gain/loss on reissuance taken to capital reserve.

(c) 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.

2. ACCOUNTING POLICIES (cont'd)

2.22 Leases

(a) Lessee

A finance lease which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item is capitalised at the lower of the fair value of the leased item and the present value of the minimum lease payments at the inception of the lease term and disclosed as fixed asset. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit statement. Contingent rents, if any, are expensed in the periods in which they are incurred.

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

(b) Lessor

A lease whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item is classified as an operating lease. Properties leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Contingent rents, if any, are recorded as income in the periods in which they are earned.

2.23 Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the profit statement over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant and is amortised to the profit statement over the expected useful life of the relevant asset by equal annual installments.

2.24 Exceptional Items

Exceptional items are items of income and expense of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year.

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company; or

(b) a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the balance sheet of the Group and the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.26 Functional and Foreign Currencies

(a) Functional currency

The currency of the primary economic environment in which the Company operates ("the functional currency") is Singapore Dollar. The consolidated financial statements are presented in Singapore Dollar, which is the Company's functional and presentation currency.

(b) 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. Currency translation differences on equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Currency translation differences on equity investments classified as available-for-sale financial assets, are included in the fair value adjustment reserve within equity.

Currency translation differences arising from events which are treated as exceptional are dealt with as exceptional items in the profit statement.

(c) Foreign currency translations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) profit statement items are translated into presentation currency at exchange rates ruling at the dates of the transactions;

(ii) assets and liabilities are translated into presentation currency at exchange rates ruling at the balance sheet date; and

(iii) exchange differences arising from translation of foreign subsidiary, joint venture and associated companies are recognised in other comprehensive income under exchange reserve as a separate component of the shareholders' funds.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in shareholders' funds relating to that foreign operation is recognised in the profit statement as a component of the gain or loss on disposal.

In the case of a partial disposal without loss of control of a subsidiary company that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit statement. For partial disposals of associated or joint venture companies that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit statement.

2.27 Significant Accounting Estimates and Judgements

Estimates 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.27 Significant Accounting Estimates and Judgements (cont'd)

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date are discussed below.

(i) Impairment of non-financial and financial assets

Goodwill and brands

Goodwill and brands are tested for impairment at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which the goodwill and brands 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. The carrying amount of the goodwill and brands at balance sheet date is disclosed in Note 18 and Note 22 respectively.

Investment in joint venture and associated companies

The Group assesses at each reporting date whether there is any objective evidence that investment in joint venture and associated companies are impaired. Where there is objective evidence of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows to be generated by the joint venture and associated companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows which reflects the risk profile of the investee and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the recoverable amount of the investee. The carrying amount of the investment in joint venture and associated companies at balance sheet date have been disclosed in the balance sheet.

Investment in available-for-sale financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that any available-for-sale financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the market condition and whether there is a significant or prolonged decline in the values of these financial assets.

Where there is objective evidence of impairment for quoted available-for-sale financial assets, the difference between the cost and current fair value is recognised as impairment loss. Where there is objective evidence of impairment for unquoted available-for-sale financial assets, the recoverable value is estimated based on the amount and timing of the future cash flows. The carrying amount of the investment in available-for-sale financial assets at balance sheet date is disclosed in Note 20.

Loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the loans and receivables at balance sheet date is disclosed in Note 35(g).

(ii) Taxes

The Group has exposure to taxes in numerous jurisdictions. Significant judgment is involved in determining the provision for 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 tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation at balance sheet date are disclosed in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (cont'd)

2.27 Significant Accounting Estimates and Judgements (cont'd)

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

(iii) Depreciation of fixed assets

Fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 2 to 99 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. The carrying amount of the fixed assets at balance sheet date is disclosed in the balance sheet.

(b) Critical judgements made in applying accounting policies

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

3. REVENUE

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Sale of goods	**1,815,823**	1,778,974
Sale of services	**101,259**	107,637
Others	**9,455**	11,348
Total revenue	**1,926,537**	1,897,959

4. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

(a) Included in other income (net):

	2018	2017
Gain on disposal of fixed assets	**3,271**	70
Management and support services	**3,128**	1,846
Sale of scrap items	**1,920**	1,605
Rental income	**1,228**	951
Subscription fee income	**767**	1,155
Service fee income	**602**	603
Wage credit allowance	**537**	836
Gain/(Loss) on disposal of derivatives	**479**	(320)
Exchange loss	**(7,808)**	(6,434)
Cost (reimbursement)/recovery	**(334)**	887
Fair value loss on derivatives	**(156)**	(468)

(b) Net finance cost:

	2018	2017
Finance income		
Interest income from bank and other deposits	**12,677**	8,676
Others	**1,951**	1,995
	14,628	10,671
Finance cost		
Interest expense from bank and other borrowings	**(30,377)**	(16,069)
Others	**(114)**	(118)
	(30,491)	(16,187)
	(15,863)	(5,516)

4. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS (cont'd)

	THE GROUP	
	2018 ($'000)	2017 ($'000)
(c) Profit before taxation and exceptional items have been arrived at after charging:		
Depreciation of fixed assets	**45,918**	44,567
Impairment of fixed assets	**104**	996
Impairment of intangible assets	**14**	92
Amortisation of brands	**135**	135
Amortisation of intangible assets	**11,955**	12,730
Intangible assets written off	**-**	22
Fixed assets written off	**1,000**	567
Bad debts written off	**-**	4
Allowance for bad and doubtful trade debts	**737**	1,981
Inventory written off	**2,346**	2,496
Allowance for inventory obsolescence	**6,855**	6,254
Directors of the Company:		
Fee	**752**	586
Remuneration of members of Board committees	**549**	536
Adviser fees and allowances	**1,953**	1,947
Key executive officers:		
Remuneration	**4,186**	5,173
Provident Fund contribution	**78**	98
Employee share-based expense	**406**	246
Staff costs (exclude directors and key executives)	**240,151**	244,319
Employee share-based expense (exclude directors and key executives)	**4,025**	4,908
Defined contribution plans (exclude directors and key executives)	**23,937**	23,790
Defined benefit plans	**1,652**	329
Auditors' remuneration:		
Auditor of the Company	**793**	751
Member firms of the Auditor of the Company	**708**	633
Other auditors	**27**	25
Professional fees paid to:		
Auditor of the Company	**136**	131
Member firms of the Auditor of the Company	**169**	73
Other auditors	**71**	569
and crediting:		
Write back of defined benefit plans	**-**	462
Write back of allowance for bad and doubtful trade debts	**935**	936
Write back of allowance for inventory obsolescence	**939**	575
Reversal of impairment of fixed assets	**804**	861
Reversal of impairment of intangible assets	**-**	25

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

5. SEGMENT INFORMATION

The Group's operating businesses are organised and managed separately according to the nature of activities. The Group's operating segments are namely beverages, dairies, printing and publishing and others. The Group operates in the following key geographical areas, namely Singapore, Malaysia, Thailand, Vietnam and other countries.

Year ended 30 September 2018
The following table presents financial information regarding operating segments:

Operating Segment	Beverages ($'000)	Dairies ($'000)	Printing & Publishing ($'000)	Others ($'000)	Elimination ($'000)	Per Consolidated Financial Statements ($'000)
Revenue - external	488,498	1,156,533	281,146	360	-	1,926,537
Revenue - inter-segment	2,882	9	142	95,636	(98,669)	-
Total revenue	**491,380**	**1,156,542**	**281,288**	**95,996**	**(98,669)**	**1,926,537**
Subsidiary companies	(235)	136,208	148	(16,782)	-	119,339
Joint venture and associated companies	-	94,836	(1,379)	672	-	94,129
PBIT	**(235)**	**231,044**	**(1,231)**	**(16,110)**	**-**	**213,468**
Finance income						14,628
Finance cost						(30,491)
Profit before fair value adjustment, taxation and exceptional items						**197,605**
Fair value adjustment of investment properties						301
Exceptional items						719
Profit before taxation						**198,625**
Taxation						(19,568)
Profit after taxation						**179,057**
Non-controlling interests						(56,888)
Attributable profit						**122,169**
Assets	396,584	604,780	262,692	81,411	-	1,345,467
Investment in joint venture and associated companies	-	2,532,438	523	75,588	-	2,608,549
Tax assets						6,609
Bank deposits & cash balances						530,125
Total assets						**4,490,750**
Liabilities	91,451	189,479	82,447	36,211	-	399,588
Tax liabilities						49,923
Borrowings						871,419
Total liabilities						**1,320,930**
Other segment information:						
Capital expenditure	61,485	22,994	18,507	3,570	-	106,556
Depreciation and amortisation	15,582	23,825	17,627	974	-	58,008
Impairment losses	49	55	14	-	-	118
Reversal of impairment losses	(436)	(357)	(11)	-	-	(804)
Attributable (loss)/profit before fair value adjustment and exceptional items	(11,263)	167,248	(2,953)	(31,319)	-	121,713
Fair value adjustment of investment properties	-	-	300	1	-	301
Exceptional items	221	49	(312)	197	-	155
Attributable (loss)/profit	(11,042)	167,297	(2,965)	(31,121)	-	122,169

The following information are based on the geographical location of the Group's customers, which are essentially in the same location as the business operation and are as follows:

Geographical Information	Singapore ($'000)	Malaysia ($'000)	Thailand ($'000)	Vietnam ($'000)	Others ($'000)	Per Consolidated Financial Statements ($'000)
Total revenue	455,464	762,333	613,761	226	94,753	1,926,537
PBIT	(15,034)	50,920	87,591	92,719	(2,728)	213,468
Non-current assets	116,617	442,570	115,690	90	94,004	768,971
Investment in joint venture and associated companies	-	75,588	-	2,532,438	523	2,608,549
Current assets	158,416	247,481	134,687	492	35,420	576,496
Capital expenditure	16,026	56,999	11,388	17	22,126	106,556

Others: Myanmar, Brunei, Indonesia, China, India, Australia, Europe and USA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

5. SEGMENT INFORMATION (cont'd)

Year ended 30 September 2017 (Restated)

The following table presents financial information regarding operating segments:

Operating Segment	Beverages ($'000)	Dairies ($'000)	Printing & Publishing ($'000)	Others ($'000)	Elimination ($'000)	Per Consolidated Financial Statements ($'000)
Revenue - external	499,317	1,105,292	293,032	318	-	1,897,959
Revenue - inter-segment	4,553	-	90	108,721	(113,364)	-
Total revenue	**503,870**	**1,105,292**	**293,122**	**109,039**	**(113,364)**	**1,897,959**
Subsidiary companies	(3,897)	156,851	(4,108)	(28,493)	-	120,353
Joint venture and associated companies	-	47,102	(415)	2,942	-	49,629
PBIT	**(3,897)**	**203,953**	**(4,523)**	**(25,551)**	**-**	**169,982**
Finance income						10,671
Finance cost						(16,187)
Profit before fair value adjustment, taxation and exceptional items						**164,466**
Fair value adjustment of investment properties						(1,724)
Exceptional items						1,177,566
Profit before taxation						**1,340,308**
Taxation						(14,707)
Profit after taxation						**1,325,601**
Non-controlling interests						(46,160)
Attributable profit						**1,279,441**
Assets	354,238	590,070	299,157	76,371	-	1,319,836
Investment in joint venture and associated companies	-	2,350,122	-	73,609	-	2,423,731
Tax assets						9,677
Bank deposits & cash balances						1,137,908
Total assets						**4,891,152**
Liabilities	74,908	185,323	90,181	55,481	-	405,893
Tax liabilities						50,063
Borrowings						1,303,089
Total liabilities						**1,759,045**
Other segment information:						
Capital expenditure	41,190	17,325	15,445	1,279	-	75,239
Depreciation and amortisation	16,350	21,826	17,968	1,288	-	57,432
Impairment losses	541	454	92	1	-	1,088
Reversal of impairment losses	(419)	(442)	(25)	-	-	(886)
Attributable (loss)/profit before fair value adjustment and exceptional items	(11,954)	145,727	(6,059)	(31,432)	-	96,282
Fair value adjustment of investment properties	-	-	(1,733)	5	-	(1,728)
Exceptional items	(4,099)	1,197,982	(8,788)	(208)	-	1,184,887
Attributable (loss)/profit	(16,053)	1,343,709	(16,580)	(31,635)	-	1,279,441

The following information are based on the geographical location of the Group's customers, which are essentially in the same location as the business operation and are as follows:

Geographical Information	Singapore ($'000)	Malaysia ($'000)	Thailand ($'000)	Vietnam ($'000)	Others ($'000)	Per Consolidated Financial Statements ($'000)
Total revenue	473,566	734,333	584,838	346	104,876	1,897,959
PBIT	(29,418)	48,673	73,666	78,338	(1,277)	169,982
Non-current assets	113,691	402,538	109,137	82	90,971	716,419
Investment in joint venture and associated companies	-	73,609	-	2,350,122	-	2,423,731
Current assets	173,163	245,180	138,233	708	46,133	603,417
Capital expenditure	12,990	47,902	8,574	107	5,666	75,239

Others: Myanmar, Brunei, Indonesia, China, India, Australia, Europe and USA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	THE GROUP	
	2018 ($'000)	2017 ($'000)
6. GROSS INCOME FROM INVESTMENTS		
Dividend income	**-**	33,394
7. EXCEPTIONAL ITEMS		
Write back/(Provision) for restructuring and re-organisation costs of operations	**1,046**	(16,614)
Insurance claim relating to flood	**219**	-
Provision for damaged inventories relating to fire	**(546)**	-
Effect of change of interest in other investment	**-**	1,199,415
Effect of change of interest in an associated company	**-**	4,671
Reversal of provision for litigation claims	**-**	1,843
Retirement benefit plan buy-out relating to restructuring of operations	**-**	(10,612)
Impairment loss on fixed assets relating to restructuring of operations	**-**	(1,032)
Loss on liquidation of a joint venture company	**-**	(105)
	719	1,177,566
8. TAXATION		
Based on profit for the year:		
Singapore tax	**6,604**	4,935
Overseas tax		
- current year	**9,283**	8,506
- withholding tax	**1,626**	2,134
Deferred tax		
- current year	**5,294**	753
	22,807	16,328
(Over)/Under provision in preceding years		
- current income tax	**(1,698)**	(2,476)
- withholding tax	**-**	(145)
- deferred tax	**(1,541)**	1,000
	19,568	14,707

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

8. TAXATION (cont'd)

	THE GROUP	
	2018 **%**	2017 %
A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to profit for the year is as follows:		
Singapore statutory rate	**17.0**	17.0
Effect of different tax rates of other jurisdictions	**3.0**	0.3
Effect of tax losses of subsidiary and joint venture companies not available for set-off against profits of other companies within the group	**0.8**	-
Income not subject to tax (tax incentive/exemption)	**(16.5)**	(2.4)
Expenses not deductible for tax purposes	**5.8**	1.0
Utilisation of previously unrecognised tax losses	**(0.6)**	-
Over provision in prior years	**(1.7)**	(0.1)
Deferred tax benefits not recognised	**1.5**	0.5
Withholding tax	**0.8**	0.2
Tax benefits on previously unrecognised losses	**(0.1)**	(0.2)
Effect of non-taxable exceptional items	**-**	(15.2)
Others	**(0.1)**	-
	9.9	1.1

As at 30 September 2018, certain Singapore subsidiary companies have unutilised tax losses carried forward of approximately $22,379,000 (2017: $22,379,000) and unabsorbed capital allowances of $199,000 (2017: $199,000) available for set off against future profits. In addition, certain overseas subsidiary companies have unutilised tax losses carried forward of approximately $90,235,000 (2017: $98,128,000), unutilised investment allowances of approximately $64,908,000 (2017: $23,582,000) and unabsorbed capital allowances of $14,612,000 (2017: $18,023,000). The availability of these losses and capital allowances to set off against future profits is subject to the meeting of certain statutory requirements by those subsidiary companies in their countries of tax residence. The deferred tax benefits of these losses recognised in the financial statements are disclosed in Note 30.

For the year of assessment ("YA") 2018 certain subsidiary companies have transferred loss items of $23,500,000 (YA 2017: $16,296,000) to offset against the taxable income of other companies in the Group. Tax benefits of $272,000 (YA 2017: $616,000) were recognised on the tax losses utilised under the group relief system. Tax benefits of $6,069,000 (2017: $4,436,000) arising from the utilisation of group relief are not recognised as they are subject to compliance with the relevant tax legislation governing group relief and agreement of the Inland Revenue Authority of Singapore.

9. DIVIDENDS

	THE GROUP & THE COMPANY	
	2018 **($'000)**	2017 ($'000)
Interim paid of 1.5 cents per share (2017: 1.5 cents per share)	**21,757**	21,739
Final proposed of 3.0 cents per share (2017: 3.0 cents per share)	**43,444**	43,408
	65,201	65,147

The final dividend is proposed by the Directors after the balance sheet date and subject to the approval of shareholders at the next annual general meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

10. EARNINGS PER SHARE

(a) Basic Earnings Per Share

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

	THE GROUP	
	2018 ($'000)	2017 ($'000) (Restated)
Group attributable profit to shareholders of the Company		
- before fair value adjustment and exceptional items	**121,713**	96,282
- after fair value adjustment and exceptional items	**122,169**	1,279,441
	------ Number of Shares ------	
Weighted average number of ordinary shares in issue	**1,447,925,399**	1,446,751,141
Earnings Per Share (Basic)		
- before fair value adjustment and exceptional items	**8.4 cts**	6.7 cts
- after fair value adjustment and exceptional items	**8.4 cts**	88.4 cts

(b) Diluted Earnings Per Share

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

For diluted earnings per share, the Group attributable profit to shareholders of the Company is adjusted for changes in subsidiary companies attributable profit resulting from dilutive potential shares under share plans of a subsidiary company. The reconciliation of the Group adjusted attributable profit to shareholders of the Company used to compute diluted earnings per share is as follows:

	2018	2017
Group attributable profit to shareholders of the Company before fair value adjustment and exceptional items	**121,713**	96,282
Change in attributable profit due to dilutive potential shares under share plans of a subsidiary company	**(230)**	(225)
Group adjusted attributable profit to shareholders of the Company before fair value adjustment and exceptional items	**121,483**	96,057
Group attributable profit to shareholders of the Company after fair value adjustment and exceptional items	**122,169**	1,279,441
Change in attributable profit due to dilutive potential shares under share plans of a subsidiary company	**(231)**	(207)
Group adjusted attributable profit to shareholders of the company after fair value adjustment and exceptional items	**121,938**	1,279,234

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

10. EARNINGS PER SHARE (cont'd)

(b) **Diluted Earnings Per Share** (cont'd)

The weighted average number of ordinary shares is adjusted to assume exercise of all dilutive potential shares under share plans of the Company. The reconciliation of the weighted average number of ordinary shares used to compute diluted earnings per share is as follows:

	THE GROUP	
	2018	2017
	------ Number of Shares ------	
Weighted average number of ordinary shares used to compute basic earnings per share	**1,447,925,399**	1,446,751,141
Adjustment for dilutive potential shares under share plans of the Company	**2,971,850**	3,142,401
Weighted average number of ordinary shares used to compute diluted earnings per share	**1,450,897,249**	1,449,893,542
Earnings Per Share (Fully diluted)		
- before fair value adjustment and exceptional items	**8.4 cts**	6.6 cts
- after fair value adjustment and exceptional items	**8.4 cts**	88.2 cts

11. SHARE CAPITAL, TREASURY SHARES AND RESERVES

(a) Share capital

	THE GROUP & THE COMPANY			
	2018		2017	
	Number of Shares	**($'000)**	Number of Shares	($'000)
Ordinary shares issued and fully paid up				
Balance at beginning of year	**1,447,077,754**	**849,301**	1,447,077,754	849,301
Shares issued pursuant to the vesting of shares awarded under Share Plans	**1,174,525**	**2,640**	-	-
Balance at end of year	**1,448,252,279**	**851,941**	1,447,077,754	849,301

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

The Company has the following employee share plans under which share awards conditional on the achievement of pre-determined targets have been granted.

