

# **F&N TREASURY PTE LTD**

(Company Registration No.200617668D)  
(Incorporated in the Republic of Singapore)

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## **Directors' Statement & Audited Financial Statements**

**30 September 2015**

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A member of the  
FRASER AND NEAVE GROUP

**F&N TREASURY PTE LTD**  
**GENERAL INFORMATION**

**DIRECTORS** : Mr Anthony Cheong Fook Seng  
Mr Hui Choon Kit

**COMPANY SECRETARY** : Mr Anthony Cheong Fook Seng

**REGISTERED OFFICE** : 438 Alexandra Road  
#20-00 Alexandra Point  
Singapore 119958

**AUDITOR** : Ernst & Young LLP

**PRINCIPAL BANKER** : Oversea-Chinese Banking Corporation Ltd

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**F&N TREASURY PTE LTD**  
**DIRECTORS' STATEMENT**

The directors have pleasure in presenting their statement together with the audited financial statements of F&N Treasury Pte Ltd (the "Company") for the financial year ended 30 September 2015.

**1. DIRECTORS**

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

Mr Anthony Cheong Fook Seng  
Mr Hui Choon Kit

**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 objects 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 as stated below:

Name of Director	Direct Interest		Deemed Interest	
	As at 1 Oct 2014	As at 30 Sep 2015	As at 1 Oct 2014	As at 30 Sep 2015
<b>Anthony Cheong Fook Seng</b>				
- <i>Fraser and Neave, Limited</i>				
▪ Ordinary shares	92,950	241,386	-	-
▪ Conditional award of restricted shares (Year 2)	-	-	16,171 <sup>(1)</sup>	- <sup>(2)</sup>
▪ Conditional award of restricted shares (Year 3)	-	-	24,150 <sup>(3)</sup>	23,463 <sup>(4)</sup>
▪ Conditional award of performance shares (Year 3)	-	-	32,380 <sup>(5)(6)</sup>	- <sup>(7)</sup>
▪ Conditional award of restricted shares (Year 4)	-	-	77,294 <sup>(8)(9)</sup>	44,850 <sup>(10)</sup>
▪ Conditional award of performance shares (Year 4)	-	-	36,434 <sup>(11)(12)</sup>	45,874
▪ Conditional award of restricted shares (Year 5)	-	-	63,540 <sup>(13)</sup>	63,540
▪ Conditional award of performance shares (Year 5)	-	-	20,398 <sup>(14)</sup>	20,398
▪ Conditional award of restricted shares (Year 6)	-	-	-	49,500 <sup>(15)</sup>
▪ Conditional award of performance shares (Year 6)	-	-	-	16,000 <sup>(16)</sup>
- <i>Fraser's Centrepoint Limited</i>				
▪ Ordinary shares	185,900 <sup>(17)</sup>	185,900	-	-
<b>Hui Choon Kit</b>				
- <i>Fraser and Neave, Limited</i>				
▪ Ordinary shares	99,571	244,519	-	-
▪ Conditional award of restricted shares (Year 2)	-	-	17,655 <sup>(18)</sup>	- <sup>(2)</sup>
▪ Conditional award of restricted shares (Year 3)	-	-	24,150 <sup>(19)</sup>	23,463 <sup>(20)</sup>
▪ Conditional award of performance shares (Year 3)	-	-	32,380 <sup>(21)(22)</sup>	- <sup>(7)</sup>
▪ Conditional award of restricted shares (Year 4)	-	-	66,252 <sup>(23)(24)</sup>	38,450 <sup>(25)</sup>
▪ Conditional award of performance shares (Year 4)	-	-	31,230 <sup>(26)(27)</sup>	39,322
▪ Conditional award of restricted shares (Year 5)	-	-	75,682 <sup>(28)</sup>	75,682
▪ Conditional award of performance shares (Year 5)	-	-	24,296 <sup>(29)</sup>	24,296
▪ Conditional award of restricted shares (Year 6)	-	-	-	64,500 <sup>(30)</sup>
▪ Conditional award of performance shares (Year 6)	-	-	-	20,000 <sup>(31)</sup>
- <i>Fraser's Centrepoint Limited</i>				
▪ Ordinary shares	199,142 <sup>(17)</sup>	199,142	-	-

