

# Notes to the Financial Statements

August 31, 2007

These notes form an integral part of and should be read in conjunction with the financial statements.

## 1. GENERAL

The Company is incorporated and domiciled in Singapore. The address of its registered office is 1000 Toa Payoh North, News Centre, Singapore 318994.

The Company is listed on the Singapore Exchange.

The principal activities of the Group consist of:

- (a) publishing, printing and distributing newspapers,
- (b) publishing and distributing magazines,
- (c) providing multimedia content and services,
- (d) holding investments,
- (e) holding, managing and developing properties,
- (f) providing outdoor advertising services, and
- (g) providing radio broadcasting services.

The principal activities of the Company consist of:

- (a) publishing, printing and distributing newspapers,
- (b) distributing magazines,
- (c) providing multimedia content and services,
- (d) holding shares in subsidiaries,
- (e) holding investments, and
- (f) providing management services to subsidiaries.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The Group and the Company have adopted the revised FRS and Interpretations to FRS ("INT FRS") that are applicable in the current financial year. The following are the revised FRS and INT FRS that are relevant to the Group:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 108	Scope of FRS 102 – Share-based Payment
INT FRS 109	Re-assessment of Embedded Derivatives

The adoption of the revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The purchase method of accounting is used to account for the acquisition of subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in or excluded from the consolidated income statement from the date of their acquisition or disposal. Inter-company balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. These are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

### (c) Currency Translation

#### (i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Singapore Dollars, which is the Company's functional currency.

#### (ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are taken to the income statement except for currency translation differences on net investment in foreign entities [Note 2(c)(iv)] in the consolidated financial statements.

Currency translation differences on non-monetary items, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss in the income statement. Currency translation differences on non-monetary items, such as equity investments classified as available-for-sale financial assets, are included in the fair value reserve within equity. Currency translation differences on monetary items classified as available-for-sale financial assets, are included in the income statement.

#### (iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet;
- Income and expenses are translated at average monthly exchange rates for the financial year; and
- All resulting exchange differences are taken to the currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after September 1, 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisition prior to September 1, 2005, the exchange rates at the dates of acquisition were used.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (c) Currency Translation (cont'd)

#### (iv) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign entities are taken to the currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

### (d) Impairment of Assets

#### (i) Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

#### (ii) Intangible assets

##### Property, plant and equipment

##### Interests in subsidiaries, associates and jointly controlled entities

Intangible assets, property, plant and equipment and interests in subsidiaries, associates and jointly controlled entities are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount 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, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognised in the income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (e) Property, Plant and Equipment and Depreciation

- (i) Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.
- (ii) Depreciation is calculated using the straight-line method to allocate the depreciable amount over the expected useful lives of the assets. The estimated useful lives for this purpose are:

Freehold buildings	30 years
Leasehold land and buildings	30 years or life of lease tenure if less than 30 years
Plant and equipment	3-20 years
Furniture and fittings	10 years
Motor vehicles	3-5 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

- (iii) No depreciation is charged on freehold land and land held on 999-year lease or in respect of major capital work-in-progress.
- (iv) On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

### (f) Investment Property

Investment property is held for the primary purpose of producing rental income and is not held for resale in the ordinary course of business.

Investment property is stated at cost less accumulated impairment losses. The cost of investment property includes capitalisation of interest incurred on borrowings for the purchase, renovation and extension of the investment property while these activities are in progress. For this purpose, the interest rates applied to funds provided for the development are based on the actual interest rates payable on the borrowings for such development.

### (g) Development Properties

Development properties are properties being developed for sale. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

#### Sold Development Properties

All development properties held by the Group are sold.

Revenue and cost on development properties that have been sold are recognised using percentage-of-completion method. The percentage of completion is measured by reference to the development costs incurred to-date to the estimated total development costs for the properties. When it is probable that the estimated total costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

At the balance sheet date, the aggregated costs incurred plus the recognised profit (less recognised loss) on each development property that has been sold are compared against the progress billings. Where costs incurred plus recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on development projects, within "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on development projects, within "trade and other payables".

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (h) **Borrowing Costs**

Borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

### (i) **Subsidiaries**

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Interests in subsidiaries are included in the Company's balance sheet at cost less accumulated impairment losses.

### (j) **Associates**

Associates are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of voting rights.

The Group's interest in associates is equity accounted for in the consolidated financial statements. The Group's share of the post-acquisition results of associates is included in its consolidated income statement. The Group's share of the post-acquisition movements in reserves is recognised directly in equity. These post-acquisition movements are adjusted against the carrying amount of the investments in the consolidated balance sheet. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

In applying the equity method of accounting, adjustments are made to the financial statement of associates, where necessary, to ensure consistency of accounting policies with those of the Group.

In the Company's balance sheet, interests in associates are stated at cost less accumulated impairment losses.

### (k) **Jointly Controlled Entities**

Jointly controlled entities are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties.

The Group's interest in jointly controlled entities is equity accounted for in the consolidated financial statements. The Group's share of the post-acquisition results of jointly controlled entities is included in its consolidated income statement. The Group's share of the post-acquisition movements in reserves is recognised directly in equity. These post-acquisition movements are adjusted against the carrying amount of the investments in the consolidated balance sheet. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any unsecured receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the jointly controlled entity.

In applying the equity method of accounting, adjustments are made to the financial statements of jointly controlled entities, where necessary, to ensure consistency of accounting policies with those of the Group.

In the Company's balance sheet, interests in jointly controlled entities are stated at cost less accumulated impairment losses.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (l) Financial Assets

#### (i) Classification

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is irrevocable.

- **Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss at inception are those that are managed, and their performance evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash held as fixed deposits, cash and bank balances, trade and other receivables.

- **Held-to-maturity financial assets**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group has no held-to-maturity financial assets at August 31, 2007.

- **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 management intends to dispose of the assets within 12 months after the balance sheet date.

#### (ii) Recognition and derecognition

Purchases and sales of financial assets 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 have been transferred and the Group has transferred substantially all risks and rewards of ownership. On sale of a financial asset, the difference between the net sales proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to the asset is also taken to the income statement.

#### (iii) 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. Transaction costs for financial assets at fair value through profit or loss are recognised in the income statement.

#### (iv) 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.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (l) Financial Assets (cont'd)

#### (iv) Subsequent measurement (cont'd)

Gains and losses arising from changes in fair value of 'financial assets at fair value through profit or loss' including interest and dividend income are included in the income statement in the period in which they arise. Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale are analysed into translation differences resulting from changes in amortised cost of the asset and other changes. The translation differences are recognised in the income statement, and other changes are recognised in the fair value reserve within equity. Changes in fair values of other monetary and non-monetary assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

Interest on available-for-sale financial assets, calculated using the effective interest method, is recognised in the income statement. Dividends on available-for-sale equity securities are recognised in the income statement when the Group's right to receive payment is established. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in the income statement.

#### (v) Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. Such techniques include using recent arm's length transactions and reference to the underlying net asset value of the investee companies.

#### (vi) Impairment

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.

- **Loans and receivables**

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement.

- **Available-for-sale financial assets**

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is removed from the fair value reserve within equity and recognised in the income statement. The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement.

Impairment loss on debt instruments classified as available-for-sale financial assets are reversed through the income statement. However, reversal of impairment losses with respect to equity instruments classified as available-for-sale financial assets are not recognised through the income statement.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (m) Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. Derivative financial instruments are not used for trading purposes.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently carried at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedge). The Group has no fair value hedge at August 31, 2007.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

#### (i) Cash flow hedge

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. Under these interest rate swaps, the Group agrees with another party to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The effective portion of changes in the fair value of these interest rate swaps are recognised in the hedging reserve within equity and transferred to the income statement in the periods when the interest expense on the borrowings are recognised in the income statement. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

#### (ii) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

### (n) Intangible Assets

#### (i) Goodwill on Consolidation

Goodwill on consolidation represents the difference between the cost of acquisition of a subsidiary or an associate or jointly controlled entity over the fair value of the Group's share of identifiable net assets acquired at the date of acquisition. Goodwill arising from the acquisition of a subsidiary is shown on the face of the consolidated balance sheet, while goodwill arising from the acquisition of an associate or jointly controlled entity is recorded as part of the carrying value of the investment in the consolidated balance sheet.

Goodwill recognised separately as intangible assets is tested at least annually for impairment and is carried at cost less accumulated impairment losses. The gains and losses on the disposal of the subsidiary, associate or jointly controlled entity include the carrying amount of goodwill relating to the entity sold.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (n) Intangible Assets (cont'd)

#### (ii) Trademarks and Licences

Trademarks and licences acquired as part of business combinations are initially recognised at their fair values at the acquisition date and are subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method of up to 20 years which is the shorter of their estimated useful lives and periods of contractual rights.

### (o) Inventories

Inventories comprise raw materials and consumable stores, and are stated at the lower of cost and net realisable value.

Cost of raw materials and consumable stores includes transport and handling costs, and any other directly attributable costs, and is determined on the weighted average or specific identification basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated variable selling expenses.

### (p) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

### (q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are included in non-current borrowings in the balance sheet.

### (r) Trade and Other Payables

Trade and other payables are initially carried at fair value, and subsequently carried at amortised cost, using the effective interest method.

### (s) Dividends Payable

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

### (t) Employee Benefits

#### (i) Short-term employee benefits

All short-term employee benefits, including accumulated compensated absences, are recognised in the income statement in the period in which the employees render their services to the Group.

#### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to defined contribution plans are recognised in the financial year when they are due.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (t) Employee Benefits (cont'd)

#### (iii) Share-based compensation benefits

- **Share options**

The share option scheme allows selected employees of the Company and/or its subsidiaries, including Executive Director of the Company, and other selected participants, to subscribe for ordinary shares in the Company at an agreed exercise price.

The fair value of the options granted is recognised as a share-based compensation expense in the income statement with a corresponding increase in the share-based compensation reserve over the vesting period. The fair value is measured at grant date and recognised over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in the income statement and a corresponding adjustment to share-based compensation reserve over the remaining vesting period.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital when new ordinary shares are issued, or to the treasury share account within equity, when treasury shares purchased are re-issued to the employees.

- **Performance shares**

Persons eligible to participate in the SPH Performance Share Plan ("the Plan") are selected Group Employees of such rank and service period as the Remuneration Committee ("the Committee") may determine, and other participants selected by the Committee.

The Plan contemplates the award of fully-paid ordinary shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met and upon expiry of the prescribed vesting periods.