(i) Fraser and Neave, Limited Restricted Share Plan
(ii) Fraser and Neave, Limited Performance Share Plan

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. SHARE CAPITAL, TREASURY SHARES AND RESERVES (cont'd)

(b) Treasury shares

	THE GROUP & THE COMPANY			
	2018		2017	
	Number of Shares	**($'000)**	Number of Shares	($'000)
Balance at beginning of year	**(131,126)**	**(267)**	(1,304,051)	(2,655)
Reissued during the year:				
- Reissued pursuant to share plans	**-**	**-**	1,172,925	-
- Transferred from share-based payment reserve	**-**	**-**	-	3,289
- Gain on reissuance of treasury shares	**-**	**-**	-	(901)
	-	**-**	1,172,925	2,388
Balance at end of year	**(131,126)**	**(267)**	(131,126)	(267)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company did not acquire shares in the Company through purchases on the Singapore Exchange during the financial years ended 30 September 2018 and 2017.

The Company reissued Nil (2017: 1,172,925) treasury shares pursuant to its share plans at a weighted average price of $Nil (2017: $2.04) in this financial year.

(c) Reserves

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
		(Restated)		
The reserves comprise the following:				
Capital Reserve	**18,943**	19,416	**(1,099)**	(1,099)
Fair Value Adjustment Reserve	**(25,873)**	1,264	**72,624**	83,813
Share-based Payment Reserve	**8,910**	9,304	**4,268**	4,589
Revenue Reserve	**2,162,297**	2,101,244	**741,673**	734,205
Dividend Reserve (Note 9)	**43,444**	43,408	**43,444**	43,408
Exchange Reserve	**(238,179)**	(208,671)	**-**	-
Total reserves	**1,969,542**	1,965,965	**860,910**	864,916

Capital reserve of the Company comprises the net loss on reissuance of treasury shares. The capital reserve of the Group comprises statutory reserve, asset revaluation reserve of subsidiary companies and the net loss on reissuance of treasury shares.

Fair value adjustment reserve comprises the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have not yet occurred.

11. SHARE CAPITAL, TREASURY SHARES AND RESERVES (cont'd)

(c) **Reserves** (cont'd)

Movement of hedging instruments designated as cash flow hedges are as follows:

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Balance at beginning of year	**-**	(425)
Realisation of reserve on dilution of interest in an associated company	**-**	425
Balance at end of year	**-**	-

Share-based payment reserve represents the share plans granted to employees and is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of share plans and is reduced by the shares awarded.

Dividend reserve relates to proposed final dividend of 3.0 cents (2017: 3.0 cents) per share.

Exchange reserve comprises the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

12. FIXED ASSETS

	THE GROUP							THE COMPANY
	Freehold Land ($'000)	**Leasehold Land ($'000)**	**Building ($'000)**	**Plant & Machinery ($'000)**	**Capital Work-in-Progress ($'000)**	**Other Assets ($'000)**	**Total ($'000)**	**Other Assets and Total ($'000)**
For the year ended 30 September 2018								
At cost								
Balance at beginning of year	**40,320**	**49,396**	**279,472**	**598,964**	**39,621**	**202,796**	**1,210,569**	**443**
Currency realignment	**950**	**885**	**6,039**	**11,410**	**1,266**	**3,712**	**24,262**	**-**
Additions	**-**	**15,134**	**610**	**13,208**	**54,972**	**9,263**	**93,187**	**1**
Acquisition of subsidiary companies	**-**	**-**	**-**	**-**	**-**	**63**	**63**	**-**
Disposals	**(777)**	**-**	**(867)**	**(13,994)**	**-**	**(11,747)**	**(27,385)**	**-**
Write off	**-**	**-**	**(28)**	**(392)**	**-**	**(7,692)**	**(8,112)**	**-**
Revaluation	**-**	**-**	**256**	**-**	**-**	**-**	**256**	**-**
Reclassification	**-**	**-**	**3,616**	**47,800**	**(58,271)**	**6,855**	**-**	**-**
Reclassified to investment properties	**-**	**-**	**(285)**	**-**	**-**	**-**	**(285)**	**-**
Reclassified to intangible assets	**-**	**-**	**-**	**-**	**(964)**	**-**	**(964)**	**-**
Reclassified to inventories	**-**	**-**	**-**	**(1,657)**	**-**	**-**	**(1,657)**	**-**
Balance at end of year	**40,493**	**65,415**	**288,813**	**655,339**	**36,624**	**203,250**	**1,289,934**	**444**
Accumulated depreciation and impairment								
Balance at beginning of year	**757**	**12,108**	**93,868**	**452,023**	**-**	**146,170**	**704,926**	**111**
Currency realignment	**20**	**158**	**1,389**	**7,077**	**-**	**2,607**	**11,251**	**-**
Depreciation charge	**-**	**905**	**5,616**	**22,544**	**-**	**16,853**	**45,918**	**64**
Impairment charge	**-**	**-**	**-**	**72**	**-**	**32**	**104**	**-**
Reversal of impairment charge	**-**	**-**	**(5)**	**(226)**	**-**	**(573)**	**(804)**	**-**
Disposals	**-**	**-**	**(465)**	**(13,903)**	**-**	**(11,417)**	**(25,785)**	**-**
Write off	**-**	**-**	**(16)**	**(341)**	**-**	**(6,755)**	**(7,112)**	**-**
Reclassification	**-**	**-**	**34**	**(2,958)**	**-**	**2,924**	**-**	**-**
Reclassified to investment properties	**-**	**-**	**(23)**	**-**	**-**	**-**	**(23)**	**-**
Balance at end of year	**777**	**13,171**	**100,398**	**464,288**	**-**	**149,841**	**728,475**	**175**
Net book value at end of year	**39,716**	**52,244**	**188,415**	**191,051**	**36,624**	**53,409**	**561,459**	**269**

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

12. FIXED ASSETS (cont'd)

	THE GROUP							THE COMPANY
	Freehold Land ($'000)	Leasehold Land ($'000)	Building ($'000)	Plant & Machinery ($'000)	Capital Work-in-Progress ($'000)	Other Assets ($'000)	Total ($'000)	Other Assets and Total ($'000)
For the year ended 30 September 2017								
At cost								
Balance at beginning of year	40,717	41,669	278,012	570,167	42,315	208,398	1,181,278	440
Currency realignment	(397)	(640)	(1,347)	(3,180)	(229)	(902)	(6,695)	-
Additions	-	-	1,747	11,213	40,529	11,244	64,733	3
Disposals	-	-	(15)	(9,179)	-	(15,196)	(24,390)	-
Write off	-	-	(6)	(556)	(23)	(3,092)	(3,677)	-
Reclassification	-	8,367	1,081	30,499	(42,301)	2,354	-	-
Reclassified to intangible assets	-	-	-	-	(670)	(10)	(680)	-
Balance at end of year	40,320	49,396	279,472	598,964	39,621	202,796	1,210,569	443
Accumulated depreciation and impairment								
Balance at beginning of year	775	11,518	88,683	443,064	-	144,445	688,485	47
Currency realignment	(18)	(123)	(210)	(2,233)	-	(197)	(2,781)	-
Depreciation charge	-	713	5,401	20,729	-	17,724	44,567	64
Impairment charge	-	-	1	193	-	1,834	2,028	-
Reversal of impairment charge	-	-	(1)	(341)	-	(519)	(861)	-
Disposals	-	-	(5)	(8,949)	-	(14,445)	(23,399)	-
Write off	-	-	(1)	(440)	-	(2,669)	(3,110)	-
Reclassified to intangible assets	-	-	-	-	-	(3)	(3)	-
Balance at end of year	757	12,108	93,868	452,023	-	146,170	704,926	111
Net book value at end of year	39,563	37,288	185,604	146,941	39,621	56,626	505,643	332

(a) Other assets comprise motor vehicles and forklift, postmix and vending machines, fixture and fittings and computer equipments.

(b) The Group's carrying amount of assets held under finance leases at 30 September 2018 amounted to $Nil (2017: $39,000).

(c) During the financial year, a change in use led to a building being transferred to investment property. Immediately before the transfer, the Group remeasured the property to fair value and recognised a gain of $256,000 in other comprehensive income. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

13. INVESTMENT PROPERTIES

		THE GROUP	
		2018 ($'000)	2017 ($'000)
(a)	**Completed Investment Properties**		
	Balance at beginning of year	**40,581**	42,863
	Currency realignment	**528**	(558)
	Reclassified from fixed assets	**262**	-
	Net fair value loss recognised in the profit statement	**301**	(1,724)
	Balance at end of year	**41,672**	40,581

(b) Completed investment properties comprise commercial properties that are leased mainly to third parties under operating leases (Note 32).

The following amounts are recognised in the profit statement:

	2018	2017
Rental income from investment properties:		
- Minimum lease payments	**1,017**	925
Direct operating expenses arising from rental generating properties	**238**	255

(c) As at 30 September 2018, investment properties amounting to $Nil (2017: $10,330,000) have been pledged to financial institutions as security for bank facilities.

(d) Completed investment properties are stated at fair value which has been determined based on valuations performed at balance sheet date. Valuations are performed by accredited independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The valuations are based on open market values on the as-is basis and were prepared primarily using the Investment and Comparison Method. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Independent professional valuations were carried out by the following valuers:

Valuers	**Country**
CBRE Pte Ltd	Singapore
Roma Appraisals Ltd	Hong Kong
Henry Butcher Malaysia Sdn Bhd	Malaysia

14. PROPERTIES HELD FOR DEVELOPMENT

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Balance at beginning of year	**18,025**	18,232
Currency realignment	**504**	(442)
Cost incurred	**-**	235
Balance at end of year	**18,529**	18,025
Properties held for development comprise:		
Freehold land	**16,458**	16,010
Development costs	**2,071**	2,015
	18,529	18,025

15. SUBSIDIARY COMPANIES

	THE COMPANY	
	2018 ($'000)	2017 ($'000)
Quoted shares at cost	**256,353**	256,353
Unquoted shares at cost	**2,100,554**	1,928,754
Allowance for impairment	**(269,362)**	(269,362)
	2,087,545	1,915,745
Amounts owing by subsidiary companies (unsecured)	**75**	79
	2,087,620	1,915,824
MARKET VALUE		
Quoted shares	**2,537,329**	1,613,658

During the financial year, the Company increased its shareholdings in F&N Dairy Investments Pte Ltd ("F&NDI") and F&N Interflavine Pte. Ltd. through capital injections amounting to $111,800,000 and $60,000,000 respectively. There was no change to the Company's effective ownership interest in these subsidiary companies.

During the financial year ended 30 September 2017, an impairment loss of $58,433,000 was recognised on the cost of investment of a subsidiary company to bring its carrying value to its recoverable value. The recoverable amount of the subsidiary company had been determined based on the higher of the fair value less cost to sell and the value-in-use. The value-in-use calculations were determined using 5 year cash flow projections approved by management. The pre-tax discount rate applied to the cash flow projections was 8.0% and the terminal growth rate was 3.4%.

The amounts owing by subsidiary companies are unsecured, not repayable within the next 12 months and are interest free.

The amounts owing to subsidiary companies disclosed under non-current liabilities are unsecured, not repayable within the next 12 months, non-trade in nature, interest free except for amounts of $540,000,000 (2017: $460,000,000) which bear interest between 2.5% to 3.9% (2017: 2.9% to 3.9%) per annum, and to be settled in cash.

The amounts owing from and to subsidiary companies disclosed under current assets and current liabilities are unsecured, non-trade in nature, have no fixed repayment term, interest free except for amounts payable of $Nil (2017: $320,000,000) which bears interest of Nil% (2017: 1.6%) per annum and amounts receivable of $18,000,000 (2017: $515,000,000) which bears interest of 2.1% (2017: 1.3% to 1.4%) per annum, and are to be settled in cash.

The carrying amounts of the amounts owing from and to subsidiary companies are largely denominated in Singapore Dollar, Malaysia Ringgit and Thai Baht.

Details of the significant subsidiary companies are included in Note 40.

(a) **Acquisition of subsidiary companies and business assets**

Printing and Publishing

(i) On 9 January 2017, the Company announced that Times Publishing Limited, a wholly-owned subsidiary of the Company, entered into a conditional agreement (the "Share Purchase Agreement") to acquire the entire issued share capital in Penguin Random House Pte. Ltd. ("Penguin Singapore") and Penguin Books Malaysia Sdn. Bhd. ("Penguin Malaysia"). The aggregate consideration for the purchase is $8,231,000. The acquisition was completed on 2 October 2017. The consideration was arrived at on a "willing-buyer-willing-seller" basis, taking into consideration, inter alia, the net asset value and earnings of Penguin Singapore and Penguin Malaysia. The consideration was paid in cash and funded from internal resources. The fair value of the identifiable assets and liabilities were finalised during the financial year based on a purchase price allocation ("PPA") exercise undertaken.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

15. SUBSIDIARY COMPANIES (cont'd)

(a) **Acquisition of subsidiary companies and business assets** (cont'd)

Printing and Publishing (cont'd)

(ii) On 1 April 2018, Times Experience Pte. Ltd., a wholly-owned subsidiary company of the Group, acquired the business assets in Times Travel (formerly known as Times Newslink) for a cash consideration of $667,000. A provisional goodwill of $667,000 was recognised on the acquisition based on the difference between the consideration and the provisional fair value of the identifiable assets and liabilities at the date of the acquisition subject to completion of the PPA.

The fair value of the identifiable assets and liabilities of the subsidiary companies and business assets acquired and the goodwill recognised at the date of acquisition were as follows:

	Fair Value as at Date of Acquisition ($'000)
Intangible assets	6,801
Other non-current assets	892
Current assets	7,290
Current liabilities	(8,788)
Cash and cash equivalents	1,585
Total identifiable net assets at fair value	7,780
Goodwill/Provisional goodwill arising from acquisition	1,118
Consideration paid	8,898
Less: Deposit paid in last financial year	(8,000)
Cash and cash equivalents in subsidiary companies and business assets acquired	(1,585)
Net cash inflow on acquisition of subsidiary companies and business assets	(687)

The contribution to the Group's revenue and profit after tax by the acquired subsidiary companies and business assets were $15,853,000 and $341,000 respectively for the 12 months ended 30 September 2018.

Transaction costs related to the acquisitions of $571,000 have been recognised under "Administrative expenses" in the Group's profit statement for the years ended 30 September 2017 and 2018.

(b) **Liquidation of subsidiary companies**

During the financial year, the Group liquidated the following companies:

(i) Lee Fah Marketing Sdn Bhd
(ii) F&N Foods Sdn Bhd
(iii) Kuala Lumpur Glass Manufacturers Company Sendirian Berhad

(c) **Emerald Brewery Myanmar Limited ("EBML")**

On 19 December 2017, the Company announced that its wholly-owned subsidiary F&N Investments Pte Ltd ("F&NI") had together with Than Lwin Aye Yar Industrial Production & Construction Co., Ltd. ("TLAY"), a company incorporated in the Republic of the Union of Myanmar, incorporated a company, EBML with F&NI holding 49% shares and TLAY holding 51% shares. It is intended for EBML to explore beer production in Myanmar. EBML is treated as a subsidiary of the Group as of 30 September 2018 by virtue of management control over the financial and operating policies of EBML. Subsequently on 22 October 2018, F&NI increased its shareholdings in EBML to 74.9%, as disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

15. SUBSIDIARY COMPANIES (cont'd)

(d) Subsidiary company with material non-controlling interest ("NCI")

The Group's subsidiary company that has material NCI is as follows:

	Fraser & Neave Holdings Bhd 2018 ($'000)	Fraser & Neave Holdings Bhd 2017 ($'000)
NCI percentage of ownership and voting interest	**44.5%**	44.5%
Carrying amount of NCI	**340,152**	305,181
Profit after taxation allocated to NCI	**57,195**	46,125
Dividends paid to NCI	**31,000**	30,156
<u>Summarised financial information before inter-group elimination</u>		
Non-current assets	**560,615**	521,232
Current assets	**545,328**	518,018
Non-current liabilities	**(60,845)**	(80,288)
Current liabilities	**(280,594)**	(273,075)
Net assets	**764,504**	685,887
Revenue	**1,371,871**	1,314,901
Profit for the year	**128,545**	103,665
Other comprehensive income	**(618)**	10,220
Total comprehensive income	**127,927**	113,885
Net cash from operating activities	**181,459**	70,745
Net cash flows used in investing activities	**(53,617)**	(45,119)
Net cash flows used in financing activities	**(90,069)**	(83,959)
Net increase/(decrease) in cash and cash equivalents	**37,773**	(58,333)

16. JOINT VENTURE COMPANIES

	THE GROUP 2018 ($'000)	THE GROUP 2017 ($'000)
Vacaron Company Sdn Bhd ("VCSB")	**47,734**	46,669
Other joint venture company	**523**	-
	48,257	46,669

(a) Shareholder's loan

On 11 November 2011, the Group had through its non-wholly owned subsidiary, Fraser & Neave Holdings Bhd ("F&NHB"), entered into a conditional subscription cum shareholders' agreement ("SSA") with Frasers Property Holdings (Malaysia) Pte. Ltd. ("FPHM")(formerly known as FCL Centrepoint Pte. Ltd.) to form a joint venture, VCSB for the purpose of carrying out a proposed mixed development on the land held under PN 3679 for Lot No. 35 and PN 3681 for Lot No. 37, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor.

The Group and FPHM had both granted shareholder's loans to VCSB pursuant to the SSA. The loans are unsecured, bear interest at KLIBOR + 1.25% (2017: KLIBOR + 1.25%) per annum, not repayable within the next 12 months and are denominated in Malaysia Ringgit. The shareholder's loan included in the carrying amount of VCSB as at 30 September 2018 was $52,660,000 (2017: $49,351,000).

