

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

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 events/exhibitions/conventions/conferences,
- (j) publishing and distributing books,
- (k) providing online investor relations services, and
- (l) developing applications and operating a financial portal.

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 have been 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. 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 new/revised FRS and Interpretations to FRS ("INT FRS") that became effective in the current financial year. The following are the new/revised FRS that are relevant to the Group:

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

FRS 1 (revised)	Presentation of Financial Statements
FRS 23 (revised)	Borrowing Costs
FRS 27 (revised)	Consolidated and Separate Financial Statements
FRS 103 (revised)	Business Combinations
Amendments to FRS 40	Investment Property
Amendments to FRS 102	Share-based Payment
Amendments to FRS 107	Improving Disclosures about Financial Instruments
FRS 108	Operating Segments

FRS 1 (revised) requires the Group to present all owner changes in equity in the consolidated statement of changes in equity and all non-owner changes in equity in the consolidated statement of comprehensive income, a new primary statement. FRS 103 (revised) and FRS 27 (revised) introduce changes in the way the Group accounts for business combinations and transactions with non-controlling interests [Note 2(b)]. Amendments to FRS 107 and FRS 108 require additional disclosures relating to the fair value measurements of financial instruments and additional information relating to operating segments respectively.

Except for the above, the adoption of the new/revised FRS and INT FRS has not resulted in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

(b) Group accounting

The Group has applied FRS 27 (revised) and FRS 103 (revised) in the preparation of its consolidated financial statements and the accounting for business combinations with effect from September 1, 2009. The adoption of these revised FRS has no impact on prior periods' balances.

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

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.

The acquisition method of accounting is used to account for business combinations by the Group. The cost of an acquisition is measured as the fair value of the assets transferred, equity interests issued or liabilities incurred or assumed by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. 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.

Non-controlling 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 Company. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Non-controlling interests are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in total equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group accounting (cont'd)

(i) [Subsidiaries \(cont'd\)](#)

Please refer to Note 2(m)(i) for the accounting policy on goodwill arising from business combination.

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.

When the Group ceases to have control, the assets and liabilities of the subsidiary including any goodwill are derecognised. Any amounts previously recognised in other comprehensive income in respect of that entity are reclassified to the income statement or transferred directly to retained earnings if required by a specific Standard. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in the income statement.

[Transactions with non-controlling interests](#)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in equity.

(ii) [Associates/Jointly-controlled entities](#)

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.

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 associates/jointly-controlled entities are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses. Investments in associates/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.

The Group's share of the post-acquisition results of associates/jointly-controlled entities is included in its consolidated income statement. The Group's share of the post-acquisition other comprehensive income is recognised in other comprehensive income. 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/a jointly-controlled entity equals or exceeds its interest in the associate/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 associate/jointly-controlled entity.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group accounting (cont'd)

(ii) [Associates/Jointly-controlled entities \(cont'd\)](#)

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

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

The investment in the associate/jointly-controlled entity is derecognised when the Group ceases to have significant influence or joint control respectively. Any amounts previously recognised in other comprehensive income in respect of that entity are reclassified to the income statement. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when significant influence or joint control is lost and its fair value is recognised in the income statement.

If the ownership interest in an associate/jointly-controlled entity is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to income statement where appropriate. Gains or losses arising from such transactions are recognised in the income statement.

(c) Currency translation

(i) [Functional and presentation currency](#)

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("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 in the consolidated financial statements. Currency translation differences arising from the net investment in foreign entities are taken to the currency translation reserve in the consolidated financial statements. 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.

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.

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.

(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/jointly-controlled entity 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	30-35 years
Plant and equipment	3-20 years
Furniture and fittings	3-10 years
Motor vehicles	3-5 years

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Depreciation (cont'd)

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.

(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	30-38 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.

Properties that are being constructed or developed for future use as investment properties are classified as investment properties. No depreciation is charged on investment properties under development.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment properties (cont'd)

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

(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 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 [Notes 2(f) and 2(g)].

(i) Investments in subsidiaries, associates and jointly-controlled entities

Investments in subsidiaries, associates and jointly-controlled entities are included in the Company's balance sheet at cost less accumulated impairment losses. On disposal of these investments, the difference between disposal proceeds and the carrying amounts of the investments is 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 nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

- 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 investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented 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.

- Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group 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

August 31, 2010

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.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (cont'd)

(v) Impairment (cont'd)

- Loans and receivables (cont'd)

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.

- 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.

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) 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 taken up 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 hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), or 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.

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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Intangible assets

(i) Goodwill arising from business combination

Goodwill arising from business combination is the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets and contingent liabilities acquired. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in income statement.

Goodwill arising from business combination is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associates and jointly-controlled entities represents the difference between the fair value of the consideration transferred and the fair value of the Group's share of identifiable net assets of the acquired associates and jointly-controlled entities at the date of acquisition.

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. Technology and licenses acquired separately are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over 3 to 15 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.

(n) 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) 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 at least 12 months after the balance sheet date.

(p) Trade and other payables

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

(q) 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.

(r) 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.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the balance previously recognised in the share-based compensation reserve 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

August 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) 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.

(s) 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.

(t) 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 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, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) 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 will 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 the related goodwill.

(u) 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 using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Operating leases

When a group company is the lessee:

Leases where substantially all of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases are recognised as expenses 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.

(w) Treasury shares

The consideration paid for treasury shares, including any directly attributable incremental costs, is presented as a component within 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 is included in retained profit of the Company.

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

(x) Segment reporting

Segmental information are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer of the Company who conducts a regular review for allocation of resources and assessment of performance of the operating segments.

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.

- **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.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

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

- 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.

- 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			
	2010		2009	
	Number of Shares '000	Amount S\$'000	Number of Shares '000	Amount S\$'000
Issued and fully paid, with no par value				
Management shares	16,296	6,827	16,286	6,788
Ordinary shares	1,594,107	487,911	1,593,137	484,102
	1,610,403	494,738	1,609,423	490,890
Treasury shares	(4,885)	(19,921)	(6,271)	(25,578)
	1,605,518	474,817	1,603,152	465,312
Movements during the financial year:				
Beginning of financial year	1,603,152	465,312	1,602,604	463,100
Issue of ordinary shares fully paid under the Singapore Press Holdings Group (1999) Share Option Scheme	970	3,809	37	128
Issue of management shares fully paid in accordance with the Newspaper and Printing Presses Act	10	39	1	2
	1,604,132	469,160	1,602,642	463,230
Treasury shares re-issued for the fulfilment of share awards vested under SPH Performance Share Plan	1,386	5,657	510	2,082
End of financial year	1,605,518	474,817	1,603,152	465,312

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

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

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 and the previous financial year.

The Company re-issued 1,386,404 (2009: 510,391) 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\$5.7 million (2009: S\$2.1 million).

(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")

2010

Grant Date	Expiry Date	Exercise Price	Balance 01.09.09	Options Exercised	Options Lapsed	Balance 31.08.10
27.10.99	27.10.09	S\$5.60	6,750,700	-	(6,750,700)	-
30.10.00	30.10.10	S\$4.78	7,471,925	-	(531,250)	6,940,675
06.11.01	06.11.11	S\$3.03	769,975	(173,950)	-	596,025
28.10.02	28.10.12	S\$3.91	3,357,675	(141,150)	(22,500)	3,194,025
16.12.03	16.12.13	S\$3.69	4,189,300	(654,625)	(55,675)	3,479,000
01.02.04	01.02.14	S\$3.83	35,000	-	-	35,000
21.12.04	21.12.14	S\$4.54	12,529,325	-	(389,475)	12,139,850
16.12.05	16.12.15	S\$4.30	14,037,650	-	(405,200)	13,632,450
			49,141,550	(969,725)	(8,154,800)	40,017,025

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

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

(b) Share options (cont'd)

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
			49,951,575	(36,900)	(773,125)	49,141,550

All the outstanding options as at the balance sheet date were exercisable. Options exercised in 2010 resulted in 969,725 shares (2009: 36,900) being issued at an average price of S\$3.60 (2009: S\$3.30) each.

