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

1. GENERAL

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

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 and managing properties,
(f) providing outdoor advertising services, and
(g) providing radio broadcasting services.

The principal activities of the Company consist of:

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 4.

The Group and the Company adopted the new or revised FRS that are applicable in the current financial year. The 2005 comparatives have been amended as required, in accordance with the relevant transitional provisions in the respective FRS. The following are the new or revised FRS that are relevant to the Group:

FRS 1 (revised 2004)	Presentation of Financial Statements
FRS 2 (revised 2004)	Inventories
FRS 8 (revised 2004)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004)	Events after the Balance Sheet Date
FRS 16 (revised 2004)	Property, Plant and Equipment
FRS 17 (revised 2004)	Leases
FRS 21 (revised 2004)	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004)	Related Party Disclosures
FRS 27 (revised 2004)	Consolidated and Separate Financial Statements
FRS 28 (revised 2004)	Investment in Associates
FRS 31 (revised 2004)	Interests in Joint Ventures
FRS 32 (revised 2004)	Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004)	Earnings per Share
FRS 39 (revised 2004)	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payments
FRS 105	Non-current Assets Held for Sale and Discontinued Operations

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies except as disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

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

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

(c) Currency Translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Translation of Group entities' financial statements

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

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

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

(iv) Consolidation adjustments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment of Assets

(i) Goodwill

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

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

An impairment loss is recognised in the income statement 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.

Impairment loss on goodwill is not reversed in a subsequent period.

(ii) Intangible assets
Property, plant and equipment
Interests in subsidiaries, associates and jointly controlled entities

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

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

(e) Property, Plant and Equipment and Depreciation

(i) Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation is calculated to write off the cost on a straight-line basis over the expected useful lives of the assets. The estimated useful lives for this purpose are:

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

(iii) No depreciation is charged on freehold land and land held on 999-year lease or in respect of major capital work-in-progress.

(f) Investment Properties

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

Investment properties are stated at cost less accumulated impairment losses. The cost of investment properties includes capitalisation of interest incurred on borrowings for the purchase, renovation and extension of the investment properties 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Subsidiaries

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

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

(h) Associates

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

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

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

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

(i) Jointly Controlled Entities

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

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

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

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

(j) Investments in Financial Assets

(i) Classification

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

- 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 in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated for hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) *Investments in Financial Assets* (cont'd)

(i) Classification (cont'd)

- 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 arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise cash on deposit, bank balances, trade and other debtors.

- Held-to-maturity investments

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group has no held-to-maturity investments at August 31, 2006.

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(ii) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On sale of a financial asset, the difference between the net sales proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to the asset is also taken to the income statement.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised in the income statement.

(iv) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

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

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

(v) Determination of fair value

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Investments in Financial Assets (cont'd)

(vi) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from the fair value reserve within equity and recognised in the income statement. Impairment losses on debt instruments classified as available-for-sale financial assets are reversed in the income statement. However, impairment losses recognised in the income statement on equity investments classified as available-for-sale are not reversed through the income statement, until the equity investments are disposed of.

(k) Derivative Financial Instruments and Hedging Activities

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

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedge). The Group has no fair value hedge at August 31, 2006.

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

(i) Cash flow hedge

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

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

(ii) Derivatives that do not qualify for hedge accounting

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Intangible Assets

(i) Goodwill on Consolidation

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

The gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Trademarks and Licences

Acquired trademarks and licences are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of up to 20 years.

(m) Stocks

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

Cost of raw materials and consumable stores includes transport and handling costs, and any other directly attributable costs, and is determined on the weighted average or specific identification basis.

(n) Debtors

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

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

(o) Borrowings

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

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

(p) Creditors

Creditors are initially measured at fair value, and subsequently measured 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 render their services to the Group.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(iii) Share-based compensation benefits

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

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(s) *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable 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 liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

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

Deferred tax is provided in full, using the liability method. Tax rates enacted or substantially enacted by the balance sheet date are used to determine deferred tax.

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

(u) *Revenue Recognition*

Revenue from the sale of the Group's products after accounting for trade discounts, returns and goods and services tax is recognised on completion of delivery.

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

Revenue from advertisements is recognised when the advertisement is published or broadcast.

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

Dividend income from investments other than subsidiaries is recognised when the right to receive payment is established and interest income is recognised on a time-apportioned basis.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Leases

When the Group is the lessee:

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

When the Group is the lessor:

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

(w) Segment Reporting

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

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

(x) Treasury Shares

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

3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS

(a) FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 39, long-term investments in equity securities were stated at cost less diminution in value. Long-term investments in bonds were stated at cost, adjusted for amortisation of premium, accretion of discount and diminution in value. Short-term investments were stated at the lower of cost and realisable value on an individual basis. The fair values of the forward foreign exchange contracts and interest rate swaps were not recognised in the financial statements.

With the adoption of FRS 39, long-term and short-term investments are now measured at fair values with gains or losses recognised either in the income statement or the reserves. The fair values of the forward foreign exchange contracts are now recognised in the income statement while those of the interest rate swaps designated and qualifying as cash flow hedges are recognised in the reserves. In accordance with the requirements under the standard, the comparative figures for the financial year ended August 31, 2005 are not restated. Instead, the effect of adopting FRS 39 has been adjusted one-off to the opening reserves as at September 1, 2005. The Group considers that it is not practical to disclose the effects of adopting FRS 39 on the Group financial statements for the year ended August 31, 2006.

The transitional impact on the opening reserves and balance sheet items of the Group and Company on adopting FRS 39 on September 1, 2005 is illustrated in the table below:

	GROUP S$'000	COMPANY S$'000
Increase/(Decrease) in:		
Retained profit	29,662	99
Fair value reserve	309,345	29,138
Hedging reserve	(4,305)	–
	334,702	29,237
Long-term investments	286,017	29,285
Short-term investments	68,724	–
Derivative financial instruments (current assets)	601	–
Less:		
Derivative financial instruments (current liabilities)	7,199	48
Deferred taxation	13,441	–
	334,702	29,237

3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS (CONT'D)

(b) FRS 102 Share-based Payments

Under FRS 102, share options granted to employees are measured at fair value at the date of grant and recognised as an expense over the vesting period. Prior to the adoption of FRS 102, share options granted to employees did not result in any expense to the income statement.

This change in accounting policy has been accounted for retrospectively and accordingly, the 2005 comparatives are restated as follows:

	GROUP S$'000	COMPANY S$'000
(Decrease)/Increase:		
Retained profit as at August 31, 2005	(8,942)	(8,942)
Share-based compensation reserve as at August 31, 2005	8,942	8,942
Staff costs	6,374	
Profit after taxation	(6,374)	
Decrease in basic earnings per share (S$)	(0.004)	
Decrease in diluted earnings per share (S$)	(0.004)	

The effects on the balance sheets as at August 31, 2006 and income statement for the financial year ended August 31, 2006 are as set out below:

(i) Consolidated Balance Sheet as at August 31, 2006

	Increase/(Decrease) S$'000
Consolidated Balance Sheet Items at August 31, 2006	
Retained profit	(8,933)
Share capital	1,480
Share-based compensation reserve	14,824

(ii) Consolidated Income Statement for the year ended August 31, 2006

	Increase/(Decrease) S$'000
Consolidated Income Statement Items at August 31, 2006	
Staff costs	7,371
Profit after taxation	(7,371)
Basic earnings per share (S$)	(0.005)
Diluted earnings per share (S$)	(0.005)

(iii) Company Balance Sheet as at August 31, 2006

	Increase/(Decrease) S$'000
Company Balance Sheet Items at August 31, 2006	
Retained profit	(8,933)
Share capital	1,480
Share-based compensation reserve	14,824

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Critical accounting estimates and assumptions

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

- Estimated impairment of goodwill

  The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy in Note 2(d). The recoverable amounts of CGUs have been determined based on calculations which require the use of estimates. Methods of assessing the recoverable amount include estimating the appropriate earnings multiple to the earnings of the CGUs in some cases and estimating with reference to net asset value of the CGUs in other cases. The carrying amounts of goodwill at the balance sheet date are disclosed in Notes 12 and 15.

- 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 value of forward foreign exchange contracts is 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.