16. JOINT VENTURE COMPANIES (cont'd)

(a) **Shareholder's loan** (cont'd)

The summarised financial information of VCSB held by the Group is as follows:

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Expenses	**(190)**	(385)
Loss before interest and taxation	**(190)**	(385)
Interest income	**10**	7
Interest expense	**(3,892)**	(1,401)
Net interest	**(3,882)**	(1,394)
Loss before taxation	**(4,072)**	(1,779)
Taxation	**(306)**	444
Loss after taxation	**(4,378)**	(1,335)
Non-current assets	**895**	1,178
Cash and bank balances	**350**	542
Other current assets	**94,343**	91,731
Other current liabilities	**(105,446)**	(98,822)
Net liabilities	**(9,858)**	(5,371)
Proportion of F&NHB's ownership	**50.0%**	50.0%
Group's share of net liabilities	**(4,929)**	(2,685)
Goodwill	**3**	3
Shareholder's loan	**52,660**	49,351
Carrying amount of the investment	**47,734**	46,669

(b) The share of loss of the joint venture company held by the Group that is not individually material is as follows:

Carrying amount of interest	**523**	-
Share of loss after taxation	**(1,379)**	-

(c) The share of the results as stated in paragraph (a) and (b) above are based on the accounts of the joint venture companies for the financial years ended 30 September 2018 and 2017.

(d) The amounts owing from/to joint venture companies classified under current assets and current liabilites are unsecured, trade and non-trade in nature, interest free, repayable on demand, to be settled in cash and are denominated mostly in Chinese Renminbi and United States Dollar (2017: Singapore Dollar).

(e) There is no share of capital commitments and contingent liabilities of the joint venture companies as at 30 September 2018 and 2017.

Details of the significant joint venture companies are included in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

17. ASSOCIATED COMPANIES

	THE GROUP	
	2018 ($'000)	2017 ($'000) (Restated)
Vietnam Dairy Products Joint Stock Company ("Vinamilk")	**2,532,438**	2,350,122
Other associated companies	**27,854**	26,940
	2,560,292	2,377,062
MARKET VALUE		
Quoted shares	**2,856,478**	2,480,459

(a) On 21 December 2016, the Group, through its wholly owned subsidiary companies, F&NDI and F&NBev Manufacturing Pte. Ltd., completed its acquisition of additional shares representing approximately 5.4% interest in Vinamilk through a competitive bid process. Thereafter, F&NDI acquired additional shares representing approximately 2.4% interest through further purchases from the market. This brought the Group's shareholdings in Vinamilk to a total of approximately 18.7%.

At the annual general meeting of Vinamilk on 15 April 2017, its shareholders approved the appointment of Mr Michael Chye, a representative of FNL, to the board of directors of Vinamilk ("the Vinamilk Board"). This increased FNL's representation on the Vinamilk Board to two directors. In accordance with FRS 28, Investments in Associates and Joint Ventures, FNL is deemed to have significant influence through its representation on the Vinamilk Board and will henceforth account for its investment in Vinamilk as an "Investment in Associated Company". As a result, the Group's investment in Vinamilk which was previously recorded as available-for-sale financial assets in Other Investments (Note 20) was reclassified to Investment in Associated Company during the financial year ended 30 September 2017.

During the financial year ended 30 September 2018, the Group, through F&NDI, acquired additional shares representing approximately 1.3% interest through purchases from the market and this brought the Group's shareholdings in Vinamilk to a total of approximately 20.0%.

The following table summarises the financial information of Vinamilk based on its consolidated financial statements for the periods ended 30 September and prepared in accordance with FRS and modified for fair value adjustments on acquisition and differences in the Group's accounting policies:

Summarised statement of comprehensive income	2018	2017
Revenue	**2,674,671**	1,297,102
Profit before taxation	**585,942**	304,586
Taxation	**(104,111)**	(53,366)
Profit after taxation	**481,831**	251,220
Other comprehensive income	**42,950**	(26,313)
Total comprehensive income	**524,781**	224,907
Attributable to:		
Non-controlling interests	**27,744**	(13,075)
Shareholders of Vinamilk	**497,037**	237,982

17. ASSOCIATED COMPANIES (cont'd)

	THE GROUP	
	2018 ($'000)	2017 ($'000) (Restated)
Summarised balance sheet		
Non-current assets	**2,937,667**	2,838,817
Current assets	**1,056,599**	1,094,174
Current liabilities	**(406,285)**	(396,872)
Non-current liabilities	**(451,804)**	(439,952)
Net assets	**3,136,177**	3,096,167
Attributable to:		
Non-controlling interests	**28,801**	1,076
Shareholders of Vinamilk	**3,107,376**	3,095,091
Proportion of the Group's ownership	**20.0%**	18.7%
Group's share of net assets	**621,786**	580,020
Goodwill on acquisition	**1,910,652**	1,770,102
Carrying amount of the investment	**2,532,438**	2,350,122

(a) A provisional goodwill of $2,083,093,000 was recognised based on the provisional fair value of the identifiable assets and liabilities at the date of the acquisition during the financial year ended 30 September 2017. During the financial year ended 30 September 2018, a PPA exercise was conducted and this resulted in the fair value of certain assets and liabilities being revised to reflect the finalisation of the allocation process. The Group took up a fair value increase in non-current assets of $387,547,000, current assets of $3,701,000 and non-current liabilities of $78,257,000 and a decrease in goodwill amount of $312,991,000.

The fair value adjustments have been recorded with effect from the date of acquisition and the impact on the profit statement for the year ended 30 September 2017 was a decrease in share of associated companies' profit of $3,264,000.

(b) The share of profit and other comprehensive income of the associated companies held by the Group that are not individually material are as follows:

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Carrying amount of interest	**27,854**	26,940
Share of profit before taxation	**3,795**	4,202
Share of taxation	**(934)**	(1,007)
Share of profit after taxation	**2,861**	3,195
Share of other comprehensive income	**-**	137
Share of total comprehensive income	**2,861**	3,332

(c) The amounts due from/to associated companies classified under current assets and current liabilities are unsecured, trade and non-trade in nature, interest free, repayable on demand, to be settled in cash and are denominated mostly in Malaysia Ringgit and Chinese Renminbi.

(d) There is no share of contingent liabilities of the associated companies as at 30 September 2018 and 2017.

Details of the significant associated companies are included in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

18. INTANGIBLE ASSETS

	THE GROUP				THE COMPANY
	Goodwill ($'000)	Deferred Development Costs ($'000)	Other Intangible Assets ($'000)	Total ($'000)	Other Intangible Assets and Total ($'000)
For the year ended 30 September 2018					
At cost					
Balance at beginning of year	**79,863**	**27,425**	**40,823**	**148,111**	**200**
Currency realignment	**578**	**74**	**423**	**1,075**	**-**
Additional expenditure	**-**	**9,361**	**4,008**	**13,369**	**-**
Acquisition of subsidiary companies and business assets	**1,118**	**-**	**6,801**	**7,919**	**-**
Reclassified from fixed assets	**-**	**-**	**964**	**964**	**-**
Write off	**-**	**(11,770)**	**(3)**	**(11,773)**	**-**
Balance at end of year	**81,559**	**25,090**	**53,016**	**159,665**	**200**
Accumulated amortisation and impairment					
Balance at beginning of year	**5,936**	**14,577**	**34,024**	**54,537**	**33**
Currency realignment	**47**	**129**	**326**	**502**	**-**
Amortisation charge	**-**	**9,128**	**2,827**	**11,955**	**20**
Impairment charge	**-**	**14**	**-**	**14**	**-**
Write off	**-**	**(11,770)**	**(3)**	**(11,773)**	**-**
Balance at end of year	**5,983**	**12,078**	**37,174**	**55,235**	**53**
Net book value	**75,576**	**13,012**	**15,842**	**104,430**	**147**
For the year ended 30 September 2017					
At cost					
Balance at beginning of year	80,483	80,017	41,824	202,324	200
Currency realignment	(620)	(591)	(353)	(1,564)	-
Additional expenditure	-	9,321	1,185	10,506	-
Reclassified from fixed assets	-	-	680	680	-
Write off	-	(61,322)	(2,513)	(63,835)	-
Balance at end of year	79,863	27,425	40,823	148,111	200
Accumulated amortisation and impairment					
Balance at beginning of year	5,979	66,393	34,166	106,538	13
Currency realignment	(43)	(670)	(275)	(988)	-
Amortisation charge	-	10,109	2,621	12,730	20
Impairment charge	-	92	-	92	-
Reversal of impairment charge	-	(25)	-	(25)	-
Reclassified from fixed assets	-	-	3	3	-
Write off	-	(61,322)	(2,491)	(63,813)	-
Balance at end of year	5,936	14,577	34,024	54,537	33
Net book value	73,927	12,848	6,799	93,574	167

All intangible assets, other than goodwill, have finite useful lives of not more than 20 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

19. IMPAIRMENT TESTS FOR INTANGIBLE ASSETS

(a) Goodwill

The carrying value of the Group's goodwill arising from acquisitions of subsidiary companies was assessed for impairment during the financial year.

	($'000)	Basis on which recoverable values are determined	Terminal growth rate	Pre-tax discount rate
Carrying value of capitalised goodwill based on CGUs				
As at 30 September 2018				
Subsidiary companies:				
Printing and Publishing Group	**16,421**	**Value-in-use and Fair value less cost to sell**	**0%**	**6.3% - 9.3%**
Dairies Group	**331**	**Value-in-use**	**0%**	**9.5%**
Beverages Group	**58,824**	**Value-in-use and Fair value less cost to sell**	**0% - 2.0%**	**6.5% - 9.5%**
	75,576			
As at 30 September 2017				
Subsidiary companies:				
Printing and Publishing Group	15,236	Value-in-use and Fair value less cost to sell	0%	7.3% - 7.6%
Dairies Group	322	Value-in-use	0%	10.2%
Beverages Group	58,369	Value-in-use and Fair value less cost to sell	0% - 1.0%	7.0% - 10.2%
	73,927			

Goodwill is allocated for impairment testing purposes to the individual entity which is also the CGU. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering 3 to 5 year period. Cash flows beyond these periods are extrapolated using the estimated growth rates stated in the table above. The fair value less cost to sell calculations are based on quoted market prices obtained from active markets or using the net carrying amount adjusted for the unrecognised fair value changes to the properties.

The terminal growth rate used does not exceed the long term average growth rate of the respective industry and country in which the entity operates.

The discount rates applied to the cash flow projections reflect management's estimates of the risks specific to the respective CGUs at the date of assessment.

There was no impairment loss recognised in the profit statement during the current financial year and the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

19. IMPAIRMENT TESTS FOR INTANGIBLE ASSETS (cont'd)

(b) Deferred development costs

The carrying value of deferred development costs was assessed for impairment during the financial year.

An impairment loss of $14,000 (2017: $92,000) was recognised in "Other income (net)" in the profit statement as the carrying value was assessed to be in excess of its recoverable value due to shift in market demand for certain products.

The recoverable amount of the deferred development costs has been determined based on value-in-use calculations using 5 year cash flow projection approved by management. The pre-tax discount rate applied to the cash flow projections is 7.3% (2017: 7.3%) and the terminal growth rate is 0% (2017: 0%).

(c) Other intangible assets

The carrying value of other intangible assets was assessed for impairment during the financial year.

There was no impairment loss recognised in the profit statement during the current financial year and the previous financial year.

A reasonable change to the assumptions used by the management to determine the impairment required, particularly the discount rate and terminal growth rate, would not significantly affect the results.

20. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
Quoted available-for-sale financial assets				
Equity investments				
At fair value	**13,865**	30,117	**222,471**	222,691
Unquoted available-for-sale financial assets				
Equity investments				
At cost (less impairment loss)	**14**	14	**14**	14
Total	**13,879**	30,131	**222,485**	222,705

(a) Market value of quoted investments are determined by reference to stock exchange quoted prices.

(b) Certain unquoted investments do not have quoted market prices in an active market nor are other methods of reasonably estimating the fair values readily available. Hence it is not practicable to determine their fair value with sufficient reliability without incurring excessive costs.

21. CASH AND BANK DEPOSITS

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
Non-Current				
Bank fixed deposits	**-**	2,927	**-**	-
Current				
Bank fixed deposits	**214,830**	291,028	**92,263**	8,684
Cash and bank balances	**315,295**	843,953	**108,704**	287,584
	530,125	1,134,981	**200,967**	296,268
	530,125	1,137,908	**200,967**	296,268

21. CASH AND BANK DEPOSITS (cont'd)

The weighted average effective interest rate for non-current fixed deposits is Nil% (2017: 0.96%) and current fixed deposits is 2.27% (2017: 1.59%).

Included in the Group's bank fixed deposits is an amount of $2,959,000 (2017: $2,927,000) relating to the portion of consideration for acquisition of a subsidiary company held as profit guarantee. The profit guarantee will be released upon the achievement of pre-defined targets as set out in the sale and purchase agreement. These fixed deposits are excluded from the Group Cash Flow Statement.

As at 30 September 2018, cash and bank deposits held by the Group are in the following major currencies: Singapore Dollar - 55.6% (2017: 71.5%), Malaysia Ringgit - 25.5% (2017: 8.1%), Thai Baht - 10.0% (2017: 4.6%), United States Dollar - 3.1% (2017: 5.6%) and Vietnamese Dong - Nil% (2017: 8.4%).

22. BRANDS

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
At cost				
Balance at beginning of year	**40,720**	41,359	**8,647**	8,647
Currency realignment	**868**	(639)	**-**	-
Balance at end of year	**41,588**	40,720	**8,647**	8,647
Accumulated amortisation and impairment				
Balance at beginning of year	**13,605**	13,467	**8,435**	8,435
Currency realignment	**144**	3	**-**	-
Amortisation charge	**135**	135	**-**	-
Balance at end of year	**13,884**	13,605	**8,435**	8,435
Net book value	**27,704**	27,115	**212**	212

Included in the Group's brands are brands with indefinite useful life of carrying amount of $26,762,000 (2017: $26,040,000).

The recoverable amount of the brands have been determined based on value-in-use calculations using 3 to 10 year cash flow projections approved by management.

The terminal growth rate used does not exceed the long term average growth rate of the respective industry and country in which the CGU operates.

The discount rate applied to the cash flow projections reflect managements' estimates of the risks specific to the respective CGUs at the date of assessment.

The pre-tax discount rates applied to the cash flow projections were 6.5% - 9.5% (2017: 7.0% - 10.2%) and terminal growth rates applied were 1.0% - 2.0% (2017: 1.0%).

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23. INVENTORIES

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Raw materials	**108,409**	123,348
Finished goods	**108,364**	104,403
Packaging materials	**17,640**	12,572
Engineering spares, work-in-progress and other inventories	**8,099**	6,762
	242,512	247,085

The cost of inventories recognised as an expense in cost of sales during the year was $1,176,842,000 (2017: $1,152,775,000).

24. TRADE RECEIVABLES, OTHER RECEIVABLES AND RELATED PARTIES

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
Current				
Trade receivables	**272,192**	279,654	**-**	-
Other receivables:				
Accrued income	**952**	1,444	**339**	215
Prepayments	**5,348**	4,999	**19**	68
Deposits paid	**5,987**	12,669	**-**	-
Tax recoverable	**20,615**	17,921	**-**	392
Staff loans	**2,336**	3,109	**-**	-
Derivative financial instruments (Note 25)	**184**	236	**-**	-
Sundry debtors	**6,164**	9,053	**-**	-
Other receivables	**8,724**	9,734	**-**	-
	50,310	59,165	**358**	675
Related parties	**9,607**	7,054	**9**	1
	332,109	345,873	**367**	676
Non-current				
Other receivables:				
Staff loans	**468**	300	**-**	-
Tax recoverable	**366**	289	**-**	-
Deposits paid	**464**	761	**-**	-
	1,298	1,350	**-**	-
	333,407	347,223	**367**	676

(a) As at 30 September 2018, trade receivables, other receivables and related parties held by the Group are in the following major currencies: Malaysia Ringgit - 38.1% (2017: 36.2%), Singapore Dollar - 26.0% (2017: 27.4%),Thai Baht - 19.9% (2017: 17.2%), United States Dollar - 7.2% (2017: 9.5%) and Chinese Renminbi - 3.8% (2017: 4.3%).

(b) Current amounts due from related parties are trade and non-trade related, unsecured, interest free, repayable upon demand and to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

24. TRADE RECEIVABLES, OTHER RECEIVABLES AND RELATED PARTIES (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $58,596,000 (2017: $61,107,000) that are past due at balance sheet date but not impaired. These receivables are unsecured and the ageing analysis at the balance sheet date is as follows:

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Trade receivables past due:		
1 to 30 days	**40,382**	39,452
31 to 60 days	**5,524**	10,011
61 to 90 days	**4,503**	5,512
91 to 120 days	**1,249**	1,452
more than 120 days	**6,938**	4,680
	58,596	61,107

Trade receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	THE GROUP			
	Collectively impaired		Individually impaired	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
Trade receivables - nominal amounts	**592**	668	**4,261**	5,219
Less: Allowance for impairment	**(592)**	(668)	**(1,622)**	(2,889)
	-	-	**2,639**	2,330
Movement in allowance accounts:				
Balance at beginning of year	**668**	136	**2,889**	4,107
Impairment charge	**353**	1,111	**384**	870
Write back	**(313)**	(575)	**(622)**	(361)
Acquisition of subsidiary companies	**-**	-	**149**	-
Write off	**(109)**	-	**(1,210)**	(1,687)
Currency realignment	**(7)**	(4)	**32**	(40)
Balance at end of year	**592**	668	**1,622**	2,889

Receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
Current Assets				
Forward currency contracts	**184**	236	**-**	-
Current Liabilities				
Forward currency contracts	**300**	799	**46**	2
Net position	**(116)**	(563)	**(46)**	(2)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

26. ASSETS AND LIABILITIES HELD FOR SALE

In the last financial year, the assets and liabilities of a former subsidiary company, Shanxi Xinhua Times Packaging Printing Co., Ltd ("SXTP") had been presented as held for sale following the commitment of the Group's management to a plan to sell SXTP. During the financial year, the discussion for sale was terminated. As such, the assets and liabilities of SXTP have been reclassified to investment in joint venture company.

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Assets		
Fixed assets	-	5,043
Inventories	-	1,702
Trade and other receivables	-	3,110
Cash and bank balances	-	32
	-	9,887
Liabilities		
Trade and other payables	-	2,371

27. TRADE PAYABLES, OTHER PAYABLES AND RELATED PARTIES

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
Current				
Trade payables	**160,961**	155,029	**-**	-
Other payables				
Accrued operating expenses	**94,022**	81,785	**244**	254
Sundry accruals	**19,315**	27,731	**424**	316
Sundry deposits	**8,299**	7,352	**-**	-
Staff costs payable	**36,385**	44,224	**-**	-
Accrual for unconsumed annual leave	**2,473**	2,609	**-**	-
Deferred income	**320**	783	**-**	-
Derivative financial instruments (Note 25)	**300**	799	**46**	2
Interest payable	**4,169**	3,943	**199**	215
Other payables	**32,139**	33,008	**7,083**	7,206
	197,422	202,234	**7,996**	7,993
Related parties	**9,121**	13,689	**1,265**	1,265
	367,504	370,952	**9,261**	9,258
Non-current				
Other payables	**12,575**	13,169	**-**	-
	380,079	384,121	**9,261**	9,258

(a) As at 30 September 2018, trade payables, other payables and related parties held by the Group are in the following major currencies: Malaysia Ringgit - 29.4% (2017: 32.3%), Thai Baht - 26.8% (2017: 25.1%), Singapore Dollar - 22.8% (2017: 24.9%), United States Dollar - 7.7% (2017: 6.8%) and Sterling Pound - 5.3% (2017: 4.3%).

