

# Notes to the Financial Statements

August 31, 2008

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

## 1. GENERAL

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

The Company is listed on the Singapore Exchange.

The principal activities of the Group consist of:

- (a) publishing, printing and distributing newspapers,
- (b) publishing and distributing magazines,
- (c) providing multimedia content and services,
- (d) holding investments,
- (e) holding, managing and developing properties,
- (f) providing outdoor advertising services,
- (g) providing radio broadcasting services,
- (h) providing online search, directories and classified services, and
- (i) organising convention/conference events.

The principal activities of the Company consist of:

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

Amendments to FRS 1	Presentation of Financial Statements - Capital Disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS 102 - Group and Treasury Share Transactions

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements, except for the adoption of FRS 40, of which the effects are disclosed in Note 3. FRS 107 and the amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

# Notes to the Financial Statements

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

### (b) Basis of Consolidation

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

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

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

### (c) Currency Translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

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

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

# Notes to the Financial Statements

August 31, 2008

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

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

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

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

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

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

#### (iv) Consolidation adjustments

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

### (d) Impairment of Non-Financial Assets

#### (i) Goodwill

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

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

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

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

#### (ii) Intangible assets

##### Property, plant and equipment

##### Investment properties

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

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

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

# Notes to the Financial Statements

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

### (d) Impairment of Non-Financial Assets (cont'd)

- (ii) Intangible assets  
Property, plant and equipment  
Investment properties  
Interests in subsidiaries, associates and jointly controlled entities (cont'd)

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

The impairment loss is recognised in the income statement.

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

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

- (i) Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (ii) Depreciation is calculated using the straight-line method to allocate the depreciable amount over the expected useful lives of the assets. The estimated useful lives for this purpose are:

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

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

- (iii) No depreciation is charged on major capital work-in-progress.
- (iv) Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.
- (v) On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

# Notes to the Financial Statements

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

### (f) Investment Properties

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

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

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

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

Freehold buildings	15-50 years
Leasehold land and buildings	30 years

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

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

### (g) Development Properties

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

#### Sold Development Properties

All development properties held by the Group are sold.

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

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

### (h) Borrowing Costs

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

### (i) Subsidiaries

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

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

# Notes to the Financial Statements

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

### (j) Associates

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

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

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

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

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

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

### (k) Jointly Controlled Entities

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

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

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

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

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

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

# Notes to the Financial Statements

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

### (I) Financial Assets

#### (i) Classification

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

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

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

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash held as fixed bank deposits, cash and bank balances, trade receivables, other receivables, amount owing by associates/jointly controlled entities and where applicable, amount owing by subsidiaries/related companies.

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

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

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

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

#### (ii) Recognition and derecognition

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

# Notes to the Financial Statements

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

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

#### (iv) Subsequent measurement

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

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

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

#### (v) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

##### • Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are 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.

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

##### • Available-for-sale financial assets

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

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

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



# Notes to the Financial Statements

August 31, 2008

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

### (m) Fair Value Estimation of Financial Assets and Liabilities

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

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

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

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

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

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

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

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

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

#### (i) Cash flow hedge

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The 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.

# Notes to the Financial Statements

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

### (o) Intangible Assets

#### (i) Goodwill on acquisition

Goodwill on acquisition represents the difference between the cost of acquisition of a subsidiary and the fair value of the Group's share of identifiable net assets and contingent liabilities acquired at the date of acquisition.

Goodwill recognised separately as intangible asset is tested at least annually for impairment and is carried at cost less accumulated impairment losses.

Goodwill arising from the acquisition of an associate or jointly controlled entity is recorded as part of the carrying value of the investment in the consolidated balance sheet.

The gains and losses on the disposal of the subsidiary, associate or jointly controlled entity include the carrying amount of goodwill relating to the entity sold.

#### (ii) Trademarks, licences and mastheads

Trademarks, licences and mastheads acquired as part of business combinations are initially recognised at their fair values at the acquisition date and are subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement, using the straight-line method, over 3 to 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

### (p) Inventories

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

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

### (q) Borrowings

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

### (r) Trade and Other Payables

Trade payables, other payables, amount owing to associates/jointly controlled entities and where applicable, amount owing to subsidiaries/related companies are initially carried at fair value, and subsequently carried at amortised cost, using the effective interest method.

### (s) Dividends Payable

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

# Notes to the Financial Statements

August 31, 2008

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

### (t) Employee Benefits

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

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

#### (ii) Defined contribution plans

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

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

##### ▪ Share options

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

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

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

##### ▪ Performance shares

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

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

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

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

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

# Notes to the Financial Statements

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

### (u) Provisions

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

### (v) Income Taxes

Current income tax for current and prior periods is 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 substantively enacted by the balance sheet date.

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

Deferred income tax is measured at:

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

Deferred income tax liabilities are recognised on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

### (w) Revenue Recognition

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

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

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

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

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

# Notes to the Financial Statements

August 31, 2008

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

### (w) Revenue Recognition (cont'd)

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

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

Interest income is recognised on a time-apportioned basis, using the effective interest method.

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

### (x) Operating Leases

When a group company is the lessee:

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

When a group company is the lessor:

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Assets leased out under operating leases are included in investment properties. Rental income from operating leases is recognised in the income statement on a straight-line basis over the lease term.

### (y) Segment Reporting

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

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

### (z) Treasury Shares

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

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

# Notes to the Financial Statements

August 31, 2008

## 3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW FRS

### FRS 40 - Investment Property

The Group has adopted FRS 40 for the financial year ended August 31, 2008.

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

In FY 2007, the Group accounted for its investment property under FRS 25 - Accounting for Investments. Investment property was stated at cost less accumulated impairment losses. 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 has adopted the cost model for measuring its investment property.

The application of FRS 40, using the cost model, is retrospective and accordingly, the comparative financial statements are restated. The financial impact on the Group is illustrated in the table below:

	GROUP		
	Aug 31, 2008 S\$'000	Aug 31, 2007 S\$'000	Sept 1, 2006 S\$'000
(Decreased)/Increased by			
<b>Balance sheet</b>			
Investment properties	(49,042)	(42,615)	(35,318)
Property, plant and equipment	(10,658)	(10,500)	(10,739)
Retained earnings	(63,236)	(56,487)	(49,461)
Deferred income tax liabilities	3,536	3,372	3,404

	GROUP	
	2008 S\$'000	2007 S\$'000
Increased/(Decreased) by		
<b>Income statement</b>		
Depreciation	6,585	7,058
Profit before taxation	(6,585)	(7,058)
Taxation	164	(32)
Profit after taxation	(6,749)	(7,026)

	GROUP	
	2008 S\$	2007 S\$
Decreased by		
<b>Earnings per share</b>		
Basic EPS	(0.004)	(0.004)
Diluted EPS	(0.004)	(0.004)

# Notes to the Financial Statements

August 31, 2008

## 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

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

The Group tests at least annually whether goodwill has suffered any impairment. All non-financial assets including goodwill are reviewed for impairment whenever there is any indication of impairment. The recoverable amounts of cash generating units ("CGUs") have been determined based on calculations which require the use of estimates. Methods of assessing the recoverable amount include estimating the appropriate earnings multiple to the earnings of the CGUs in some cases and estimating with reference to net asset value of the CGUs in other cases. The carrying amounts of interests in associates and goodwill at the balance sheet date are disclosed in Notes 13 and 16 respectively.