- <sup>1</sup> The deemed interest in 16,171 shares in Fraser and Neave, Limited ("F&N") arose from the release of shares in accordance with the F&N Restricted Share Plan ("RSP"). Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 31,723 shares in F&N.
- <sup>2</sup> Shares have been released in accordance with the RSP.
- <sup>3</sup> The deemed interest in 24,150 shares in F&N arose from the release of shares in accordance with the RSP. Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 46,926 shares in F&N.
- <sup>4</sup> The deemed interest in 23,463 shares in F&N arose from the release of shares in accordance with the RSP.
- <sup>5</sup> The deemed interest in up to 32,380 shares in F&N arose from the grant of a conditional award of performance shares under the F&N Performance Share Plan ("PSP") after adjustment due to a capital reduction undertaken by F&N during the financial year ended 30 September 2013. The actual number of F&N shares to be awarded will range from 0% to 200% of the adjusted base award of 16,190 shares, depending on the level of achievement of performance targets over a three-year performance period.
- <sup>6</sup> Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 62,810 shares in F&N.
- <sup>7</sup> Shares have been released in accordance with the PSP.
- <sup>8</sup> The deemed interest in up to 77,294 shares in F&N arose from the grant of a conditional award of restricted shares under the RSP after adjustment due to a capital reduction undertaken by F&N during the financial year ended 30 September 2013. The actual number of F&N shares to be awarded will range from 0% to 150% of the adjusted base award of 51,529 shares, depending on the level of achievement of performance targets over a two-year performance period.
- <sup>9</sup> Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 149,489 shares in F&N.
- <sup>10</sup> The deemed interest in 44,850 shares in F&N arose from the release of shares in accordance with the RSP.
- <sup>11</sup> The deemed interest in up to 36,434 shares in F&N arose from the grant of a conditional award of performance shares under the PSP after adjustment due to a capital reduction undertaken by F&N during the financial year ended 30 September 2013. The actual number of F&N shares to be awarded will range from 0% to 200% of the adjusted base award of 18,217 shares, depending on the level of achievement of performance targets over a three-year performance period.
- <sup>12</sup> Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 45,874 shares in F&N.
- <sup>13</sup> The deemed interest in up to 63,540 shares in F&N arose from the grant on 1 October 2014 of a conditional award of restricted shares under the RSP in respect of the financial year ended 30 September 2014. The actual number of F&N shares to be awarded will range from 0% to 150% of the base award of 42,360 shares, depending on the level of achievement of performance targets over a two-year performance period.
- <sup>14</sup> The deemed interest in up to 20,398 shares in F&N arose from the grant on 1 October 2014 of a conditional award of performance shares under the PSP in respect of the financial year ended 30 September 2014. The actual number of F&N shares to be awarded will range from 0% to 200% of the base award of 10,199 shares, depending on the level of achievement of performance targets over a three-year performance period.
- <sup>15</sup> The deemed interest in up to 49,500 shares in F&N arise from the grant of a conditional award of restricted shares under the RSP in respect of the financial year ended 30 September 2015. The actual number of F&N shares to be awarded will range from 0% to 150% of the base award of 33,000 shares, depending on the level of achievement of performance targets over a two-year performance period.
- <sup>16</sup> The deemed interest in up to 16,000 shares in F&N arose from the grant of a conditional award of performance shares under the PSP in respect of the financial year ended 30 September 2015. The actual number of F&N shares to be awarded will range from 0% to 200% of the base award of 8,000 shares, depending on the level of achievement of performance targets set a three-year performance period.
- <sup>17</sup> The interest arose from the completion of the distribution of the dividend *in specie* by F&N of all of the ordinary shares held by F&N in the issued share capital of Frasers Centrepoint Limited ("FCL") to the shareholders of F&N, on the basis of two ordinary shares in FCL for each share in F&N held by the shareholders of F&N and the listing of FCL on the Main Board of the Singapore Exchange Securities Trading Limited on 9 January 2014.
- <sup>18</sup> The deemed interest in 17,655 shares in F&N arose from the release of shares in accordance with the RSP. Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 34,635 shares in F&N.
- <sup>19</sup> The deemed interest in 24,150 shares in F&N arose from the release of shares in accordance with the RSP. Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 46,926 shares in F&N.
- <sup>20</sup> The deemed interest in 23,463 shares in F&N arose from the release of shares in accordance with the RSP.
- <sup>21</sup> The deemed interest in up to 32,380 shares in F&N arose from the grant of a conditional award of performance shares under the PSP after adjustment due to a capital reduction undertaken by F&N during the financial year ended 30 September 2013. The actual number of F&N shares to be awarded will range from 0% to 200% of the adjusted base award of 16,190 shares, depending on the level of achievement of performance targets over a three-year performance period.
- <sup>22</sup> Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 62,810 shares in F&N.
- <sup>23</sup> The deemed interest in up to 66,252 shares in F&N arose from the grant of a conditional award of restricted shares under the RSP after adjustment due to a capital reduction undertaken by F&N during the financial year ended 30 September 2013. The actual number of F&N shares to be awarded will range from 0% to 150% of the adjusted base award of 44,168 shares, depending on the level of achievement of performance targets over a two-year performance period.
- <sup>24</sup> Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 128,135 shares in F&N.

- <sup>25</sup> The deemed interest in 38,450 shares in F&N arose from the release of shares in accordance with the RSP.
- <sup>26</sup> The deemed interest in up to 31,230 shares in F&N arose from the grant of a conditional award of performance shares under the PSP after adjustment due to a capital reduction undertaken by F&N during the financial year ended 30 September 2013. The actual number of F&N shares to be awarded will range from 0% to 200% of the adjusted base award of 15,615 shares, depending on the level of achievement of performance targets over a three-year performance period.
- <sup>27</sup> Adjustments were made on 7 October 2014 following F&N's distribution to its shareholders by way of dividend *in specie* and a capital reduction undertaken by F&N during that year. This resulted in the deemed interest increasing to 39,322 shares in F&N.
- <sup>28</sup> The deemed interest in up to 75,682 shares in F&N arose from the grant on 1 October 2014 of a conditional award of restricted shares under the RSP in respect of the financial year ended 30 September 2014. The actual number of F&N shares to be awarded will range from 0% to 150% of the base award of 50,455 shares, depending on the level of achievement of performance targets over a two-year performance period.
- <sup>29</sup> The deemed interest in up to 24,296 shares in F&N arose from the grant on 1 October 2014 of a conditional award of performance shares under the PSP in respect of the financial year ended 30 September 2014. The actual number of F&N shares to be awarded will range from 0% to 200% of the base award of 12,148 shares, depending on the level of achievement of performance targets over a three-year performance period.
- <sup>30</sup> The deemed interest in up to 64,500 shares in F&N arose from the grant of a conditional award of restricted shares under the RSP in respect of the financial year ended 30 September 2015. The actual number of F&N shares to be awarded will range from 0% to 150% of the base award of 43,000 shares, depending on the level of achievement of performance targets over a two-year performance period.
- <sup>31</sup> The deemed interest in up to 20,000 shares in F&N arose from the grant of a conditional award of performance shares under the PSP in respect of the financial year ended 30 September 2015. The actual number of F&N shares to be awarded will range from 0% to 200% of the base award of 10,000 shares, depending on the level of achievement of performance targets over a three-year performance period.