(b) Current amounts due to related parties are trade and non-trade related, unsecured, interest free, repayable upon demand and to be settled in cash.

(c) Included in the Group's current other payables is an amount of $2,900,000 (2017: non-current other payable of $2,810,000) relating to deferred consideration payable for acquisition of subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. BORROWINGS

	Weighted average effective interest rate %	Notes	THE GROUP 2018 ($'000)	THE GROUP 2017 ($'000)	THE COMPANY 2018 ($'000)	THE COMPANY 2017 ($'000)
Repayable within one year:						
Unsecured						
Bank loans	2.26%		**309,648**	736,665	**180,000**	360,000
Bank overdrafts	-		**-**	598	**-**	-
			309,648	737,263	**180,000**	360,000
Term loans	3.81%	(a)	**64,483**	48,322	**-**	-
Secured						
Finance leases			**-**	6	**-**	-
			374,131	785,591	**180,000**	360,000
Repayable after one year:						
Unsecured						
Bank loans	-		**-**	10,175	**-**	-
Term loans	3.07%	(a)	**497,288**	507,323	**-**	-
		(c)	**497,288**	517,498	**-**	-
Total			**871,419**	1,303,089	**180,000**	360,000
Fair value		(b)	**863,262**	1,308,997	**180,000**	360,000

Notes

(a) As at 30 September 2018 and 2017, term loans include medium term notes issued by certain subsidiary companies.

(b) The carrying amounts of bank borrowings and finance leases approximate fair value as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements except for bank loans and term loans of $569,884,000 (2017: $580,664,000) which have a fair value of $561,727,000 (2017: $586,572,000). They are classified as a Level 1 and Level 3 instrument under the fair value hierarchy. For the loans and borrowings classified as Level 3 instrument, the fair value is derived using DCF method using a rate based on the current market rate of borrowings of the respective entities at the reporting date.

(c) Maturity of non-current borrowings is as follows:

	THE GROUP 2018	THE GROUP 2017	THE COMPANY 2018	THE COMPANY 2017
Between 1 and 2 years	**8,553**	58,501	**-**	-
Between 2 and 5 years	**389,163**	359,475	**-**	-
After 5 years	**99,572**	99,522	**-**	-
	497,288	517,498	**-**	-

(d) As at 30 September 2018, borrowings held by the Group are in the following major currencies: Singapore Dollar - 87.1% (2017: 90.4%), Thai Baht - 7.0% (2017: 2.0%) and Malaysia Ringgit - 5.9% (2017: 7.6%).

28. BORROWINGS (cont'd)

(e) A reconciliation of movements of liabilities to cash flows arising from financing activities is as follows:

	As at 1 October 2017 ($'000)	Cash Flows ($'000)	Non-cash changes: Currency realignment ($'000)	Non-cash changes: Transaction costs ($'000)	As at 30 September 2018 ($'000)
The Group					
Bank and term loans	1,302,485	(434,852)	3,572	214	871,419
Finance leases	6	(6)	-	-	-
Total	1,302,491	(434,858)	3,572	214	871,419

29. PROVISION FOR EMPLOYEE BENEFITS

	THE GROUP 2018 ($'000)	THE GROUP 2017 ($'000)
Defined benefit plan	**18,186**	17,737
Long service leave/severance allowance/gratuity	**70**	70
	18,256	17,807

(a) **Defined Contribution Plan**

The Group makes contributions to several post employment benefit plans. Most of these plans are defined contribution plans whereby contributions are made to approved provident and superannuation funds in Singapore, Malaysia, Hong Kong and Australia.

Accruals for defined contribution plans are included in Other Payables under Note 27.

(b) **Defined Benefit Plan**

The defined benefit plan in the United Kingdom is a funded, defined benefit pension plan where the assets are held in a separate trustee-administrated fund. The defined benefit plans in Malaysia, Thailand and Indonesia do not have separately funded assets. They provide a lump sum benefit at normal retirement age.

The following tables summarise the components of net benefit expense and benefit liability:

	2018	2017
Net benefit expense/(income)		
Current service cost	**1,059**	1,055
Interest cost	**651**	730
Past service credit	**(58)**	(1,918)
	1,652	(133)
Actual return on plan assets	**732**	488
Benefit liability		
Present value of funded defined benefit obligation	**24,939**	25,702
Fair value of plan assets	**(21,126)**	(21,074)
	3,813	4,628
Present value of unfunded defined benefit obligation	**14,373**	13,109
Net liability arising from defined benefit obligation	**18,186**	17,737

29. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(b) Defined Benefit Plan (cont'd)

The weighted average duration of the defined benefit obligation as at 30 September 2018 was 13.7 years (2017: 14.2 years).

The Group expects to contribute $679,000 to the defined benefit plans in the financial year ended 30 September 2019 (2018: $691,000).

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Changes in present value of defined benefit obligations are as follows:		
Balance at beginning of year	**38,811**	40,823
Interest cost	**1,192**	1,193
Current service cost	**1,059**	1,055
Past service credit	**(58)**	(1,918)
Benefits paid	**(1,536)**	(1,570)
Remeasurements:		
- actuarial loss arising from change in demographic assumptions	**573**	-
- actuarial gains arising from change in financial assumptions	**(613)**	(1,065)
- experience adjustments	**(89)**	(253)
Currency realignment	**(27)**	546
Balance at end of year	**39,312**	38,811
Changes in fair value of plan assets are as follows:		
Balance at beginning of year	**21,074**	20,222
Interest income	**541**	463
Contributions by employer	**679**	691
Benefits paid	**(999)**	(881)
Remeasurements on return on plan assets	**191**	25
Currency realignment	**(360)**	554
Balance at end of year	**21,126**	21,074
The proportion of fair value of plan assets at the end of the year is analysed as follows:		
Equity instruments	**9,925**	10,055
Debt instruments	**7,588**	7,817
Other assets	**3,613**	3,202
	21,126	21,074
The major assumptions used by the qualified independent actuaries were:		
Future salary growth	**4.0% to 7.0%**	4.0% to 7.0%
Discount rate	**2.5% to 5.2%**	2.5% to 7.8%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

29. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(b) Defined Benefit Plan (cont'd)

Sensitivity analysis

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		Increase/(Decrease) in defined benefit obligation	
	Change in assumption	Increase in assumption ($'000)	Decrease in assumption ($'000)
The Group			
Year Ended 30 September 2018			
Future salary growth	**1%**	**1,186**	**(1,041)**
Discount rate	**1%**	**(4,464)**	**5,178**
Year Ended 30 September 2017			
Future salary growth	1%	1,170	(1,028)
Discount rate	1%	(4,404)	5,614

(c) Long Service Leave/Severance Allowances/Gratuity

Long service leave, severance allowances and gratuity are provided based on the number of years of service the employees have rendered at the end of each financial year as required by local legislation.

(d) Share Plans

Fraser and Neave Limited Restricted Share Plan ("RSP")

The RSP is a share-based incentive plan for senior executives and key senior management, which was approved by shareholders of the Company at an Extraordinary General Meeting held on 22 January 2009.

Information regarding the RSP

(i) Depending on the level of achievement of pre-determined targets over a two-year performance period for the RSP, the final number of RSP shares to be awarded could range between 0% to 150% of the initial grant of the RSP shares.

(ii) Based on meeting stated performance conditions over a two-year performance period, 50% of the RSP share awards will vest. The balance will vest equally over the subsequent two years upon fulfillment of service requirements.

Information with respect to the number of shares granted under the RSP is as follows:

Shares	Grant Date	Balance as at 1.10.2017 or Grant Date if later	Cancelled	Achievement Factor	Vested	Balance as at 30.9.2018
Year 5	01.10.2014	269,100	(8,250)	-	(260,850)	-
Year 6	06.05.2015	463,050	(16,450)	-	(225,025)	221,575
Year 7	26.02.2016	1,193,476	(67,950)	180,524	(670,250)	635,800
Year 8	28.12.2016	1,034,354	(91,000)	-	-	943,354
Year 9	28.12.2017	1,016,700	(75,500)	-	-	941,200
		3,976,680	(259,150)*	180,524	(1,156,125)	2,741,929

* Cancelled due to resignations.

The expense recognised in profit statement granted under the RSP during the financial year is $2,197,000 (2017: $2,088,000).

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

29. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(d) Share Plans (cont'd)

The estimated fair value of shares granted during the year ranges from $2.37 to $2.47 (2017: $1.90 to $1.99). The fair value of equity-settled contingent award of shares are determined using Monte Carlo Valuation Model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used are as follows:

	2018	2017
Dividend yield (%)	**2.0**	2.2
Expected volatility (%)	**14.6**	15.1
Risk-free interest rate (%)	**1.7**	1.4 to 1.8
Expected life (years)	**2.0 to 4.0**	2.0 to 4.0
Share price at date of grant ($)	**2.57**	2.08

Fraser and Neave Limited Performance Share Plan ("PSP")

The PSP is a share-based incentive plan for senior executives and key senior management, which were approved by shareholders of the Company at an Extraordinary General Meeting held on 22 January 2009.

Information regarding the PSP

(i) Depending on the level of achievement of pre-determined targets over a three-year performance period, the final number of PSP shares awarded could range between 0% to 200% of the initial grant of the PSP shares.

(ii) PSP share awards will vest based on meeting stated performance conditions over a three-year performance period.

Information with respect to the number of shares granted under the PSP is as follows:

Shares	**Grant Date**	**Balance as at 1.10.2017 or Grant Date if later**	**Achievement Factor**	**Vested**	**Balance as at 30.9.2018**
Year 6	06.05.2015	30,500	(12,100)	(18,400)	-
Year 7	26.02.2016	84,383	-	-	84,383
Year 8	28.12.2016	67,538	-	-	67,538
Year 9	28.12.2017	78,000	-	-	78,000
		260,421	(12,100)	(18,400)	229,921

The expense recognised in profit statement granted under the PSP during the financial year is $121,000 (2017: $103,000).

The estimated fair value of shares granted during the year is $2.10 (2017: $1.65). The fair value of equity-settled contingent award of shares are determined using Monte Carlo Valuation Model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used are as follows:

	2018	2017
Dividend yield (%)	**2.0**	2.2
Expected volatility (%)	**14.6**	15.1
Cost of equity (%)	**9.9**	10.5
Risk-free interest rate (%)	**1.7**	1.6
Expected life (years)	**3.0**	3.0
Share price at date of grant ($)	**2.57**	2.08

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

29. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

(d) Share Plans (cont'd)

F&NHB Restricted Share Plan ("F&NHB RSP")

The F&NHB RSP is a share-based incentive plan for senior executives and key senior management, which was approved by shareholders of F&NHB at an Extraordinary General Meeting held on 13 January 2012.

Information regarding the F&NHB RSP

(i) Depending on the achievement of pre-determined targets over a two-year performance period, the final number of F&NHB RSP shares awarded could range between 0% to 150% of the initial grant of the F&NHB RSP shares.

(ii) Based on meeting stated performance conditions over a two-year performance period, 50% of the F&NHB RSP awards will vest. The balance will vest equally over the subsequent two years with fulfillment of service requirements.

Information with respect to the number of shares granted under the F&NHB RSP is as follows:

Shares	Grant Date	Balance as at 1.10.2017 or Grant Date if later	Cancelled	Achievement Factor	Vested	Balance as at 30.9.2018
Year 3	12.08.2014	124,250	-	-	(124,250)	-
Year 4	15.01.2015	209,000	(5,600)	-	(104,500)	98,900
Year 5	05.01.2016	476,500	(10,450)	(92,900)	(191,800)	181,350
Year 6	22.12.2016	493,200	(28,600)	-	-	464,600
Year 7	22.12.2017	496,000	(26,100)	-	-	469,900
		1,798,950	(70,750)*	(92,900)	(420,550)	1,214,750

* Cancelled due to resignations.

The estimated fair value of shares granted during the year ranges from RM15.52 to RM17.21 (2017: RM15.66 to RM16.58). The fair value of equity-settled contingent award of shares are determined using Monte Carlo Valuation Model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used are as follows:

	2018	2017
Dividend yield (%)	**2.7**	3.3
Expected volatility (%)	**11.6**	12.7
Risk-free interest rate (%)	**3.2 to 3.6**	3.6 to 3.9
Expected life (years)	**2.0 to 4.0**	2.0 to 4.0
Share price at date of grant (RM)	**26.38**	22.86

F&NHB Performance Share Plan ("F&NHB PSP")

The F&NHB PSP is a share-based incentive plan for senior executives and key senior management, which was approved by shareholders of F&NHB at an Extraordinary General Meeting held on 13 January 2012.

Information regarding the F&NHB PSP

(i) Depending on the achievement of pre-determined targets over a three-year performance period, the final number of PSP shares awarded could range between 0% to 200% of the initial grant of the PSP shares.

(ii) PSP share awards will vest based on meeting stated performance conditions over a three-year performance period.

As at 30 September 2018, no shares has been granted under F&NHB PSP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

30. DEFERRED TAX ASSETS AND LIABILITIES

	THE GROUP			
	Balance Sheet		Profit Statement	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
Deferred tax liabilities				
Differences in depreciation	**16,981**	16,101	**548**	138
Provisions, expenses and income taken in a different period	**1,277**	1,394	**133**	88
Fair value adjustments	**900**	917	**(229)**	(137)
Other deferred tax liabilities	**616**	1,132	**(539)**	37
Gross deferred tax liabilities	**19,774**	19,544	**(87)**	126
Less: Deferred tax assets				
Employee benefits	**(1,084)**	(1,023)	**(46)**	(257)
Unabsorbed losses and capital allowances	**(157)**	85	**(240)**	(213)
Provisions, expenses and income taken in a different period	**(1,181)**	(1,345)	**(51)**	(257)
Fair value adjustments	**(388)**	(188)	**-**	-
Gross deferred tax assets	**(2,810)**	(2,471)	**(337)**	(727)
Net deferred tax liabilities	**16,964**	17,073	**(424)**	(601)

Some subsidiary companies have net deferred tax assets relating to the following:

Employee benefits	**(1,935)**	(1,608)	**(275)**	11
Differences in depreciation	**10,526**	10,391	**(143)**	(33)
Unabsorbed losses and capital allowances	**4,545**	3,336	**1,360**	(2,053)
Provisions	**(8,513)**	(7,838)	**123**	281
Investment allowances	**(11,194)**	(13,917)	**3,108**	4,146
Fair value adjustments	**(38)**	(41)	**4**	2
Net deferred tax assets	**(6,609)**	(9,677)	**4,177**	2,354

The deferred tax provision of $Nil (2017: $1,363,000) relating to fair value adjustment in other comprehensive income was written back during the year.

Deferred tax liabilities of $446,000 (2017: $1,508,000) have not been recognised in the consolidated financial statements for withholding and other taxes that would be payable on the unremitted earnings of $2,620,000 at 30 September 2018 (2017: $8,870,000).

Deferred tax liabilities of $440,000 (2017: $436,000) have not been recognised in the consolidated financial statements for withholding and other taxes that would be payable on the undistributed earnings of $2,782,000 at 30 September 2018 (2017: $2,756,000) of certain of the Group's subsidiary companies as the Group has determined that the undistributed earnings of its subsidiary companies will not be distributed in the foreseeable future.

Deferred tax assets have not been recognised in respect of the following items:

	THE GROUP	
	2018 ($'000)	2017 ($'000)
Deductible temporary differences	**32,762**	35,911
Tax losses	**108,454**	102,984
	141,216	138,895

Tax losses of $43,306,000 (2017: $42,494,000) expire in 2027. The remaining tax losses and the deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

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	THE GROUP 2018 ($'000)	THE GROUP 2017 ($'000)

31. FUTURE COMMITMENTS

Commitments not provided for in the financial statements:

	2018 ($'000)	2017 ($'000)
(a) Commitments in respect of contracts placed		
Fixed assets	**86,766**	41,799
(b) Other amounts approved by directors but not contracted for		
Fixed assets	**46,194**	82,826
Total	**132,960**	124,625

32. LEASE COMMITMENTS

Operating Leases

Lease commitments under non-cancellable operating leases where the Group is a lessee:

	2018 ($'000)	2017 ($'000)
Payable within one year	**13,068**	14,605
Payable between one and five years	**13,549**	19,429
Payable after five years	**23,331**	27,207
	49,948	61,241
Operating lease expense for the year	**21,357**	19,427

The operating leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

Lease commitments under non-cancellable operating leases where the Group is a lessor:

	2018 ($'000)	2017 ($'000)
Receivable within one year	**1,059**	612
Receivable between one and five years	**741**	121
	1,800	733

Finance Leases

Lease commitments under non-cancellable finance leases where the Group is a lessee:

	THE GROUP 2018 ($'000)		THE GROUP 2017 ($'000)	
	Minimum lease payments	**Present value of payments**	Minimum lease payments	Present value of payments
Minimum lease payments payable within one year	-	-	6	6

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following were the significant related party transactions entered into between the Group and related parties based on agreed fees or terms between the parties.

		THE GROUP	
		2018 ($'000)	2017 ($'000)
(a)	Transactions with TCC Group of Companies[(i)]		
	Sales	**21,024**	18,531
	Advertising & promotion support	**7,103**	5,958
	Service fee and other income	**2,760**	3,803
	Purchases	**(31,779)**	(30,585)
	Marketing expense	**(11,566)**	(21,043)
	Insurance premium expense	**(1,389)**	(1,080)
	Management fee expense	**(876)**	(798)
	Rental and other expenses	**(5,287)**	(4,184)

(i) This refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

(b)	Transactions with Joint Arrangements and Associated Companies		
	Sales	**17**	862
	Receipt of corporate service fee	**37**	62
	Finance income	**1,946**	1,796
	Purchases	**(4,500)**	(4,762)
	Shareholder's loan granted	**-**	(641)

34. CONTINGENT LIABILITIES

The Company issued corporate guarantees to the extent of $2,730,511,000 (2017: $2,780,000,000) for the purpose of assisting its subsidiary companies to obtain external borrowings. Of the $2,730,511,000 (2017: $2,780,000,000) corporate guarantees given by the Company, $700,000,000 (2017: $820,000,000) has been utilised by its subsidiary companies as security for its borrowings.

35. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks, including primarily the effects of changes in currency exchange rates and interest rates and use derivatives and other instruments in connection with their risk management activities. The Group and the Company do 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.

These policies are reviewed regularly by the Audit Committee to ensure that the Group's policies and guidelines are adhered to. The Group's accounting policies in relation to derivatives are set out in Note 2.

35. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Foreign Currency Risk

The Group and the Company have 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 and Company's policy to hedge these risks as they arise. For those exposures less certain in their timing and extent, it is the Group's and the Company's policy to cover 50% to 90% of anticipated exposures for a maximum period of 12 months forward. The Group and the Company use foreign currency forward exchange contracts to manage these foreign exchange risks.

At 30 September 2018, the Group had entered into foreign currency forward exchange buy contracts amounting to $30,200,000 (2017: $46,495,000) and sell contracts amounting to $11,298,000 (2017: $8,378,000). The fair value adjustments of the buy contracts and sell contracts (which is the difference between the notional principal amount and market value of the contracts) are losses of $58,000 (2017: $467,000) and $58,000 (2017: $96,000) respectively.

