

# NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

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

## 1. GENERAL INFORMATION

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,
- (g) providing radio broadcasting services,
- (h) providing online search, directories and classified services,
- (i) organising convention/conference events,
- (j) publishing and distributing books, and
- (k) providing online investor relations services.

The principal activities of the Company consist of:

- (a) publishing, printing and distributing newspapers,
- (b) distributing magazines and books,
- (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 has adopted the Interpretations to FRS ("INT FRS") that became effective in the current financial year. The adoption of these INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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### 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 cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest. Please refer to Note 2(o)(i) for the accounting policy on goodwill on 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, transactions and unrealised gains on transactions between group entities are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred. Adjustments are made to the financial statements of subsidiaries, where necessary, to ensure consistency of accounting policies with those of the Group.

Minority interests are that part of net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the carrying value of identifiable net assets of the subsidiary.

#### (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 ("functional currency"). The financial statements are presented in Singapore Dollars ("presentation currency"), which is also 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 of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date, 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 which are 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 which are 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (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 exchange rates at the date of the balance sheet;
- Income and expenses are translated at average exchange rates; and
- All resulting exchange differences are taken to the currency translation reserve.

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 rates at the date of balance sheet. For acquisitions prior to September 1, 2005, the exchange rates at the dates of acquisition are used.

##### (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 non-financial assets

##### (i) Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associate is tested for impairment as part of the investment, rather than separately.

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.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

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

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Impairment of non-financial assets (cont'd)

- (ii) Other intangible assets  
Property, plant and equipment  
Investment properties  
Investments in subsidiaries, associates and jointly-controlled entities

Other intangible assets, property, plant and equipment, investment properties and investments in subsidiaries, associates and jointly-controlled entities are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the 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 difference between the carrying amount and recoverable amount is recognised as an impairment loss 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 this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

#### (e) Property, plant and equipment

- (i) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- (ii) Depreciation

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the expected useful lives of the assets. The estimated useful lives for this purpose are:

Leasehold land and buildings	10-30 years
Plant and equipment	3-20 years
Furniture and fittings	10 years
Motor vehicles	3-5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

No depreciation is charged on capital work-in-progress.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Property, plant and equipment (cont'd)

##### (iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the income statement when incurred.

##### (iv) Disposal

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.

#### (f) Investment properties

Investment properties comprise office, retail and residential buildings that are held for long-term rental yields.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an 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.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvements is charged to the income statement when incurred.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the expected useful lives of the assets. No depreciation is charged on freehold land. The estimated useful lives for this purpose are:

Buildings on freehold land	15-50 years
Leasehold land and buildings	30 years

The residual values, estimated useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

On disposal of an investment property, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (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 properties, within "trade receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on development properties, within "trade payables".

#### (h) Borrowing costs

Borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties.

#### (i) Subsidiaries

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

Investments in subsidiaries are included in the Company's balance sheet at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments is recognised in the income statement.

#### (j) Associates

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

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses. 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 non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Associates (cont'd)

In the Company's balance sheet, investments in associates are stated at cost less accumulated impairment losses. On disposal of investments in associates, the difference between disposal proceeds and the carrying amounts of the investments is recognised in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising from investments in associates are recognised in the income statement.

#### (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 investments in jointly-controlled entities are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses. 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 non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the jointly-controlled entity.

Investments in jointly-controlled entities are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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, investments in jointly-controlled entities are stated at cost less accumulated impairment losses. On disposal of investments in jointly-controlled entities, the difference between disposal proceeds and the carrying amounts of the investments is recognised in the income statement.

Unrealised gains on transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's investments in the jointly-controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising from investments in jointly-controlled entities are recognised in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (I) Financial assets

##### (i) Classification

The Group classifies its financial assets in the following categories: 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. 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 it is acquired principally for the purpose of selling in the short term. Financial assets designated as fair value through profit or loss at inception are those that are managed and their performances are 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 presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables comprise cash and cash equivalents, trade receivables, other receivables, amount owing by associates/jointly-controlled entities and where applicable, amount owing by subsidiaries/related companies.
- 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 balance sheet date.
- 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 presented as 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 disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in the income statement. Any amount in the fair value reserve relating to that asset is also transferred to the income statement.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (I) Financial assets (cont'd)

##### (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 immediately 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 subsequently carried at amortised cost using the effective interest method less accumulated impairment losses.

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

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) 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 and recognises an allowance for impairment when such evidence exists.

- Loans and receivables

An allowance for impairment of loans and 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 objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the 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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (v) Impairment (cont'd)

- 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 objective evidence 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 transferred 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 (net of any principal repayments and amortisation) 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 is reversed through the income statement. However, impairment losses with respect to equity instruments classified as available-for-sale financial assets are not reversed through the income statement.

#### (m) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are 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. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

#### (n) 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 entered into directly by the Group are not used for trading purposes.

A derivative financial instrument is initially recognised at its fair value on the date the derivative contract is entered into and is subsequently carried at its 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 its derivatives for hedging purposes 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 balance sheet date.

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 the hedged items.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Derivative financial instruments and hedging activities (cont'd)

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

##### (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. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of these interest rate swaps are recognised in the hedging reserve 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.

#### (o) Intangible assets

##### (i) Goodwill on acquisition

Goodwill on acquisition represents the difference between the cost of an acquisition and the fair value of the Group's share of identifiable net assets and contingent liabilities of the acquired subsidiaries, associates and jointly-controlled entities at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associates or jointly-controlled entities is recorded as part of the carrying value of the investment in the consolidated balance sheet.

The gains and losses on the disposal of subsidiaries, associates or jointly-controlled entities include the carrying amount of goodwill relating to the entity sold.

##### (ii) Technology, trademarks, licences, mastheads and others

Technology, trademarks, licences, mastheads and other intangible assets 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 over 3 to 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least once at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

#### (p) Inventories

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

The 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently carried 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 are presented as current liabilities unless the Group has an unconditional right to defer settlement for the next 12 months after the balance sheet date.

#### (r) Trade and other payables

Trade payables 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 rendered their services to the Group.

##### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Singapore's Central Provident Fund on a mandatory, contractual or voluntary basis. 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.

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

- Share options

The share option scheme allows selected employees of the Company and/or its subsidiaries, including the 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (iii) Share-based compensation (cont'd)

- 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.

#### (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 for current and prior periods is recognised at the amount expected to be paid to (or recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is 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 arises from the initial recognition of goodwill or 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.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (v) Income taxes (cont'd)

Deferred income tax is measured:

- (i) at 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 substantively enacted by the balance sheet date; and
- (ii) based on 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 liabilities are recognised on temporary differences arising on investments in subsidiaries, associates and jointly-controlled entities, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Current and deferred taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on consolidation.

#### (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, discounts and returns, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

- (i) Revenue from the sale of the Group's products is recognised on completion of delivery;
- (ii) Revenue from the provision of services is recognised in the period in which the services are rendered;
- (iii) Revenue from advertisements is recognised in the period in which the advertisement is published or broadcasted;
- (iv) Revenue from rental and rental-related services is recognised on a straight-line basis over the lease term;
- (v) 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)];
- (vi) Dividend income is recognised when the right to receive payment is established; and
- (vii) Interest income is recognised on a time-apportioned basis, using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (x) Operating leases

When a group company is the lessee:

Leases where substantially all 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:

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Assets leased out under operating leases are included in investment properties. 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, re-issued or disposed of. Where such shares are subsequently re-issued or disposed of, any consideration received, net of any directly attributable incremental transaction costs, is included in shareholders' equity. Realised gain or loss on disposal or re-issue of treasury shares are included in retained profit of the Company.

When treasury shares are subsequently cancelled, the cost of the treasury shares are 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.

#### (a) Fair value estimation

The fair value of financial instruments traded in an active market is 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.

#### (b) 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.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

#### (c) Impairment of available-for-sale financial assets

The Group follows the guidance of FRS 39 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.

### 4. SHARE CAPITAL AND TREASURY SHARES

	GROUP AND COMPANY			
	2009		2008	
	Number of Shares '000	S\$'000	Number of Shares '000	S\$'000
<b>Issued and fully paid, with no par value</b>				
Management shares	16,286	6,788	16,285	6,786
Ordinary shares	1,593,137	484,102	1,593,100	483,974
	<b>1,609,423</b>	<b>490,890</b>	1,609,385	490,760
Treasury shares	(6,271)	(25,578)	(6,781)	(27,660)
	<b>1,603,152</b>	<b>465,312</b>	1,602,604	463,100
Movements during the financial year were:				
Balance at beginning of financial year	1,602,604	463,100	1,599,684	448,820
Issue of ordinary shares fully paid under the Singapore Press Holdings Group (1999) Share Option Scheme	37	128	4,950	22,559
Issue of management shares fully paid in accordance with the Newspaper and Printing Presses Act	1	2	50	228
	<b>1,602,642</b>	<b>463,230</b>	1,604,684	471,607
Purchase of treasury shares	-	-	(2,080)	(8,507)
Treasury shares re-issued for the fulfilment of share awards vested under SPH Performance Share Plan	510	2,082	-	-
Balance at end of financial year	<b>1,603,152</b>	<b>465,312</b>	1,602,604	463,100

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.

#### (a) Treasury shares

No share purchase was made during the financial year.

In 2008, the Company acquired 2,080,000 of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was S\$8.5 million. The shares, held as treasury shares, were included as deduction against shareholders' equity.

The Company re-issued 510,391 (2008: Nil) treasury shares during the financial year for the fulfilment of share awards vested under the SPH Performance Share Plan at a total value of S\$2.1 million (2008: S\$Nil).