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

- **Fair value estimation**

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

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

- **Income from development properties**

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

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

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

The Group follows the guidance of FRS 39 in determining when an investment is considered impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook of the issuer of the instrument, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The fair values of available-for-sale investments are disclosed in Notes 15 and 21.

# Notes to the Financial Statements

August 31, 2008

## 5. SHARE CAPITAL AND TREASURY SHARES

	GROUP AND COMPANY			
	2008		2007	
	Number of Shares '000	S\$'000	Number of Shares '000	S\$'000
<b>Issued and fully paid</b>				
Management shares	16,285	6,786	16,235	6,558
Ordinary shares	1,593,100	483,974	1,588,150	461,415
	1,609,385	490,760	1,604,385	467,973
Treasury shares	(6,781)	(27,660)	(4,701)	(19,153)
	1,602,604	463,100	1,599,684	448,820
Movements during the financial year were:				
Balance at beginning of financial year	1,599,684	448,820	1,592,673	420,789
Issue of ordinary shares fully paid under the Singapore Press Holdings Group (1999) Share Option Scheme	4,950	22,559	8,624	34,782
Issue of management shares fully paid in accordance with the Newspaper and Printing Presses Act	50	228	87	384
	1,604,684	471,607	1,601,384	455,955
Purchase of treasury shares	(2,080)	(8,507)	(1,700)	(7,135)
Balance at end of financial year	1,602,604	463,100	1,599,684	448,820

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 2,080,000 (2007: 1,700,000) of its own shares through purchases on the Singapore Exchange during the current financial year. The total amount paid to acquire the shares was S\$8.5 million (2007: S\$7.1 million). The shares, held as treasury shares, were included as deduction against shareholders' equity.



# Notes to the Financial Statements

August 31, 2008

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

### (ii) Share options

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

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

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

##### 2008

Grant Date	Expiry Date	Exercise Price	Balance 1.9.07	Options Exercised	Options Lapsed	Balance 31.8.08
Oct 27, 1999	Oct 27, 2009	S\$5.60	7,483,825	-	(605,625)	6,878,200
Oct 30, 2000	Oct 30, 2010	S\$4.78	8,275,600	-	(654,500)	7,621,100
Nov 6, 2001	Nov 6, 2011	S\$3.03	936,525	(92,700)	(48,450)	795,375
Oct 28, 2002	Oct 28, 2012	S\$3.91	4,016,075	(623,975)	(20,400)	3,371,700
Dec 16, 2003	Dec 16, 2013	S\$3.69	5,442,950	(1,201,775)	(19,550)	4,221,625
Feb 1, 2004	Feb 1, 2014	S\$3.83	85,000	(50,000)	-	35,000
Dec 21, 2004	Dec 21, 2014	S\$4.54	15,269,425	(1,427,250)	(1,250,800)	12,591,375
Dec 16, 2005	Dec 16, 2015	S\$4.30	16,472,150	(1,553,850)	(481,100)	14,437,200
			57,981,550	(4,949,550)	(3,080,425)	49,951,575

##### 2007

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

All the outstanding options were exercisable (2007: options on 41,509,400 shares were exercisable). Options exercised in 2008 resulted in 4,949,550 shares (2007: 8,624,050) being issued at an average price of S\$4.14 (2007: S\$3.71) each.

# Notes to the Financial Statements

August 31, 2008

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

### (iii) Performance shares

During the financial year, 2,159,580 (2007: 1,858,325) performance shares were granted subject to the terms and conditions of the Plan.

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

#### 2008

Grant Date	Outstanding as at 1.9.07 ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)	Outstanding and Unvested as at 31.8.08 ('000)
12.1.07	1,792	-	-	(51)	1,741
11.1.08	-	2,160	-	(29)	2,131

#### 2007

Grant Date	Outstanding as at 1.9.06 ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)	Outstanding and Unvested as at 31.8.07 ('000)
12.1.07	-	1,858	-	(66)	1,792

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

# Notes to the Financial Statements

August 31, 2008

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

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

The fair value of the performance shares is determined at grant date using the Monte Carlo simulation model. The following table lists the number of performance shares granted on January 11, 2008, their fair values and the assumption inputs used:

Grant Date	Vesting Date	Number of Shares ('000)	Fair Value per Share S\$	Expected Volatility*		Expected Dividend Yield %	Risk-free Interest Rate %	Correlation between SPH Share Price and FTSE ST All Share Index ^ %	Share Price at Grant Date S\$
				SPH (%)	FTSE ST All Share Index (%)				
11.1.08 <sup>(a)</sup>	10.1.10	474	4.13	12.71	NA	5.50	1.46	NA	4.60
11.1.08 <sup>(a)</sup>	10.1.11	474	3.92	12.71	NA	5.50	1.57	NA	4.60
11.1.08 <sup>(b)</sup>	10.1.11	739	3.82	12.71	13.74	5.50	1.57	51.40	4.60
11.1.08 <sup>(a)</sup>	10.1.12	473	3.72	12.71	NA	5.50	1.75	NA	4.60

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

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

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

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

The following table lists the number of performance shares granted on January 12, 2007, their fair values and the assumption inputs used:

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

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

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

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

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

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

During the current financial year, the Group recognised S\$5,234,000 (2007: S\$1,664,000) of share-based compensation expense in respect of performance shares based on the fair values determined on grant date and estimation of the share grants that will ultimately vest.

# Notes to the Financial Statements

August 31, 2008

## 6. RESERVES

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
<b>Composition</b>				
Capital reserve [Note (a)]	2,005	2,005	-	-
Share-based compensation reserve	22,110	18,493	22,110	18,493
Hedging reserve [Note (b)]	(7,883)	(3,493)	-	-
Fair value reserve [Note (c)]	246,828	299,613	32,435	36,310
Currency translation reserve	(2,621)	(2,192)	-	-
	260,439	314,426	54,545	54,803

### (a) Capital reserve is made up as follows:

	GROUP	
	2008 S\$'000	2007 S\$'000
Distributable	1,375	1,375
Non-distributable	630	630
	2,005	2,005

### (b) Hedging reserve

	GROUP	
	2008 S\$'000	2007 S\$'000
Beginning of financial year	(3,493)	7,540
Fair value loss	(11,183)	(13,297)
Transfer to finance costs	5,063	379
Deferred tax on fair value loss	1,730	1,885
	(4,390)	(11,033)
End of financial year	(7,883)	(3,493)

### (c) Fair value reserve

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Beginning of financial year	299,613	308,135	36,310	36,188
Effect of change in tax rate	-	510	-	-
Financial assets, available-for-sale				
- Fair value (losses)/gains	(48,138)	73,067	(3,875)	7,876
- Deferred tax on fair value changes	4,526	(7,304)	-	-
	(43,612)	65,763	(3,875)	7,876
Transfer to income statement on disposal	(11,315)	(77,387)	-	(7,754)
Deferred tax on transfer	2,142	2,592	-	-
End of financial year	246,828	299,613	32,435	36,310