The fair value of the performance shares granted is recognised as a share-based compensation expense in the income statement with a corresponding increase in the share-based compensation reserve over the vesting period. The amount is determined by reference to the fair value of the performance shares on grant date.

If the performance condition is a market condition, the probability of the performance condition being met is taken into account in estimating the fair value of the ordinary shares granted at the grant date. The compensation cost shall be charged to the income statement on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the Plan over the prescribed vesting periods from date of grant. No adjustments to the amounts charged to the income statement are made whether or not the market condition is met.

For performance share grants with non-market conditions, the Company revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the income statement and share-based compensation reserve. The Company assesses this change at the end of each financial reporting period.

# Notes to the Financial Statements

August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### (v) Income Taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and
- (ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### (w) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

Revenue from the sale of the Group's products is recognised on completion of delivery.

Revenue from the provision of services is recognised in the period in which the services are rendered.

Revenue from advertisements is recognised in the period in which the advertisement is published or broadcast.

Revenue from rental and rental-related services is recognised on a straight-line basis over the lease term.

Revenue and profits from sale of development properties are recognised in the financial statements only in respect of sale agreements finalised and based on the percentage-of-completion method. [Note 2(g)]

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

Interest income is recognised on a time-apportioned basis.

Profit or loss on sale of investments is recognised on completion of sale.

# Notes to the Financial Statements

as at August 31, 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (x) Leases

When a group company is the lessee:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the period of the lease.

When a group company is the lessor:

Assets leased out under operating leases are included in investment properties and property, plant and equipment. Rental income from operating leases is recognised in the income statement on a straight-line basis over the lease term.

### (y) Segment Reporting

Different business segments are identified based on the Group's principal activities. The significant business segments of the Group are Newspaper and Magazine, Treasury and Investment and Property. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is a group of assets and operations engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

### (z) Treasury Shares

The consideration paid for treasury shares, including any directly attributable incremental costs, is deducted from shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently disposed or reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in shareholders' equity. Realised gain or loss on disposal or reissue of treasury shares are included in retained profit of the Company.

When treasury shares are subsequently cancelled, the cost of the treasury shares is deducted against the share capital account, if the shares are purchased out of capital of the Company, or against the retained profits of the Company, if the shares are purchased out of profits of the Company.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Estimated impairment of goodwill and other non-financial assets**

The Group tests at least annually whether goodwill has suffered any impairment. All non-financial assets including goodwill are reviewed for impairment whenever there is any indication of impairment. The recoverable amounts of cash generating units ("CGUs") have been determined based on calculations which require the use of estimates. Methods of assessing the recoverable amount include estimating the appropriate earnings multiple to the earnings of the CGUs in some cases and estimating with reference to net asset value of the CGUs in other cases. The carrying amounts of interests in associates and goodwill at the balance sheet date are disclosed in Notes 12 and 15 respectively.

# Notes to the Financial Statements

August 31, 2007

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (cont'd)

### (i) Critical accounting estimates and assumptions (cont'd)

- **Fair value estimation**

The fair value of financial instruments traded in an active market are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flow, discounted at actively quoted interest rates. The fair values of forward foreign exchange contracts are determined using forward exchange market rates at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Methods used include estimating with reference to recent arm's length transactions and the underlying net asset value of the investee companies.

- **Income from development properties**

The Group uses the percentage-of-completion method in accounting for its income from development properties. The stage of completion is measured by reference to the construction costs incurred to-date to the estimated total construction costs for each project.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total revenue and construction costs as well as the recoverability of the contracts. In making the judgement, the Group has relied on the work of specialists.

### (ii) Critical judgements in applying the entity's accounting policies

- **Impairment of available-for-sale financial assets**

The Group follows the guidance of FRS 39 (revised 2004) in determining when an investment is considered impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook of the issuer of the instrument, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The fair values of available-for-sale investments are disclosed in Notes 14 and 20.

# Notes to the Financial Statements

August 31, 2007

## 4. SHARE CAPITAL AND TREASURY SHARES

	COMPANY			
	2007		2006	
	Number of Shares '000	S\$'000	Number of Shares '000	S\$'000
<b>Authorised</b>				
Balance at beginning of financial year	-	-	5,000,000	1,000,000
Effect of Companies (Amendment) Act 2005*	-	-	(5,000,000)	(1,000,000)
Balance at end of financial year	-	-	-	-
<b>Issued and fully paid</b>				
Management shares	16,235	6,558	16,148	6,174
Ordinary shares	1,588,150	461,415	1,579,526	426,633
	1,604,385	467,973	1,595,674	432,807
Treasury shares	(4,701)	(19,153)	(3,001)	(12,018)
	1,599,684	448,820	1,592,673	420,789
Movements during the financial year were:				
Balance at beginning of financial year	1,592,673	420,789	1,590,408	318,082
Issue of ordinary shares fully paid under the Singapore Press Holdings Group (1999) Share Option Scheme	8,624	34,782	5,214	11,121
Issue of management shares fully paid in accordance with the Newspaper and Printing Presses Act	87	384	52	120
Transfer from share premium*	-	-	-	98,975
Transfer from capital redemption reserve*	-	-	-	4,509
	1,601,384	455,955	1,595,674	432,807
Purchase of treasury shares	(1,700)	(7,135)	(3,001)	(12,018)
Balance at end of financial year	1,599,684	448,820	1,592,673	420,789

\* Under The Companies (Amendment) Act 2005 that came into effect on January 30, 2006, the concept of par value and authorised share capital was abolished. Any amounts standing to the credit of the Company's share premium account and capital redemption account as at January 30, 2006 had become part of the Company's share capital. Accordingly, the share premium account and capital redemption reserve account were combined into the share capital account.

The holders of both management and ordinary shares rank pari passu in respect of all dividends declared by the Company and in respect of all bonus and rights issues made by the Company, as well as in the right to return of capital and to participation in all surplus assets of the Company in liquidation.

In terms of voting rights, both classes of shareholders are entitled either on a poll or by a show of hands to one vote for each share, except that on any resolution relating to the appointment or dismissal of a director or any member of the staff of the Company, the holders of management shares are entitled either on a poll or by a show of hands to two hundred votes for each management share held.

### (i) Treasury shares

The Company acquired 1,700,000 of its own shares through purchases on the Singapore Exchange during the current financial year. The total amount paid to acquire the shares was S\$7.1 million. The shares, held as treasury shares, were included as deduction against shareholders' equity.

# Notes to the Financial Statements

August 31, 2007

## 4. SHARE CAPITAL AND TREASURY SHARES (cont'd)

### (ii) Share options

At the Extraordinary General Meeting held on December 5, 2006, the shareholders approved the adoption of the SPH Performance Share Plan ("the Plan") and the Singapore Press Holdings Group (1999) Share Option Scheme ("1999 Scheme") was terminated with regard to the grant of further options. Options granted and outstanding prior to such termination will continue to be valid and be subject to the terms and conditions of the 1999 Scheme.

Movement in the number of the unissued shares of the Company under option at the end of the financial year and their exercise prices are as follows:

### Singapore Press Holdings Group (1999) Share Option Scheme ("1999 Scheme")

2007						
Grant Date	Expiry Date	Exercise Price	Balance 1.9.06	Options Exercised	Options Cancelled	Balance 31.8.07
Oct 27, 1999	Oct 27, 2009	S\$5.60	9,189,350	-	(1,705,525)	7,483,825
Oct 30, 2000	Oct 30, 2010	S\$4.78	10,046,575	-	(1,770,975)	8,275,600
Nov 6, 2001	Nov 6, 2011	S\$3.03	1,593,625	(620,550)	(36,550)	936,525
Oct 28, 2002	Oct 28, 2012	S\$3.91	6,183,600	(2,139,025)	(28,500)	4,016,075
Dec 16, 2003	Dec 16, 2013	S\$3.69	11,276,875	(5,771,875)	(62,050)	5,442,950
Feb 1, 2004	Feb 1, 2014	S\$3.83	85,000	-	-	85,000
Dec 21, 2004	Dec 21, 2014	S\$4.54	15,717,325	(92,600)	(355,300)	15,269,425
Dec 16, 2005	Dec 16, 2015	S\$4.30	17,039,950	-	(567,800)	16,472,150
			71,132,300	(8,624,050)	(4,526,700)	57,981,550

  

2006						
Grant Date	Expiry Date	Exercise Price	Balance 1.9.05*	Options Exercised	Options Cancelled	Balance 31.8.06
Oct 27, 1999	Oct 27, 2009	S\$5.60	9,628,375	-	(439,025)	9,189,350
Oct 30, 2000	Oct 30, 2010	S\$4.78	10,604,175	-	(557,600)	10,046,575
Nov 6, 2001	Nov 6, 2011	S\$3.03	2,072,325	(467,725)	(10,975)	1,593,625
Oct 28, 2002	Oct 28, 2012	S\$3.91	7,946,275	(1,666,800)	(95,875)	6,183,600
Dec 16, 2003	Dec 16, 2013	S\$3.69	14,431,300	(3,079,625)	(74,800)	11,276,875
Feb 1, 2004	Feb 1, 2014	S\$3.83	85,000	-	-	85,000
Dec 21, 2004	Dec 21, 2014	S\$4.54	16,147,000	-	(429,675)	15,717,325
Dec 16, 2005	Dec 16, 2015	S\$4.30	17,412,250	-	(372,300)	17,039,950
			78,326,700	(5,214,150)	(1,980,250)	71,132,300

\* Or date of grant if later.

Out of the outstanding options on 57,981,550 shares (2006: 71,132,300), options on 41,509,400 shares (2006: 38,375,025) were exercisable. Options exercised in 2007 resulted in 8,624,050 shares (2006: 5,214,150) being issued at an average price of S\$3.71 (2006: S\$3.70) each.

# Notes to the Financial Statements

August 31, 2007

## 4. SHARE CAPITAL AND TREASURY SHARES (cont'd)

### (ii) Share options (cont'd)

The fair value of the share options granted on December 16, 2005 was determined using the Black-Scholes valuation model. The significant inputs into the model are shown below:

#### 2006

Share price (S\$)	4.22
Exercise price (S\$)	4.30
Dividend yield (%)	5.20
Risk-free interest rate (%)	3.09
Expected volatility (%)	23.00
Expected life of option (years)	3.75

The expected volatility measured at the standard deviation of expected share price returns was based on statistical analysis of weekly closing share prices over the last two years prior to the dates of grant for the December 16, 2003, February 1, 2004 and December 21, 2004 grants. It reflected the assumption that historical volatility was indicative of future trends and took into account announcement of price-sensitive events such as capital reduction and sale of non-core assets that took place during the two years period. The expected life of the option was based on historical data and was also not necessarily indicative of exercise pattern that may occur.

