# 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 2019.

## 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
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)

## 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 2018** | **As at 30 Sep 2019** | **As at 1 Oct 2018** | **As at 30 Sep 2019** |
| **Charoen Sirivadhanabhakdi** | | | | |
| **Fraser and Neave, Limited** | | | | |
| • Ordinary Shares | - | **-** | 1,270,503,884 [1] | **1,270,503,884[1]** |
| **Frasers Property Limited** | | | | |
| • Ordinary Shares | - | **-** | 2,541,007,768 [1] | **2,541,007,768[1]** |
| **Frasers Property Treasury Pte. Ltd.** | | | | |
| • S$600,000,000 4.88% Subordinated Perpetual Securities (Series 3) | - | **-** | 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 2018 | As at 30 Sep 2019 | As at 1 Oct 2018 | As at 30 Sep 2019 |
| **Khunying Wanna Sirivadhanabhakdi** | | | | |
| **Fraser and Neave, Limited** | | | | |
| • Ordinary Shares | - | **-** | 1,270,503,884 [(1)] | **1,270,503,884[(1)]** |
| **Frasers Property Limited** | | | | |
| • Ordinary Shares | - | **-** | 2,541,007,768 [(1)] | **2,541,007,768[(1)]** |
| **Frasers Property Treasury Pte. Ltd.** | | | | |
| • S$600,000,000 4.88% Subordinated Perpetual Securities (Series 3) | - | **-** | 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** | | | | |
| • Ordinary Shares | 385,660 | **385,660** | - | **-** |
| **Frasers Property 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") 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 2019.

**(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 ("Restricted Share Plan"), F&N Performance Share Plan ("Performance Share Plan") and the F&N Restricted Share Plan 2019 ("F&N RSP 2019")**

The Remuneration Committee administers the Company's share-based remuneration incentive plans, namely, the Restricted Share Plan, Performance Share Plan and the F&N RSP 2019, (collectively, the "Share Plans"). The Restricted Share Plan and the Performance Share Plan expired on 21 January 2019, and were replaced by the F&N RSP 2019. The expiry of the Restricted Share Plan and the Performance Share Plan will not affect awards granted prior to expiry of these share plans and which are pending final release.

**Share Grants under the Share Plans**

Under the Share Plans, the Company grants a base number of conditional share awards (the "Base Awards") to eligible participants annually. The Base Awards represent 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 over the relevant performance periods. The Remuneration Committee, as the administrator of the Share Plans, has absolute discretion in granting the Base Awards. For the F&N RSP 2019, no Base Awards have been granted as at 30 September 2019. The performance periods for the Restricted Share Plan and the Performance Share Plan are two and three years respectively. For the F&N RSP 2019, the performance period is one year.

Depending on the level of achievement of the pre-determined targets over the respective performance periods for the Restricted Share Plan and the Performance Share Plan, an achievement factor will be applied to the relevant Base Awards to determine the final number of shares to be awarded at the end of the respective performance periods. The achievement factor ranges from 0% to 150% for the Restricted Share Plan and 0% to 200% for the Performance Share Plan. Accordingly, the actual number of shares to be awarded pursuant to the Restricted Share Plan and the Performance Share Plan will range from 0% to 150% and from 0% to 200% respectively of the relevant Base Awards (the "Final Awards").

At the end of the two-year performance period, 50% of the number of shares under the Final Awards for the Restricted Share Plan will be vested to the participants. The balance will be vested in equal instalments over two years. All the shares under the Final Awards for the Performance Share Plan will be vested to the participants at the end of the three-year performance period.

During the financial year:

- No awards have been granted to controlling shareholders or their associates, or parent group directors or employees under the Restricted Share Plan and the Performance Share Plan.

- No awards have been granted to directors of the Company under the Restricted Share Plan and the Performance Share Plan.

- No participant has received 5% or more of the total number of shares available/delivered pursuant to grants under the Restricted Share Plan and Performance Share Plan.

- No awards were granted under the F&N RSP 2019.

# Directors' Statement

## 4. SHARE PLANS (cont'd)

### (a) F&N Restricted Share Plan ("Restricted Share Plan"), F&N Performance Share Plan ("Performance Share Plan") and the F&N Restricted Share Plan 2019 ("F&N RSP 2019") (cont'd)

The first grant of awards under the Restricted Share Plan and Performance Share Plan was made in December 2009 for Financial Year 2009/10. The details of the shares awarded under these share plans in aggregate are as follows:

#### (i) Restricted Share Plan

| Shares | Grant Date | Balance as at 1.10.2018 or Grant Date if later | Cancelled | Achievement Factor | Vested | Balance as at 30.9.2019 |
|---|---|---|---|---|---|---|
| Year 6 | 06.05.2015 | 221,575 | (250) | - | (221,325) | - |
| Year 7 | 26.02.2016 | 635,800 | (19,700) | - | (315,700) | 300,400 |
| Year 8 | 28.12.2016 | 943,354 | (35,650) | (192,354) | (370,000) | 345,350 |
| Year 9 | 28.12.2017 | 941,200 | (74,300) | - | - | 866,900 |
| Year 10 | 21.12.2018 | 1,537,500 | (77,000) | - | - | 1,460,500 |
| | | 4,279,429 | (206,900)* | (192,354) | (907,025) | 2,973,150 |

* Cancelled due to resignations.

#### (ii) Performance Share Plan

| Shares | Grant Date | Balance as at 1.10.2018 or Grant Date if later | Achievement Factor | Vested | Balance as at 30.9.2019 |
|---|---|---|---|---|---|
| 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 |
| Year 10 | 21.12.2018 | 127,000 | - | - | 127,000 |
| | | 356,921 | (84,383) | - | 272,538 |

### (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 Plans")

The Share Grant Plans were 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 Awards") to eligible participants annually. The F&NHB Base Awards represent 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 Plans, 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 Awards and 0% to 200% of the initial grant of F&NHB PSP Base Awards, respectively (the "F&NHB Final Awards").

At the end of the two-year performance period, 50% of the F&NHB RSP shares under the F&NHB Final Awards 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 Awards will be vested to the participants at the end of the three-year performance period.

During the financial year, 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 Plans") (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 1.10.2018 or Grant Date if later | Cancelled | Achievement Factor | Vested | Balance as at 30.9.2019 |
|---|---|---|---|---|---|---|
| Year 4 | 15.01.2015 | 98,900 | (5,100) | - | (93,800) | - |
| Year 5 | 05.01.2016 | 181,350 | (11,275) | - | (87,500) | 82,575 |
| Year 6 | 22.12.2016 | 464,600 | (24,460) | (180,740) | (129,700) | 129,700 |
| Year 7 | 22.12.2017 | 469,900 | (37,000) | (154,400) | - | 278,500 |
| Year 8 | 21.12.2018 | 371,700 | (14,400) | - | - | 357,300 |
| | | 1,586,450 | (92,235)* | (335,140) | (311,000) | 848,075 |

* 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 (International);

(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 quarterly and annual financial results and related financial results announcements;

(d) 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;

(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 2019 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 2019; 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

14 November 2019

# 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 2019, the consolidated statement of changes in equity of the Group and the 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 98 to 187.

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 Singapore Financial Reporting Standards (International) ('SFRS(I)s') 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 investments in subsidiaries**
(Refer to Note 2.9, Note 2.19, Note 12 and Note 15 to the financial statements)

| ***The key audit matter*** | ***How the matter was addressed in our audit*** |
|---|---|
| Fixed assets constitute 14.6% of the Group's total assets and investment in subsidiaries constitute 88.9% of the Company's total assets as at 30 September 2019.<br><br>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 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 as well as terminal growth rate.<br><br>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.<br><br>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 cost of capital of comparable listed companies and compared the terminal growth rate to macroeconomic indicators. We evaluated the sensitivity of the profit forecasts by considering the downside scenarios against reasonably plausible changes to the key assumptions.<br><br>**Our findings** – We found the methodology used to be appropriate and key assumptions applied in the impairment testing to be appropriate. |

# Independent Auditors' Report

Members of the Company
Fraser and Neave, Limited

**Impairment of goodwill and intangible assets (including brands)**
(Refer to Note 2.13, Note 2.14, Note 2.19, Note 18, Note 19 and Note 22 to the financial statements)

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| As at 30 September 2019, the Group has goodwill of $95.0 million mainly relating to the printing and publishing group and beverages group, and intangible assets (including brands) of $62.6 million mainly relating to brands owned by the Group.<br><br>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 and gross profit margins for the next 3 to 5 years, discount rate and terminal growth rate for the operating units which the goodwill and intangible assets are allocated to.<br><br>As there are judgements 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. | 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.<br><br>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 and compared the terminal growth rate to macroeconomic indicators. We evaluated the sensitivity of the profit forecasts by considering the downside scenarios against reasonably plausible changes to the key assumptions.<br><br>**Our findings** – We found the methodology used to be appropriate and key assumptions applied in the impairment testing to be appropriate. |

***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 statement 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 SFRS(I)s, 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.

# Independent Auditors' Report

Members of the Company
Fraser and Neave, Limited

***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.
- 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 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
14 November 2019

# Profit Statement

for the year ended 30 September 2019

| | Notes | THE GROUP 2019 ($'000) | 2018 ($'000) (restated) |
|---|---|---|---|
| **REVENUE** | 3 | **1,902,337** | 1,834,772 |
| Cost of sales | | **(1,278,646)** | (1,251,770) |
| **GROSS PROFIT** | | **623,691** | 583,002 |
| Other income (net) | 4(a) | **18,513** | 5,264 |
| Operating expenses | | | |
| - Distribution | | **(163,162)** | (159,590) |
| - Marketing | | **(179,177)** | (181,351) |
| - Administration | | **(130,308)** | (126,165) |
| | | **(472,647)** | (467,106) |
| **TRADING PROFIT** | | **169,557** | 121,160 |
| Share of results of joint venture companies | | **(445)** | (3,568) |
| Share of results of associated companies | | **113,941** | 97,697 |
| Gross income from investments | 6 | **470** | - |
| **PROFIT BEFORE INTEREST AND TAXATION ("PBIT")** | | **283,523** | 215,289 |
| Finance income | | **6,968** | 14,628 |
| Finance cost | | **(21,663)** | (30,491) |
| Net finance cost | 4(b) | **(14,695)** | (15,863) |
| **PROFIT BEFORE FAIR VALUE ADJUSTMENT, TAXATION AND EXCEPTIONAL ITEMS** | | **268,828** | 199,426 |
| Fair value adjustment of investment properties | | **(1,370)** | 301 |
| **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 4(c) | **267,458** | 199,727 |
| Exceptional items | 7 | **1,106** | 719 |
| **PROFIT BEFORE TAXATION** | | **268,564** | 200,446 |
| Taxation | 8 | **(56,190)** | (19,786) |
| **PROFIT AFTER TAXATION** | | **212,374** | 180,660 |
| **ATTRIBUTABLE PROFIT TO:** | | | |
| Shareholders of the Company | | | |
| - Before fair value adjustment and exceptional items | | **153,193** | 123,106 |
| - Fair value adjustment of investment properties | | **(1,370)** | 301 |
| - Exceptional items | | **733** | 155 |
| | | **152,556** | 123,562 |
| Non-controlling interests | | **59,818** | 57,098 |
| | | **212,374** | 180,660 |
| **Earnings per share attributable to the shareholders of the Company** | 10 | | |
| Basic - before fair value adjustment and exceptional items | | **10.6 cts** | 8.5 cts |
| Basic - after fair value adjustment and exceptional items | | **10.5 cts** | 8.5 cts |
| Fully diluted - before fair value adjustment and exceptional items | | **10.5 cts** | 8.5 cts |
| Fully diluted - after fair value adjustment and exceptional items | | **10.5 cts** | 8.5 cts |

The Notes on pages 106 to 187 form an integral part of the Financial Statements.

# Statement of Comprehensive Income

for the year ended 30 September 2019

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| Profit after taxation | **212,374** | 180,660 |
| **Other comprehensive income:** | | |
| **Items that are or may be reclassified subsequently to profit statement** | | |
| Share of other comprehensive income of associated companies | **103** | 2,688 |
| Fair value changes on derivative financial instruments | **(1,447)** | - |
| Fair value changes on available-for-sale financial assets | **-** | (27,221) |
| Currency translation difference | **55,618** | (21,221) |
| | **54,274** | (45,754) |
| **Items that will not be reclassified to profit statement** | | |
| Fair value changes on equity investments measured at fair value through other comprehensive income | **(6,223)** | - |
| Remeasurement of defined benefit obligations | **(839)** | 284 |
| Revaluation of fixed assets | **-** | 256 |
| | **(7,062)** | 540 |
| **Other comprehensive income for the year, net of taxation** | **47,212** | (45,214) |
| **Total comprehensive income for the year** | **259,586** | 135,446 |
| **Total comprehensive income attributable to:** | | |
| Shareholders of the Company | **196,232** | 69,761 |
| Non-controlling interests | **63,354** | 65,685 |
| | **259,586** | 135,446 |

The Notes on pages 106 to 187 form an integral part of the Financial Statements.

# Balance Sheets

as at 30 September 2019

| | | THE GROUP | | | THE COMPANY | | |
|---|---|---|---|---|---|---|---|
| | Notes | **30 September 2019 ($'000)** | 30 September 2018 ($'000) (restated) | 1 October 2017 ($'000) (restated) | **30 September 2019 ($'000)** | 30 September 2018 ($'000) | 1 October 2017 ($'000) |
| **SHARE CAPITAL AND RESERVES** | | | | | | | |
| Share capital | 11(a) | **853,549** | 851,941 | 849,301 | **853,549** | 851,941 | 849,301 |
| Treasury shares | 11(b) | **-** | (267) | (267) | **-** | (267) | (267) |
| Reserves | 11(c) | **2,079,881** | 1,965,124 | 1,960,198 | **841,355** | 860,910 | 864,916 |
| | | **2,933,430** | 2,816,798 | 2,809,232 | **1,694,904** | 1,712,584 | 1,713,950 |
| **NON-CONTROLLING INTERESTS** | | **398,947** | 347,586 | 315,915 | **-** | - | - |
| | | **3,332,377** | 3,164,384 | 3,125,147 | **1,694,904** | 1,712,584 | 1,713,950 |
| Represented by: | | | | | | | |
| **NON-CURRENT ASSETS** | | | | | | | |
| Fixed assets | 12 | **687,140** | 561,459 | 505,643 | **1,101** | 269 | 332 |
| Investment properties | 13 | **17,501** | 41,672 | 40,581 | **-** | - | - |
| Properties held for development | 14 | **18,490** | 18,529 | 18,025 | **-** | - | - |
| Subsidiary companies | 15 | **-** | - | - | **2,222,649** | 2,087,620 | 1,915,824 |
| Joint venture companies | 16 | **169,898** | 48,257 | 46,669 | **38,965** | - | - |
| Associated companies | 17 | **2,620,675** | 2,560,292 | 2,377,062 | **-** | - | - |
| Intangible assets | 18 | **130,062** | 104,430 | 93,574 | **175** | 147 | 167 |
| Brands | 22 | **27,513** | 27,704 | 27,115 | **212** | 212 | 212 |
| Other investments | 20 | **7,656** | 13,879 | 30,131 | **207,800** | 222,485 | 222,705 |
| Other receivables | 24 | **2,735** | 1,298 | 1,350 | **2** | - | - |
| Deferred tax assets | 29 | **2,884** | 6,391 | 9,677 | **-** | - | - |
| Cash and bank deposits | 21 | **-** | - | 2,927 | **-** | - | - |
| | | **3,684,554** | 3,383,911 | 3,152,754 | **2,470,904** | 2,310,733 | 2,139,240 |
| **CURRENT ASSETS** | | | | | | | |
| Inventories | 23 | **262,130** | 243,262 | 247,085 | **-** | - | - |
| Trade receivables | 24 | **277,025** | 283,679 | 288,115 | **-** | - | - |
| Other receivables | 24 | **66,256** | 53,669 | 61,511 | **855** | 358 | 675 |
| Related parties | 24 | **7,871** | 9,607 | 7,054 | **807** | 9 | 1 |
| Subsidiary companies | 15 | **-** | - | - | **12,000** | 22,486 | 518,309 |
| Joint venture companies | 16 | **1,162** | 1,863 | 571 | **-** | - | - |
| Associated companies | 17 | **14** | 12 | 1 | **5** | - | - |
| Cash and bank deposits | 21 | **420,333** | 530,125 | 1,134,981 | **15,418** | 200,967 | 296,268 |
| | | **1,034,791** | 1,122,217 | 1,739,318 | **29,085** | 223,820 | 815,253 |
| Assets held for sale | | **-** | - | 9,887 | **-** | - | - |
| | | **1,034,791** | 1,122,217 | 1,749,205 | **29,085** | 223,820 | 815,253 |
| **Deduct: CURRENT LIABILITIES** | | | | | | | |
| Trade payables | 26 | **182,475** | 171,477 | 161,821 | **-** | - | - |
| Other payables | 26 | **247,223** | 207,720 | 213,209 | **11,773** | 7,996 | 7,993 |
| Related parties | 26 | **7,222** | 9,121 | 13,689 | **1,593** | 1,265 | 1,265 |
| Subsidiary companies | 15 | **-** | - | - | **4,376** | 9,137 | 328,014 |
| Joint venture companies | 16 | **-** | - | 11 | **-** | - | - |
| Associated companies | 17 | **1,186** | 1,253 | 1,583 | **-** | - | - |
| Borrowings | 27 | **9,226** | 374,131 | 785,591 | **-** | 180,000 | 360,000 |
| Provision for taxation | | **54,275** | 32,959 | 32,990 | **2,964** | 3,931 | 3,148 |
| | | **501,607** | 796,661 | 1,208,894 | **20,706** | 202,329 | 700,420 |
| Liabilities held for sale | | **-** | - | 2,371 | **-** | - | - |
| | | **501,607** | 796,661 | 1,211,265 | **20,706** | 202,329 | 700,420 |
| **NET CURRENT ASSETS** | | **533,184** | 325,556 | 537,940 | **8,379** | 21,491 | 114,833 |
| **Deduct: NON-CURRENT LIABILITIES** | | | | | | | |
| Other payables | 26 | **25,564** | 12,575 | 13,169 | **-** | - | - |
| Subsidiary companies | 15 | **-** | - | - | **784,258** | 619,640 | 540,123 |
| Borrowings | 27 | **820,458** | 497,288 | 517,498 | **-** | - | - |
| Provision for employee benefits | 28 | **20,167** | 18,256 | 17,807 | **-** | - | - |
| Deferred tax liabilities | 29 | **19,172** | 16,964 | 17,073 | **121** | - | - |
| | | **885,361** | 545,083 | 565,547 | **784,379** | 619,640 | 540,123 |
| | | **3,332,377** | 3,164,384 | 3,125,147 | **1,694,904** | 1,712,584 | 1,713,950 |

The Notes on pages 106 to 187 form an integral part of the Financial Statements.