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 4. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

#### (b) 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.

Movements in the number of the unissued shares of the Company under option during the financial year and their exercise prices are as follows:

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

##### 2009

Grant Date	Expiry Date	Exercise Price	Balance 01.09.08	Options Exercised	Options Lapsed	Balance 31.08.09
27.10.99	27.10.09	S\$5.60	6,878,200	-	(127,500)	6,750,700
30.10.00	30.10.10	S\$4.78	7,621,100	-	(149,175)	7,471,925
06.11.01	06.11.11	S\$3.03	795,375	(22,000)	(3,400)	769,975
28.10.02	28.10.12	S\$3.91	3,371,700	-	(14,025)	3,357,675
16.12.03	16.12.13	S\$3.69	4,221,625	(14,900)	(17,425)	4,189,300
01.02.04	01.02.14	S\$3.83	35,000	-	-	35,000
21.12.04	21.12.14	S\$4.54	12,591,375	-	(62,050)	12,529,325
16.12.05	16.12.15	S\$4.30	14,437,200	-	(399,550)	14,037,650
			<b>49,951,575</b>	<b>(36,900)</b>	<b>(773,125)</b>	<b>49,141,550</b>

##### 2008

Grant Date	Expiry Date	Exercise Price	Balance 01.09.07	Options Exercised	Options Lapsed	Balance 31.08.08
27.10.99	27.10.09	S\$5.60	7,483,825	-	(605,625)	6,878,200
30.10.00	30.10.10	S\$4.78	8,275,600	-	(654,500)	7,621,100
06.11.01	06.11.11	S\$3.03	936,525	(92,700)	(48,450)	795,375
28.10.02	28.10.12	S\$3.91	4,016,075	(623,975)	(20,400)	3,371,700
16.12.03	16.12.13	S\$3.69	5,442,950	(1,201,775)	(19,550)	4,221,625
01.02.04	01.02.14	S\$3.83	85,000	(50,000)	-	35,000
21.12.04	21.12.14	S\$4.54	15,269,425	(1,427,250)	(1,250,800)	12,591,375
16.12.05	16.12.15	S\$4.30	16,472,150	(1,553,850)	(481,100)	14,437,200
			<b>57,981,550</b>	<b>(4,949,550)</b>	<b>(3,080,425)</b>	<b>49,951,575</b>

All the outstanding options as at the balance sheet date were exercisable. Options exercised in 2009 resulted in 36,900 shares (2008: 4,949,550) being issued at an average price of S\$3.30 (2008: S\$4.14) each.

During the current financial year, the Group recognised S\$Nil (2008: S\$1,172,000) share-based compensation expense in respect of the share options based on the fair values determined at grant date.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 4. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

#### (c) Performance shares

During the financial year, 2,320,005 (2008: 2,159,580) performance shares were granted subject to the terms and conditions of the Plan.

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

#### 2009

Grant Date	Outstanding as at 01.09.08 ('000)	Adjusted* ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)	Outstanding and unvested as at 31.08.09 ('000)
12.01.07	1,741	388	-	(510)	(17)	1,602
11.01.08	2,131	-	-	-	(19)	2,112
12.01.09	-	-	2,320	-	(16)	2,304

#### 2008

Grant Date	Outstanding as at 01.09.07 ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)	Outstanding and unvested as at 31.08.08 ('000)
12.01.07	1,792	-	-	(51)	1,741
11.01.08	-	2,160	-	(29)	2,131

\* Adjusted at end of the performance period based on the level of achievement of pre-set performance conditions.

The shares awarded at the vesting date could range from 0% to 150% of the grant, depending on the level of achievement against the pre-set performance conditions.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 4. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

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

The fair value of the performance shares is determined at grant date using the Monte Carlo simulation model. The number of performance shares granted during the financial year, their fair values and the assumption inputs used are as follows:

2009

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 FTSE ST All Share Index ^ %	Share Price at Grant Date S\$
				SPH (%)	FTSE ST All Share Index (%)				
12.01.09 <sup>(a)</sup>	11.01.11	490	2.67	20.79	NA	6.20	0.76	NA	3.02
12.01.09 <sup>(a)</sup>	11.01.12	490	2.51	20.79	NA	6.20	1.07	NA	3.02
12.01.09 <sup>(b)</sup>	11.01.12	850	2.02	20.79	27.33	6.20	1.07	48.00	3.02
12.01.09 <sup>(a)</sup>	11.01.13	490	2.37	20.79	NA	6.20	1.34	NA	3.02

2008

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 FTSE ST All Share Index ^ %	Share Price at Grant Date S\$
				SPH (%)	FTSE ST All Share Index (%)				
11.01.08 <sup>(a)</sup>	10.01.10	474	4.13	12.71	NA	5.50	1.46	NA	4.60
11.01.08 <sup>(a)</sup>	10.01.11	474	3.92	12.71	NA	5.50	1.57	NA	4.60
11.01.08 <sup>(b)</sup>	10.01.11	739	3.82	12.71	13.74	5.50	1.57	51.40	4.60
11.01.08 <sup>(a)</sup>	10.01.12	473	3.72	12.71	NA	5.50	1.75	NA	4.60

\* 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.

NA Not applicable.

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\$6,422,000 (2008: S\$5,234,000) 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, 2009

## 5. RESERVES

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
<b>Composition</b>				
Capital reserve [Note 5(a)]	2,005	2,005	-	-
Share-based compensation reserve [Note 5(b)]	26,290	22,110	26,290	22,110
Hedging reserve [Note 5(c)]	(13,937)	(7,883)	(1,455)	-
Fair value reserve [Note 5(d)]	203,724	246,828	25,722	32,435
Currency translation reserve	1,078	(2,621)	-	-
	<b>219,160</b>	260,439	<b>50,557</b>	54,545

### Movements

#### (a) Capital reserve

	GROUP	
	2009 S\$'000	2008 S\$'000
At beginning and end of financial year		
Distributable	1,375	1,375
Non-distributable	630	630
	<b>2,005</b>	2,005

#### (b) Share-based compensation reserve

	GROUP AND COMPANY	
	2009 S\$'000	2008 S\$'000
Beginning of financial year	22,110	18,493
Share-based compensation expense (Note 26)	6,422	6,406
Share-based compensation expense charged to a jointly-controlled entity	21	19
Exercise of share options	(7)	(2,049)
Lapse of share options	(230)	(759)
Award of performance shares	(2,026)	-
End of financial year	<b>26,290</b>	22,110

#### (c) Hedging reserve

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Beginning of financial year	(7,883)	(3,493)	-	-
Effect of change in Singapore tax rate	(96)	-	-	-
Fair value losses	(18,227)	(11,183)	(2,905)	-
Deferred tax on fair value losses	3,099	2,643	494	-
	<b>(15,128)</b>	(8,540)	<b>(2,411)</b>	-
Transfer to finance costs (Note 28)	11,049	5,063	1,152	-
Deferred tax on transfer	(1,879)	(913)	(196)	-
End of financial year	<b>(13,937)</b>	(7,883)	<b>(1,455)</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 5. RESERVES (CONT'D)

#### Movements (cont'd)

##### (d) Fair value reserve

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Beginning of financial year	246,828	299,613	32,435	36,310
Effect of change in Singapore tax rate	78	-	-	-
Financial assets, available-for-sale				
- Fair value losses	(44,769)	(48,138)	(6,713)	(3,875)
- Deferred tax on fair value losses	2,234	4,526	-	-
	(42,535)	(43,612)	(6,713)	(3,875)
Transfer to income statement on disposal	(760)	(11,315)	-	-
Deferred tax on transfer	113	2,142	-	-
End of financial year	203,724	246,828	25,722	32,435

### 6. INCOME TAXES

#### (a) Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset 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 on the balance sheets:

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Deferred income tax liabilities/(assets):				
- to be settled/(recovered)				
within one year	26,025	2,858	1,318	(1,357)
- to be settled after one year	54,207	72,603	42,878	48,188
	80,232	75,461	44,196	46,831

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

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Hedging reserve [Note 5(c)]	(1,124)	(1,730)	(298)	-
Fair value reserve [Note 5(d)]	(2,425)	(6,668)	-	-
	(3,549)	(8,398)	(298)	-

Deferred income tax assets are recognised for tax losses and capital allowances 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\$4,168,000 (2008: S\$4,458,000) and S\$671,000 (2008: S\$167,000) 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. The tax losses have no expiry dates.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 6. INCOME TAXES (CONT'D)

#### (a) Deferred income taxes (cont'd)

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:

2009

#### GROUP

##### (i) Deferred income tax liabilities

	Accelerated Tax Depreciation S\$'000	Fair Value Changes S\$'000	Profit from Development Properties S\$'000	Others S\$'000	Total S\$'000
Beginning of financial year	66,612	2,636	11,295	2,443	82,986
Effect of change in Singapore tax rate					
- credited to income statement	(3,600)	-	(628)	(2)	(4,230)
- credited to equity	-	(78)	-	-	(78)
(Credited)/Charged to income statement	(2,865)	-	13,069	(210)	9,994
Credited to equity	-	(2,347)	-	-	(2,347)
Acquisition of subsidiaries [Note 22(b)]	1,105	-	-	-	1,105
Currency translation difference	1	-	-	-	1
Other adjustments	2	-	-	-	2
End of financial year	61,255	211	23,736	2,231	87,433

##### (ii) Deferred income tax assets

	Provisions S\$'000	Fair Value Changes S\$'000	Others S\$'000	Total S\$'000
Beginning of financial year	(5,795)	(1,730)	-	(7,525)
Effect of change in Singapore tax rate	301	96	-	397
Charged/(Credited) to income statement	1,391	-	(64)	1,327
Credited to equity	-	(1,220)	-	(1,220)
Currency translation difference	8	-	-	8
Reclassified from current income taxes	(188)	-	-	(188)
End of financial year	(4,283)	(2,854)	(64)	(7,201)

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 6. INCOME TAXES (CONT'D)

#### (a) Deferred income taxes (cont'd)

2008

GROUP

#### (i) Deferred income tax liabilities

	Accelerated Tax Depreciation S\$'000	Fair Value Changes S\$'000	Profit from Development Properties S\$'000	Others S\$'000	Total S\$'000
Beginning of financial year	65,354	9,304	3,444	2,207	80,309
Charged to income statement	1,211	-	7,851	236	9,298
Credited to equity	-	(6,668)	-	-	(6,668)
Acquisition of business by a subsidiary [Note 22(c)]	50	-	-	-	50
Reclassified from current income taxes	(3)	-	-	-	(3)
End of financial year	66,612	2,636	11,295	2,443	82,986

#### (ii) Deferred income tax assets

	Provisions S\$'000	Fair Value Changes S\$'000	Total S\$'000
Beginning of financial year	(5,844)	-	(5,844)
Charged to income statement	61	-	61
Credited to equity	-	(1,730)	(1,730)
Currency translation difference	(12)	-	(12)
End of financial year	(5,795)	(1,730)	(7,525)

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 6. INCOME TAXES (CONT'D)

#### (a) Deferred income taxes (cont'd)

2009

#### COMPANY

##### (i) Deferred income tax liabilities

	Accelerated Tax Depreciation S\$'000
Beginning of financial year	52,245
Effect of change in Singapore tax rate	(2,902)
Credited to income statement	(1,121)
End of financial year	48,222