### (iii) Performance shares

During the financial year, 1,858,325 performance shares were granted subject to the terms and conditions of the Plan.

Movements in the number of performance shares outstanding at the end of the financial year are summarised below:

Grant Date	Outstanding as at 1.9.06 (‘000)	Granted (‘000)	Vested (‘000)	Lapsed/ Cancelled (‘000)	Outstanding and unvested as at 31.8.07 (‘000)
12.1.07	-	1,858	-	(66)	1,792

The above number of shares represents the shares required if participants are awarded at 100% of the grant. However, the shares awarded at the vesting date could range from 0% to 150%, depending on the level of achievement against the pre-set performance conditions.

# Notes to the Financial Statements

August 31, 2007

## 4. SHARE CAPITAL AND TREASURY SHARES (cont'd)

### (iii) Performance shares (cont'd)

The fair value of the performance shares is determined at grant date using the Monte Carlo simulation model. The following table lists the number of performance shares granted, their fair values and the assumption inputs used:

Grant Date	Vesting Date	Number of Shares ('000)	Fair Value Per Share S\$	Expected Volatility*		Expected Dividend Yield %	Risk-free Interest Rate ^ %	Correlation between SPH Share Price and STI %	Share Price at Grant Date S\$
				SPH (%)	STI (%)				
12.1.07 <sup>(a)</sup>	11.1.09	403	3.97	15.01	NA	5.70	2.96	NA	4.44
12.1.07 <sup>(a)</sup>	11.1.10	403	3.75	15.01	NA	5.70	2.96	NA	4.44
12.1.07 <sup>(b)</sup>	11.1.10	649	3.25	15.01	10.55	5.70	2.96	44.20	4.44
12.1.07 <sup>(a)</sup>	11.1.11	403	3.53	15.01	NA	5.70	2.99	NA	4.44

\* Derived based on 36 months of historical volatility prior to grant date.

^ Derived based on 36 months of historical correlation of returns prior to grant date.

<sup>(a)</sup> Granted with non-market conditions.

<sup>(b)</sup> Granted with market conditions.

For non-market conditions, achievement factors have been estimated based on management inputs for the purpose of accrual for the performance shares until the achievement of the performance conditions can be accurately ascertained.

During the current financial year, the Group recognised S\$1,664,000 (2006: Nil) of share-based compensation expense in respect of performance shares based on the fair values determined on grant date and estimation of the share grants that will ultimately vest.

# Notes to the Financial Statements

August 31, 2007

## 5. RESERVES

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
<b>Composition</b>				
Capital reserve [Note (a)]	2,005	2,005	-	-
Share-based compensation reserve	18,493	14,824	18,493	14,824
Hedging reserve	(3,493)	7,540	-	-
Fair value reserve [Note (b)]	299,613	308,135	36,310	36,188
Currency translation reserve	(2,192)	(80)	-	-
	314,426	332,424	54,803	51,012

	GROUP	
	2007 S\$'000	2006 S\$'000
(a) Capital reserve is made up as follows:		
Distributable	1,375	1,375
Non-distributable	630	630
	2,005	2,005

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
(b) Beginning of financial year	308,135	-	36,188	-
Transitional adjustment on adoption of FRS 39	-	309,345	-	29,138
Effect of change in tax rate	510	-	-	-
Financial assets, available-for-sale				
– Fair value gains	73,067	5,420	7,876	7,050
– Tax on fair value changes	(7,304)	2,141	-	-
	65,763	7,561	7,876	7,050
Transfer to income statement on disposal	(77,387)	(9,841)	(7,754)	-
Tax on transfer	2,592	1,070	-	-
End of financial year	299,613	308,135	36,310	36,188

# Notes to the Financial Statements

August 31, 2007

## 6. INCOME TAXES AND DEFERRED INCOME TAXES

### (a) Deferred Income Taxes

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

**2007**

#### GROUP

##### (i) Deferred Income Tax Liabilities

	Accelerated Tax Depreciation S\$'000	Fair Value Changes S\$'000	Others S\$'000	Total S\$'000
Beginning of financial year	70,178	6,987	2,248	79,413
Effect of change in tax rate				
– credited to income statement	(7,053)	-	(4)	(7,057)
– credited to equity	-	(510)	-	(510)
(Credited)/charged to income statement	(1,167)	-	3,413	2,246
Charged to equity	-	2,827	-	2,827
Acquisition of subsidiaries	34	-	-	34
Currency translation difference	(10)	-	(6)	(16)
End of financial year	61,982	9,304	5,651	76,937

##### (ii) Deferred Income Tax Assets

	Provisions S\$'000
Beginning of financial year	(7,367)
Effect of change in tax rate	728
Charged to income statement	816
Currency translation difference	10
Reclassified to current income taxes	(31)
End of financial year	(5,844)

# Notes to the Financial Statements

August 31, 2007

## 6. INCOME TAXES AND DEFERRED INCOME TAXES (cont'd)

### (a) Deferred Income Taxes (cont'd)

**2006**

#### GROUP

##### (i) Deferred Income Tax Liabilities

	Accelerated Tax Depreciation S\$'000	Fair Value Changes S\$'000	Others S\$'000	Total S\$'000
Beginning of financial year	72,860	-	2,559	75,419
Effect of adoption of FRS 39	-	13,441	-	13,441
Credited to income statement	(2,682)	-	(311)	(2,993)
Credited to equity	-	(1,326)	-	(1,326)
Reclassified to current income taxes	-	(5,128)	-	(5,128)
End of financial year	70,178	6,987	2,248	79,413

##### (ii) Deferred Income Tax Assets

	Provisions S\$'000
Beginning of financial year	(7,642)
Charged to income statement	256
Currency translation difference	19
End of financial year	(7,367)

**2007**

#### COMPANY

##### (i) Deferred Income Tax Liabilities

	Accelerated Tax Depreciation S\$'000
Beginning of financial year	59,652
Effect of change in tax rate	(5,965)
Credited to income statement	(1,136)
End of financial year	52,551

##### (ii) Deferred Income Tax Assets

	Provisions S\$'000
Beginning of financial year	(7,198)
Effect of change in tax rate	720
Charged to income statement	807
End of financial year	(5,671)

# Notes to the Financial Statements

August 31, 2007

## 6. INCOME TAXES AND DEFERRED INCOME TAXES (cont'd)

### (a) Deferred Income Taxes (cont'd)

2006

#### COMPANY

#### (i) Deferred Income Tax Liabilities

	Accelerated Tax Depreciation S\$'000
Beginning of financial year	63,329
Credited to income statement	(3,677)
End of financial year	59,652

#### (ii) Deferred Income Tax Assets

	Provisions S\$'000
Beginning of financial year	(7,434)
Charged to income statement	236
End of financial year	(7,198)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Deferred income tax liabilities/ (assets):				
– to be settled within one year	9,483	7,461	(813)	(186)
– to be settled after one year	61,610	64,585	47,693	52,640
	71,093	72,046	46,880	52,454

Deferred tax taken to equity during the financial year is as follows:

	GROUP	
	2007 S\$'000	2006 S\$'000
Fair value reserve	4,712	(3,211)
Hedging reserve	(1,885)	1,885
	2,827	(1,326)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of S\$5,011,000 (2006: S\$4,049,000) and S\$402,000 (2006: S\$414,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

# Notes to the Financial Statements

August 31, 2007

## 6. INCOME TAXES AND DEFERRED INCOME TAXES (cont'd)

### (b) Income Tax Expense

	GROUP	
	2007 S\$'000	2006 S\$'000
Tax expense attributable to profit is made up of:		
Current year		
Current tax	82,994	87,212
Deferred tax	2,685	(3,859)
	85,679	83,353
Prior years		
Current tax	(2,110)	(3,399)
Deferred tax	377	1,122
	83,946	81,076
Effect of change in tax rate	(6,329)	-
	77,617	81,076

The income tax expense on profits for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before taxation due to the following factors:

	GROUP	
	2007 S\$'000	2006 S\$'000
Profit before taxation	583,353	509,420
Tax calculated at corporate tax rate of 18% (2006: 20%)	105,004	101,884
Singapore statutory stepped income exemption	(431)	(173)
Income taxed at concessionary rate	(554)	(721)
Income not subject to tax	(20,814)	(22,149)
Expenses not deductible for tax purposes	2,642	5,703
Deferred tax benefits not recognised	526	462
Double tax relief for contributions made to Institutes of Public Character	(359)	(578)
Effect of different tax rates in other countries	113	117
Others	(448)	(1,192)
Tax charge	85,679	83,353

On February 15, 2007, the Singapore Second Minister for Finance announced a reduction in corporate tax rate from 20% to 18% and various tax incentives for the Year of Assessment 2008 and onwards.

# Notes to the Financial Statements

August 31, 2007

## 7. BORROWINGS

	GROUP	
	2007 S\$'000	2006 S\$'000
Term loan – secured [Note 7(a)]	570,000	611,445
Loans from minority shareholders – unsecured [Notes 7(b) and 7(c)]	3,745	-
Fixed advance facility – unsecured [Note 7(d)]	1,000	-
	574,745	611,445
Borrowings are repayable:		
Within 1 year	1,000	667
Between 1 – 5 years	573,745	610,778
	574,745	611,445

- (a) As at August 31, 2007, Orchard 290 Pte Ltd (“Orchard 290”), a subsidiary of the Group, had a term loan facility available for drawdown up to the amount of S\$610 million (2006: S\$610 million) for a tenure of five years. Total loan drawn down as at August 31, 2007 amounted to S\$570 million (2006: S\$610 million).

The term loan facility was secured by way of a legal mortgage on the Group’s investment property (Note 9), a debenture over the assets of Orchard 290, an assignment of rental proceeds from the investment property and the insurances on the investment property.

After taking into account interest rate swap arrangement totalling S\$500 million (2006: S\$500 million), the effective interest rate as at the balance sheet date on the outstanding term loan facility of S\$570 million was 3.42% per annum (2006: S\$610 million, 3.61% per annum).