# Notes to the Financial Statements

August 31, 2008

## 7. INCOME TAXES

### (a) Deferred income taxes

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

2008

### GROUP

#### (i) Deferred income tax liabilities

	Accelerated Tax Depreciation S\$'000	Fair Value Changes S\$'000	Deferred Profit from Development Properties S\$'000	Others S\$'000	Total S\$'000
Beginning of financial year As previously reported	61,982	9,304	3,444	2,207	76,937
Effect of adopting FRS 40, adjusted retrospectively (Note 3)	3,372	-	-	-	3,372
As restated	65,354	9,304	3,444	2,207	80,309
Charged to income statement	1,211	-	7,851	236	9,298
Credited to equity	-	(6,668)	-	-	(6,668)
Acquisition of business by a subsidiary	50	-	-	-	50
Reclassified from current income taxes	(3)	-	-	-	(3)
End of financial year	66,612	2,636	11,295	2,443	82,986

#### (ii) Deferred income tax assets

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

# Notes to the Financial Statements

August 31, 2008

## 7. INCOME TAXES (CONT'D)

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

2007  
Restated  
GROUP

#### (i) Deferred income tax liabilities

	Accelerated Tax Depreciation S\$'000	Fair Value Changes S\$'000	Deferred Profit from Development Properties S\$'000	Others S\$'000	Total S\$'000
Beginning of financial year					
As previously reported	70,178	6,987	-	2,248	79,413
Effect of adopting FRS 40, adjusted retrospectively (Note 3)	3,404	-	-	-	3,404
As restated	73,582	6,987	-	2,248	82,817
Effect of change in tax rate					
- credited to income statement	(7,053)	-	-	(4)	(7,057)
- credited to equity	-	(510)	-	-	(510)
(Credited)/Charged to income statement (Note 3)	(1,199)	-	3,444	(31)	2,214
Charged to equity	-	2,827	-	-	2,827
Acquisition of subsidiaries	34	-	-	-	34
Currency translation difference	(10)	-	-	(6)	(16)
End of financial year	65,354	9,304	3,444	2,207	80,309

#### (ii) Deferred income tax assets

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

# Notes to the Financial Statements

August 31, 2008

## 7. INCOME TAXES (CONT'D)

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

2008

COMPANY

#### (i) Deferred income tax liabilities

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

#### (ii) Deferred income tax assets

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

2007

COMPANY

#### (i) Deferred income tax liabilities

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

#### (ii) Deferred income tax assets

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

# Notes to the Financial Statements

August 31, 2008

## 7. INCOME TAXES (CONT'D)

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

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

	GROUP		COMPANY	
	2008 S\$'000	2007 Restated S\$'000	2008 S\$'000	2007 S\$'000
Deferred income tax liabilities/(assets):				
- to be settled within one year	2,858	9,703	(1,357)	(813)
- to be settled after one year	72,603	64,762	48,188	47,693
	75,461	74,465	46,831	46,880

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

	GROUP	
	2008 S\$'000	2007 S\$'000
Fair value reserve	(6,668)	4,712
Hedging reserve	(1,730)	(1,885)
	(8,398)	2,827

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of S\$4,458,000 (2007: S\$5,011,000) and S\$167,000 (2007: S\$402,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

### (b) Income tax expense

	GROUP	
	2008 S\$'000	2007 Restated S\$'000
Tax expense attributable to profit is made up of:		
Current year		
Current tax	78,048	82,994
Deferred tax	9,359	2,653
Effect of change in tax rate	-	(6,329)
	87,407	79,318
Prior years		
Current tax	(1,324)	(2,110)
Deferred tax	-	377
	86,083	77,585



# Notes to the Financial Statements

August 31, 2008

## 7. INCOME TAXES (CONT'D)

### (b) Income tax expense (cont'd)

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

	GROUP	
	2008	2007
	S\$'000	Restated S\$'000
Profit before taxation	522,008	576,295
Tax calculated at corporate tax rate of 18%	93,961	103,733
Singapore statutory stepped income exemption	(405)	(431)
Income taxed at concessionary rate	(320)	(554)
Income not subject to tax	(14,918)	(20,814)
Expenses not deductible for tax purposes	9,436	3,881
Deferred tax benefits not recognised	287	526
Double tax relief for contributions made to Institutes of Public Character	(181)	(359)
Effect of different tax rates in other countries	166	113
Effect of change in tax rate	-	(6,329)
Others	(619)	(448)
Tax charge	87,407	79,318

## 8. BORROWINGS

	GROUP	
	2008	2007
	S\$'000	S\$'000
Term loan – secured [Note 8(a)]	570,000	570,000
Loans from minority shareholders – unsecured [Notes 8(b) and 8(c)]	3,616	3,745
Fixed advance facility – unsecured [Note 8(d)]	800	1,000
	574,416	574,745
Borrowings are repayable:		
Within 1 year	800	1,000
Between 1 – 5 years	573,616	573,745
	574,416	574,745

- (a) As at August 31, 2008, Orchard 290 Ltd (“Orchard 290”), a subsidiary of the Group, had a term loan facility available for drawdown up to the amount of S\$610 million (2007: S\$610 million) for a tenure of five years. Total loan drawn down as at August 31, 2008 amounted to S\$570 million (2007: S\$570 million).

The 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 (2007: S\$500 million), the effective interest rate as at the balance sheet date on the outstanding term loan facility of S\$570 million was 3.26% per annum (2007: S\$570 million, 3.42% per annum).

# Notes to the Financial Statements

August 31, 2008

## 8. BORROWINGS (CONT'D)

- (b) As at August 31, 2008, Blu Inc (Holdings) Malaysia Sdn Bhd, a subsidiary of the Group, had an outstanding unsecured loan of S\$3,546,000 (2007: S\$3,675,000) from its minority shareholder, Simpletech Sdn Bhd, after making partial loan repayment of S\$129,000 during the financial year. The loan is interest-free and has no fixed repayment terms although repayment is not expected within the next twelve months.
- (c) As at August 31, 2008, SPH UnionWorks Pte Ltd ("SPH UnionWorks"), a subsidiary of the Group, had an outstanding unsecured loan of S\$70,000 (2007: S\$70,000) from its minority shareholder, NTUC Media Co-operative Ltd. The effective interest rate of the loan, which carries floating interest rate referenced to the Singapore dollar swap offer rate and repriced every six months, was 2.00% (2007: 3.13%) per annum as at the balance sheet date and the loan is repayable on October 20, 2009.
- (d) In FY 2006, SPH MediaBoxOffice Pte Ltd ("SPHMBO"), a subsidiary of the Group, had a term loan facility available for drawdown up to S\$2 million with a tenure of three years and a fixed repayment schedule commencing September 30, 2005.

SPHMBO repaid the balance of the term loan during the previous financial year and refinanced the borrowing with an unsecured fixed advance facility of S\$1.2 million on February 28, 2007. The subsidiary made partial loan repayment of S\$200,000 during the previous financial year. The unsecured fixed advance facility was refinanced in full on November 30, 2007, and subsequently fully repaid on May 30, 2008.

During the financial year, SPH UnionWorks utilised an unsecured fixed advance facility of which the total drawdown as at August 31, 2008 is S\$800,000. The bank loans of S\$300,000 and S\$500,000 are unsecured and have tenures of 6 and 12 months from March 13, 2008 and February 26, 2008 respectively. As at August 31, 2008, interest is charged at a rate of 1.93% and 1.94% per annum respectively.

- (e) In respect of bank borrowings, where appropriate, the Group's policy is to minimise its interest rate risk exposure by entering into interest rate swaps over the duration of its borrowings. Accordingly, Orchard 290 entered into an interest rate swap contract to swap floating rate for fixed interest rate 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, 2008, the fixed interest rate was 3.189% (2007: 3.189%) per annum and floating rates are referenced to Singapore dollar swap offer rate, which is repriced every three months.