# Statements 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 2019** | | | | | | | | | | | | | |
| Balance at 30 September 2018, previously reported | | 851,941 | (267) | 18,943 | 2,162,297 | (238,179) | (25,873) | - | 8,910 | 43,444 | 2,821,216 | 348,604 | 3,169,820 |
| Effects of adopting SFRS(I) 1 | 2.2 | - | - | - | (208,671) | 208,671 | - | - | - | - | - | - | - |
| Effects of adopting SFRS(I) 15 | 2.2 | - | - | - | (4,374) | (44) | - | - | - | - | (4,418) | (1,018) | (5,436) |
| Balance at 30 September 2018, restated | | 851,941 | (267) | 18,943 | 1,949,252 | (29,552) | (25,873) | - | 8,910 | 43,444 | 2,816,798 | 347,586 | 3,164,384 |
| Effects of adopting SFRS(I) 9 | 2.2 | - | - | - | (405) | - | - | - | - | - | (405) | (295) | (700) |
| Balance at 1 October 2018, restated | | 851,941 | (267) | 18,943 | 1,948,847 | (29,552) | (25,873) | - | 8,910 | 43,444 | 2,816,393 | 347,291 | 3,163,684 |
| Comprehensive income | | | | | | | | | | | | | |
| Share of other comprehensive income of associated companies | | - | - | - | 145 | (39) | (3) | - | - | - | 103 | - | 103 |
| Realisation of reserve upon disposal of asset | | - | - | (9,548) | 9,548 | - | - | - | - | - | - | - | - |
| Fair value changes on derivative financial instruments | | - | - | - | - | - | - | (1,447) | - | - | (1,447) | - | (1,447) |
| Fair value changes on equity investments measured at fair value through other comprehensive income | | - | - | - | - | - | (6,223) | - | - | - | (6,223) | - | (6,223) |
| Remeasurement of defined benefit obligations | | - | - | - | (26) | - | - | - | - | - | (26) | (813) | (839) |
| Currency translation difference | | - | - | - | - | 51,269 | - | - | - | - | 51,269 | 4,349 | 55,618 |
| Other comprehensive income for the year | | - | - | (9,548) | 9,667 | 51,230 | (6,226) | (1,447) | - | - | 43,676 | 3,536 | 47,212 |
| Profit for the year | | - | - | - | 152,556 | - | - | - | - | - | 152,556 | 59,818 | 212,374 |
| **Total comprehensive income for the year** | | - | - | (9,548) | 162,223 | 51,230 | (6,226) | (1,447) | - | - | 196,232 | 63,354 | 259,586 |
| Contributions by and distributions to owners | | | | | | | | | | | | | |
| Employee share-based expense | | - | - | - | - | - | - | - | 1,926 | - | 1,926 | 287 | 2,213 |
| Issue of shares in the Company upon vesting of shares awarded | 11 | 1,608 | - | - | - | - | - | - | (1,608) | - | - | - | - |
| Treasury shares reissued pursuant to share plans | 11 | - | 267 | 8 | - | - | - | - | (275) | - | - | - | - |
| Purchase of shares by a subsidiary company | | - | - | - | (920) | - | - | - | - | - | (920) | (738) | (1,658) |
| Shares of a subsidiary company reissued pursuant to its share plans | | - | - | (217) | 1,259 | - | - | - | (1,042) | - | - | - | - |
| Capital contribution by non-controlling interests | | - | - | - | - | - | - | - | - | - | - | 15,082 | 15,082 |
| **Dividends:** | 9 | | | | | | | | | | | | |
| Dividends paid | | - | - | - | (21,762) | - | - | - | - | (43,444) | (65,206) | (30,954) | (96,160) |
| Dividends proposed | | - | - | - | (57,961) | - | - | - | - | 57,961 | - | - | - |
| **Total contributions by and distributions to owners** | | 1,608 | 267 | (209) | (79,384) | - | - | - | (999) | 14,517 | (64,200) | (16,323) | (80,523) |
| Changes in ownership interests | | | | | | | | | | | | | |
| Change of interests in subsidiary companies | | - | - | - | (552) | - | - | - | - | - | (552) | 552 | - |
| Acquisition of subsidiary companies | | - | - | - | - | - | - | - | - | - | - | 4,073 | 4,073 |
| Recognition of put option granted to non-controlling interests | | - | - | (13,956) | - | - | - | - | - | - | (13,956) | - | (13,956) |
| Changes in carrying value of put option granted to non-controlling interests | | - | - | (487) | - | - | - | - | - | - | (487) | - | (487) |
| **Total changes in ownership interests** | | - | - | (14,443) | (552) | - | - | - | - | - | (14,995) | 4,625 | (10,370) |
| **Total transactions with owners in their capacity as owners** | | 1,608 | 267 | (14,652) | (79,936) | - | - | - | (999) | 14,517 | (79,195) | (11,698) | (90,893) |
| **Balance at 30 September 2019** | | 853,549 | - | (5,257) | 2,031,134 | 21,678 | (32,099) | (1,447) | 7,911 | 57,961 | 2,933,430 | 398,947 | 3,332,377 |

The Notes on pages 106 to 187 form an integral part of the Financial Statements.

# Statements 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, previously reported | | 849,301 | (267) | 19,416 | 2,101,244 | (208,671) | 1,264 | 9,304 | 43,408 | 2,814,999 | 317,108 | 3,132,107 |
| Effects of adopting SFRS(I) 1 | 2.2 | - | - | - | (208,671) | 208,671 | - | - | - | - | - | - |
| Effects of adopting SFRS(I) 15 | 2.2 | - | - | - | (5,767) | - | - | - | - | (5,767) | (1,193) | (6,960) |
| Balance at 1 October 2017, restated | | 849,301 | (267) | 19,416 | 1,886,806 | - | 1,264 | 9,304 | 43,408 | 2,809,232 | 315,915 | 3,125,147 |
| 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 |
| 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 | | - | - | - | - | (29,756) | - | - | - | (29,756) | 8,535 | (21,221) |
| Other comprehensive income for the year | | - | - | 256 | 2,610 | (29,552) | (27,137) | 22 | - | (53,801) | 8,587 | (45,214) |
| Profit for the year | | - | - | - | 123,562 | - | - | - | - | 123,562 | 57,098 | 180,660 |
| **Total comprehensive income for the year** | | - | - | 256 | 126,172 | (29,552) | (27,137) | 22 | - | 69,761 | 65,685 | 135,446 |
| 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 | 1,949,252 | (29,552) | (25,873) | 8,910 | 43,444 | 2,816,798 | 347,586 | 3,164,384 |

The Notes on pages 106 to 187 form an integral part of the Financial Statements.

# Statements of Changes in Equity

| | 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) |
|---|---|---|---|---|---|---|---|---|---|
| | | THE COMPANY | | | | | | | |
| **YEAR ENDED 30 SEPTEMBER 2019** | | | | | | | | | |
| Balance at 1 October 2018 | | 851,941 | (267) | (1,099) | 741,673 | 72,624 | 4,268 | 43,444 | 1,712,584 |
| Comprehensive income | | | | | | | | | |
| Fair value changes on equity investments measured at fair value through other comprehensive income | | - | - | - | - | (14,685) | - | - | (14,685) |
| Other comprehensive income for the year | | - | - | - | - | (14,685) | - | - | (14,685) |
| Profit for the year | | - | - | - | 60,643 | - | - | - | 60,643 |
| **Total comprehensive income for the year** | | - | - | - | 60,643 | (14,685) | - | - | 45,958 |
| Contributions by and distributions to owners | | | | | | | | | |
| Employee share-based expense | | - | - | - | - | - | 1,568 | - | 1,568 |
| Issue of shares in the Company upon vesting of shares awarded | 11 | 1,608 | - | - | - | - | (1,608) | - | - |
| Treasury shares reissued pursuant to share plans | 11 | - | 267 | 8 | - | - | (275) | - | - |
| **Dividends:** | 9 | | | | | | | | |
| Dividends paid | | - | - | - | (21,762) | - | - | (43,444) | (65,206) |
| Dividends proposed | | - | - | - | (57,961) | - | - | 57,961 | - |
| **Total transactions with owners in their capacity as owners** | | 1,608 | 267 | 8 | (79,723) | - | (315) | 14,517 | (63,638) |
| **Balance at 30 September 2019** | | 853,549 | - | (1,091) | 722,593 | 57,939 | 3,953 | 57,961 | 1,694,904 |
| **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 | | | | | | | | | |
| 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 |

The Notes on pages 106 to 187 form an integral part of the Financial Statements.

# Cash Flow Statement

for the year ended 30 September 2019

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation and exceptional items | **267,458** | 199,727 |
| Adjustments for: | | |
| Depreciation of fixed assets | **49,407** | 45,918 |
| Amortisation of brands and intangible assets | **11,299** | 12,090 |
| Impairment of fixed assets and intangible assets | **209** | 118 |
| Reversal of impairment of fixed assets | **(355)** | (804) |
| Fixed assets written off | **1,272** | 1,000 |
| Provision for employee benefits | **2,527** | 1,652 |
| Write back of provision for employee benefits | **(70)** | - |
| Gain on disposal of fixed assets and intangible assets | **(11,633)** | (3,271) |
| Interest income | **(6,968)** | (14,628) |
| Interest expenses | **21,663** | 30,491 |
| Share of results of joint venture companies | **445** | 3,568 |
| Share of results of associated companies | **(113,941)** | (97,697) |
| Gross income from investments | **(470)** | - |
| Employee share-based expense | **2,213** | 4,431 |
| Fair value adjustment of investment properties | **1,370** | (301) |
| Fair value adjustment of financial instruments | **135** | 173 |
| Gain on disposal of financial instruments | **(22)** | (804) |
| Operating cash before working capital changes | **224,539** | 181,663 |
| Change in inventories | **(18,114)** | 7,504 |
| Change in receivables | **(1,927)** | 4,734 |
| Change in related parties' and joint venture and associated companies' balances | **469** | (6,904) |
| Change in payables | **45,213** | (3,504) |
| Currency realignment | **7,978** | 5,489 |
| Cash generated from operations | **258,158** | 188,982 |
| Interest income received | **5,399** | 12,737 |
| Interest expenses paid | **(21,543)** | (30,265) |
| Income taxes paid | **(28,903)** | (11,289) |
| Payment of employee benefits | **(2,476)** | (1,216) |
| **Net cash from operating activities** | **210,635** | 158,949 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Dividends from associated companies | **93,695** | 87,146 |
| Gross income from investments | **470** | - |
| Proceeds from disposal of fixed assets and intangible assets | **15,110** | 4,871 |
| Proceeds from disposal of investment property | **12,948** | - |
| Net cash (outflow)/inflow on acquisition of subsidiary companies and business assets | **(22,638)** | 687 |
| Investments in joint venture companies | **(115,309)** | - |
| Investments in an associated company | **-** | (213,182) |
| Purchase of other investment | **-** | (10,969) |
| Purchase of fixed assets | **(158,996)** | (93,187) |
| Payment for intangible assets | **(17,068)** | (13,369) |
| **Net cash used in investing activities** | **(191,788)** | (238,003) |

# Cash Flow Statement

for the year ended 30 September 2019

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from term loans and bank borrowings | **442,962** | 50,759 |
| Repayment of term loans and bank borrowings | **(488,754)** | (485,617) |
| Purchase of shares by a subsidiary company | **(1,658)** | (938) |
| Capital contribution by non-controlling interests | **15,082** | 102 |
| Payment of dividends: | | |
| - by subsidiary companies to non-controlling interests | **(30,954)** | (31,000) |
| - by the Company to shareholders | **(65,206)** | (65,165) |
| **Net cash used in financing activities** | **(128,528)** | (531,859) |
| **Net decrease in cash and cash equivalents** | **(109,681)** | (610,913) |
| Cash and cash equivalents at beginning of year | **527,166** | 1,134,383 |
| Effects of exchange rate changes on cash and cash equivalents | **(158)** | 3,696 |
| **Cash and cash equivalents at end of year** | **417,327** | 527,166 |
| Cash and cash equivalents at end of year comprise: | | |
| Cash and bank deposits (Note 21) | **420,333** | 530,125 |
| Less: Deposits pledged in relation to acquisition of subsidiary companies (Note 21) | **(3,006)** | (2,959) |
| | **417,327** | 527,166 |
| **Analysis of acquisition of subsidiary companies and business assets** | | |
| Net assets acquired: | | |
| Intangible assets | **-** | 7,135 |
| Other non-current assets | **1,781** | 892 |
| Current assets | **8,643** | 7,290 |
| Borrowings | **(219)** | - |
| Other current liabilities | **(2,541)** | (8,788) |
| Other non-current liabilities | **(119)** | - |
| Non-controlling interests | **(4,073)** | - |
| Cash and cash equivalents | **2,637** | 1,585 |
| | **6,109** | 8,114 |
| Provisional goodwill/goodwill on acquisition | **19,666** | 784 |
| Consideration paid | **25,775** | 8,898 |
| Deferred consideration | **(500)** | - |
| Less: Deposits paid in previous financial year | **-** | (8,000) |
| Cash and cash equivalents of subsidiary companies and business assets acquired | **(2,637)** | (1,585) |
| Net cash outflow/(inflow) on acquisition of subsidiary companies and business assets | **22,638** | (687) |

The Notes on pages 106 to 187 form an integral part of the Financial Statements.

# Notes to the Financial Statements

for the year ended 30 September 2019

The following Notes form an integral part of the Financial Statements on pages 98 to 105.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 14 November 2019.

## 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. The Company provides management and administrative services to some subsidiary companies.

The financial statements of the Group as at and for the year ended 30 September 2019 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 (International) ("SFRS(I)"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First time Adoption of Singapore Financial Reporting Standards (International)* ("SFRS(I) 1") has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I)s and application of SFRS(1) 15 and SFRS(I) 9 have affected the reported financial position, financial performance and cash flows is provided in Note 2.2.

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.

### 2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 October 2018. In adopting the new framework, the Group is required to apply the specific transition requirements in SFRS(I) 1.

The Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 30 September 2019, together with the comparative period data for the year ended 30 September 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 October 2017, the Group and the Company's date of transition to SFRS(I), subject to the mandatory exceptions and optional exemptions under SFRS(I).

# Notes to the Financial Statements

for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.2 Adoption of SFRS(I) (cont'd)

In addition to the adoption of the new framework, the Group and the Company also concurrently applied the following new, amendments to and interpretations of the standards that are mandatory for application from 1 October 2018:

| | |
|---|---|
| SFRS(I) 15 | *Revenue from Contracts with Customers* |
| Amendments to SFRS(I) 15 | *Clarifications to IFRS 15 Revenue from Contracts with Customers* |
| SFRS(I) 9 | *Financial Instruments* |
| Amendments to SFRS(I) 2 | *Classification and Measurement of Share-based Payment Transactions* |
| Amendments to SFRS(I) 1-40 | *Transfers of Investment Property* |
| SFRS(I) INT 22 | *Foreign Currency Transactions and Advance Consideration Illustrative Examples* |
| Amendment to SFRS(I) 1 | *First-time adoption of financial reporting standards* |
| Amendment to SFRS(I) 1-28 | *Investments in associates and joint ventures* |
| Amendments to SFRS(I) 4 | *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* |

Except for SFRS(I) 15 and SFRS(I) 9, the adoption of the above new, amendments to and interpretations of the standards had no material impact on the financial statements of the Group.

The adoption of SFRS(I) does not have any material impact on the financial statements of the Company.

**(a) SFRS(I) 1**

SFRS(I) 1 allows first time-adopters exemption from the retrospective application of certain requirements under SFRS(I). The Group has adopted the following exemption:

***(i) Cumulative currency translation differences***

The Group has elected to reset its cumulative currency translation differences for all foreign operations to nil at the date of transition as at 1 October 2017. As a result, currency translation losses of $208,671,000 were reclassified 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.

**(b) SFRS(I) 15**

SFRS(I) 15 established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 superseded the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations. 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 adopted SFRS(I) 15 retrospectively and has also elected to apply the Retrospective approach and used the following practical expedients provided under SFRS(I) 15 as follows:

- For completed contracts, no restatement of contracts that begin and complete in the same annual accounting period
- For completed contracts with variable consideration, use the transaction price at the date the contract was completed
- For periods before the date of initial application, exempt from providing disclosures for remaining performance obligations
- For contracts that were modified before the beginning of the earliest period presented, an entity may reflect the aggregate effect of all contract modifications.

The Group's contracts with customers contain product sales and also consideration payable to customers. Each of these components is either recognised as revenue or operating expenses. With the adoption of SFRS(I) 15, the consideration payable to customers which were previously recognised as expenses would be required to be recognised as part of the transaction price and hence to be reclassified and netted off against revenue.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.2 Adoption of SFRS(I) (cont'd)

#### (c) SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting model.

The Group and the Company adopted SFRS(I) 9 from 1 October 2018. In accordance with the exemption in SFRS(I) 1, the Group elected not to restate the comparative information in its FY2019 financial statements. Accordingly, the comparative information presented is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in revenue reserve as at 1 October 2018.

***(i) Classification and measurement: financial assets and financial liabilities***

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

The accounting policies for financial assets under SFRS(I) 9 is disclosed in Note 2.16.

The adoption of SFRS(I) 9 does not have any significant effect on the Group's accounting policies for financial liabilities.

For equity investments that were previously classified as available-for sale under FRS 39 and which the Group and the Company intend to hold for long term for strategic purposes, the Group and the Company have designated these investments at 1 October 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value adjustment reserve related to these investments will never be reclassified to profit statement. There is no significant impact arising from measurement of these financial assets under SFRS(I) 9.

Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

***(ii) Impairment***

SFRS(I) 9 requires the Group and the Company to record ECLs on all its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group and the Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon the adoption of SFRS(I) 9, the Group recognised additional impairment on the Group's trade receivables of $700,000. The additional impairment recognised resulted in a corresponding decrease in revenue reserve and non-controlling interest of $405,000 and $295,000 respectively as at 1 October 2018.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.2 Adoption of SFRS(I) (cont'd)

The following is the reconciliation of the impact arising from initial application of SFRS(I) 1, SFRS(I) 9 and SFRS(I) 15 on the Group's Balance Sheet as at 1 October 2017, 30 September 2018 and 1 October 2018 and Profit Statement for the year ended 30 September 2018:

**Group Balance Sheets**

| | 30 September 2018 (FRS) ($'000) | SFRS(I) 1 ($'000) | SFRS(I) 15 ($'000) | 30 September 2018 (SFRS(I)) ($'000) | SFRS(I) 9 ($'000) | 1 October 2018 (SFRS(I)) ($'000) |
|---|---|---|---|---|---|---|
| **SHARE CAPITAL AND RESERVES** | | | | | | |
| Share capital | 851,941 | - | - | 851,941 | - | 851,941 |
| Treasury shares | (267) | - | - | (267) | - | (267) |
| Revenue reserve | 2,162,297 | (208,671) | (4,374) | 1,949,252 | (405) | 1,948,847 |
| Exchange reserve | (238,179) | 208,671 | (44) | (29,552) | - | (29,552) |
| Other reserves | 45,424 | - | - | 45,424 | - | 45,424 |
| | 2,821,216 | - | (4,418) | 2,816,798 | (405) | 2,816,393 |
| **NON-CONTROLLING INTERESTS** | 348,604 | - | (1,018) | 347,586 | (295) | 347,291 |
| | 3,169,820 | - | (5,436) | 3,164,384 | (700) | 3,163,684 |
| **NON-CURRENT ASSETS** | | | | | | |
| Fixed assets | 561,459 | - | - | 561,459 | - | 561,459 |
| Investment properties | 41,672 | - | - | 41,672 | - | 41,672 |
| Properties held for development | 18,529 | - | - | 18,529 | - | 18,529 |
| Joint venture companies | 48,257 | - | - | 48,257 | - | 48,257 |
| Associated companies | 2,560,292 | - | - | 2,560,292 | - | 2,560,292 |
| Intangible assets | 104,430 | - | - | 104,430 | - | 104,430 |
| Brands | 27,704 | - | - | 27,704 | - | 27,704 |
| Other investments | 13,879 | - | - | 13,879 | - | 13,879 |
| Other receivables | 1,298 | - | - | 1,298 | - | 1,298 |
| Deferred tax assets | 6,609 | - | (218) | 6,391 | - | 6,391 |
| | 3,384,129 | - | (218) | 3,383,911 | - | 3,383,911 |
| **CURRENT ASSETS** | | | | | | |
| Inventories | 242,512 | - | 750 | 243,262 | - | 243,262 |
| Trade receivables | 272,192 | - | 11,487 | 283,679 | (700) | 282,979 |
| Other receivables | 50,310 | - | 3,359 | 53,669 | - | 53,669 |
| Related parties | 9,607 | - | - | 9,607 | - | 9,607 |
| Joint venture companies | 1,863 | - | - | 1,863 | - | 1,863 |
| Associated companies | 12 | - | - | 12 | - | 12 |
| Cash and bank deposits | 530,125 | - | - | 530,125 | - | 530,125 |
| | 1,106,621 | - | 15,596 | 1,122,217 | (700) | 1,121,517 |
| **CURRENT LIABILITIES** | | | | | | |
| Trade payables | 160,961 | - | 10,516 | 171,477 | - | 171,477 |
| Other payables | 197,422 | - | 10,298 | 207,720 | - | 207,720 |
| Related parties | 9,121 | - | - | 9,121 | - | 9,121 |
| Associated companies | 1,253 | - | - | 1,253 | - | 1,253 |
| Borrowings | 374,131 | - | - | 374,131 | - | 374,131 |
| Provision for taxation | 32,959 | - | - | 32,959 | - | 32,959 |
| | 775,847 | - | 20,814 | 796,661 | - | 796,661 |
| **NET CURRENT ASSETS** | 330,774 | - | (5,218) | 325,556 | (700) | 324,856 |
| **NON-CURRENT LIABILITIES** | | | | | | |
| Other payables | 12,575 | - | - | 12,575 | - | 12,575 |
| Borrowings | 497,288 | - | - | 497,288 | - | 497,288 |
| Provision for employee benefits | 18,256 | - | - | 18,256 | - | 18,256 |
| Deferred tax liabilities | 16,964 | - | - | 16,964 | - | 16,964 |
| | 545,083 | - | - | 545,083 | - | 545,083 |
| | 3,169,820 | - | (5,436) | 3,164,384 | (700) | 3,163,684 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.2 Adoption of SFRS(I) (cont'd)

**Group Balance Sheets** (cont'd)

| | 1 October 2017 (FRS) ($'000) | SFRS(I) 1 ($'000) | SFRS(I) 15 ($'000) | 1 October 2017 (SFRS(I)) ($'000) |
|---|---|---|---|---|
| **SHARE CAPITAL AND RESERVES** | | | | |
| Share capital | 849,301 | - | - | 849,301 |
| Treasury shares | (267) | - | - | (267) |
| Revenue reserve | 2,101,244 | (208,671) | (5,767) | 1,886,806 |
| Exchange reserve | (208,671) | 208,671 | - | - |
| Other reserves | 73,392 | - | - | 73,392 |
| | 2,814,999 | - | (5,767) | 2,809,232 |
| **NON-CONTROLLING INTERESTS** | 317,108 | - | (1,193) | 315,915 |
| | 3,132,107 | - | (6,960) | 3,125,147 |
| **NON-CURRENT ASSETS** | | | | |
| Fixed assets | 505,643 | - | - | 505,643 |
| Investment properties | 40,581 | - | - | 40,581 |
| Properties held for development | 18,025 | - | - | 18,025 |
| Joint venture companies | 46,669 | - | - | 46,669 |
| Associated companies | 2,377,062 | - | - | 2,377,062 |
| Intangible assets | 93,574 | - | - | 93,574 |
| Brands | 27,115 | - | - | 27,115 |
| Other investments | 30,131 | - | - | 30,131 |
| Other receivables | 1,350 | - | - | 1,350 |
| Deferred tax assets | 9,677 | - | - | 9,677 |
| Cash and bank deposits | 2,927 | - | - | 2,927 |
| | 3,152,754 | - | - | 3,152,754 |
| **CURRENT ASSETS** | | | | |
| Inventories | 247,085 | - | - | 247,085 |
| Trade receivables | 279,654 | - | 8,461 | 288,115 |
| Other receivables | 59,165 | - | 2,346 | 61,511 |
| Related parties | 7,054 | - | - | 7,054 |
| Joint venture companies | 571 | - | - | 571 |
| Associated companies | 1 | - | - | 1 |
| Cash and bank deposits | 1,134,981 | - | - | 1,134,981 |
| | 1,728,511 | - | 10,807 | 1,739,318 |
| Assets held for sale | 9,887 | - | - | 9,887 |
| | 1,738,398 | - | 10,807 | 1,749,205 |
| **CURRENT LIABILITIES** | | | | |
| Trade payables | 155,029 | - | 6,792 | 161,821 |
| Other payables | 202,234 | - | 10,975 | 213,209 |
| Related parties | 13,689 | - | - | 13,689 |
| Joint venture companies | 11 | - | - | 11 |
| Associated companies | 1,583 | - | - | 1,583 |
| Borrowings | 785,591 | - | - | 785,591 |
| Provision for taxation | 32,990 | - | - | 32,990 |
| | 1,191,127 | - | 17,767 | 1,208,894 |
| Liabilities held for sale | 2,371 | - | - | 2,371 |
| | 1,193,498 | - | 17,767 | 1,211,265 |
| **NET CURRENT ASSETS** | 544,900 | - | (6,960) | 537,940 |
| **NON-CURRENT LIABILITIES** | | | | |
| Other payables | 13,169 | - | - | 13,169 |
| Borrowings | 517,498 | - | - | 517,498 |
| Provision for employee benefits | 17,807 | - | - | 17,807 |
| Deferred tax liabilities | 17,073 | - | - | 17,073 |
| | 565,547 | - | - | 565,547 |
| | 3,132,107 | - | (6,960) | 3,125,147 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.2 Adoption of SFRS(I) (cont'd)

**Group Profit Statement**

| | 30 September 2018 (FRS) ($'000) | SFRS(I) 15 ($'000) | 30 September 2018 (SFRS(I)) ($'000) |
|---|---|---|---|
| **REVENUE** | 1,926,537 | (91,765) | 1,834,772 |
| Cost of sales | (1,254,191) | 2,421 | (1,251,770) |
| **GROSS PROFIT** | 672,346 | (89,344) | 583,002 |
| Other income (net) | 5,264 | - | 5,264 |
| Operating expenses | | | |
| - Distribution | (181,212) | 21,622 | (159,590) |
| - Marketing | (250,894) | 69,543 | (181,351) |
| - Administration | (126,165) | - | (126,165) |
| | (558,271) | 91,165 | (467,106) |
| **TRADING PROFIT** | 119,339 | 1,821 | 121,160 |
| Share of results of joint venture companies | (3,568) | - | (3,568) |
| Share of results of associated companies | 97,697 | - | 97,697 |
| **PROFIT BEFORE INTEREST AND TAXATION ("PBIT")** | 213,468 | 1,821 | 215,289 |
| Finance income | 14,628 | - | 14,628 |
| Finance cost | (30,491) | - | (30,491) |
| Net finance cost | (15,863) | - | (15,863) |
| **PROFIT BEFORE FAIR VALUE ADJUSTMENT, TAXATION AND EXCEPTIONAL ITEMS** | 197,605 | 1,821 | 199,426 |
| Fair value adjustment of investment properties | 301 | - | 301 |
| **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 197,906 | 1,821 | 199,727 |
| Exceptional items | 719 | - | 719 |
| **PROFIT BEFORE TAXATION** | 198,625 | 1,821 | 200,446 |
| Taxation | (19,568) | (218) | (19,786) |
| **PROFIT AFTER TAXATION** | 179,057 | 1,603 | 180,660 |
| **ATTRIBUTABLE PROFIT TO:** | | | |
| Shareholders of the Company | | | |
| - Before fair value adjustment and exceptional items | 121,713 | 1,393 | 123,106 |
| - Fair value adjustment of investment properties | 301 | - | 301 |
| - Exceptional items | 155 | - | 155 |
| | 122,169 | 1,393 | 123,562 |
| Non-controlling interests | 56,888 | 210 | 57,098 |
| | 179,057 | 1,603 | 180,660 |
| **Earnings per share attributable to Shareholders of the Company** | | | |
| Basic - before fair value adjustment and exceptional items | 8.4 cts | | 8.5 cts |
| - after fair value adjustment and exceptional items | 8.4 cts | | 8.5 cts |
| Fully diluted - before fair value adjustment and exceptional items | 8.4 cts | | 8.5 cts |
| - after fair value adjustment and exceptional items | 8.4 cts | | 8.5 cts |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.3 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 2.13(b).

When an entity within the Group writes a put option with the non-controlling shareholders as part of the acquisition of a subsidiary for settlement in cash or in another financial asset, a put liability is recognised for the present value of the exercise price of the option. This creates an obligation or potential obligation for the entity to purchase its subsidiary's equity instruments (constitutes the Group's own equity in the consolidated financial statements) for cash or another financial asset.

When the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests, the Group continues to recognise the non-controlling shareholders. Therefore, the present value of the option is recognised in equity. Subsequent to initial recognition of the financial liability, changes in the carrying amount of the financial liability is recognised within equity.

If the put option expires unexercised, the charge to equity will be reversed and the financial liability will be derecognised. If the put option is exercised, the charge to equity will be reversed, the financial liability will be derecognised and acquisition accounting will be applied.

#### Acquisition before 1 October 2017

As part of the transition to SFRS(I), the Group elected not to restate those business combinations acquired before the date of transition to SFRS(I), i.e. 1 October 2017. Goodwill arising from acquisitions before 1 October 2017 has been carried forward from the previous framework as at the date of transition.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.3 Basis of Consolidation and Business Combinations (cont'd)

**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.

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 38.

### 2.4 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 ("OCI") is recognised in OCI. 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 38.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.5 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 OCI is recognised in OCI. 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 38.

### 2.6 Revenue Recognition

#### Sale of Goods and Services

Revenue from the sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. Consideration payable is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

#### 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 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.7 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.

### 2.8 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 OCI.

#### (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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.9 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.

### 2.10 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.

### 2.11 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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.12 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.

### 2.13 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.

(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.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.13 Intangible Assets (cont'd)

(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% to 20.0% |
| Distribution rights | 6.7% to 10.0% |
| Software | 12.5% to 33.3% |

### 2.14 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.

### 2.15 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.

### 2.16 Financial Assets

The accounting for financial assets *before* 1 October 2018 are as follows:

**(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 2.18.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.16 Financial Assets (cont'd)

**(a) Classification** (cont'd)

***(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 OCI 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.

**(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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.16 Financial Assets (cont'd)

#### (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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.16 Financial Assets (cont'd)

The accounting for financial assets *after* 1 October 2018 are as follows:

**(h) Classification**

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- FVOCI; and
- FVTPL.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets are not reclassified subsequent to their initial recognition unless its business model for managing those assets changes.

***(i) Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost mainly comprise of cash and cash equivalents, trade and other receivables, amount due from related parties, joint venture and associated companies.

***(ii) Financial assets at FVOCI***

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by investment basis. The Group's equity investments are classified as FVOCI.

***(iii) Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**(i) 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.

**(j) Initial measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit statement.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.16 Financial Assets (cont'd)

#### (k) Subsequent measurement

*(i) Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit statement. Any gain or loss on derecognition is recognised in profit statement.

*(ii) Financial assets at FVOCI*

These assets are subsequently measured at fair value. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit statement following the derecognition of the investment. Dividends from equity investments are recognised in profit statement as "dividend income".

*(iii) Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit statement.

#### (l) Impairment

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances of the Group are measured on either of the following bases:

(i) 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected credit life of the instrument is less than 12 months); or

(ii) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

For trade receivables and contract assets, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets.

**Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

(i) significant financial difficulty of the borrower;

(ii) a breach of contract such as a default;

(iii) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

(iv) it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

(v) the disappearance of an active market for a security because of financial difficulties.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.17 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 expired.

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, and put liability to acquire non-controlling interests.

### 2.18 Derivative Financial Instruments

The Group and the Company 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. Any directly attributable transaction costs are recognised in the profit statement as incurred. 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 limited to the cumulative change in fair value of the hedged item, 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 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.19 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.

### 2.20 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 SFRS(I)s. 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.

### 2.21 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 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.22 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 OCI 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.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.23 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.

### 2.24 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.

### 2.25 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.

### 2.26 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 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.27 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 financial assets at FVOCI, 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 OCI 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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.28 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.

#### (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.

***Financial assets at amortised cost***

The Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets at amortised cost is disclosed in Note 24 and 34(c).

##### *(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 2019

## 2. ACCOUNTING POLICIES (cont'd)

### 2.28 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 | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| Sale of goods | **1,785,823** | 1,724,057 |
| Sale of services | **106,976** | 101,259 |
| Others | **9,538** | 9,456 |
| Total revenue | **1,902,337** | 1,834,772 |

**(a) Disaggregation of revenue from contracts with customers:**

| | Operating Segments | | | | |
|---|---|---|---|---|---|
| | **Beverages ($'000)** | **Dairies ($'000)** | **Printing & Publishing ($'000)** | **Others ($'000)** | **Total ($'000)** |
| **Year ended 30 September 2019** | | | | | |
| **Primary geographical markets** | | | | | |
| Singapore | **120,612** | **165,278** | **165,348** | **-** | **451,238** |
| Malaysia | **335,951** | **335,984** | **35,981** | **398** | **708,314** |
| Thailand | **-** | **649,272** | **290** | **-** | **649,562** |
| Others | **14,181** | **3,295** | **75,747** | **-** | **93,223** |
| | **470,744** | **1,153,829** | **277,366** | **398** | **1,902,337** |
| **Major product/service lines** | | | | | |
| Sale of goods | **470,744** | **1,153,829** | **161,250** | **-** | **1,785,823** |
| Sale of services | **-** | **-** | **106,933** | **43** | **106,976** |
| Others | **-** | **-** | **9,183** | **355** | **9,538** |
| | **470,744** | **1,153,829** | **277,366** | **398** | **1,902,337** |
| **Timing of transfer of goods or services** | | | | | |
| At a point in time | **470,744** | **1,153,829** | **260,692** | **398** | **1,885,663** |
| Over time | **-** | **-** | **16,674** | **-** | **16,674** |
| | **470,744** | **1,153,829** | **277,366** | **398** | **1,902,337** |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 3. REVENUE (cont'd)

### (a) Disaggregation of revenue from contracts with customers: (cont'd)

| | Operating Segments | | | | |
|---|---|---|---|---|---|
| | Beverages ($'000) | Dairies ($'000) | Printing & Publishing ($'000) | Others ($'000) | Total ($'000) |
| **Year ended 30 September 2018** | | | | | |
| **Primary geographical markets** | | | | | |
| Singapore | 98,450 | 185,972 | 161,993 | - | 446,415 |
| Malaysia | 332,920 | 335,310 | 36,149 | 360 | 704,739 |
| Thailand | - | 589,588 | 320 | - | 589,908 |
| Others | 10,636 | 2,423 | 80,651 | - | 93,710 |
| | 442,006 | 1,113,293 | 279,113 | 360 | 1,834,772 |
| **Major product/service lines** | | | | | |
| Sale of goods | 441,995 | 1,113,293 | 168,769 | - | 1,724,057 |
| Sale of services | 11 | - | 101,203 | 45 | 101,259 |
| Others | - | - | 9,141 | 315 | 9,456 |
| | 442,006 | 1,113,293 | 279,113 | 360 | 1,834,772 |
| **Timing of transfer of goods or services** | | | | | |
| At a point in time | 442,006 | 1,113,293 | 257,909 | 360 | 1,813,568 |
| Over time | - | - | 21,204 | - | 21,204 |
| | 442,006 | 1,113,293 | 279,113 | 360 | 1,834,772 |

### (b) Contract balances

Information about contract liabilities from contracts with customers is as follows:

| | THE GROUP | | |
|---|---|---|---|
| | **30 September 2019 ($'000)** | 30 September 2018 ($'000) (restated) | 1 October 2017 ($'000) (restated) |
| Contract liabilities | **32,371** | 31,016 | 40,082 |

The contract liabilities primarily relate to the advance consideration received from customers and progress billings issued in excess of the Group's rights to the consideration. Contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 3. REVENUE (cont'd)

### (b) Contract balances (cont'd)

Significant changes in the contract liabilities are explained as follows:

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| Contract liabilities at the beginning of the year recognised as revenue during the year | **(31,016)** | (40,082) |
| Increases due to cash received, excluding amounts recognised as revenue during the year | **32,371** | 31,016 |

## 4. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

### (a) Included in other income (net):

| | 2019 | 2018 |
|---|---|---|
| Gain on disposal of fixed assets | **11,631** | 3,271 |
| Management and support services | **3,272** | 3,128 |
| Sale of scrap items | **2,311** | 1,920 |
| Rental income | **1,308** | 1,228 |
| Service fee income | **568** | 602 |
| Subscription fee income | **566** | 767 |
| Wage credit allowance | **249** | 537 |
| Gain on disposal of derivatives | **-** | 479 |
| Foreign exchange loss | **(1,267)** | (7,808) |
| Fair value loss on derivatives | **(165)** | (156) |

### (b) Net finance cost:

| | 2019 | 2018 |
|---|---|---|
| Finance income | | |
| Interest income from bank and other deposits | **5,042** | 12,677 |
| Others | **1,926** | 1,951 |
| | **6,968** | 14,628 |
| Finance cost | | |
| Interest expense from bank and other borrowings | **(21,511)** | (30,377) |
| Others | **(152)** | (114) |
| | **(21,663)** | (30,491) |
| | **(14,695)** | (15,863) |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 4. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS (cont'd)