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

- Impairment of available-for-sale financial assets

  The Group follows the guidance of FRS 39 (revised 2004) on determining when an investment is other-than-temporarily 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 for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The fair values of available-for-sale investments are disclosed in Notes 14 and 20.

5. SHARE CAPITAL AND TREASURY SHARES

	GROUP and COMPANY			
	2006		2005	
	Number of Shares '000	S$'000	Number of Shares '000	S$'000
Authorised				
Balance at beginning of financial year	**5,000,000**	**1,000,000**	5,000,000	1,000,000
Effect of Companies (Amendment) Act 2005*	**(5,000,000)**	**(1,000,000)**	–	–
Balance at the end of financial year	**–**	**–**	5,000,000	1,000,000
Comprised of:				
Management shares	**–**	**–**	50,000	10,000
Ordinary shares	**–**	**–**	4,950,000	990,000
Balance at the end of financial year	**–**	**–**	5,000,000	1,000,000
Issued and fully paid				
Management shares	**16,148**	**6,174**	16,096	3,219
Ordinary shares	**1,579,526**	**426,633**	1,574,312	314,863
	1,595,674	**432,807**	1,590,408	318,082
Treasury shares	**(3,001)**	**(12,018)**	–	–
	1,592,673	**420,789**	1,590,408	318,082
Movements during the financial year were:				
Opening balance	**1,590,408**	**318,082**	1,582,635	316,527
Issue of ordinary shares fully paid under the Singapore Press Holdings Group (1999) Share Option Scheme	**5,214**	**11,121**	7,695	1,539
Issue of management shares fully paid in accordance with the Newspaper and Printing Presses Act	**52**	**120**	78	16
Transfer from share premium*	**–**	**98,975**	–	–
Transfer from capital redemption reserve*	**–**	**4,509**	–	–
	1,595,674	**432,807**	1,590,408	318,082
Purchase of treasury shares	**(3,001)**	**(12,018)**	–	–
Closing balance	**1,592,673**	**420,789**	1,590,408	318,082

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

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

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

(i) Treasury shares

The Company acquired 3,001,000 of its own shares through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was S$12.0 million. The shares, held as treasury shares, were included as deduction against shareholders' equity.

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

(ii) Share options

Share options are granted to good performing full-time employees on permanent tenure of employment in the Company. Employees with at least 3 years' service but with less than 8 years' service in the year in which the grant was made, are eligible for 2 allocations on alternate years. Employees with a minimum of 8 years of service will be eligible for allocation every year. The Remuneration Committee (the "Committee") responsible for administering the 1999 Scheme will also take into consideration any other factor that the Committee, in its absolute discretion, considers relevant.

The exercise price of the granted options is equal to the average of the closing prices of the Company's ordinary shares on the Singapore Exchange for the five market days immediately preceding the date of grant. The vesting of granted options is conditional on the key management or employee completing another 2 years of service.

Once the options are vested, they are exercisable for a contractual option term of 8 years from the date the options are vested. The options may be exercised in full or in part on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On December 16, 2005, options on 17,412,250 shares with exercise price of S$4.30 per share were granted pursuant to the 1999 Scheme. These options are exercisable from December 17, 2007 and expire on December 16, 2015.

Details of the unissued shares of the Company under option at the end of the financial year are as follows:

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

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

* *Or later date of grant.*

Out of the outstanding options on 71,132,300 shares (2005: 60,914,450), options on 38,375,025 shares (2005: 30,251,150) were exercisable. Options exercised in 2006 resulted in 5,214,150 shares (2005: 7,694,500) being issued at an average price of S$3.70 (2005: S$3.65) each.

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

	2006
Share price (S$)	4.22
Exercise price (S$)	4.30
Dividend yield (%)	5.20
Risk-free interest rate (%)	3.09
Expected volatility (%)	23.00
Expected life of option (years)	3.75

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

6. RESERVES

	GROUP		COMPANY	
	2006	2005 Restated	2006	2005 Restated
	S$'000	S$'000	S$'000	S$'000
Composition:				
Capital redemption reserve*	**–**	4,509	**–**	4,509
Capital reserve [Note (a)]	**2,005**	2,005	**–**	–
Share-based compensation reserve	**14,824**	8,942	**14,824**	8,942
Hedging reserve	**7,540**	–	**–**	–
Fair value reserve [Note (b)]	**308,135**	–	**36,188**	–
Exchange translation reserve	**(80)**	222	**–**	–
	332,424	15,678	**51,012**	13,451

* *Under The Companies (Amendment) Act 2005 that came into effect on January 30, 2006, any amounts standing to the credit of the Company's capital redemption account shall become part of the Company's share capital. Accordingly, the capital redemption reserve account has been combined into the share capital account.*

	GROUP	
	2006	2005
	S$'000	S$'000
(a) Capital reserve is made up as follows:		
Distributable	**1,375**	1,375
Non-distributable	**630**	630
	2,005	2,005

	GROUP	COMPANY
	2006	2006
	S$'000	S$'000
(b) Opening balance	**–**	**–**
Transitional adjustment on adoption of FRS 39	**309,345**	**29,138**
Net gain on fair value changes during the financial year	**7,561**	**7,050**
Recognised in income statement on sale of investments	**(8,771)**	**–**
	308,135	**36,188**

7. TAXATION

(a) Deferred Taxation

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

2006
GROUP

(i) Deferred Tax Liabilities

	Accelerated Tax Depreciation S$'000	Fair Value Changes S$'000	Others S$'000	Total S$'000
Opening balance	**72,860**	**–**	**2,559**	**75,419**
Effect of adoption of FRS 39 [Note 3(a)]	**–**	**13,441**	**–**	**13,441**
Credited to income statement	**(2,682)**	**–**	**(311)**	**(2,993)**
Credited to equity	**–**	**(1,326)**	**–**	**(1,326)**
Reclassed to current taxation	**–**	**(5,128)**	**–**	**(5,128)**
	70,178	**6,987**	**2,248**	**79,413**

7. TAXATION (CONT'D)

(a) Deferred Taxation (cont'd)

2006
GROUP

(ii) Deferred Tax Assets

	Provisions S$'000
Opening balance	**(7,642)**
Charged to income statement	**256**
Exchange difference	**19**
Closing balance	**(7,367)**

2005
GROUP

(i) Deferred Tax Liabilities

	Accelerated Tax Depreciation S$'000	Others S$'000	Total S$'000
Opening balance	78,286	2,669	80,955
Credited to income statement	(5,426)	(110)	(5,536)
Closing balance	72,860	2,559	75,419

(ii) Deferred Tax Assets

	Provisions S$'000
Opening balance	(8,829)
Charged to income statement	1,359
Acquisition of subsidiaries	(48)
Other adjustments	(124)
Closing balance	(7,642)

2006
COMPANY

(i) Deferred Tax Liabilities

	Accelerated Tax Depreciation S$'000
Opening balance	**63,329**
Credited to income statement	**(3,677)**
Closing balance	**59,652**

(ii) Deferred Tax Assets

	Provisions S$'000
Opening balance	**(7,434)**
Charged to income statement	**236**
Closing balance	**(7,198)**

7. TAXATION (CONT'D)

(a) Deferred Taxation (cont'd)

2005
COMPANY

(i) Deferred Tax Liabilities

	Accelerated Tax Depreciation S$'000
Opening balance	68,017
Credited to income statement	(4,688)
Closing balance	63,329

(ii) Deferred Tax Assets

	Provisions S$'000
Opening balance	(8,807)
Charged to income statement	1,373
Closing balance	(7,434)

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

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Deferred tax liabilities	**72,046**	67,777	**52,454**	55,895

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

	GROUP	
	2006 S$'000	2005 S$'000
Fair value reserve	**(3,211)**	–
Hedging reserve	**1,885**	–
	(1,326)	–

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of S$4,049,000 (2005: Nil) and S$414,000 (2005: Nil) 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.