(c) Performance shares

During the financial year, 2,243,825 (2009: 2,320,005) 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:

2010

Grant Date	Outstanding as at 01.09.09 ('000)	Adjusted* ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)	Outstanding as at 31.08.10 ('000)
12.01.07	1,602	(290)	-	(813)	(8)	491
11.01.08	2,112	351	-	(573)	(38)	1,852
12.01.09	2,304	-	-	-	(36)	2,268
12.01.10	-	-	2,244	-	(15)	2,229

2009

Grant Date	Outstanding as at 01.09.08 ('000)	Adjusted* ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)	Outstanding 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

* 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, 2010

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:

2010

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 (%)				
12.01.10 ^(a)	11.01.12	447	3.25	23.69	NA	6.11	0.68	NA	3.68
12.01.10 ^(a)	11.01.13	447	3.05	23.69	NA	6.11	0.80	NA	3.68
12.01.10 ^(b)	11.01.13	902	2.77	23.69	32.12	6.11	0.80	0.49	3.68
12.01.10 ^(a)	11.01.14	448	2.89	23.69	NA	6.11	1.06	NA	3.68

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 ^(a)	11.01.11	490	2.67	20.79	NA	6.20	0.76	NA	3.02
12.01.09 ^(a)	11.01.12	490	2.51	20.79	NA	6.20	1.07	NA	3.02
12.01.09 ^(b)	11.01.12	850	2.02	20.79	27.33	6.20	1.07	0.48	3.02
12.01.09 ^(a)	11.01.13	490	2.37	20.79	NA	6.20	1.34	NA	3.02

* 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.

^(a) Granted with non-market conditions.

^(b) 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\$7.4 million (2009: S\$6.4 million) 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, 2010

5. RESERVES

	Group		Company	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000

Composition

Capital reserve [Note 5(a)]	2,005	2,005	-	-
Share-based compensation reserve [Note 5(b)]	26,817	26,290	26,817	26,290
Hedging reserve [Note 5(c)]	(11,912)	(13,937)	(1,952)	(1,455)
Fair value reserve [Note 5(d)]	265,276	203,724	29,216	25,722
Currency translation reserve	(501)	1,078	-	-
	281,685	219,160	54,081	50,557

Movements

(a) Capital reserve

	Group	
	2010	2009
	S\$'000	S\$'000
At beginning and end of financial year		
Distributable	1,375	1,375
Non-distributable	630	630
	2,005	2,005

(b) Share-based compensation reserve

	Group and Company	
	2010	2009
	S\$'000	S\$'000
Beginning of financial year	26,290	22,110
Share-based compensation expense (Note 25)	7,435	6,422
Share-based compensation expense charged to a jointly-controlled entity	23	21
Exercise of share options	(315)	(7)
Lapse of share options	(413)	(230)
Award of performance shares	(6,203)	(2,026)
End of financial year	26,817	26,290

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

5. RESERVES (CONT'D)

Movements (cont'd)

(c) Hedging reserve

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Beginning of financial year	(13,937)	(7,883)	(1,455)	-
Effect of change in Singapore tax rate	-	(96)	-	-
Fair value losses	(12,970)	(18,227)	(2,590)	(2,905)
Deferred tax on fair value losses	2,205	3,099	440	494
	(10,765)	(15,128)	(2,150)	(2,411)
Transfer to finance costs (Note 27)	15,409	11,049	1,991	1,152
Deferred tax on transfer	(2,619)	(1,879)	(338)	(196)
End of financial year	(11,912)	(13,937)	(1,952)	(1,455)

(d) Fair value reserve

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Beginning of financial year	203,724	246,828	25,722	32,435
Effect of change in Singapore tax rate	-	78	-	-
Financial assets, available-for-sale				
- Fair value gains/(losses)	63,652	(44,769)	3,494	(6,713)
- Deferred tax on fair value changes	(312)	2,234	-	-
	63,340	(42,535)	3,494	(6,713)
Transfer to income statement on disposal	(1,974)	(760)	-	-
Deferred tax on transfer	186	113	-	-
End of financial year	265,276	203,724	29,216	25,722

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

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	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred income tax liabilities:				
- to be settled within one year	2,199	26,025	2,476	1,318
- to be settled after one year	51,962	54,207	38,653	42,878
	54,161	80,232	41,129	44,196

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

	Group		Company	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Hedging reserve [Note 5(c)]	414	(1,124)	(102)	(298)
Fair value reserve [Note 5(d)]	126	(2,425)	-	-
	540	(3,549)	(102)	(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\$5.0 million (2009: S\$4.2 million) and S\$0.1 million (2009: S\$0.7 million) 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, 2010

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:

2010

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	61,255	211	23,736	2,231	87,433
(Credited)/Charged to income statement	(4,156)	-	(23,736)	515	(27,377)
Debited to equity	-	126	-	-	126
Acquisition of business by a subsidiary [Note 21(c)]	282	-	-	-	282
Currency translation differences	(2)	-	-	-	(2)
End of financial year	57,379	337	-	2,746	60,462

(ii) Deferred income tax assets

	Provisions S\$'000	Fair Value Changes S\$'000	Others S\$'000	Total S\$'000
Beginning of financial year	(4,283)	(2,854)	(64)	(7,201)
Charged to income statement	504	-	-	504
Debited to equity	-	414	-	414
Currency translation differences	(18)	-	-	(18)
End of financial year	(3,797)	(2,440)	(64)	(6,301)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

6. INCOME TAXES (CONT'D)

(a) Deferred income taxes (cont'd)

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 21(b)]	1,105	-	-	-	1,105
Currency translation differences	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 differences	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, 2010

6. INCOME TAXES (CONT'D)

(a) Deferred income taxes (cont'd)

2010

Company

(i) Deferred income tax liabilities

	Accelerated Tax Depreciation S\$'000
Beginning of financial year	48,222
Credited to income statement	(3,471)
End of financial year	44,751

(ii) Deferred income tax assets

	Provisions S\$'000	Fair Value Changes S\$'000	Total S\$'000
Beginning of financial year	(3,728)	(298)	(4,026)
Charged to income statement	506	-	506
Credited to equity	-	(102)	(102)
End of financial year	(3,222)	(400)	(3,622)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

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)

(b) Income tax expense

	Group	
	2010	2009
	S\$'000	S\$'000

Tax expense attributable to profit is made up of:

Current year		
- Current tax	108,640	55,794
- Deferred tax	(26,835)	12,508
Effect of change in Singapore tax rate	-	(3,929)
	81,805	64,373
Prior years		
- Current tax	(1,363)	655
- Deferred tax	(38)	(1,187)
	80,404	63,841

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

6. INCOME TAXES (CONT'D)

(b) Income tax expense (cont'd)

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	
	2010 S\$'000	2009 S\$'000
Profit before taxation	589,892	482,206
Tax calculated at corporate tax rate of 17%	100,282	81,975
Singapore statutory stepped income exemption	(408)	(408)
Income taxed at concessionary rate	(391)	(269)
Income not subject to tax	(21,293)	(19,387)
Expenses not deductible for tax purposes	5,112	5,925
Deferred tax benefits not recognised	1,137	410
Double tax relief for contributions made to Institutes of Public Character	(2,584)	(511)
Effect of different tax rates in other countries	285	511
Effect of change in Singapore tax rate	-	(3,929)
Tax incentives	(361)	-
Others	26	56
Tax charge	81,805	64,373

7. BORROWINGS

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Secured				
Term loan [Note 7(a)]	570,000	570,000	-	-
Unsecured				
Fixed rate notes [Note 7(b)]	598,453	-	598,453	-
Term loan [Note 7(c)]	150,000	150,000	150,000	150,000
Loans from non-controlling interests [Notes 7(d), 7(e) and 7(f)]	111,661	3,463	-	-
Fixed advance facility [Note 7(g)]	800	800	-	-
	1,430,914	724,263	748,453	150,000
Borrowings are repayable:				
Within 1 year	570,800	870	-	-
Between 1- 5 years	860,114	723,393	748,453	150,000
	1,430,914	724,263	748,453	150,000

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

7. BORROWINGS (CONT'D)

- (a) As at August 31, 2010, 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 (2009: S\$610 million) for a tenure of five years from July 11, 2006. Total loan outstanding as at August 31, 2010 amounted to S\$570 million (2009: 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 (2009: S\$500 million), the effective interest rate as at the balance sheet date on the outstanding term loan of S\$570 million was 3.16% per annum (2009: S\$570 million, 3.18% per annum).

- (b) On February 22, 2010, the Company established a S\$1 billion Multicurrency Medium Term Note Programme. Notes outstanding as at August 31, 2010, net of transaction costs, comprise S\$600 million 5-year unsecured fixed rate notes due on March 2, 2015. Interest at 2.81% per annum is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.