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| **(c) Profit before taxation and exceptional items have been arrived at after charging:** | | |
| Depreciation of fixed assets | **49,407** | 45,918 |
| Impairment of fixed assets | **120** | 104 |
| Impairment of intangible assets | **89** | 14 |
| Amortisation of brands | **135** | 135 |
| Amortisation of intangible assets | **11,164** | 11,955 |
| Fixed assets written off | **1,272** | 1,000 |
| Bad debts written off | **11** | - |
| Allowance for bad and doubtful trade debts | **606** | 737 |
| Inventory written off | **3,829** | 2,346 |
| Allowance for inventory obsolescence | **4,760** | 6,855 |
| Directors of the Company: | | |
| Fee | **819** | 752 |
| Remuneration of members of Board committees | **536** | 549 |
| Adviser fees and allowances | **1,956** | 1,953 |
| Key executive officers: | | |
| Remuneration | **4,749** | 4,186 |
| Provident Fund contribution | **74** | 78 |
| Employee share-based expense | **249** | 406 |
| Staff costs (exclude directors and key executives) | **245,834** | 240,151 |
| Employee share-based expense (exclude directors and key executives) | **1,964** | 4,025 |
| Defined contribution plans (exclude directors and key executives) | **22,648** | 23,937 |
| Defined benefit plans | **2,527** | 1,652 |
| Auditors' remuneration: | | |
| Auditor of the Company | **814** | 793 |
| Member firms of the Auditor of the Company | **693** | 708 |
| Other auditors | **45** | 27 |
| Professional fees paid to: | | |
| Auditor of the Company | **103** | 136 |
| Member firms of the Auditor of the Company | **114** | 169 |
| Other auditors | **327** | 71 |
| **and crediting:** | | |
| Write back of defined benefit plans | **70** | - |
| Write back of allowance for bad and doubtful trade debts | **309** | 935 |
| Write back of allowance for inventory obsolescence | **1,060** | 939 |
| Reversal of impairment of fixed assets | **355** | 804 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 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 2019**

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 | 470,744 | 1,153,829 | 277,366 | 398 | - | 1,902,337 |
| Revenue - inter-segment | 3,059 | 36 | 84 | 113,922 | (117,101) | - |
| **Total revenue** | **473,803** | **1,153,865** | **277,450** | **114,320** | **(117,101)** | **1,902,337** |
| Subsidiary companies | 6,733 | 164,578 | 9,930 | (11,214) | - | 170,027 |
| Joint venture and associated companies | - | 110,927 | (365) | 2,934 | - | 113,496 |
| **PBIT** | **6,733** | **275,505** | **9,565** | **(8,280)** | **-** | **283,523** |
| Finance income | | | | | | 6,968 |
| Finance cost | | | | | | (21,663) |
| **Profit before fair value adjustment, taxation and exceptional items** | | | | | | **268,828** |
| Fair value adjustment of investment properties | | | | | | (1,370) |
| Exceptional items | | | | | | 1,106 |
| **Profit before taxation** | | | | | | **268,564** |
| Taxation | | | | | | (56,190) |
| **Profit after taxation** | | | | | | **212,374** |
| Non-controlling interests | | | | | | (59,818) |
| **Attributable profit** | | | | | | **152,556** |
| Assets | 482,988 | 667,626 | 270,510 | 84,431 | - | 1,505,555 |
| Investment in joint venture and associated companies | - | 2,591,097 | 149 | 199,327 | - | 2,790,573 |
| Tax assets | | | | | | 2,884 |
| Cash and bank deposits | | | | | | 420,333 |
| **Total assets** | | | | | | **4,719,345** |
| Liabilities | 108,910 | 222,642 | 108,912 | 43,373 | - | 483,837 |
| Tax liabilities | | | | | | 73,447 |
| Borrowings | | | | | | 829,684 |
| **Total liabilities** | | | | | | **1,386,968** |
| Other segment information: | | | | | | |
| Capital expenditure | 85,494 | 70,168 | 17,586 | 2,816 | - | 176,064 |
| Depreciation and amortisation | 18,719 | 24,413 | 16,621 | 953 | - | 60,706 |
| Impairment losses | 110 | 10 | 89 | - | - | 209 |
| Reversal of impairment losses | (136) | (219) | - | - | - | (355) |
| Attributable (loss)/profit before fair value adjustment and exceptional items | (4,998) | 185,368 | 6,332 | (33,509) | - | 153,193 |
| Fair value adjustment of investment properties | - | - | (1,370) | - | - | (1,370) |
| Exceptional items | - | 566 | 348 | (181) | - | 733 |
| Attributable (loss)/profit | (4,998) | 185,934 | 5,310 | (33,690) | - | 152,556 |

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 | 451,238 | 708,314 | 649,562 | 115 | 93,108 | 1,902,337 |
| PBIT | 7,151 | 51,724 | 121,840 | 109,185 | (6,377) | 283,523 |
| Non-current assets | 136,035 | 442,809 | 167,901 | 61 | 144,291 | 891,097 |
| Investment in joint venture and associated companies | - | 76,723 | 122,604 | 2,591,097 | 149 | 2,790,573 |
| Current assets | 168,815 | 254,376 | 153,669 | 260 | 37,338 | 614,458 |
| Capital expenditure | 23,039 | 32,003 | 52,649 | 18 | 68,355 | 176,064 |

Others: Myanmar, Brunei, Indonesia, China, India, Australia, Europe and USA

# Notes to the Financial Statements
for the year ended 30 September 2019

## 5. SEGMENT INFORMATION (cont'd)

**Year ended 30 September 2018 (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 | 442,006 | 1,113,293 | 279,113 | 360 | - | 1,834,772 |
| Revenue - inter-segment | 2,882 | 9 | 142 | 95,636 | (98,669) | - |
| **Total revenue** | **444,888** | **1,113,302** | **279,255** | **95,996** | **(98,669)** | **1,834,772** |
| Subsidiary companies | 416 | 136,029 | 1,497 | (16,782) | - | 121,160 |
| Joint venture and associated companies | - | 94,836 | (1,379) | 672 | - | 94,129 |
| **PBIT** | **416** | **230,865** | **118** | **(16,110)** | **-** | **215,289** |
| Finance income | | | | | | 14,628 |
| Finance cost | | | | | | (30,491) |
| **Profit before fair value adjustment, taxation and exceptional items** | | | | | | **199,426** |
| Fair value adjustment of investment properties | | | | | | 301 |
| Exceptional items | | | | | | 719 |
| **Profit before taxation** | | | | | | **200,446** |
| Taxation | | | | | | (19,786) |
| **Profit after taxation** | | | | | | **180,660** |
| Non-controlling interests | | | | | | (57,098) |
| **Attributable profit** | | | | | | **123,562** |
| Assets | 396,584 | 604,780 | 278,288 | 81,411 | - | 1,361,063 |
| Investment in joint venture and associated companies | - | 2,532,438 | 523 | 75,588 | - | 2,608,549 |
| Tax assets | | | | | | 6,391 |
| Cash and bank deposits | | | | | | 530,125 |
| **Total assets** | | | | | | **4,506,128** |
| Liabilities | 92,838 | 190,380 | 100,973 | 36,211 | - | 420,402 |
| Tax liabilities | | | | | | 49,923 |
| Borrowings | | | | | | 871,419 |
| **Total liabilities** | | | | | | **1,341,744** |
| 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 | (10,902) | 167,149 | (1,822) | (31,319) | - | 123,106 |
| Fair value adjustment of investment properties | - | - | 300 | 1 | - | 301 |
| Exceptional items | 221 | 49 | (312) | 197 | - | 155 |
| Attributable (loss)/profit | (10,681) | 167,198 | (1,834) | (31,121) | - | 123,562 |

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 | 446,415 | 704,739 | 589,908 | - | 93,710 | 1,834,772 |
| PBIT | (14,473) | 52,178 | 87,591 | 92,719 | (2,726) | 215,289 |
| 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 | 165,527 | 254,671 | 134,687 | 492 | 36,715 | 592,092 |
| 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 2019

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| **6. GROSS INCOME FROM INVESTMENTS** | | |
| Dividend income | **470** | - |
| **7. EXCEPTIONAL ITEMS** | | |
| Gain on disposal of investment property | **1,176** | - |
| Insurance claim relating to fire | **1,019** | - |
| Investment property written off | **(179)** | - |
| (Provision for)/Write back of restructuring and re-organisation costs of operations | **(910)** | 1,046 |
| Insurance claim relating to flood | **-** | 219 |
| Provision for damaged inventories relating to fire | **-** | (546) |
| | **1,106** | 719 |
| **8. TAXATION** | | |
| Based on profit for the year: | | |
| Singapore tax | **7,359** | 6,604 |
| Overseas tax | | |
| - current year | **33,322** | 9,283 |
| - withholding tax | **3,592** | 1,626 |
| Deferred tax | | |
| - current year | **5,605** | 5,512 |
| | **49,878** | 23,025 |
| Under/(Over) provision in preceding years | | |
| - current income tax | **6,025** | (1,698) |
| - deferred tax | **287** | (1,541) |
| | **56,190** | 19,786 |

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to profit for the year is as follows:

| | THE GROUP | |
|---|---|---|
| | **2019 %** | 2018 % (restated) |
| Singapore statutory rate | **17.0** | 17.0 |
| Effect of different tax rates of other jurisdictions | **2.7** | 3.0 |
| Effect of tax losses of subsidiary and joint venture companies not available for set-off against profits of other companies within the group | **0.9** | 0.8 |
| Income not subject to tax (tax incentive/exemption) | **(8.6)** | (16.3) |
| Expenses not deductible for tax purposes | **4.9** | 5.7 |
| Utilisation of previously unrecognised tax losses | **(0.2)** | (0.6) |
| Under/(Over) provision in prior years | **2.3** | (1.6) |
| Deferred tax benefits not recognised | **0.7** | 1.5 |
| Withholding tax | **1.3** | 0.8 |
| Tax benefits arising from previously unrecognised losses | **(0.1)** | (0.2) |
| Others | **-** | (0.2) |
| | **20.9** | 9.9 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 8. TAXATION (cont'd)

As at 30 September 2019, certain Singapore subsidiary companies have unutilised tax losses carried forward of approximately $23,154,000 (2018: $31,009,000) and unabsorbed capital allowances of $Nil (2018: $Nil) available for set off against future profits. In addition, certain overseas subsidiary companies have unutilised tax losses carried forward of approximately $86,940,000 (2018: $88,364,000), unutilised investment allowances of approximately $82,316,000 (2018: $92,468,000) and unabsorbed capital allowances of $23,206,000 (2018: $26,107,000). 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 29.

For the year of assessment ("YA") 2019 certain subsidiary companies have transferred loss items of $13,502,000 (YA 2018: $23,500,000) to offset against the taxable income of other companies in the Group. Tax benefits of $164,000 (YA 2018: $272,000) were recognised on the tax losses utilised under the group relief system. Tax benefits of $5,736,000 (2018: $6,069,000) 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 | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) |
| Interim paid of 1.5 cents per share (2018: 1.5 cents per share) | **21,762** | 21,757 |
| Final proposed of 4.0 cents per share (2018: 3.0 cents per share) | **57,961** | 43,444 |
| | **79,723** | 65,201 |

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.

## 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 | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| Group attributable profit to shareholders of the Company | | |
| - before fair value adjustment and exceptional items | **153,193** | 123,106 |
| - after fair value adjustment and exceptional items | **152,556** | 123,562 |
| | ------ **Number of Shares** ------ | |
| Weighted average number of ordinary shares in issue | **1,448,877,007** | 1,447,925,399 |
| Earnings Per Share (Basic) | | |
| - before fair value adjustment and exceptional items | **10.6 cts** | 8.5 cts |
| - after fair value adjustment and exceptional items | **10.5 cts** | 8.5 cts |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 10. EARNINGS PER SHARE (cont'd)

### (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:

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| Group attributable profit to shareholders of the Company before fair value adjustment and exceptional items | **153,193** | 123,106 |
| Change in attributable profit due to dilutive potential shares under share plans of a subsidiary company | **(175)** | (231) |
| Group adjusted attributable profit to shareholders of the Company before fair value adjustment and exceptional items | **153,018** | 122,875 |
| Group attributable profit to shareholders of the Company after fair value adjustment and exceptional items | **152,556** | 123,562 |
| Change in attributable profit due to dilutive potential shares under share plans of a subsidiary company | **(176)** | (232) |
| Group adjusted attributable profit to shareholders of the Company after fair value adjustment and exceptional items | **152,380** | 123,330 |

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:

| | ------ Number of Shares ------ | |
|---|---|---|
| Weighted average number of ordinary shares used to compute basic earnings per share | **1,448,877,007** | 1,447,925,399 |
| Adjustment for dilutive potential shares under share plans of the Company | **3,245,688** | 2,971,850 |
| Weighted average number of ordinary shares used to compute diluted earnings per share | **1,452,122,695** | 1,450,897,249 |
| Earnings Per Share (Fully diluted) | | |
| - before fair value adjustment and exceptional items | **10.5 cts** | 8.5 cts |
| - after fair value adjustment and exceptional items | **10.5 cts** | 8.5 cts |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 11. SHARE CAPITAL, TREASURY SHARES AND RESERVES

| | THE GROUP & THE COMPANY | | | |
|---|---|---|---|---|
| | **2019** | | 2018 | |
| | **Number of Shares** | **($'000)** | Number of Shares | ($'000) |
| **(a) Share capital** | | | | |
| <u>Ordinary shares issued and fully paid up</u> | | | | |
| Balance at beginning of year | **1,448,252,279** | **851,941** | 1,447,077,754 | 849,301 |
| Shares issued pursuant to the vesting of shares awarded under Share Plans | **775,899** | **1,608** | 1,174,525 | 2,640 |
| Balance at end of year | **1,449,028,178** | **853,549** | 1,448,252,279 | 851,941 |

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

(iii) F&N Restricted Share Plan 2019

| | **Number of Shares 2019** | **($'000) 2019** | Number of Shares 2018 | ($'000) 2018 |
|---|---|---|---|---|
| **(b) Treasury shares** | | | | |
| Balance at beginning of year | **(131,126)** | **(267)** | (131,126) | (267) |
| Reissued during the year: | | | | |
| - Reissued pursuant to share plans | **131,126** | **-** | - | - |
| - Transferred from share-based payment reserve | **-** | **275** | - | - |
| - Gain on reissuance of treasury shares | **-** | **(8)** | - | - |
| | **131,126** | **267** | - | - |
| Balance at end of year | **-** | **-** | (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 2019 and 2018.

The Company reissued 131,126 (2018: Nil) treasury shares pursuant to its share plans at a weighted average price of $2.04 (2018: $Nil) in this financial year.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 11. SHARE CAPITAL, TREASURY SHARES AND RESERVES (cont'd)

### (c) Reserves

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) | 1 October 2017 ($'000) (restated) | **2019 ($'000)** | 2018 ($'000) |
| The reserves comprise the following: | | | | | |
| Capital Reserve | **(5,257)** | 18,943 | 19,416 | **(1,091)** | (1,099) |
| Fair Value Adjustment Reserve | **(32,099)** | (25,873) | 1,264 | **57,939** | 72,624 |
| Hedging Reserve | **(1,447)** | - | - | **-** | - |
| Share-based Payment Reserve | **7,911** | 8,910 | 9,304 | **3,953** | 4,268 |
| Revenue Reserve | **2,031,134** | 1,949,252 | 1,886,806 | **722,593** | 741,673 |
| Dividend Reserve (Note 9) | **57,961** | 43,444 | 43,408 | **57,961** | 43,444 |
| Exchange Reserve | **21,678** | (29,552) | - | **-** | - |
| Total reserves | **2,079,881** | 1,965,124 | 1,960,198 | **841,355** | 860,910 |

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, the net loss on reissuance of treasury shares and put option liability arising from acquisition of subsidiary companies.

Fair value adjustment reserve comprises the cumulative fair value changes, net of tax, of equity investments designated at FVOCI (2018: 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.

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 4.0 cents (2018: 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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 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 2019** | | | | | | | | |
| **At cost** | | | | | | | | |
| Balance at beginning of year | 40,493 | 65,415 | 288,813 | 655,339 | 36,624 | 203,250 | 1,289,934 | 444 |
| Currency realignment | 436 | 561 | 4,300 | 8,294 | 457 | 1,815 | 15,863 | - |
| Additions | - | - | 151 | 3,333 | 146,742 | 8,770 | 158,996 | 999 |
| Acquisition of subsidiary companies | - | - | - | 1,352 | - | 429 | 1,781 | - |
| Disposals | (683) | - | (7,477) | (1,177) | - | (8,416) | (17,753) | - |
| Write off | - | - | - | (3,684) | (938) | (4,193) | (8,815) | - |
| Reclassification | - | 35 | 4,769 | 33,577 | (40,029) | 1,648 | - | - |
| Reclassified from investment property | - | - | 10,800 | - | - | - | 10,800 | - |
| Reclassified to intangible assets | - | - | - | - | (194) | (106) | (300) | - |
| Balance at end of year | 40,246 | 66,011 | 301,356 | 697,034 | 142,662 | 203,197 | 1,450,506 | 1,443 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| Balance at beginning of year | 777 | 13,171 | 100,398 | 464,288 | - | 149,841 | 728,475 | 175 |
| Currency realignment | (2) | 73 | 1,265 | 5,210 | - | 1,211 | 7,757 | - |
| Depreciation charge | - | 1,095 | 6,040 | 26,032 | - | 16,240 | 49,407 | 167 |
| Impairment charge | - | - | - | 105 | - | 15 | 120 | - |
| Reversal of impairment charge | - | - | - | (183) | - | (172) | (355) | - |
| Disposals | - | - | (5,050) | (1,028) | - | (8,326) | (14,404) | - |
| Write off | - | - | - | (3,518) | - | (4,025) | (7,543) | - |
| Reclassification | - | - | (69) | (131) | - | 200 | - | - |
| Reclassified to intangible assets | - | - | - | - | - | (91) | (91) | - |
| Balance at end of year | 775 | 14,339 | 102,584 | 490,775 | - | 154,893 | 763,366 | 342 |
| **Net book value** | 39,471 | 51,672 | 198,772 | 206,259 | 142,662 | 48,304 | 687,140 | 1,101 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 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 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** | 39,716 | 52,244 | 188,415 | 191,051 | 36,624 | 53,409 | 561,459 | 269 |

(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 2019 amounted to $331,000 (2018: $Nil).

(c) During the financial year ended 30 September 2019, a change in use led to a building being transferred from investment property. The deemed cost of the building is its fair value of $10,800,000 as at the date of change in use.