##### (ii) Deferred income tax assets

	Provisions S\$'000	Fair Value Changes S\$'000	Total S\$'000
Beginning of financial year	(5,414)	-	(5,414)
Effect of change in Singapore tax rate	301	-	301
Charged to income statement	1,385	-	1,385
Credited to equity	-	(298)	(298)
End of financial year	(3,728)	(298)	(4,026)

2008

#### COMPANY

##### (i) Deferred income tax liabilities

	Accelerated Tax Depreciation S\$'000
Beginning of financial year	52,551
Credited to income statement	(306)
End of financial year	52,245

##### (ii) Deferred income tax assets

	Provisions S\$'000
Beginning of financial year	(5,671)
Charged to income statement	257
End of financial year	(5,414)

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 6. INCOME TAXES (CONT'D)

#### (b) Income tax expense

	GROUP	
	2009 S\$'000	2008 S\$'000
Tax expense attributable to profit is made up of:		
Current year		
- Current tax	55,794	78,048
- Deferred tax	12,508	9,359
Effect of change in Singapore tax rate	(3,929)	-
	<b>64,373</b>	87,407
Prior years		
- Current tax	655	(1,324)
- Deferred tax	(1,187)	-
	<b>63,841</b>	86,083

The income tax expense on profit 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	
	2009 S\$'000	2008 S\$'000
Profit before taxation	482,206	522,008
Tax calculated at corporate tax rate of 17% (2008: 18%)	81,975	93,961
Singapore statutory stepped income exemption	(408)	(405)
Income taxed at concessionary rate	(269)	(320)
Income not subject to tax	(19,387)	(14,918)
Expenses not deductible for tax purposes	5,925	9,436
Deferred tax benefits not recognised	410	287
Double tax relief for contributions made to Institutes of Public Character	(511)	(181)
Effect of different tax rates in other countries	511	166
Effect of change in Singapore tax rate	(3,929)	-
Others	56	(619)
Tax charge	<b>64,373</b>	87,407

The Singapore corporate tax rate is reduced from 18% to 17% with effect from the year of assessment 2010.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 7. BORROWINGS

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Term loan - secured [Note 7(a)]	570,000	570,000	-	-
Term loan - unsecured [Note 7(b)]	150,000	-	150,000	-
Loans from minority shareholders - unsecured [Notes 7(c) and 7(d)]	3,463	3,616	-	-
Fixed advance facility - unsecured [Note 7(e)]	800	800	-	-
	<b>724,263</b>	574,416	<b>150,000</b>	-
Borrowings are repayable:				
Within 1 year	870	800	-	-
Between 1- 5 years	723,393	573,616	150,000	-
	<b>724,263</b>	574,416	<b>150,000</b>	-

- (a) As at August 31, 2009, Orchard 290 Ltd ("Orchard 290"), a subsidiary of the Group, had a term loan facility available for drawdown up to the amount of S\$610 million (2008: S\$610 million) for a tenure of five years from June 21, 2006. Total loan outstanding as at August 31, 2009 amounted to S\$570 million (2008: S\$570 million).

The term loan facility is 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 arrangements totalling S\$500 million (2008: S\$500 million), the effective interest rate as at the balance sheet date on the outstanding term loan of S\$570 million was 3.18% per annum (2008: S\$570 million, 3.26% per annum).

- (b) As at August 31, 2009, the Company had an unsecured term loan facility available for drawdown up to the amount of S\$150 million (2008: S\$Nil) for a tenure of three years from October 22, 2008. Total loan drawn down as at August 31, 2009 amounted to S\$150 million (2008: S\$Nil).

After taking into account interest rate swap arrangements totalling S\$100 million (2008: S\$Nil), the effective interest rate as at the balance sheet date on the outstanding term loan of S\$150 million was 2.50% per annum (2008: S\$Nil).

- (c) As at August 31, 2009, Blu Inc (Holdings) Malaysia Sdn Bhd, a subsidiary of the Group, had an outstanding unsecured loan of S\$3,393,000 (2008: S\$3,546,000) from its minority shareholder, Simpletech Sdn Bhd, after making partial loan repayment of S\$153,000 (2008: S\$129,000) during the financial year. The loan is interest-free and has no fixed repayment terms although repayment is not expected within the next twelve months.

- (d) As at August 31, 2009, SPH UnionWorks Pte Ltd ("SPH UnionWorks"), a subsidiary of the Group, had an outstanding unsecured loan of S\$70,000 (2008: S\$70,000) from its minority shareholder, NTUC Media Co-operative Ltd. The effective interest rate of the loan, which carries floating interest rate referenced to the Singapore dollar swap offer rate and repriced every six months, was 1.24% (2008: 2.00%) per annum as at the balance sheet date and the loan is repayable on October 20, 2009.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 7. BORROWINGS (CONT'D)

- (e) As at August 31, 2009, SPH UnionWorks had an unsecured fixed advance facility of which the total drawdown as at August 31, 2009 is S\$800,000 (2008: S\$800,000). The bank loans of S\$300,000 and S\$500,000 are unsecured and have tenures of 12 months from March 12, 2009 and February 26, 2009 respectively. As at August 31, 2009, interest is charged at 2.92% (2008: 1.93%) and 2.2% (2008: 1.94%) per annum respectively.
- (f) 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, the Company and Orchard 290 entered into interest rate swap contracts to swap floating rates for fixed interest rates as part of their interest rate risk management. Under the interest rate swaps, the Company and Orchard 290 agreed with other parties 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, 2009, the fixed interest rates were 2.5% (2008: Nil) and 3.189% (2008: 3.189%) per annum for the Company and Orchard 290 respectively, and floating rates are referenced to Singapore dollar swap offer rate and repriced every three months.

The notional principal amounts of the outstanding interest rate swap contracts and their corresponding fair values as at August 31, 2009 are:

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Notional due:				
Between 1 - 5 years (Note 21)	<b>600,000</b>	500,000	<b>100,000</b>	-
Fair values* (Note 21)	<b>(16,792)</b>	(10,983)	<b>(1,753)</b>	-

\* The fair values of interest rate swap contracts had been calculated (using rates quoted by the Group's bankers) assuming the contracts are terminated at the balance sheet date.

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

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 8. PROPERTY, PLANT AND EQUIPMENT

(a) 2009

	GROUP				
	Leasehold Land and Buildings 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	224,387	754,617	16,819	1,517	997,340
Reclassification	-	(32)	32	-	-
Acquisition of a subsidiary [Note 22(b)]	-	272	46	-	318
Acquisition of business by a subsidiary [Note 22(c)]	-	24	-	-	24
Currency translation differences	-	(14)	(14)	(2)	(30)
Additions	18	5,811	826	10	6,665
Transfer in from capital work-in-progress	5,835	13,823	339	-	19,997
Disposals/Written off	(1,259)	(33,333)	(834)	(46)	(35,472)
Disposal of a subsidiary [Note 22(d)]	-	(105)	(1)	-	(106)
End of financial year	228,981	741,063	17,213	1,479	988,736
<b>Accumulated depreciation and impairment losses</b>					
Beginning of financial year	102,168	407,022	11,045	926	521,161
Currency translation differences	-	(26)	(6)	(1)	(33)
Depreciation charge for the year	6,468	51,501	1,331	277	59,577
Disposals/Written off	(1,259)	(32,973)	(697)	(39)	(34,968)
Disposal of a subsidiary [Note 22(d)] (Reversal of impairment charge)/ Impairment charge for the year	-	(86)	(1)	-	(87)
	(1,186)	79	-	-	(1,107)
End of financial year	106,191	425,517	11,672	1,163	544,543
<b>Net book value</b>					
End of financial year	122,790	315,546	5,541	316	444,193
Capital work-in-progress	-	18,341	-	-	18,341
Total	122,790	333,887	5,541	316	462,534
<b>Capital work-in-progress</b>					
Beginning of financial year	3,011	11,107	-	-	14,118
Additions	2,824	22,102	339	-	25,265
Transfer out to property, plant and equipment	(5,835)	(13,823)	(339)	-	(19,997)
Transfer out [Note 15(c)]	-	(1,045)	-	-	(1,045)
End of financial year	-	18,341	-	-	18,341

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) 2008

	GROUP				
	Leasehold Land and Buildings 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	224,194	676,825	16,625	1,520	919,164
Acquisition of business by a subsidiary [Note 22(c)]	-	61	42	-	103
Currency translation differences	-	(66)	(30)	(3)	(99)
Additions	1,208	8,446	576	-	10,230
Transfer in from capital work-in-progress	-	74,672	206	-	74,878
Disposals	(1,015)	(5,321)	(600)	-	(6,936)
End of financial year	224,387	754,617	16,819	1,517	997,340
<b>Accumulated depreciation and impairment losses</b>					
Beginning of financial year	97,966	364,610	10,378	603	473,557
Currency translation differences	-	(19)	(11)	(2)	(32)
Depreciation charge for the year	6,295	47,205	1,228	325	55,053
Disposals	(942)	(5,000)	(550)	-	(6,492)
(Reversal of impairment charge)/ Impairment charge for the year	(1,151)	226	-	-	(925)
End of financial year	102,168	407,022	11,045	926	521,161
<b>Net book value</b>					
End of financial year	122,219	347,595	5,774	591	476,179
Capital work-in-progress	3,011	11,107	-	-	14,118
Total	125,230	358,702	5,774	591	490,297
<b>Capital work-in-progress</b>					
Beginning of financial year	25	43,280	-	-	43,305
Additions	2,986	42,499	206	-	45,691
Transfer out to property, plant and equipment	-	(74,672)	(206)	-	(74,878)
End of financial year	3,011	11,107	-	-	14,118

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) 2009

	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	646,589	12,701	1,360	660,650
Additions	1,353	41	6	1,400
Transfer in from capital work-in-progress	12,813	243	-	13,056
Disposals	(31,867)	(381)	-	(32,248)
End of financial year	628,888	12,604	1,366	642,858
<b>Accumulated depreciation and impairment losses</b>				
Beginning of financial year	344,328	8,735	852	353,915
Depreciation charge for the year	40,887	947	232	42,066
Disposals	(31,659)	(317)	-	(31,976)
End of financial year	353,556	9,365	1,084	364,005
<b>Net book value</b>				
End of financial year	275,332	3,239	282	278,853
Capital work-in-progress	18,044	-	-	18,044
Total	293,376	3,239	282	296,897
<b>Capital work-in-progress</b>				
Beginning of financial year	9,493	-	-	9,493
Additions	21,364	243	-	21,607
Transfer out to property, plant and equipment	(12,813)	(243)	-	(13,056)
End of financial year	18,044	-	-	18,044