- (b) As at August 31, 2007, Blu Inc (Holdings) Malaysia Sdn Bhd, a subsidiary of the Group, had an unsecured loan of S\$3,675,000 (2006: S\$Nil) from its minority shareholder, Simpletech Sdn Bhd. The loan is interest-free, has no fixed repayment terms and repayment is not expected within the next 12 months.
- (c) As at August 31, 2007, SPH UnionWorks, a subsidiary of the Group, had an unsecured loan of S\$70,000 (2006: S\$Nil) from its minority shareholder, NTUC Media Co-operative Ltd. The effective interest rate of the loan was 3.13% (2006: Nil) per annum as at the balance sheet date and the loan is repayable on October 20, 2009. The fair value of the loan as at the balance sheet date approximates its carrying value as the loan carries a floating interest rate referenced to the Singapore dollar swap offer rate, which is repriced every six months.
- (d) In the previous financial year, SPHMBO, a subsidiary of the Group, had a term loan facility available for drawdown up to S\$2 million with a tenure of three years and a fixed repayment schedule commencing September 30, 2005.

SPHMBO repaid the balance of the term loan during the current financial year and refinanced the borrowing with an unsecured fixed advance facility of S\$1.2 million on February 28, 2007. The subsidiary made partial repayment of S\$200,000 during the current financial year. The effective interest rate of the loan was 2.66% (2006: Nil) per annum as at balance sheet date and the unsecured fixed advance facility is due on November 30, 2007.

# Notes to the Financial Statements

August 31, 2007

## 7. BORROWINGS (cont'd)

- (e) In respect of bank borrowings, where appropriate, the Group's policy is to minimise its interest rate risk exposure by entering into interest rate swaps over the duration of its borrowings. Accordingly, Orchard 290 entered into an interest rate swap contract as part of its interest rate risk management. Under the interest rate swap, Orchard 290 agreed with another party to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts. At August 31, 2007, the fixed interest rate was 3.189% (2006: 3.189%) per annum and floating rates are referenced to Singapore dollar swap offer rate, which is repriced every three months.

The notional principal amounts of the outstanding interest rate swap contract and its corresponding fair value as at August 31, are:

	GROUP	
	2007 S\$'000	2006 S\$'000
Notional due:		
Between 1 – 5 years	500,000	500,000
(Negative)/Positive fair values* (Note 21)	(3,493)	9,855

\* The fair value of interest rate swap contract has been calculated (using rates quoted by the Group's bankers) assuming the contract is terminated at the balance sheet date.

- (f) The fair values of the borrowings as at the balance sheet date approximated their carrying values.

# Notes to the Financial Statements

August 31, 2007

## 8. PROPERTY, PLANT AND EQUIPMENT

(a) 2007

	GROUP					Total S\$'000
	Land and Buildings Freehold S\$'000	Land and Buildings Leasehold S\$'000	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	
<b>Cost</b>						
Beginning of financial year	28,842	228,896	745,601	16,252	1,269	1,020,860
Reclassification	-	-	(367)	106	261	-
Acquisition of subsidiaries	-	-	186	12	26	224
Currency translation difference	-	-	(3)	40	-	37
Additions	-	526	8,384	656	327	9,893
Transfer in from capital work-in-progress	-	-	22,069	-	-	22,069
Transfer to development properties	(11,100)	-	-	-	-	(11,100)
Disposals	(7,118)	(4)	(99,045)	(441)	(363)	(106,971)
End of financial year	10,624	229,418	676,825	16,625	1,520	935,012
<b>Accumulated Depreciation and Impairment Losses</b>						
Beginning of financial year	8,696	95,201	420,356	9,522	586	534,361
Currency translation difference	-	-	5	39	-	44
Depreciation charge for the year	211	6,328	42,916	1,254	329	51,038
Disposals	(7,118)	(4)	(98,667)	(437)	(312)	(106,538)
End of financial year	1,789	101,525	364,610	10,378	603	478,905
<b>Net Book Value</b>						
End of financial year	8,835	127,893	312,215	6,247	917	456,107
Capital work-in-progress	-	25	43,280	-	-	43,305
Total	8,835	127,918	355,495	6,247	917	499,412
Capital work-in-progress						
Beginning of financial year	-	-	15,392	-	-	15,392
Additions	-	25	49,957	-	-	49,982
Transfer out to Property, Plant and Equipment	-	-	(22,069)	-	-	(22,069)
End of financial year	-	25	43,280	-	-	43,305

Banking facilities were secured on SPHMO's property, plant and equipment with a total carrying amount of S\$1.2 million (2006: S\$1.6 million).

# Notes to the Financial Statements

August 31, 2007

## 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) 2006

	GROUP					
	Land and Buildings Freehold S\$'000	Buildings Leasehold S\$'000	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
<b>Cost</b>						
Beginning of financial year	28,842	228,871	759,388	16,120	1,930	1,035,151
Reclassification	-	-	(138)	138	-	-
Acquisition of business by subsidiary	-	-	2,571	-	-	2,571
Acquisition of subsidiaries	-	2	80	1	-	83
Currency translation difference	-	-	(131)	(78)	(4)	(213)
Additions	-	23	3,947	334	501	4,805
Transfer in from capital work-in-progress	-	-	15,156	-	-	15,156
Disposals	-	-	(35,272)	(263)	(1,158)	(36,693)
End of financial year	28,842	228,896	745,601	16,252	1,269	1,020,860
<b>Accumulated Depreciation and Impairment Losses</b>						
Beginning of financial year	8,484	89,072	414,452	8,503	1,362	521,873
Currency translation difference	-	-	(113)	(39)	(1)	(153)
Depreciation charge for the year	212	6,129	41,223	1,268	233	49,065
Disposals	-	-	(35,206)	(210)	(1,008)	(36,424)
End of financial year	8,696	95,201	420,356	9,522	586	534,361
<b>Net Book Value</b>						
End of financial year	20,146	133,695	325,245	6,730	683	486,499
Capital work-in-progress	-	-	15,392	-	-	15,392
Total	20,146	133,695	340,637	6,730	683	501,891
Capital work-in-progress						
Beginning of financial year	-	-	17,080	-	-	17,080
Additions	-	-	13,468	-	-	13,468
Transfer out to Property, Plant and Equipment	-	-	(15,156)	-	-	(15,156)
End of financial year	-	-	15,392	-	-	15,392

# Notes to the Financial Statements

August 31, 2007

## 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) 2007

	COMPANY			
	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
<b>Cost</b>				
Beginning of financial year	650,604	12,616	1,256	664,476
Reclassification	(367)	106	261	-
Additions	4,141	204	207	4,552
Transfer in from capital work-in-progress	22,069	-	-	22,069
Transfer in	1	-	-	1
Transfer out	(105)	-	-	(105)
Disposals	(97,859)	(237)	(364)	(98,460)
End of financial year	578,484	12,689	1,360	592,533
<b>Accumulated Depreciation and Impairment Losses</b>				
Beginning of financial year	372,136	7,581	573	380,290
Depreciation charge for the year	35,091	933	315	36,339
Transfer out	(84)	-	-	(84)
Disposals	(97,819)	(234)	(312)	(98,365)
End of financial year	309,324	8,280	576	318,180
<b>Net Book Value</b>				
End of financial year	269,160	4,409	784	274,353
Capital work-in-progress	42,507	-	-	42,507
Total	311,667	4,409	784	316,860
Capital work-in-progress				
Beginning of financial year	15,392	-	-	15,392
Additions	49,184	-	-	49,184
Transfer out to Property, Plant and Equipment	(22,069)	-	-	(22,069)
End of financial year	42,507	-	-	42,507

# Notes to the Financial Statements

August 31, 2007

## 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(d) 2006

	COMPANY			
	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
<b>Cost</b>				
Beginning of financial year	668,548	12,633	1,892	683,073
Reclassification	(138)	138	-	-
Additions	1,880	30	499	2,409
Transfer in from capital work-in-progress	15,156	-	-	15,156
Transfer in	6	-	-	6
Transfer out	(68)	-	-	(68)
Disposals	(34,780)	(185)	(1,135)	(36,100)
End of financial year	650,604	12,616	1,256	664,476
<b>Accumulated Depreciation and Impairment Losses</b>				
Beginning of financial year	373,457	6,810	1,343	381,610
Depreciation charge for the year	33,484	936	228	34,648
Transfer out	(67)	-	-	(67)
Disposals	(34,738)	(165)	(998)	(35,901)
End of financial year	372,136	7,581	573	380,290
<b>Net Book Value</b>				
End of financial year	278,468	5,035	683	284,186
Capital work-in-progress	15,392	-	-	15,392
Total	293,860	5,035	683	299,578
<b>Capital work-in-progress</b>				
Beginning of financial year	17,080	-	-	17,080
Additions	13,468	-	-	13,468
Transfer out to Property, Plant and Equipment	(15,156)	-	-	(15,156)
End of financial year	15,392	-	-	15,392

# Notes to the Financial Statements

August 31, 2007

## 9. INVESTMENT PROPERTY

Details of the investment property are as follows:

	GROUP	
	Freehold Land and Building	
	2007 S\$'000	2006 S\$'000
Cost	923,827	923,827
Development expenditure at cost	200,473	188,128
Loan interest capitalised	18,935	18,935
	1,143,235	1,130,890
Gross rental income	100,630	93,278
Fair value	1,820,000	1,520,000

Fair value of the investment property, the Paragon on Orchard Road was stated based on an independent professional valuation, determined on an open market value basis and carried out on June 28, 2007 (2006: June 26, 2006). The investment property is mortgaged to a bank as security for loan facility granted to Orchard 290 (Note 7).

## 10. DEVELOPMENT PROPERTIES

	GROUP	
	2007 S\$'000	2006 S\$'000
<b>Sold development properties</b>		
Aggregate contract costs recognised and recognised profit to-date	103,245	-
Less: Progress billings	(68,784)	-
	34,461	-
Analysed as:		
Due from customers (Note 18)	34,461	-
Due to customers	-	-
	34,461	-

Pursuant to the requirement under the Residential Property Act, the Group obtained a banker's guarantee of S\$28,000,000. This is secured by way of a legal mortgage on the Group's development properties and an assignment of sales proceeds from the development properties.

# Notes to the Financial Statements

August 31, 2007

## 10. DEVELOPMENT PROPERTIES (cont'd)

As stated in Note 2(g), the Group recognises profits from sale of development properties using the percentage-of-completion method. Had the completion-of-contract method been adopted, the financial effects as required under Recommended Accounting Practice 11, Pre-completion contracts for the sale of Development Properties, are as follows:

	GROUP	
	2007 S\$'000	2006 S\$'000
(Decrease)/increase in:		
Revenue from sale of development properties	(71,254)	-
Profit before taxation	(51,095)	-
Taxation	(3,444)	-
Due from customers as at end of financial year	(34,461)	-
Due to customers as at end of financial year	16,634	-
Deferred income tax liabilities as at end of financial year	(3,444)	-

## 11. INTERESTS IN SUBSIDIARIES AND AMOUNT OWING BY/TO SUBSIDIARIES

### (a) Unquoted equities

	COMPANY	
	2007 S\$'000	2006 S\$'000
Unquoted equities, at cost	387,340	476,812
Allowance for impairment*	-	(90,000)
	387,340	386,812

Details of subsidiaries are set out in Note 32.