- (c) As at August 31, 2010, the Company had an unsecured term loan facility available for drawdown up to the amount of S\$150 million (2009: S\$150 million) for a tenure of three years from October 22, 2008. Total loan drawn down as at August 31, 2010 amounted to S\$150 million (2009: S\$150 million).

After taking into account interest rate swap arrangements totalling S\$100 million (2009: S\$100 million), the effective interest rate as at the balance sheet date on the outstanding term loan of S\$150 million was 2.22% per annum (2009: S\$150 million, 2.50% per annum).

- (d) As at August 31, 2010, Blu Inc (Holdings) Malaysia Sdn Bhd, a subsidiary of the Group, had an outstanding unsecured loan of S\$3.0 million (2009: S\$3.4 million) from its non-controlling interests, after making partial loan repayment of S\$0.4 million (2009: S\$0.2 million) 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.

- (e) In the previous financial year, SPH UnionWorks Pte Ltd ("SPH UnionWorks"), a subsidiary of the Group, had an outstanding unsecured loan of S\$0.1 million from its non-controlling interest, NTUC Media Co-operative Ltd. On October 20, 2009, the loan was converted to equity as partial settlement for taking up additional shares in the subsidiary.

- (f) As at August 31, 2010, SG Domain Pte Ltd ("SG Domain"), a subsidiary of the Group, had outstanding unsecured loans of S\$120.4 million (2009: S\$Nil) from its non-controlling interests, NTUC FairPrice Co-operative Limited ("NTUC FairPrice") and NTUC Income Insurance Co-operative Limited ("NTUC Income"). The loans are interest-free except for an amount of S\$61.2 million (2009: S\$Nil) which bears a fixed interest rate of 3% per annum payable semi-annually. The loans have a repayment term of five years, of which S\$62.4 million is due on February 17, 2015 and S\$58.0 million is due on August 31, 2015.

At initial recognition, the above loans were recognised at their fair values of S\$107.5 million, which were determined from the cash flow analyses, discounted at the market borrowing rates on the respective inception dates. The difference between the fair value and principal loan amounts was recognised in the income statement. The unamortised fair value gain as at balance sheet date was S\$11.7 million.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

7. BORROWINGS (CONT'D)

- (g) As at August 31, 2010, SPH UnionWorks had an unsecured fixed advance facility of which the total drawdown as at August 31, 2010 is S\$0.8 million (2009: S\$0.8 million). During the current financial year, the outstanding loans were refinanced. The bank loan of S\$0.8 million is unsecured and has a tenure of twelve months from February 26, 2010. As at August 31, 2010, interest is charged at 1.50% (2009: 2.20% - 2.92%) per annum.
- (h) 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, 2010, the fixed interest rates were 2.50% (2009: 2.50%) and 3.19% (2009: 3.19%) 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, 2010 are:

	Group		Company	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Notional due:				
Within 1 year (Note 20)	500,000	-	-	-
Between 1 - 5 years (Note 20)	100,000	600,000	100,000	100,000
Fair values* (Note 20)	(14,352)	(16,792)	(2,352)	(1,753)

* 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.

- (i) As at August 31, 2010, the fair value of the loans from non-controlling interests of SG Domain was S\$110.3 million and the fair value of the fixed rate notes was S\$623.6 million. The fair values were determined from the cash flow analyses, discounted at market borrowing rates of 3.55% and 1.89% respectively, which management expected to be available to the Group. The fair values of the remaining borrowings as at the balance sheet date approximated their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

8. PROPERTY, PLANT AND EQUIPMENT

(a) 2010

	Group				
	Leasehold Land and Buildings S\$'000	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
Cost					
Beginning of financial year	228,981	741,063	17,213	1,479	988,736
Currency translation differences	-	(175)	23	3	(149)
Additions	211	3,305	439	54	4,009
Transfer in from capital work-in-progress	-	18,409	342	-	18,751
Disposals/Written off	(20)	(11,251)	(178)	(64)	(11,513)
End of financial year	229,172	751,351	17,839	1,472	999,834
Accumulated depreciation and impairment losses					
Beginning of financial year	106,191	425,517	11,672	1,163	544,543
Currency translation differences	-	(40)	11	3	(26)
Depreciation charge for the year	6,558	51,581	1,379	192	59,710
Disposals/Written off	(20)	(11,150)	(176)	(64)	(11,410)
(Reversal of impairment charge)/ Impairment charge for the year	(3,485)	2,442	-	-	(1,043)
End of financial year	109,244	468,350	12,886	1,294	591,774
Net book value					
End of financial year	119,928	283,001	4,953	178	408,060
Capital work-in-progress	-	19,723	-	-	19,723
Total	119,928	302,724	4,953	178	427,783
Capital work-in-progress					
Beginning of financial year	-	18,341	-	-	18,341
Additions	-	19,791	342	-	20,133
Transfer out to property, plant and equipment	-	(18,409)	(342)	-	(18,751)
End of financial year	-	19,723	-	-	19,723

During the financial year, the Group has reassessed the recoverable amount of a property and accordingly recognised a reversal of an impairment of S\$3.5 million (2009: S\$1.2 million) made in prior years within "Other operating expenses" in the income statement. The recoverable amount of the asset is its fair value less cost to sell.

The Group also recognised an impairment charge of S\$2.4 million arising from technology obsolescence, and this amount was included within "Other operating expenses" in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

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

(b) 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
Cost					
Beginning of financial year	224,387	754,617	16,819	1,517	997,340
Reclassification	-	(32)	32	-	-
Acquisition of a subsidiary [Note 21(b)]	-	272	46	-	318
Acquisition of business by a subsidiary [Note 21(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 21(d)]	-	(105)	(1)	-	(106)
End of financial year	228,981	741,063	17,213	1,479	988,736
Accumulated depreciation and impairment losses					
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 21(d)]	-	(86)	(1)	-	(87)
(Reversal of impairment charge)/ Impairment charge for the year	(1,186)	79	-	-	(1,107)
End of financial year	106,191	425,517	11,672	1,163	544,543
Net book value					
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
Capital work-in-progress					
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, 2010

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

(c) 2010

	Company			
	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
Cost				
Beginning of financial year	628,888	12,604	1,366	642,858
Additions	717	25	54	796
Transfer in from capital work-in-progress	17,486	341	-	17,827
Disposals/Written off	(10,382)	(110)	(63)	(10,555)
End of financial year	636,709	12,860	1,357	650,926
Accumulated depreciation and impairment losses				
Beginning of financial year	353,556	9,365	1,084	364,005
Depreciation charge for the year	40,983	939	157	42,079
Disposals/Written off	(10,378)	(109)	(63)	(10,550)
End of financial year	384,161	10,195	1,178	395,534
Net book value				
End of financial year	252,548	2,665	179	255,392
Capital work-in-progress	19,439	-	-	19,439
Total	271,987	2,665	179	274,831
Capital work-in-progress				
Beginning of financial year	18,044	-	-	18,044
Additions	18,881	341	-	19,222
Transfer out to property, plant and equipment	(17,486)	(341)	-	(17,827)
End of financial year	19,439	-	-	19,439

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

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

(d) 2009

	Company			
	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
Cost				
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
Accumulated depreciation and impairment losses				
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
Net book value				
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
Capital work-in-progress				
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, 2010

9. INVESTMENT PROPERTIES

	Group	
	2010	2009
	S\$'000	S\$'000
Investment properties		
Cost		
Beginning of financial year	1,247,527	1,205,070
Additions	8,280	42,498
Written off	(3,172)	(41)
End of financial year	1,252,635	1,247,527
Accumulated depreciation and impairment losses		
Beginning of financial year	73,062	64,890
Depreciation charge for the year	9,319	8,175
Written off	(723)	(3)
End of financial year	81,658	73,062
Net book value at end of financial year	1,170,977	1,174,465
Investment property under development		
Beginning of financial year	-	-
Additions	559,092	-
Net book value at end of financial year	559,092	-
Total net book value	1,730,069	1,174,465
Fair value	2,841,992	2,039,227

During the financial year, the Group acquired an investment property, The Clementi Mall. The mall, currently under development, is targeted to commence operations and generate income in the first half of 2011.

The fair value of the investment properties as at balance sheet date was stated based on independent professional valuations, determined on an open market value basis. Valuation of the Group's investment property, Paragon on Orchard Road, was carried out using the income method. Fair value of the investment property, The Clementi Mall on Commonwealth Avenue West/Clementi Avenue 3, was determined based on the income method and residual land value method and carried out on August 31, 2010.