At 30 September 2018, the Company had entered into foreign currency forward exchange sell contracts amounting to $1,223,000 (2017: $812,000). The fair value adjustments of the sell contracts (which is the difference between the notional principal amount and market value of the contracts) is a loss of $46,000 (2017: $2,000).

The fair values of foreign currency forward exchange contracts have been calculated using rates quoted by the Group's and Company's bankers to terminate the contracts at the balance sheet date.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's total equity and the Group's profit net of tax to a reasonably possible 10% strengthening of the Australia Dollar, Sterling Pound, United States Dollar, Vietnamese Dong, Hong Kong Dollar, Singapore Dollar, Malaysia Ringgit, Thai Baht and Chinese Renminbi exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	THE GROUP		THE COMPANY	
	Equity ($'000)	Profit ($'000)	Equity ($'000)	Profit ($'000)
Year Ended 30 September 2018				
Australia Dollar	**732**	**544**	**732**	**-**
Sterling Pound	**-**	**(1,228)**	**-**	**-**
United States Dollar	**-**	**2,478**	**-**	**(8)**
Vietnamese Dong	**-**	**66**	**20,861**	**-**
Hong Kong Dollar	**654**	**39**	**654**	**-**
Singapore Dollar	**-**	**206**	**-**	**-**
Malaysia Ringgit	**-**	**201**	**-**	**69**
Thai Baht	**-**	**(188)**	**-**	**(6)**
Chinese Renminbi	**-**	**490**	**-**	**-**
Year Ended 30 September 2017				
Australia Dollar	3,012	560	3,012	-
Sterling Pound	-	(1,035)	-	-
United States Dollar	-	6,613	-	4,544
Vietnamese Dong	-	7,879	19,257	-
Hong Kong Dollar	-	10	-	-
Singapore Dollar	-	1,325	-	-
Malaysia Ringgit	-	(521)	-	53
Thai Baht	-	(527)	-	17
Chinese Renminbi	-	416	-	-

A 10% weakening of the above currencies at the balance sheet date would have had the equal but opposite effect on the respective functional currencies of the Group entities as the amounts shown above, on the basis that all other variables remain constant.

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35. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity Risk

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

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

The table below analyses the maturity profile of the Group's and Company's financial assets and liabilities (including derivative financial instruments) based on contractual undiscounted cash flows.

		Contractual Cash Flows			
	Carrying amount ($'000)	Total cash flows ($'000)	Less than 1 year ($'000)	Between 1 and 5 years ($'000)	Over 5 years ($'000)
The Group					
Year Ended 30 September 2018					
Financial Assets					
Trade receivables	272,192	272,192	272,192	-	-
Other receivables (excluding derivative financial instruments)	19,457	19,457	18,914	543	-
Derivative financial instruments	184	184	184	-	-
Related parties	9,607	9,607	9,607	-	-
Joint venture companies	54,523	54,523	1,863	-	52,660
Associated companies	12	12	12	-	-
Bank fixed deposits	214,830	215,065	215,065	-	-
Cash and bank balances	315,295	317,276	317,276	-	-
	886,100	888,316	835,113	543	52,660
Financial Liabilities					
Trade payables	160,961	160,961	160,961	-	-
Other payables (excluding derivative financial instruments)	202,773	202,773	190,198	12,575	-
Derivative financial instruments	300	300	300	-	-
Borrowings	871,419	947,070	391,048	442,936	113,086
Related parties	9,121	9,121	9,121	-	-
Associated companies	1,253	1,253	1,253	-	-
	1,245,827	1,321,478	752,881	455,511	113,086
Total net undiscounted financial (liabilities)/assets		(433,162)	82,232	(454,968)	(60,426)

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35. FINANCIAL RISK MANAGEMENT (cont'd)

(b) **Liquidity Risk** (cont'd)

		Contractual Cash Flows			
	Carrying amount ($'000)	Total cash flows ($'000)	Less than 1 year ($'000)	Between 1 and 5 years ($'000)	Over 5 years ($'000)
The Group					
Year Ended 30 September 2017					
Financial Assets					
Trade receivables	279,654	279,654	279,654	-	-
Other receivables (excluding derivative financial instruments)	24,939	24,939	24,257	682	-
Derivative financial instruments	236	236	236	-	-
Related parties	7,054	7,054	7,054	-	-
Joint venture companies	49,922	49,922	571	-	49,351
Associated companies	1	1	1	-	-
Bank fixed deposits	293,955	295,757	292,805	2,952	-
Cash and bank balances	843,953	847,625	847,625	-	-
	1,499,714	1,505,188	1,452,203	3,634	49,351
Financial Liabilities					
Trade payables	155,029	155,029	155,029	-	-
Other payables (excluding derivative financial instruments)	203,854	203,854	190,685	13,169	-
Derivative financial instruments	799	799	799	-	-
Borrowings	1,303,089	1,394,233	805,130	472,267	116,836
Related parties	13,689	13,689	13,689	-	-
Joint venture companies	11	11	11	-	-
Associated companies	1,583	1,583	1,583	-	-
	1,678,054	1,769,198	1,166,926	485,436	116,836
Total net undiscounted financial (liabilities)/assets		(264,010)	285,277	(481,802)	(67,485)

35. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity Risk (cont'd)

	Carrying amount ($'000)	Contractual Cash Flows Total cash flows ($'000)	Less than 1 year ($'000)	Between 1 and 5 years ($'000)	Over 5 years ($'000)
The Company					
Year Ended 30 September 2018					
Financial Assets					
Other receivables	**339**	**339**	**339**	**-**	**-**
Subsidiary companies	**22,561**	**22,577**	**22,502**	**75**	**-**
Related parties	**9**	**9**	**9**	**-**	**-**
Bank fixed deposits	**92,263**	**92,415**	**92,415**	**-**	**-**
Cash and bank balances	**108,704**	**110,685**	**110,685**	**-**	**-**
	223,876	**226,025**	**225,950**	**75**	**-**
Financial Liabilities					
Other payables (excluding derivative financial instruments)	**7,865**	**7,865**	**7,865**	**-**	**-**
Derivative financial instruments	**46**	**46**	**46**	**-**	**-**
Subsidiary companies	**628,777**	**706,322**	**25,908**	**566,545**	**113,869**
Borrowings	**180,000**	**180,172**	**180,172**	**-**	**-**
Related parties	**1,265**	**1,265**	**1,265**	**-**	**-**
	817,953	**895,670**	**215,256**	**566,545**	**113,869**
Total net undiscounted financial (liabilities)/assets		**(669,645)**	**10,694**	**(566,470)**	**(113,869)**
Year Ended 30 September 2017					
Financial Assets					
Other receivables	215	215	215	-	-
Subsidiary companies	518,388	518,616	518,537	79	-
Related parties	1	1	1	-	-
Bank fixed deposits	8,684	8,686	8,686	-	-
Cash and bank balances	287,584	291,257	291,257	-	-
	814,872	818,775	818,696	79	-
Financial Liabilities					
Other payables (excluding derivative financial instruments)	7,991	7,991	7,991	-	-
Derivative financial instruments	2	2	2	-	-
Subsidiary companies	868,137	873,422	333,299	540,123	-
Borrowings	360,000	360,234	360,234	-	-
Related parties	1,265	1,265	1,265	-	-
	1,237,395	1,242,914	702,791	540,123	-
Total net undiscounted financial (liabilities)/assets		(424,139)	115,905	(540,044)	-

35. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit Risk

At the balance sheet date, the Group's and the Company's total exposure to credit risk in the event that the counterparties fail to perform their obligations is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and business segment profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	THE GROUP			
	2018		2017	
	($'000)	**% of total**	($'000)	% of total
By Geographical Segment:				
Singapore	**90,331**	**33%**	96,246	34%
Malaysia	**103,946**	**38%**	107,729	39%
Thailand	**61,856**	**23%**	56,056	20%
Others	**16,059**	**6%**	19,623	7%
	272,192	**100%**	279,654	100%
By Business Segment:				
Beverages	**69,112**	**25%**	111,374	39%
Dairies	**145,999**	**54%**	100,968	36%
Printing & Publishing	**57,069**	**21%**	65,886	24%
Others	**12**	**0%**	1,426	1%
	272,192	**100%**	279,654	100%

The Group and the Company have no significant concentration of credit risk. The Group and the Company have policies in place to monitor its credit risk. Sales of products and services are made to customers with an appropriate credit history. Contractual deposits are collected and scheduled progress payments are received from the buyers when due.

Cash and fixed deposits are placed in banks and financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counterparties that have a sound credit rating. Management does not expect any counterparty to fail to meet its obligations.

Information regarding financial assets that are either past due or impaired and ageing analysis is disclosed in Note 24. Management believes that no additional credit risk beyond that provided for is inherent in the Group's trade and other receivables.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's total credit risk exposure for foreign exchange contracts are limited to the fair value adjustments of these contracts. It is the Group's and the Company's policy to enter into financial instruments with a diversity of credit worthy counterparties. The Group and the Company do not expect to incur material credit losses on their financial assets or other financial instruments.

The Group and the Company do not have significant exposure to any individual customer or counterparty.

35. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relate primarily to debt obligation with financial institutions. The Group's policy is to manage interest cost using a mix of fixed and variable rate debts, and interest rate economic effect of converting borrowings from fixed rates to variable rates or vice versa.

	Floating rates	Fixed rates		
	($'000)	Less than 1 year ($'000)	Between 1 to 5 years ($'000)	After 5 years ($'000)
The Group				
Year Ended 30 September 2018				
Assets				
Cash and bank deposits	**2,726**	**417,508**	**-**	**-**
Liabilities				
Borrowings	**300,347**	**74,043**	**397,457**	**99,572**
Year Ended 30 September 2017				
Assets				
Cash and bank deposits	2,094	964,490	2,927	-
Liabilities				
Borrowings	721,017	64,911	417,639	99,522
The Company				
Year Ended 30 September 2018				
Assets				
Cash and bank deposits	**-**	**200,015**	**-**	**-**
Other financial assets	**-**	**18,000**	**-**	**-**
Liabilities				
Borrowings	**180,000**	**-**	**-**	**-**
Other financial liabilities	**-**	**-**	**440,000**	**100,000**
Year Ended 30 September 2017				
Assets				
Cash and bank deposits	-	295,707	-	-
Other financial assets	-	515,000	-	-
Liabilities				
Borrowings	360,000	-	-	-
Other financial liabilities	-	320,000	460,000	-

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The Group and the Company are in a net finance cost position for the year ended 30 September 2018 and 2017.

Sensitivity analysis for interest rate risk

It is estimated that a hundred basis points (bps) increase in interest rate, with all other variables held constant, would decrease the Group's profit after tax by approximately $2,470,000 (2017: $5,967,000) and the Company's profit after tax by approximately $1,494,000 (2017: $2,988,000). A decrease of a hundred bps in interest rate would have an equal but opposite effect. The analysis is performed on the same basis for 2017.

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35. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Market Price Risk

The Group and the Company are exposed to market price risk and the risk of impairment in the value of investments held. The Group and the Company manage the risk of impairment by evaluation of investment opportunities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

Sensitivity analysis for quoted investment risk

If prices for available-for-sale investments increase by 10% with all other variables including tax rate being held constant, the impact on fair value adjustment reserve will be as follows:

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
Fair value adjustment reserve	**1,386**	3,012	**22,247**	22,269

There will be no impact to profit after tax.

A 10% decrease in the underlying equity prices would have had the equal but opposite effect as the amounts shown above. The analysis is performed on the same basis as for 2017 and assumes that all other variables remain constant.

(f) 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:

(i) Cash and bank deposits, other receivables and other payables

The carrying amounts of these items in current assets and current liabilities approximate fair value due to their short term nature. The carrying amount of non-current fixed deposits approximates their fair values as these fixed deposits bear interest rate at the market prevailing interest for similar type of fixed deposits instrument at the end of the reporting period.

(ii) Trade receivables and trade payables

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

(iii) Amounts due from/to related companies

The carrying amounts of amounts due from/to related companies in current assets and current liabilities approximate fair value due to their short term nature. For amounts due to related companies included in long term liabilities, no disclosure of the fair value has been made, as it is not practicable to determine the fair value with sufficient reliability since these balances have no fixed terms of repayment.

(iv) Other investments

Market value of quoted investment is determined by reference to stock exchange quoted prices.

Certain unquoted investments do not have quoted market prices in an active market nor are there other methods of reasonably estimating the fair value readily available. It is not practicable to determine fair value with sufficient reliability without incurring excessive costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

35. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Fair Values (cont'd)

(v) Bank borrowings and term loans

The fair value of fixed rate bank borrowings and term loans are disclosed in Note 28. The carrying values of bank borrowings, and term loans maturing within one year and the floating rate bank borrowings and term loans approximate their fair value.

(vi) Assets and liabilities measured at fair value

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs for the asset or liability that are not based on observable market data

The following table shows an analysis of assets and liabilities financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
The Group				
Year Ended 30 September 2018				
Financial Assets				
Other investments (Note 20)				
- Quoted available-for-sale financial assets	**13,865**	**-**	**-**	**13,865**
Derivative financial instruments (Note 25)	**-**	**184**	**-**	**184**
	13,865	**184**	**-**	**14,049**
Non-Financial Assets				
Investment properties (Note 13)				
- Commercial	**-**	**-**	**41,672**	**41,672**
Financial Liabilities				
Derivative financial instruments (Note 25)	**-**	**300**	**-**	**300**
Year Ended 30 September 2017				
Financial Assets				
Other investments (Note 20)				
- Quoted available-for-sale financial assets	30,117	-	-	30,117
Derivative financial instruments (Note 25)	-	236	-	236
	30,117	236	-	30,353
Non-Financial Assets				
Investment properties (Note 13)				
- Commercial	-	-	40,581	40,581
Financial Liabilities				
Derivative financial instruments (Note 25)	-	799	-	799

NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Fair Values (cont'd)

(vi) Assets and liabilities measured at fair value (cont'd)

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
The Company				
Year Ended 30 September 2018				
Financial Assets				
Other investments (Note 20)				
- Quoted available-for-sale financial assets	**222,471**	**-**	**-**	**222,471**
Financial Liabilities				
Derivative financial instruments (Note 25)	**-**	**46**	**-**	**46**
Year Ended 30 September 2017				
Financial Assets				
Other investments (Note 20)				
- Quoted available-for-sale financial assets	222,691	-	-	222,691
Financial Liabilities				
Derivative financial instruments (Note 25)	-	2	-	2

There have been no transfers between Level 1, Level 2 and Level 3 for the Group and the Company during the financial year ended 2018 and 2017.

The fair value of quoted investments categorised within Level 1 of the fair value hierarchy is determined directly by reference to the quoted market price at the balance sheet date.

The fair value of derivatives categorised within Level 2 of the fair value hierarchy are valued using a valuation technique with market observable inputs. These include forward pricing and swap models, using present value calculations. The models incorporate various inputs such as foreign exchange spot and forward rates.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value as at 30.9.2018 ($'000)	Valuation techniques	Unobservable inputs	Range
Investment Properties	**41,672**	**Investment Approach**	**Discount rate**	**7.25%**
		Discounted Cash Flows	**Discount rate**	**8.20%**
		Direct Comparison Approach	**Market value**	**0% to 39%**

Description	Fair value as at 30.9.2017 ($'000)	Valuation techniques	Unobservable inputs	Range
Investment Properties	40,581	Investment Approach	Discount rate	7.25%
		Discounted Cash Flows	Discount rate	8.40%
		Direct Comparison Approach	Market value	0% to 37%

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

35. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Fair Values (cont'd)

(vi) Assets and liabilities measured at fair value (cont'd)

The following table presents the reconciliation for the investment properties measured at fair value based on unobservable inputs (Level 3):

	2018 ($'000)	2017 ($'000)
The Group		
Balance at beginning of year	40,581	42,863
Currency realignment	528	(558)
Reclassified from fixed assets	262	-
Net fair value loss recognised in the profit statement	301	(1,724)
Balance at end of year	41,672	40,581

(g) Classification of Financial Instruments

Set out below is a comparison by category of carrying amounts of all the Group's and the Company's financial instruments that are carried in the financial statements:

	Loans and receivables ($'000)	Fair value through profit and loss ($'000)	Available-for-sale ($'000)	Liabilities at amortised cost ($'000)	Non-financial assets/ liabilities ($'000)	Total ($'000)
The Group						
Year Ended 30 September 2018						
Assets						
Fixed assets	-	-	-	-	561,459	561,459
Investment properties	-	-	-	-	41,672	41,672
Properties held for development	-	-	-	-	18,529	18,529
Joint venture companies	54,523	-	-	-	(4,403)	50,120
Associated companies	12	-	-	-	2,560,292	2,560,304
Intangible assets	-	-	-	-	104,430	104,430
Brands	-	-	-	-	27,704	27,704
Other investments	-	-	13,879	-	-	13,879
Other receivables	19,457	184	-	-	31,967	51,608
Deferred tax assets	-	-	-	-	6,609	6,609
Inventories	-	-	-	-	242,512	242,512
Trade receivables	272,192	-	-	-	-	272,192
Related parties	9,607	-	-	-	-	9,607
Bank fixed deposits	214,830	-	-	-	-	214,830
Cash and bank balances	315,295	-	-	-	-	315,295
	885,916	184	13,879	-	3,590,771	4,490,750
Liabilities						
Trade payables	-	-	-	160,961	-	160,961
Other payables	-	300	-	202,773	6,924	209,997
Associated companies	-	-	-	1,253	-	1,253
Related parties	-	-	-	9,121	-	9,121
Borrowings	-	-	-	871,419	-	871,419
Provision for taxation	-	-	-	-	32,959	32,959
Provision for employee benefits	-	-	-	-	18,256	18,256
Deferred tax liabilities	-	-	-	-	16,964	16,964
	-	300	-	1,245,527	75,103	1,320,930

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35. FINANCIAL RISK MANAGEMENT (cont'd)

(g) Classification of Financial Instruments (cont'd)

	Loans and receivables ($'000)	Fair value through profit and loss ($'000)	Available-for-sale ($'000)	Liabilities at amortised cost ($'000)	Non-financial assets/ liabilities ($'000)	Total ($'000)
The Group						
Year Ended 30 September 2017						
Assets						
Fixed assets	-	-	-	-	505,643	505,643
Investment properties	-	-	-	-	40,581	40,581
Properties held for development	-	-	-	-	18,025	18,025
Joint venture companies	49,922	-	-	-	(2,682)	47,240
Associated companies	1	-	-	-	2,377,062	2,377,063
Intangible assets	-	-	-	-	93,574	93,574
Brands	-	-	-	-	27,115	27,115
Other investments	-	-	30,131	-	-	30,131
Other receivables	24,939	236	-	-	35,340	60,515
Deferred tax assets	-	-	-	-	9,677	9,677
Inventories	-	-	-	-	247,085	247,085
Trade receivables	279,654	-	-	-	-	279,654
Related parties	7,054	-	-	-	-	7,054
Bank fixed deposits	293,955	-	-	-	-	293,955
Cash and bank balances	843,953	-	-	-	-	843,953
Assets held for sale	3,142	-	-	-	6,745	9,887
	1,502,620	236	30,131	-	3,358,165	4,891,152
Liabilities						
Trade payables	-	-	-	155,029	-	155,029
Other payables	-	799	-	203,854	10,750	215,403
Joint venture companies	-	-	-	11	-	11
Associated companies	-	-	-	1,583	-	1,583
Related parties	-	-	-	13,689	-	13,689
Borrowings	-	-	-	1,303,089	-	1,303,089
Provision for taxation	-	-	-	-	32,990	32,990
Liabilities held for sale	-	-	-	2,371	-	2,371
Provision for employee benefits	-	-	-	-	17,807	17,807
Deferred tax liabilities	-	-	-	-	17,073	17,073
	-	799	-	1,679,626	78,620	1,759,045