7. TAXATION (CONT'D)

(b) Tax Expense

	GROUP 2006 S$'000	GROUP 2005 S$'000
Tax expense attributable to profit is made up of:		
Current year		
Current tax	**87,212**	78,794
Deferred tax	**(3,859)**	(4,174)
	83,353	74,620
Prior years		
Current tax	**(3,399)**	(4,642)
Deferred tax	**1,122**	(3)
	81,076	69,975

The income tax expense on the results 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 2006 S$'000	GROUP 2005 Restated S$'000
Profit before taxation	**509,420**	558,364
Add: Share of net losses of associates and jointly controlled entity	**185**	3,590
Adjusted profit before taxation	**509,605**	561,954
Tax calculated at corporate tax rate of 20% (2005: 20%)	**101,921**	112,391
Singapore statutory stepped income exemption	**(173)**	(179)
Income taxed at concessionary rate	**(721)**	(655)
Utilisation of previously unrecognised capital allowance/tax losses	**–**	(11,034)
Income not subject to tax	**(22,149)**	(35,797)
Expenses not deductible for tax purposes	**5,666**	10,663
Deferred tax benefits not recognised	**462**	391
Double tax relief for contributions made to Institutes of Public Character	**(578)**	(987)
Effect of different tax rates in other countries	**117**	150
Others	**(1,192)**	(323)
	83,353	74,620

8. BORROWINGS

	GROUP 2006 S$'000	GROUP 2005 S$'000
Term loans	**611,445**	650,000
Borrowings are repayable:		
Within 1 year	**667**	–
Between 1 - 5 years	**610,778**	650,000
	611,445	650,000

8. BORROWINGS (CONT'D)

(a) At beginning of the financial year, Times Properties Private Limited, a subsidiary of the Group, had a term loan facility available for drawdown up to the amount of S$650 million (2005: S$700 million) for a tenure of one year which ended on July 11, 2006. As at July 11, 2006, total loan drawn down amounted to S$650 million and the subsidiary had made partial repayment of S$40 million for the term loan.

On July 11, 2006, the term loan facility was refinanced under Orchard 290 Pte Ltd ("Orchard 290"), another subsidiary of the Group. The new term loan, available for drawdown up to the amount of S$610 million (2005: Nil), has a tenure of five years and was classified accordingly as non-current liability. No repayment of the new term loan was made during the financial year.

The new term loan facility was secured by way of a legal mortgage on the Group's investment property (Note 10), a debenture over the assets of Orchard 290, an assignment of rental proceeds from the investment property and the insurances on the investment property.

After taking into account interest rate swap arrangement totalling S$500 million (2005: S$645 million), the effective interest rate as at the balance sheet date on the outstanding term loan facility of S$610 million was 3.61% per annum (2005: S$650 million, 3.23% per annum).

(b) SPH MediaBoxOffice Pte Ltd ("SPHMBO"), another subsidiary of the Group, had a term loan facility available for drawdown up to S$2 million (2005: Nil) with a tenure of three years and a fixed repayment schedule commencing September 30, 2005. Total loan drawn down on October 31, 2005 amounted to S$2 million and a total of S$555,000 had been repaid by SPHMBO during the financial year.

The term loan facility was secured by way of fixed charge on LED and plasma displays ("Secured Assets") of SPHMBO [Note 9(a)], an assignment of all rights and benefits arising from all advertising/leasing contracts in relation to the Secured Assets and insurances on the Secured Assets.

The effective interest rate as at the balance sheet date on the outstanding term loan facility of S$1.4 million was 5% per annum (2005: Nil).

(c) In respect of bank borrowings, where appropriate, the Group's policy is to minimise its interest rate risk exposure by entering into interest rate swaps over the duration of its borrowings. Accordingly, Orchard 290 entered into an interest rate swap contract as part of its interest rate risk management. Under the interest rate swap, Orchard 290 agreed with another party to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts. At August 31, 2006, the fixed interest rate was 3.189% (2005: 2.55% to 3.44%) per annum and floating rates are referenced to Singapore dollar swap offer rate, which is repriced every three months.

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

	GROUP	
	2006 S$'000	**2005 S$'000**
Notional due:		
Within 1 year	**–**	645,000
Between 1- 5 years	**500,000**	–
Positive/(Negative) fair values* (Note 21)	**9,855**	(5,094)

* *The fair value of interest rate swap contract has been calculated (using rates quoted by the Group's bankers) assuming the contract is terminated at the balance sheet date. The fair value was not recognised in the consolidated financial statements for 2005.*

(d) The fair values of both term loans of S$611.4 million as at the balance sheet date approximate their carrying values as the loans carry floating interest rates.

9. PROPERTY, PLANT AND EQUIPMENT

(a) 2006

	GROUP					
	Land and Buildings		Plant and	Furniture and	Motor	
	Freehold S$'000	Leasehold S$'000	Equipment S$'000	Fittings S$'000	Vehicles S$'000	Total S$'000
Cost						
Opening balance	28,842	228,871	759,388	16,120	1,930	1,035,151
Reclassification	–	–	(138)	138	–	–
Acquisition of business by a subsidiary	–	–	2,571	–	–	2,571
Acquisition of a subsidiary	–	2	80	1	–	83
Foreign exchange difference	–	–	(131)	(78)	(4)	(213)
Additions	–	23	3,947	334	501	4,805
Transfer in from capital work-in-progress	–	–	15,156	–	–	15,156
Disposals	–	–	(35,272)	(263)	(1,158)	(36,693)
Closing balance	28,842	228,896	745,601	16,252	1,269	1,020,860
Accumulated Depreciation and Impairment Losses						
Opening balance	8,484	89,072	414,452	8,503	1,362	521,873
Foreign exchange difference	–	–	(113)	(39)	(1)	(153)
Depreciation charge for the year	212	6,129	41,223	1,268	233	49,065
Disposals	–	–	(35,206)	(210)	(1,008)	(36,424)
Closing balance	8,696	95,201	420,356	9,522	586	534,361
Net book value at August 31, 2006	20,146	133,695	325,245	6,730	683	486,499
Capital work-in-progress	–	–	15,392	–	–	15,392
Closing balance	20,146	133,695	340,637	6,730	683	501,891
Capital work-in-progress						
Opening balance	–	–	17,080	–	–	17,080
Additions	–	–	13,468	–	–	13,468
Transfer out to Property, Plant and Equipment	–	–	(15,156)	–	–	(15,156)
Closing balance	–	–	15,392	–	–	15,392

A term loan is secured on SPHMBO's plant and equipment with a total carrying amount of S$1.6 million [Note 8(b)].

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

(b) 2005

	GROUP					
	Land and Buildings Freehold S$'000	Land and Buildings Leasehold S$'000	Plant and Equipment S$'000	Furniture and Fittings S$'000	Motor Vehicles S$'000	Total S$'000
Cost						
Opening balance	28,842	228,630	788,433	18,369	2,363	1,066,637
Reclassification	–	–	(884)	884	–	–
Acquisition of subsidiaries	–	–	592	269	32	893
Foreign exchange difference	–	–	(5)	(3)	2	(6)
Additions	–	241	3,657	1,159	362	5,419
Transfer in from capital work-in-progress	–	–	4,884	–	–	4,884
Disposals	–	–	(37,289)	(4,558)	(829)	(42,676)
Closing balance	28,842	228,871	759,388	16,120	1,930	1,035,151
Accumulated Depreciation and Impairment Losses						
Opening balance	8,272	82,500	410,097	10,080	1,863	512,812
Reclassification	–	–	(375)	375	–	–
Foreign exchange difference	–	–	9	1	–	10
Depreciation charge for the year	212	6,572	41,694	1,560	262	50,300
Impairment charge for the year	–	–	298	390	–	688
Disposals	–	–	(37,271)	(3,903)	(763)	(41,937)
Closing balance	8,484	89,072	414,452	8,503	1,362	521,873
Net book value at August 31, 2005	20,358	139,799	344,936	7,617	568	513,278
Capital work-in-progress	–	–	17,080	–	–	17,080
Closing balance	20,358	139,799	362,016	7,617	568	530,358
Capital work-in-progress						
Opening balance	–	–	11,706	–	–	11,706
Additions	–	–	10,258	–	–	10,258
Transfer out to Property, Plant and Equipment	–	–	(4,884)	–	–	(4,884)
Closing balance	–	–	17,080	–	–	17,080