No allowance for impairment is required as the carrying amount of each investment property is not expected to exceed its recoverable amount, which is the higher of the fair value less cost to sell and its value-in-use.

The Paragon on Orchard Road, with a carrying amount of S\$1,161.6 million (2009: S\$1,164.9 million), is mortgaged to a bank as security for the loan facility of S\$610 million (2009: S\$610 million) granted to Orchard 290 [Note 7(a)].

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

9. INVESTMENT PROPERTIES (CONT'D)

The following amounts are recognised in the income statement:

	Group	
	2010	2009
	S\$'000	S\$'000
Rental income	132,327	121,180
Direct operating expenses arising from investment properties that generated rental income	(43,072)	(35,176)

10. DEVELOPMENT PROPERTIES

	Group	
	2010	2009
	S\$'000	S\$'000
Sold development properties		
Aggregate costs incurred and profits recognised to-date	673,483	467,167
Less: Progress billings	(565,803)	(139,111)
	107,680	328,056
Analysed as:		
Due from customers [Note 18(b)]	107,680	328,056

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

During the financial year, the Group obtained the Temporary Occupation Permits for the development properties. Consequently, the banker's guarantee and the securities provided for the banker's guarantee were discharged.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

10. DEVELOPMENT PROPERTIES (CONT'D)

As stated in Note 2(g), the Group recognises profits from sale of development properties using the percentage-of-completion method. Had the completion-of-contract method been adopted, the effects on the financial statements would have been as follows:

	Group	
	2010	2009
	S\$'000	S\$'000
Increase/(Decrease) in:		
Income Statement		
Revenue from sale of development properties	451,840	(242,454)
Profit after taxation	299,855	(161,592)
Balance Sheet		
Retained earnings as at beginning of financial year	(299,855)	(138,263)
Due from customers as at end of financial year	-	(324,283)
Deferred income tax liabilities as at end of financial year	-	(24,429)

11. INVESTMENTS IN SUBSIDIARIES

Unquoted equities

	Company	
	2010	2009
	S\$'000	S\$'000
Unquoted equities at cost	387,340	387,340
Allowance for impairment*	(500)	(500)
	386,840	386,840

* The allowance for impairment was made 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 31. A list of other operating subsidiaries in the Group can be found on pages 160 and 161 of the annual report.

Details of the acquisition and disposal of subsidiaries are set out in Notes 21(b) and 21(d) respectively.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

12. INVESTMENTS IN ASSOCIATES

Unquoted equities

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Beginning of financial year	45,600	45,582	29,326	21,326
Currency translation differences	(4)	(106)	-	-
Acquisition of associates	-	419	-	-
Acquisition of additional interest in an associate	-	33	-	-
Additional consideration paid on interests in associates	5,484	12,218	-	8,000
Reclassification from investment in a subsidiary [Note 21(d)]	-	29	-	-
Gain on dilution of an associate	5	-	-	-
Disposal of an associate	-	(7,110)	-	-
Share of net profit/(loss) of associates	5,185	(3,268)	-	-
Dividends received from associates	(171)	(2,197)	-	-
Write-back of allowance for impairment of an associate	4	-	-	-
End of financial year	56,103	45,600	29,326	29,326

The summarised financial information of associates, not adjusted for the proportional ownership interest held by the Group, is as follows:

	Group	
	2010 S\$'000	2009 S\$'000
Assets	562,612	208,896
Liabilities	422,254	48,664
Revenues	310,808	290,528
Net profit	11,095	2,167

A list of associates of the Group can be found on page 162 of the annual report.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

13. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

Unquoted equities

	Group	
	2010	2009
	S\$'000	S\$'000
Beginning of financial year	17,441	15,652
Acquisition of a jointly-controlled entity	-	225
Additional consideration paid on interests in jointly-controlled entities	-	5,844
Share of net loss	(6,541)	(5,299)
Others	102	1,019
End of financial year	11,002	17,441

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% (2009: 33.33% to 50%) of the assets and liabilities and revenues and expenses of the jointly-controlled entities as at August 31, 2010 should proportionate consolidation be adopted.

	Group	
	2010	2009
	S\$'000	S\$'000
Assets		
- Current assets	12,043	17,622
- Non-current assets	2,735	2,606
	14,778	20,228
Liabilities		
- Current liabilities	3,938	3,750
- Non-current liabilities	1,586	1,233
	5,524	4,983
Net assets	9,254	15,245
Revenues	1,508	1,191
Expenses	(8,049)	(6,490)
Net loss	(6,541)	(5,299)

A list of jointly-controlled entities of the Group can be found on page 162 of the annual report.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

14. LONG-TERM INVESTMENTS

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

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Quoted securities				
- Equities	300,451	239,716	31,633	28,146
Unquoted securities				
- Equities	3,061	3,175	-	-
- Investment funds	2,714	2,027	-	-
	306,226	244,918	31,633	28,146

The quoted equities are listed in Singapore.

15. INTANGIBLE ASSETS

	Group	
	2010 S\$'000	2009 S\$'000
Arising from business combinations		
- Goodwill [Note 15(a)]	34,024	35,846
- Technology, trademark, licences, mastheads and others [Note 15(b)]	14,172	15,279
Acquired separately		
- Technology and licences [Note 15(c)]	1,143	1,503
	49,339	52,628

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

15. INTANGIBLE ASSETS (CONT'D)

(a) Arising from business combinations - Goodwill

	Group	
	2010	2009
	S\$'000	S\$'000
Cost		
Beginning of financial year	36,201	30,546
Acquisition of subsidiaries [Note 21(b)]	-	5,404
Acquisition of business by a subsidiary [Note 21(c)]	390	23
Currency translation differences	(926)	359
End of financial year	35,665	36,332
Accumulated impairment		
Beginning of financial year	(355)	(355)
Impairment charge [Note 15(d)]	(1,286)	(131)
End of financial year	(1,641)	(486)
Net book value	34,024	35,846

(b) Arising from business combinations - Technology, trademark, licences, mastheads and others

	Group		
	Technology	Trademark, licences, mastheads and others	Total
	S\$'000	S\$'000	S\$'000
2010			
Cost			
Beginning of financial year	6,518	12,918	19,436
Acquisition of business by a subsidiary [Note 21(c)]	-	1,492	1,492
Currency translation differences	4	(1)	3
End of financial year	6,522	14,409	20,931
Accumulated amortisation			
Beginning of financial year	(493)	(3,664)	(4,157)
Amortisation charge (Note 26)	(653)	(1,489)	(2,142)
Currency translation differences	(3)	(457)	(460)
End of financial year	(1,149)	(5,610)	(6,759)
Net book value	5,373	8,799	14,172

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

15. INTANGIBLE ASSETS (CONT'D)

(b) Arising from business combinations

- Technology, trademark, licences, mastheads and others (cont'd)

	Technology S\$'000	Group Trademark, licences, mastheads and others S\$'000	Total S\$'000
2009			
Cost			
Beginning of financial year	-	11,892	11,892
Acquisition of subsidiaries [Note 21(b)]	6,518	1,800	8,318
Acquisition of business by a subsidiary [Note 21(c)]	-	318	318
Currency translation differences	-	8	8
Written off	-	(1,100)	(1,100)
End of financial year	6,518	12,918	19,436
Accumulated amortisation			
Beginning of financial year	-	(2,376)	(2,376)
Amortisation charge (Note 26)	(493)	(1,574)	(2,067)
Currency translation differences	-	186	186
Written off	-	100	100
End of financial year	(493)	(3,664)	(4,157)
Net book value	6,025	9,254	15,279

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

15. INTANGIBLE ASSETS (CONT'D)

(c) Acquired separately - Technology and licences

	Group	
	2010	2009
	S\$'000	S\$'000
Cost		
Beginning of financial year	1,804	-
Additions	-	759
Transfer from work-in-progress [Note 8(b)]	-	1,045
End of financial year	1,804	1,804
Accumulated amortisation		
Beginning of financial year	(301)	-
Amortisation charge (Note 26)	(360)	(301)
End of financial year	(661)	(301)
Net book value	1,143	1,503

(d) Impairment of goodwill

During the financial year, the Group has recognised an impairment charge of S\$1.3 million (2009: S\$0.1 million) within "Other operating expenses" in the income statement. The goodwill was allocated to the Group's cash-generating unit ("CGU") identified as a subsidiary. The recoverable value of the CGU was determined based on fair value less cost to sell. The fair value was computed by applying appropriate earnings multiples to the latest available financial forecasts.