- (b) 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. AUDITOR

The retiring auditor, Ernst & Young LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting. KPMG LLP has expressed its willingness to accept appointment as auditor.

#### 5. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2015 and of the financial performance, changes in equity and cash flows of the Company for the year ended 30 September 2015;
- (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



ANTHONY CHEONG FOOK SENG  
Director



HUI CHOON KIT  
Director

5 November 2015

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF F&N TREASURY PTE LTD**

**Report on the Financial Statements**

We have audited the accompanying financial statements of F&N Treasury Pte Ltd (the "Company") set out on pages 6 to 42 which comprise the balance sheet of the Company as at 30 September 2015, the profit statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 30 September 2015 and of the financial performance, changes in equity and cash flow of the Company for the year ended on that date.

**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 have been properly kept in accordance with the provisions of the Act.



**ERNST & YOUNG LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
5 November 2015

**F&N TREASURY PTE. LTD.**

**PROFIT STATEMENT for the year ended 30 September 2015**

	Note	<u>2015</u>	<u>2014</u>
		\$	\$
REVENUE			
Interest income	3	1,851,414	20,455,476
Other income	5	1,016,653	1,161,606
EXPENSES			
Finance costs	4	(297,858)	(12,230,189)
Administration expenses		(1,490,445)	(4,498,545)
Net other operating income		-	1,572,109
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS	5	1,079,764	6,460,457
EXCEPTIONAL ITEMS	5		
Net expenses resulting from transfer of receivables to a related party		-	(696,972)
PROFIT BEFORE TAXATION		1,079,764	5,763,485
TAXATION	6	(841,000)	(543,538)
PROFIT AFTER TAXATION		238,764	5,219,947

The Notes on pages 13 to 42 form an integral part of the Financial Statements.

**F&N TREASURY PTE. LTD.**

**STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 September 2015**

	<u>2015</u>	<u>2014</u>
	\$	\$
PROFIT AFTER TAXATION	238,764	5,219,947
OTHER COMPREHENSIVE INCOME :		
Items that may be reclassified		
subsequently to profit or loss :		
Realization of fair value		
on cash flow hedges	-	5,707,168
Net fair value changes		
on cash flow hedges	-	(506,837)
OTHER COMPREHENSIVE INCOME		
FOR THE YEAR, NET OF TAX	-	5,200,331
TOTAL COMPREHENSIVE INCOME		
FOR THE YEAR	<u>238,764</u>	<u>10,420,278</u>
TOTAL COMPREHENSIVE INCOME		
ATTRIBUTABLE TO :		
Shareholder of the Company	<u>238,764</u>	<u>10,420,278</u>

The Notes on pages 13 to 42 form an integral part of the Financial Statements.



**F&N TREASURY PTE. LTD.**

**BALANCE SHEET as at 30 September 2015**

	Note	<u>2015</u>	<u>2014</u>
		\$	\$
<b>SHARE CAPITAL &amp; RESERVES</b>			
Share capital	7	100,000	100,000
Revenue reserve		48,151,004	47,912,240
		<u>48,251,004</u>	<u>48,012,240</u>
Represented by:-			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	533	13,930
Intangible asset	9	1	103,676
Deferred tax asset	10	6,000	7,000
Loans to related companies	11	1,000,000	47,800,000
		1,006,534	47,924,606
<b>CURRENT ASSETS</b>			
Amounts due from immediate holding company	12	-	4,903,086
Amounts due from related companies	12	50,268,739	12,055,833
Prepayments		9,882	10,118
Other receivables	13	5,603	-
Fixed deposit	14	100,000,000	-
Cash and bank balances	14	63,755,774	8,001,377
		<u>214,039,998</u>	<u>24,970,414</u>

**F&N TREASURY PTE. LTD.**

**BALANCE SHEET as at 30 September 2015**

	Note	<u>2015</u>	<u>2014</u>
		\$	\$
<b>CURRENT LIABILITIES</b>			
Amounts due to immediate holding company	15	150,052,203	5,037,878
Amounts due to related companies	15	5,898,204	9,225,346
Other payables	16	248,255	239,280
Provision for taxation		10,596,866	10,380,276
		<u>166,795,528</u>	<u>24,882,780</u>
 NET CURRENT ASSETS		 47,244,470	 87,634
 NET ASSETS		 <u>48,251,004</u>	 <u>48,012,240</u>

The Notes on pages 13 to 42 form an integral part of the Financial Statements.