(d) During the financial year ended 30 September 2018, 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 2019

## 13. INVESTMENT PROPERTIES

| | | THE GROUP | |
|---|---|---|---|
| | | **2019 ($'000)** | 2018 ($'000) |
| **(a)** | **Completed Investment Properties** | | |
| | Balance at beginning of year | **41,672** | 40,581 |
| | Currency realignment | **(50)** | 528 |
| | Reclassified (to)/from fixed assets | **(10,800)** | 262 |
| | Disposals | **(11,772)** | - |
| | Write off | **(179)** | - |
| | Net fair value (loss)/gain recognised in the profit statement | **(1,370)** | 301 |
| | Balance at end of year | **17,501** | 41,672 |

**(b)** Completed investment properties comprise commercial properties that are leased mainly to third parties under operating leases (Note 31).

The following amounts are recognised in the profit statement:

| | 2019 | 2018 |
|---|---|---|
| Rental income from investment properties: | | |
| - Minimum lease payments | **855** | 1,017 |
| Direct operating expenses arising from rental generating properties | **236** | 238 |

**(c)** 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 | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) |
| Balance at beginning of year | **18,529** | 18,025 |
| Currency realignment | **(39)** | 504 |
| Balance at end of year | **18,490** | 18,529 |
| | | |
| Properties held for development comprise: | | |
| Freehold land | **16,424** | 16,458 |
| Development costs | **2,066** | 2,071 |
| | **18,490** | 18,529 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 15. SUBSIDIARY COMPANIES

| | THE COMPANY | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) |
| Quoted shares at cost | **256,353** | 256,353 |
| Unquoted shares at cost | **2,242,934** | 2,100,554 |
| Allowance for impairment | **(276,638)** | (269,362) |
| | **2,222,649** | 2,087,545 |
| Amounts owing by subsidiary companies (unsecured) | - | 75 |
| | **2,222,649** | 2,087,620 |
| **MARKET VALUE** | | |
| Quoted shares | **2,342,664** | 2,537,329 |

During the financial year, the Company increased its shareholdings in InterF&B Pte. Ltd. and F&N Investments Pte Ltd through capital injections amounting to $76,380,000 and $66,000,000 respectively. There was no change to the Company's effective ownership interest in these subsidiary companies.

During the financial year, an impairment loss of $7,276,000 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 8.6% and the terminal growth rate was 2.0%.

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 $698,000,000 (2018: $540,000,000) which bear interest between 2.6% to 3.9% (2018: 2.5% 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 receivable of $Nil (2018: $18,000,000) which bears interest of Nil% (2018: 2.1%) per annum, and to be settled in cash.

The Company provides for 12-month ECLs for all amounts due from subsidiary companies based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. The amounts due from subsidiary companies are considered to have low credit risk and the amount of the allowance is insignificant.

Details of the significant subsidiary companies are included in Note 38.

### (a) Acquisition of subsidiary companies and business assets

*Printing and Publishing*

(i) 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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 15. SUBSIDIARY COMPANIES (cont'd)

### (a) Acquisition of subsidiary companies and business assets (cont'd)

*Printing and Publishing (cont'd)*

(i) In accordance with FRS 103 *Business Combinations*, the fair value of the identifiable assets and liabilities was determined provisionally for the acquisition as of 30 September 2018. Additional information was obtained as part of the process of finalising the Purchase Price Allocation exercise ("PPA") during the 12 month period allowed under FRS 103 and this resulted in certain aspects of the PPA being revised to reflect the finalisation of the allocation process. The impact of these revisions on the acquired assets is as follows:

| | As previously reported 30 September 2018 ($'000) | Adjustment ($'000) | Revised as at 30 September 2018 ($'000) |
|---|---|---|---|
| Intangible assets | - | 334 | 334 |
| Other non-current assets | 63 | - | 63 |
| Current assets | 507 | - | 507 |
| Current liabilities | (1,924) | - | (1,924) |
| Cash and cash equivalents | 1,354 | - | 1,354 |
| Total identifiable net assets at fair value | - | 334 | 334 |
| Goodwill arising from acquisition | 667 | (334) | 333 |
| Consideration paid | 667 | - | 667 |
| Less: Cash and cash equivalents in business assets acquired | (1,354) | - | (1,354) |
| Net cash inflow on acquisition of business assets | (687) | - | (687) |

All the above fair value adjustments have been recorded with effect from the date of acquisition by revising the 30 September 2018 reported balance sheet. There is no impact on the profit statement for the year ended 30 September 2018 due to the above fair value adjustments.

(ii) On 3 April 2019, Times Publishing Limited, a wholly-owned subsidiary company of the Group, completed the acquisition of 60% shareholding interest in Print Lab Pte. Ltd. and its subsidiary company ("PLPL"). Upon acquisition, PLPL became subsidiary companies of the Group. A provisional goodwill of $19,666,000 was recognised on the acquisition based on the difference between the consideration and the fair value of the identifiable assets and liabilities at the date of the acquisition, subject to completion of the PPA. The consideration was arrived at on a "willing-buyer-willing-seller" basis, taking into consideration, *inter alia*, the net asset value and earnings of PLPL.

The fair value of the identifiable assets and liabilities as at the date of acquisition were as follows:

| | Fair Value as at Date of Acquisition ($'000) |
|---|---|
| Non-current assets | 1,781 |
| Current assets | 8,643 |
| Borrowings | (219) |
| Other current liabilities | (2,541) |
| Other non-current liabilities | (119) |
| Non-controlling interests | (4,073) |
| Cash and cash equivalents | 2,637 |
| Total identifiable net assets at fair value | 6,109 |
| Provisional goodwill arising from acquisition | 19,666 |
| Consideration paid | 25,775 |
| Deferred consideration | (500) |
| Less: Cash and cash equivalents in subsidiary companies acquired | (2,637) |
| Net cash outflow on acquisition of subsidiary companies | 22,638 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 15. SUBSIDIARY COMPANIES (cont'd)

### (a) Acquisition of subsidiary companies and business assets (cont'd)

*Printing and Publishing (cont'd)*

(ii) The contribution to the Group's revenue and profit after tax by the acquired subsidiary companies were $11,537,000 and $787,000 respectively for the 6 months ended 30 September 2019. If the acquisition had occurred on 1 October 2018, management estimated that the Group's revenue and profit after tax would have been increased by $23,433,000 and $2,049,000 respectively.

Transaction costs related to the acquisitions of $453,000 have been recognised under "Administrative expenses" in the Group's profit statement for the year ended 30 September 2019.

### (b) Subsidiary company with material non-controlling interest ("NCI")

The Group's subsidiary company that has material NCI is as follows:

| | Fraser & Neave Holdings Bhd | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| NCI percentage of ownership and voting interest | **44.5%** | 44.5% |
| Carrying amount of NCI | **371,519** | 339,134 |
| Profit after taxation allocated to NCI | **60,197** | 57,195 |
| Dividends paid to NCI | **30,954** | 31,000 |
| Summarised financial information before inter-group elimination | | |
| Non-current assets | **576,716** | 560,615 |
| Current assets | **579,203** | 545,328 |
| Non-current liabilities | **(59,189)** | (60,845) |
| Current liabilities | **(262,273)** | (282,882) |
| Net assets | **834,457** | 762,216 |
| Revenue | **1,344,640** | 1,292,124 |
| Profit for the year | **135,292** | 129,017 |
| Other comprehensive income | **9,811** | (623) |
| Total comprehensive income | **145,103** | 128,394 |
| Net cash from operating activities | **190,793** | 181,459 |
| Net cash flows used in investing activities | **(40,971)** | (53,617) |
| Net cash flows used in financing activities | **(148,214)** | (90,069) |
| Net increase in cash and cash equivalents | **1,608** | 37,773 |

## 16. JOINT VENTURE COMPANIES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) | **2019 ($'000)** | 2018 ($'000) |
| F&N Retail Connection Co., Ltd ("FNRC") and F&N International Holdings Co., Ltd ("FNIH") | **122,604** | - | **38,965** | - |
| Vacaron Company Sdn Bhd ("VCSB") | **47,144** | 47,734 | **-** | - |
| Other joint venture company | **150** | 523 | **-** | - |
| | **169,898** | 48,257 | **38,965** | - |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 16. JOINT VENTURE COMPANIES (cont'd)

**(a)** The following table summarises the financial information of FNRC, FNIH and VCSB based on their respective financial statements for the periods ended 30 September as follows:

| | FNRC and FNIH | | VCSB | |
|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) | **2019 ($'000)** | 2018 ($'000) |
| Expenses | **(5)** | - | **(109)** | (190) |
| Share of joint venture companies' profits | **4,749** | - | **-** | - |
| Profit/(loss) before interest and taxation | **4,744** | - | **(109)** | (190) |
| Interest income | **4** | - | **8** | 10 |
| Interest expense | **-** | - | **(3,835)** | (3,892) |
| Net interest | **4** | - | **(3,827)** | (3,882) |
| Profit/(loss) before taxation | **4,748** | - | **(3,936)** | (4,072) |
| Taxation | **-** | - | **(876)** | (306) |
| **Profit/(loss) after taxation** | **4,748** | - | **(4,812)** | (4,378) |
| Non-current assets | **249,748** | - | **10** | 895 |
| Cash and bank balances | **324** | - | **261** | 350 |
| Other current assets | **-** | - | **94,146** | 94,343 |
| Other current liabilities | **(6)** | - | **(109,067)** | (105,446) |
| **Net assets/(liabilities)** | **250,066** | - | **(14,650)** | (9,858) |
| Group's share of net assets/(liabilities) | **122,604** | - | **(7,325)** | (4,929) |
| Goodwill | **-** | - | **3** | 3 |
| Shareholder's loan | **-** | - | **54,466** | 52,660 |
| Carrying amount of the investment | **122,604** | - | **47,144** | 47,734 |

**(b)** The following table summarises the carrying amount and share of loss of the joint venture company held by the Group that is not individually material as follows:

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) |
| Carrying amount of interest | **150** | 523 |
| Share of loss after taxation | **(365)** | (1,379) |

**(c) 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") 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% (2018: 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 2019 was $54,466,000 (2018: $52,660,000).

**(d)** The amounts owing from joint venture companies classified under current assets are unsecured, trade and non-trade in nature, interest free, repayable on demand and to be settled in cash. The Group provides for 12-month ECLs for all amounts due from joint venture companies based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. The amounts due from joint venture companies are considered to have low credit risk and the amount of the allowance is insignificant.

**(e)** There is no share of capital commitments and contingent liabilities of the joint venture companies as at 30 September 2019 and 2018.

Details of the significant joint venture companies are included in Note 38.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 17. ASSOCIATED COMPANIES

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) |
| Vietnam Dairy Products Joint Stock Company ("Vinamilk") | **2,591,097** | 2,532,438 |
| Other associated company | **29,578** | 27,854 |
| | **2,620,675** | 2,560,292 |
| **MARKET VALUE** | | |
| Quoted shares | **2,737,900** | 2,856,478 |

(a) The following table summarises the financial information of Vinamilk based on its consolidated financial statements for the periods ended 30 September prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies as follows:

| | 2019 | 2018 |
|---|---|---|
| Summarised statement of comprehensive income | | |
| Revenue | **2,857,660** | 2,674,671 |
| Profit before taxation | **678,246** | 585,942 |
| Taxation | **(125,361)** | (104,111) |
| Profit after taxation | **552,885** | 481,831 |
| Other comprehensive income | **6,834** | 42,950 |
| **Total comprehensive income** | **559,719** | 524,781 |
| Attributable to: | | |
| Non-controlling interests | **5,322** | 27,744 |
| Shareholders of Vinamilk | **554,397** | 497,037 |
| | **559,719** | 524,781 |
| Summarised balance sheet | | |
| Non-current assets | **3,115,289** | 2,937,667 |
| Current assets | **1,290,064** | 1,056,599 |
| Current liabilities | **(683,197)** | (406,285) |
| Non-current liabilities | **(436,577)** | (451,804) |
| **Net assets** | **3,285,579** | 3,136,177 |
| Attributable to: | | |
| Non-controlling interests | **34,562** | 28,801 |
| Shareholders of Vinamilk | **3,251,017** | 3,107,376 |
| | **3,285,579** | 3,136,177 |
| Group's share of net assets | **650,528** | 621,786 |
| Goodwill on acquisition | **1,940,569** | 1,910,652 |
| Carrying amount of the investment | **2,591,097** | 2,532,438 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 17. ASSOCIATED COMPANIES (cont'd)

(b) The following table summarises the carrying amount and share of profit and other comprehensive income of the associated company held by the Group that is not individually material as follows:

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) |
| Carrying amount of interest | **29,578** | 27,854 |
| Share of profit before taxation | **3,916** | 3,795 |
| Share of taxation | **(902)** | (934) |
| Share of profit after taxation | **3,014** | 2,861 |

(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. The Group provides for 12-month ECLs for all amounts due from associated companies based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. The amounts due from associated companies are considered to have low credit risk and the amount of the allowance is insignificant.

(d) There is no share of contingent liabilities of the associated companies as at 30 September 2019 and 2018.

Details of the significant associated companies are included in Note 38.

## 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 2019** | | | | | |
| **At cost** | | | | | |
| Balance at beginning of year | **81,225** | **25,090** | **53,350** | **159,665** | **200** |
| Currency realignment | **65** | **110** | **26** | **201** | **12** |
| Additional expenditure | **-** | **13,552** | **3,516** | **17,068** | **115** |
| Acquisition of subsidiary companies | **19,666** | **-** | **-** | **19,666** | **-** |
| Reclassified from fixed assets | **-** | **-** | **300** | **300** | **-** |
| Disposal for the year | **-** | **-** | **(772)** | **(772)** | **-** |
| Write off | **-** | **(7,857)** | **(4,672)** | **(12,529)** | **-** |
| Balance at end of year | **100,956** | **30,895** | **51,748** | **183,599** | **327** |
| **Accumulated amortisation and impairment** | | | | | |
| Balance at beginning of year | **5,983** | **12,078** | **37,174** | **55,235** | **53** |
| Currency realignment | **(4)** | **113** | **22** | **131** | **-** |
| Amortisation charge | **-** | **8,516** | **2,648** | **11,164** | **99** |
| Impairment charge | **-** | **89** | **-** | **89** | **-** |
| Reclassified from fixed assets | **-** | **-** | **91** | **91** | **-** |
| Disposal for the year | **-** | **-** | **(644)** | **(644)** | **-** |
| Write off | **-** | **(7,857)** | **(4,672)** | **(12,529)** | **-** |
| Balance at end of year | **5,979** | **12,939** | **34,619** | **53,537** | **152** |
| **Net book value** | **94,977** | **17,956** | **17,129** | **130,062** | **175** |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 18. INTANGIBLE ASSETS (cont'd)

| | 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 (restated)** | | | | | |
| **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 * | 784 | - | 7,135 | 7,919 | - |
| Reclassified from fixed assets | - | - | 964 | 964 | - |
| Write off | - | (11,770) | (3) | (11,773) | - |
| Balance at end of year | 81,225 | 25,090 | 53,350 | 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** | 75,242 | 13,012 | 16,176 | 104,430 | 147 |

All intangible assets, other than goodwill, have finite useful lives of not more than 20 years.

* In accordance with FRS 103 *Business Combinations*, the management has assessed the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Accordingly, provisional goodwill recognised last year has now been adjusted to reflect their fair values.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 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 2019** | | | | |
| Subsidiary companies: | | | | |
| Printing and Publishing Group | **35,859** | **Value-in-use and Fair value less cost to sell** | **0% - 1.0%** | **7.0% - 9.9%** |
| Dairies Group | **330** | **Value-in-use** | **1.0%** | **8.8%** |
| Beverages Group | **58,788** | **Value-in-use and Fair value less cost to sell** | **0% - 2.0%** | **6.9% - 9.8%** |
| | **94,977** | | | |
| **As at 30 September 2018 (restated)** | | | | |
| Subsidiary companies: | | | | |
| Printing and Publishing Group | 16,087 | Value-in-use and Fair value less cost to sell | 0% | 6.3% - 9.3% |
| Dairies Group | 331 | Value-in-use | 1.0% | 8.3% |
| Beverages Group | 58,824 | Value-in-use and Fair value less cost to sell | 0% - 2.0% | 6.5% - 9.5% |
| | 75,242 | | | |

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 2019

## 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 $89,000 (2018: $14,000) 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 7.0% (2018: 7.3%) and the terminal growth rate is 0% (2018: 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 | |
|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) | **2019 ($'000)** | 2018 ($'000) |
| **At fair value through other comprehensive income ("FVOCI")** | | | | |
| Quoted equity investments | **7,642** | - | **207,786** | - |
| Unquoted equity investment | **14** | - | **14** | - |
| **Available-for-sale financial assets** | | | | |
| Quoted equity investments | | | | |
| At fair value | **-** | 13,865 | **-** | 222,471 |
| Unquoted equity investment | | | | |
| At cost (less impairment loss) | **-** | 14 | **-** | 14 |
| Total | **7,656** | 13,879 | **207,800** | 222,485 |

**Equity investments designted at FVOCI**

At 1 October 2018, the Group and the Company designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Group and the Company intend to hold for long-term strategic purposes. In FY2018, these investments were classified as available-for-sale financial assets.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **Fair value at 30 September 2019 ($'000)** | **Dividend income recognised during the year ($'000)** | **Fair value at 30 September 2019 ($'000)** | **Dividend income recognised during the year ($'000)** |
| Vietnam Dairy Products Joint-Stock Company | **-** | **-** | **200,144** | **6,877** |
| Tsit Wing International Holdings Ltd | **5,638** | **463** | **5,638** | **463** |
| Ovato Limited | **2,004** | **-** | **2,004** | **-** |
| Others | **14** | **7** | **14** | **-** |
| | **7,656** | **470** | **207,800** | **7,340** |

# Notes to the Financial Statements
for the year ended 30 September 2019

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) | **2019 ($'000)** | 2018 ($'000) |

## 21. CASH AND BANK DEPOSITS

| | | | | |
|---|---|---|---|---|
| Bank fixed deposits | **126,358** | 214,830 | **8,605** | 92,263 |
| Cash and bank balances | **293,975** | 315,295 | **6,813** | 108,704 |
| | **420,333** | 530,125 | **15,418** | 200,967 |

The weighted average effective interest rate for current fixed deposits is 2.33% (2018: 2.27%).

Included in the Group's bank fixed deposits is an amount of $3,006,000 (2018: $2,959,000) 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.

## 22. BRANDS

| | | | | |
|---|---|---|---|---|
| **At cost** | | | | |
| Balance at beginning of year | **41,588** | 40,720 | **8,647** | 8,647 |
| Currency realignment | **79** | 868 | **-** | - |
| Balance at end of year | **41,667** | 41,588 | **8,647** | 8,647 |
| | | | | |
| **Accumulated amortisation and impairment** | | | | |
| Balance at beginning of year | **13,884** | 13,605 | **8,435** | 8,435 |
| Currency realignment | **135** | 144 | **-** | - |
| Amortisation charge | **135** | 135 | **-** | - |
| Balance at end of year | **14,154** | 13,884 | **8,435** | 8,435 |
| | | | | |
| **Net book value** | **27,513** | 27,704 | **212** | 212 |

Included in the Group's brands are brands with indefinite useful life of carrying amount of $26,706,000 (2018: $26,762,000).