16. OTHER NON-CURRENT ASSETS

	Group		Company	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Staff loans	3,526	3,981	3,046	3,484
Sundry debtors	1,266	903	147	169
Others	65	65	-	-
	4,857	4,949	3,193	3,653

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

17. INVENTORIES

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Raw materials and consumable stores	27,511	29,907	26,673	29,059
Allowance for write-down of inventories	(537)	(537)	(519)	(528)
	26,974	29,370	26,154	28,531

The cost of inventories recognised as an expense and included in materials, consumables and broadcasting costs in the income statement amounts to S\$108.0 million (2009: S\$144.7 million).

During the financial year, the Group made an allowance for stock obsolescence amounting to S\$9,000 (2009: reversal of allowance of S\$0.2 million), and wrote off inventories totalling S\$9,000.

18. TRADE AND OTHER RECEIVABLES

(a) Non-current

Company

The loans to a subsidiary of S\$325.6 million (2009: S\$Nil) are non-trade, unsecured and interest-free except for S\$236.8 million which bears a fixed interest rate of 2.9% per annum payable semi-annually. The loans have a repayment term of five years, of which S\$93.7 million is due on February 17, 2015 and S\$231.9 million is due on August 31, 2015.

At initial recognition, the above loans were recognised at their fair values of S\$301.6 million, determined from the cash flow analyses, discounted at the market borrowing rates on the respective loan inception dates. The difference between the fair values and the principal loan amounts was recognised in the income statement. The unamortised fair value loss as at balance sheet date was S\$22.3 million.

As at August 31, 2010, the fair values of the loans were S\$305.8 million, determined from the cash flow analyses, discounted at the market borrowing rate of 3.55%, which management expected to be available to the Group at the balance sheet date.

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August 31, 2010

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Current

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Trade receivables				
- Non-related parties	145,063	115,653	100,762	95,148
- Less: Allowance for impairment of receivables – non-related parties	(10,177)	(9,701)	(8,366)	(7,892)
	134,886	105,952	92,396	87,256
- Development properties				
- Due from customers (Note 10) [Note 18(b)(i)]	107,680	328,056	-	-
Amount owing by				
- Subsidiaries [Note 18(b)(ii)]	-	-	847,914	584,291
- Associates [Note 18(b)(iii)]	53	21	-	-
- Jointly-controlled entities [Note 18(b)(iv)]	103	537	37	27
	156	558	847,951	584,318
Loans to subsidiaries [Note 18(b)(v)]	-	-	302,422	108,953
Accrued interest	2,384	1,231	40	64
Sundry debtors	7,478	10,098	2,881	4,317
Prepayments	5,249	5,962	3,414	2,775
Staff loans	1,434	1,471	1,310	1,331
	259,267	453,328	1,250,414	789,014

- (i) 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.
- (ii) The amounts owing by subsidiaries, net of allowance for impairment of S\$0.5 million (2009: S\$0.4 million), are non-trade, unsecured, interest-free and repayable on demand.
- (iii) The amounts owing by associates are non-trade, unsecured, interest-free and repayable on demand.
- (iv) The amounts owing by jointly-controlled entities are non-trade, unsecured, interest-free and repayable on demand.
- (v) The loans owing by subsidiaries, net of allowance for impairment of S\$2.9 million (2009: S\$2.9 million), are unsecured and repayable on demand. The loans are interest-free except for an amount of S\$210.0 million (2009: S\$Nil) which bears a fixed interest rate of 1.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS

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19. SHORT-TERM INVESTMENTS

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Internally-managed				
Available-for-sale financial assets [Note 19(a)]	830,883	411,052	205,145	169,940
Financial assets at fair value through profit or loss [Note 19(b)]	65,686	37,520	-	-
	896,569	448,572	205,145	169,940

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

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Quoted securities*:				
- Equities	37,119	35,744	-	-
- Bonds	506,188	210,027	99,975	109,940
- Investment funds	239,359	120,429	105,170	60,000
	782,666	366,200	205,145	169,940
Unquoted securities:				
- Equities	274	187	-	-
- Investment funds	47,943	44,665	-	-
	48,217	44,852	-	-
	830,883	411,052	205,145	169,940

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

	Group	
	2010 S\$'000	2009 S\$'000
Quoted securities*:		
- Designated at fair value on initial recognition		
- Bonds	65,686	37,520

* 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, 2010

20. DERIVATIVE FINANCIAL INSTRUMENTS

Analysed as:

Group

	Contract Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
2010			
Non-current			
Cash flow hedge			
- Interest-rate swaps [Note 7(h)]	100,000	-	2,352
Current			
Cash flow hedge			
- Interest-rate swaps [Note 7(h)]	500,000	-	12,000
Derivatives that do not qualify as hedges			
- Currency forwards	108,980	3,120	37
- Cross currency swap	5,419	1,698	-
		<u>4,818</u>	<u>12,037</u>
2009			
Non-current			
Cash flow hedge			
- Interest-rate swaps [Note 7(h)]	600,000	-	16,792
Current			
Derivatives that do not qualify as hedges			
- Currency forwards	121,299	1,002	129
- Cross currency swap	5,764	1,298	-
		<u>2,300</u>	<u>129</u>

NOTES TO THE FINANCIAL STATEMENTS

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20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Company

	Contract Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
2010			
Non-current			
Cash flow hedge			
- Interest-rate swaps [Note 7(h)]	100,000	-	2,352
Current			
Derivatives that do not qualify as hedges			
- Currency forwards	6,095	35	33
2009			
Non-current			
Cash flow hedge			
- Interest-rate swaps [Note 7(h)]	100,000	-	1,753
Current			
Derivatives that do not qualify as hedges			
- Currency forwards	36,026	131	47

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

21. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Cash held as fixed bank deposits	427,354	269,776	221,340	118,664
Cash and bank balances	33,641	29,477	10,078	9,973
	460,995	299,253	231,418	128,637

Included in cash and cash equivalents are the following:

	Group	
	2010 S\$'000	2009 S\$'000
Amount held as fixed bank deposits under Housing Developers (Project Account) Rules [Note 21(a)(i)]	24,300	25,300
Amount held in project bank account under Housing Developers (Project Account) Rules [Note 21(a)(i)]	3,803	219
Amount held on behalf of management corporation [Note 21(a)(ii)]	676	-

- (i) 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).
- (ii) Pursuant to the requirement under the Building Maintenance and Strata Management Act, a general maintenance fund for a completed project has been established before the management corporation is constituted. The funds in the maintenance fund amount can only be applied for the upkeep of the completed project.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

21. CASH AND CASH EQUIVALENTS (CONT'D)

(b) Acquisition of subsidiaries

	Group
	At fair values
	2009
	S\$'000
Identifiable assets and liabilities	
Property, plant and equipment [Note 8(b)]	318
Intangible assets [Note 15(b)]	8,318
Investment in an associate	169
Current assets (including cash)	5,323
Current liabilities	(3,123)
Deferred income tax liabilities [Note 6(a)(i)]	(1,105)
Identifiable net assets acquired	9,900
Goodwill on acquisition [Note 15(a)]	5,404
Total purchase consideration [Note 21(b)(i)]	15,304
Less: Cash and cash equivalents of subsidiaries acquired	(4,183)
Net cash outflow on investments in subsidiaries	11,121

[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.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

21. CASH AND CASH EQUIVALENTS (CONT'D)

(c) Acquisition of business by a subsidiary

	Group	
	At fair values	
	2010	2009
	S\$'000	S\$'000
Identifiable assets and liabilities		
Property, plant and equipment [Note 8(b)]	-	24
Current assets (including cash)	10	102
Intangible assets [Note 15(b)]	1,492	318
Deferred income tax liabilities [Note 6(a)(i)]	(282)	-
Identifiable net assets acquired	1,220	444
Goodwill on acquisition [Note 15(a)]	390	23
Total purchase consideration [Note 21(c)(i)]	1,610	467
Less: Cash acquired	(10)	-
Contingent consideration	(100)	-
Net cash outflow on acquisition of business by a subsidiary	1,500	467

[Note \(c\)\(i\)](#)

2010

On June 14, 2010, the Group's wholly-owned subsidiary, Sphere Exhibits Pte Ltd ("Sphere"), acquired the issued share capital of Bizlink Exhibition Services Pte Ltd ("Bizlink Exhibition") from the existing shareholder. Bizlink Exhibition is in the trade exhibitions business. Sphere has also acquired the intellectual property rights from Bizlink Premium Services Pte. Ltd ("Bizlink Premium"), a related company of Bizlink Exhibition.