**F&N TREASURY PTE. LTD.**

**STATEMENT OF CHANGES IN EQUITY for the year ended 30 September 2015**

	Share Capital	Revenue Reserves	Hedging Reserve	Total
	\$	\$	\$	\$
Balance as at 1 October 2014	100,000	47,912,240	-	48,012,240
Profit after taxation	-	238,764	-	238,764
Total comprehensive income for the year	-	238,764	-	238,764
Balance as at 30 September 2015	100,000	48,151,004	-	48,251,004
Balance as at 1 October 2013	100,000	47,692,293	(5,200,331)	42,591,962
Profit after taxation	-	5,219,947	-	5,219,947
Realization of fair value on cash flow hedges	-	-	5,707,168	5,707,168
Net fair value changes on cash flow hedges	-	-	(506,837)	(506,837)
Total comprehensive income for the year	-	5,219,947	5,200,331	10,420,278
Interim dividend declared and paid on 29 September 2014	-	(5,000,000)	-	(5,000,000)
Balance as at 30 September 2014	100,000	47,912,240	-	48,012,240

The Notes on pages 13 to 42 form an integral part of the Financial Statements.

**F&N TREASURY PTE. LTD.**

**CASH FLOW STATEMENT for the year ended 30 September 2015**

	<u>2015</u>	<u>2014</u>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and exceptional items	1,079,764	6,460,457
Adjustments for :		
Depreciation of fixed assets	10,945	10,906
Amortisation of intangible asset	103,675	113,100
Interest income	(1,851,414)	(20,455,476)
Finance costs	297,858	12,230,189
Forward currency contracts	-	(1,572,109)
Operating cash flows in working capital	<u>(359,172)</u>	<u>(3,212,933)</u>
Changes in working capital		
Amounts due from related companies	(119,349)	857,764,555
Amounts due to immediate holding company	(5,037,878)	5,045,134
Amounts due to related companies	(60,376)	142,944
Prepayments	236	199
Other receivables	-	37,127
Other payables	8,975	(1,674,199)
Net cash flows (used in)/from operations	<u>(5,567,564)</u>	<u>858,102,827</u>
Interest paid	(286,404)	(18,295,450)
Interest received	1,855,340	26,544,010
Settlement of forward currency contracts	-	(3,194,493)
Period settlement of interest rate swap contracts :		
- cash flow hedges	-	(6,080,000)
Payment of income tax	(623,410)	(4,579,725)
Payment of withholding tax	-	(36,194)
Net cash flows (used in)/from operating activities	<u>(4,622,038)</u>	<u>852,460,975</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Proceed from disposal of fixed assets	2,452	-
Net cash flows generated from investing activity	<u>2,452</u>	<u>-</u>

**F&N TREASURY PTE. LTD.**

**CASH FLOW STATEMENT for the year ended 30 September 2015**

	<u>2015</u> \$	<u>2014</u> \$
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	-	(1,361,264,792)
Loan repaid by/(to) immediate holding company	4,900,000	(4,900,000)
Loans from/(repaid to) immediate holding company	150,043,721	(759,940,269)
Loan repaid by related companies	8,700,000	1,027,675,541
Loans repaid (to)/from related companies	(3,269,738)	8,504,637
Dividend paid by the Company	-	(5,000,000)
Net cash flows from/(used in) financing activities	<u>160,373,983</u>	<u>(1,094,924,883)</u>
Net increase/(decrease) in cash and cash equivalents	155,754,397	(242,463,908)
Cash and cash equivalents at beginning of year	8,001,377	250,465,285
Cash and cash equivalents at end of year	<u><u>163,755,774</u></u>	<u><u>8,001,377</u></u>

The Notes on pages 13 to 42 form an integral part of the Financial Statements.

## **F&N TREASURY PTE. LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

#### **1. GENERAL**

F&N Treasury Pte. Ltd. (the "Company") is a limited liability company incorporated in Singapore. The immediate holding company is Fraser and Neave, Limited, incorporated in Singapore. The ultimate holding company is TCC Assets Limited, incorporated in British Virgin Islands. The registered office and principal place of business of the Company is at 438 Alexandra Road, #20-00 Alexandra Point, Singapore 119958.

The principal activities of the Company are to provide financial and treasury services for and on behalf of the holding company to companies within the Group and to companies in which the immediate holding company has an interest of at least 20 percent.

There were no significant changes in the nature of these principal activities during the financial year.

The financial statements of the Company were authorised for issue in accordance with a resolution of the directors on 5 November 2015.

#### **2. ACCOUNTING POLICIES**

##### **2.1 Basis of Preparation**

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

##### **2.2 Changes in Accounting Policies**

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

On 1 October 2014, the Company adopted the following new, revised and amendments to standards that are mandatory for application from that date :-

Revised FRS 27

Separate Financial Statements

Amendments to FRS 32

Offsetting Financial Assets and  
Financial Liabilities

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

2. ACCOUNTING POLICIES (Cont'd)

2.2 Changes in Accounting Policies (Cont'd)

Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedging Accounting
Amendments to FRS 19	Defined Benefits Plans : Employee Contributions

Improvements to FRSs 2014 :

Amendments to FRS 102	Share Based Payment
Amendments to FRS 103	Business Combinations
Amendments to FRS 108	Operating Segments
Amendments to FRS 16	Property, Plant and Equipment
Amendments to FRS 24	Related Party Disclosures
Amendments to FRS 38	Intangible Assets
Amendments to FRS 113	Fair Value Measurement

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

2.3 Revenue Recognition

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

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.4 Taxation**

**Current tax**

Current tax assets and liabilities for the current and prior years 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.