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

(c) 2006

	COMPANY			
	Plant and Equipment S$'000	Furniture and Fittings S$'000	Motor Vehicles S$'000	Total S$'000
Cost				
Opening balance	668,548	12,633	1,892	683,073
Reclassification	(138)	138	–	–
Additions	1,880	30	499	2,409
Transfer in from capital work-in-progress	15,156	–	–	15,156
Transfer in	6	–	–	6
Transfer out	(68)	–	–	(68)
Disposals	(34,780)	(185)	(1,135)	(36,100)
Closing balance	650,604	12,616	1,256	664,476
Accumulated Depreciation and Impairment Losses				
Opening balance	373,457	6,810	1,343	381,610
Depreciation charge for the year	33,484	936	228	34,648
Transfer out	(67)	–	–	(67)
Disposals	(34,738)	(165)	(998)	(35,901)
Closing balance	372,136	7,581	573	380,290
Net book value at August 31, 2006	278,468	5,035	683	284,186
Capital work-in-progress	15,392	–	–	15,392
Closing balance	293,860	5,035	683	299,578
Capital work-in-progress				
Opening balance	17,080	–	–	17,080
Additions	13,468	–	–	13,468
Transfer out to Property, Plant and Equipment	(15,156)	–	–	(15,156)
Closing balance	15,392	–	–	15,392

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

(d) 2005

	COMPANY			
	Plant and Equipment S$'000	Furniture and Fittings S$'000	Motor Vehicles S$'000	Total S$'000
Cost				
Opening balance	673,153	12,945	2,176	688,274
Reclassification	(884)	884	–	–
Additions	3,047	30	297	3,374
Transfer in from capital work-in-progress	4,847	–	–	4,847
Transfer in	2	–	–	2
Transfer out	(20)	–	–	(20)
Disposals	(11,609)	(1,226)	(581)	(13,416)
Closing balance	668,536	12,633	1,892	683,061
Accumulated Depreciation and Impairment Losses				
Opening balance	350,166	5,470	1,676	357,312
Reclassification	(375)	375	–	–
Depreciation charge for the year	34,996	1,187	248	36,431
Impairment charge for the year	298	390	–	688
Transfer out	(9)	–	–	(9)
Disposals	(11,631)	(612)	(581)	(12,824)
Closing balance	373,445	6,810	1,343	381,598
Net book value at August 31, 2005	295,091	5,823	549	301,463
Capital work-in-progress	17,080	–	–	17,080
Closing balance	312,171	5,823	549	318,543
Capital work-in-progress				
Opening balance	11,706	–	–	11,706
Additions	10,258	–	–	10,258
Transfer out to Property, Plant and Equipment	(4,847)	–	–	(4,847)
Transfer out to a subsidiary	(37)	–	–	(37)
Closing balance	17,080	–	–	17,080

10. INVESTMENT PROPERTY

Details of the investment property are as follows:

	GROUP Freehold Land and Building	
	2006 S$'000	**2005 S$'000**
Cost	**923,827**	923,827
Development expenditure at cost	**188,128**	186,772
Loan interest capitalised	**18,935**	18,935
	1,130,890	1,129,534
Impairment losses	**–**	(70,534)
	1,130,890	1,059,000
Gross rental income	**93,278**	84,293
Fair value	**1,520,000**	1,380,000

Fair value of the investment property, the Paragon on Orchard Road was stated based on an independent professional valuation, determined on an open market value basis and carried out on June 26, 2006 (2005: June 27, 2005). The investment property is mortgaged to a bank as security for loan facilities granted to Orchard 290 (Note 8).

During the financial year, a write-back of impairment losses totalling S$70.5 million was made for the Paragon in view of the strong sustained valuation.

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

(a) Unquoted equities

	COMPANY	
	2006 S$'000	**2005 S$'000**
Unquoted equities, at cost	**476,812**	476,812
Allowance for impairment losses*	**(90,000)**	(90,000)
	386,812	386,812

Details of subsidiaries are set out in Note 32.

(b) Amount owing by subsidiaries

	COMPANY	
	2006 S$'000	**2005 S$'000**
Amount owing by subsidiaries (non-trade) [Note (c)]	**758,986**	797,999
Loans to subsidiaries	**202,981**	197,056
	961,967	995,055
Allowance for impairment*	**(190,676)**	(190,676)
	771,291	804,379

* *Mainly attributable to the cost of investment in and loan extended to SPH MediaWorks Ltd (under liquidation). The provisions were made solely at entity's level and had no impact on the Group financial statements.*

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

12. INTERESTS IN ASSOCIATES AND AMOUNT OWING BY/TO ASSOCIATES

(a) Unquoted equities

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Unquoted equities, at cost	**83,138**	43,183	**29,160**	29,160
Share of net losses	**(5,415)**	(6,369)	**–**	–
Impairment losses	**(7,994)**	(8,739)	**–**	–
	69,729	28,075	**29,160**	29,160

The summarised financial information of associates were as follows:

	GROUP	
	2006 S$'000	2005 S$'000
Assets	**346,281**	166,702
Liabilities	**186,401**	120,318
Revenues	**324,097**	141,024
Net loss	**(3,789)**	(17,088)
Share of an associate's contingent liabilities	**1,517**	–

The Group's interests in associates at August 31, 2006 include goodwill of S$42.7 million (2005: S$15.1 million).

The Group has not recognised losses amounting to S$17,000 (2005: S$123,000) for Shanghai YouHer Consultancy Limited as full provision for impairment has been made. The accumulated losses not recognised were S$140,000 (2005: S$123,000).

Details of associates are set out in Note 33.

(b) Amount owing by/to associates

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Amount owing by associate (non-trade)	**51**	29	**20**	12
Loan to an associate	**6,000**	6,000	**6,000**	6,000
	6,051	6,029	**6,020**	6,012
Amount owing to an associate (non-trade)	**–**	(1)	**–**	–

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

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

13. INTERESTS IN JOINTLY CONTROLLED ENTITY AND AMOUNT OWING BY JOINTLY CONTROLLED ENTITY

The Group has an interest in a jointly controlled entity, which provides consultancy services in the People's Republic of China. The entity is considered a joint venture because all key operational and financial decisions require the unanimous approval of its venturers.

	GROUP	
	2006	**2005**
	S$'000	**S$'000**
Unquoted equities, at cost	**339**	–
Impairment loss#	**(339)**	–
	–	–
Amount owing by jointly controlled entity	**–**	33

The Group has committed to inject a further S$789,000 into the jointly controlled entity after August 31, 2006. This has been fully provided for as impairment loss. The total impairment loss of S$1,128,000 has been classified under exceptional items in Note 29.

The Group's interests in the jointly controlled entity are equity accounted for in the consolidated balance sheet and income statement. The following amounts represent the Group's effective share of 50.00% (2005: 47.50%) of the assets and liabilities and income and expenses of the jointly controlled entity as at August 31, 2006 should proportionate consolidation be adopted.

	GROUP	
	2006	**2005**
	S$'000	**S$'000**
Assets		
Current assets	**192**	112
Non-current assets	**33**	31
	225	143
Liabilities		
Current liabilities	**769**	581
	769	581
Net liabilities	**(544)**	(438)
Sales	**305**	191
Expenses	**(532)**	(461)
Net loss	**(227)**	(270)
Capital commitment in relation to interests in jointly controlled entity	**789**	337

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

14. LONG-TERM INVESTMENTS

With the adoption of FRS 39 (revised 2004) on September 1, 2005, the Group's long-term investments classified as available-for-sale are stated at fair values. In 2005, long-term investments in equity securities were stated at cost less diminution in value while long-term investments in bonds were stated at cost, adjusted for amortisation of premium, accretion of discount and diminution in value.