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

	GROUP	
	2008 S\$'000	2007 S\$'000
Notional due:		
Between 1 – 5 years	500,000	500,000
Negative fair values*	(10,983)	(3,493)

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

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

# Notes to the Financial Statements

August 31, 2008

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) 2008

	GROUP					Total S\$'000
	Land and Freehold S\$'000	Buildings Leasehold S\$'000	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	
<b>Cost</b>						
Beginning of financial year						
- As previously reported	10,624	229,418	676,825	16,625	1,520	935,012
- Transfer to investment properties on adoption of FRS 40 (Note 10)	(10,624)	(5,224)	-	-	-	(15,848)
- As restated	-	224,194	676,825	16,625	1,520	919,164
Acquisition of business by a subsidiary	-	-	61	42	-	103
Currency translation difference	-	-	(66)	(30)	(3)	(99)
Additions	-	1,208	8,446	576	-	10,230
Transfer in from capital work-in-progress	-	-	74,672	206	-	74,878
Disposals	-	(1,015)	(5,321)	(600)	-	(6,936)
End of financial year	-	224,387	754,617	16,819	1,517	997,340
<b>Accumulated depreciation and impairment losses</b>						
Beginning of financial year						
- As previously reported	1,789	101,525	364,610	10,378	603	478,905
- Transfer to investment properties on adoption of FRS 40 (Note 10)	(1,789)	(3,559)	-	-	-	(5,348)
- As restated	-	97,966	364,610	10,378	603	473,557
Currency translation difference	-	-	(19)	(11)	(2)	(32)
Depreciation charge for the year	-	6,295	47,205	1,228	325	55,053
Disposals	-	(942)	(5,000)	(550)	-	(6,492)
(Reversal of impairment charge) /Impairment charge for the year	-	(1,151)	226	-	-	(925)
End of financial year	-	102,168	407,022	11,045	926	521,161
<b>Net book value</b>						
End of financial year	-	122,219	347,595	5,774	591	476,179
Capital work-in-progress	-	3,011	11,107	-	-	14,118
Total	-	125,230	358,702	5,774	591	490,297
<b>Capital work-in-progress</b>						
Beginning of financial year	-	25	43,280	-	-	43,305
Additions	-	2,986	42,499	206	-	45,691
Transfer out to property, plant and equipment	-	-	(74,672)	(206)	-	(74,878)
End of financial year	-	3,011	11,107	-	-	14,118

During the financial year, the Group reversed the impairment charge on leasehold land and building of S\$1,151,000 (2007: Nil). The reversal of impairment charge had been included in "other operating income".

# Notes to the Financial Statements

August 31, 2008

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

(b) 2007  
Restated

	GROUP					
	Land and Buildings Freehold S\$'000	Buildings Leasehold S\$'000	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
<b>Cost</b>						
Beginning of financial year						
- As previously reported	28,842	228,896	745,601	16,252	1,269	1,020,860
- Transfer to investment properties on adoption of FRS 40 (Note 10)	(10,624)	(5,224)	-	-	-	(15,848)
- As restated	18,218	223,672	745,601	16,252	1,269	1,005,012
Reclassification	-	-	(367)	106	261	-
Acquisition of subsidiaries	-	-	186	12	26	224
Currency translation difference	-	-	(3)	40	-	37
Additions	-	526	8,384	656	327	9,893
Transfer in from capital work-in-progress	-	-	22,069	-	-	22,069
Transfer to development properties	(11,100)	-	-	-	-	(11,100)
Disposals	(7,118)	(4)	(99,045)	(441)	(363)	(106,971)
End of financial year	-	224,194	676,825	16,625	1,520	919,164
<b>Accumulated depreciation and impairment losses</b>						
Beginning of financial year						
- As previously reported	8,696	95,201	420,356	9,522	586	534,361
- Transfer to investment properties on adoption of FRS 40 (Note 10)	(1,578)	(3,531)	-	-	-	(5,109)
- As restated	7,118	91,670	420,356	9,522	586	529,252
Currency translation difference	-	-	5	39	-	44
Depreciation charge for the year (Note 3)	-	6,300	42,916	1,254	329	50,799
Disposals	(7,118)	(4)	(98,667)	(437)	(312)	(106,538)
End of financial year	-	97,966	364,610	10,378	603	473,557
<b>Net book value</b>						
End of financial year	-	126,228	312,215	6,247	917	445,607
Capital work-in-progress	-	25	43,280	-	-	43,305
Total	-	126,253	355,495	6,247	917	488,912
<b>Capital work-in-progress</b>						
Beginning of financial year	-	-	15,392	-	-	15,392
Additions	-	25	49,957	-	-	49,982
Transfer out to property, plant and equipment	-	-	(22,069)	-	-	(22,069)
End of financial year	-	25	43,280	-	-	43,305

As at August 31, 2007, banking facilities were secured on SPHMBO's property, plant and equipment with a total carrying amount of S\$1.2 million.

# Notes to the Financial Statements

August 31, 2008

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

(c) 2008

	COMPANY			
	Plant and Equipment S\$'000	Furniture and Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
<b>Cost</b>				
Beginning of financial year	578,484	12,689	1,360	592,533
Additions	2,157	268	-	2,425
Transfer in from capital work-in-progress	69,252	206	-	69,458
Transfer in	2	-	-	2
Transfer out	(72)	-	-	(72)
Disposals	(3,234)	(462)	-	(3,696)
End of financial year	646,589	12,701	1,360	660,650
<b>Accumulated depreciation and impairment losses</b>				
Beginning of financial year	309,324	8,280	576	318,180
Depreciation charge for the year	38,277	905	276	39,458
Transfer out	(54)	-	-	(54)
Disposals	(3,219)	(450)	-	(3,669)
End of financial year	344,328	8,735	852	353,915
<b>Net book value</b>				
End of financial year	302,261	3,966	508	306,735
Capital work-in-progress	9,493	-	-	9,493
<b>Total</b>	<b>311,754</b>	<b>3,966</b>	<b>508</b>	<b>316,228</b>
<b>Capital work-in-progress</b>				
Beginning of financial year	42,507	-	-	42,507
Additions	36,238	206	-	36,444
Transfer out to property, plant and equipment	(69,252)	(206)	-	(69,458)
End of financial year	9,493	-	-	9,493

# Notes to the Financial Statements

August 31, 2008

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

(d) 2007

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

# Notes to the Financial Statements

August 31, 2008

## 10. INVESTMENT PROPERTIES

	GROUP	
	2008	2007 Restated
	S\$'000	S\$'000
<b>Cost</b>		
Beginning of financial year		
- As previously reported	1,143,235	1,130,890
- Transfer from property, plant and equipment on adoption of FRS 40, adjusted retrospectively [Note 9(b)]	15,848	15,848
- As restated	1,159,083	1,146,738
Additions	45,987	12,345
End of financial year	1,205,070	1,159,083
<b>Accumulated depreciation and impairment losses</b>		
Beginning of financial year		
- As previously reported	-	-
- Effect of adoption of FRS 40, adjusted retrospectively (Note 3)	53,115	46,057
- Transfer from property, plant and equipment on adoption of FRS 40 [Note 3 and 9(b)]	5,348	5,109
- As restated	58,463	51,166
Depreciation charge for the year (Note 3)	6,823	7,297
Reversal of allowance for impairment	(396)	-
End of financial year	64,890	58,463
<b>Carrying amount</b>	1,140,180	1,100,620
<b>Fair value</b>	2,065,735	1,879,410

During the financial year, the Group reversed the allowance for impairment charge on investment properties of S\$396,000 (2007: Nil). The reversal of allowance of impairment charge had been included in "other operating income".

