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 the main sources of cash flows.

Management monitors the Group's cash flow position, debt maturity profile, cost of funds, interest rates exposures and overall liquidity position on a continuous 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 a large number of banks. The Group's Medium Term Notes ("MTN") Programmes also provide F&N continued access to the debt capital markets.

In FY2015, the Group's balance sheet remained strong. It had net $708 million in cash from the disposal of Myanmar Brewery Limited, providing the Group with significant additional capital headroom. The F&B and P&P businesses will remain cash generative.

Interest cost in FY2015 was $6.3 million, 54% lower than the previous year's interest cost of $13.7 million due to lower borrowings.

Source of Funding

Besides cash flow from its businesses, the Group also relies on the debt capital markets, equity market and bilateral banking facilities for its funding. As at 30 September 2015, the Group has $0.6 billion in banking facilities and S$2.5 billion in MTN Programmes to meet its funding requirements.

Available Bank Lines as at 30 September 2015

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 DBS Bank Ltd, Oversea-Chinese Banking Corporation, Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Limited and Crédit Agricole Corporate and Investment Bank.

The Group adopts the philosophy of engaging the banks as its core business partners. It continue 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 September 2015 amounted to $0.6 billion. The principal bankers of the Group provided 70% of these banking facilities. All banking relationships for the Group are maintained by Corporate Treasury in Singapore.

Debt Capital Markets

The Group has various MTN Programmes in place to tap the debt capital markets. F&N Treasury Pte Ltd has a S$2 billion MTN Programme and Fraser & Neave Holdings Bhd has a RM1.5 billion MTN Programme.

Maturity Profile of Group Debt (excludes Finance Leases)

Maturing within one year	$2.5m
Maturing between 1 and 2 years	$0.5m
Maturing between 2 and 5 years	$97.2m
Maturing after 5 years	$0.2m
	$100.4m

As at the date of this report, the Group has more than sufficient resources to repay these loans 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 mix of fixed and floating rate borrowings. On a portfolio basis, 96% of the Group's borrowings are in fixed rates with an average fixed rate tenor of 3 years as at 30 September 2015. The fixed rate borrowings consist largely of the fixed rate notes issued under Fraser & Neave Holdings Bhd's MTN Programme. The remaining 3% of the Group's borrowings are in floating rates as at 30 September 2015. 1% of borrowings are in fixed rate tenor of less than a year.

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 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 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 September 2015.

Gearing And Net Interest Cover

The Group aims to keep its net gearing ratio below 80%. As at 30 September 2015, the Group has net cash of $865.1 million. Total interest incurred during the year amounted to $6.3 million. The net interest income credited to profit statement for the year was $0.2 million. The net interest cover over total interest incurred ($6.3 million) was at 21 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 September 2015 are disclosed in the financial statement in Note 37.

The Group does not hedge the foreign currency risks of its investments in overseas subsidiary, 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 subsidiary, joint venture and associated companies.