Available-for-sale financial assets include the following:

	GROUP			COMPANY		
	2006	2005		2006	2005	
	At Fair Value S$'000	At Fair Value S$'000	At Cost S$'000	At Fair Value S$'000	At Fair Value S$'000	At Cost S$'000
Quoted securities:						
– Equities	**346,703**	337,421	59,043	**39,273**	32,370	3,086
– Bonds	**39,142**	51,043	48,000	**–**	–	–
	385,845	388,464	107,043	**39,273**	32,370	3,086
Unquoted securities:						
– Equities	**17,614**	18,274	27,462	**–**	–	2,980
– Other investments	**7**	284	453	**–**	277	425
Allowance for diminution in value of investments	**–**	–	(13,953)	**–**	–	(3,129)
	403,466	407,022	121,005	**39,273**	32,647	3,362

15. INTANGIBLE ASSETS

	GROUP	
	2006 S$'000	2005 S$'000
Goodwill arising on consolidation [Note (a)]	**10,075**	10,075
Trademark and licences [Note (b)]	**1,479**	954
	11,554	11,029

(a) Goodwill arising on consolidation

	GROUP	
	2006 S$'000	2005 S$'000
Opening balance	**10,075**	–
Acquisition of interests in subsidiaries	**257**	23,844
Acquisition of business by a subsidiary	**98**	–
Divestment of interests in subsidiaries	**–**	(3,348)
Impairment of goodwill (Note 29)	**(355)**	(10,421)
Closing balance	**10,075**	10,075

15. INTANGIBLE ASSETS (CONT'D)

(b) Trademark and licences

	GROUP	
	2006 S$'000	2005 S$'000
Opening balance	**954**	–
Acquired during the financial year	**1,100**	1,506
Amortisation charge	**(575)**	(552)
Closing balance	**1,479**	954
Cost	**2,606**	1,506
Accumulated amortisation	**(1,127)**	(552)
	1,479	954

16. OTHER NON-CURRENT ASSETS

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Staff loans	**5,177**	4,691	**5,029**	4,616

17. STOCKS

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Raw materials and consumable stores	**35,808**	31,881	**35,164**	31,602
Allowance for stocks	**(1,229)**	(1,011)	**(1,229)**	(1,011)
	34,579	30,870	**33,935**	30,591

During the financial year, the Group made an allowance of S$218,000 for stocks (2005: S$311,000). The allowance had been included in materials, consumables and broadcasting costs in the income statement.

18. TRADE DEBTORS

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Amount owing	**110,166**	103,349	**94,125**	89,695
Allowance for impairment	**(9,824)**	(10,689)	**(8,438)**	(9,334)
	100,342	92,660	**85,687**	80,361

19. OTHER DEBTORS AND PREPAYMENTS

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Accrued interest	**2,044**	1,775	**9**	11
Sundry debtors (non-trade)	**1,733**	2,595	**873**	681
Amount due from liquidator of a subsidiary	**2,959**	12,444	**–**	2,841
Prepayments	**2,756**	3,119	**1,809**	1,935
Staff loans	**1,601**	1,595	**1,530**	1,546
	11,093	21,528	**4,221**	7,014

20. SHORT-TERM INVESTMENTS

With the adoption of FRS 39 (revised 2004) on September 1, 2005, the Group's short-term investments are stated at fair values. In 2005, short-term investments were stated at the lower of cost and realisable value on an individual basis.

(a) Internally managed

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

	GROUP		
	2006	2005	
	At Fair Value S$'000	At Fair Value S$'000	At Cost S$'000
Quoted securities:			
– Equities	**84,450**	106,016	70,033
– Bonds	**278,050**	213,315	221,637
– Accretion of discount on bonds	**–**	–	1,386
– Amortisation of premium on bonds	**–**	–	(114)
	362,500	319,331	292,942
Unquoted securities:			
– Equities	**56,166**	17,132	18,744
	418,666	336,463	311,686
Allowance for diminution in value of investments			
– Quoted	**–**	–	(14,230)
– Unquoted	**–**	–	(2,388)
	418,666	336,463	295,068

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

	GROUP		
	2006	2005	
	At Fair Value S$'000	At Fair Value S$'000	At Cost S$'000
Quoted securities (designated at fair value on initial recognition)			
– Bond	**4,171**	4,309	4,000

20. SHORT-TERM INVESTMENTS (CONT'D)

(b) Funds under management

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

	GROUP		
	2006	2005	
	At Fair Value S$'000	At Fair Value S$'000	At Cost S$'000
Quoted securities:			
– Equities	**85,125**	136,967	117,210
– Bonds	**148,680**	245,887	242,766
	233,805	382,854	359,976
Allowance for diminution in value of quoted securities	**–**	–	(4,142)
	233,805	382,854	355,834
Bank balances	**15,005**	13,217	13,217
Accrued income	**1,745**	2,388	2,388
Due to brokers	**(2,196)**	(16,917)	(16,917)
Designated as held for trading	**248,359**	381,542	354,522

The funds under management are denominated in the following currencies:

	GROUP		
	2006	2005	
	At Fair Value S$'000	At Fair Value S$'000	At Cost S$'000
United States Dollar	**211,669**	294,095	281,363
Euro	**3,151**	36,877	31,824
Japanese Yen	**6,900**	18,013	14,908
United Kingdom Pound	**2,873**	13,979	11,982
Others	**23,766**	18,578	14,445
	248,359	381,542	354,522
Total Short-Term Investments			
Available-for-sale financial assets	**418,666**	336,463	295,068
Financial assets at fair value through profit or loss	**252,530**	385,851	358,522
	671,196	722,314	653,590

21. DERIVATIVE FINANCIAL INSTRUMENTS

Analysed as:

	GROUP 2006		
	Contract/ Notional Amount S$'000	Fair Value Assets S$'000	Fair Value Liabilities S$'000
Cash-flow hedge			
– Interest-rate swap [Note 8(c)]	**500,000**	**9,855**	**–**
Non-current portion		**9,855**	**–**
Derivatives not designated as hedges			
– Currency forwards	**158,460**	**1,524**	**–**
– Cross currency swap	**7,052**	**815**	**–**
Current portion		**2,339**	**–**

22. OTHER CREDITORS AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Accrued operating expenses	**102,926**	105,271	**89,890**	93,521
Sundry creditors (non-trade)	**9,978**	10,489	**9,332**	9,776
Customers' deposits and credits	**–**	313	**–**	–
Amounts due to brokers	**6,729**	8,994	**–**	–
	119,633	125,067	**99,222**	103,297

23. CAPITAL AND OTHER COMMITMENTS

	GROUP		COMPANY	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Commitments for:				
(a) Capital expenditure:				
Authorised and contracted for	**14,470**	18,193	**12,908**	17,878
Authorised but not contracted for	**22,764**	13,734	**10,749**	12,983
(b) Non-cancellable operating leases payable:				
Within 1 year	**5,281**	4,020	**226**	220
Between 1 – 5 years	**14,725**	14,051	**14**	76
After 5 years	**136,079**	151,467	**–**	–

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

	GROUP 2006 S$'000	GROUP 2005 S$'000	COMPANY 2006 S$'000	COMPANY 2005 S$'000
(c) Non-cancellable operating leases receivable:				
Within 1 year	**96,429**	89,696	**–**	–
Between 1 – 5 years	**143,359**	97,796	**–**	–
After 5 years	**800**	314	**–**	–

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

24. OPERATING REVENUE

	GROUP 2006 S$'000	GROUP 2005 S$'000
Newspaper and Magazine		
Sale of services – Advertisements	**676,309**	664,235
Sale of goods – Circulation	**208,866**	204,810
Others	**21,811**	22,738
	906,986	891,783
Property		
Rental and rental-related services	**98,704**	89,445
Others		
Sale of services – Advertisements	**8,014**	15,365
Sale of services – Broadcasting and multimedia services	**7,656**	10,919
	15,670	26,284
	1,021,360	1,007,512

25. STAFF COSTS

	GROUP 2006 S$'000	GROUP 2005 Restated* S$'000
(a) Staff costs:		
Salaries, bonuses and other costs	**237,749**	237,793
Employers' contribution to defined contribution plans	**22,889**	24,033
Share options granted to employees	**7,371**	6,374
	268,009	268,200
(b) Average number of employees	**3,540**	3,563

* *Restated to take into account the retrospective adjustments relating to FRS 102 – Share-based Payment for share options granted to employees.*

26. OTHER OPERATING EXPENSES

	GROUP 2006 S$'000	GROUP 2005 S$'000
Included in other operating expenses are:		
Audit fees:		
Company's auditors	**393**	299
Other auditors	**24**	63
Non-audit fees#:		
Company's auditors	**166**	198
Rental expense – Operating lease	**6,275**	4,737
Net foreign exchange loss from operations	**1,978**	2,231
Amortisation of intangible assets	**575**	552