### (b) Amount owing by subsidiaries

	COMPANY	
	2007 S\$'000	2006 S\$'000
Amount owing by subsidiaries (non-trade)	763,517	758,986
Loans to subsidiaries	41,217	202,981
	804,734	961,967
Allowance for impairment*	-	(190,676)
	804,734	771,291

\* Mainly attributable to the cost of investment in and loan extended to SPH MediaWorks Ltd which has since been liquidated during the current financial year. The provisions were made solely at the Company's level and had no impact on the Group financial statements.

The amount owing by subsidiaries are non-trade, unsecured, interest-free and have no fixed repayment terms. Repayments are not expected within the next twelve months.

- (c) The amount owing to a subsidiary (current) is non-trade, unsecured, payable on demand and with effective interest rates ranging from 2.13% to 2.21% (2006: Nil) per annum as at the balance sheet date.
- (d) The amount owing to subsidiaries (non-current) are non-trade, unsecured, interest-free and have no fixed repayment terms. Repayments are not expected within the next twelve months.

# Notes to the Financial Statements

August 31, 2007

## 12. INTERESTS IN ASSOCIATES AND AMOUNT OWING BY ASSOCIATES

### (a) Unquoted equities

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Unquoted equities, at cost	83,416	83,138	29,160	29,160
Share of net losses	(2,169)	(5,415)	-	-
Impairment losses	(7,994)	(7,994)	-	-
Currency translation difference	(2,174)	-	-	-
	71,079	69,729	29,160	29,160

The summarised financial information of associates were as follows:

	GROUP	
	2007 S\$'000	2006 S\$'000
Assets	377,034	346,281
Liabilities	228,570	186,401
Revenues	384,992	324,097
Net profit/(loss)	2,410	(3,789)
Share of an associate's contingent liabilities (jointly)	1,484	1,517

The Group's interests in associates at August 31, 2007 include goodwill of S\$42.7 million (2006: S\$42.7 million).

The Group has not recognised losses amounting to S\$16,000 (2006: S\$17,000) for Shanghai YouHer Consultancy Limited as its interest in Shanghai YouHer Consultancy Limited has been fully impaired. The accumulated losses not recognised were S\$156,000 (2006: S\$140,000).

Details of associates are set out in Note 33.

### (b) Amount owing by associates (Non-current)

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Amount owing by associates (non-trade)	579	51	-	20
Loan to an associate	-	6,000	-	6,000
	579	6,051	-	6,020

The amount owing by associates are unsecured, interest-free and have no fixed repayment terms. Repayments are not expected within the next twelve months.

# Notes to the Financial Statements

August 31, 2007

## 12. INTERESTS IN ASSOCIATES AND AMOUNT OWING BY ASSOCIATES (cont'd)

### (c) Amount owing by associates (Current)

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Amount owing by associates (non-trade)	15	-	15	-
Loan to an associate	6,000	-	6,000	-
	6,015	-	6,015	-

The loan to an associate is unsecured and has a tenure of 3 years commencing May 1, 2005. The effective interest rate as at the balance sheet date was 2.99% (2006: 3.82%) per annum. The fair value of the loan as at the balance sheet date approximates its carrying value as the loan carries a floating interest rate referenced to the Singapore dollar swap offer rate, which is repriced every six months.

## 13. INTERESTS IN JOINTLY CONTROLLED ENTITIES AND AMOUNTS OWING BY/TO JOINTLY CONTROLLED ENTITIES

The Group has interests in the following jointly controlled entities:

- (a) a company which provides advertising and consultancy services in the People's Republic of China; and
- (b) a company which is involved in online business in Singapore.

These entities are considered as joint ventures because all key operational and financial decisions require the unanimous approval of its joint venture partners.

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Unquoted equities, at cost	11,850	339	-	-
Share of net losses	(253)	-	-	-
Impairment loss	(1,100)	(339)	-	-
	10,497	-	-	-
Amount owing by a jointly controlled entity (non-current)	1,004	-	-	-
Amount owing to a jointly controlled entity (current)	20,408	-	20,408	-

# Notes to the Financial Statements

August 31, 2007

## 13. INTERESTS IN JOINTLY CONTROLLED ENTITIES AND AMOUNTS OWING BY/TO JOINTLY CONTROLLED ENTITIES (cont'd)

The amount owing by a jointly controlled entity is unsecured, interest-free and has no fixed repayment terms. Repayment is not expected within the next 12 months.

The amount owing to a jointly controlled entity is unsecured, payable on demand and with effective interest rates ranging from 2.13% to 2.47% (2006: Nil) per annum as at the balance sheet date.

The Group's interests in the jointly controlled entities are equity accounted for in the consolidated balance sheet and income statement. The following amounts represent the Group's effective share of 50.00% (2006: 50.00%) of the assets and liabilities and income and expenses of the jointly controlled entities as at August 31, 2007 should proportionate consolidation be adopted.

	GROUP	
	2007 S\$'000	2006 S\$'000
Assets		
Current assets	11,510	192
Non-current assets	61	33
	11,571	225
Liabilities		
Current liabilities	1,688	769
	1,688	769
Net assets/(liabilities)	9,883	(544)
Sales	822	305
Expenses	(2,409)	(532)
Net loss	(1,587)	(227)
Capital commitment in relation to interests in jointly controlled entities	-	789

Details of the jointly controlled entities are included in Note 34.

# Notes to the Financial Statements

August 31, 2007

## 14. LONG-TERM INVESTMENTS

Long-term investments classified as available-for-sale financial assets include the following:

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Quoted securities:				
– Equities	298,451	346,703	38,734	39,273
– Bonds	-	39,142	-	-
	298,451	385,845	38,734	39,273
Unquoted securities:				
– Equities	20,342	17,614	-	-
– Other investments	65	7	-	-
	318,858	403,466	38,734	39,273

The table below sets out the Group's exposure to interest rate risks in respect of long-term investments. Included in the table are the carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Effective interest rate per annum %	Variable Rates		Fixed Rates				Total S\$'000
		Less than 6 months S\$'000	6 to 12 months S\$'000	Less than 6 months S\$'000	6 to 12 months S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	
<b>GROUP</b>								
<b>2006</b>								
Quoted bonds	4.60 – 4.91	-	-	-	-	39,142	-	39,142

## 15. INTANGIBLE ASSETS

	GROUP	
	2007 S\$'000	2006 S\$'000
Goodwill arising on consolidation [Note (a)]	13,966	10,075
Trademark and licences [Note (b)]	1,040	1,479
	15,006	11,554

### (a) Goodwill arising on consolidation

	GROUP	
	2007 S\$'000	2006 S\$'000
Beginning of financial year	10,075	10,075
Acquisition of interests in subsidiaries	3,891	257
Acquisition of business by a subsidiary	-	98
Impairment of goodwill (Note 29)	-	(355)
End of financial year	13,966	10,075
Cost	14,321	10,430
Accumulated impairment	(355)	(355)
Net book value	13,966	10,075

# Notes to the Financial Statements

August 31, 2007

## 15. INTANGIBLE ASSETS (cont'd)

### (b) Trademark and licences

	GROUP	
	2007 S\$'000	2006 S\$'000
Beginning of financial year	1,479	954
Additions	-	1,100
Acquisition of interests in subsidiaries	2	-
Amortisation charge (Note 26)	(441)	(575)
End of financial year	1,040	1,479
Cost	2,608	2,606
Accumulated amortisation	(1,568)	(1,127)
Net book value	1,040	1,479

## 16. OTHER NON-CURRENT ASSETS

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Staff loans	4,966	5,177	4,680	5,029

## 17. INVENTORIES

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Raw materials and consumable stores	19,741	35,808	19,267	35,164
Allowance for write-down of inventories	(400)	(1,229)	(400)	(1,229)
	19,341	34,579	18,867	33,935

During the financial year, the Group made a write-back of allowance of S\$829,000 for inventories (2006: Allowance for write-down of S\$218,000) based on management's re-assessment of the value of the inventories. The write-back of allowance had been included in materials, consumables and broadcasting costs in the income statement.

## 18. TRADE RECEIVABLES

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Amount owing	127,071	110,166	104,392	94,125
Allowance for impairment	(10,542)	(9,824)	(8,593)	(8,438)
	116,529	100,342	95,799	85,687
Development properties				
– Due from customers (Note 10)	34,461	-	-	-
	150,990	100,342	95,799	85,687

# Notes to the Financial Statements

August 31, 2007

## 19. OTHER RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Accrued interest	2,866	2,044	43	9
Sundry debtors	3,052	1,733	868	873
Amount due from liquidator of a subsidiary	-	2,959	-	-
Prepayments	4,432	2,756	1,861	1,809
Staff loans	1,614	1,601	1,477	1,530
	11,964	11,093	4,249	4,221

## 20. SHORT-TERM INVESTMENTS

### (a) Internally managed

(i) Available-for-sale financial assets include the following:

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Quoted securities:				
– Equities	103,260	84,450	-	-
– Bonds	320,032	278,050	62,000	-
	423,292	362,500	62,000	-
Unquoted securities:				
– Equities	79,716	56,166	-	-
– Bonds	10,000	-	-	-
	513,008	418,666	62,000	-

(ii) Financial assets at fair value through profit or loss include the following:

	GROUP	
	2007 S\$'000	2006 S\$'000
Quoted securities (designated at fair value on initial recognition)		
– Bonds	24,370	4,171

# Notes to the Financial Statements

August 31, 2007

## 20. SHORT-TERM INVESTMENTS (cont'd)

### (a) Internally managed (cont'd)

The table below sets out the Group's and the Company's exposure to interest rate risks in respect of internally managed short-term investments. Included in the table are the carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Effective interest rate per annum %	Variable Rates		Fixed Rates				Total S\$'000
		Less than 6 months S\$'000	6 to 12 months S\$'000	Less than 6 months S\$'000	6 to 12 months S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	
<b>GROUP</b>								
<b>2007</b>								
Quoted bonds	2.17 – 6.63	38,000	-	223,401	4,180	68,472	10,349	344,402
Unquoted bonds	2.75	10,000	-	-	-	-	-	10,000
<b>2006</b>								
Quoted bonds	1.15 – 8.50	-	-	216,885	-	61,165	4,171	282,221
<b>COMPANY</b>								
<b>2007</b>								
Quoted bonds	2.57 – 2.89	-	-	62,000	-	-	-	62,000

### (b) Funds under management

The financial assets that are externally-managed comprised funds placed with the various professional fund managers pursuant to investment management agreements. The Group can, pursuant to the terms, terminate the agreements by giving the requisite prior notice in writing to the fund managers. These fund managers are given discretionary powers within certain guidelines to invest the funds and these financial assets are managed on a portfolio basis and their performance evaluated on a fair value basis.