**Deferred tax**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liabilities arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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.



**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.5 Fixed Assets**

Fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. 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 Company 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.

Depreciation is calculated on the straight line method to write off the cost of fixed assets less residual value over their estimated useful lives. No depreciation is charged for uncommissioned 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 :

Computer - range from 20% to 33%

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

**2.6 Intangible assets**

Intangible assets acquired separately are capitalised at cost. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment loss.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Amortisation charged on finite intangible assets is taken to the profit statement as amortisation expenses.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.6 Intangible assets (Cont'd)**

Intangible assets which are not yet available for use are tested for impairment annually, and more frequently if the events or circumstances indicate that the carrying value may be impaired. Such intangible assets are not amortised.

Computer software

Computer software which does not form an integral part of a computer system when it was purchased is recognised as an intangible asset to the extent that it is expected that such assets will generate future benefits.

Computer software is amortised on a straight line basis over an estimated useful life of 5 years.

**2.7 Other Receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is evidence that the Company will not be able to collect all or part of the amounts due according to the original terms of the receivables.

**2.8 Financial Liabilities**

Financial liabilities include other payables and amounts due to immediate holding company and related companies. Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received plus 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.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.9 Provisions**

Provisions are recognised when the Company 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 a reliable estimate can be made of the amount of the obligation. 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.

**2.10 Functional and Foreign Currencies**

**a) Functional currency**

The currency of the primary economic environment in which the Company operates ("the functional currency") is Singapore Dollars.

**b) Foreign currency transactions**

Foreign currency transactions are recorded in the functional currency of the Company 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. 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. All exchange differences are included in the profit statement.

**2.11 Impairment of Non-Financial Assets**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the profit statement.

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. Such reversal is taken to the profit statement. However, the increased carrying amount is only recognised to the extent it does not exceed the carrying amount (net of amortisation or depreciation) that would have been had the impairment loss not been recognised.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.12 Borrowing Costs**

Borrowing costs are generally expensed as incurred.

**2.13 Cash and Cash Equivalents**

Cash and cash equivalents include cash at banks and deposits with financial institutions that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

**2.14 Financial Assets**

**a) Classification**

The classification of financial assets is determined at initial recognition. The Company classifies its financial assets as follow :-

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables include loans to related companies, amounts due from immediate and related companies, other receivables and cash and cash equivalents.

**b) Recognition and derecognition**

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company 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 have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss recognised directly in equity is recognised in the profit statement.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.14 Financial Assets (Cont'd)**

**c) Initial measurement**

Financial assets are initially recognised at fair value plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

**d) Subsequent measurement**

Loans and receivables are carried at amortised cost using the effective interest method. Financial assets at fair value through profit or loss are subsequently carried at fair value.

**e) Impairment**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. 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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively 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 amount of the asset does not exceed its amortised cost at the reversal date.

**f) Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet 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.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.15 Derivative financial instruments**

The Company uses 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 Company's policy not to trade in derivative financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instrument that do not qualify for hedge accounting are recognised directly in the profit statement.

The fair value of forward foreign currency contracts is calculated by reference to current forward foreign exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

The Company classifies derivative instruments that qualify for hedge accounting as cash flow hedge.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company 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 Company 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 are designated.

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 profit statement. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserves within equity, while the ineffective portion is recognised in the profit statement.

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.15 Derivative financial instruments (Cont'd)**

Amounts taken to hedging reserves 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 reserves 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 reserves 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 reserves remain in hedging reserves until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit statement.

**2.16 Employee benefits**

**a) Defined contribution plans**

As required by Singapore law, the Company makes contribution to the Central Provident Fund (CPF) for its employees. The CPF contribution is recognised as compensation expense in the profit statement, in the same period as the employment that gives rise to the contribution.

**b) 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.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**2. ACCOUNTING POLICIES (Cont'd)**

**2.16 Employee benefits (Cont'd)**

**c) Equity compensation plans**

The employees of the Company receive remuneration in the form of share option and share awards of the immediate holding company as consideration for service rendered.

The fair value of the employee services received in exchange for the grant of the options or awards is recognised as an expense in the profit statement. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options or awards on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit statement over the remaining vesting period.

**2.17 Significant accounting estimates and judgements**

Estimate and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Company'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) Income taxes**

The Company 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 income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of provision for taxation and deferred taxation at balance sheet date are disclosed in the balance sheet.



**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

2. ACCOUNTING POLICIES (Cont'd)

2.17 Significant accounting estimates and judgements (Cont'd)

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. INTEREST INCOME

	<u>2015</u>	<u>2014</u>
	\$	\$
Interest income on bank fixed deposits	135,853	854,270
Interest income on loans to immediate holding company and related companies	1,715,561	19,601,206
	<u>1,851,414</u>	<u>20,455,476</u>

4. FINANCE COSTS

	<u>2015</u>	<u>2014</u>
	\$	\$
Interest expense on amounts due to immediate holding company and related companies	187,732	2,079,502
Interest expense on borrowings	110,126	9,872,160
Amortised transaction costs on borrowings	-	278,527
	<u>297,858</u>	<u>12,230,189</u>

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**5. PROFIT BEFORE TAXATION**