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

27. FINANCE COSTS

	GROUP 2006 S$'000	GROUP 2005 S$'000
Interest on bank loans	**20,583**	22,526
Fair value loss on cash flow hedge*	**30**	–
Interest on bank loans	**20,613**	22,526

* *In relation to interest rate swap arrangements in Note 8(c).*

28. NET INCOME FROM INVESTMENTS

	GROUP 2006 S$'000	GROUP 2005 S$'000
Deposits interest	**2,619**	1,820
Interest from bonds		
– Available-for-sale	**7,866**	9,759
– Fair value through profit or loss	**198**	381
Dividend from equities	**41,463**	22,160
Foreign exchange loss	**(843)**	(715)
Profit on sale of investments:		
Short-term investments		
– Available-for-sale	**19,869**	29,491
– Fair value through profit or loss	**–**	1,284
Long-term investments^		
– Available-for-sale	**263**	145,094
Other investment income#	**–**	13,417
	71,435	222,691
Fair value loss of internally-managed assets at fair value through profit or loss	**(138)**	–
Fair value gain of derivative instruments	**4,588**	–
Impairment of investments	**(4,220)**	–
Accretion of discount on bonds	**–**	2
Amortisation of premium on bonds	**–**	(89)
Write-back/(Allowance) for diminution in value of investments:		
Quoted	**–**	333
Unquoted	**–**	(1,890)
	71,665	221,047
Income from funds under management [Note (a)]	**10,010**	27,562
	81,675	248,609

^ *Profit on sale of long-term investments during the preceding financial year included gain of S$128.5 million on disposal of a substantial portion of the Group's interest in StarHub Limited.*

Comprised mainly income arising from capital reduction exercise undertaken by an investee company during the preceding financial year.

(a) Arising from the adoption of FRS 39 (revised 2004) in the financial year, funds under management is classified as financial assets at fair value through profit or loss. Henceforth, income from funds under management comprises realised and unrealised gains and losses arising from changes in fair value of funds under management.

29. EXCEPTIONAL ITEMS

	GROUP	
	2006 S$'000	2005 S$'000
Write-back of impairment losses on investment property (Note 10)	**70,534**	–
Impairment loss in relation to acquisition of a subsidiary	**(1,369)**	–
Impairment loss on interests in associates	**(1,200)**	(105)
Impairment loss on interest in a jointly controlled entity	**(1,128)**	–
Impairment loss on goodwill on acquisition of subsidiaries [Note 15(a)]	**(355)**	(10,421)
Write-back of impairment loss on interest in an associate	**310**	–
Gain on partial disposal of interest in a subsidiary	**52**	–
Charges arising from the merger of the Group's free-to-air television broadcasting and free newspaper business with MediaCorp Pte Ltd	**–**	(25,857)
Impairment loss on goodwill on acquisition of an associate	**–**	(2,519)
Gain on divestment of interests in certain subsidiaries and an associate following the restructuring of Blu Inc group of companies	**–**	1,048
Impairment loss on property, plant and equipment	**–**	(688)
	66,844	(38,542)

30. DIVIDENDS

	GROUP AND COMPANY	
	2006 S$'000	2005 S$'000
Dividends paid:		
– Final dividend of 10 cents per share less tax at 20% in respect of previous financial year (2005: 10 cents per share less tax at 20%)	**127,345**	127,059
– Special final net dividend of 7.8 cents per share in respect of previous financial year (2005: 11.25 cents per share less tax at 20%)	**124,162**	142,941
– Interim tax exempt dividend of 7.0 cents per share (2005: 3.75 cents per share less tax at 20%)	**111,679**	47,687
– Nil special interim dividend (2005: 5 cents per share less tax at 20%)	**–**	63,583
	363,186	381,270

(a) The Directors have proposed a final tax-exempt (one-tier) dividend of 8 cents per share and a special final tax-exempt (one-tier) dividend of 9 cents per share for 2006, amounting to a total of S$270,754,000.

(b) These financial statements do not reflect these proposed dividends, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending August 31, 2007 when they are approved at the next annual general meeting.

31. EARNINGS PER SHARE

	GROUP			
	2006		2005	
	Basic	Diluted	Basic Restated	Diluted Restated
	S$'000	S$'000	S$'000	S$'000
Profit attributable to shareholders	**428,460**	**428,460**	488,320	488,320

	Number of Shares		Number of Shares	
	'000	'000	'000	'000
Weighted average number of shares	**1,592,935**	**1,592,935**	1,587,971	1,587,971
Adjustment for assumed conversion of share options	**–**	**2,707**	–	4,463
Weighted average number of shares used to compute earnings per share	**1,592,935**	**1,595,642**	1,587,971	1,592,434

	2006		2005	
	Basic	Diluted	Basic Restated	Diluted Restated
Earnings per share (S$)				
– before exceptional items	**0.23**	**0.23**	0.33	0.33
– after exceptional items	**0.27**	**0.27**	0.31	0.31

32. SUBSIDIARIES

	Name of Subsidiary	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment 2006 S$'000	Cost of Investment 2005 S$'000	Effective % of Equity held by the Group 2006 %	Effective % of Equity held by the Group 2005 %
^	The Straits Times Press (1975) Limited	Holding investments	Singapore	Mgt Ord	**334** **33,072**	334 33,072	**100.00** **100.00**	100.00 100.00
^	SPH Magazines Pte Ltd	Publishing magazines & provision of editorial services	Singapore	Ord	*	*	**100.00**	100.00
^	Focus Publishing Ltd	Publishing magazines	Singapore	Mgt Ord	* *	* *	**99.96** **100.00**	99.96 100.00
^	Singapore Press Holdings (Overseas) Limited	Servicing and holding investments	Singapore	Mgt Ord	* *	* *	**99.98** **100.00**	99.98 100.00
	The Straits Times Press (London) Limited	Dormant	United Kingdom	Ord	*	*	**100.00**	100.00
^	Lianhe Publishing Pte Ltd	Publishing magazines & holding investments	Singapore	Ord	*	*	**100.00**	100.00
^	Asia Century Publishing Pte Ltd	Publishing and distributing magazines	Singapore	Ord	*	*	**100.00**	100.00
^	SPH Data Services Pte Ltd	Licensing of copyrights & trademarks	Singapore	Ord	*	*	**100.00**	100.00
			Balance c/f		**33,406**	33,406		

32. SUBSIDIARIES (CONT'D)

	Name of Subsidiary	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment 2006 S$'000	Cost of Investment 2005 S$'000	Effective % of Equity held by the Group 2006 %	Effective % of Equity held by the Group 2005 %
			Balance b/f		**33,406**	33,406		
^	SPH (Americas) Pte Ltd	Provision of news reporting services	Singapore	Ord	*****	*	**100.00**	100.00
	SPH Magazines (HK) Ltd	Publishing & distribution, provision of editorial services and holding investments	Hong Kong	Ord	*****	*	**100.00**	100.00
^	TP Ventures Pte Ltd	Holding investments	Singapore	Ord	*****	*	**100.00**	100.00
^	Blu Inc Publishing (S) Pte Ltd	Publishing & marketing of magazines & books	Singapore	Ord	*****	*	**100.00**	50.00
^	Blu Inc Ventures Pte Ltd	Holding investments	Singapore	Ord	*****	*	**100.00**	95.00
^	Blu Inc Media Pte Ltd	Publishing magazines & provision of editorial services	Singapore	Ord	*****	*	**100.00**	95.00
***	Blu Inc Holdings (S) Pte Ltd	Holding investments	Singapore	Ord	**–**	*	**–**	100.00
^^@	Blu Inc Media Sdn Bhd	Publishing & distribution of magazines & books	Malaysia	Ord	*****	*	**46.00**	46.00
^^@	Magazines World Sdn Bhd	Publishing magazines, books and periodicals	Malaysia	Ord	*****	*	**35.00**	35.00
^	Magazines Incorporated Pte Ltd	Publishing magazines & holding investments	Singapore	Ord	*****	*	**100.00**	95.00
^^	MI Publishing Sdn Bhd	Media representative	Malaysia	Ord	*****	*	**100.00**	95.00
^^	PT MI Magazines	Distribution, import and media management consultant	Indonesia	Ord	*****	*	**70.00**	95.00
^^	MI Publishing (HK) Co Limited	Publishing magazines	Hong Kong	Ord	*****	*	**100.00**	95.00
	The Peak Magazines Pte Ltd	Dormant	Singapore	Ord	*****	*	**100.00**	95.00
	Media Incorporated Pte Ltd	Dormant	Singapore	Ord	*****	*	**100.00**	95.00
^	Media Investments Pte Ltd	Dormant	Singapore	Ord	*****	*	**100.00**	95.00
			Balance c/f		**33,406**	33,406		