A total consideration of S\$1.5 million was paid as at August 31, 2010. A contingent consideration of S\$0.1 million is payable to Bizlink Premium subject to the fulfilment of certain conditions including achievement of profit before tax of S\$0.3 million for the period from January 1, 2010 to December 31, 2010. As at August 31, 2010, Sphere has assessed the probability of fulfilling the conditions and has accrued for the contingent consideration.

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

The acquired business contributed revenue of S\$0.5 million and net profit of S\$30,000 to the Group for the period from June 14, 2010 to August 31, 2010. If the acquisition had occurred on September 1, 2009, Group operating revenue and total profit would have increased by S\$1.1 million and S\$0.2 million respectively.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

21. CASH AND CASH EQUIVALENTS (CONT'D)

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

[Note \(c\)\(i\) \(cont'd\)](#)

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.

(d) Disposal of a subsidiary

	Group
	2009
	S\$'000
Carrying values of identifiable assets and liabilities	
Property, plant and equipment [Note 8(b)]	19
Current assets (including cash)	470
Current liabilities	(345)
	144
Reclassification of remaining 20% equity interest as investment in an associate (Note 12)	(29)
	115
Profit on disposal	3
Cash proceeds from disposal [Note 21(d)(i)]	118
Less: Cash and cash equivalents in subsidiary disposed	(71)
Net cash inflow on disposal	47

[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 HKD0.6 million (S\$0.1 million).

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, 2010

22. TRADE AND OTHER PAYABLES

(a) Current

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Trade payables – non-related parties	49,641	54,596	25,799	24,509
Amount owing to				
- Subsidiaries [Note 22(a)(i)]	-	-	447,273	418,637
- Associate [Note 22(a)(ii)]	-	5	-	-
- Jointly-controlled entity [Note 22(a)(iii)]	9,281	18,424	9,281	18,406
	9,281	18,429	456,554	437,043
Accrued operating expenses	179,973	141,872	129,948	99,586
Sundry creditors	27,947	25,447	14,722	14,130
Collections in advance	20,019	14,494	14,601	10,183
	286,861	254,838	641,624	585,451

- (i) The amount owing to subsidiaries is non-trade, unsecured and repayable on demand. Except for amount owing to certain subsidiaries of S\$36.1 million (2009: S\$45.7 million) with effective interest rates ranging from 0.15% to 0.48% (2009: 0.12% to 0.46%) per annum as at the balance sheet date, the amount owing to other subsidiaries is interest-free.
- (ii) The amount owing to an associate is non-trade, unsecured, interest-free and repayable on demand.
- (iii) The amount owing to a jointly-controlled entity comprises amount owing by the Company to the jointly-controlled entity of S\$9.3 million (2009: S\$18.4 million) which is non-trade, unsecured, repayable on demand and interest-bearing, with effective interest rates ranging from 0.19% to 0.60% (2009: 0.05% to 1.42%) per annum as at the balance sheet date. The amount owing by a subsidiary to the jointly-controlled entity in the previous financial year of S\$18,000 is non-trade, unsecured, interest-free and repayable on demand.

(b) Non-current

	Group	
	2010 S\$'000	2009 S\$'000
Sundry creditors	21,438	22,858

NOTES TO THE FINANCIAL STATEMENTS

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23. CAPITAL AND OTHER COMMITMENTS

(a) Commitments for capital expenditure and investments

	Group		Company	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Authorised and contracted for				
- Property, plant and equipment	17,592	16,178	16,899	15,685
- Investment properties	38,229	2,389	-	-
- Equity funding for an associate	21,963	27,446	-	-
- Long-term/Short-term investments	69,437	82,478	-	-
	147,221	128,491	16,899	15,685

(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	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Within 1 year	6,638	7,062	291	306
Between 1 - 5 years	16,152	15,116	48	117
After 5 years	104,584	107,981	-	-
	127,374	130,159	339	423

The Group and Company leases various residential/commercial space and plant and machinery under non-cancellable operating lease agreements with varying terms 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	
	2010 S\$'000	2009 S\$'000
Within 1 year	138,808	124,124
Between 1 - 5 years	233,316	220,062
After 5 years	744	8,272
	372,868	352,458

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

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24. OPERATING REVENUE

	Group	
	2010	2009
	S\$'000	S\$'000
Newspaper and Magazine		
Sale of services – Advertisements	733,104	648,277
Sale of goods – Circulation	209,078	214,205
Others	31,943	29,922
	974,125	892,404
Property		
Rental and rental-related services	134,451	123,146
Sale of development properties	221,644	242,454
	356,095	365,600
Others		
Sale of services – Advertisements	22,099	18,108
Sale of services – Multimedia and other services	28,752	25,255
	50,851	43,363
	1,381,071	1,301,367

25. STAFF COSTS

	Group	
	2010	2009
	S\$'000	S\$'000
Salaries, bonuses and other costs	300,424	253,808
Employers' contribution to defined contribution plans	32,605	26,666
Share-based compensation expense [Note 5(b)]	7,435	6,422
	340,464	286,896

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26. OTHER OPERATING EXPENSES

	Group	
	2010	2009
	S\$'000	S\$'000
Included in other operating expenses are:		
Audit fees		
- Company's auditors	642	664
- Other auditors	68	85
Non-audit fees [#]		
- Company's auditors	146	81
Rental expense – operating leases	8,332	8,866
Net foreign exchange (gain)/loss from operations	(195)	2,517
Amortisation of intangible assets [Notes 15(b) and 15(c)]	2,502	2,368
Impairment of goodwill [Note 15(a)]	1,286	131
Allowance for impairment of trade receivables	2,306	2,084
Bad debts recovery	(244)	(318)
Impairment of property, plant and equipment	2,442	79
Reversal of impairment of property, plant and equipment	(3,485)	(1,186)
Net (profit)/loss on disposal of property, plant and equipment	(76)	321
Investment property written off	2,449	38

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

27. FINANCE COSTS

	Group	
	2010	2009
	S\$'000	S\$'000
Interest expense		
- Bank loans	6,063	10,497
- Fixed rate notes	8,453	-
- Loans from non-controlling interests	1,180	-
Realised loss on cash flow hedge, transferred from equity [Note 5(c)]*	15,409	11,049
	31,105	21,546

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

NOTES TO THE FINANCIAL STATEMENTS

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28. NET INCOME/(LOSS) FROM INVESTMENTS

	Group	
	2010	2009
	S\$'000	S\$'000
Available-for-sale financial assets		
Interest income	5,170	3,825
Dividend income	21,442	22,725
Net foreign exchange loss	(301)	(156)
Profit on sale of investments	4,475	3,530
Impairment of investments	(78)	(4,568)
	30,708	25,356
Financial assets at fair value through profit or loss		
Net fair value gain of internally-managed investments		
- Designated upon initial recognition	4,658	1,168
- Held for trading	-	60
Net loss from funds under management	(28)	(30,531)
Net fair value gain/(loss) of derivative instruments	6,397	(172)
	11,027	(29,475)
Deposits with financial institutions		
Interest income	808	609
Net foreign exchange loss	(3,288)	(2,676)
	(2,480)	(2,067)
	39,255	(6,186)

NOTES TO THE FINANCIAL STATEMENTS

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29. DIVIDENDS

	Group and Company	
	2010	2009
	S\$'000	S\$'000
Dividends paid:		
- Final tax-exempt dividend of 9 cents per share in respect of previous financial year (2009: 9 cents per share)	144,304	144,237
- Special final tax-exempt dividend of 9 cents per share in respect of previous financial year (2009: 10 cents per share)	144,303	160,264
- Interim tax-exempt dividend of 7 cents per share (2009: 7 cents per share)	112,386	112,221
	400,993	416,722

- (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 11 cents per share for the financial year, amounting to a total of S\$321.2 million.
- (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, 2011 when they are approved at the next annual general meeting.