	<u>2015</u>	<u>2014</u>
	\$	\$
Profit before taxation is arrived at after charging/(crediting) :-		
Staff costs - Salaries and bonuses	772,008	859,673
- Central Provident Fund contribution	60,840	88,911
- Share option and share plan expenses *	68,710	93,721
- Others	35,560	34,242
Management fee	200,000	200,000
Depreciation of fixed assets	10,945	10,906
Amortisation of intangible asset	103,675	113,100
Included in other income :		
Treasury service fee	(997,800)	(1,155,500)
Initial setup fees	(10,000)	(2,500)
Job credit allowance	(8,373)	(3,098)
Special employment grants	(480)	(508)
Included in other operating expenses :		
Realized gain on derivatives	-	(1,572,109)
Included in exceptional items for income and expenses related to transfer of receivables to a related party :		
Proceed from transfer of receivable to a related party	-	(41,775,299)
Bond redemption fees paid	-	31,870,321
Realization of un-amortised transaction costs	-	2,996,290
Settlement of interest rate swap contracts	-	6,080,000
Professional fees	-	1,464,015

\* Details of the share option scheme and share plan are as disclosed in the financial statements of the immediate holding company, Fraser and Neave, Limited.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**6. TAXATION**

	<u>2015</u>	<u>2014</u>
	\$	\$
Current income tax		
Current year	200,000	6,700,000
Under/(Over) provision in prior year	640,000	(6,193,656)
Foreign withholding tax paid	-	36,194
	<hr/> 840,000	<hr/> 542,538
Deferred income tax		
Current year	1,000	1,000
	<hr/> 841,000	<hr/> 543,538

A reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September 2015 and 2014 is as follows :-

	<u>2015</u>	<u>2014</u>
	\$	\$
Accounting profit before taxation	<hr/> 1,079,764	<hr/> 5,763,485
Tax at applicable rate @ 17% (2014 : 17%)	183,560	979,792
Expenses not deductible for tax purposes	47,142	5,727,533
Income not subject to tax (tax incentives/exemption)	(25,925)	(25,925)
Under/(Over) provision in prior year - current tax	640,000	(6,193,656)
Foreign withholding tax paid	-	36,194
Others	(3,777)	19,600
Taxation recognised in the profit statement	<hr/> 841,000	<hr/> 543,538

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**7. SHARE CAPITAL**

	<u>2015</u>	<u>2014</u>
	\$	\$
Issued and fully paid up		
100,000 (2014 : 100,000) ordinary shares	100,000	100,000

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company.

All ordinary shares carry one vote per share without restriction. All ordinary shares have no par value.

**8. FIXED ASSETS**

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Computers</u>		
Cost		
Balance at beginning of year	56,891	56,891
Disposals	(4,116)	-
Balance at end of year	52,775	56,891
Accumulated depreciation		
Balance at beginning of year	42,961	32,055
Charge for the year	10,945	10,906
Disposals	(1,664)	
Balance at end of year	52,242	42,961
Net book value at end of year	533	13,930

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**9. INTANGIBLE ASSET**

	<u>2015</u>	<u>2014</u>
	\$	\$
Cost of computer software at beginning and end of year	565,519	565,519
Accumulated amortisation		
Balance at beginning of year	461,843	348,743
Amortisation charge for the year	103,675	113,100
Balance at end of year	565,518	461,843
Net book value at end of year	1	103,676

**10 DEFERRED TAX ASSET**

	<u>2015</u>	<u>2014</u>
	\$	\$
Deferred tax asset as at 30 September relates to the following :-		
Deferred tax asset at beginning of year	7,000	8,000
Recognised in profit statement	(1,000)	(1,000)
Deferred tax asset at end of year	6,000	7,000
Deferred tax asset arises as a result of :-		
Employee benefits	6,000	7,000

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**11. LOANS TO RELATED COMPANIES**

Loans to related companies are non-current, trade related, unsecured, to be settled in cash between 1 and 5 years and bearing interest at rate of 3.86% per annum (2014 : ranging from 2.11% to 7.81%).

**12. AMOUNTS DUE FROM IMMEDIATE HOLDING COMPANY  
AND RELATED COMPANIES**

Amounts due from immediate holding company and related companies are denominated in Singapore Dollar and include the following :-

- a) Current loan accounts are trade related, unsecured, to be settled in cash within one year and interest bearing at rates ranging from 1.97% to 3.81% per annum (2014 : 1.14% to 1.64%); and
- b) Interest receivables which are derived from inter-company loans. The interest receivables are trade related, unsecured, interest free and to be settled in cash within one year.

**13. OTHER RECEIVABLES**

As at 30 September 2015, other receivables represented accrued interest income receivable from banks (2014 : Nil).

**14. CASH AND BANK DEPOSITS**

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash and bank balances : non-interest bearing	494,763	426,095
Cash and bank balance : interest bearing	63,261,011	7,575,282
Fixed deposit	100,000,000	-
	<u>163,755,774</u>	<u>8,001,377</u>

**F&N TREASURY PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**14. CASH AND BANK DEPOSITS (Cont'd)**

The weighted average effective interest rate for interest bearing cash and bank balance is 0.80% (2014: 0.50%).

The weighted average effective interest rate for bank fixed deposit as at 30 September 2015 was 1.37% (2014 : no bank fixed deposits).