Fair value of the investment properties as at balance sheet date was stated based on independent professional valuations, determined on an open market value basis.

The investment property, the Paragon on Orchard Road, with a carrying amount of S\$1,129,522,000 (2007: S\$1,090,120,000) is mortgaged to a bank as security for loan facility of S\$610 million (2007: S\$610 million) granted to Orchard 290 [Note 8(a)].

The following amounts are recognised in the income statement:

	GROUP	
	2008	2007 Restated
	S\$'000	S\$'000
Rental income	115,629	105,361
Direct operating expenses arising from investment properties that generated rental income	(33,017)	(32,268)

# Notes to the Financial Statements

August 31, 2008

## 11. DEVELOPMENT PROPERTIES

	GROUP	
	2008 S\$'000	2007 S\$'000
<b>Sold development properties</b>		
Aggregate contract costs recognised and recognised profit to-date	236,883	103,245
Less: Progress billings	(136,509)	(68,784)
	100,374	34,461
Analysed as:		
Due from customers (Note 19)	100,374	34,461

Pursuant to the requirement under the Residential Property Act, the Group obtained a banker's guarantee of S\$28,000,000 (2007: S\$28,000,000). This is secured by way of a legal mortgage on the Group's development properties and an assignment of sales proceeds from the development properties.

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

	GROUP	
	2008 S\$'000	2007 S\$'000
(Decrease)/Increase in:		
<b>Income statement</b>		
Revenue from sale of development properties	(138,131)	(71,254)
Profit before taxation	(99,125)	(51,095)
Taxation	(7,893)	(4,064)
Profit after taxation	(91,232)	(47,031)
<b>Balance sheet</b>		
Due from customers as at end of financial year	(100,374)	(34,461)
Due to customers as at end of financial year	49,846	16,634
Deferred income tax liabilities as at end of financial year	(11,957)	(4,064)
Retained earnings as at beginning of financial year	(47,031)	-



# Notes to the Financial Statements

August 31, 2008

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

### (a) Unquoted equities

	COMPANY	
	2008 S\$'000	2007 S\$'000
Unquoted equities, at cost	387,340	387,340
Allowance for impairment*	(500)	-
	386,840	387,340

\* The impairment charge was taken to write down the carrying amount of investment in a subsidiary to its recoverable amount, arising from a review of the subsidiary's business. The provision was made solely at the Company's level and had no impact on the Group financial statements.

Details of significant subsidiaries are set out in Note 33. A list of other operating subsidiaries in the Group can be found on pages 141 to 142 of the annual report.

### (b) Amount owing by subsidiaries (non-current)

	COMPANY	
	2008 S\$'000	2007 S\$'000
Amount owing by subsidiaries (non-trade)	-	763,517
Loans to subsidiaries	-	41,217
	-	804,734

The amount owing by subsidiaries as at August 31, 2007 were non-trade, unsecured, interest-free and had no fixed repayment terms. However, repayments were not expected within the following twelve months.

### (c) Amount owing by subsidiaries (current)

	COMPANY	
	2008 S\$'000	2007 S\$'000
Amount owing by subsidiaries (non-trade)	766,391	-
Loans to subsidiaries	91,418	-
	857,809	-
Allowance for impairment*	(2,972)	-
	854,837	-

\* Impairment charge was attributable to amount owing by and loans extended to subsidiaries. The provision was made solely at the Company's level and had no impact on the Group financial statements.

The amount owing by subsidiaries as at August 31, 2008 are unsecured, interest-free and repayable on demand.

(d) The amount owing to subsidiaries (current) are non-trade, unsecured and repayable on demand. Except for amount owing to certain subsidiaries of S\$30,779,000 (2007: S\$10,081,000) with effective interest rates ranging from 0.68% to 2.35% (2007: 2.13% to 2.21%) per annum as at the balance sheet date, the amount owing to other subsidiaries are interest-free.

(e) The amount owing to subsidiaries (non-current) as at August 31, 2007 were non-trade, unsecured, interest-free and had no fixed repayment terms. However, repayments were not expected within the following twelve months.

# Notes to the Financial Statements

August 31, 2008

## 13. INTERESTS IN ASSOCIATES AND AMOUNT OWING BY/TO ASSOCIATES

### (a) Unquoted equities

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Unquoted equities, at cost				
Beginning of financial year	71,079	69,729	29,160	29,160
Currency translation difference	49	(2,174)	-	-
Acquisition of associates	-	278	-	-
Disposal of an associate	(224)	-	-	-
Share of net profits of associates	1,390	3,246	-	-
Impairment losses	(26,712)	-	(7,834)	-
End of financial year	45,582	71,079	21,326	29,160

The summarised financial information of associates is as follows:

	GROUP	
	2008 S\$'000	2007 S\$'000
Assets	361,369	377,034
Liabilities	210,133	228,570
Revenues	386,925	384,992
Net profit	3,152	2,410
Share of an associate's contingent liabilities incurred jointly with other investors	1,290	1,484

The Group has not recognised its share of profits of an associate amounting to S\$19,000 (2007: losses of S\$16,000) as its interest in the associate has been fully impaired and the Group has no obligation in respect of those losses. The accumulated losses not recognised are S\$137,000 (2007: S\$156,000).

A list of associates of the Group can be found on page 143 of the annual report.

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

The amount owing by associates as at August 31, 2007 were unsecured, interest-free and had no fixed repayment terms. However, repayments were not expected within the following twelve months.

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Amount owing by an associate (non-trade)	21	15	- *	15
Loans to associates	6,079	6,000	6,000	6,000
	6,100	6,015	6,000	6,015

\* Less than S\$500.

The loans to associates include a loan that was extended to an associate of S\$6 million which was unsecured and had a tenure of 3 years commencing May 1, 2005. Upon its maturity on May 1, 2008, the loan had been extended interest-free for one year (2007: effective interest rate of 2.99% per annum). The other loan of S\$79,000 (2007: Nil) is unsecured, interest-free and repayable on demand.

# Notes to the Financial Statements

August 31, 2008

## 13. INTERESTS IN ASSOCIATES AND AMOUNT OWING BY/TO ASSOCIATES (CONT'D)

### (d) Amount owing to an associate (current)

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

### (e) Impairment tests for interests in associates

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

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

#### Notes:

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

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Beginning of financial year	10,497	-	-	-
Acquisition of jointly controlled entities	7,261	11,511	-	-
Share of net losses	(2,106)	(253)	-	-
Impairment loss	-	(761)	-	-
End of financial year	15,652	10,497	-	-

A list of jointly controlled entities of the Group can be found on page 143 of the annual report.

### (a) Amount owing by a jointly controlled entity (non-current)

The amount owing by a jointly controlled entity as at August 31, 2007 was unsecured, interest-free and had no fixed repayment terms. However, repayment was not expected within the following twelve months.

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

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

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

The amount owing to a jointly controlled entity comprised amount owing by the Company to the jointly controlled entity of S\$12,571,000 (2007: S\$20,408,000), and amount owing by a subsidiary to the jointly controlled entity of S\$45,000 (2007: Nil). The amount owing by the Company to the jointly controlled entity is unsecured, repayable on demand and subject to effective interest rates ranging from 0.66% to 2.49% (2007: 2.13% to 2.47%) per annum as at the balance sheet date. The amount owing by a subsidiary to the jointly controlled entity is unsecured, interest-free and repayable on demand.