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) 2008

	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	578,484	12,689	1,360	592,533
Additions	2,157	268	-	2,425
Transfer in from capital work-in-progress	69,252	206	-	69,458
Transfer in	2	-	-	2
Disposals	(3,306)	(462)	-	(3,768)
End of financial year	646,589	12,701	1,360	660,650
<b>Accumulated depreciation and impairment losses</b>				
Beginning of financial year	309,324	8,280	576	318,180
Depreciation charge for the year	38,277	905	276	39,458
Disposals	(3,273)	(450)	-	(3,723)
End of financial year	344,328	8,735	852	353,915
<b>Net book value</b>				
End of financial year	302,261	3,966	508	306,735
Capital work-in-progress	9,493	-	-	9,493
Total	311,754	3,966	508	316,228
<b>Capital work-in-progress</b>				
Beginning of financial year	42,507	-	-	42,507
Additions	36,238	206	-	36,444
Transfer out to property, plant and equipment	(69,252)	(206)	-	(69,458)
End of financial year	9,493	-	-	9,493

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 9. INVESTMENT PROPERTIES

	GROUP	
	2009 S\$'000	2008 S\$'000
<b>Cost</b>		
Beginning of financial year	1,205,070	1,159,083
Additions	42,498	45,987
Written off	(41)	-
End of financial year	1,247,527	1,205,070
<b>Accumulated depreciation and impairment losses</b>		
Beginning of financial year	64,890	58,463
Depreciation charge for the year	8,175	6,823
Reversal of allowance for impairment	-	(396)
Written off	(3)	-
End of financial year	73,062	64,890
<b>Carrying amount</b>	<b>1,174,465</b>	1,140,180
<b>Fair value</b>	<b>2,039,227</b>	2,065,735

The fair value of the investment properties as at balance sheet date was stated based on professional valuations, determined on an open market value basis. Valuation of the Group's major investment property, the Paragon on Orchard Road, was carried out by an independent professional valuer using the income method.

The Paragon on Orchard Road, with a carrying amount of S\$1,164,922,000 (2008: S\$1,129,522,000), is mortgaged to a bank as security for the loan facility of S\$610 million (2008: S\$610 million) granted to Orchard 290 [Note 7(a)].

In 2008, the Group reversed the allowance for impairment charge on investment properties of S\$396,000. The reversal of allowance of impairment charge had been included in "other operating income".

The following amounts are recognised in the income statement:

	GROUP	
	2009 S\$'000	2008 S\$'000
Rental income	121,180	115,629
Direct operating expenses arising from investment properties that generated rental income	(35,176)	(33,017)

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 10. DEVELOPMENT PROPERTIES

	GROUP	
	2009 S\$'000	2008 S\$'000
<b>Sold development properties</b>		
Aggregate costs incurred and profits recognised to date	467,167	236,883
Less: Progress billings	(139,111)	(136,509)
	<b>328,056</b>	100,374
Analysed as:		
Due from customers (Note 18)	<b>328,056</b>	100,374

Pursuant to the requirement under the Residential Property Act, the Group obtained a banker's guarantee of S\$28,000,000 (2008: 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.

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 effects on the financial statements would have been as follows:

	GROUP	
	2009 S\$'000	2008 S\$'000
(Decrease)/Increase in:		
<u>Income statement</u>		
Revenue from sale of development properties	(242,454)	(138,131)
Profit before taxation	(174,063)	(99,125)
Taxation	(12,471)	(7,893)
Profit after taxation	(161,592)	(91,232)
<u>Balance sheet</u>		
Due from customers as at end of financial year	(324,283)	(100,374)
Due to customers as at end of financial year	-	49,846
Deferred income tax liabilities as at end of financial year	(24,429)	(11,957)
Retained earnings as at beginning of financial year	(138,263)	(47,031)

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

#### (a) Unquoted equities

	COMPANY	
	2009 S\$'000	2008 S\$'000
Unquoted equities at cost	387,340	387,340
Allowance for impairment*	(500)	(500)
	<b>386,840</b>	386,840

\* The impairment charge in 2008 was taken to write down the carrying amount of investment in a subsidiary to its recoverable amount following a review of the subsidiary's business.

Details of significant subsidiaries are set out in Note 32. A list of other operating subsidiaries in the Group can be found on pages 144 to 145 of the annual report.

Details of the acquisition and disposal of subsidiaries are set out in Notes 22(b) and 22(d) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 11. INVESTMENTS IN SUBSIDIARIES AND AMOUNT OWING BY/TO SUBSIDIARIES (CONT'D)

#### (b) Amount owing by subsidiaries

	COMPANY	
	2009 S\$'000	2008 S\$'000
Amount owing by subsidiaries	<b>584,701</b>	766,391
Loans to subsidiaries	<b>111,853</b>	91,418
	<b>696,554</b>	857,809
Allowance for impairment*	<b>(3,310)</b>	(2,972)
	<b>693,244</b>	854,837

\* Impairment charge was attributable to amount owing by and loans extended to subsidiaries.

The amount owing by subsidiaries is non-trade, unsecured, interest-free and repayable on demand.

#### (c) Amount owing to subsidiaries

The amount owing to subsidiaries is non-trade, unsecured and repayable on demand. Except for amount owing to certain subsidiaries of S\$45,719,000 (2008: S\$30,779,000) with effective interest rates ranging from 0.12% to 0.46% (2008: 0.68% to 2.35%) per annum as at the balance sheet date, the amount owing to other subsidiaries is interest-free.

### 12. INVESTMENTS IN ASSOCIATES AND AMOUNT OWING BY/TO ASSOCIATES

#### (a) Unquoted equities

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Beginning of financial year	<b>45,582</b>	71,079	<b>21,326</b>	29,160
Currency translation differences	<b>(106)</b>	49	-	-
Acquisition of associates	<b>419</b>	-	-	-
Acquisition of additional interest in an associate	<b>33</b>	-	-	-
Additional consideration paid on interests in associates	<b>12,218</b>	-	<b>8,000</b>	-
Reclassification from investment in a subsidiary [Note 22(d)]	<b>29</b>	-	-	-
Disposal of an associate	<b>(7,110)</b>	(224)	-	-
Share of net (losses)/profits of associates	<b>(3,268)</b>	1,390	-	-
Dividends received from associates	<b>(2,197)</b>	-	-	-
Impairment losses [Note 12(d)]	-	(26,712)	-	(7,834)
End of financial year	<b>45,600</b>	45,582	<b>29,326</b>	21,326

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 12. INVESTMENTS IN ASSOCIATES AND AMOUNT OWING BY/TO ASSOCIATES (CONT'D)

#### (a) Unquoted equities (cont'd)

The summarised financial information of associates is as follows:

	GROUP	
	2009 S\$'000	2008 S\$'000
Assets	208,896	361,369
Liabilities	48,664	210,133
Revenues	290,528	386,925
Net profit	2,167	3,152
Share of an associate's contingent liabilities incurred jointly with other investors	-	1,290

A list of associates of the Group can be found on page 146 of the annual report.

#### (b) Amount owing by associates

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Amount owing by associates (non-trade)	21	21	-	-*
Loans to associates	-	6,079	-	6,000
	21	6,100	-	6,000

\* Less than S\$500.

The Company granted a S\$6 million loan with a tenure of three years commencing May 1, 2005 to an associate. Upon its maturity on May 1, 2008, the loan was extended interest-free for one year. In 2009, the loan was converted into equity shares in the associate.

#### (c) Amount owing to an associate

The amount owing to an associate is unsecured, interest-free and repayable on demand.

#### (d) Impairment in investments in associates

The following carrying value of the Group's investments in associates as at August 31, 2008 was assessed and determined to be impaired in the previous financial year:

	Carrying Amount before Impairment Loss S\$'000	Impairment Loss S\$'000	Net Carrying Amount S\$'000
<b>Associate</b>			
TOM Outdoor Media Group Limited	38,155	(26,455)	11,700
Other associates	257	(257)	-

Notes:

- (i) For impairment testing purposes, the respective associate is considered to be the cash generating unit ("CGU").
- (ii) The recoverable value of the CGU is determined based on fair value less cost to sell. Cost to sell is expected to be immaterial in the computation.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

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

#### (a) Unquoted equities

	GROUP	
	2009 S\$'000	2008 S\$'000
Beginning of financial year	15,652	10,497
Acquisition of a jointly-controlled entity	225	7,261
Additional consideration paid on interests in jointly-controlled entities	5,844	-
Share of net losses	(5,299)	(2,106)
Others	1,019	-
End of financial year	17,441	15,652

The Group's investments 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 33.33% to 50% (2008: 50%) of the assets and liabilities and income and expenses of the jointly-controlled entities as at August 31, 2009 should proportionate consolidation be adopted.

	GROUP	
	2009 S\$'000	2008 S\$'000
Assets		
- Current assets	17,622	16,537
- Non-current assets	2,606	2,122
	20,228	18,659
Liabilities		
- Current liabilities	3,750	2,308
- Non-current liabilities	1,233	753
	4,983	3,061
Net assets	15,245	15,598
Income	1,191	969
Expenses	(6,490)	(3,558)
Net loss	(5,299)	(2,589)

A list of jointly-controlled entities of the Group can be found on page 146 of the annual report.

#### (b) Amount owing by jointly-controlled entities

The amount owing by jointly-controlled entities is unsecured, interest-free and repayable on demand.

#### (c) Amount owing to a jointly-controlled entity

The amount owing to a jointly-controlled entity comprises amount owing by the Company to the jointly-controlled entity of S\$18,406,000 (2008: S\$12,571,000), and amount owing by a subsidiary to the jointly-controlled entity of S\$18,000 (2008: S\$45,000). The amount owing by the Company to the jointly-controlled entity is non-trade, unsecured, repayable on demand and interest-bearing, with effective interest rates ranging from 0.05% to 1.42% (2008: 0.66% to 2.49%) per annum as at the balance sheet date. The amount owing by a subsidiary to the jointly-controlled entity is non-trade, unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 14. LONG-TERM INVESTMENTS

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

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Quoted securities				
- Equities	239,716	268,832	28,146	34,860
Unquoted securities				
- Equities	3,175	4,488	-	-
- Investment funds	2,027	1,977	-	-
	244,918	275,297	28,146	34,860

The quoted equities are listed in Singapore.