Cash and bank deposits denominated in foreign currencies as at 30 September are as follows :-

	<u>2015</u>	<u>2014</u>
	\$	\$
US Dollar	6,702	8,322

**15. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY  
AND RELATED COMPANIES**

The amounts due to immediate holding company and related companies as at 30 September comprise :

	<u>2015</u>	<u>2014</u>
	\$	\$
Immediate holding company		
Current Accounts - trade related	8,482	37,878
Current Accounts - non-trade related	-	5,000,000
Loan Accounts	150,043,721	-
	<u>150,052,203</u>	<u>5,037,878</u>

Amount due to immediate holding company on current accounts is unsecured, interest free and to be settled in cash within one year.

Amounts due to immediate holding company on loan accounts are trade related, unsecured, to be settled in cash within one year and bearing interest rates ranging from 0.75% to 1.35% per annum (2014 : no loan balances).

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**15. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY  
AND RELATED COMPANIES (Cont'd)**

	<u>2015</u>	<u>2014</u>
	\$	\$
Related companies		
Current Accounts	85,540	142,944
Loan Accounts	5,812,664	9,082,402
	<u>5,898,204</u>	<u>9,225,346</u>

Amounts due to related companies on current accounts is non-trade related, unsecured, interest free and to be settled in cash within one year.

Amounts due to related companies on loan accounts are trade related, unsecured, to be settled in cash within one year and bearing interest rates ranging from 1.40% to 1.47% per annum (2014 : ranging from 0.71% to 0.86% per annum).

**16. OTHER PAYABLES**

	<u>2015</u>	<u>2014</u>
	\$	\$
Accruals for salaries and related costs	195,000	161,342
Other creditors	177	2,675
	<u>195,177</u>	<u>164,017</u>
Accruals for unconsumed leave	33,506	39,466
Others	19,572	35,797
	<u>248,255</u>	<u>239,280</u>

Other payables are denominated in Singapore Dollars.



**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**17. RELATED PARTY TRANSACTIONS**

The following are the significant related party transactions entered into by the Company with:

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Immediate holding company</u>		
Interest income	167,300	-
Interest expense	(127,299)	(2,070,699)
<u>Related companies</u>		
Interest income	1,548,261	19,601,206
Rendering of treasury services	997,800	1,155,500
Interest expense	(60,433)	(8,803)
Management fee	(200,000)	(200,000)
Initial setup fees	10,000	2,500

**18. FINANCIAL RISK MANAGEMENT**

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board approves and reviews policies for managing each of these risks and they are summarised below. The Company does not hold or issue derivative financial instruments for trading purposes.

**18.1 Foreign currency risk**

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, mainly US Dollar arising from its financing activities. The Company reviews on a regular basis its exposure to foreign exchange risk.

Sensitivity analysis for foreign currency risk

A 10% strengthening of the Singapore Dollar against the following currencies at the balance sheet date would have decreased profit after tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for financial year ended 30 September 2014.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**18. FINANCIAL RISK MANAGEMENT (Cont'd)**

**18.1 Foreign currency risk (Cont'd)**

Sensitivity analysis for foreign currency risk

	<u>2015</u>	<u>2014</u>
	\$	\$
US Dollar	556	691
	<u>556</u>	<u>691</u>

A 10% weakening of the Singapore dollar against the above-mentioned currencies at the balance sheet date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all the other variables remain constant.

**18.2 Credit risk**

At the balance date, the carrying amount of loans to related companies, amounts due from related companies, other receivables and cash and bank deposits represent the Company's maximum exposure to credit risk.

The Company has no significant concentration of credit risk.

Cash and bank deposits are placed with reputable financial institutions.

**18.3 Liquidity risk**

The Company's exposure to liquidity risk arises in the general funding of the Company's business activities. It includes the risks of being able to fund business activities in a timely manner.

The Company adopts a prudent approach to managing its liquidity risk. The Company always maintain sufficient cash and have available funding through diverse sources of committed and uncommitted credit facilities from various banks.

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**18. FINANCIAL RISK MANAGEMENT (Cont'd)**

**18.3 Liquidity risk (Cont'd)**

The table below analyses the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted cash flows.

	Carrying amount	Cash Flows		
		Less than 1 year	Between 1 and 5 years	Over 5 years
	\$	\$	\$	\$
<u>As at 30 September 2015</u>				
<u>Financial assets :</u>				
Loans to related companies	1,000,000	38,580	1,119,017	-
Amounts due from related companies	50,268,739	50,645,120	-	-
Other receivables	5,603	5,603	-	-
Fixed deposit	100,000,000	100,111,603	-	-
Cash and cash equivalents	63,755,774	63,755,774	-	-
	<u>215,030,116</u>	<u>214,556,680</u>	<u>1,119,017</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**18. FINANCIAL RISK MANAGEMENT (Cont'd)**

**18.3 Liquidity risk (Cont'd)**

	Carrying amount	Cash Flows		
		Less than 1 year	Between 1 and 5 years	Over 5 years
	\$	\$	\$	\$
<u>Financial liabilities :</u>				
Amounts due to immediate holding company	(150,052,203)	(150,159,737)	-	-
Amounts due to related companies	(5,898,204)	(5,903,388)	-	-
Other payables (Note 16)	(204,710)	(204,710)	-	-
	(156,155,117)	(156,267,835)	-	-
Net financial assets	58,874,999	58,288,845	1,119,017	-

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The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**18. FINANCIAL RISK MANAGEMENT (Cont'd)**