30. EARNINGS PER SHARE

	Group			
	2010		2009	
	Basic S\$'000	Diluted S\$'000	Basic S\$'000	Diluted S\$'000
Profit after taxation attributable to shareholders of the Company	497,874	497,874	421,881	421,881
	Number of Shares '000		Number of Shares '000	
Weighted average number of shares	1,604,500	1,604,500	1,602,980	1,602,980
Adjustment for assumed conversion of				
- share options	-	252	-	36
- performance shares	-	9,289	-	9,534
Weighted average number of shares used to compute earnings per share	1,604,500	1,614,041	1,602,980	1,612,550
	Basic	Diluted	Basic	Diluted
Earnings per share (S\$)	0.31	0.31	0.26	0.26

NOTES TO THE FINANCIAL STATEMENTS

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31. SIGNIFICANT SUBSIDIARIES OF THE GROUP

Name of Subsidiaries	Principal Activities	Country of Incorporation	Effective % of Equity held by the Group	
			2010 %	2009 %
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
SG Domain Pte Ltd	Holding investments	Singapore	60	-
CM Domain Pte Ltd	Holding property investments and managing shopping centres	Singapore	60	-

Notes:

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

(ii) A list of other operating subsidiaries of the Group can be found on pages 160 and 161 of the annual report.

32. 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.

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32. 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:

	2010			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
Financial assets				
Trade and other receivables	136,702	651	8,422	145,775
Short-term investments	564,501	7,373	-	571,874
Other non-current assets	4,262	23	572	4,857
Cash and cash equivalents	390,847	64,414	5,734	460,995
	1,096,312	72,461	14,728	1,183,501
Financial liabilities				
Trade and other payables	(266,194)	(15,284)	(6,802)	(288,280)
Borrowings	(1,427,942)	-	(2,972)	(1,430,914)
	(1,694,136)	(15,284)	(9,774)	(1,719,194)
Net financial (liabilities)/assets	(597,824)	57,177	4,954	(535,693)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	597,824	(48)	(4,201)	593,575
Less: Firm commitments	-	(5,245)	(1,707)	(6,952)
Less: Currency forwards	-	(101,530)	774	(100,756)
Cross currency swap	-	(5,419)	-	(5,419)
Currency exposure	-	(55,065)	(180)	(55,245)

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

	2009			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
Financial assets				
Trade and other receivables	111,234	638	7,322	119,194
Short-term investments	241,195	6,352	-	247,547
Other non-current assets	4,539	13	397	4,949
Cash and cash equivalents	218,229	75,815	5,209	299,253
	<u>575,197</u>	<u>82,818</u>	<u>12,928</u>	<u>670,943</u>
Financial liabilities				
Trade and other payables	(238,474)	(14,243)	(6,915)	(259,632)
Borrowings	(720,870)	-	(3,393)	(724,263)
	<u>(959,344)</u>	<u>(14,243)</u>	<u>(10,308)</u>	<u>(983,895)</u>
Net financial (liabilities)/assets	(384,147)	68,575	2,620	(312,952)
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	-	(99,432)	-	(99,432)
Cross currency swaps	-	(5,764)	-	(5,764)
Currency exposure	-	<u>(39,731)</u>	326	<u>(39,405)</u>

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. 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:

	2010			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
Financial assets				
Trade and other receivables	1,549,874	226	231	1,550,331
Short-term investments	99,975	-	-	99,975
Other non-current assets	3,148	-	45	3,193
Cash and cash equivalents	230,266	904	248	231,418
	1,883,263	1,130	524	1,884,917
Financial liabilities				
Trade and other payables	(618,015)	(8,467)	(541)	(627,023)
Borrowings	(748,453)	-	-	(748,453)
	(1,366,468)	(8,467)	(541)	(1,375,476)
Net financial assets/(liabilities)	516,795	(7,337)	(17)	509,441
Less: Net financial assets denominated in the Company's functional currency	(516,795)	-	-	(516,795)
Less: Firm commitments	-	(5,245)	(1,707)	(6,952)
Add: Currency forwards	-	1,355	774	2,129
Currency exposure	-	(11,227)	(950)	(12,177)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

	2009			Total S\$'000
	SGD S\$'000	USD S\$'000	Others S\$'000	
Financial assets				
Trade and other receivables	785,933	143	163	786,239
Short-term investments	109,940	-	-	109,940
Other non-current assets	3,653	-	-	3,653
Cash and cash equivalents	97,442	30,925	270	128,637
	996,968	31,068	433	1,028,469
Financial liabilities				
Trade and other payables	(568,695)	(6,640)	(598)	(575,933)
Borrowings	(150,000)	-	-	(150,000)
	(718,695)	(6,640)	(598)	(725,933)
Net financial assets/(liabilities)	278,273	24,428	(165)	302,536
Less: Net financial assets denominated in the Company's functional currency	(278,273)	-	-	(278,273)
Less: Firm commitments	-	(2,927)	-	(2,927)
Less: Currency forwards	-	(21,615)	-	(21,615)
Currency exposure	-	(114)	(165)	(279)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

If the USD changes against the SGD by 5% (2009: 5%) with all other variables including tax rate being held constant, the effects arising from the currency exposure will be as follows:

	2010		2009	
	Profit after tax S\$'000	Other comprehensive income S\$'000	Profit after tax S\$'000	Other comprehensive income S\$'000
Increase/(Decrease)				
Group				
USD against SGD				
- strengthened	(2,285)	-	(1,656)	-
- weakened	2,285	-	1,656	-
Company				
USD against SGD				
- strengthened	(466)	-	(5)	-
- weakened	466	-	5	-

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Price risk

The Group is exposed to equity securities price risk arising from its equity investments which are classified either as available-for-sale or at fair value through profit or loss. To manage the price risk arising from its investments in equity securities, the Group diversifies its portfolio across different markets and industries, where appropriate.

If prices for equity securities that are internally-managed changed by 20% (2009: 20%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income arising from the change in valuation of the equity securities will be as follows:

	2010		2009	
	Profit after tax S\$'000	Other comprehensive income S\$'000	Profit after tax S\$'000	Other comprehensive income S\$'000

Increase/(Decrease)

Group

Internally-managed investments				
- increased by	-	90,410	-	71,988
- decreased by	-	(90,410)	-	(71,988)

Company

Internally-managed investments				
- increased by	-	6,327	-	5,629
- decreased by	-	(6,327)	-	(5,629)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. 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 comprises mainly bank borrowings and fixed rate notes 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 0.25% (2009: 0.5%) point in interest rate at the reporting date would affect profit after tax and other comprehensive income by the amounts shown below, assuming that all other variables remain constant.

	2010		2009	
	Profit after tax S\$'000	Other comprehensive income S\$'000	Profit after tax S\$'000	Other comprehensive income S\$'000

Increase/(Decrease)

Group

Borrowings				
(net of interest rate swap)	(251)	-	(500)	-
Internally-managed investments	39	(1,059)	(990)	(1,174)

Company

Borrowings				
(net of interest rate swap)	(104)	-	(208)	-

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(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, 2010 was S\$0.8 million (2009: S\$0.8 million).

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

	Group		Company	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
By types of customers				
Advertisement	86,976	78,827	70,932	66,450
Circulation	12,671	14,184	11,525	13,041
Multimedia	2,806	2,129	1,383	1,215
Broadcasting	861	610	-	-
Rental	1,376	1,149	-	-
Others	30,196	9,053	8,556	6,550
	134,886	105,952	92,396	87,256

(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 is primarily invested in investment grade securities. Trade receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired

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

	Group		Company	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Past due 0 to 30 days	18,969	18,254	13,343	13,487
Past due 31 to 60 days	6,646	4,991	2,641	2,443
Past due 61 to 90 days	2,284	2,219	594	827
Past due over 90 days	3,108	3,758	795	760
	31,007	29,222	17,373	17,517

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	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Gross amount	10,177	9,701	8,366	7,892
Less: Allowance for impairment	(10,177)	(9,701)	(8,366)	(7,892)
	-	-	-	-
Beginning of financial year	9,701	10,281	7,892	8,343
Acquisition of subsidiaries	-	2	-	-
Allowance made	2,306	2,084	1,443	1,476
Allowance utilised	(1,852)	(2,661)	(969)	(1,927)
Currency translation difference	22	(5)	-	-
End of financial year	10,177	9,701	8,366	7,892

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(j)(v).