# Notes to the Financial Statements

August 31, 2008

## 14. INTERESTS IN JOINTLY CONTROLLED ENTITIES AND AMOUNTS OWING BY/TO JOINTLY CONTROLLED ENTITIES (CONT'D)

The Group's interests in the jointly controlled entities are equity accounted for in the consolidated balance sheet and income statement. The following amounts represent the Group's effective share of 50% (2007: 50%) of the assets and liabilities and income and expenses of the jointly controlled entities as at August 31, 2008 should proportionate consolidation be adopted.

	GROUP	
	2008 S\$'000	2007 S\$'000
Assets		
Current assets	16,537	11,510
Non-current assets	2,122	61
	18,659	11,571
Liabilities		
Current liabilities	2,308	1,688
Non-current liabilities	753	-
	3,061	1,688
Net assets	15,598	9,883
Sales	969	822
Expenses	(3,558)	(2,409)
Net loss	(2,589)	(1,587)

## 15. LONG-TERM INVESTMENTS

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

	GROUP		COMPANY	
	2008 S\$'000	2007 Restated S\$'000	2008 S\$'000	2007 S\$'000
Quoted securities:				
- Equities	268,832	298,451	34,860	38,734
Unquoted securities:				
- Equities	4,488	2,454	-	-
- Investment funds	1,977	17,888	-	-
	275,297	318,793	34,860	38,734

The quoted equities are listed in Singapore.

# Notes to the Financial Statements

August 31, 2008

## 16. INTANGIBLE ASSETS

	GROUP	
	2008 S\$'000	2007 S\$'000
Goodwill arising on acquisition [Note (a)]	30,191	13,966
Trademark, licences and mastheads [Note (b)]	9,516	1,040
	39,707	15,006

### (a) Goodwill arising on acquisition

	GROUP	
	2008 S\$'000	2007 S\$'000
<b>Cost</b>		
Beginning of financial year	14,321	10,430
Acquisition of interests in a subsidiary [Note 23(b)]	-	3,891
Acquisition of additional interests in subsidiaries	523	-
Additional consideration paid on interests in a subsidiary	2,200	-
Acquisition of business by a subsidiary [Note 23(c)]	13,996	-
Currency translation differences	(494)	-
End of financial year	30,546	14,321
<b>Accumulated impairment</b>		
Beginning and end of financial year	(355)	(355)
<b>Net book value</b>	30,191	13,966

### (b) Trademark, licences and mastheads

	GROUP	
	2008 S\$'000	2007 S\$'000
Beginning of financial year	1,040	1,479
Acquisition of business by a subsidiary [Note 23(c)]	9,284	-
Acquisition of interests in subsidiaries	-	2
Amortisation charge (Note 28)	(808)	(441)
End of financial year	9,516	1,040
Cost	11,892	2,608
Accumulated amortisation	(2,376)	(1,568)
Net book value	9,516	1,040

### (c) Impairment of goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified as the respective subsidiaries. The recoverable values of the CGUs are determined based on fair value less cost to sell. Fair values are computed by applying appropriate earnings multiples to the latest available financial forecasts. Where the preceding method is not applicable, net asset values are used to estimate fair values. Costs to sell are expected to be immaterial in the computations.

The Group has assessed and determined that no impairment in the value of goodwill has arisen.

# Notes to the Financial Statements

August 31, 2008

## 17. OTHER NON-CURRENT ASSETS

	GROUP		COMPANY	
	2008 S\$'000	2007 Restated S\$'000	2008 S\$'000	2007 Restated S\$'000
Staff loans	4,650	4,966	4,348	4,680
Sundry debtors	1,010	842	148	221
Others	65	65	-	-
	5,725	5,873	4,496	4,901

## 18. INVENTORIES

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Raw materials and consumable stores	36,981	19,741	35,776	19,267
Allowance for write-down of inventories	(700)	(400)	(700)	(400)
	36,281	19,341	35,076	18,867

During the financial year, the Group made an allowance of S\$300,000 for inventories (2007: Write-back of allowance of S\$829,000). The allowance had been included in materials, consumables and broadcasting costs in the income statement.

## 19. TRADE RECEIVABLES

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Amount owing	133,898	127,071	110,352	104,392
Allowance for impairment	(10,281)	(10,542)	(8,343)	(8,593)
	123,617	116,529	102,009	95,799
Development properties				
- Due from customers (Note 11)	100,374	34,461	-	-
	223,991	150,990	102,009	95,799

## 20. OTHER RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2008 S\$'000	2007 Restated S\$'000	2008 S\$'000	2007 Restated S\$'000
Accrued interest	1,644	2,866	70	43
Sundry debtors	8,746	2,210	1,799	647
Prepayments	4,437	4,432	2,200	1,861
Staff loans	1,638	1,614	1,489	1,477
	16,465	11,122	5,558	4,028

# Notes to the Financial Statements

August 31, 2008

## 21. SHORT-TERM INVESTMENTS

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
<b>Total Short-Term Investments</b>				
Available-for-sale financial assets [Note (a)(i)]	416,482	513,008	84,075	62,000
Financial assets at fair value through profit or loss [Note (a)(ii) and (b)]	226,079	302,067	-	-
	642,561	815,075	84,075	62,000

The Group mainly invests in a globally diversified portfolio with no significant concentration risk.

### (a) Internally managed

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Quoted securities:				
- Equities	48,833	90,947	-	-
- Bonds	91,276	282,032	-	62,000
- Investment funds	210,207	77,906	84,075	-
	350,316	450,885	84,075	62,000
Unquoted securities:				
- Equities	152	-	-	-
- Bonds	10,000	10,000	-	-
- Investment funds	56,014	52,123	-	-
	416,482	513,008	84,075	62,000

In the previous financial year, the Group recognised an impairment loss of S\$1,806,000 (Note 30) against venture funds whose fair value had been below cost for a prolonged period.

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

	GROUP	
	2008 S\$'000	2007 S\$'000
Quoted securities:		
- Held for trading:		
- Equities	760	-
- Designated at fair value on initial recognition:		
- Bonds	30,455	24,370
	31,215	24,370

# Notes to the Financial Statements

August 31, 2008

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

### (b) Funds under management

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

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

	GROUP	
	2008 S\$'000	2007 S\$'000
Quoted securities:		
- Equities	31,928	43,903
- Bonds	66,188	227,225
Derivatives	98,116	271,128
Cash on deposit	(3,868)	(2,305)
Bank balances	5,355	-
Accrued income	3,102	10,084
Due from/(to) brokers	638	2,095
Designated as fair value through profit or loss upon initial recognition	91,521	(3,305)
	194,864	277,697

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

Analysed as:

2008

	GROUP		
	Contracted Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Non-current</b>			
Cash flow hedge			
- Interest-rate swap	500,000	-	10,983
<b>Current</b>			
Derivatives not designated as hedges			
- Currency forwards	67,657	14	2,211
- Cross currency swap	7,052	1,693	-
		1,707	2,211

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



# Notes to the Financial Statements

August 31, 2008

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

2007

	GROUP		
	Contracted Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Non-current</b>			
Cash flow hedge			
- Interest-rate swap	500,000	-	3,493
<b>Current</b>			
Derivatives not designated as hedges			
- Currency forwards	151,273	180	955
- Cross currency swap	7,052	1,111	-
		1,291	955
	COMPANY		
	Contracted Notional Amount S\$'000	Fair Value	
		Assets S\$'000	Liabilities S\$'000
<b>Current</b>			
Derivatives not designated as hedges			
- Currency forwards	868	-*	-

\* Less than S\$500.