NOTES TO THE FINANCIAL STATEMENTS

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35. FINANCIAL RISK MANAGEMENT (cont'd)

(g) Classification of Financial Instruments (cont'd)

	Loans and receivables ($'000)	Fair value through profit and loss ($'000)	Available-for-sale ($'000)	Liabilities at amortised cost ($'000)	Non-financial assets/ liabilities ($'000)	Total ($'000)
The Company						
Year Ended 30 September 2018						
Assets						
Fixed assets	-	-	-	-	269	269
Subsidiary companies	22,561	-	-	-	2,087,545	2,110,106
Intangible assets	-	-	-	-	147	147
Brands	-	-	-	-	212	212
Other investments	-	-	222,485	-	-	222,485
Other receivables	339	-	-	-	19	358
Related parties	9	-	-	-	-	9
Bank fixed deposits	92,263	-	-	-	-	92,263
Cash and bank balances	108,704	-	-	-	-	108,704
	223,876	-	222,485	-	2,088,192	2,534,553
Liabilities						
Other payables	-	46	-	7,865	85	7,996
Subsidiary companies	-	-	-	628,777	-	628,777
Related parties	-	-	-	1,265	-	1,265
Borrowings	-	-	-	180,000	-	180,000
Provision for taxation	-	-	-	-	3,931	3,931
	-	46	-	817,907	4,016	821,969
Year Ended 30 September 2017						
Assets						
Fixed assets	-	-	-	-	332	332
Subsidiary companies	518,388	-	-	-	1,915,745	2,434,133
Intangible assets	-	-	-	-	167	167
Brands	-	-	-	-	212	212
Other investments	-	-	222,705	-	-	222,705
Other receivables	215	-	-	-	460	675
Related parties	1	-	-	-	-	1
Bank fixed deposits	8,684	-	-	-	-	8,684
Cash and bank balances	287,584	-	-	-	-	287,584
	814,872	-	222,705	-	1,916,916	2,954,493
Liabilities						
Other payables	-	2	-	7,991	-	7,993
Subsidiary companies	-	-	-	868,137	-	868,137
Related parties	-	-	-	1,265	-	1,265
Borrowings	-	-	-	360,000	-	360,000
Provision for taxation	-	-	-	-	3,148	3,148
	-	2	-	1,237,393	3,148	1,240,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. No changes were made in the objectives, policies or processes during the years ended 30 September 2018 and 2017.

The Group monitors its cashflow, debt maturity profile, cost of funds, overall liquidity position and gearing ratio on a continuous basis. The Group's policy is to keep gearing ratio at not more than 80% of total equity.

The gearing ratio is calculated as net borrowings divided by total equity. Net borrowings is calculated as borrowings less cash and bank deposits. Total equity is calculated as shareholders' fund plus non-controlling interests.

	THE GROUP		THE COMPANY	
	2018 ($'000)	2017 ($'000) (Restated)	**2018 ($'000)**	2017 ($'000)
Cash and bank deposits	**530,125**	1,137,908	**200,967**	296,268
Borrowings	**(871,419)**	(1,303,089)	**(180,000)**	(360,000)
Net (borrowings)/cash	**(341,294)**	(165,181)	**20,967**	(63,732)
Shareholders' fund	**2,821,216**	2,814,999	**1,712,584**	1,713,950
Total equity (including non-controlling interests)	**3,169,820**	3,132,107	**1,712,584**	1,713,950
Gearing ratio %				
- without non-controlling interests	**12.1**	5.9	**(1.2)**	3.7
- with non-controlling interests	**10.8**	5.3	**(1.2)**	3.7

Certain entities in the Group are required to comply with certain externally imposed capital requirements in respect of certain external borrowings. The Group and the Company are in compliance with all externally imposed capital requirements.

37. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATION

Convergence with International Financial Reporting Standards ("IFRS")

On 29 May 2014, the Accounting Standards Council ("ASC") announced that Singapore-incorporated companies listed on SGX will apply a new financial reporting framework identical to the IFRS for annual periods beginning on or after 1 January 2018. In December 2017, the ASC issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"), which the Group will adopt on 1 October 2018. As a result, the Group's financial statements for the financial year ending 30 September 2019 will be prepared in accordance with SFRS(I)s.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group expects that the adoption of SFRS(I)s will have no material impact on the financial statements in the year of initial application, other than the election of optional exemption to reset its cumulative currency translation differences for all foreign operations to nil at the date of transition at 1 October 2017. As a result, the Group expects to reclassify losses of $208,671,000 from exchange reserve to revenue reserve as at 1 October 2017. After the date of transition, any gain or loss on disposal of foreign operations will exclude the currency translation differences that arose before the date of transition.

37. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATION (cont'd)

Convergence with International Financial Reporting Standards ("IFRS") (cont'd)

The following new SFRS(I)s, amendments to and interpretations of the SFRS(I) that are effective on or after the same date but not yet adopted by the Group are as follows:

Description		Effective for annual periods beginning on or after
Amendments to SFRS(I) 10 and SFRS(I) 1 - 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
Amendments to SFRS(I) 15	Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
Amendments to SFRS(I) 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to SFRS(I) 40	Transfers of Investment Property	1 January 2018
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration Illustrative Examples	1 January 2018
Amendment to SFRS(I) 1	First-time adoption of financial reporting standards	1 January 2018
Amendment to SFRS(I) 1 - 28	Investments in associates and joint ventures	1 January 2018
Amendments to SFRS(I) 4	Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
SFRS(I) 16	Leases	1 January 2019
Amendments to SFRS(I) 9	Prepayment Features with Negative Consideration	1 January 2019
Amendments to SFRS(I) 1 - 28	Long term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I)s 2015 - 2017 cycle		
Amendment to SFRS(I) 3	Business Combinations	1 January 2019
Amendment to SFRS(I) 11	Joint Arrangements	1 January 2019
Amendment to SFRS(I) 1 - 12	Income Taxes	1 January 2019
Amendment to SFRS(I) 1 - 23	Borrowing Costs	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments Illustrative Examples	1 January 2019
SFRS(I) 17	Insurance Contracts Illustrative Examples	1 January 2021

Except for SFRS(I) 15, SFRS(I) 9 and SFRS(I) 16, the Directors expect that the adoption of the other new, amendments to and interpretations of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the following SFRS(I) are described below.

(a) SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has performed a preliminary impact assessment of adopting SFRS(I) based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 15 in October 2018.

Currently, the Group's contracts with customers contain product sales and also terms such as rebates and volume discounts to customers. With the adoption of SFRS(I) 15, these rebates and volume discounts are treated like variable considerations and offset against gross revenue.

The Group has assessed, with the initial application of SFRS(I) 15, the Group's revenue will decrease by 4.5% and operating expenses will decrease by 16.2%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

37. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATION (cont'd)

(b) SFRS(I) 9 Financial Instruments

SFRS(I) 9 Financial Instruments replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. SFRS(I) 9 includes revised guidance on the classification and measurement of financial instruments, including classification and measurement of financial assets, impairment of financial assets and hedge accounting. Retrospective application is required, but comparative information is not compulsory in the year of adoption.

The Group plans to adopt the new standard on 1 October 2018 and elect to apply the short term exemption under SFRS(I) 1, which allows the Group not to restate the comparative information in its FY2019 financial statements. Differences in the carrying amounts of financial assets and liabilities resulting from the adoption of SFRS(I) 9 are to be recognised in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting SFRS(I) 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 9 in October 2018.

(i) Classification and measurement: financial assets

For financial assets currently held at amortised cost and at fair value, the Group expects to continue measuring these financial assets at amortised cost and fair value under SFRS(I) 9. The Group does not expect any significant impact on the financial statements of the Group.

(ii) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all its loans and receivables, either on a 12 month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the increase in impairment loss is expected to be less than 1% of trade receivables and this is to be adjusted against the opening retained earnings as of 1 October 2018.

(c) SFRS(I) 16 Leases

SFRS(I) 16 Leases will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with exceptions to short-term and low-value leases. The accounting for lessors will not change significantly. The standard will affect primarily the accounting for the Group's operating leases.

The Group expects the adoption of SFRS(I) 16 will result in increase in total assets, total liabilities, earnings before interest, taxation, depreciation and amortisation ("EBITDA") and gearing ratio.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS(I) 16 and assessing the possible impact of adoption.

38. SUBSEQUENT EVENTS

On 22 October 2018, the Company announced that F&NI had subscribed for an additional 1,050,000 new shares of US$1 each in EBML for a total cash subscription amount of US$1,050,000 (the "Additional F&NI Investment"). In addition, Sun Ace Company Corporation Limited ("Sun Ace"), a company incorporated in the Republic of the Union of Myanmar, had also subscribed for 300,000 new shares of US$1 each in EBML for a total subscription amount of US$300,000 (the "Sun Ace Investment"). TLAY had not subscribed for any additional shares in EBML and therefore continues to hold 76,500 shares in EBML.

Following the Additional F&NI Investment and the Sun Ace Investment, F&NI holds 1,123,500 shares in EBML, representing approximately 74.9% of the issued share capital of EBML.

39. COMPARATIVE FIGURES

Certain comparative figures have been changed due to the finalisation of the PPA in relation to the Group's investment in Vinamilk, as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

40. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

		Effective Shareholding 2018	Effective Shareholding 2017	Principal Activities
	SUBSIDIARY COMPANIES OF THE COMPANY			
	Country of Incorporation and Place of Business: **Singapore**			
(A)	Fraser & Neave (Singapore) Pte. Limited	**100.0%**	100.0%	Management Services
(A)	F&N Investments Pte Ltd	**100.0%**	100.0%	Investment Holding
(A)	F&N Foods Pte Ltd	**100.0%**	100.0%	Manufacture and Distribution of Dairy Products and Beverages
(A)	Asia Dairies (S) Pte Ltd	**100.0%**	100.0%	Dormant
(A)	F&N Dairy Investments Pte Ltd	**100.0%**	100.0%	Investment Holding
(A)	F&N Interflavine Pte. Ltd.	**100.0%**	100.0%	Beverage Base Manufacturing
(A)	InterF&B Pte. Ltd.	**100.0%**	100.0%	Dormant
(A)	Times Publishing Limited	**100.0%**	100.0%	Investment Holding
(A)	F&NBev Manufacturing Pte. Ltd.	**100.0%**	100.0%	Investment Holding
(A)	F&N Treasury Pte. Ltd.	**100.0%**	100.0%	Provision of Treasury and Financial Services
(A)	F&N Creameries (S) Pte. Ltd. *(Held by a subsidiary company)*	**100.0%**	100.0%	Distribution of Ice Cream
(A)	Warburg Vending Pte Ltd *(Held by a subsidiary company)*	**100.0%**	100.0%	Vending Machine Operator
(A)	Warburg Engineering Pte. Ltd. *(Held by a subsidiary company)*	**100.0%**	100.0%	Machine Repair and Servicing
(A)	Warburg Vending Services Pte. Ltd. *(Held by a subsidiary company)*	**100.0%**	100.0%	Vending Machine Operator
(A)	F&N Myanmar Investments Pte. Ltd.	**100.0%**	100.0%	Investment Holding
	Country of Incorporation and Place of Business: **Hong Kong**			
(B)	Fraser & Neave Investments (Hong Kong) Limited	**100.0%**	100.0%	Dormant
	Country of Incorporation and Place of Business: **Malaysia**			
(B)	Fraser & Neave Holdings Bhd	**55.5%**	55.5%	Investment Holding
(B)	Tiger Tavern Sdn. Bhd.	**100.0%**	100.0%	Dormant
(B)	Magnolia - PDL Dairies (1993) Sdn. Bhd.	**100.0%**	100.0%	Investment Holding
(B)	F&N Services (F&B) Sdn Bhd	**100.0%**	100.0%	Technical Application and Brand Marketing Support Services
(B)	Yoke Food Industries Sdn Bhd *(Held by a subsidiary company)*	**100.0%**	100.0%	Manufacture, Export and Distribution of Soft Drinks
(B)	Warburg Vending Malaysia Sdn. Bhd. *(Held by a subsidiary company)*	**100.0%**	-	Vending Machine Operator

(A) Audited by KPMG LLP Singapore.
(B) Audited by KPMG in the respective countries.

40. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2018	2017	Principal Activities
	SUBSIDIARY COMPANIES OF THE COMPANY (cont'd)			
	Country of Incorporation and Place of Business: **Thailand**			
(B)	F&N United Limited *(Held by a subsidiary company)*	**95.0%**	95.0%	Manufacture and Distribution of Dairy Products
	Country of Incorporation and Place of Business: **Indonesia**			
(E)	PT. F&N Indonesia *(Held by subsidiary companies)*	**100.0%**	100.0%	Dormant
	Country of Incorporation and Place of Business: **Vietnam**			
(B)	F&N Vietnam Limited Liability Company *(Held by a subsidiary company)*	**100.0%**	100.0%	Distribution of Non-alcoholic Beverages and Provision of Management Services
	Country of Incorporation and Place of Business: **Myanmar**			
(D)	F&N Myanmar Services Limited *(Held by a subsidiary company)*	**100.0%**	100.0%	Management Services
(C)(1)	Emerald Brewery Myanmar Limited *(Held by a subsidiary company)* *(All the above companies, incorporated in Myanmar, accounting year ends on 31 March)*	**49.0%**	-	Brewing and Distribution of Beer
	SUBSIDIARY COMPANIES OF F&N CREAMERIES GROUP			
	Country of Incorporation and Place of Business: **Malaysia**			
(B)	F&N Ice Cream Manufacturing (M) Sdn Bhd	**100.0%**	100.0%	Manufacture and Distribution of Ice Cream
(B)	F&N Creameries (M) Sdn Bhd	**100.0%**	100.0%	Distribution and Selling of Ice Cream
(B)	F&N Ice Cream Manufacturing (Sarawak) Sdn Bhd	**100.0%**	100.0%	Dormant
(B)	F&N Creameries (Sarawak) Sdn Bhd	**100.0%**	100.0%	Dormant
	SUBSIDIARY COMPANY OF YOKE FOOD INDUSTRIES GROUP			
	Country of Incorporation and Place of Business: **Indonesia**			
(B)	PT Yoke Food Industries Indonesia	**100.0%**	100.0%	Distribution of Soft Drinks

(B) Audited by KPMG in the respective countries.
(C) To be appointed.
(D) Audited by other firms of auditors.
(E) Not required to be audited under the laws of the country of incorporation.
(1) Company is treated as a subsidiary of the Group by virtue of management control over financial and operating policies of the company.

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40. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2018	Effective Shareholding 2017	Principal Activities
	SUBSIDIARY COMPANIES OF FRASER & NEAVE HOLDINGS GROUP			
	Country of Incorporation and Place of Business: **Malaysia**			
(B)	Fraser & Neave (Malaya) Sdn Bhd	**55.5%**	55.5%	Sale of Soft Drinks and Dairy Products, Provision of Management Services and Property Investment Holding
(B)	F&N Beverages Marketing Sdn Bhd	**55.5%**	55.5%	Distribution and Sale of Soft Drinks and Dairy Products
(B)	F&N Beverages Manufacturing Sdn Bhd	**55.5%**	55.5%	Manufacturing and Sale of Soft Drinks
(B)	F&N Dairies (Malaysia) Sdn Bhd	**55.5%**	55.5%	Dormant
(B)	Premier Milk (Malaya) Sdn Bhd	**55.5%**	55.5%	Dormant
(B) *	Wimanis Sdn Bhd	**55.5%**	55.5%	Dormant
(B)	Lettricia Corporation Sdn Bhd	**38.9%**	38.9%	Property Development
(B)	Elsinburg Holdings Sdn Bhd	**55.5%**	55.5%	Dormant
(B)	Nuvak Company Sdn Bhd	**55.5%**	55.5%	Property Development
(B)	Greenclipper Corporation Sdn Bhd	**55.5%**	55.5%	Property Development
(B)	Utas Mutiara Sdn Bhd	**55.5%**	55.5%	Property Investment Holding
(B)	Borneo Springs Sdn Bhd	**55.5%**	55.5%	Manufacturing and Sale of Mineral Water, Drinking Water and Rental of Dispensers
(B)	F&N Dairies Manufacturing Sdn Bhd	**55.5%**	55.5%	Manufacturing and Sale of Dairy Products
(B)	F&N Properties Sdn Bhd	**55.5%**	55.5%	Provision of Property Management Services
(B)	F&N Capital Sdn Bhd	**55.5%**	55.5%	Provision of Financial and Treasury Services
(B)	Tropical League Sdn Bhd	**55.5%**	55.5%	Property Development
	Country of Incorporation and Place of Business: **Singapore**			
(A)	F&N Dairies Distribution (Singapore) Pte Ltd	**55.5%**	55.5%	Distribution of Dairy Products
	Country of Incorporation and Place of Business: **Thailand**			
(B)	F&N Dairies (Thailand) Limited	**55.5%**	55.5%	Manufacturing, Distribution and Sale of Dairy Products
	Country of Incorporation and Place of Business: **British Virgin Islands**			
(B)	Lion Share Management Limited	**55.5%**	55.5%	Brand Owner
	Country of Incorporation and Place of Business: **Brunei**			
(B)	F&N Marketing (B) Sdn Bhd	**55.5%**	55.5%	Sale of Soft Drinks and Dairy Products

(A) Audited by KPMG LLP Singapore.
(B) Audited by KPMG in the respective countries.
* In voluntary liquidation

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

40. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2018	Effective Shareholding 2017	Principal Activities
	SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP			
	Country of Incorporation and Place of Business: **Singapore**			
(A)	Marshall Cavendish International Private Limited	**100.0%**	100.0%	Investment Holding
(A)	Marshall Cavendish International (Asia) Private Limited	**100.0%**	100.0%	Publishing of Trade Books
(A)	Marshall Cavendish Education Pte. Ltd.	**100.0%**	100.0%	Publishing - Education
(A)	Marshall Cavendish Business Information Private Limited	**100.0%**	100.0%	Publishing of Trade Directory and Business Information
(E)	Educational Technologies Private Limited	**100.0%**	100.0%	Dormant
(A)	Marshall Cavendish Institute Pte. Ltd.	**100.0%**	100.0%	Publishing - Education
(A)	Pansing Distribution Private Limited	**100.0%**	100.0%	Distribution of Books and Magazines
(E)	Times Graphics Private Limited	**100.0%**	100.0%	Dormant
(A)	Times Printers Private Limited	**100.0%**	100.0%	Commercial Printing
(A)	Times Distribution Pte. Ltd. *(formerly Penguin Random House Pte. Ltd.)*	**100.0%**	-	Distribution of Books and Magazines
	Country of Incorporation: **Singapore** Place of Business: **Singapore and Malaysia**			
(A)	Times Experience Pte. Ltd. *(Times The Bookshop Pte Ltd and Times Experience Pte. Ltd. have been amalgamated with effect from 1 January 2018.)*	**100.0%**	100.0%	Retail - Books, Stationery, Magazines and Periodicals
	Country of Incorporation and Place of Business: **Malaysia**			
(B)	Marshall Cavendish (Malaysia) Sdn. Bhd.	**100.0%**	100.0%	Publishing - Education, Business Information and Trade Books
(B)	STP Distributors (M) Sendirian Berhad	**100.0%**	100.0%	Dormant
(B)	Pansing Marketing Sdn Bhd	**100.0%**	100.0%	Distribution of Books and Magazines
(B)	Times Offset (Malaysia) Sdn Bhd	**100.0%**	100.0%	Commercial Printing
(B)	Pansing Distribution Sdn Bhd	**100.0%**	100.0%	Distribution of Books and Magazines
(B)	Times Distribution (M) Sdn Bhd *(formerly Penguin Book Malaysia Sdn. Bhd.)*	**100.0%**	-	Distribution of Books and Magazines
	Country of Incorporation: **Hong Kong** Place of Business: **Hong Kong/Thailand**			
(B)	Far East Publications Limited	**100.0%**	100.0%	Distribution of Home Library Reference Books
	Country of Incorporation and Place of Business: **Thailand**			
(B)(1)	Marshall Cavendish International (Thailand) Co., Ltd	**49.0%**	49.0%	Publishing - Education

(A) Audited by KPMG LLP Singapore.
(B) Audited by KPMG in the respective countries.
(E) Not required to be audited under the laws of the country of incorporation.
(1) Company is treated as a subsidiary of the Group by virtue of management control over financial and operating policies of the company.