32. SUBSIDIARIES (CONT'D)

	Name of Subsidiary	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment 2006 S$'000	Cost of Investment 2005 S$'000	Effective % of Equity held by the Group 2006 %	Effective % of Equity held by the Group 2005 %
			Balance b/f		**33,406**	33,406		
^	MI Productions Pte Ltd	Dormant	Singapore	Ord	*****	*	**100.00**	95.00
^^@	Blu Inc Holdings (Malaysia) Sdn Bhd	Holding investments & provision of management support services	Malaysia	Ord	*****	*	**50.00**	50.00
^	Blu Inc Singapore Pte Ltd	Publishing magazines, provision of editorial services and holding investments	Singapore	Ord	*****	*	**100.00**	95.00
^	Blu Inc Overseas Pte Ltd	Holding investments	Singapore	Ord	*****	*	**100.00**	50.00
^	Tamil Murasu Pte Ltd	Publishing newspapers	Singapore	Ord	**855**	855	**100.00**	100.00
^	Times Properties Private Limited	Letting properties and provision of property management services	Singapore	Ord	**77,827**	77,827	**100.00**	100.00
^	Orchard 290 Ltd	Holding investments and managing of shopping centres & other commercial properties	Singapore	Ord	*****	*	**100.00**	100.00
^	Singapore News and Publications Limited	Holding investments and properties	Singapore	Mgt Ord	**1,153** **114,102**	1,153 114,102	**100.00** **100.00**	100.00 100.00
^	Sin Chew Jit Poh (Singapore) Limited	Holding investments and properties	Singapore	Mgt Ord	***** *****	* *	**100.00** **100.00**	100.00 100.00
^	Singapore Newspaper Services Private Limited	Holding investments and properties	Singapore	Ord	**50,000**	50,000	**100.00**	100.00
	Vinora Holdings Limited	Holding investments	British Virgin Islands	Ord	*****	*	**100.00**	100.00
	Crestville Investments Limited	Holding investments	British Virgin Islands	Ord	*****	*	**100.00**	100.00
***	Futura Management Limited	Holding investments	Cook Islands	Ord	**–**	*	**–**	100.00
***	Morningvista Investments Limited	Dormant	British Virgin Islands	Ord	**–**	*	**–**	100.00
			Balance c/f		**277,343**	277,343		

32. SUBSIDIARIES (CONT'D)

	Name of Subsidiary	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment 2006 S$'000	Cost of Investment 2005 S$'000	Effective % of Equity held by the Group 2006 %	Effective % of Equity held by the Group 2005 %
			Balance b/f		**277,343**	277,343		
^	Lianhe Investments Pte. Ltd.	Holding investments for dealing purposes	Singapore	Ord	**6,335**	6,335	**100.00**	100.00
^	SPH MultiMedia Private Limited	Holding investments	Singapore	Ord	**8,500**	8,500	**100.00**	100.00
^	SPH AsiaOne Ltd	Holding investments	Singapore	Ord	**94,400**	94,400	**100.00**	100.00
^	Zaobao.com Ltd	Provision of Internet-related services	Singapore	Ord	*	*	**100.00**	100.00
^	Evol Media Pte Ltd	Provision of Internet-related services	Singapore	Ord	*	*	**100.00**	100.00
**	SPH MediaWorks Ltd	Dormant	Singapore	Ord	**90,000**	90,000	**100.00**	100.00
^^	New Beginnings Management Consulting (Shanghai) Company Limited	Business management and consultancy services	The People's Republic of China	Ord	**234**	234	**100.00**	100.00
^	SPH AlphaOne Pte Ltd	Holding investments	Singapore	Ord	*	*	**100.00**	100.00
^	SPH MediaBoxOffice Pte Ltd	Provision of advertising services	Singapore	Ord	*	*	**80.00**	100.00
^X	SPH UnionWorks Pte Ltd	Radio broadcasting	Singapore	Ord	*	–	**70.00**	–
					476,812	476,812		

Notes:

1. ^ *Companies audited by PricewaterhouseCoopers, Singapore.*
2. ^^ *Companies audited by auditors other than PricewaterhouseCoopers, Singapore.*
3. X *SPH UnionWorks Pte Ltd became a subsidiary of the Group after SPH MultiMedia Private Limited raised its interests from 50% to 70% during the year.*
4. * *The shareholdings of these companies are held by subsidiaries of the Company.*
5. ** *Under liquidation.*
6. *** *The liquidation of these companies were completed during the year.*
7. @ *Accounted for as subsidiaries of the Group. The Group exercises Board and management control over the companies.*

33. ASSOCIATES

Name of Associate	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment 2006 S$'000	Cost of Investment 2005 S$'000	Effective % of Equity held by the Group 2006 %	Effective % of Equity held by the Group 2005 %
Held by the Company							
MediaCorp TV Holdings Pte Ltd^	Holding investment in subsidiaries which provide television broadcasting and content production services	Singapore	Ord	**10,000**	10,000	**20.00**	20.00
MediaCorp Press Ltd^	Publishing and distributing free newspaper	Singapore	Ord	**19,160**	19,160	**40.00**	40.00
Held by Subsidiaries							
American Bourses Corporation Pte Ltd#	Development & maintenance of software and multimedia works; Business management and consultancy services	Singapore	Ord	**6,375**	6,375	**20.00**	20.00
Citta Bella Sdn BhdX	Publishing and distributing magazines	Malaysia	Ord	**248**	248	**49.00**	49.00
GMM Times Co Ltd@	Publishing and distributing magazines	Thailand	Ord	**395**	395	**30.00**	30.00
Shanghai YouHer Consultancy Limited@	Consultancy services	The People's Republic of China	Ord	**832**	573	**50.00**	50.00
Traffic Corner Publishing Company Limited@	Publishing and distributing magazines	Thailand	Ord	**4,767**	4,032	**49.00**	49.00
TOM Outdoor Media Group Limited@	Provision of outdoor advertising services	The People's Republic of China	Ord	**41,361**	–	**35.00**	–
SPH UnionWorks Pte Ltd*	Radio broadcasting	Singapore	Ord	**–**	2,400	**–**	50.00
				83,138	43,183		

Notes:
1. ^ *Financial year ends on March 31. Reporting period ended June 30, 2006 was used for equity accounting purposes due to time lag in receipt of financial results.*
2. X *Financial year ends on June 30. Reporting period ended July 31, 2006 was used for equity accounting purposes due to time lag in receipt of financial results.*
3. @ *Financial year ends on December 31. Reporting period ended July 31, 2006 was used for equity accounting purposes due to time lag in receipt of financial results.*
4. * *SPH UnionWorks Pte Ltd became a subsidiary of the Group after SPH MultiMedia Private Limited raised its interests from 50% to 70% during the year.*
5. # *Under liquidation.*

34. JOINTLY CONTROLLED ENTITY

Name of Jointly Controlled Entity	Principal Activities	Country of Incorporation	Class of Shares	Cost of Investment 2006 S$'000	Cost of Investment 2005 S$'000	Effective % of Equity held by the Group 2006 %	Effective % of Equity held by the Group 2005 %
Held by Subsidiary							
Shanghai Blu Inc Ventures Consultancy Co Ltd	Consultancy services	The People's Republic of China	Ord	**339**	–	**50.00**	47.50

35. FINANCIAL RISK MANAGEMENT

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

(i) Interest rate risk

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

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

(ii) Currency risk

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

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

(iii) Market risk

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

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

(iv) Liquidity risk

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

(v) Credit risk

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

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

36. RELATED PARTY TRANSACTIONS

Key management personnel compensation are as follows:

	GROUP	
	2006	2005 Restated*
	S$'000	S$'000
Remuneration and other short-term employee benefits	**13,054**	13,476
Employers' contribution to defined contribution plans	**287**	314
Share options granted	**2,455**	2,222
	15,796	16,012
Staff loan granted to key management personnel	**1,531**	1,490

* *Restated to take into account the retrospective adjustments relating to FRS 102 – Share-based Payment for share options granted to employees.*

The above includes total emoluments of the Company's Directors of S$2,151,000 (2005: S$2,083,000).