# Notes to the Financial Statements

August 31, 2008

## 23. CASH AND CASH EQUIVALENTS

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Cash held as fixed bank deposits	180,534	90,272	59,245	18,580
Cash and bank balances	30,490	31,888	12,226	20,518
	211,024	122,160	71,471	39,098

Included in cash and cash equivalents are the following:

	GROUP	
	2008 S\$'000	2007 S\$'000
Amount held as fixed bank deposits under Housing Developers (Project Account) Rules	70,500	30,800
Amount held in project bank account under Housing Developers (Project Account) Rules	448	215

Under the Housing Developers (Project Account) Rules, withdrawals from the above bank accounts are restricted to payments for expenditure incurred on the development properties (Note 11).

(b) Acquisition of interest in a subsidiary

	GROUP	
	2008 S\$'000	2007 S\$'000
<b>Fair values of identifiable assets and liabilities</b>		
Property, plant and equipment	-	224
Intangible assets	-	2
Interests in associates	-	278
Current assets (including cash)	-	4,460
Current liabilities	-	(1,634)
Deferred income tax liabilities	-	(34)
	-	3,296
Goodwill on acquisition [Note 16(a)]	-	3,891
Total purchase consideration [Note (b)(i)]	-	7,187
Less: Cash and cash equivalents of subsidiary acquired	-	(2,019)
Net cash outflow on acquisition of interest in subsidiary	-	5,168

Note (b)(i)

On October 27, 2006, the Group acquired the following for a cash consideration of S\$7,187,000:

- All magazine and online publication titles, trade names and marks owned by Hardware Zone Pte Ltd and its subsidiary; and
- Share capital of the following companies:
  - Hardware Zone Pte Ltd (100%);
  - Heritage Media (Singapore) Pte Ltd (100%);
  - Hardware Zone (Thailand) Co Ltd (45%);
  - Hardware Zone Philippines Corporation (39%); and
  - Beijing Game Axis Info Ltd (50%).

# Notes to the Financial Statements

August 31, 2008

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

### (b) Acquisition of interest in a subsidiary (cont'd)

The goodwill is attributable to the value of the acquired businesses and management expertise of Hardware Zone Pte Ltd, its subsidiary and associates.

The acquired subsidiaries contributed revenue of S\$6,316,000 and net loss of S\$255,000 to the Group for the period from October 27, 2006 to August 31, 2007. If the acquisition had occurred on September 1, 2006, Group revenue would have increased by S\$7,006,000 and net profit would have decreased by S\$875,000.

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

	GROUP	
	2008 S\$'000	2007 S\$'000
<b>Fair values of identifiable assets and liabilities</b>		
Property, plant and equipment	103	-
Current assets (including cash)	603	-
Current liabilities	(84)	-
Deferred income tax liabilities	(50)	-
	572	-
Intangible assets [Note 16(b)]	9,284	-
Goodwill on acquisition [Note 16(a)]	13,996	-
Total purchase consideration [Note (c)(i)]	23,852	-
Less: Cash and cash equivalents acquired	(508)	-
Net cash outflow on acquisition of business by a subsidiary	23,344	-

#### Note (c)(i)

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

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

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

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

## 24. OTHER PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2008 S\$'000	2007 Restated S\$'000	2008 S\$'000	2007 Restated S\$'000
<b>Current</b>				
Accrued operating expenses	124,486	114,734	109,931	100,315
Sundry creditors	32,136	24,471	21,934	19,044
	156,622	139,205	131,865	119,359
<b>Non-current</b>				
Sundry creditors	21,924	20,144	-	-

# Notes to the Financial Statements

August 31, 2008

## 25. CAPITAL AND OTHER COMMITMENTS

### (a) Capital expenditure commitments:

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Authorised and contracted for				
Property, plant and equipment	61,730	31,821	55,258	26,279
Investment properties	34,434	452	-	-
	96,164	32,273	55,258	26,279

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

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Within 1 year	7,513	5,936	248	285
Between 1 - 5 years	16,028	16,753	10	41
After 5 years	115,294	122,909	-	-
	138,835	145,598	258	326

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

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

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Within 1 year	117,308	102,565	-	-
Between 1 - 5 years	221,576	171,546	-	-
After 5 years	28,848	21,159	-	-
	367,732	295,270	-	-

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

# Notes to the Financial Statements

August 31, 2008

## 26. OPERATING REVENUE

	GROUP	
	2008 S\$'000	2007 S\$'000
Newspaper and Magazine		
Sale of services - Advertisements	780,064	725,122
Sale of goods - Circulation	205,840	209,945
Others	28,431	24,378
	1,014,335	959,445
Property		
Rental and rental-related services	117,163	106,562
Sale of development properties	138,131	71,254
	255,294	177,816
Others		
Sale of services - Advertisements	19,961	14,392
Sale of services - Broadcasting and multimedia services	11,421	8,552
	31,382	22,944
	1,301,011	1,160,205

## 27. STAFF COSTS

	GROUP	
	2008 S\$'000	2007 S\$'000
Salaries, bonuses and other costs	295,000	266,997
Employers' contribution to defined contribution plans	31,692	27,964
Share-based compensation expenses	6,406	6,659
	333,098	301,620

## 28. OTHER OPERATING EXPENSES

	GROUP	
	2008 S\$'000	2007 S\$'000
Included in other operating expenses are:		
Audit fees:		
Company's auditors	581	520
Other auditors	64	21
Non-audit fees <sup>#</sup> :		
Company's auditors	100	83
Rental expense - Operating lease	9,124	6,969
Net currency translation loss from operations	761	14
Amortisation of intangible assets [Note 16(b)]	808	441
Allowance for impairment of trade receivables	1,542	2,391
Bad debts recovery	(214)	(114)
Impairment charge on property, plant and equipment	226	-
Net profit on disposal of property, plant and equipment	(493)	(550)

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

# Notes to the Financial Statements

August 31, 2008

## 29. FINANCE COSTS

	GROUP	
	2008 S\$'000	2007 S\$'000
Interest on bank loans	14,072	20,373
Realised loss on cash flow hedge, transferred from equity*	5,063	379
	19,135	20,752

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

## 30. NET INCOME FROM INVESTMENTS

	GROUP	
	2008 S\$'000	2007 S\$'000
Interest on deposits with financial institutions	1,294	3,921
Interest from investments		
- Available-for-sale	5,464	7,530
- Fair value through profit or loss (designated upon initial recognition)	646	363
Dividend from investments – Available-for-sale	29,235	25,462
Foreign exchange gain	6,912	4,128
Profit on sale of investments:		
Short-term investments		
- Available-for-sale	13,715	38,712
Long-term investments		
- Available-for-sale	865	28,617
Profit from capital reduction exercises of investee companies – Available-for-sale	2,607	33,672
	60,738	142,405
Fair value gain/(loss) of internally-managed assets at fair value through profit or loss		
- Designated upon initial recognition	261	24
- Held for trading	(44)	-
Fair value loss of derivative instruments	(799)	(2,009)
Impairment of investments		
- Available-for-sale [Note 21(a)(i)]	-	(1,806)
	60,156	138,614
(Loss)/Income from funds under management	(12,408)	7,579
	47,748	146,193

# Notes to the Financial Statements

August 31, 2008

## 31. DIVIDENDS

	GROUP AND COMPANY	
	2008 S\$'000	2007 S\$'000
Dividends paid:		
- Final tax-exempt dividend of 9 cents per share in respect of previous financial year (2007: 8 cents per share)	144,208	127,642
- Special final tax-exempt dividend of 10 cents per share in respect of previous financial year (2007: 9 cents per share)	160,231	143,597
- Interim tax-exempt dividend of 8 cents per share (2007: 7 cents per share)	128,282	111,915
	432,721	383,154

- (a) The Directors have proposed a final tax-exempt (one-tier) dividend of 9 cents per share and a special final tax-exempt (one-tier) dividend of 10 cents per share for 2008, amounting to a total of S\$304,495,000.
- (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, 2009 when they are approved at the next annual general meeting.