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. 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
Group				
At August 31, 2010				
Net-settled interest rate swap	(14,015)	(337)	-	-
Gross-settled currency forwards				
- Receipts	112,021	-	-	-
- Payments	(108,938)	-	-	-
Gross-settled cross currency swap				
- Receipts	423	7,476	-	-
- Payments	(379)	(5,806)	-	-
Trade and other payables	(266,842)	(7,255)	(14,023)	(160)
Borrowings	(593,720)	(170,744)	(766,222)	(2,972)
	(871,450)	(176,666)	(780,245)	(3,132)
At August 31, 2009				
Net-settled interest rate swap	(8,893)	(7,764)	(135)	-
Gross-settled currency forwards				
- Receipts	114,952	-	-	-
- Payments	(114,080)	-	-	-
Gross-settled cross currency swap				
- Receipts	423	423	7,476	-
- Payments	(404)	(404)	(6,172)	-
Trade and other payables	(236,774)	(9,438)	(10,541)	(2,879)
Borrowings	(7,691)	(575,382)	(153,648)	-
	(252,467)	(592,565)	(163,020)	(2,879)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. 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
Company				
At August 31, 2010				
Net-settled interest rate swap	(2,015)	(337)	-	-
Gross-settled currency forwards				
- Receipts	6,114	-	-	-
- Payments	(6,112)	-	-	-
Trade and other payables	(627,023)	-	-	-
Borrowings	(18,088)	(167,065)	(642,150)	-
	(647,124)	(167,402)	(642,150)	-
At August 31, 2009				
Net-settled interest rate swap	(809)	(809)	(135)	-
Gross-settled currency forwards				
- Receipts	36,302	-	-	-
- Payments	(36,218)	-	-	-
Trade and other payables	(575,933)	-	-	-
Borrowings	(1,524)	(1,524)	(150,255)	-
	(578,182)	(2,333)	(150,390)	-

(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 22.4% per annum for the current financial year ended August 31, 2010 (2009: 20.5% per annum).

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended August 31, 2009 and 2010.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value measurements

Effective September 1, 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the financial instruments measured at fair value as at August 31, 2010.

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group				
Assets				
Financial assets at fair value through profit or loss	38,481	27,205	-	65,686
Available-for-sale financial assets	1,019,414	63,703	53,992	1,137,109
Derivative financial instruments	-	4,818	-	4,818
Total assets	1,057,895	95,726	53,992	1,207,613
Liabilities				
Derivative financial instruments	-	(14,389)	-	(14,389)
Company				
Assets				
Available-for-sale financial assets	236,778	-	-	236,778
Derivative financial instruments	-	35	-	35
Total assets	236,778	35	-	236,813
Liabilities				
Derivative financial instruments	-	(2,385)	-	(2,385)

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) 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. These instruments are included in Level 1.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value measurements (cont'd)

The fair value of financial instruments that are not traded in an active market is determined from information provided by financial institutions and issuers using valuation techniques with observable inputs that are based on market information existing at each balance sheet date. These financial instruments are included in Level 2.

Where a valuation technique for financial instruments is based on significant unobservable inputs, such instruments are included in Level 3.

Movement in Level 3 financial instruments for the financial year ended August 31, 2010 is as follows:

	Group	
	Available-for-sale financial assets	
	Investment funds S\$'000	Equities S\$'000
At September 1, 2009	46,692	3,362
Purchases of Level 3 securities	9,206	-
Disposal of Level 3 securities	(1,428)	-
Gains and losses recognised in income statement	1,343	-
Gains and losses recognised in other comprehensive income	(5,156)	(27)
At August 31, 2010	50,657	3,335

33. RELATED PARTY TRANSACTIONS

Key management personnel compensation are as follows:

	Group	
	2010 S\$'000	2009 S\$'000
Remuneration and other short-term employee benefits	18,214	17,193
Employers' contribution to defined contribution plans	365	380
Share-based compensation expense	3,639	3,119
	22,218	20,692
Staff loans granted to key management personnel	323	251

The above includes total emoluments of the Company's Directors of S\$3.5 million (2009: S\$3.1 million).

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

34. SEGMENTAL INFORMATION

(a) Operating segments

Management has determined the operating segments based on the reports provided to the Chief Executive Officer (CEO) of the Company that are used to make strategic decisions.

The Group is organised into business units based on their products, services and activities, and has three reportable operating segments namely Newspaper and Magazine, Treasury and Investment, and Property.

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 the Group's businesses and investments in Internet and related activities, outdoor advertising, radio broadcasting, television broadcasting, organising conventions/conferences/events, book publishing and distribution, online investor relations services, developing applications and operating a financial portal.

Inter-segment pricing is determined on mutually agreed terms. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included in the table below.

2010

	Newspaper and Magazine S\$'000	Treasury and Investment S\$'000	Property S\$'000	Others S\$'000	Eliminations S\$'000	Consolidated S\$'000
Operating revenue						
External sales	974,125	-	356,095	50,851	-	1,381,071
Inter-segmental sales	3,667	-	1,876	2,638	(8,181)	-
Total operating revenue	977,792	-	357,971	53,489	(8,181)	1,381,071
Result						
Segment result	359,179	38,549	244,420	(33,070)	-	609,078
Finance costs	-	(8,730)	(22,359)	(16)	-	(31,105)
Interest income	83	-	158	144	-	385
Fair value gain on loans from non-controlling interests	-	-	12,890	-	-	12,890
Share of profits/(losses) of associates and jointly-controlled entities	5,416	-	-	(6,772)	-	(1,356)
Profit/(loss) before taxation	364,678	29,819	235,109	(39,714)	-	589,892
Taxation						(80,404)
Profit after taxation						509,488
Non-controlling interests						(11,614)
Profit attributable to shareholders						497,874

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

34. SEGMENTAL INFORMATION (CONT'D)

(a) Operating segments (cont'd)

2010 (cont'd)

	Newspaper and Magazine S\$'000	Treasury and Investment S\$'000	Property S\$'000	Others S\$'000	Eliminations S\$'000	Consolidated S\$'000
Other information						
Segment assets	612,446	1,510,891	1,998,228	45,332	-	4,166,897
Investments in associates/ jointly-controlled entities	36,989	-	-	30,116	-	67,105
Consolidated total assets						<u>4,234,002</u>
Segment liabilities	212,827	538,463	980,423	21,889	-	1,753,602
Current income tax liabilities						120,213
Deferred income tax liabilities						54,161
Consolidated total liabilities						<u>1,927,976</u>
Capital expenditure	18,646	-	568,168	4,700	-	591,514
Depreciation	51,421	-	9,613	7,995	-	69,029
Amortisation of intangible assets	1,068	-	-	1,434	-	2,502
Impairment of property, plant and equipment	-	-	-	2,442	-	2,442
Reversal of impairment of property, plant and equipment	(3,485)	-	-	-	-	(3,485)
Impairment of goodwill	-	-	-	1,286	-	1,286
Investment property written off	-	-	2,449	-	-	2,449

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

34. SEGMENTAL INFORMATION (CONT'D)

(a) Operating segments (cont'd)

2009

	Newspaper and Magazine S\$'000	Treasury and Investment S\$'000	Property S\$'000	Others S\$'000	Eliminations S\$'000	Consolidated S\$'000
Operating revenue						
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
Result						
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/(losses) of associates and 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
Other information						
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 of intangible assets	1,172	-	-	1,196	-	2,368
Impairment of property, plant and equipment	-	-	-	79	-	79
Reversal of impairment of property, plant and equipment	(1,186)	-	-	-	-	(1,186)
Intangible assets written off	1,000	-	-	-	-	1,000
Impairment of goodwill	-	-	-	131	-	131
Investment property written off	-	-	38	-	-	38

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

34. SEGMENTAL INFORMATION (CONT'D)

(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		Non-current assets		Total assets	
	2010	2009	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	1,352,802	1,274,964	2,551,745	1,961,112	4,183,660	3,175,505
Other countries	28,269	26,403	33,634	41,423	50,342	59,853
	1,381,071	1,301,367	2,585,379	2,002,535	4,234,002	3,235,358

35. 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, 2010 or later periods for which the Group has not early adopted. The management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Group and of the Company.

36. SUBSEQUENT EVENT

The Group's wholly-owned subsidiary, Sphere Exhibits Pte Ltd ("Sphere"), entered into an agreement (the "Agreement") with Eastern Directories Pte Ltd ("EDPL"), a subsidiary of Eastern Holdings Ltd., on June 11, 2010 to acquire the Exhibitions Business and assets of EDPL.

EDPL's principal activities are the organising of exhibitions marketed and held in Singapore under the respective names, logos and marks "COMEX", "IT Show", "World Food Fair" and "Food and Beverage Fair" ("Exhibitions Business").

The total consideration for the proposed acquisition is S\$43.5 million.

Completion of the acquisition will take place on the satisfaction of the conditions in the Agreement.

37. AUTHORISATION OF FINANCIAL STATEMENTS

On October 12, 2010, the Board of Directors of Singapore Press Holdings Limited authorised these financial statements for issue.