### 15. INTANGIBLE ASSETS

	GROUP	
	2009 S\$'000	2008 S\$'000
Arising from business combinations		
- Goodwill [Note 15(a)]	35,846	30,191
- Technology, trademark, licences, mastheads and others [Note 15(b)]	15,279	9,516
Acquired separately		
- Technology and licences [Note 15(c)]	1,503	-
	52,628	39,707

#### (a) Arising from business combinations

- Goodwill

	GROUP	
	2009 S\$'000	2008 S\$'000
<b>Cost</b>		
Beginning of financial year	30,546	14,321
Acquisition of subsidiaries [Note 22(b)]	5,404	-
Acquisition of additional interests in subsidiaries	-	523
Acquisition of business by a subsidiary [Note 22(c)]	23	13,996
Additional consideration paid on interests in a subsidiary	-	2,200
Written off	(131)	-
Currency translation differences	359	(494)
End of financial year	36,201	30,546
<b>Accumulated impairment</b>		
Beginning and end of financial year	(355)	(355)
<b>Net book value</b>	<b>35,846</b>	<b>30,191</b>

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 15. INTANGIBLE ASSETS (CONT'D)

#### (b) Arising from business combinations

##### - Technology, trademark, licences, mastheads and others

2009

	GROUP		
	Technology S\$'000	Trademark, licences, mastheads and others S\$'000	Total S\$'000
<b>Cost</b>			
Beginning of financial year	-	11,892	11,892
Acquisition of subsidiaries [Note 22(b)]	6,518	1,800	8,318
Acquisition of business by a subsidiary [Note 22(c)]	-	318	318
Currency translation differences	-	8	8
Written off	-	(1,100)	(1,100)
End of financial year	6,518	12,918	19,436
<b>Accumulated amortisation</b>			
Beginning of financial year	-	(2,376)	(2,376)
Amortisation charge (Note 27)	(493)	(1,574)	(2,067)
Currency translation differences	-	186	186
Written off	-	100	100
End of financial year	(493)	(3,664)	(4,157)
<b>Net book value</b>	<b>6,025</b>	<b>9,254</b>	<b>15,279</b>

2008

	GROUP		
	Technology S\$'000	Trademark, licences, mastheads and others S\$'000	Total S\$'000
<b>Cost</b>			
Beginning of financial year	-	2,608	2,608
Acquisition of business by a subsidiary [Note 22(c)]	-	9,284	9,284
End of financial year	-	11,892	11,892
<b>Accumulated amortisation</b>			
Beginning of financial year	-	(1,568)	(1,568)
Amortisation charge (Note 27)	-	(808)	(808)
End of financial year	-	(2,376)	(2,376)
<b>Net book value</b>	<b>-</b>	<b>9,516</b>	<b>9,516</b>

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 15. INTANGIBLE ASSETS (CONT'D)

#### (c) Acquired separately

##### - Technology and licences

	GROUP
	2009
	S\$'000
<b>Cost</b>	
Beginning of financial year	-
Additions	759
Transfer from work-in-progress [Note 8(a)]	1,045
End of financial year	1,804
<b>Accumulated amortisation</b>	
Beginning of financial year	-
Amortisation charge (Note 27)	(301)
End of financial year	(301)
<b>Net book value</b>	<b>1,503</b>

### 16. OTHER NON-CURRENT ASSETS

	GROUP		COMPANY	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
Staff loans	3,981	4,650	3,484	4,348
Sundry debtors	903	1,010	169	148
Others	65	65	-	-
	<b>4,949</b>	5,725	<b>3,653</b>	4,496

### 17. INVENTORIES

	GROUP		COMPANY	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials and consumable stores	29,907	36,981	29,059	35,776
Allowance for write-down of inventories	(537)	(700)	(528)	(700)
	<b>29,370</b>	36,281	<b>28,531</b>	35,076

The cost of inventories recognised as an expense and included in materials, consumables and broadcasting costs in the income statement amounts to S\$144,658,000 (2008: S\$133,979,000).

During the financial year, the Group made a reversal of allowance for stock obsolescence amounting to S\$163,000 (2008: allowance of S\$300,000).

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 18. TRADE RECEIVABLES

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Amount owing	115,653	133,898	95,148	110,352
Allowance for impairment	(9,701)	(10,281)	(7,892)	(8,343)
	105,952	123,617	87,256	102,009
Development properties				
- Due from customers (Note 10)	328,056	100,374	-	-
	434,008	223,991	87,256	102,009

Amounts due from customers on development properties are neither past due nor impaired as they relate to the aggregated costs incurred and the profit or loss recognised in each development property that has been sold, net of any progress billings. The amounts due will be invoiced to the purchasers progressively in accordance with the schedule stated in the sale and purchase agreements.

### 19. OTHER RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Accrued interest	1,231	1,644	64	70
Sundry debtors	10,098	8,746	4,317	1,799
Prepayments	5,962	4,437	2,775	2,200
Staff loans	1,471	1,638	1,331	1,489
	18,762	16,465	8,487	5,558

### 20. SHORT-TERM INVESTMENTS

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Available-for-sale financial assets [Note 20(a)(i)]	411,052	416,482	169,940	84,075
Financial assets at fair value through profit or loss [Note 20(a)(ii) and 20(b)]	37,520	226,079	-	-
	448,572	642,561	169,940	84,075

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 20. SHORT-TERM INVESTMENTS (CONT'D)

#### (a) Internally managed

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

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Quoted securities*				
- Equities	35,744	48,833	-	-
- Bonds	210,027	91,276	109,940	-
- Investment funds	120,429	210,207	60,000	84,075
	<b>366,200</b>	350,316	<b>169,940</b>	84,075
Unquoted securities				
- Equities	187	152	-	-
- Bonds	-	10,000	-	-
- Investment funds	44,665	56,014	-	-
	<b>44,852</b>	66,166	-	-
	<b>411,052</b>	416,482	<b>169,940</b>	84,075

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

	GROUP	
	2009 S\$'000	2008 S\$'000
Quoted securities*		
- Held for trading		
- Equities	-	760
- Designated at fair value on initial recognition		
- Bonds	37,520	30,455
	<b>37,520</b>	31,215

\* Quoted equities and bonds are mainly invested in Singapore. Quoted investment funds are invested in globally diversified portfolios with no significant concentration risk.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 20. SHORT-TERM INVESTMENTS (CONT'D)

#### (b) Funds under management

The financial assets that are externally-managed comprise 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.

Funds under management are classified as financial assets at fair value through profit or loss and comprise the following:

	GROUP	
	2009 S\$'000	2008 S\$'000
Quoted securities		
- Equities	-	31,928
- Bonds	-	66,188
	-	98,116
Derivatives	-	(3,868)
Cash and cash equivalents	-	8,457
Accrued income	-	638
Due from brokers	-	91,521
Designated as fair value through profit or loss upon initial recognition	-	194,864

The funds are mainly invested in globally diversified portfolios with no significant concentration risk. During the financial year, the Group terminated all of its funds under management.

### 21. DERIVATIVE FINANCIAL INSTRUMENTS

Analysed as:

#### 2009

	Contract Notional Amount S\$'000	GROUP	
		Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Non-current</b>			
Cash flow hedge			
- Interest-rate swaps [Note 7(f)]	600,000	-	16,792
<b>Current</b>			
Derivatives that do not qualify as hedges			
- Currency forwards	121,299	1,002	129
- Cross currency swap	5,764	1,298	-
		2,300	129

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 21. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

2009 (cont'd)

	COMPANY		
	Contract Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Non-current</b>			
Cash flow hedge			
- Interest-rate swaps [Note 7(f)]	100,000	-	1,753
<b>Current</b>			
Derivatives that do not qualify as hedges			
- Currency forwards	36,026	131	47

2008

	GROUP		
	Contract Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Non-current</b>			
Cash flow hedge			
- Interest-rate swaps [Note 7(f)]	500,000	-	10,983
<b>Current</b>			
Derivatives that do not qualify as hedges			
- Currency forwards	67,657	14	2,211
- Cross currency swap	7,052	1,693	-
		1,707	2,211

	COMPANY		
	Contract Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Current</b>			
Derivatives that do not qualify as hedges			
- Currency forwards	4,937	14	-

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 22. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents at the end of the financial year comprise the following:

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Cash held as fixed bank deposits	269,776	180,534	118,664	59,245
Cash and bank balances	29,477	30,490	9,973	12,226
	<b>299,253</b>	211,024	<b>128,637</b>	71,471

Included in cash and cash equivalents are the following:

	GROUP	
	2009 S\$'000	2008 S\$'000
Amount held as fixed bank deposits under Housing Developers (Project Account) Rules	25,300	70,500
Amount held in project bank account under Housing Developers (Project Account) Rules	219	448

Under the Housing Developers (Project Account) Rules, withdrawals from the above bank accounts are restricted to payments for expenditure incurred on the development properties (Note 10).

(b) Acquisition of subsidiaries

	GROUP	
	2009	2009
	At fair values S\$'000	Carrying amounts in acquiree's books S\$'000
<b>Identifiable assets and liabilities</b>		
Property, plant and equipment (Note 8)	318	318
Intangible assets [Note 15(b)]	8,318	18
Investment in an associate	169	169
Current assets (including cash)	5,323	5,323
Current liabilities	(3,123)	(3,123)
Deferred income tax liabilities [Note 6(a)]	(1,105)	-
Identifiable net assets acquired	9,900	2,705
Goodwill on acquisition [Note 15(a)]	5,404	
Total purchase consideration [Note 22(b)(i)]	15,304	
Less: Cash and cash equivalents of subsidiaries acquired	(4,183)	
Net cash outflow on investments in subsidiaries	11,121	

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 22. CASH AND CASH EQUIVALENTS (CONT'D)

#### (b) Acquisition of subsidiaries (cont'd)

Note (b)(i)

The Group through its wholly-owned subsidiary, SPH Interactive Pte Ltd ("SPHI"), entered into an agreement on September 9, 2008 to acquire the entire issued share capital of Shareinvestor.com Holdings Pte Ltd ("Shareinvestor.com"), an established financial internet portal.

The acquisition was completed on November 17, 2008. A total consideration of S\$15 million was paid as at August 31, 2009.

The goodwill is attributable to the value of the acquired businesses and management expertise of Shareinvestor.com Holdings Pte Ltd, its subsidiaries and an associate.

The acquired subsidiaries contributed revenue of S\$6.3 million and net profit of S\$1.1 million to the Group for the period from November 17, 2008 to August 31, 2009. If the acquisition had occurred on September 1, 2008, Group operating revenue and total profit would have increased by S\$2.0 million and S\$0.3 million respectively.