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

40. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2018	Effective Shareholding 2017	Principal Activities
	SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (cont'd)			
	Country of Incorporation and Place of Business: **Hong Kong**			
(B)	Everbest Printing Holdings Limited	**100.0%**	100.0%	Investment Holding
(B)	Everbest Printing Investment Limited	**100.0%**	100.0%	Investment Holding and Commercial Printing
(B)	Everbest Printing Company Limited	**100.0%**	100.0%	Commercial Printing
(B)	Marshall Cavendish Business Information (HK) Limited	**100.0%**	100.0%	Publishing of Trade Directory and Business Information
(B)	Times Publishing (Hong Kong) Limited	**100.0%**	100.0%	Education Publishing and Distribution of Magazines
(B)	Educational Technologies Limited	**100.0%**	100.0%	Publishing and Selling of Home Library Reference Books
	Country of Incorporation and Place of Business: **China**			
(B)	Everbest Printing (Guangzhou) Company Limited	**100.0%**	100.0%	Commercial Printing
(D)(2)	Shanxi Xinhua Times Packaging Printing Co., Ltd	**-**	51.0%	Commercial Printing and Packaging
(E)	Marshall Cavendish (Beijing) Co. Ltd *(All the above companies, incorporated in China, accounting year ends on 31 December)*	**100.0%**	100.0%	Dormant
	Country of Incorporation and Place of Business: **India**			
(B)	Direct Educational Technologies India Pvt. Ltd. *(Accounting year ends on 31 March)*	**100.0%**	100.0%	Distribution of Home Library Reference Books
	Country of Incorporation and Place of Business: **Australia**			
(E)	Musicway Corporation Pty Ltd	**100.0%**	100.0%	Distribution of Lifestyle Accessories and Storage Products
(E)	Marshall Cavendish (Australia) Pty. Limited	**100.0%**	100.0%	Investment Holding
	Country of Incorporation and Place of Business: **United Kingdom**			
(B)	Marshall Cavendish Limited	**100.0%**	100.0%	Investment Holding
	Country of Incorporation and Place of Business: **United States of America**			
(E)	Marshall Cavendish Corporation	**100.0%**	100.0%	Publishing of Library Reference Books

(B) Audited by KPMG in the respective countries.

(D) Audited by other firms of auditors.

(E) Not required to be audited under the laws of the country of incorporation.

(2) Classified as Assets and Liabilities Held for Sale (Note 26) in 2017. As at 30 September 2018, the discussion for sale was terminated and the company is treated as a joint venture company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

40. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

		Effective Shareholding 2018	Effective Shareholding 2017	Principal Activities
	SUBSIDIARY COMPANIES OF TIMES PUBLISHING GROUP (cont'd)			
	Country of Incorporation and Place of Business: **Chile**			
(D)	Marshall Cavendish Education Chile SpA *(Accounting year ends on 31 December)*	**100.0%**	100.0%	Publishing - Education
	JOINT VENTURE COMPANY OF FRASER & NEAVE HOLDINGS GROUP			
	Country of Incorporation and Place of Business: **Malaysia**			
(B)	Vacaron Company Sdn Bhd	**27.8%**	27.8%	Property Development
	JOINT VENTURE COMPANY OF TIMES PUBLISHING GROUP			
	Country of Incorporation and Place of Business: **China**			
(D)(4)	Shanxi Xinhua Times Packaging Printing Co., Ltd *(Accounting year ends on 31 December)*	**51.0%**	-	Commercial Printing and Packaging
	ASSOCIATED COMPANY OF FRASER AND NEAVE, LIMITED GROUP			
	Country of Incorporation and Place of Business: **Vietnam**			
(B)(3)	Vietnam Dairy Products Joint Stock Company *(Accounting year ends on 31 December)*	**20.0%**	18.7%	Manufacture and Distribution of Dairy Products and Beverages
	ASSOCIATED COMPANY OF FRASER & NEAVE HOLDINGS GROUP			
	Country of Incorporation and Place of Business: **Malaysia**			
(D)	Cocoaland Holdings Berhad *(Accounting year ends on 31 December)*	**15.1%**	15.1%	Investment Holding
	ASSOCIATED COMPANIES OF TIMES PUBLISHING GROUP			
	Country of Incorporation and Place of Business: **China**			
(E)	Beijing Universal Times Culture Development Co., Ltd. *(Accounting year ends on 31 December)*	**40.0%**	40.0%	Dormant
	Country of Incorporation and Place of Business: **Nigeria**			
(E)	Transworld Times Press (Africa) Limited *(Accounting year ends on 31 December)*	**40.0%**	40.0%	Dormant

(B) Audited by KPMG in the respective countries.
(D) Audited by other firms of auditors.
(E) Not required to be audited under the laws of the country of incorporation.
(3) Company is treated as an associated company of the Group by virtue of significant influence over the company.
(4) Company is treated as a joint venture company by virtue of shared control.

PARTICULARS OF GROUP PROPERTIES

The main properties as at 30 September 2018 and their net book values are indicated below:
("F&N" refers to Fraser and Neave Group and "TPL" refers to Times Publishing Group)

				Land ($'000)	Building ($'000)
(A) CLASSIFIED AS FIXED ASSETS (Note 12 to the Financial Statements)					
FREEHOLD					
Singapore					
TPL	-	1.1	hectares industrial property at Times Centre, 1 New Industrial Road	6,100	3,639
Peninsular Malaysia					
F&N	-	12.8	hectares industrial property at No. 1, Jalan Bukit Belimbing 26/38, Persiaran Kuala Selangor, Section 26, Shah Alam, Selangor	12,199	21,797
	-	5.2	hectares industrial park land at Lot 3-2, Lion Industrial Park, Shah Alam, Selangor	3,861	-
	-	2.3	hectares industrial property at 3724 to 3726, Jalan Sungei Nyior, Butterworth, Pulau Pinang	1,560	551
	-	2.7	hectares industrial property at 217, Jalan Lahat, Ipoh, Perak	931	1,074
	-	2.2	hectares industrial property at Batu 4 3/4, Jalan Tampoi, Johor Bahru, Johor	2,533	917
	-	0.6	hectares industrial property at Lot 6, Jalan Tampoi, Johor Bahru, Johor	347	45
	-	0.1	hectares office premise at No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, Kuala Lumpur	-	3,971
	-	0.4	hectares industrial property at Seksyen 26, Shah Alam, Selangor	538	260
	-	2.0	hectares industrial property at Lot 7399 & 8081, Jalan Mempaga, Mukim Sabai, Karak, Pahang	763	4,357
	-	0.3	hectares office premise at Level 1, 5, 6 & 7, Kompleks Metro Pudu, No. 1, Jalan Metro Pudu 2, Fraser Business Park, Off Jalan Yew, Kuala Lumpur	-	3,835
	-		Other properties	308	68
TPL	-	1.2	hectares industrial property at Lot 46, Subang Hi-Tech Industrial Park, Batu Tiga, Shah Alam, Selangor	1,273	1,676
East Malaysia					
F&N	-	1.1	hectares industrial property at No. 94, Batu 11, Jalan Matang, Kuching, Sarawak	1,448	1,236
Thailand					
F&N	-	9.2	hectares industrial property at 668 Moo 4 Rojana Industrial Park Zone 2, U-thai, Phra Nakhon Si Ayutthaya 13210	7,171	45,106
United States of America					
TPL	-	0.2	hectares commercial property at 99 White Plains Road, Tarrytown, New York	684	2,506
Total Freehold				**39,716**	**91,038**
LEASEHOLD					
Singapore					
F&N	-	4.0	hectares industrial property at 214 Pandan Loop (Lease expires year 2040)	-	9,801
	-	0.1	hectares industrial property at 51 Quality Road (Lease expires year 2044)	-	24
	-	0.1	hectares industrial property at 53 Loyang Way (Lease expires year 2029)	3,279	-
TPL	-	1.9	hectares industrial property at 16 & 18 Tuas Avenue 5 (Lease expires year 2043)	-	10,630

PARTICULARS OF GROUP PROPERTIES

				Land ($'000)	Building ($'000)
(A)	**CLASSIFIED AS FIXED ASSETS** (cont'd) **(Note 12 to the Financial Statements)**				
	LEASEHOLD (cont'd)				
	Peninsular Malaysia				
	F&N	-	15.1 hectares industrial property at Lot 56, Jalan Sungai Pinang 4/5, Selangor Halal Hub Taman Perindustrian Pulau Indah Fasa 2, Pulau Indah, Selangor (Lease expires year 2097)	8,701	49,666
		-	2.0 hectares industrial property at Plot 183 & 184, Jalan Cyber 9, Senai, Johor (Lease expires year 2068)	1,438	3,997
		-	2.0 hectares industrial property at Plot 182, Jalan Cyber 9, Senai, Johor (Lease expires year 2073)	964	1,514
		-	Other properties	333	140
	East Malaysia				
	F&N	-	2.6 hectares industrial property at 5 1/2 Mile, Jalan Tuaran, Inanam, Kota Kinabalu, Sabah (Lease expires year 2062)	633	1,595
		-	8.6 hectares industrial park land at Lot 808, Kota Kinabalu Industrial Park, Sabah (Lease expires year 2096)	8,473	-
		-	2.4 hectares industrial property at Lot 1581 Block 4, Matang Land District, Kuching, Sarawak (Lease expires year 2071)	1,286	649
		-	2.9 hectares industrial property at 3 1/2 Mile, Jalan Penrissen, Kuching, Sarawak (Lease expires year 2074)	2,045	6,203
		-	Shop office at Lot 142, Section 63, Kuching, Sarawak (Lease expires year 2784)	74	49
		-	0.4 hectares industrial property at Lot 1008, Bintawa Industrial Estate, Kuching, Sarawak (Lease expires year 2035)	18	67
	Thailand				
	F&N	-	3.5 hectares industrial property at No. 19/111 Moo 7 95 Thakarm Road, Samaedam, Bangkhuntien, Bangkok (Lease expires year 2029)	-	161
		-	1.2 hectares industrial property at 90 Moo 8 Mittraparp Road, Phayayen District, Amphur Pakchong, Nakornratchasima Province 30320 (Lease expires year 2037)	-	1,203
	TPL	-	Warehouse at Soi Wat Kok #20/526-527, Rama II Road, Bangkok (Lease expires year 2021)	-	10
	Myanmar				
	F&N	-	13.3 hectares industrial land at Yay Ta La Baun Village Tract, Helgu Township, Yangon (Lease expires year 2068)	15,010	-
	China/Hong Kong				
	TPL	-	Industrial property at Nansha District, Guangzhou City, Guangdong, China (Lease expires year 2044)	2,155	11,487
		-	Offices at Seaview Estate - 10th Floor Block C, No. 8 Watson Road, North Point, Hong Kong (Lease expires year 2057)	4,020	96
		-	Offices at Seaview Estate - 9th Floor Block C, No. 8 Watson Road, North Point, Hong Kong (Lease expires year 2057)	3,815	85
	Total Leasehold			**52,244**	**97,377**
	TOTAL PROPERTIES (CLASSIFIED AS FIXED ASSETS)			**91,960**	**188,415**

PARTICULARS OF GROUP PROPERTIES

				Land ($'000)	Building ($'000)
(B)	**CLASSIFIED AS COMPLETED INVESTMENT PROPERTIES (Note 13 to the Financial Statements)**				
	Singapore				
	TPL	-	0.7 hectares industrial property at 438 Ang Mo Kio Industrial Park 1 Leasehold (Lease expires year 2038)	-	12,100
	Peninsular Malaysia				
	F&N	-	A building comprising office (LG to 5th Floor) at Kompleks Metro Pudu, No. 1, Jalan Metro Pudu 2, Fraser Business Park, Off Jalan Yew, Kuala Lumpur Freehold, lettable area - 4,702 sqm	-	16,125
		-	Office at Lot 682 Seksyen 92, Fraser Business Park, Off Jalan Yew, Kuala Lumpur Freehold, lettable area - 3,787 sqm	-	180
	Hong Kong				
	TPL	-	Shop unit at Houston Centre, 63 Mody Road, Tsim Sha Tsui, Kowloon Leasehold (Lease expires year 2053), lettable area - 68 sqm	1,339	129
		-	0.2 hectares office at Unit 1, 10th Floor of Block A, Unit 5, 10th Floor of Block C and car park at No. 56, Ground Floor of Block C, Ko Fai Industrial Building, No. 7 Ko Fai Road, Yau Tong, Kowloon Leasehold (Lease expires year 2047)	-	11,799
	TOTAL PROPERTIES (CLASSIFIED AS INVESTMENT PROPERTIES)			**1,339**	**40,333**

				Stage of Completion %	Estimated Date of Completion	Effective Group Interest %
(C)	**CLASSIFIED AS PROPERTIES HELD FOR DEVELOPMENT (Note 14 to the Financial Statements)**					
	Peninsular Malaysia					
	F&N	-	Freehold land of approximately 3,787 sqm at Fraser Business Park, Off Jalan Yew, Kuala Lumpur.	-	-	56
		-	Freehold land of approximately 188,182 sqm for a residential property development at Lot 609, Mukim Hulu Semenyih, District of Hulu Langat, Selangor.	-	-	56
		-	Freehold land of approximately 57,105 sqm for a residential property development at Lot 1954, Mukim Hulu Semenyih, District of Hulu Langat, Selangor.	-	-	56
		-	Freehold land of approximately 12,759 sqm for a commercial property development at Lot 47261, Jalan Balau 1, Jalan Dato Sulaiman, Jalan Tebrau, Mukim Bandar, Johor Bahru.	-	-	56

SHAREHOLDING STATISTICS
AS AT 12 DECEMBER 2018

Class of Shares - Ordinary shares
Voting Rights - One vote per share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%*
1 - 99	127	1.72	4,045	0.00
100 - 1,000	1,381	18.73	1,218,014	0.08
1,001 - 10,000	4,487	60.87	19,263,661	1.33
10,001 - 1,000,000	1,364	18.50	62,949,634	4.35
1,000,001 and above	13	0.18	1,364,685,799	94.24
TOTAL	**7,372**	**100.00**	**1,448,121,153**	**100.00**

TOP TWENTY SHAREHOLDERS (as shown in the Register of Members and Depository Register)

No.	Shareholder's Name	Shareholdings	%*
1	DBS Nominees Pte Ltd	444,032,941	30.66
2	United Overseas Bank Nominees Pte Ltd	430,238,861	29.71
3	InterBev Investment Limited	412,423,822	28.48
4	Citibank Nominees Singapore Pte Ltd	45,780,697	3.16
5	DBS Vickers Securities (Singapore) Pte Ltd	10,232,075	0.71
6	UOB Kay Hian Pte Ltd	6,651,770	0.46
7	Raffles Nominees (Pte) Ltd	5,029,581	0.35
8	BPSS Nominees Singapore (Pte) Ltd	3,137,220	0.22
9	Phay Thong Huat Pte Ltd	1,799,000	0.12
10	DBSN Services Pte Ltd	1,307,146	0.09
11	Phillip Securities Pte Ltd	1,109,784	0.08
12	Estate of Chua Eng Him, Deceased	1,065,000	0.07
13	The Titular Roman Catholic Archbishop of Kuala Lumpur	1,006,720	0.07
14	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,002,308	0.07
15	The HongKong and Shanghai Banking Corporation Limited	925,532	0.06
16	Choo Meileen	906,065	0.06
17	Chee Swee Cheng & Co Pte Ltd	846,610	0.06
18	CGS-CIMB Securities (Singapore) Pte Ltd	733,604	0.05
19	Thia Cheng Song	730,000	0.05
20	OCBC Nominees Singapore Pte Ltd	729,160	0.05
TOTAL		**1,369,687,896**	**94.58**

SHAREHOLDING STATISTICS

AS AT 12 DECEMBER 2018

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

	Direct Interest		Deemed Interest	
	No. of Shares	%*	No. of Shares	%*
TCC Assets Limited	858,080,062	59.25	-	-
InterBev Investment Limited	412,423,822	28.48	-	-
International Beverage Holdings Limited (1)	-	-	412,423,822	28.48
Thai Beverage Public Company Limited (2)	-	-	412,423,822	28.48
Siriwana Company Limited (3)	-	-	412,423,822	28.48
MM Group Limited (4)	-	-	412,423,822	28.48
Maxtop Management Corp. (4)	-	-	412,423,822	28.48
Risen Mark Enterprise Ltd. (4)	-	-	412,423,822	28.48
Golden Capital (Singapore) Limited (4)	-	-	412,423,822	28.48
Charoen Sirivadhanabhakdi (5)	-	-	1,270,503,884	87.73
Khunying Wanna Sirivadhanabhakdi (5)	-	-	1,270,503,884	87.73

To the best of the Company's knowledge and based on records of the Company as at 12 December 2018, approximately 12%* of the issued shares (excluding treasury shares) of the Company are held in the hands of the public and this complies with Rule 723 of the Listing Manual.

Notes:

* Percentage is based on 1,448,121,153 shares (excluding 131,126 treasury shares) as at 12 December 2018.

(1) International Beverage Holdings Limited ("**IBHL**") holds a 100% direct interest in InterBev Investment Limited ("**IBIL**") and is therefore deemed to be interested in all of the shares of Fraser and Neave, Limited ("**F&N**") in which IBIL has an interest.