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 6.9% - 9.8% (2018: 6.5% - 9.5%) and terminal growth rates applied were 1.0% - 2.0% (2018: 1.0% - 2.0%).

# Notes to the Financial Statements

for the year ended 30 September 2019

## 23. INVENTORIES

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) |
| Raw materials | **111,407** | 108,409 |
| Finished goods | **126,785** | 109,114 |
| Packaging materials | **16,325** | 17,640 |
| Engineering spares, work-in-progress and other inventories | **7,613** | 8,099 |
| | **262,130** | 243,262 |

The cost of inventories recognised as an expense in cost of sales during the year was $1,198,474,000 (2018: $1,176,842,000).

## 24. TRADE RECEIVABLES, OTHER RECEIVABLES AND RELATED PARTIES

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) | 1 October 2017 ($'000) (restated) | **2019 ($'000)** | 2018 ($'000) |
| **Current** | | | | | |
| **Trade receivables** | **277,025** | 283,679 | 288,115 | **-** | - |
| **Other receivables:** | | | | | |
| Accrued income | **823** | 952 | 1,444 | **11** | 339 |
| Prepayments | **8,922** | 5,348 | 4,999 | **177** | 19 |
| Deposits paid | **5,461** | 5,987 | 12,669 | **8** | - |
| Tax recoverable | **16,996** | 20,615 | 17,921 | **-** | - |
| Staff loans | **1,457** | 2,336 | 3,109 | **11** | - |
| Derivative financial instruments (Note 25) | **85** | 184 | 236 | **-** | - |
| Contract costs | **1,831** | 2,296 | 2,346 | **-** | - |
| Sundry debtors | **21,839** | 6,164 | 9,053 | **-** | - |
| Other receivables | **8,842** | 9,787 | 9,734 | **648** | - |
| | **66,256** | 53,669 | 61,511 | **855** | 358 |
| **Related parties** | **7,871** | 9,607 | 7,054 | **807** | 9 |
| | **351,152** | 346,955 | 356,680 | **1,662** | 367 |
| **Non-current** | | | | | |
| **Other receivables:** | | | | | |
| Prepayments | **183** | - | - | **-** | - |
| Staff loans | **234** | 468 | 300 | **2** | - |
| Tax recoverable | **1,073** | 366 | 289 | **-** | - |
| Deposits paid | **1,245** | 464 | 761 | **-** | - |
| | **2,735** | 1,298 | 1,350 | **2** | - |
| | **353,887** | 348,253 | 358,030 | **1,664** | 367 |

Current amounts due from related parties are trade and non-trade related, unsecured, interest free, repayable upon demand and to be settled in cash. The Group provides for 12-month ECLs for all amounts due from related parties based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. The amounts due from related parties are considered to have low credit risk and the amount of the allowance is insignificant.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 24. TRADE RECEIVABLES, OTHER RECEIVABLES AND RELATED PARTIES (cont'd)

**Trade receivables**

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping various customer segments that have similar loss patterns. The Group calibrates the matrix to adjust historical credit loss experience with forward-looking information such as forecast of economic conditions. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

Summarised below is the information about the credit risk exposure on the Group's trade receivables as at 30 September 2019:

| | Gross carrying amount ($'000) | Impairment loss allowance ($'000) | Net carrying amount ($'000) |
|---|---|---|---|
| Current (not past due) | **211,215** | **(172)** | **211,043** |
| 1 to 30 days | **43,189** | **(79)** | **43,110** |
| 31 to 60 days | **13,116** | **(133)** | **12,983** |
| 61 to 90 days | **2,203** | **(44)** | **2,159** |
| 91 to 120 days | **2,534** | **(42)** | **2,492** |
| more than 120 days | **7,859** | **(2,621)** | **5,238** |
| | **280,116** | **(3,091)** | **277,025** |

The movements in allowance for impairment on trade receivables are as follows:

| | THE GROUP 2019 ($'000) |
|---|---|
| At 1 October 2018 per FRS 39 | **2,214** |
| Effects of adopting SFRS(I) 9 | **700** |
| At 1 October 2018, restated | **2,914** |
| Impairment charge | **606** |
| Write back | **(309)** |
| Acquisition of subsidiary companies | **37** |
| Write off | **(163)** |
| Currency realignment | **6** |
| At 30 September 2019 | **3,091** |

**Comparative information under FRS 39**

**Trade receivables that are past due but not impaired**

As at 30 September 2018, the Group has trade receivables amounting to $58,596,000 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) |
|---|---|
| Trade receivables past due: | |
| 1 to 30 days | 40,382 |
| 31 to 60 days | 5,524 |
| 61 to 90 days | 4,503 |
| 91 to 120 days | 1,249 |
| more than 120 days | 6,938 |
| | 58,596 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 24. TRADE RECEIVABLES, OTHER RECEIVABLES AND RELATED PARTIES (CONT'D)

**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** 2018 ($'000) | **Individually impaired** 2018 ($'000) |
| Trade receivables - nominal amounts | 592 | 4,261 |
| Less: Allowance for impairment | (592) | (1,622) |
| | - | 2,639 |
| Movement in allowance accounts: | | |
| Balance at beginning of year | 668 | 2,889 |
| Impairment charge | 353 | 384 |
| Write back | (313) | (622) |
| Acquisition of subsidiary companies | - | 149 |
| Write off | (109) | (1,210) |
| Currency realignment | (7) | 32 |
| Balance at end of year | 592 | 1,622 |

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 | |
|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) | **2019 ($'000)** | 2018 ($'000) |
| **Current Assets** | | | | |
| Forward currency contracts | **85** | 184 | **-** | - |
| **Current Liabilities** | | | | |
| Forward currency contracts | **268** | 300 | **6** | 46 |
| **Non-current Liabilities** | | | | |
| Interest rate swaps | **1,447** | - | **-** | - |
| | **1,715** | 300 | **6** | 46 |

As at 30 September 2019, the Group has applied cash flow hedge accounting for interest rate swap arrangements for which the associated floating rate loans have the same critical terms and which have been assessed to be effective hedges. The interest on these interest rate swaps and loans are settled on a half yearly basis.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 26. TRADE PAYABLES, OTHER PAYABLES AND RELATED PARTIES

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) | 1 October 2017 ($'000) (restated) | **2019 ($'000)** | 2018 ($'000) |
| **Current** | | | | | |
| **Trade payables** | **182,475** | 171,477 | 161,821 | **-** | - |
| **Other payables** | | | | | |
| Accrued operating expenses | **90,763** | 79,934 | 59,698 | **245** | 244 |
| Sundry accruals | **16,383** | 13,449 | 21,505 | **591** | 424 |
| Sundry deposits | **10,730** | 8,299 | 7,352 | **-** | - |
| Staff costs payable | **40,191** | 35,929 | 43,891 | **2,955** | - |
| Accrual for unconsumed annual leave | **2,460** | 2,473 | 2,609 | **706** | - |
| Deferred income | **178** | 320 | 783 | **-** | - |
| Derivative financial instruments (Note 25) | **268** | 300 | 799 | **6** | 46 |
| Interest payable | **4,288** | 4,169 | 3,943 | **-** | 199 |
| Contract liabilities | **32,371** | 31,016 | 40,082 | **-** | - |
| Other payables | **49,591** | 31,831 | 32,547 | **7,270** | 7,083 |
| | **247,223** | 207,720 | 213,209 | **11,773** | 7,996 |
| **Related parties** | **7,222** | 9,121 | 13,689 | **1,593** | 1,265 |
| | **436,920** | 388,318 | 388,719 | **13,366** | 9,261 |
| **Non-current** | | | | | |
| **Other payables** | | | | | |
| Put liability to acquire non-controlling interests | **14,443** | - | - | **-** | - |
| Derivative financial instruments (Note 25) | **1,447** | - | - | **-** | - |
| Other payables | **9,674** | 12,575 | 13,169 | **-** | - |
| | **25,564** | 12,575 | 13,169 | **-** | - |
| | **462,484** | 400,893 | 401,888 | **13,366** | 9,261 |

(a) Current amounts due to related parties are trade and non-trade related, unsecured, interest free, repayable upon demand and to be settled in cash.

(b) Included in the Group's current other payables is an amount of $3,006,000 (2018: $2,900,000) relating to deferred consideration payable for acquisition of subsidiary companies.

(c) In connection with the completion of the acquisition of PLPL, TPL has entered into an agreement which, among other things, provides the right for TPL to acquire the remaining 40% share capital of PLPL and the right for the non-controlling interest of PLPL to require TPL to acquire the remaining 40% shares, subject to satisfaction of certain conditions by 30 September 2023.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 27. BORROWINGS

| | Notes | THE GROUP 2019 ($'000) | THE GROUP 2018 ($'000) | THE COMPANY 2019 ($'000) | THE COMPANY 2018 ($'000) |
|---|---|---|---|---|---|
| **Repayable within one year:** | | | | | |
| **Unsecured** | | | | | |
| Bank loans | (a) | **-** | 309,648 | **-** | 180,000 |
| Term loans | (b) | **9,133** | 64,483 | **-** | - |
| **Secured** | | | | | |
| Finance leases | | **93** | - | **-** | - |
| | | **9,226** | 374,131 | **-** | 180,000 |
| **Repayable after one year:** | | | | | |
| **Unsecured** | | | | | |
| Term loans | (b) | **820,249** | 497,288 | **-** | - |
| **Secured** | | | | | |
| Finance leases | | **209** | - | **-** | - |
| | (d) | **820,458** | 497,288 | **-** | - |
| **Total** | | **829,684** | 871,419 | **-** | 180,000 |
| **Fair value** | (c) | **833,102** | 863,262 | **-** | 180,000 |

**Notes**

(a) As at 30 September 2018, the Group's unsecured bank loans bore interest at rates ranging from 1.83% to 5.14% per annum. As at 30 September 2018, the Company's unsecured bank loans bore interest at rates ranging from 2.27% to 2.29% per annum.

(b) The Group's unsecured term loans bore interest at rates ranging from 2.33% to 5.20% (2018: 2.35% to 5.20%) per annum during the year. As at 30 September 2019 and 2018, term loans include medium term notes issued by certain subsidiary companies.

(c) The carrying amount of bank borrowings 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 term loans of $499,854,000 (2018: $569,884,000) which have a fair value of $503,272,000 (2018: $561,727,000). 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 the DCF method using a rate based on the current market rate of borrowings of the respective entities at the reporting date.

(d) Maturity of non-current borrowings is as follows:

| | THE GROUP 2019 ($'000) | THE GROUP 2018 ($'000) | THE COMPANY 2019 ($'000) | THE COMPANY 2018 ($'000) |
|---|---|---|---|---|
| Between 1 and 2 years | **31,834** | 8,553 | **-** | - |
| Between 2 and 5 years | **689,002** | 389,163 | **-** | - |
| After 5 years | **99,622** | 99,572 | **-** | - |
| | **820,458** | 497,288 | **-** | - |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 27. BORROWINGS (cont'd)

(e) A reconciliation of movement of liabilities to cash flows arising from financing activities is as follows:

| | THE GROUP | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) |
| **Borrowings** | | |
| Balance at beginning of year | **871,419** | 1,302,491 |
| Cash flows | **(45,792)** | (434,858) |
| Acquisition of subsidiary companies | **219** | - |
| Currency realignment | **4,097** | 3,572 |
| Transaction costs | **(259)** | 214 |
| Balance at end of year | **829,684** | 871,419 |

## 28. PROVISION FOR EMPLOYEE BENEFITS

| | | |
|---|---|---|
| Defined benefit plan | **20,167** | 18,186 |
| Long service leave/severance allowance/gratuity | **-** | 70 |
| | **20,167** | 18,256 |

### (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 26.

### (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 table summarise the components of the benefit liability:

| | | |
|---|---|---|
| **Benefit liability** | | |
| Present value of funded defined benefit obligation | **26,699** | 24,939 |
| Fair value of plan assets | **(24,131)** | (21,126) |
| | **2,568** | 3,813 |
| Present value of unfunded defined benefit obligation | **17,599** | 14,373 |
| Net liability arising from defined benefit obligation | **20,167** | 18,186 |

The weighted average duration of the defined benefit obligation as at 30 September 2019 was 13.7 years (2018: 13.7 years).

The Group expects to contribute $1,903,000 to the defined benefit plans in the financial year ended 30 September 2020 (2019: $679,000).

# Notes to the Financial Statements

for the year ended 30 September 2019

## 28. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

### (b) Defined Benefit Plan (cont'd)

| | THE GROUP 2019 ($'000) | THE GROUP 2018 ($'000) |
|---|---|---|
| **Changes in present value of defined benefit obligations are as follows:** | | |
| Balance at beginning of year | **39,312** | 38,811 |
| Included in profit statement | | |
| Interest cost | **1,184** | 1,192 |
| Current service cost | **1,012** | 1,059 |
| Past service cost/(credit) | **1,360** | (58) |
| | **3,556** | 2,193 |
| Included in other comprehensive income | | |
| Remeasurements: | | |
| - actuarial (gain)/loss arising from change in demographic assumptions | **(624)** | 573 |
| - actuarial loss/(gain) arising from change in financial assumptions | **5,458** | (613) |
| - experience adjustments | **613** | (89) |
| | **5,447** | (129) |
| Benefits paid | **(2,987)** | (1,536) |
| Currency realignment | **(929)** | (27) |
| Others | **(101)** | - |
| Balance at end of year | **44,298** | 39,312 |
| **Changes in fair value of plan assets are as follows:** | | |
| Balance at beginning of year | **21,126** | 21,074 |
| Included in profit statement | | |
| Interest income | **548** | 541 |
| Included in other comprehensive income | | |
| Remeasurements on return on plan assets | **4,043** | 191 |
| Contributions by employer | **645** | 679 |
| Benefits paid | **(1,156)** | (999) |
| Currency realignment | **(1,075)** | (360) |
| Balance at end of year | **24,131** | 21,126 |
| Actual return on plan assets | **4,591** | 732 |
| **The proportion of fair value of plan assets at the end of the year is analysed as follows:** | | |
| Equity instruments | **-** | 9,925 |
| Debt instruments | **-** | 7,588 |
| Other assets | **24,131** | 3,613 |
| | **24,131** | 21,126 |
| **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 | **1.3% to 8.2%** | 2.5% to 5.2% |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 28. 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 2019** | | | |
| Future salary growth | **1%** | **1,647** | **(1,444)** |
| Discount rate | **1%** | **(5,339)** | **6,239** |
| **Year Ended 30 September 2018** | | | |
| Future salary growth | 1% | 1,186 | (1,041) |
| Discount rate | 1% | (4,464) | 5,178 |

### (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 1.10.2018 or Grant Date if later | Cancelled | Achievement Factor | Vested | Balance as at 30.9.2019 |
|---|---|---|---|---|---|---|
| Year 6 | 06.05.2015 | 221,575 | (250) | - | (221,325) | - |
| Year 7 | 26.02.2016 | 635,800 | (19,700) | - | (315,700) | 300,400 |
| Year 8 | 28.12.2016 | 943,354 | (35,650) | (192,354) | (370,000) | 345,350 |
| Year 9 | 28.12.2017 | 941,200 | (74,300) | - | - | 866,900 |
| Year 10 | 21.12.2018 | 1,537,500 | (77,000) | - | - | 1,460,500 |
| | | 4,279,429 | (206,900)* | (192,354) | (907,025) | 2,973,150 |

* Cancelled due to resignations.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 28. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

### (d) Share Plans (cont'd)

***Fraser and Neave Limited Restricted Share Plan ("RSP")*** *(cont'd)*

The expense recognised in profit statement granted under the RSP during the financial year is $1,605,000 (2018: $2,197,000).

The estimated fair value of shares granted during the year ranges from $1.51 to $1.59 (2018: $2.37 to $2.47). 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:

| | **2019** | 2018 |
|---|---|---|
| Dividend yield (%) | **2.7** | 2.0 |
| Expected volatility (%) | **14.9** | 14.6 |
| Risk-free interest rate (%) | **2.0** | 1.7 |
| Expected life (years) | **2.0 to 4.0** | 2.0 to 4.0 |
| Share price at date of grant ($) | **1.68** | 2.57 |

***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 1.10.2018 or Grant Date if later** | **Achievement Factor** | **Balance as at 30.9.2019** |
|---|---|---|---|---|
| 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 |
| Year 10 | 21.12.2018 | 127,000 | - | 127,000 |
| | | 356,921 | (84,383) | 272,538 |

The write back of expense recognised in profit statement granted under the PSP during the financial year is $37,000 (2018: expense of $121,000).

The estimated fair value of shares granted during the year is $0.52 (2018: $2.10). 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:

| | **2019** | 2018 |
|---|---|---|
| Dividend yield (%) | **2.7** | 2.0 |
| Expected volatility (%) | **14.9** | 14.6 |
| Cost of equity (%) | **9.1** | 9.9 |
| Risk-free interest rate (%) | **2.0** | 1.7 |
| Expected life (years) | **3.0** | 3.0 |
| Share price at date of grant ($) | **1.68** | 2.57 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 28. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

**(d) Share Plans** (cont'd)

***F&N Restricted Share Plan 2019 ("F&N RSP 2019")***

The RSP and PSP, which have a duration of 10 years commencing from 22 January 2009 expired on 21 January 2019 and were replaced by the F&N RSP 2019. The expiry of the RSP and PSP will not affect awards granted prior to expiry of these share plans and which are pending final release. As at 30 September 2019, no shares has been granted under F&N RSP 2019.

***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 1.10.2018 or Grant Date if later | Cancelled | Achievement Factor | Vested | Balance as at 30.9.2019 |
|---|---|---|---|---|---|---|
| Year 4 | 15.01.2015 | 98,900 | (5,100) | - | (93,800) | - |
| Year 5 | 05.01.2016 | 181,350 | (11,275) | - | (87,500) | 82,575 |
| Year 6 | 22.12.2016 | 464,600 | (24,460) | (180,740) | (129,700) | 129,700 |
| Year 7 | 22.12.2017 | 469,900 | (37,000) | (154,400) | - | 278,500 |
| Year 8 | 21.12.2018 | 371,700 | (14,400) | - | - | 357,300 |
| | | 1,586,450 | (92,235)* | (335,140) | (311,000) | 848,075 |

* Cancelled due to resignations.