Financial assets at fair value through profit or loss include the following:

	GROUP	
	2007 S\$'000	2006 S\$'000
Quoted securities:		
– Equities	43,593	85,125
– Bonds	225,230	148,680
	268,823	233,805
Bank balances	10,084	15,005
Accrued income	2,095	1,745
Due to brokers	(3,305)	(2,196)
Designated as held for trading	277,697	248,359

# Notes to the Financial Statements

August 31, 2007

## 20. SHORT-TERM INVESTMENTS (cont'd)

### (b) Funds under management (cont'd)

The funds under management are denominated in the following currencies:

	GROUP	
	2007 S\$'000	2006 S\$'000
United States Dollar	186,962	211,669
Singapore Dollar	61,281	98
Australian Dollar	12,152	5,441
Euro	2,103	3,151
Japanese Yen	(2,879)	6,900
United Kingdom Pound	6,154	2,873
Others	11,924	18,227
	277,697	248,359

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
<b>Total Short-Term Investments</b>				
Available-for-sale financial assets	513,008	418,666	62,000	-
Financial assets at fair value through profit or loss	302,067	252,530	-	-
	815,075	671,196	62,000	-

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

Analysed as:

### 2007

	GROUP		
	Contract/ Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Non-current</b>			
Cash-flow hedge			
- Interest-rate swap [Note 7(e)]	500,000	-	3,493
		-	3,493
<b>Current</b>			
Derivatives not designated as hedges			
- Currency forwards	151,273	180	955
- Cross currency swap	7,052	1,111	-
		1,291	955

# Notes to the Financial Statements

August 31, 2007

## 21. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

2006

	Contract/ Notional Amount S\$'000	GROUP	
		Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Non-current</b>			
Cash-flow hedge			
– Interest-rate swap [Note 7(e)]	500,000	9,855	-
		9,855	-
<b>Current</b>			
Derivatives not designated as hedges			
– Currency forwards	158,460	1,524	-
– Cross currency swap	7,052	815	-
		2,339	-

## 22. OTHER PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Accrued operating expenses	114,734	102,926	100,315	89,890
Sundry creditors	13,730	9,978	12,649	9,332
Amounts due to brokers	-	6,729	-	-
	128,464	119,633	112,964	99,222

## 23. CAPITAL AND OTHER COMMITMENTS

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Commitments for:				
(a) Capital expenditure:				
Authorised and contracted for	32,273	14,470	26,279	12,908
Authorised but not contracted for	55,201	22,764	19,212	10,749
	87,474	37,234	45,491	23,657
(b) Non-cancellable operating leases payable:				
Within 1 year	5,936	5,281	285	226
Between 1 – 5 years	16,753	14,725	41	14
After 5 years	122,909	136,079	-	-
	145,598	156,085	326	240

The Group leases various residential/commercial space and plant and machinery under non-cancellable operating lease agreements with varying terms and clauses.

# Notes to the Financial Statements

August 31, 2007

## 23. CAPITAL AND OTHER COMMITMENTS (cont'd)

	GROUP		COMPANY	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
(c) Non-cancellable operating leases receivable:				
Within 1 year	102,565	96,429	-	-
Between 1 – 5 years	171,546	143,359	-	-
After 5 years	21,159	800	-	-
	295,270	240,588	-	-

The Group leases to third parties various residential/commercial space under non-cancellable operating lease agreements with varying terms and clauses.

## 24. OPERATING REVENUE

	GROUP	
	2007 S\$'000	2006 S\$'000
Newspaper and Magazine		
Sale of services – Advertisements	725,122	676,309
Sale of goods – Circulation	209,945	208,866
Others	24,378	21,811
	959,445	906,986
Property		
Rental and rental-related services	106,562	98,704
Sale of development properties	71,254	-
	177,816	98,704
Others		
Sale of services – Advertisements	14,392	8,014
Sale of services – Broadcasting and multimedia services	8,552	7,656
	22,944	15,670
	1,160,205	1,021,360

# Notes to the Financial Statements

August 31, 2007

## 25. STAFF COSTS

	GROUP	
	2007 S\$'000	2006 S\$'000
(a) Staff costs:		
Salaries, bonuses and other costs	266,997	237,749
Employers' contribution to defined contribution plans	27,964	22,889
Share-based compensation expenses	6,659	7,371
	301,620	268,009
(b) Average number of employees	3,662	3,540

## 26. OTHER OPERATING EXPENSES

	GROUP	
	2007 S\$'000	2006 S\$'000
Included in other operating expenses are:		
Audit fees:		
Company's auditors	520	393
Other auditors	21	24
Non-audit fees #:		
Company's auditors	83	166
Rental expense – Operating lease	6,969	6,275
Net currency exchange loss from operations	14	1,978
Amortisation of intangible assets	441	575
Allowance for impairment of trade receivables	2,391	1,362

# Non-audit fees are mainly for services relating to non-statutory audit/review assignments.

## 27. FINANCE COSTS

	GROUP	
	2007 S\$'000	2006 S\$'000
Interest on bank loans	20,373	20,583
Fair value loss on cash flow hedge*	379	30
	20,752	20,613

\* In relation to interest rate swap arrangements in Note 7(e).

# Notes to the Financial Statements

August 31, 2007

## 28. NET INCOME FROM INVESTMENTS

	GROUP	
	2007 S\$'000	2006 S\$'000
Interest on deposits	3,921	2,619
Interest from bonds		
– Available-for-sale	7,530	7,866
– Fair value through profit or loss	363	198
Dividend from equities	25,462	41,463
Foreign exchange gain/(loss)	4,128	(843)
Profit on sale of investments:		
Short-term investments		
– Available-for-sale	38,712	19,869
Long-term investments		
– Available-for-sale	28,617	263
Profit from capital reduction exercises of investee companies	33,672	-
	142,405	71,435
Fair value gain/(loss) of internally-managed assets at fair value through profit or loss	24	(138)
Fair value (loss)/gain of derivative instruments	(2,009)	4,588
Impairment of investments	(1,806)	(4,220)
	138,614	71,665
Income from funds under management	7,579	10,010
	146,193	81,675

## 29. EXCEPTIONAL ITEMS

	GROUP	
	2007 S\$'000	2006 S\$'000
Write-back of impairment losses on investment property	-	70,534
Impairment loss in relation to acquisition of a subsidiary	-	(1,369)
Impairment loss on interests in associates	-	(1,200)
Impairment loss on interest in a jointly controlled entity	-	(1,128)
Impairment loss on goodwill on acquisition of subsidiaries [Note 15(a)]	-	(355)
Write-back of impairment loss on interest in an associate	-	310
Gain on partial disposal of interest in a subsidiary	-	52
	-	66,844

# Notes to the Financial Statements

August 31, 2007

## 30. DIVIDENDS

	GROUP AND COMPANY	
	2007 S\$'000	2006 S\$'000
Dividends paid:		
– Final tax exempt dividend of 8 cents per share in respect of previous financial year (2006: 10 cents per share less tax at 20%)	127,642	127,345
– Special final tax exempt dividend of 9 cents per share in respect of previous financial year (2006: 7.8 cents per share net)	143,597	124,162
– Interim tax exempt dividend of 7 cents per share (2006: 7 cents per share)	111,915	111,679
	383,154	363,186

- (a) The Directors have proposed a final tax-exempt (one-tier) dividend of 9 cents per share and a special final tax-exempt (one-tier) dividend of 10 cents per share for 2007, amounting to a total of S\$303,940,000.
- (b) These financial statements do not reflect these proposed dividends, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending August 31, 2008 when they are approved at the next annual general meeting.

## 31. EARNINGS PER SHARE

	GROUP			
	2007		2006	
	Basic S\$'000	Diluted S\$'000	Basic S\$'000	Diluted S\$'000
Profit after taxation attributable to shareholders of the Company	506,161	506,161	428,460	428,460
	Number of Shares '000		Number of Shares '000	
Weighted average number of shares	1,597,448	1,597,448	1,592,935	1,592,935
Adjustment for assumed conversion of				
– share options	-	1,889	-	2,707
– performance shares	-	1,195	-	-
Weighted average number of shares used to compute earnings per share	1,597,448	1,600,532	1,592,935	1,595,642
	2007		2006	
	Basic	Diluted	Basic	Diluted
Earnings per share (S\$)				
– before exceptional items	0.32	0.32	0.23	0.23
– after exceptional items	0.32	0.32	0.27	0.27

# Notes to the Financial Statements

August 31, 2007

## 32. SUBSIDIARIES

Name of Subsidiary	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2007 S\$'000	2006 S\$'000	2007 %	2006 %
^ The Straits Times Press (1975) Limited	Holding investments	Singapore	Mgt Ord	334 33,072	334 33,072	100.00 100.00	100.00 100.00
^ SPH Magazines Pte Ltd	Publishing magazines & provision of editorial services	Singapore	Ord	*	*	100.00	100.00
^ Focus Publishing Ltd	Publishing magazines	Singapore	Mgt Ord	* *	* *	99.96 100.00	99.96 100.00
^ Singapore Press Holdings (Overseas) Limited	Servicing and holding investments	Singapore	Mgt Ord	* *	* *	99.98 100.00	99.98 100.00
The Straits Times Press (London) Limited	Dormant	United Kingdom	Ord	*	*	100.00	100.00
^ Lianhe Publishing Pte Ltd	Publishing magazines & holding investments	Singapore	Ord	*	*	100.00	100.00
^*** SPH Buzz Pte Ltd	Retail distribution	Singapore	Ord	*	*	100.00	100.00
^ SPH Data Services Pte Ltd	Licensing of copyrights & trademarks	Singapore	Ord	*	*	100.00	100.00
^ SPH (Americas) Pte Ltd	Provision of news reporting services	Singapore	Ord	*	*	100.00	100.00
@@ SPH Magazines (HK) Ltd	Publishing & distribution, provision of editorial services and holding investments	Hong Kong	Ord	*	*	100.00	100.00
^ TP Ventures Pte Ltd	Holding investments	Singapore	Ord	*	*	100.00	100.00
^ Blu Inc Publishing (S) Pte Ltd	Publishing & marketing of magazines & books	Singapore	Ord	*	*	100.00	100.00
^ Blu Inc Ventures Pte Ltd	Holding investments	Singapore	Ord	*	*	100.00	100.00
^ Blu Inc Media Pte Ltd	Publishing magazines & provision of editorial services	Singapore	Ord	*	*	100.00	100.00
^^@ Blu Inc Media Sdn Bhd	Publishing & distribution of magazines & books	Malaysia	Ord	*	*	46.00	46.00
Balance c/f				33,406	33,406		

