Treasury Highlights 2013

The Group aims to maintain a prudent financial structure to ensure that it will be able to access adequate capital at favourable terms. Our three businesses, namely Food & Beverage ("**F&B**"), Properties and Publishing & Printing, remain the main sources of cash flows generated for the Group. Management continuously monitors the Group's cash flow position, debt maturity profile, cost of funds, interest rate exposures and overall liquidity position. To ensure that it has adequate liquidity to finance its operations and investment requirements, the Group maintains a significant amount of available banking facilities with a large number of banks. In addition, the Group's Medium Term Notes ("**MTN**") Programmes also allows us continued access to the debt capital markets.

In FY2013, the Group's balance sheet strengthened further. Net Group Borrowings (net of cash) dropped from $2.3 billion to $1.5 billion on 30 September 2013. Coupled with a 7.4% increase in total equity, to $8.88 billion, Group Net Gearing (borrowings less cash) to equity fell to 17%. The reduced net borrowings was attributed to cash collection from the strong pipeline of pre-sold development projects in Singapore and overseas, stable cashflow generated from investment properties, sale of assets, as well as from the cash generative F&B business. The Group expects to receive more than $500 million in cash from its existing pre-sold projects for the new financial year ending 30 September 2014.

Interest cost in FY2013 was $125.2 million (of which $64.0 million was capitalised), 24.9% lower than the previous year's interest cost of $166.6 million (of which $61.3 million was capitalised) mainly due to lower borrowings.

Source of Funding

Besides cash flow from our businesses, the Group also relies on the debt capital markets, equity market and bilateral banking facilities for its funding. As at 30 September 2013, the Group has $5.6 billion in banking facilities, $0.6 billion in Transferable Term Loan Facilities and $5.4 billion in MTN Programmes to meet the funding requirements of the Group.

Available Bank Lines by Banks as at 30 Sepember 2013

The Group maintains an active relationship with a network of more than 20 banks of various nationalities, located in various countries where the Group operates. Our six principal bankers are Bank of Tokyo-Mitsubishi UFJ, Ltd, DBS Bank Ltd, Overseas-Chinese Banking Corporation, Standard Chartered Bank, Sumitomo Mitsui Banking Corporation and United Overseas Bank Limited.

The Group adopts the philosophy of engaging the banks as our core business partners. We continue to receive very strong support from our relationship banks across all segments of the Group's businesses. Total banking facilities (utilised and unutilised) extended to the Group as at 30 September 2013 amounted to $5.6 billion. The principal bankers of the Group provided approximately 65% of these banking facilities. All banking relationships for the entire Group are maintained by Corporate Treasury in Singapore.

Debt Capital Markets

The Group has various Medium Term Notes MTN Programmes in place to tap the debt capital market. F&N Treasury Pte Ltd has a $2 billion MTN Programme, FCL Treasury Pte Ltd, Frasers Centrepoint Trust and Frasers Commercial Trust each has a $1 billion MTN Programme and Fraser & Neave Holdings Bhd has a RM1 billion MTN Programme.

Maturity Profile of Group Debt (excludes Finance Leases)

Maturing within one year	$ 862m
Maturing within 1 to 2 years	$ 884m
Maturing within 2 to 5 years	$1,364m
Maturing after 5 years	$ 335m
	$3,445m

As at the date of this report, the Group currently has sufficient resources to repay loans maturing within one year as and when they fall due without having to refinance these loans.

Interest Rate Profile And Derivatives

The Group manages its interest cost by maintaining a prudent mix of fixed and floating rate borrowings. On a portfolio basis, 50% of the Group's borrowings are in fixed rates (including floating rate borrowings that have been fixed with interest rate swaps) with an average fixed rate tenor of 2.8 years as at 30 Septemper 2013. The remaining 50% of the Group's borrowings are in floating rates as at 30 September 2013. The floating rate loan portfolio allows the Group to maintain a flexible maturity profile to support divestments and cash inflows from sales of development property where debt can be reduced quickly.

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 investments and any acquisition and divestments 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. The Group does not engage in trading in interest rate derivatives. The Group's total interest rate derivatives and the mark-to-market values as at 30 September 2013 are disclosed in the financial statements in Note 37.

Gearing And Interest Cover

The Group aims to keep the Group Net Gearing to equity below 80%. As at 30 September 2013, this ratio was 17%. Total interest incurred during the year amounted to $125.2 million, of which $64.0 million was capitalised as part of Properties Under Development. The interest expense charged to profit statement for the year was $61.2 million. The net interest cover over total interest paid ($125.2 million) was at 6.3 times. Net Borrowings ($1.5 billion) over PBIT was at 1.91 times.

Foreign Exchange Risks and Derivatives

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. Where exposures are certain, it is the Group's policy to hedge these risks as they arise. For those exposures less certain in 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 currency forward exchange contracts and certain currency derivatives to manage these foreign exchange risks.

The Group does not engage in trading of foreign exchange and foreign exchange derivatives. The Group uses foreign exchange contracts and derivatives solely for hedging actual underlying foreign currency requirements in accordance with hedging limits set by the Audit Committee and the Board under the Group Treasury Policy. These policies are reviewed regularly by the Audit and Executive Committees to ensure that the Group's policies and guidelines are in line with the Group's foreign exchange risk management objectives.

The Group's foreign exchange contracts and derivatives and the mark-to-market values as at 30 September 2013 are disclosed in the financial statement in Note 37.

The Group does not hedge its foreign currency exposure arising from its overseas equity. Such investments are long-term in nature and therefore not feasible and economical to hedge. The Group only hedges the dividends cash flows payable from its overseas subsidiary, joint venture and associated companies.

Use of Proceeds from Issue of Shares

Pursuant to the subscription in January 2007 by Seletar Investments Pte Ltd (a subsidiary of Temasek Holdings (Private) Limited) of an aggregate 205.5 million new shares in the Company (the "Subscription Shares") representing approximately 14.9% of the enlarged share capital of the Company, the Company received aggregate issue proceeds of approximately $900 million (the "Net Proceeds") for the Subscription Shares. The Net Proceeds is to be used for working capital, making new investments in food and beverage businesses, and for growing the Company's existing and new food and beverage business.

Pursuant to Rule 1207(20) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the following is a status report on the usage of the Net Proceeds.

For the year ended 30 September 2013, the Company's F&B Division[1] had deployed a total of $31.7 million from the Net Proceeds for the purposes of making new investments in, and to grow, the Company's food and beverage business. A brief breakdown of such usage is set out below.

	2013	Cumulative
Acquisitions	–	$ 26.4m
Capital expenditure	$14.0m	$ 65.0m
Brand-building investment (advertising and promotions)	$14.0m	$ 54.6m
Corporate development and new markets	$ 3.7m	$ 16.6m
	$31.7m	$162.6m

Note:
1 Excludes Asia Pacific Breweries Limited and Fraser & Neave Holdings Bhd