**18.3 Liquidity risk (Cont'd)**

	Carrying amount	Cash Flows		
		Less than 1 year	Between 1 and 5 years	Over 5 years
	\$	\$	\$	\$
<u>As at 30 September 2014</u>				
<u>Financial assets :</u>				
Amount due from immediate holding company	4,903,086	4,905,035	-	-
Loans to related companies	47,800,000	1,390,540	48,212,746	-
Amounts due from related companies	12,055,833	12,063,969	-	-
Cash and cash equivalents	8,001,377	8,001,377	-	-
	<u>72,760,296</u>	<u>26,360,921</u>	<u>48,212,746</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**18. FINANCIAL RISK MANAGEMENT (Cont'd)**

**18.3 Liquidity risk (Cont'd)**

	Carrying amount	Cash Flows		
		Less than 1 year	Between 1 and 5 years	Over 5 years
	\$	\$	\$	\$
<u>Financial liabilities :</u>				
Amounts due to immediate holding company	(5,037,878)	(5,037,878)	-	-
Amounts due to related companies	(9,225,346)	(9,230,796)	-	-
Other payables (Note 16)	(124,283)	(124,283)	-	-
	<u>(14,387,507)</u>	<u>(14,392,957)</u>	<u>-</u>	<u>-</u>
Net financial assets	<u>58,372,789</u>	<u>11,967,964</u>	<u>48,212,746</u>	<u>-</u>

**F&N TREASURY PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**18. FINANCIAL RISK MANAGEMENT (Cont'd)**

**18.4 Interest rate risk**

As at 30 September 2014 and 2015, the Company is not exposed to market risk of changes in interest rates as the Company does not have any financial instruments under floating rate terms.

**18.5 Fair values**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

- a) Cash and bank balances, fixed deposit, amounts due from immediate holding company, amounts due from related companies, interest receivable from banks, amounts due to immediate holding company, amount due to related companies and other payables

The carrying amounts of these items reasonably approximate their fair values because these are mostly short term in nature.

- b) Loans to related companies

The carrying amounts reasonably approximate their fair values because the market rates of interest at year-end approximate those at loan inception date.

- c) Carrying amounts of financial instruments by categories

The table below is an analysis of the carrying amounts of financial instruments by categories as at 30 September :

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Loan and receivables</u>		
Non-current		
Loans to related companies	1,000,000	47,800,000
	<u>1,000,000</u>	<u>47,800,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

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**18. FINANCIAL RISK MANAGEMENT (Cont'd)**

**18.5 Fair values (Cont'd)**

	<u>2015</u>	<u>2014</u>
	\$	\$
Current		
Amounts due from immediate holding company	-	4,903,086
Amounts due from related companies	50,268,739	12,055,833
Other receivables	5,603	-
Fixed deposit	100,000,000	-
Cash and bank balances	63,755,774	8,001,377
	<u>214,030,116</u>	<u>24,960,296</u>

Financial liabilities measured at amortised cost

Current		
Amounts due to immediate holding company	150,052,203	5,037,878
Amounts due to related companies	5,898,204	9,225,346
Other payables (Note 16)	204,710	124,283
	<u>156,155,117</u>	<u>14,387,507</u>



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**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**19. CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value.

The Company is in a net cash positive position. The Company monitors its cashflow, debt maturity profile, cost of funds, overall liquidity position and gearing ratio on a continuous basis.

	<u>2015</u>	<u>2014</u>
	\$	\$
Bank fixed deposit	100,000,000	-
Cash & bank balances	63,755,774	8,001,377
Loans to related companies	1,000,000	47,800,000
Amount due from related companies		
- loan accounts	49,000,000	10,908,115
Amount due to related companies		
- loan accounts	(5,812,664)	(9,082,402)
Net cash position	<u>207,943,110</u>	<u>57,627,090</u>
Shareholders' fund		
Equity	48,251,004	48,012,240
Loan from immediate		
holding company	150,043,721	-
Amount due from immediate		
holding company	-	(4,903,086)
	<u>198,294,725</u>	<u>43,109,154</u>
Net debts/Shareholders' fund	(1.05)	(1.34)

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**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**20. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATION**

The Company has not adopted the following relevant standards and interpretations that have been issued as at balance date but are not yet effective :

<u>Description</u>		<u>Effective for annual periods beginning on or after</u>
FRS 114	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16 and FRS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 1	Disclosure Initiative	1 January 2016
<u>Improvements to FRSs 2014</u>		
Amendment to FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
Amendment to FRS 107	Financial Instruments: Disclosures	1 January 2016
Amendment to FRS 19	Employee Benefits	1 January 2016
Amendment to FRS 34	Interim Financial Reporting	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017
FRS 109	Financial Instruments	1 January 2018

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**NOTES TO THE FINANCIAL STATEMENTS - 30 September 2015**

The following Notes form an integral part of the Financial Statements on pages 6 to 12.

**20. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATION (Cont'd)**

Except for FRS 109, the Directors expect that the adoption of the other new and amendments to standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the following FRS are described below.

**FRS 109 Financial Instruments**

FRS 109 Financial Instruments replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 includes revised guidance on the classification and measurement of financial instruments, including classification and measurement of financial assets, impairment of financial assets and hedge accounting. Retrospective application is required, but comparative information is not compulsory in the year of adoption.

The Company is currently determining the impact of the new accounting standard.