# Notes to the Financial Statements

August 31, 2007

## 32. SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group		
				2007 S\$'000	2006 S\$'000	2007 %	2006 %	
				Balance b/f	33,406	33,406		
^^@ Magazines World Sdn Bhd	Publishing magazines, books and periodicals	Malaysia	Ord	*	*	35.00	35.00	
^ Magazines Incorporated Pte Ltd	Publishing magazines & holding investments	Singapore	Ord	*	*	100.00	100.00	
^^ MI Publishing Sdn Bhd	Media representative	Malaysia	Ord	*	*	100.00	100.00	
^^ PT MI Magazines	Distribution, import and media management consultant	Indonesia	Ord	*	*	70.00	70.00	
^^ MI Publishing (HK) Co Limited	Publishing magazines	Hong Kong	Ord	*	*	100.00	100.00	
The Peak Magazines Pte Ltd	Dormant	Singapore	Ord	*	*	100.00	100.00	
Media Incorporated Pte Ltd	Dormant	Singapore	Ord	*	*	100.00	100.00	
^ Media Investments Pte Ltd	Dormant	Singapore	Ord	*	*	100.00	100.00	
^ MI Productions Pte Ltd	Dormant	Singapore	Ord	*	*	100.00	100.00	
^^@ Blu Inc Holdings (Malaysia) Sdn Bhd	Holding investments & provision of management support services	Malaysia	Ord	*	*	50.00	50.00	
^ Blu Inc Singapore Pte Ltd	Publishing magazines, provision of editorial services and holding investments	Singapore	Ord	*	*	100.00	100.00	
^ Blu Inc Overseas Pte Ltd	Holding investments	Singapore	Ord	*	*	100.00	100.00	
^ Tamil Murasu Ltd	Publishing newspapers	Singapore	Mgt Ord	28 855	- 855	100.00 100.00	- 100.00	
^ Times Properties Private Limited	Letting properties and provision of property management services	Singapore	Ord	77,827	77,827	100.00	100.00	
				Balance c/f	112,116	112,088		

# Notes to the Financial Statements

August 31, 2007

## 32. SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2007 S\$'000	2006 S\$'000	2007 %	2006 %
			Balance b/f	112,116	112,088		
^ Orchard 290 Ltd	Holding investments and managing of shopping centres & other commercial properties	Singapore	Ord	*	*	100.00	100.00
^ Singapore News and Publications Limited	Holding investments and properties	Singapore	Mgt Ord	1,153 114,102	1,153 114,102	100.00 100.00	100.00 100.00
^ Sin Chew Jit Poh (Singapore) Limited	Holding investments and properties	Singapore	Mgt Ord	* *	* *	100.00 100.00	100.00 100.00
^ Singapore Newspaper Services Private Limited	Holding investments and properties	Singapore	Ord	50,000	50,000	100.00	100.00
Vinora Holdings Limited	Holding investments	British Virgin Islands	Ord	*	*	100.00	100.00
Crestville Investments Limited	Holding investments	British Virgin Islands	Ord	*	*	100.00	100.00
^ Lianhe Investments Pte. Ltd.	Holding investments for dealing purposes	Singapore	Ord	6,335	6,335	100.00	100.00
^ SPH MultiMedia Private Limited	Holding investments	Singapore	Ord	8,500	8,500	100.00	100.00
^ SPH AsiaOne Ltd	Holding investments	Singapore	Ord	94,400	94,400	100.00	100.00
^ Zaobao.com Ltd	Provision of Internet-related services	Singapore	Ord	*	*	100.00	100.00
^ Evol Media Pte Ltd	Provision of Internet-related services	Singapore	Ord	*	*	100.00	100.00
** SPH MediaWorks Ltd	Dormant	Singapore	Ord	-	90,000	-	100.00
^^ New Beginnings Management Consulting (Shanghai) Company Limited	Business management and consultancy services	The People's Republic of China	Ord	234	234	100.00	100.00
^ SPH AlphaOne Pte Ltd	Holding investments	Singapore	Ord	*	*	100.00	100.00
			Balance c/f	386,840	476,812		

# Notes to the Financial Statements

August 31, 2007

## 32. SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2007 S\$'000	2006 S\$'000	2007 %	2006 %
			Balance b/f	386,840	476,812		
<sup>^</sup> SPH MediaBoxOffice Pte Ltd	Provision of advertising services	Singapore	Ord	*	*	100.00	80.00
<sup>^</sup> SPH UnionWorks Pte Ltd	Radio broadcasting	Singapore	Ord	*	*	80.00	70.00
<sup>^</sup> Hardware Zone Pte Ltd	Publishing and distribution of printed materials, magazines and periodicals	Singapore	Ord	*	-	100.00	-
<sup>^</sup> Heritage Media (Singapore) Pte Ltd	Publishing and distribution of printed materials, magazines and periodicals	Singapore	Ord	*	-	100.00	-
<sup>^</sup> Times Development Pte Ltd	Property development	Singapore	Ord	*	-	100.00	-
<sup>^</sup> SPH Interactive Pte Ltd	Investment holding and provision of online services	Singapore	Ord	#	-	100.00	-
<sup>^</sup> SPH Search Pte Ltd	Online businesses	Singapore	Ord	*	-	75.00	-
<sup>^</sup> SPH Interactive International Pte Ltd	Investment holding and provision of online services	Singapore	Ord	#	-	100.00	-
<sup>^</sup> SPH NewMedia Pte Ltd	Internet and related activities	Singapore	Ord	500	-	100.00	-
Rednano Pte Ltd	Online search and directories	Singapore	Ord	#	-	75.00	-
				387,340	476,812		

### Notes:

- <sup>^</sup> Companies audited by PricewaterhouseCoopers, Singapore.
- <sup>^^</sup> Companies audited by auditors other than PricewaterhouseCoopers, Singapore.
- <sup>\*</sup> The shareholdings of these companies are held by subsidiaries of the Company.
- <sup>\*\*</sup> The liquidation of this company was completed during the year.
- <sup>\*\*\*</sup> Formerly known as Asia Century Publishing Pte Ltd.
- <sup>@</sup> Accounted for as subsidiaries of the Group. The Group exercises Board and management control over the companies.
- <sup>@@</sup> Company has been deregistered in September 2007 and is accordingly dissolved.
- <sup>#</sup> Cost of investment of less than S\$1,000.

# Notes to the Financial Statements

August 31, 2007

## 33. ASSOCIATES

Name of Associate	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2007 S\$'000	2006 S\$'000	2007 %	2006 %
<b>Held by the Company</b>							
MediaCorp TV Holdings Pte Ltd ^	Holding investment in subsidiaries which provide television broadcasting and content production services	Singapore	Ord	10,000	10,000	20.00	20.00
MediaCorp Press Ltd ^	Publishing and distributing free newspaper	Singapore	Ord	19,160	19,160	40.00	40.00
<b>Held by Subsidiaries</b>							
American Bourses Corporation Pte Ltd #	Development & maintenance of software and multimedia works; Business management and consultancy services	Singapore	Ord	6,375	6,375	20.00	20.00
Citta Bella Sdn Bhd x	Publishing and distributing magazines	Malaysia	Ord	248	248	49.00	49.00
GMM Times Co Ltd @	Publishing and distributing magazines	Thailand	Ord	395	395	30.00	30.00
Shanghai YouHer Consultancy Limited @	Consultancy services	The People's Republic of China	Ord	832	832	50.00	50.00
Traffic Corner Publishing Company Limited @	Publishing and distributing magazines	Thailand	Ord	4,767	4,767	49.00	49.00
TOM Outdoor Media Group Limited @	Provision of outdoor advertising services	The People's Republic of China	Ord	41,361	41,361	35.00	35.00
Hardware Zone (Thailand) Co Ltd @	Publishing and distribution of printed materials, magazines and periodicals	Thailand	Ord	107	-	45.00	-
Hardware Zone (Philippines) Co @	Management consultancy and publishing	Philippines	Ord	71	-	39.00	-
Balance c/f				83,316	83,138		

# Notes to the Financial Statements

August 31, 2007

## 33. ASSOCIATES (cont'd)

Name of Associate	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2007 S\$'000	2006 S\$'000	2007 %	2006 %
			Balance b/f	83,316	83,138		
Beijing Game Axis Info Ltd <sup>@</sup>	Business management and consultancy services	The People's Republic of China	Ord	100	-	50.00	-
<b>Held by an Associate</b>							
Blu Inc Media (Thailand) Co Ltd	Publishing of magazines	Thailand	Ord	*	-	45.00	-
				83,416	83,138		

**Notes:**

- <sup>^</sup> Financial year ends on March 31. Reporting period ended June 30, 2007 was used for equity accounting purposes due to time lag in receipt of financial results.
- <sup>x</sup> Financial year ends on June 30. Reporting period ended July 31, 2007 was used for equity accounting purposes due to time lag in receipt of financial results.
- <sup>@</sup> Financial year ends on December 31. Reporting period ended July 31, 2007 was used for equity accounting purposes due to time lag in receipt of financial results.
- <sup>#</sup> Under liquidation.
- <sup>\*</sup> The shareholding of this company is held by an associate.

## 34. JOINTLY CONTROLLED ENTITIES

Name of Jointly Controlled Entity	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2007 S\$'000	2006 S\$'000	2007 %	2006 %
<b>Held by Subsidiaries</b>							
Shanghai Blu Inc Ventures Consultancy Co Ltd	Advertising and consultancy services	The People's Republic of China	Ord	1,100	339	50.00	50.00
701Search Pte Ltd	Online businesses	Singapore	Ord	10,750	-	50.00	-
<b>Held by a Jointly Controlled Entity</b>							
701Search Sdn Bhd	Online search and directories	Malaysia	Ord	*	-	50.00	-
				11,850	339		

**Notes:**

- <sup>\*</sup> The shareholding of this company is held by a jointly controlled entity.