37. SEGMENTAL INFORMATION

2006

	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	906,986	–	98,704	15,670	–	1,021,360
Inter-segmental sales	1,296	–	2,021	394	(3,711)	–
Total operating revenue	908,282	–	100,725	16,064	(3,711)	1,021,360
Result						
Segment result	316,003	80,892	71,102	(5,689)	–	462,308
Finance costs	(1)	–	(20,535)	(77)	–	(20,613)
Finance income	411	–	651	4	–	1,066
Share of profit less losses of associates/jointly controlled entity	1,584	–	–	(1,769)	–	(185)
Exceptional items	(2,276)	–	70,534	(1,414)	–	66,844
Profit/(loss) before taxation	315,721	80,892	121,752	(8,945)	–	509,420
Taxation						(81,076)
Profit after taxation						428,344
Minority interests						116
Profit attributable to shareholders						428,460

37. SEGMENTAL INFORMATION (CONT'D)

2006

	Newspaper and Magazine S$'000	Treasury and Investment S$'000	Property S$'000	Others S$'000	Eliminations S$'000	Consolidated S$'000
Other Information						
Segment assets	**661,474**	**1,105,479**	**1,186,222**	**16,645**	**–**	**2,969,820**
Interests in associates	**23,860**	**–**	**–**	**45,869**	**–**	**69,729**
Consolidated total assets						**3,039,549**
Segment liabilities	**162,138**	**6,764**	**640,588**	**4,344**	**–**	**813,834**
Current taxation						**104,932**
Deferred taxation						**72,046**
Consolidated total liabilities						**990,812**
Capital expenditure	**16,939**	**–**	**2,127**	**950**	**–**	**20,016**
Depreciation	**47,368**	**–**	**458**	**1,239**	**–**	**49,065**
Amortisation	**575**	**–**	**–**	**–**	**–**	**575**
Impairment losses:						
– Goodwill on acquisition of interests in subsidiaries (Notes 15 and 29)	**–**	**–**	**–**	**355**	**–**	**355**
– Interests in associates (Note 29)	**1,200**	**–**	**–**	**–**	**–**	**1,200**
– Interests in jointly controlled entity (Note 29)	**1,128**	**–**	**–**	**–**	**–**	**1,128**

2005
Restated

	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	891,783	–	89,445	26,284	–	1,007,512
Inter-segmental sales	1,985	–	2,141	95	(4,221)	–
Total operating revenue	893,768	–	91,586	26,379	(4,221)	1,007,512
Result						
Segment result	322,488	248,024	66,874	(14,843)	–	622,543
Finance costs	(51)	–	(22,035)	(440)	–	(22,526)
Finance income	169	–	310	– *	–	479
Share of profit less losses of associates/jointly controlled entity	236	–	–	(3,826)	–	(3,590)
Exceptional items	(12,786)	–	–	(25,756)	–	(38,542)
Profit/(loss) before taxation	310,056	248,024	45,149	(44,865)	–	558,364
Taxation						(69,975)
Profit after taxation						488,389
Minority interests						(69)
Profit attributable to shareholders						488,320

37. SEGMENTAL INFORMATION (CONT'D)

2005
Restated

	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	678,952	803,274	1,098,903	19,856	–	2,600,985
Interests in associates	21,751	–	–	6,324	–	28,075
Consolidated total assets						2,629,060
Segment liabilities	161,734	9,056	678,256	465	–	849,511
Current taxation						88,298
Deferred taxation						67,777
Consolidated total liabilities						1,005,586
Capital expenditure	15,093	–	13,245	487	–	28,825
Depreciation	49,497	–	467	336	–	50,300
Amortisation	552	–	–	–	–	552
Impairment loss:						
– Goodwill on acquisition of interests in subsidiaries (Notes 15 and 29)	10,421	–	–	–	–	10,421
– Goodwill on acquisition of interests in an associate (Note 29)	2,519	–	–	–	–	2,519
– Interest in an associate (Note 29)	105	–	–	–	–	105
– Property, plant and equipment [Note 9(b)]	688	–	–	–	–	688

* *Less than S$500*

Notes:

(a) **Business segments:** The Group is organised into three major operating segments, namely Newspaper and Magazine, Treasury and Investment, and Property, and reports its primary segment information through direct identification. The Newspaper and Magazine segment is involved in the publishing, printing and distributing of newspapers and magazines. The Treasury and Investment segment manages the investment activities of the Group while the Property segment holds and manages properties owned by the Group. Other operations under the Group, which are currently not significant to be reported separately, are included under "Others". These comprise our businesses and investments in Internet, outdoor advertising, radio broadcasting and television broadcasting.

(b) **Geographical segments:** The principal geographical area in which the Group operates is Singapore. The Group's overseas operations comprise mainly publishing and distributing magazines, holding overseas investments and the provision of marketing, editorial, art and graphical services overseas.

	Operating Revenue		Total Assets		Capital Expenditure	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Singapore	**1,006,486**	993,896	**2,980,892**	2,613,322	**19,775**	28,029
Other Countries	**14,874**	13,616	**58,657**	15,738	**241**	796
	1,021,360	1,007,512	**3,039,549**	2,629,060	**20,016**	28,825

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(a) long-term investments in investees other than subsidiaries and associates,
(b) non-current loans payable,
(c) non-current receivables from and payables to subsidiaries and associates,
(d) other non-current receivables,
(e) current assets other than stocks and prepayments,
(f) current liabilities other than provision for taxation,
(g) amounts owing by/to subsidiaries and associates.

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

39. RE-CLASSIFICATION

The comparative figures of the amounts owing by/to associates and jointly controlled entity and loan to associate, which were previously included in interests in associates and jointly controlled entity, have been reclassified and shown separately in the balance sheets. In addition, the comparative figures for deposits received from customers, which were previously included in other creditors and accrued liabilities, have been reclassified to trade creditors. The reclassifications were made to conform to current year's presentation. The comparative amounts reclassified out of interests in associates, interests in jointly controlled entity and other creditors and accrued liabilities are as follows:

	GROUP 2005 S$'000	COMPANY 2005 S$'000
Interests in associates as reported on August 31, 2005	34,103	35,172
Reclassified to "Amount owing by associates"	(6,029)	(6,012)
Reclassified to "Amount owing to an associate"	1	–
Adjusted balance	28,075	29,160
Interest in jointly controlled entity as reported on August 31, 2005	33	–
Reclassified to "Amount owing by jointly controlled entity"	(33)	–
Adjusted balance	–	–
Other creditors and accrued liabilities as reported on August 31, 2005	129,304	107,534
Reclassified to "Trade creditors"	(4,237)	(4,237)
Adjusted balance	125,067	103,297
Trade creditors as reported on August 31, 2005	70,206	38,816
Reclassified from "Other creditors and accrued liabilities"	4,237	4,237
Adjusted balance	74,443	43,053

40. NEW ACCOUNTING STANDARDS AND INT FRS

Certain new accounting standards and INT FRS interpretation have been published that are mandatory for the Group for accounting periods beginning on or after September 1, 2006. The Group's assessment of those standards and interpretations that are relevant to the Group are set out below.

(a) FRS 40 – Investment Property

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

Currently, investment properties are accounted for under FRS 25 – Accounting for Investments as set out in Note 2(f). FRS 40 permits an entity to measure its investment properties either at fair value with fair value changes taken to the income statement (Fair value model) or at cost less accumulated depreciation and provision for impairment (Cost model). The Group will examine the implication of the standard carefully before the measurement model is selected.

(b) INT FRS 104 – Determining whether an asset contains a lease

The Group will adopt INT FRS 104 for the financial year ending August 31, 2007. Implementation of INT FRS 104 is not expected to significantly affect the financial statements for the year ending August 31, 2007.

41. AUTHORISATION OF FINANCIAL STATEMENTS

On October 12, 2006, the Board of Directors of Singapore Press Holdings Limited authorised these financial statements for issue.