(2) Thai Beverage Public Company Limited ("**ThaiBev**") holds a 100% direct interest in IBHL, which in turn holds a 100% direct interest in IBIL. ThaiBev is therefore deemed to be interested in all of the shares of F&N in which IBIL has an interest.

(3) Siriwana Company Limited ("**Siriwana**") holds approximately an aggregate of 45.27% direct interest in ThaiBev.
- ThaiBev holds a 100% direct interest in IBHL; and
- IBHL holds a 100% direct interest in IBIL.

Siriwana is therefore deemed to be interested in all of the shares of F&N in which IBIL has an interest.

(4) MM Group Limited ("**MM Group**") holds a 100% direct interest in each of Maxtop Management Corp. ("**Maxtop**"), Risen Mark Enterprise Ltd. ("**RM**") and Golden Capital (Singapore) Limited ("**GC**");
- Maxtop holds a 17.23% direct interest in ThaiBev;
- RM holds a 3.32% direct interest in ThaiBev;
- GC holds a 0.06% direct interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL; and
- IBHL holds a 100% direct interest in IBIL.

MM Group is therefore deemed to be interested in all of the shares of F&N in which IBIL has an interest.

(5) Each of Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, owns 50% of the issued share capital of TCC Assets Limited ("**TCCA**"), and is therefore deemed to be interested in all of the shares of F&N in which TCCA has an interest. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi also jointly hold:
- a 51% direct interest in Siriwana. Siriwana holds an aggregate of approximately 45.27% interest in ThaiBev; and
- a 100% direct interest in MM Group. MM Group holds a 100% direct interest in each of Maxtop, RM and GC. Maxtop holds a 17.23% direct interest in ThaiBev; RM holds a 3.32% direct interest in ThaiBev; and GC holds a 0.06% direct interest in ThaiBev.

ThaiBev holds a 100% direct interest in IBHL, which in turn holds a 100% direct interest in IBIL. Each of Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is therefore deemed to be interested in all of the shares of F&N in which IBIL has an interest.

INTERESTED PERSON TRANSACTIONS

Particulars of interested person transactions ("IPTs") for the period from 1 October 2017 to 30 September 2018 as required under Rule 907 of the SGX Listing Manual are set out below.

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ($'000)	Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) ($'000)
TCC Group of Companies [1]		
- Sale of products and provision of services	Nil	2,583
- Provision of management and support services	804	365
- Reimbursement and recovery of advertising and promotional expenses	10,069	Nil
- Purchase of products and obtaining of services	Nil	11,925
- Obtaining of marketing services	1,220	Nil
- Lease of office/commercial space	Nil	525

Note:

(1) This refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

MATERIAL CONTRACTS (RULE 1207(8) OF THE SGX LISTING MANUAL)

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or controlling shareholder of the Company during the financial year under review, save as disclosed above and in this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

FRASER AND NEAVE, LIMITED

(Company Registration No. 189800001R)
(Incorporated in Singapore)

NOTICE OF ANNUAL GENERAL MEETING

Date : Tuesday, 29 January 2019

Place : Ballrooms I, II and III
Level 2, InterContinental Singapore
80 Middle Road
Singapore 188966

NOTICE IS HEREBY GIVEN that the 120th Annual General Meeting of FRASER AND NEAVE, LIMITED (the "**Company**") will be held at Ballrooms I, II and III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 29 January 2019 at 9.30 a.m. for the following purposes:

ROUTINE BUSINESS

1. To receive and adopt the Directors' statement and audited financial statements for the year ended 30 September 2018 and the auditors' report thereon.

2. To approve a final tax-exempt (one tier) dividend of 3.0 cents per share in respect of the year ended 30 September 2018.

3. To pass the following resolutions on the recommendation of the Nominating Committee and endorsement of the Board of Directors in respect of appointment of Directors[1]:

   (a) "That Mr Charoen Sirivadhanabhakdi, who will retire by rotation pursuant to article 117 of the Constitution of the Company and who, being eligible, has offered himself for re-election, be and is hereby re-appointed as a Director of the Company."

   Subject to his re-appointment, Mr Charoen will be re-appointed as Chairman of the Board of Directors.

   (b) "That Tengku Syed Badarudin Jamalullail, who will retire by rotation pursuant to article 117 of the Constitution of the Company and who, being eligible, has offered himself for re-election, be and is hereby re-appointed as a Director of the Company."

   Subject to his re-appointment, Tengku Syed, who is considered an independent Director, will be re-appointed as Lead Independent Director and Chairman of the Nominating Committee.

   (c) "That Mr Koh Poh Tiong, who will retire by rotation pursuant to article 117 of the Constitution of the Company and who, being eligible, has offered himself for re-election, be and is hereby re-appointed as a Director of the Company."

   Subject to his re-appointment, Mr Koh will be re-appointed as Chairman of the Board Executive Committee and Chairman of the Sustainability and Risk Management Committee.

   (d) "That Mr Chotiphat Bijananda, who will retire by rotation pursuant to article 117 of the Constitution of the Company and who, being eligible, has offered himself for re-election, be and is hereby re-appointed as a Director of the Company."

4. To approve Directors' fees of up to S$2,000,000 payable by the Company for the year ending 30 September 2019 (last year: up to S$2,000,000).

5. To re-appoint KPMG LLP as the auditors of the Company and to authorise the Directors to fix their remuneration.

[1] Detailed information on the Directors who are proposed to be re-appointed can be found under the sections entitled "Board of Directors", "Corporate Governance" and "Additional Information on Directors Seeking Re-appointment" in the 2018 Annual Report of the Company.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions, which will be proposed as Ordinary Resolutions:

6. "That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

7. "That authority be and is given to the Directors of the Company to allot and issue such number of ordinary shares of the Company as may be required to be delivered pursuant to the vesting of awards granted under the F&N Restricted Share Plan (the "**Restricted Share Plan**") and/or the F&N Performance Share Plan (the "**Performance Share Plan**"), provided that the aggregate number of new ordinary shares allotted and issued and/or to be allotted and issued, when aggregated with existing ordinary shares (including shares held in treasury) delivered and/or to be delivered, pursuant to the Restricted Share Plan and the Performance Share Plan, shall not exceed 10% of the total number of issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings) from time to time, and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited."

NOTICE OF ANNUAL GENERAL MEETING

8. "That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares of the Company as may be required to be allotted and issued pursuant to the Fraser and Neave, Limited Scrip Dividend Scheme."

9. "That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Company's Letter to Shareholders dated 4 January 2019 (the "**Letter**"), with any party who is of the class of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution."

10. "That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") transacted through the trading system of the SGX-ST and/or any other securities exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange, immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Percentage**" means that number of issued Shares representing 7% of the issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed 105% of the Average Closing Price of the Shares; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

11. "That:

(a) a new restricted share plan to be known as the "F&N Restricted Share Plan 2019" (the "**F&N RSP 2019**"), the rules of which, for the purpose of identification, have been subscribed to by the Company Secretary, under which awards ("**Awards**") of fully-paid ordinary shares of the Company ("**Shares**"), their equivalent in cash value or combinations thereof will be granted, free of payment, to selected employees of the Company and its subsidiaries, details of which are set out in the Company's Letter to Shareholders dated 4 January 2019, be and is hereby approved;

(b) the Directors of the Company be and are hereby authorised:

(i) to establish and administer the F&N RSP 2019; and

(ii) to modify and/or alter the F&N RSP 2019 at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the F&N RSP 2019, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the F&N RSP 2019; and

(c) the Directors of the Company be and are hereby authorised to grant the Awards in accordance with the provisions of the F&N RSP 2019 and to allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of the Awards under the F&N RSP 2019, provided that the aggregate number of new Shares allotted and issued and/or to be allotted and issued, when aggregated with existing Shares (including treasury shares) delivered and/or to be delivered, pursuant to the F&N RSP 2019, shall not exceed 8% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time, and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited."

BY ORDER OF THE BOARD

Hui Choon Kit
Company Secretary

4 January 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the office of the share registrar of the Company, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road #11-02, Singapore 068898, not less than 72 hours before the time appointed for holding the Annual General Meeting.

EXPLANATORY NOTES:

(a) The Ordinary Resolution proposed in item 6 above is to authorise the Directors of the Company from the date of the Annual General Meeting until the next Annual General Meeting to issue shares and/or make or grant instruments that might require shares to be issued, and to issue shares in pursuance of such instruments, up to a limit of 50% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) with a sub-limit of 20% for issues other than on a *pro rata* basis, calculated as described in the Resolution. As at 12 December 2018 (the "**Latest Practicable Date**"), the Company had 131,126 treasury shares and no subsidiary holdings.

(b) The Ordinary Resolution proposed in item 7 above is to authorise the Directors of the Company to issue ordinary shares of the Company pursuant to vesting of awards granted pursuant to the F&N Restricted Share Plan (the "**Restricted Share Plan**") and the F&N Performance Share Plan (the "**Performance Share Plan**"), provided that the aggregate number of new ordinary shares allotted and issued and/or to be allotted and issued, when aggregated with existing ordinary shares (including shares held in treasury) delivered and/or to be delivered, pursuant to the Restricted Share Plan and the Performance Share Plan, shall not exceed 10% of the total number of issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings) from time to time. The Restricted Share Plan and the Performance Share Plan will be expiring on 21 January 2019. The expiry of the Restricted Share Plan and the Performance Share Plan will not, however, affect awards granted prior to such expiry, whether such awards have been released (whether fully or partially) or not.

(c) The Ordinary Resolution proposed in item 8 above is to authorise the Directors of the Company to allot and issue ordinary shares of the Company pursuant to the Fraser and Neave, Limited Scrip Dividend Scheme to eligible members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

(d) The Ordinary Resolution proposed in item 9 above is to renew the mandate to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9 of the Listing Manual, or any of them, to enter into certain interested person transactions with specified classes of interested persons, as described in the Appendix to the Letter to Shareholders dated 4 January 2019 (the "**Letter**"). Please refer to the Letter for more details.

(e) The Ordinary Resolution proposed in item 10 above is to renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

The Company intends to use internal resources or external borrowings or a combination of both to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

NOTICE OF ANNUAL GENERAL MEETING

Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition of (i) 28,962,423 ordinary shares on the Latest Practicable Date, representing 2% of the issued ordinary shares (excluding treasury shares) as at that date, and (ii) 101,368,480 ordinary shares on the Latest Practicable Date, representing 7% of the issued ordinary shares (excluding treasury shares) as at that date, at the maximum price of S$1.88 for one ordinary share (being the price equivalent to 5% above the average of the closing market prices of the ordinary shares for the five consecutive market days on which the ordinary shares were traded on the Singapore Exchange Securities Trading Limited immediately preceding the Latest Practicable Date), in the case of a market purchase and an off-market purchase respectively, based on the audited financial statements of the Company and its subsidiaries for the financial year ended 30 September 2018 and certain assumptions, are set out in paragraph 3.7 of the Letter.

Please refer to the Letter for more details.

(f) The Ordinary Resolution proposed in item 11 above is to adopt the new F&N Restricted Share Plan 2019 (the "**F&N RSP 2019**"), following the expiry of the existing Restricted Share Plan and the Performance Share Plan on 21 January 2019. If passed, the Ordinary Resolution will empower the Directors to grant awards, and to allot and issue new ordinary shares of the Company, pursuant to the F&N RSP 2019. The total number of shares which may be delivered pursuant to awards granted under the F&N RSP 2019 shall not exceed 8% of the total number of issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings) from time to time. The rationale for the adoption of the F&N RSP 2019 and summary of the principal rules of the F&N RSP 2019 are set out in paragraphs 4.4 and 4.6 of the Letter, respectively. Please refer to the Letter for more details.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT:

The following additional information on Mr Charoen Sirivadhanabhakdi, Tengku Syed Badarudin Jamalullail, Mr Koh Poh Tiong and Mr Chotiphat Bijananda, all of whom are seeking re-appointment as Directors at the 120th Annual General Meeting, is to be read in conjunction with their respective biographies on pages 12 to 21.

	MR CHAROEN SIRIVADHANABHAKDI **Chairman / Non-Independent and Non-Executive Director**
The Board's comments on the re-appointment	Mr Charoen has wide and deep business experience. His leadership will continue to benefit F&N and set the direction for growth.
Working experience and occupation(s) in the past 10 years	**2008 - 2012:** **Listed Companies:** Chairman of • Berli Jucker Public Company Limited • Thai Beverage Public Company Limited **Others:** Chairman of • Beer Thai (1991) Public Company Limited • Red Bull Distillery Group of Companies • Siriwana Company Limited • Southeast Group Co., Ltd • TCC Corporation Limited (formerly TCC Holding Co., Ltd) • TCC Land Co., Ltd **2013 - 2018:** Please refer to Mr Charoen's biography on page 13
Conflict of interest (including any competing business)	Mr Charoen has a deemed interest in approximately 87.73% of the shares of the Company by virtue of his deemed interest in the shares of InterBev Investment Limited and his shareholding in TCC Assets Limited, both substantial shareholders of the Company.
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to F&N	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

TENGKU SYED BADARUDIN JAMALULLAIL Lead Independent and Non-Executive Director	**MR KOH POH TIONG** Non-Independent and Non-Executive Director / Adviser to the Board	**MR CHOTIPHAT BIJANANDA** Non-Independent and Non-Executive Director
Tengku's wealth of experience in the Malaysian business environment will continue to augment the core competencies of the Board.	Mr Koh's wide regional expertise, especially his deep knowledge in growing the F&B business, will continue to help management steer towards the Company's growth vision.	Mr Chotiphat has vast experience in the finance and banking sector and is a director of a number of listed entities in Thailand. His experience will continue to enhance board deliberations.
2008 - 2012: **Listed Companies:** • Fraser & Neave Holdings Bhd (Chairman) • Hwang Capital (Malaysia) Berhad (formerly known as Hwang-DBS (Malaysia) Berhad) (Director) **Others:** Director of • HwangDBS Commercial Bank Plc • HwangDBS Investment Bank Berhad • Hwang Investment Management Berhad **2013 - 2018:** Please refer to Tengku's biography on page 14	**2008 - 2012:** CEO of the F&B Division of F&N (till 2011) **Listed Companies:** Director of • Asia Pacific Breweries Limited Group of Companies (till 2011) • Delfi Limited (appointed in 2011) • Ezra Holdings Limited (appointed in 2011) • Fraser & Neave Holdings Bhd (till 2011) • Raffles Medical Group Ltd (appointed in 2011) • SATS Ltd (appointed in 2011) • United Engineers Ltd (appointed in 2011) **Others:** • Agri-Food & Veterinary Authority (Chairman) (till 2008) • Asia Pacific Breweries Limited (CEO) (till 2008) • National Healthcare Group Pte Ltd (Director) (till 2009) • National Kidney Foundation (Chairman) (appointed in 2012) • PSA Corporation Ltd (Director) • PSA International Pte Ltd (Director) • School Advisory Committee of Gan Eng Seng School (Chairman) (till 2010) • Singapore Kindness Movement (Chairman) • Singapore Youth Olympic Games Organising Committee (Member) (till 2010) • The Great Eastern Life Assurance Company Limited (Director) **2013 - 2018:** Please refer to Mr Koh's biography on page 17	**2008 - 2012:** **Listed Companies:** • Sermsuk Plc (Director) **Others:** • Southeast Group Co., Ltd (President) • Southeast Insurance Public Co., Ltd (Chairman of Executive Board) • Southeast Life Insurance Public Co., Ltd (Chairman of Executive Board) • Southeast Capital Co., Ltd (Chairman of Executive Board) • TCC Technology Co., Ltd (Director) • TCC Assets Limited (Director) **2013 - 2018:** Please refer to Mr Chotiphat's biography on page 18
No	No	No
Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	MR CHAROEN SIRIVADHANABHAKDI **Chairman / Non-Independent and Non-Executive Director**
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

TENGKU SYED BADARUDIN JAMALULLAIL Lead Independent and Non-Executive Director	MR KOH POH TIONG Non-Independent and Non-Executive Director / Adviser to the Board	MR CHOTIPHAT BIJANANDA Non-Independent and Non-Executive Director
No	No	No
No	Yes. Mr Koh stepped down as Chairman and Senior Advisor of Ezra Holdings Limited in January 2016. Ezra Holdings Limited filed voluntary petitions for reorganisation under Chapter 11 of the US Bankruptcy Code in March 2017.	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No No No No	No No No No	No No No No
No	No	No

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FRASER AND NEAVE, LIMITED
(Company Registration No. 189800001R)
(Incorporated in Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Fraser and Neave, Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 January 2019.

I/We ______________________________ (Name) ____________________ (NRIC/Passport/Co Reg Number)

of ____ (Address)

being a member/members of Fraser and Neave, Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/them, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be held at 9.30 a.m. on Tuesday, 29 January 2019 at Ballrooms I, II and III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*
	ROUTINE BUSINESS		
1.	To receive and adopt the Directors' statement and audited financial statements for the year ended 30 September 2018 and the auditors' report thereon.		
2.	To approve a final tax-exempt (one-tier) dividend of 3.0 cents per share in respect of the year ended 30 September 2018.		
3.	(a) To re-appoint Director: Mr Charoen Sirivadhanabhakdi		
	(b) To re-appoint Director: Tengku Syed Badarudin Jamalullail		
	(c) To re-appoint Director: Mr Koh Poh Tiong		
	(d) To re-appoint Director: Mr Chotiphat Bijananda		
4.	To approve Directors' fees of up to S$2,000,000 payable by the Company for the year ending 30 September 2019.		
5.	To re-appoint KPMG LLP as the auditors of the Company and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
6.	To authorise the Directors to issue shares and to make or grant convertible instruments.		
7.	To authorise the Directors to allot and issue shares pursuant to the F&N Restricted Share Plan and/or the F&N Performance Share Plan.		
8.	To authorise the Directors to allot and issue shares pursuant to the Fraser and Neave, Limited Scrip Dividend Scheme.		
9.	To approve the proposed renewal of the mandate for interested person transactions.		
10.	To approve the proposed renewal of the share purchase mandate.		
11.	To approve the proposed adoption of the F&N Restricted Share Plan 2019.		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this __________ day of __________ 2019.

Total Number of Shares held (Note 1)	

____
Signature/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

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NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.
2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the office of the share registrar of the Company, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road #11-02, Singapore 068898, not less than 72 hours before the time appointed for holding the Annual General Meeting.
5. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
Postage
Stamp

THE COMPANY SECRETARY
FRASER AND NEAVE, LIMITED
c/o Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

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design & production by **Q-Plus Design**

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(Company Registration No. 189800001R)
(Incorporated in Republic of Singapore)

For an electronic version of F&N FY2018 Annual Report,
please refer to **www.fraserandneave.com/investor-relations/annual-reports**

Accompanying this report:
F&N Sustainability Report

Only available in electronic format.
Download it at www.fraserandneave.com/investor-relations/corporate-sustainability

For easy-to-read guides on annual reports,
please refer to www.sgx.com/wps/wcm/connect/mp_en/site/highlights/highlight_contents/Investors_Guide

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