# Notes to the Financial Statements

August 31, 2007

## 35. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, particularly interest rate, currency, market, liquidity and credit risks. Where appropriate, the Group's risk management policies seek to minimise potential adverse effects of these risks on the financial performance of the Group. The policies for managing these risks are summarised below.

### (i) Interest rate risk

The Group has cash balances placed with reputable banks and financial institutions, and investments in bonds and government-related securities, which generate interest income for the Group. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group's debt consists of bank borrowings taken up by subsidiaries to finance its operations. Where appropriate, the Group seeks to minimise its interest rate risk exposure by entering into interest rate swaps over the duration of its borrowings.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's loan to an associate, amount owing to a jointly controlled entity, borrowings, short and long-term investments, where applicable.

### (ii) Currency risk

The currency risk of the Group arises mainly from its operational purchases of raw materials and consumable stores and capital expenditure denominated in currencies other than the functional currency. In addition, currency risk also arises from the Group's foreign currency investments and from costs incurred by its overseas news bureaus. The Group also has investments in foreign subsidiaries and associates, whose net assets are exposed to currency risk.

Where appropriate, the Group hedges against its currency risk resulting from anticipated sale and purchase transactions in foreign currencies, its foreign currency denominated investments and net assets of its foreign subsidiaries and associates.

### (iii) Market risk

The Group has investments in various financial instruments (including equities, fixed income and other derivative instruments) and funds under management. The market values of these investments are affected by, amongst others, changes in market prices as a result of changes in global economic conditions, macro and micro economic factors affecting the country where the investments are quoted, and factors specific to the investee corporations.

The fluctuations in market prices due to the above factors are unforeseen and the Group monitors these changes to respond to them as and when appropriate and necessary.

### (iv) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

### (v) Credit risk

The Group manages its credit risk through the application of credit approvals, credit limits and monitoring procedures. Where appropriate, the Group obtains collateral in the form of bankers'/insurance guarantees from its customers, and imposes cash terms and/or advance payments from customers of lower credit standing.

As at the balance sheet date, the Group has no significant concentration of credit risks.

# Notes to the Financial Statements

August 31, 2007

## 36. RELATED PARTY TRANSACTIONS

Key management personnel compensation are as follows:

	GROUP	
	2007 S\$'000	2006 S\$'000
Remuneration and other short-term employee benefits	14,325	13,054
Employers' contribution to defined contribution plans	333	287
Share-based compensation expense	2,274	2,455
	16,932	15,796
Staff loans granted to key management personnel	760	1,531
Sale of development properties to key management personnel and their immediate families	50,200	-

The above includes total emoluments of the Company's Directors of S\$2,650,000 (2006: S\$2,151,000).

## 37. SEGMENTAL INFORMATION

### 2007

	Newspaper and Magazine S\$'000	Treasury and Investment S\$'000	Property S\$'000	Others S\$'000	Eliminations S\$'000	Consolidated S\$'000
<b>Operating Revenue</b>						
External sales	959,445	-	177,816	22,944	-	1,160,205
Inter-segmental sales	2,869	-	1,805	1,278	(5,952)	-
Total operating revenue	962,314	-	179,621	24,222	(5,952)	1,160,205
<b>Result</b>						
Segment result	335,572	145,482	128,885	(10,654)	-	599,285
Finance costs	(1)	-	(20,701)	(50)	-	(20,752)
Finance income	662	-	1,076	89	-	1,827
Share of profits less losses of associates/jointly controlled entities	5,275	-	-	(2,282)	-	2,993
Profit/(loss) before taxation	341,508	145,482	109,260	(12,897)	-	583,353
Taxation						(77,617)
Profit after taxation						505,736
Minority interests						425
Profit attributable to shareholders						506,161
<b>Other Information</b>						
Segment assets	678,257	1,159,675	1,248,932	23,032	-	3,109,896
Interests in associates	29,319	-	-	41,760	-	71,079
Interests in jointly controlled entities	-	-	-	10,497	-	10,497
Consolidated total assets						3,191,472
Segment liabilities	190,690	3,393	617,026	26,761	-	837,870
Current income tax liabilities						99,638
Deferred income tax liabilities						71,093
Consolidated total liabilities						1,008,601
Capital expenditure	52,485	-	12,391	7,344	-	72,220
Depreciation	48,410	-	447	2,181	-	51,038
Amortisation	441	-	-	-	-	441

# Notes to the Financial Statements

August 31, 2007

## 37. SEGMENTAL INFORMATION (cont'd)

### 2006

	Newspaper and Magazine S\$'000	Treasury and Investment S\$'000	Property S\$'000	Others S\$'000	Eliminations S\$'000	Consolidated S\$'000
<b>Operating Revenue</b>						
External sales	906,986	-	98,704	15,670	-	1,021,360
Inter-segmental sales	1,296	-	2,021	394	(3,711)	-
Total operating revenue	908,282	-	100,725	16,064	(3,711)	1,021,360
<b>Result</b>						
Segment result	316,003	80,892	71,102	(5,689)	-	462,308
Finance costs	(1)	-	(20,535)	(77)	-	(20,613)
Finance income	411	-	651	4	-	1,066
Share of profits less losses of associates/jointly controlled entity	1,584	-	-	(1,769)	-	(185)
Exceptional items	(2,276)	-	70,534	(1,414)	-	66,844
Profit/(loss) before taxation	315,721	80,892	121,752	(8,945)	-	509,420
Taxation						(81,076)
Profit after taxation						428,344
Minority interests						116
Profit attributable to shareholders						428,460
<b>Other Information</b>						
Segment assets	661,474	1,105,479	1,186,222	16,645	-	2,969,820
Interests in associates	23,860	-	-	45,869	-	69,729
Consolidated total assets						3,039,549
Segment liabilities	162,138	6,764	640,588	4,344	-	813,834
Current income tax liabilities						104,932
Deferred income tax liabilities						72,046
Consolidated total liabilities						990,812
Capital expenditure	16,939	-	2,127	950	-	20,016
Depreciation	47,368	-	458	1,239	-	49,065
Amortisation	575	-	-	-	-	575
Impairment losses:						
- Goodwill on acquisition of interests in subsidiaries (Notes 15 and 29)	-	-	-	355	-	355
- Interests in associates (Note 29)	1,200	-	-	-	-	1,200
- Interests in jointly controlled entity (Note 29)	1,128	-	-	-	-	1,128

# Notes to the Financial Statements

August 31, 2007

## 37. SEGMENTAL INFORMATION (cont'd)

Notes:

- (a) **Business segments:** The Group is organised into three major operating segments, namely Newspaper and Magazine, Treasury and Investment, and Property, and reports its primary segment information through direct identification. The Newspaper and Magazine segment is involved in the publishing, printing and distributing of newspapers and magazines. The Treasury and Investment segment manages the investment activities of the Group while the Property segment holds, manages and develops properties of the Group. Other operations under the Group, which are currently not significant to be reported separately, are included under "Others". These comprise our businesses and investments in Internet and related activities, outdoor advertising, radio broadcasting and television broadcasting.
- (b) **Geographical segments:** The principal geographical area in which the Group operates is Singapore. The Group's overseas operations comprise mainly publishing and distributing magazines, holding overseas investments and the provision of marketing, editorial, art and graphical services overseas.

	Operating Revenue		Total Assets		Capital Expenditure	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Singapore	1,142,932	1,006,486	3,120,377	2,980,892	71,566	19,775
Other Countries	17,273	14,874	71,095	58,657	654	241
	1,160,205	1,021,360	3,191,472	3,039,549	72,220	20,016

## 38. FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial assets and financial liabilities of the Group and the Company for which fair values are required to be disclosed in accordance with FRS comprise the following:

- long-term investments in investees other than subsidiaries and associates,
- non-current loans payable,
- non-current receivables from and payables to subsidiaries and associates,
- other non-current receivables,
- current assets other than inventories and prepayments,
- current liabilities other than current income tax liabilities,
- amounts owing by/to subsidiaries and associates.

The financial assets and liabilities of the Group are predominantly denominated in Singapore Dollars, except for the investment funds under management. Other than the fair values of quoted and unquoted long-term and short-term investments as detailed in the respective notes to the financial statements, the fair values of the financial assets and financial liabilities as at the balance sheet date approximate their carrying values as shown in the balance sheets.

# Notes to the Financial Statements

August 31, 2007

## 39. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new standards and amendments and FRS interpretations to existing standards have been published and they are mandatory for the Group's accounting periods beginning on or after September 1, 2007 or later periods which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group are set out below.

### (a) FRS 40 – Investment Property

The Group will adopt FRS 40 for the financial year ending August 31, 2008.

The Group has accounted for its properties leased out as property, plant and equipment in these financial statements. Under FRS 40, the properties that are leased out to non-related parties have been reclassified to investment property on transition to FRS 40 on September 1, 2007.

In addition, the Group had accounted for its investment property under FRS 25 – Accounting for Investments as set out in Note 2(f) in these financial statements. FRS 40 permits an entity to measure its investment properties either at fair value with fair value changes taken to the income statement (fair value model) or at cost less accumulated depreciation and provision for impairment (cost model). The Group will adopt the cost model for measuring its investment property.

On transition to FRS 40 on September 1, 2007, the estimated effects on the balance sheet as at August 31, 2007 and income statement for the financial year ended August 31, 2007 are as follows:

	(Decrease)/Increase S\$'000
<i>Balance sheet as at August 31, 2007</i>	
Investment property	(42,615)
Property, plant and equipment	(10,500)
Retained earnings	(56,487)
Deferred income tax liabilities	3,372
<i>Income statement for the financial year ended August 31, 2007</i>	
Depreciation	7,058
Taxation	(32)

### (b) FRS 107 – Financial Instruments: Disclosures, and a complementary Amendment to FRS 1 – Presentation of Financial Statements – Capital Disclosures

The Group will adopt FRS 107 for the financial year ending August 31, 2008.

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). It replaces the disclosure requirements in FRS 32 – Financial Instruments: Disclosure and Presentation.

The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The impact of FRS 107 and the amendment to FRS 1 will create additional disclosure requirements for the Group's financial statements.

## 40. AUTHORISATION OF FINANCIAL STATEMENTS

On October 12, 2007, the Board of Directors of Singapore Press Holdings Limited authorised these financial statements for issue.