The estimated fair value of shares granted during the year ranges from RM15.51 to RM21.43 (2018: RM15.52 to RM17.21). 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:

| | **2019** | 2018 |
|---|---|---|
| Dividend yield (%) | **2.3** | 2.7 |
| Expected volatility (%) | **16.4** | 11.6 |
| Risk-free interest rate (%) | **3.6 to 3.8** | 3.2 to 3.6 |
| Expected life (years) | **2.0 to 4.0** | 2.0 to 4.0 |
| Share price at date of grant (RM) | **31.34** | 26.38 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 28. PROVISION FOR EMPLOYEE BENEFITS (cont'd)

**(d) Share Plans** (cont'd)

***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 2019, no shares has been granted under F&NHB PSP.

## 29. DEFERRED TAX ASSETS AND LIABILITIES

| | THE GROUP | | | | THE COMPANY | |
|---|---|---|---|---|---|---|
| | Balance Sheet | | Profit Statement | | Balance Sheet | |
| | **2019 ($'000)** | 2018 ($'000) (restated) | **2019 ($'000)** | 2018 ($'000) (restated) | **2019 ($'000)** | 2018 ($'000) |
| **Deferred tax liabilities** | | | | | | |
| Differences in depreciation | **20,325** | 16,981 | **2,786** | 548 | **121** | - |
| Provisions, expenses and income taken in a different period | **1,791** | 1,277 | **1,160** | 133 | **-** | - |
| Fair value adjustments | **1,140** | 900 | **(26)** | (229) | **-** | - |
| Other deferred tax liabilities | **(446)** | 616 | **(75)** | (539) | **-** | - |
| Gross deferred tax liabilities | **22,810** | 19,774 | **3,845** | (87) | **121** | - |
| **Less: Deferred tax assets** | | | | | | |
| Employee benefits | **(783)** | (1,084) | **217** | (46) | **-** | - |
| Unabsorbed losses and capital allowances | **(2,095)** | (157) | **(1,827)** | (240) | **-** | - |
| Provisions, expenses and income taken in a different period | **(760)** | (1,181) | **56** | (51) | **-** | - |
| Fair value adjustments | **-** | (388) | **-** | - | **-** | - |
| Gross deferred tax assets | **(3,638)** | (2,810) | **(1,554)** | (337) | **-** | - |
| **Net deferred tax liabilities** | **19,172** | 16,964 | **2,291** | (424) | **121** | - |

Some subsidiary companies have net deferred tax assets relating to the following:

| | THE GROUP Balance Sheet 2019 | 2018 | Profit Statement 2019 | 2018 | THE COMPANY Balance Sheet 2019 | 2018 |
|---|---|---|---|---|---|---|
| Employee benefits | **(2,319)** | (1,935) | **(193)** | (275) | **-** | - |
| Differences in depreciation | **10,519** | 10,645 | **(374)** | (126) | **-** | - |
| Unabsorbed losses and capital allowances | **(402)** | (2,711) | **2,337** | 1,343 | **-** | - |
| Provisions, expenses and income taken in a different period | **(1,090)** | (1,158) | **(253)** | 341 | **-** | - |
| Tax effect on revaluation surplus | **(1)** | - | **-** | - | **-** | - |
| Investment allowances | **(9,591)** | (11,194) | **2,048** | 3,108 | **-** | - |
| Fair value adjustments | **-** | (38) | **36** | 4 | **-** | - |
| **Net deferred tax assets** | **(2,884)** | (6,391) | **3,601** | 4,395 | **-** | - |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 29. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax liabilities of $1,509,000 (2018: $446,000) have not been recognised in the consolidated financial statements for withholding and other taxes that would be payable on the unremitted earnings of $8,871,000 (2018: $2,620,000) at 30 September 2019.

Deferred tax liabilities of $520,000 (2018: $440,000) have not been recognised in the consolidated financial statements for withholding and other taxes that would be payable on the undistributed earnings of $2,763,000 (2018: $2,782,000) at 30 September 2019 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 | |
|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) |
| Deductible temporary differences | **55,706** | 55,608 |
| Tax losses | **99,800** | 104,842 |
| | **155,506** | 160,450 |

Tax losses of $41,474,000 (2018: $43,197,000) start to expire in 2029. 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.

## 30. FUTURE COMMITMENTS

| | | |
|---|---|---|
| Commitments not provided for in the financial statements: | | |
| (a) Commitments in respect of contracts placed | | |
| Fixed assets | **76,677** | 86,766 |
| (b) Other amounts approved by directors but not contracted for | | |
| Fixed assets | **76,107** | 46,194 |
| | **152,784** | 132,960 |

## 31. LEASE COMMITMENTS

**Operating Leases**

Lease commitments under non-cancellable operating leases where the Group is a lessee:

| | | |
|---|---|---|
| Payable within one year | **15,987** | 13,068 |
| Payable between one and five years | **14,043** | 13,549 |
| Payable after five years | **22,057** | 23,331 |
| | **52,087** | 49,948 |
| Operating lease expense for the year | **19,889** | 21,357 |

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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 31. LEASE COMMITMENTS (cont'd)

Lease commitments under non-cancellable operating leases where the Group is a lessor:

| | THE GROUP 2019 ($'000) | THE GROUP 2018 ($'000) |
|---|---|---|
| Receivable within one year | **544** | 1,059 |
| Receivable between one and five years | **174** | 741 |
| | **718** | 1,800 |

## 32. 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.

(a) Transactions with TCC Group of Companies [i]

| | THE GROUP 2019 ($'000) | THE GROUP 2018 ($'000) |
|---|---|---|
| Sales | **26,210** | 21,024 |
| Advertising & promotion support | **5,769** | 7,103 |
| Service fee and other income | **1,616** | 2,760 |
| Purchases | **(32,769)** | (31,779) |
| Marketing expense | **(9,963)** | (11,566) |
| Logistic expense | **(4,102)** | (1,215) |
| Insurance premium expense | **(1,588)** | (1,389) |
| Management fee expense | **(668)** | (876) |
| Rental and other expenses | **(4,688)** | (4,072) |

(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

| | THE GROUP 2019 ($'000) | THE GROUP 2018 ($'000) |
|---|---|---|
| Sales | **2,116** | 17 |
| Receipt of corporate service fee | **43** | 37 |
| Finance income | **1,917** | 1,946 |
| Purchases | **(2,483)** | (4,500) |

## 33. CONTINGENT LIABILITIES

The Company issued corporate guarantees to the extent of $3,019,971,000 (2018: $2,730,511,000) for the purpose of assisting its subsidiary and joint venture companies to obtain external borrowings. Of the $3,019,971,000 (2018: $2,730,511,000) corporate guarantees given by the Company, $917,610,000 (2018: $700,000,000) has been utilised by its subsidiary and joint venture companies as security for their borrowings.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. 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.

### (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 2019, the Group had entered into foreign currency forward exchange buy contracts amounting to $23,619,000 (2018: $30,200,000) and sell contracts amounting to $11,773,000 (2018: $11,298,000). The fair value adjustments of the buy contracts and sell contracts are losses of $145,000 (2018: $58,000) and $38,000 (2018: $58,000) respectively.

At 30 September 2019, the Company had entered into foreign currency forward exchange sell contracts amounting to $854,000 (2018: $1,223,000). The fair value adjustments of the sell contracts is a loss of $6,000 (2018: $46,000).

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.

The Group's and the Company's exposure to foreign currencies are as follows:

| | Australia Dollar ($'000) | Sterling Pound ($'000) | United States Dollar ($'000) | Chinese Renminbi ($'000) | Singapore Dollar ($'000) |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **Year Ended 30 September 2019** | | | | | |
| Receivables | **1,747** | **1,698** | **33,963** | **6,500** | **5,545** |
| Cash and bank deposits | **1,665** | **1,732** | **38,636** | **-** | **3,257** |
| Payables | **(5,155)** | **(16,717)** | **(19,263)** | **-** | **(992)** |
| Net statement of financial position exposure | **(1,743)** | **(13,287)** | **53,336** | **6,500** | **7,810** |
| Forward exchange contracts | **11,723** | **82** | **3,390** | **-** | **-** |
| Net exposure | **9,980** | **(13,205)** | **56,726** | **6,500** | **7,810** |
| **Year Ended 30 September 2018** | | | | | |
| Receivables | 2,033 | 2,208 | 23,685 | 6,525 | 175 |
| Cash and bank deposits | 2,016 | 2,548 | 14,840 | 1 | 3,453 |
| Payables | (5,064) | (18,386) | (27,465) | - | (1,223) |
| Net statement of financial position exposure | (1,015) | (13,630) | 11,060 | 6,526 | 2,405 |
| Forward exchange contracts | 9,351 | (315) | 10,781 | - | - |
| Net exposure | 8,336 | (13,945) | 21,841 | 6,526 | 2,405 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Foreign Currency Risk (cont'd)

| | Thai Baht ($'000) | United States Dollar ($'000) | Malaysia Ringgit ($'000) | Vietnamese Dong ($'000) | Hong Kong Dollar ($'000) |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| **Year Ended 30 September 2019** | | | | | |
| Receivables | **1,674** | **-** | **7** | **3,084** | **142** |
| Cash and bank deposits | **-** | **167** | **261** | **-** | **-** |
| Payables | **(328)** | **(24)** | **(235)** | **-** | **(48)** |
| Net statement of financial position exposure | **1,346** | **143** | **33** | **3,084** | **94** |
| Forward exchange contracts | **(860)** | **-** | **-** | **-** | **-** |
| Net exposure | **486** | **143** | **33** | **3,084** | **94** |
| **Year Ended 30 September 2018** | | | | | |
| Receivables | 1,491 | 36 | 473 | 1 | - |
| Cash and bank deposits | - | 72 | 357 | - | - |
| Payables | (297) | (204) | - | - | - |
| Net statement of financial position exposure | 1,194 | (96) | 830 | 1 | - |
| Forward exchange contracts | (1,268) | - | - | - | - |
| Net exposure | (74) | (96) | 830 | 1 | - |

The following table demonstrates the sensitivity of the Group and the Company's total equity and the Group and the Company's profit before tax to a reasonably possible 10% strengthening of the Australia Dollar, Sterling Pound, United States Dollar, Vietnamese Dong, Hong Kong Dollar, Singapore Dollar, Thai Baht, Malaysia Ringgit and Chinese Renminbi exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Equity ($'000) | Profit ($'000) | Equity ($'000) | Profit ($'000) |
| **The Group** | | | | |
| Australia Dollar | **200** | **998** | 732 | 834 |
| Sterling Pound | **-** | **(1,320)** | - | (1,394) |
| United States Dollar | **-** | **5,673** | - | 2,184 |
| Hong Kong Dollar | **564** | **159** | 654 | 204 |
| Singapore Dollar | **-** | **781** | - | 241 |
| Chinese Renminbi | **-** | **650** | - | 653 |
| **The Company** | | | | |
| Australia Dollar | **200** | **-** | 732 | - |
| United States Dollar | **-** | **14** | - | (10) |
| Vietnamese Dong | **20,015** | **308** | 20,861 | - |
| Hong Kong Dollar | **564** | **9** | 654 | - |
| Malaysia Ringgit | **-** | **3** | - | 83 |
| Thai Baht | **-** | **49** | - | (7) |

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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. 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 liabilities and 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 2019** | | | | | |
| **Non-derivative Financial Liabilities** | | | | | |
| Trade payables | **182,475** | **182,475** | **182,475** | **-** | **-** |
| Other payables | **233,227** | **233,227** | **209,110** | **24,117** | **-** |
| Borrowings | **829,684** | **926,801** | **32,287** | **785,189** | **109,325** |
| Related parties | **7,222** | **7,222** | **7,222** | **-** | **-** |
| Associated companies | **1,186** | **1,186** | **1,186** | **-** | **-** |
| | **1,253,794** | **1,350,911** | **432,280** | **809,306** | **109,325** |
| **Derivative Financial Instruments** | | | | | |
| Interest rate swaps | **1,447** | **1,447** | **-** | **1,447** | **-** |
| Forward currency contracts | **183** | **183** | **183** | **-** | **-** |
| | **1,630** | **1,630** | **183** | **1,447** | **-** |
| | **1,255,424** | **1,352,541** | **432,463** | **810,753** | **109,325** |
| **Year Ended 30 September 2018 (restated)** | | | | | |
| **Non-derivative Financial Liabilities** | | | | | |
| Trade payables | 171,477 | 171,477 | 171,477 | - | - |
| Other payables | 182,055 | 182,055 | 169,480 | 12,575 | - |
| 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 | - | - |
| | 1,235,325 | 1,310,976 | 742,379 | 455,511 | 113,086 |
| **Derivative Financial Instruments** | | | | | |
| Forward currency contracts | 116 | 116 | 116 | - | - |
| | 1,235,441 | 1,311,092 | 742,495 | 455,511 | 113,086 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 34. 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** | | | | | |
| **1 October 2017 (restated)** | | | | | |
| **Non-derivative Financial Liabilities** | | | | | |
| Trade payables | 161,821 | 153,360 | 153,360 | - | - |
| Other payables | 177,974 | 177,974 | 164,805 | 13,169 | - |
| 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 | - | - |
| | 1,658,167 | 1,740,850 | 1,138,578 | 485,436 | 116,836 |
| **Derivative Financial Instruments** | | | | | |
| Forward currency contracts | 563 | 563 | 563 | - | - |
| | 1,658,730 | 1,741,413 | 1,139,141 | 485,436 | 116,836 |
| **The Company** | | | | | |
| **Year Ended 30 September 2019** | | | | | |
| **Non-derivative Financial Liabilities** | | | | | |
| Other payables | **10,812** | **10,812** | **10,812** | **-** | **-** |
| Subsidiary companies | **788,634** | **863,835** | **25,414** | **732,363** | **106,058** |
| Related parties | **1,593** | **1,593** | **1,593** | **-** | **-** |
| | **801,039** | **876,240** | **37,819** | **732,363** | **106,058** |
| **Derivative Financial Instruments** | | | | | |
| Forward currency contracts | **6** | **6** | **6** | **-** | **-** |
| | **801,045** | **876,246** | **37,825** | **732,363** | **106,058** |
| **Year Ended 30 September 2018** | | | | | |
| **Non-derivative Financial Liabilities** | | | | | |
| Other payables | 7,865 | 7,865 | 7,865 | - | - |
| 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 | - | - |
| | 817,907 | 895,624 | 215,210 | 566,545 | 113,869 |
| **Derivative Financial Instruments** | | | | | |
| Forward currency contracts | 46 | 46 | 46 | - | - |
| | 817,953 | 895,670 | 215,256 | 566,545 | 113,869 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. 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 | | | |
|---|---|---|---|---|
| | **2019** | | 2018 | |
| | **($'000)** | **% of total** | ($'000) | % of total |
| **By Geographical Segment:** | | | | |
| Singapore | **98,713** | **36%** | 95,346 | 33% |
| Malaysia | **99,548** | **36%** | 109,244 | 39% |
| Thailand | **59,449** | **21%** | 61,856 | 22% |
| Others | **19,315** | **7%** | 17,233 | 6% |
| | **277,025** | **100%** | 283,679 | 100% |
| **By Business Segment:** | | | | |
| Beverages | **69,566** | **25%** | 69,112 | 25% |
| Dairies | **136,688** | **49%** | 145,999 | 51% |
| Printing & Publishing | **70,771** | **26%** | 68,556 | 24% |
| Others | **-** | **-** | 12 | 0% |
| | **277,025** | **100%** | 283,679 | 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 considers that its cash and fixed deposits and investments have low credit risk and does not expect any counterparty to fail to meet its obligations. As such, the Group considers these assets are subject to immaterial credit loss.

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.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. FINANCIAL RISK MANAGEMENT (cont'd)

### (d) Interest Rate Risk

The Group and the Company's exposure to market risk for changes in interest rates relate primarily to debt obligation with financial institutions. The Group and the Company'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.

Under the interest rate swaps, the Group agree with other parties to exchange, at specified intervals mainly half yearly, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at 30 September 2019, the Group held the following instruments to hedge exposures to changes in interest rates:

| | | Carrying amount | | Change in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|
| | Contractual notional amount ($'000) | Liabilities ($'000) | Line item in the Balance Sheet | Hedging instrument ($'000) | Hedge items ($'000) | Hedge ineffectiveness recognised in Profit Statement ($'000) | Weighted average hedged rate | Maturity date |
| **THE GROUP** | | | | | | | | |
| Cashflow hedge | | | | | | | | |
| Interest rate swap to hedge floating rate borrowings | 300,000 | (1,447) | Non-current Other Payables | (1,447) | 1,447 | - | 1.68% | June and August 2024 |

The following table sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

| | 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 2019** | | | | |
| **Assets** | | | | |
| Cash and bank deposits | **37,001** | **222,972** | **-** | **-** |
| **Liabilities** | | | | |
| Borrowings | **30,000** | **9,133** | **690,929** | **99,622** |
| Other financial liabilities | **1,447** | **-** | **-** | **-** |
| **Year Ended 30 September 2018** | | | | |
| **Assets** | | | | |
| Cash and bank deposits | 2,726 | 417,508 | - | - |
| **Liabilities** | | | | |
| Borrowings | 300,347 | 74,043 | 397,457 | 99,572 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. FINANCIAL RISK MANAGEMENT (cont'd)

### (d) Interest Rate Risk (cont'd)

| | Floating rates | Fixed rates | | |
|---|---|---|---|---|
| | ($'000) | Less than 1 year ($'000) | Between 1 to 5 years ($'000) | After 5 years ($'000) |
| **The Company** | | | | |
| **Year Ended 30 September 2019** | | | | |
| **Assets** | | | | |
| Cash and bank deposits | **-** | **12,616** | **-** | **-** |
| **Liabilities** | | | | |
| Other financial liabilities | **-** | **-** | **598,000** | **100,000** |
| **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 |

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 2019 and 2018.

***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 before tax by approximately $56,000 (2018: $2,976,000) and the Company's profit before tax by approximately $Nil (2018: $1,800,000). 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 2018.

### (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 equity investments at fair value through OCI 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 | |
|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) | **2019 ($'000)** | 2018 ($'000) |
| Fair value adjustment reserve | **764** | 1,386 | **20,779** | 22,247 |

There will be no impact to profit before 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 2018 and assumes that all other variables remain constant.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 34. FINANCIAL RISK MANAGEMENT (cont'd)

### (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.

***(v) Bank borrowings and term loans***

The fair value of fixed rate bank borrowings and term loans are disclosed in Note 27. 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

# Notes to the Financial Statements
for the year ended 30 September 2019

## 34. FINANCIAL RISK MANAGEMENT (cont'd)

**(f) Fair Values** (cont'd)

***(vi) Assets and liabilities measured at fair value*** *(cont'd)*

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 2019** | | | | |
| **Financial Assets** | | | | |
| Other investments (Note 20) | | | | |
| - Quoted equity investments at FVOCI | **7,642** | **-** | **-** | **7,642** |
| Derivative financial instruments (Note 25) | **-** | **85** | **-** | **85** |
| | **7,642** | **85** | **-** | **7,727** |
| **Non-Financial Asset** | | | | |
| Investment properties (Note 13) | **-** | **-** | **17,501** | **17,501** |
| **Financial Liability** | | | | |
| Derivative financial instruments (Note 25) | **-** | **1,715** | **-** | **1,715** |
| **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 Asset** | | | | |
| Investment properties (Note 13) | - | - | 41,672 | 41,672 |
| **Financial Liability** | | | | |
| Derivative financial instruments (Note 25) | - | 300 | - | 300 |
| **The Company** | | | | |
| **Year Ended 30 September 2019** | | | | |
| **Financial Asset** | | | | |
| Other investments (Note 20) | | | | |
| - Quoted equity investments at FVOCI | **207,786** | **-** | **-** | **207,786** |
| **Financial Liability** | | | | |
| Derivative financial instruments (Note 25) | **-** | **6** | **-** | **6** |
| **Year Ended 30 September 2018** | | | | |
| **Financial Asset** | | | | |
| Other investments (Note 20) | | | | |
| - Quoted available-for-sale financial assets | 222,471 | - | - | 222,471 |
| **Financial Liability** | | | | |
| Derivative financial instruments (Note 25) | - | 46 | - | 46 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 34. FINANCIAL RISK MANAGEMENT (cont'd)

### (f) Fair Values (cont'd)

#### *(vi) Assets and liabilities measured at fair value (cont'd)*

There have been no transfers between Level 1, Level 2 and Level 3 for the Group and the Company during the financial year ended 30 September 2019 and 2018.