#### (c) Acquisition of business by a subsidiary

	GROUP			
	2009		2008	
	At fair values S\$'000	At carrying amounts S\$'000	At fair values S\$'000	At carrying amounts S\$'000
<b>Identifiable assets and liabilities</b>				
Property, plant and equipment (Note 8)	24	21	103	103
Current assets (including cash)	102	83	603	603
Intangible assets [Note 15(b)]	318	-	9,284	-
Current liabilities	-	-	(84)	(84)
Deferred income tax liabilities [Note 6(a)]	-	-	(50)	-
Identifiable net assets acquired	444	104	9,856	622
Goodwill on acquisition [Note 15(a)]	23		13,996	
Total purchase consideration [Note 22(c)(i)]	467		23,852	
Less: Cash and cash equivalents acquired	-		(508)	
Net cash outflow on acquisition of business by a subsidiary	467		23,344	

Note (c)(i)

#### 2009

On September 17, 2008, the Group's wholly-owned subsidiary, Straits Times Press Pte Ltd, acquired a book publishing business and took over certain contracts and staff from SNP International Publishing for a consideration of S\$0.5 million.

The goodwill is attributable to the value and management expertise of the acquired business.

The acquired business contributed revenue of S\$0.9 million and net loss of S\$0.3 million to the Group for the period from September 17, 2008 to August 31, 2009.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 22. CASH AND CASH EQUIVALENTS (CONT'D)

#### (c) Acquisition of business by a subsidiary (cont'd)

Note (c)(i) (cont'd)

2008

On December 31, 2007, the Group acquired the business of ADKOM Ltd, for a total purchase consideration of S\$23.9 million. This includes:

- All luxury magazine titles published and owned by ADKOM Ltd; and
- All other businesses, assets and benefits relating to the publishing of the titles including staff, fixed assets and all contracts.

The goodwill is attributable to the value and management expertise of the acquired business.

The acquired business contributed revenue of S\$5.6 million and net profit of S\$0.5 million to the Group for the period from January 1, 2008 to August 31, 2008. If the acquisition had occurred on September 1, 2007, Group operating revenue and total profit would have increased by S\$8.6 million and S\$0.5 million respectively.

#### (d) Disposal of a subsidiary

	<b>GROUP</b>
	<b>2009</b>
	<b>S\$'000</b>
<b>Carrying values of identifiable assets and liabilities</b>	
Property, plant and equipment (Note 8)	<b>19</b>
Current assets (including cash)	<b>470</b>
Current liabilities	<b>(345)</b>
	<b>144</b>
Reclassification of remaining 20% equity interest as investment in an associate [Note 12(a)]	<b>(29)</b>
	<b>115</b>
Profit on disposal	<b>3</b>
Cash proceeds from disposal [Note 22(d)(i)]	<b>118</b>
Less: Cash and cash equivalents in subsidiary disposed	<b>(71)</b>
Net cash inflow on disposal	<b>47</b>

Note (d)(i)

On October 3, 2008, Magazines Incorporated Pte Ltd ("Magazines Inc"), a wholly-owned subsidiary of SPH Magazines Pte Ltd, entered into a Share Purchase Agreement to sell 80% of its entire stake in the capital of MI Publishing (HK) Co Ltd ("MIHK") to Sing Tao Holdings (BVI) Limited for a cash consideration of HKD603,000 (S\$118,000).

The sale and transfer was completed on November 15, 2008. MIHK is no longer a subsidiary of Magazines Inc but will remain as a 20% associate. It will continue to publish The Peak Hong Kong under a publishing licence arrangement with SPH Magazines Pte Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 23. OTHER PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
<b>Current</b>				
Accrued operating expenses	104,030	124,486	87,491	109,931
Sundry creditors	29,551	32,136	17,755	21,934
	<b>133,581</b>	156,622	<b>105,246</b>	131,865
<b>Non-current</b>				
Sundry creditors	22,858	21,924	-	-

### 24. CAPITAL AND OTHER COMMITMENTS

#### (a) Commitments for capital expenditure and investments

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Authorised and contracted for				
- Property, plant and equipment	16,178	61,730	15,685	55,258
- Investment properties	2,389	34,434	-	-
- Equity funding	109,924	86,449	-	-
	<b>128,491</b>	182,613	<b>15,685</b>	55,258

#### (b) Operating lease commitments – where the Group and/or Company is a lessee

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Within 1 year	7,062	7,513	306	248
Between 1 - 5 years	15,116	16,028	117	10
After 5 years	107,981	115,294	-	-
	<b>130,159</b>	138,835	<b>423</b>	258

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

#### (c) Operating lease commitments – where the Group is a lessor

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Within 1 year	124,124	117,308	-	-
Between 1 - 5 years	220,062	221,576	-	-
After 5 years	8,272	28,848	-	-
	<b>352,458</b>	367,732	-	-

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

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 25. OPERATING REVENUE

	GROUP	
	2009 S\$'000	2008 S\$'000
<b>Newspaper and Magazine</b>		
Sale of services - Advertisements	648,277	780,064
Sale of goods - Circulation	214,205	205,840
Others	29,922	28,431
	<b>892,404</b>	1,014,335
<b>Property</b>		
Rental and rental-related services	123,146	117,163
Sale of development properties	242,454	138,131
	<b>365,600</b>	255,294
<b>Others</b>		
Sale of services - Advertisements	18,108	19,961
Sale of services - Multimedia and other services	25,255	11,421
	<b>43,363</b>	31,382
	<b>1,301,367</b>	1,301,011

### 26. STAFF COSTS

	GROUP	
	2009 S\$'000	2008 S\$'000
Salaries, bonuses and other costs	253,808	295,000
Employers' contribution to defined contribution plans	26,666	31,692
Share-based compensation expenses [Note 5(b)]	6,422	6,406
	<b>286,896</b>	333,098

### 27. OTHER OPERATING EXPENSES

	GROUP	
	2009 S\$'000	2008 S\$'000

Included in other operating expenses are:

Audit fees		
- Company's auditors	664	581
- Other auditors	85	64
Non-audit fees <sup>#</sup>		
- Company's auditors	81	100
Rental expense - operating lease	8,866	9,124
Net foreign exchange loss from operations	2,517	761
Amortisation of intangible assets [Notes 15(b) and (c)]	2,368	808
Allowance for impairment of trade receivables	2,084	1,542
Bad debts recovery	(318)	(214)
Impairment charge on property, plant and equipment	79	226
Net loss/(profit) on disposal of property, plant and equipment	321	(493)

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

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 28. FINANCE COSTS

	GROUP	
	2009 S\$'000	2008 S\$'000
Interest on bank loans	10,497	14,072
Realised loss on cash flow hedge, transferred from equity [Note 5(c)]*	11,049	5,063
	<b>21,546</b>	19,135

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

### 29. NET (LOSS)/INCOME FROM INVESTMENTS

	GROUP	
	2009 S\$'000	2008 S\$'000
<b>Available-for-sale financial assets</b>		
Interest income	3,825	5,464
Dividend income	22,725	29,235
Net foreign exchange loss	(156)	(350)
Profit on sale of investments	3,530	14,580
Profit from capital reduction exercises of investee companies	-	2,607
Impairment of investment	(4,568)	-
	<b>25,356</b>	51,536
<b>Financial assets at fair value through profit or loss</b>		
Net fair value gain/(loss) of internally-managed investments		
- Designated upon initial recognition	1,168	907
- Held for trading	60	(44)
Net loss from funds under management	(30,531)	(12,408)
Net fair value (loss)/gain of derivative instruments	(172)	6,472
	<b>(29,475)</b>	(5,073)
<b>Deposits with financial institutions</b>		
Interest income	609	1,294
Net foreign exchange loss	(2,676)	(9)
	<b>(2,067)</b>	1,285
	<b>(6,186)</b>	47,748

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 30. DIVIDENDS

	GROUP AND COMPANY	
	2009 S\$'000	2008 S\$'000
Dividends paid:		
- Final tax-exempt dividend of 9 cents per share in respect of previous financial year (2008: 9 cents per share)	144,237	144,208
- Special final tax-exempt dividend of 10 cents per share in respect of previous financial year (2008: 10 cents per share)	160,264	160,231
- Interim tax-exempt dividend of 7 cents per share (2008: 8 cents per share)	112,221	128,282
	<b>416,722</b>	432,721

- (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 9 cents per share for 2009, amounting to a total of S\$288,567,000.
- (b) These financial statements do not reflect these proposed dividends, which will be accounted for in shareholders' interests as an appropriation of retained profit in the financial year ending August 31, 2010 when they are approved at the next annual general meeting.

### 31. EARNINGS PER SHARE

	GROUP			
	2009		2008	
	Basic S\$'000	Diluted S\$'000	Basic S\$'000	Diluted S\$'000
Profit after taxation attributable to shareholders of the Company	421,881	421,881	437,444	437,444
	Number of Shares		Number of Shares	
	'000	'000	'000	'000
Weighted average number of shares	1,602,980	1,602,980	1,602,015	1,602,015
Adjustment for assumed conversion of				
- share options	-	36	-	1,540
- performance shares	-	9,534	-	4,642
Weighted average number of shares used to compute earnings per share	1,602,980	1,612,550	1,602,015	1,608,197
	2009		2008	
	Basic	Diluted	Basic	Diluted
Earnings per share (S\$)	0.26	0.26	0.27	0.27

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 32. SIGNIFICANT SUBSIDIARIES OF THE GROUP

Name of Subsidiaries	Principal Activities	Country of Incorporation	Effective % of Equity held by the Group	
			2009 %	2008 %
Times Properties Private Limited	Letting properties and provision of property management services	Singapore	100	100
Orchard 290 Ltd	Holding investments and managing of shopping centres and other commercial properties	Singapore	100	100
Times Development Pte Ltd	Property development	Singapore	100	100
Singapore News and Publications Limited	Holding investments and properties	Singapore	100	100
Singapore Newspaper Services Private Limited	Holding investments and properties	Singapore	100	100
Lianhe Investments Pte. Ltd.	Holding investments for trading purposes	Singapore	100	100
SPH MultiMedia Private Limited	Holding investments	Singapore	100	100
SPH AsiaOne Ltd	Holding investments	Singapore	100	100

Notes:

(i) The above companies are audited by PricewaterhouseCoopers LLP, Singapore.

(ii) A list of the other operating subsidiaries of the Group can be found on pages 144 to 145 of the annual report.