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 30.9.2019 ($'000) | Valuation techniques | Unobservable inputs | Range |
|---|---|---|---|---|
| **Investment Properties** | **17,501** | **Investment Approach** | **Discount rate** | **7.25%** |
| | | **Direct Comparison Approach** | **Market value** | **0% to 27%** |

| 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% |

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.

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for investment properties is set out in Note 13.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. FINANCIAL RISK MANAGEMENT (cont'd)

### (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:

| | Assets at amortised cost ($'000) | Fair value through profit and loss ($'000) | Fair value through other comprehensive income ($'000) | Liabilities at amortised cost ($'000) | Non-financial assets/ liabilities ($'000) | Total ($'000) |
|---|---|---|---|---|---|---|
| **The Group** | | | | | | |
| **Year Ended 30 September 2019** | | | | | | |
| **Assets** | | | | | | |
| Fixed assets | - | - | - | - | 687,140 | 687,140 |
| Investment properties | - | - | - | - | 17,501 | 17,501 |
| Properties held for development | - | - | - | - | 18,490 | 18,490 |
| Joint venture companies | 55,628 | - | - | - | 115,432 | 171,060 |
| Associated companies | 14 | - | - | - | 2,620,675 | 2,620,689 |
| Intangible assets | - | - | - | - | 130,062 | 130,062 |
| Brands | - | - | - | - | 27,513 | 27,513 |
| Other investments | - | - | 7,656 | - | - | 7,656 |
| Other receivables | 33,032 | 85 | - | - | 35,874 | 68,991 |
| Deferred tax assets | - | - | - | - | 2,884 | 2,884 |
| Inventories | - | - | - | - | 262,130 | 262,130 |
| Trade receivables | 277,025 | - | - | - | - | 277,025 |
| Related parties | 7,871 | - | - | - | - | 7,871 |
| Cash and bank balances | 420,333 | - | - | - | - | 420,333 |
| | 793,903 | 85 | 7,656 | - | 3,917,701 | 4,719,345 |
| **Liabilities** | | | | | | |
| Trade payables | - | - | - | 182,475 | - | 182,475 |
| Other payables | - | 1,715 | - | 233,227 | 37,845 | 272,787 |
| Associated companies | - | - | - | 1,186 | - | 1,186 |
| Related parties | - | - | - | 7,222 | - | 7,222 |
| Borrowings | - | - | - | 829,684 | - | 829,684 |
| Provision for taxation | - | - | - | - | 54,275 | 54,275 |
| Provision for employee benefits | - | - | - | - | 20,167 | 20,167 |
| Deferred tax liabilities | - | - | - | - | 19,172 | 19,172 |
| | - | 1,715 | - | 1,253,794 | 131,459 | 1,386,968 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. 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 2018 (restated)** | | | | | | |
| **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 | 20,520 | 184 | - | - | 34,263 | 54,967 |
| Deferred tax assets | - | - | - | - | 6,391 | 6,391 |
| Inventories | - | - | - | - | 243,262 | 243,262 |
| Trade receivables | 283,679 | - | - | - | - | 283,679 |
| Related parties | 9,607 | - | - | - | - | 9,607 |
| Cash and bank balances | 530,125 | - | - | - | - | 530,125 |
| | 898,466 | 184 | 13,879 | - | 3,593,599 | 4,506,128 |
| **Liabilities** | | | | | | |
| Trade payables | - | - | - | 171,477 | - | 171,477 |
| Other payables | - | 300 | - | 182,055 | 37,940 | 220,295 |
| 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 | - | 1,235,325 | 106,119 | 1,341,744 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 34. 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** | | | | | | |
| **1 October 2017 (restated)** | | | | | | |
| **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 | 31,432 | 236 | - | - | 31,193 | 62,861 |
| Deferred tax assets | - | - | - | - | 9,677 | 9,677 |
| Inventories | - | - | - | - | 247,085 | 247,085 |
| Trade receivables | 288,115 | - | - | - | - | 288,115 |
| Related parties | 7,054 | - | - | - | - | 7,054 |
| Cash and bank balances | 1,137,908 | - | - | - | - | 1,137,908 |
| Assets held for sale | 3,142 | - | - | - | 6,745 | 9,887 |
| | 1,517,574 | 236 | 30,131 | - | 3,354,018 | 4,901,959 |
| **Liabilities** | | | | | | |
| Trade payables | - | - | - | 161,821 | - | 161,821 |
| Other payables | - | 799 | - | 177,974 | 47,605 | 226,378 |
| 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 | - | 1,660,538 | 115,475 | 1,776,812 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 34. FINANCIAL RISK MANAGEMENT (cont'd)

### (g) Classification of Financial Instruments (cont'd)

| | Assets at amortised cost ($'000) | Fair value through profit and loss ($'000) | Fair value through other comprehensive income ($'000) | Liabilities at amortised cost ($'000) | Non-financial assets/ liabilities ($'000) | Total ($'000) |
|---|---|---|---|---|---|---|
| **The Company** | | | | | | |
| **Year Ended 30 September 2019** | | | | | | |
| **Assets** | | | | | | |
| Fixed assets | - | - | - | - | 1,101 | 1,101 |
| Subsidiary companies | 12,000 | - | - | - | 2,222,649 | 2,234,649 |
| Joint venture companies | - | - | - | - | 38,965 | 38,965 |
| Associated companies | 5 | - | - | - | - | 5 |
| Intangible assets | - | - | - | - | 175 | 175 |
| Brands | - | - | - | - | 212 | 212 |
| Other investments | - | - | 207,800 | - | - | 207,800 |
| Other receivables | 32 | - | - | - | 825 | 857 |
| Related parties | 807 | - | - | - | - | 807 |
| Cash and bank balances | 15,418 | - | - | - | - | 15,418 |
| | 28,262 | - | 207,800 | - | 2,263,927 | 2,499,989 |
| **Liabilities** | | | | | | |
| Other payables | - | 6 | - | 10,812 | 955 | 11,773 |
| Subsidiary companies | - | - | - | 788,634 | - | 788,634 |
| Related parties | - | - | - | 1,593 | - | 1,593 |
| Provision for taxation | - | - | - | - | 2,964 | 2,964 |
| Deferred tax liabilities | - | - | - | - | 121 | 121 |
| | - | 6 | - | 801,039 | 4,040 | 805,085 |

| | 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 |
| Cash and bank balances | 200,967 | - | - | - | - | 200,967 |
| | 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 |

# Notes to the Financial Statements
for the year ended 30 September 2019

## 35. 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 2019 and 2018.

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 | |
|---|---|---|---|---|---|
| | **2019 ($'000)** | 2018 ($'000) (restated) | 1 October 2017 ($'000) (restated) | **2019 ($'000)** | 2018 ($'000) |
| Cash and bank deposits | **420,333** | 530,125 | 1,137,908 | **15,418** | 200,967 |
| Borrowings | **(829,684)** | (871,419) | (1,303,089) | **-** | (180,000) |
| Net (borrowings)/cash | **(409,351)** | (341,294) | (165,181) | **15,418** | 20,967 |
| Shareholders' fund | **2,933,430** | 2,816,798 | 2,809,232 | **1,694,904** | 1,712,584 |
| Total equity (including non-controlling interests) | **3,332,377** | 3,164,384 | 3,125,147 | **1,694,904** | 1,712,584 |
| Gearing ratio % | | | | | |
| - without non-controlling interests | **14.0** | 12.1 | 5.9 | **(0.9)** | (1.2) |
| - with non-controlling interests | **12.3** | 10.8 | 5.3 | **(0.9)** | (1.2) |

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.

## 36. NEW ACCOUNTING STANDARDS AND INTERPRETATION

The Group and the Company have not adopted the following new SFRS(I)s, amendments to and interpretations of the SFRS(I)s that have been issued as at balance sheet date but are not yet effective:

| **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) 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 |
| Amendments to SFRS(I) 1- 19 | *Plan Amendments, Curtailment or Settlement* | 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* | 1 January 2019 |
| Various | *Amendments to References to the Conceptual Framework in SFRS(I) standards* | 1 January 2020 |
| | *Amendments to Illustrative examples, implementation guidance and SFRS(I) practice statements* | 1 January 2020 |
| Amendments to SFRS(I) 3 | *Definition of a Business* | 1 January 2020 |
| Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 | *Definition of Material* | 1 January 2020 |
| SFRS(I) 17 | *Insurance Contracts* | 1 January 2021 |

# Notes to the Financial Statements

for the year ended 30 September 2019

## 36. NEW ACCOUNTING STANDARDS AND INTERPRETATION (cont'd)

Except for 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 of the Group and Company in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

**SFRS(I) 16 *Leases***

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 October 2019, using the modified retrospective approach. Therefore, the cumulative effect of adoption of SFRS(I) 16 will be recognised as an adjustment to the opening balance of revenue reserve at 1 October 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that SFRS(I) 16 will be applied to all contracts entered into before 1 October 2019 and identified as leases in accordance with SFRS(I)1-17 and SFRS(I) INT 4.

**The Group as lessee**

The Group expects to measure lease liabilities by applying a single discount rate to their portfolio of leases with reasonably similar characteristics. Furthermore, the Group is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 October 2019. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

The Group's operating lease commitments amounted to approximately $52,087,000 as at 30 September 2019. Under SFRS(I) 16, remaining lease payments under the operating leases will be recognised at their present value discounted using appropriate discount rates. In addition, the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities. The Group is in the process of quantifying the adjustments required in the adoption of the standard.

**The Group as lessor**

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify their leases as operating leases, and to account for these leases using the existing operating lease accounting model.

## 37. SUBSEQUENT EVENT

On 8 October 2019, F&NHB, a subsidiary company of the Company, announced that its direct wholly-owned subsidiary company, F&N AgriValley Sdn Bhd had on the same date entered into a conditional sale and purchase agreement with MSM Perlis Sdn Bhd, a direct wholly-owned subsidiary company of MSM Malaysia Holdings Berhad, to acquire 9 pieces of leasehold land in Mukim Chuping, Daerah Perlis in the state of Perlis, Malaysia, measuring in total approximately 4,453.92 hectares, for a total cash consideration of RM156 million (approximately S$51 million). Further details of the proposed acquisition are set out in the said 8 October 2019 announcement and the 11 October 2019 announcement by F&NHB.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 38. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

| | | Effective Shareholding | | |
|---|---|---|---|---|
| | | **2019** | 2018 | **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% | Provision of Management and Technical 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) | F&N Global Marketing Pte. Ltd. *(formerly Asia Dairies (S) Pte Ltd)* | **100.0%** | 100.0% | Sale of Concentrate and Sub-licence of Brands |
| (A) | F&N Dairy Investments Pte Ltd | **100.0%** | 100.0% | Investment Holding |
| (A) | F&N Interflavine Pte. Ltd. | **100.0%** | 100.0% | Manufacture of Concentrate |
| (A) | InterF&B Pte. Ltd. | **100.0%** | 100.0% | Investment Holding |
| (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% | Dormant |
| (A) | Warburg Vending Services Pte. Ltd. *(Held by a subsidiary company)* | **100.0%** | 100.0% | Dormant |
| (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%** | 100.0% | Vending Machine Operator |

(A) Audited by KPMG LLP Singapore.
(B) Audited by KPMG in the respective countries.

# Notes to the Financial Statements
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## 38. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

| | | Effective Shareholding 2019 | 2018 | Principal Activities |
|---|---|---|---|---|
| | **SUBSIDIARY COMPANIES OF THE COMPANY** (cont'd) | | | |
| | Country of Incorporation and Place of Business: **Thailand** | | | |
| (B) | F&N United Limited<br>*(Held by a subsidiary company)* | **95.0%** | 95.0% | Manufacture and Distribution of Dairy Products |
| | Country of Incorporation and Place of Business: **Indonesia** | | | |
| (D) | PT. F&N Indonesia<br>*(Held by subsidiary companies)* | **100.0%** | 100.0% | Dormant |
| | Country of Incorporation and Place of Business: **Vietnam** | | | |
| (B) | F&N Vietnam Limited Liability Company<br>*(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** | | | |
| (C) | F&N Myanmar Services Limited<br>*(Held by a subsidiary company)* | **100.0%** | 100.0% | Provision of Management Services |
| (C) | Emerald Brewery Myanmar Limited<br>*(Held by a subsidiary company)*<br>*(All the above companies, incorporated in Myanmar, accounting year ends on 31 March. With effect from 1 October 2019, the accounting year ends on 30 September)* | **79.9%** | 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 Sale 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 |
| | **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) Audited by KPMG in the respective countries.
(C) Audited by other firms of auditors.
(D) Not required to be audited under the laws of the country of incorporation.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 38. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

| | | Effective Shareholding 2019 | Effective Shareholding 2018 | Principal Activities |
|---|---|---|---|---|
| | **SUBSIDIARY COMPANIES OF FRASER & NEAVE HOLDINGS GROUP** (cont'd) | | | |
| | Country of Incorporation and Place of Business: **Malaysia** (cont'd) | | | |
| (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% | Manufacture 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 | **38.8%** | 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% | Manufacture and Sale of Mineral Water, Drinking Water and Rental of Dispensers |
| (B) | F&N Dairies Manufacturing Sdn Bhd | **55.5%** | 55.5% | Manufacture 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 |
| (B) | F&N AgriValley Sdn Bhd | **55.5%** | - | Dormant |
| | 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% | Manufacture, 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

# Notes to the Financial Statements

for the year ended 30 September 2019

## 38. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

| | | Effective Shareholding | | |
|---|---|---|---|---|
| | | **2019** | 2018 | **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 |
| (D) | 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 |
| (D) | 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. | **100.0%** | 100.0% | Distribution of Books and Magazines |
| (A) | Print Lab Pte. Ltd. | **60.0%** | - | Commercial Printing |
| (A) | Alliance Graphics Pte Ltd | **60.0%** | - | Commercial Printing |
| | Country of Incorporation: **Singapore**<br>Place of Business: **Singapore and Malaysia** | | | |
| (A) | Times Experience Pte. Ltd. | **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 | **100.0%** | 100.0% | Distribution of Books and Magazines |
| | Country of Incorporation: **Hong Kong**<br>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% | Dormant |

(A) Audited by KPMG LLP Singapore.

(B) Audited by KPMG in the respective countries.

(D) 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.

# Notes to the Financial Statements
for the year ended 30 September 2019

## 38. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

| | | Effective Shareholding | | |
|---|---|---|---|---|
| | | **2019** | 2018 | **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) | Marshall Cavendish (Beijing) Co. Ltd<br>*(All the above companies, incorporated in China, accounting year ends on 31 December)* | **100.0%** | 100.0% | Book Production Services |
| | Country of Incorporation and Place of Business: **India** | | | |
| (B) | Direct Educational Technologies India Pvt. Ltd.<br>*(Accounting year ends on 31 March)* | **100.0%** | 100.0% | Distribution of Home Library Reference Books |
| | Country of Incorporation and Place of Business: **Australia** | | | |
| (D) | Musicway Corporation Pty Ltd | **100.0%** | 100.0% | Distribution of Lifestyle Accessories and Storage Products |
| (D) | 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** | | | |
| (D) | Marshall Cavendish Corporation | **100.0%** | 100.0% | Publishing of Library Reference Books |
| | Country of Incorporation and Place of Business: **Chile** | | | |
| (C) | Marshall Cavendish Education Chile SpA<br>*(Accounting year ends on 31 December)* | **100.0%** | 100.0% | Publishing - Education |

(B) Audited by KPMG in the respective countries.
(C) Audited by other firms of auditors.
(D) Not required to be audited under the laws of the country of incorporation.

# Notes to the Financial Statements

for the year ended 30 September 2019

## 38. SIGNIFICANT SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (cont'd)

| | | Effective Shareholding | | |
|---|---|---|---|---|
| | | **2019** | 2018 | **Principal Activities** |
| | **JOINT VENTURE COMPANIES OF FRASER AND NEAVE, LIMITED GROUP** | | | |
| | Country of Incorporation and Place of Business: **Thailand** | | | |
| (B)(2) | F&N International Holdings Co., Ltd | **49.0%** | - | Investment Holding |
| (B)(2) | F&N Retail Connection Co., Ltd | **74.0%** | - | Investment Holding |
| | **JOINT VENTURE COMPANY OF FRASER & NEAVE HOLDINGS GROUP** | | | |
| | Country of Incorporation and Place of Business: **Malaysia** | | | |
| (B) | Vacaron Company Sdn Bhd | **27.7%** | 27.8% | Property Development |
| | **JOINT VENTURE COMPANY OF TIMES PUBLISHING GROUP** | | | |
| | Country of Incorporation and Place of Business: **China** | | | |
| (C)(2) | Shanxi Xinhua Times Packaging Printing Co., Ltd *(Accounting year ends on 31 December)* | **51.0%** | 51.0% | Commercial Printing and Packaging |
| | **ASSOCIATED COMPANY OF FRASER AND NEAVE, LIMITED GROUP** | | | |
| | Country of Incorporation and Place of Business: **Vietnam** | | | |
| (B) | Vietnam Dairy Products Joint Stock Company *(Accounting year ends on 31 December)* | **20.0%** | 20.0% | Manufacture and Distribution of Dairy Products and Beverages |
| | **ASSOCIATED COMPANY OF FRASER & NEAVE HOLDINGS GROUP** | | | |
| | Country of Incorporation and Place of Business: **Malaysia** | | | |
| (C) | 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** | | | |
| (D) | 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** | | | |
| (D) | Transworld Times Press (Africa) Limited *(Accounting year ends on 31 December)* | **40.0%** | 40.0% | Dormant |

(B) Audited by KPMG in the respective countries.
(C) Audited by other firms of auditors.
(D) Not required to be audited under the laws of the country of incorporation.
(2) Company is treated as a joint venture company by virtue of shared control.