### 33. FINANCIAL RISK MANAGEMENT

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

Matters pertaining to risk management strategies and execution require the decision and approval of the Board of Directors ("Board").

Financial risk management is mainly carried out by a central treasury department ("Treasury & Investment") in accordance with policies approved by the Board. Treasury & Investment analyses its investment portfolio and works closely with business units to identify, evaluate and hedge financial risks where appropriate. Guidelines for authority levels and exposure limits are in place to prevent unauthorised transactions. The Board is regularly updated on the Group's financial investments and hedging activities.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

The policies for managing these risks are summarised below.

#### (a) Market risk

##### (i) 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, associates and jointly-controlled entities, whose net assets are exposed to currency translation risk.

Where appropriate, the Group enters into foreign exchange forward contracts and cross currency swaps to hedge 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, associates and jointly-controlled entities.

The Group's currency exposure on its monetary financial assets and liabilities based on the information provided to key management is as follows:

	2009			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>				
Trade and other receivables	110,904	638	7,094	118,636
Short-term investments	241,195	6,352	-	247,547
Amount owing by associates	14	-	7	21
Amount owing by jointly-controlled entities	316	-	221	537
Other non-current assets	4,539	13	397	4,949
Cash and cash equivalents	218,229	75,815	5,209	299,253
	<b>575,197</b>	<b>82,818</b>	<b>12,928</b>	<b>670,943</b>
<b>Financial liabilities</b>				
Trade payables and accrued liabilities	(220,045)	(14,243)	(6,915)	(241,203)
Amount owing to an associate	(5)	-	-	(5)
Amount owing to jointly-controlled entities	(18,424)	-	-	(18,424)
Borrowings	(720,870)	-	(3,393)	(724,263)
	<b>(959,344)</b>	<b>(14,243)</b>	<b>(10,308)</b>	<b>(983,895)</b>
<b>Net financial (liabilities)/assets</b>	<b>(384,147)</b>	<b>68,575</b>	<b>2,620</b>	<b>(312,952)</b>
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	384,147	(183)	(2,294)	381,670
Less: Firm commitments	-	(2,927)	-	(2,927)
Less: Currency forwards	-	(105,196)	-	(105,196)
<b>Currency exposure</b>	<b>-</b>	<b>(39,731)</b>	<b>326</b>	<b>(39,405)</b>

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Market risk (cont'd)

##### (i) Currency risk (cont'd)

	2008			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>				
Trade and other receivables	126,271	1,835	7,539	135,645
Short-term investments	125,595	157,954	11,118	294,667
Amount owing by associates	6,079	21	-	6,100
Amount owing by jointly-controlled entities	136	-	-	136
Other non-current assets	5,508	27	190	5,725
Cash and cash equivalents	197,813	6,933	6,278	211,024
	461,402	166,770	25,125	653,297
<b>Financial liabilities</b>				
Trade payables and accrued liabilities	(240,120)	(16,833)	(9,632)	(266,585)
Amount owing to an associate	-	(21)	-	(21)
Amount owing to a jointly-controlled entity	(12,616)	-	-	(12,616)
Borrowings	(570,870)	-	(3,546)	(574,416)
	(823,606)	(16,854)	(13,178)	(853,638)
<b>Net financial (liabilities)/assets</b>	(362,204)	149,916	11,947	(200,341)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	362,204	-	(849)	361,355
Less: Firm commitments	-	(9,695)	-	(9,695)
Less: Currency forwards	-	(65,410)	-	(65,410)
<b>Currency exposure</b>	-	74,811	11,098	85,909

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Market risk (cont'd)

##### (i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	2009			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>				
Trade and other receivables	92,662	143	163	92,968
Short-term investments	109,940	-	-	109,940
Amount owing by subsidiaries	693,244	-	-	693,244
Amount owing by a jointly-controlled entity	27	-	-	27
Other non-current assets	3,653	-	-	3,653
Cash and cash equivalents	97,442	30,925	270	128,637
	<b>996,968</b>	<b>31,068</b>	<b>433</b>	<b>1,028,469</b>
<b>Financial liabilities</b>				
Trade payables and accrued liabilities	(131,687)	(6,605)	(598)	(138,890)
Amount owing to subsidiaries	(418,602)	(35)	-	(418,637)
Amount owing to a jointly-controlled entity	(18,406)	-	-	(18,406)
Borrowings	(150,000)	-	-	(150,000)
	<b>(718,695)</b>	<b>(6,640)</b>	<b>(598)</b>	<b>(725,933)</b>
<b>Net financial assets/(liabilities)</b>	<b>278,273</b>	<b>24,428</b>	<b>(165)</b>	<b>302,536</b>
Less: Net financial liabilities/(assets) denominated in the Company's functional currency	(278,273)	-	-	(278,273)
Less: Firm commitments	-	(2,927)	-	(2,927)
Add: Currency forwards	-	(21,615)	-	(21,615)
<b>Currency exposure</b>	<b>-</b>	<b>(114)</b>	<b>(165)</b>	<b>(279)</b>

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Market risk (cont'd)

##### (i) Currency risk (cont'd)

	2008			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>				
Trade and other receivables	105,032	227	108	105,367
Amount owing by subsidiaries	846,502	-	8,335	854,837
Amount owing by an associate	6,000	-	-	6,000
Amount owing by a jointly-controlled entity	17	-	-	17
Other non-current assets	4,496	-	-	4,496
Cash and cash equivalents	65,388	5,106	977	71,471
	1,027,435	5,333	9,420	1,042,188
<b>Financial liabilities</b>				
Trade payables and accrued liabilities	(165,362)	(16,701)	(1,104)	(183,167)
Amount owing to subsidiaries	(387,296)	(217)	-	(387,513)
Amount owing to a jointly-controlled entity	(12,571)	-	-	(12,571)
	(565,229)	(16,918)	(1,104)	(583,251)
<b>Net financial assets/(liabilities)</b>	462,206	(11,585)	8,316	458,937
Less: Net financial liabilities/(assets) denominated in the Company's functional currency	(462,206)	-	-	(462,206)
Less: Firm commitments	-	(9,695)	-	(9,695)
Add: Currency forwards	-	4,951	-	4,951
<b>Currency exposure</b>	-	(16,329)	8,316	(8,013)

If the USD changes against the SGD by 5% (2008: 4%) with all other variables including tax rate being held constant, the effects arising from the currency exposure will be as follows:

	2009		2008	
	Profit after tax S\$'000	Equity S\$'000	Profit after tax S\$'000	Equity S\$'000
<b>Increase/(Decrease)</b>				
<b>Group</b>				
USD against SGD				
- strengthened	(1,656)	-	2,454	-
- weakened	1,656	-	(2,454)	-
<b>Company</b>				
USD against SGD				
- strengthened	(5)	-	(536)	-
- weakened	5	-	536	-

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Market risk (cont'd)

##### (ii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group which are classified either as available-for-sale or at fair value through profit or loss. The market values of these investments are affected by, amongst others, changes in market prices as a result of changes in the 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 and responds to these changes as and when appropriate and necessary. To manage the price risk arising from investments in equity securities, the Group diversifies its portfolio across different markets and industries whenever it is appropriate.

The Group terminated all of its funds under management during the financial year. If prices for equity securities that are internally-managed changed by 20% (2008: 15% and 12% for equity securities that are internally-managed and managed by external fund managers respectively) with all other variables including tax rate being held constant, the effects on profit after tax and equity arising from the change in valuation of the equity securities will be:

	2009		2008	
	Profit after tax S\$'000	Equity S\$'000	Profit after tax S\$'000	Equity S\$'000
<b>Increase/(Decrease)</b>				
<b>Group</b>				
Internally-managed investments				
- increased by	-	<b>71,988</b>	94	60,974
- decreased by	-	<b>(71,988)</b>	(94)	(60,974)
Funds under management				
- increased by	-	-	3,267	-
- decreased by	-	-	(3,267)	-
<b>Company</b>				
Internally-managed investments				
- increased by	-	<b>5,629</b>	-	5,229
- decreased by	-	<b>(5,629)</b>	-	(5,229)

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Market risk (cont'd)

##### (iii) 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 the Company and its subsidiaries to finance its operations. Where appropriate, the Group seeks to minimise its cash flow interest rate risk exposure by entering into interest rate swap contract to swap floating interest rate for fixed interest rate over the duration of its borrowings.

Movements in interest rates will therefore have an impact on the Group. A change of 0.5% (2008: 1%) point in interest rate at the reporting date would affect profit after tax and equity by the amounts shown below, assuming that all other variables remain constant.

	2009		2008	
	Profit after tax S\$'000	Equity S\$'000	Profit after tax S\$'000	Equity S\$'000
<b>Increase/(Decrease)</b>				
<b>Group</b>				
Fixed deposits with financial institutions	1,119	-	1,481	-
Borrowings (net of interest rate swaps)	(500)	-	(581)	-
Internally-managed investments	(990)	(1,174)	52	(3,794)
Funds under management	-	-	(674)	-
<b>Company</b>				
Fixed deposits with financial institutions	492	-	486	-
Borrowings (net of interest rate swaps)	(208)	-	-	-
Internally-managed investments	-	(249)	689	-

#### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, thereby resulting in financial loss to the Group. For trade receivables, 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 deposits, bankers'/insurance guarantees from its customers, and imposes cash terms and/or advance payments from customers of lower credit standing. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet which comprise mainly trade receivables, investments in bonds, cash and bank deposits. In addition, the Company is the primary obligor for an unsecured composite advance facility which could be utilised by the Company and its designated subsidiaries. The amount utilised by the Group as at August 31, 2009 was S\$800,000 (2008: S\$800,000).

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
<b>By types of customers</b>				
Advertisement	78,827	95,392	66,450	78,238
Circulation	14,184	12,528	13,041	11,146
Multimedia	2,129	2,251	1,215	2,203
Broadcasting	610	966	-	-
Rental	1,149	883	-	-
Others	9,053	11,597	6,550	10,422
	<b>105,952</b>	123,617	<b>87,256</b>	102,009

(i) Financial assets that are neither past due nor impaired

Bank deposits and investments in bonds are neither past due nor impaired. Bank deposits are placed with reputable banks and financial institutions. The Group's bond portfolio and funds placed with external managers are primarily invested in investment grade securities. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are either past due or impaired

The age analysis of trade receivables past due but not impaired is as follows:

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Past due 0 to 30 days	18,254	16,796	13,487	12,407
Past due 31 to 60 days	4,991	5,602	2,443	2,162
Past due 61 to 90 days	2,219	2,641	827	1,049
Past due over 90 days	3,758	3,026	760	786
	<b>29,222</b>	28,065	<b>17,517</b>	16,404

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	GROUP		COMPANY	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Gross amount	9,701	10,281	7,892	8,343
Less: Allowance for impairment	(9,701)	(10,281)	(7,892)	(8,343)
	-	-	-	-
Beginning of financial year	10,281	10,542	8,343	8,593
Acquisition of subsidiaries	2	-	-	-
Allowance made	2,084	1,542	1,476	1,057
Allowance utilised	(2,661)	(1,809)	(1,927)	(1,307)
Currency translation difference	(5)	6	-	-
End of financial year	<b>9,701</b>	10,281	<b>7,892</b>	8,343

Certain past due or impaired trade receivables are backed by bankers'/insurance guarantees and/or deposits from customers. It is not practicable to determine the fair value of the collaterals that correspond to these trade receivables.

The basis of determining impairment is set out in the accounting policy Note 2(l)(v).

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (c) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. To manage 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.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
<b>Group</b>				
<b>At August 31, 2009</b>				
Net-settled interest rate swap	(8,893)	(7,764)	(135)	-
Gross-settled currency forwards				
- Receipts	115,375	423	7,476	-
- Payments	(114,484)	(404)	(6,172)	-
Trade and other payables	(218,345)	(9,438)	(10,541)	(2,879)
Amount owing to associates	(5)	-	-	-
Amount owing to a jointly-controlled entity	(18,424)	-	-	-
Borrowings	(7,691)	(575,382)	(153,648)	-
	<b>(252,467)</b>	<b>(592,565)</b>	<b>(163,020)</b>	<b>(2,879)</b>
<b>At August 31, 2008</b>				
Net-settled interest rate swap	(3,840)	(3,840)	(3,303)	-
Gross-settled currency forwards				
- Receipts	68,094	423	7,899	-
- Payments	(70,261)	(389)	(6,198)	-
Trade and other payables	(244,661)	(6,377)	(12,708)	(2,839)
Amount owing to associates	(21)	-	-	-
Amount owing to a jointly-controlled entity	(12,616)	-	-	-
Borrowings	(9,587)	(12,390)	(577,546)	-
	<b>(272,892)</b>	<b>(22,573)</b>	<b>(591,856)</b>	<b>(2,839)</b>

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (c) Liquidity risk (cont'd)

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
<b>Company</b>				
<b>At August 31, 2009</b>				
Net-settled interest rate swap	(809)	(809)	(135)	-
Gross-settled currency forwards				
- Receipts	36,302	-	-	-
- Payments	(36,218)	-	-	-
Trade and other payables	(138,890)	-	-	-
Amount owing to subsidiaries	(418,637)	-	-	-
Amount owing to a jointly-controlled entity	(18,406)	-	-	-
Borrowings	(1,524)	(1,524)	(150,255)	-
	<b>(578,182)</b>	<b>(2,333)</b>	<b>(150,390)</b>	<b>-</b>
<b>At August 31, 2008</b>				
Gross-settled currency forwards				
- Receipts	4,951	-	-	-
- Payments	(4,937)	-	-	-
Trade and other payables	(183,167)	-	-	-
Amount owing to subsidiaries	(387,513)	-	-	-
Amount owing to a jointly-controlled entity	(12,571)	-	-	-
	(583,237)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 33. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (d) Capital risk

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The total capital of the Group and the Company as at the balance sheet dates is represented by the respective "Shareholders' interests" as presented on the balance sheets.

Management uses the "Return on Shareholders' Funds" as a measure of efficiency in managing capital. The "Return on Shareholders' Funds" is calculated as profit attributable to shareholders divided by shareholders' interests. The "Return on Shareholders' Funds" was 20.5% for the current financial year ended August 31, 2009 (2008: 20.9%).

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended August 31, 2008 and 2009.

### 34. RELATED PARTY TRANSACTIONS

Key management personnel compensation are as follows:

	GROUP	
	2009 S\$'000	2008 S\$'000
Remuneration and other short-term employee benefits	17,193	17,540
Employers' contribution to defined contribution plans	380	454
Share-based compensation expense	3,119	2,553
	<b>20,692</b>	20,547
Staff loans granted to key management personnel	<b>1,059</b>	1,169

The above includes total emoluments of the Company's Directors of S\$3,050,000 (2008: S\$2,984,000).

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 35. SEGMENTAL INFORMATION

2009

	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	892,404	-	365,600	43,363	-	1,301,367
Inter-segmental sales	3,596	-	1,855	1,462	(6,913)	-
Total operating revenue	896,000	-	367,455	44,825	(6,913)	1,301,367
<b>Result</b>						
Segment result	287,938	(6,933)	259,960	(29,614)	-	511,351
Finance costs	(3,090)	-	(18,437)	(19)	-	(21,546)
Interest income	100	-	465	403	-	968
Share of profits less losses of associates/jointly-controlled entities	1,068	-	-	(9,635)	-	(8,567)
Profit/(loss) before taxation	286,016	(6,933)	241,988	(38,865)	-	482,206
Taxation						(63,841)
Profit after taxation						418,365
Minority interests						3,516
Profit attributable to shareholders						421,881
<b>Other information</b>						
Segment assets	643,881	898,866	1,580,806	48,764	-	3,172,317
Investments in associates/ jointly-controlled entities	31,570	-	-	31,471	-	63,041
Consolidated total assets						3,235,358
Segment liabilities	325,653	7,689	655,020	30,518	-	1,018,880
Current income tax liabilities						71,584
Deferred income tax liabilities						80,232
Consolidated total liabilities						1,170,696
Capital expenditure	25,629	-	42,748	6,051	-	74,428
Depreciation	51,973	-	8,416	7,363	-	67,752
Amortisation	1,172	-	-	1,196	-	2,368
Impairment of property, plant and equipment	-	-	-	79	-	79
Reversal of impairment charge on property, plant and equipment	(1,186)	-	-	-	-	(1,186)
Intangible assets written off	1,000	-	-	-	-	1,000
Goodwill written off	-	-	-	131	-	131

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 35. SEGMENTAL INFORMATION (CONT'D)

2008

	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	1,014,335	-	255,294	31,382	-	1,301,011
Inter-segmental sales	2,728	-	1,780	551	(5,059)	-
Total operating revenue	1,017,063	-	257,074	31,933	(5,059)	1,301,011
<b>Result</b>						
Segment result	367,760	46,714	181,043	(28,773)	-	566,744
Finance costs	-	-	(19,098)	(37)	-	(19,135)
Interest income	372	-	880	575	-	1,827
Impairment charge on investments in associates	(257)	-	-	(26,455)	-	(26,712)
Share of profits less losses of associates/jointly-controlled entities	2,741	-	-	(3,457)	-	(716)
Profit/(Loss) before taxation	370,616	46,714	162,825	(58,147)	-	522,008
Taxation						(86,083)
Profit after taxation						435,925
Minority interests						1,519
Profit attributable to shareholders						437,444
<b>Other information</b>						
Segment assets	705,111	981,126	1,360,886	42,348	-	3,089,471
Investments in associates/ jointly-controlled entities	31,582	-	-	29,652	-	61,234
Consolidated total assets						3,150,705
Segment liabilities	221,920	2,296	635,514	22,064	-	881,794
Current income tax liabilities						92,173
Deferred income tax liabilities						75,461
Consolidated total liabilities						1,049,428
Capital expenditure	39,841	-	46,246	15,821	-	101,908
Depreciation	50,546	-	7,048	4,282	-	61,876
Amortisation	808	-	-	-	-	808
Impairment of property, plant and equipment	-	-	-	226	-	226
Reversal of impairment charge on						
- property, plant and equipment	(1,151)	-	-	-	-	(1,151)
- investment properties	-	-	(396)	-	-	(396)

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 35. 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, providing marketing and editorial services and providing online search, directories and classified services.

	Operating Revenue		Total Assets		Capital Expenditure	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Singapore	1,274,964	1,274,192	3,175,505	3,079,514	72,323	101,537
Other countries	26,403	26,819	59,853	71,191	2,105	371
	1,301,367	1,301,011	3,235,358	3,150,705	74,428	101,908

### 36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards and amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after September 1, 2009 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 is set out below.

(a) **Amendment to FRS 107 – Improving Disclosures about Financial Statements (effective for annual periods beginning on or after January 1, 2009)**

The amended standard requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

The Group will apply the FRS 107 (Amendment) in the financial year ending August 31, 2010. The impact of the amendment will create additional disclosure requirements for the Group's financial statement.

(b) **FRS 1(R) – Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2009)**

The revised standard requires:

- All changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;
- Components of comprehensive income not to be included in statement of changes in equity;
- Items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);
- Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in titles of some of the primary statements within the complete set of financial statements.

The Group will apply the revised standard in the financial year ending August 31, 2010, and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

### 36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

**(c) FRS 108 – Operating Segments  
(effective for annual periods beginning on or after January 1, 2009)**

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 in the financial year ending August 31, 2010, and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be similar to the business segments currently disclosed.

**(d) Revised FRS 23 – Borrowing Costs  
(effective for annual periods beginning on or after January 1, 2009)**

The revised standard removes the option to recognise immediately as an expense, borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 in the financial year ending August 31, 2010. As the Group has been capitalising the relevant borrowing costs, the revised standard is not expected to have any impact to the Group.

**(e) Amendment to FRS 102 – Share-based Payment  
(effective for annual periods beginning on or after January 1, 2009)**

The amended standard clarifies that vesting conditions consist of service conditions and performance conditions only. Other conditions are considered non-vesting conditions. All non-vesting conditions are taken into account in the estimate of the fair value of the equity instruments. All cancellations, whether by the entity or by other parties, are accounted for consistently, that is, to recognise immediately the amount of the expense that would otherwise have been recognised over the remainder of the vesting period.

The Group will apply the FRS 102 (Amendment) in the financial year ending August 31, 2010. The amendment is not expected to have a material impact to the Group.

**(f) FRS 103 (revised) – Business Combinations  
(effective for annual periods beginning on or after July 1, 2009)**

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. Amongst them, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from September 1, 2009.

**(g) FRS 27 (revised) – Consolidated and Separate Financial Statements  
(effective for annual periods beginning on or after July 1, 2009)**

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from September 1, 2010.

### 37. AUTHORISATION OF FINANCIAL STATEMENTS

On October 12, 2009, the Board of Directors of Singapore Press Holdings Limited authorised these financial statements for issue.