## 32. EARNINGS PER SHARE

	GROUP			
	2008		2007	
	Basic	Diluted	Basic Restated	Diluted Restated
	S\$'000	S\$'000	S\$'000	S\$'000
Profit after taxation attributable to shareholders of the Company	437,444	437,444	499,135	499,135
	Number of Shares '000		Number of Shares '000	
Weighted average number of shares	1,602,015	1,602,015	1,597,448	1,597,448
Adjustment for assumed conversion of				
- share options	-	1,540	-	1,889
- performance shares	-	4,642	-	1,195
Weighted average number of shares used to compute earnings per share	1,602,015	1,608,197	1,597,448	1,600,532
	2008		2007	
	Basic	Diluted	Basic Restated	Diluted Restated
Earnings per share (S\$)	0.27	0.27	0.31	0.31

# Notes to the Financial Statements

August 31, 2008

## 33. SIGNIFICANT SUBSIDIARIES OF THE GROUP

Name of Subsidiaries	Principal Activities	Country of Incorporation	Effective % of Equity held by the Group	
			2008 %	2007 %
Times Properties Private Limited	Letting properties and provision of property management services	Singapore	100.00	100.00
Orchard 290 Ltd	Holding investments and managing of shopping centres and other commercial properties	Singapore	100.00	100.00
Singapore News and Publications Limited	Holding investments and properties	Singapore	100.00	100.00
Singapore Newspaper Services Private Limited	Holding investments and properties	Singapore	100.00	100.00
Lianhe Investments Pte. Ltd.	Holding investments for dealing purposes	Singapore	100.00	100.00
SPH MultiMedia Private Limited	Holding investments	Singapore	100.00	100.00
SPH AsiaOne Ltd	Holding investments	Singapore	100.00	100.00

### Notes :

1. The above companies are audited by PricewaterhouseCoopers, Singapore.
2. A list of the other operating subsidiaries of the Group can be found on pages 141 to 142 of the annual report.



# Notes to the Financial Statements

August 31, 2008

## 34. FINANCIAL RISK MANAGEMENT

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

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

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

The policies for managing these risks are summarised below.

### (a) Market risk

#### (i) Currency risk

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

Where appropriate, the Group enters into foreign exchange forward contracts and cross currency swaps to hedge against its currency risk resulting from anticipated sale and purchase transactions in foreign currencies, its foreign currency denominated investments and net assets of its foreign subsidiaries, associates and jointly controlled entities.

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

	2008			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>				
Trade and other receivables	126,271	1,835	7,539	135,645
Short-term investments	125,595	157,954	11,118	294,667
Amount owing by associates	6,079	21	-	6,100
Amount owing by jointly controlled entities	136	-	-	136
Other non-current assets	5,508	27	190	5,725
Cash held as fixed bank deposits	173,132	4,844	2,558	180,534
Cash and bank balances	24,681	2,089	3,720	30,490
	461,402	166,770	25,125	653,297

# Notes to the Financial Statements

August 31, 2008

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

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

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

	2008			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial liabilities</b>				
Trade payables and accrued liabilities	(240,120)	(16,833)	(9,632)	(266,585)
Amount owing to an associate	-	(21)	-	(21)
Amount owing to a jointly controlled entity	(12,616)	-	-	(12,616)
Borrowings	(570,870)	-	(3,546)	(574,416)
	<u>(823,606)</u>	<u>(16,854)</u>	<u>(13,178)</u>	<u>(853,638)</u>
<b>Net financial (liabilities)/assets</b>	<u>(362,204)</u>	<u>149,916</u>	<u>11,947</u>	<u>(200,341)</u>
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies instruments	362,204	-	(849)	
Less: Firm commitments	-	(9,695)	-	
Less: Currency forwards	-	(65,410)	-	
<b>Currency exposure</b>	<u>-</u>	<u>74,811</u>	<u>11,098</u>	
	2007			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>				
Trade and other receivables	115,351	1,268	6,600	123,219
Short-term investments	370,947	172,938	6,311	550,196
Amount owing by associates	6,594	-	-	6,594
Amount owing by a jointly controlled entity	1,004	-	-	1,004
Other non-current assets	5,759	30	84	5,873
Cash held as fixed bank deposits	88,607	371	1,294	90,272
Cash and bank balances	26,232	1,764	3,892	31,888
	<u>614,494</u>	<u>176,371</u>	<u>18,181</u>	<u>809,046</u>

# Notes to the Financial Statements

August 31, 2008

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

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

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

	2007			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial liabilities</b>				
Trade payables and accrued liabilities	(205,944)	(9,073)	(6,421)	(221,438)
Amount owing to a jointly controlled entity	(20,408)	-	-	(20,408)
Borrowings	(571,070)	-	(3,675)	(574,745)
	(797,422)	(9,073)	(10,096)	(816,591)
<b>Net financial (liabilities)/assets</b>	(182,928)	167,298	8,085	(7,545)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies instruments	182,928	-	(36)	
Less: Firm commitments	-	(4,213)	(10,502)	
Less: Currency forwards	-	(155,896)	-	
<b>Currency exposure</b>	-	7,189	(2,453)	

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

	2008			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>				
Trade and other receivables	105,032	227	108	105,367
Amount owing by subsidiaries	846,502	-	8,335	854,837
Amount owing by an associate	6,000	-	-	6,000
Amount owing by a jointly controlled entity	17	-	-	17
Other non-current assets	4,496	-	-	4,496
Cash held as fixed bank deposits	54,565	4,243	437	59,245
Cash and bank balances	10,823	863	540	12,226
	1,027,435	5,333	9,420	1,042,188

# Notes to the Financial Statements

August 31, 2008

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

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

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

	2008			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial liabilities</b>				
Trade payables and accrued liabilities	(165,362)	(16,701)	(1,104)	(183,167)
Amount owing to subsidiaries	(387,296)	(217)	-	(387,513)
Amount owing to a jointly controlled entity	(12,571)	-	-	(12,571)
	(565,229)	(16,918)	(1,104)	(583,251)
<b>Net financial assets/(liabilities)</b>	462,206	(11,585)	8,316	458,937
Less: Firm commitments	-	(9,695)	-	(9,695)
Add: Currency forwards	-	4,951	-	4,951
<b>Currency exposure</b>	462,206	(16,329)	8,316	454,193
	2007			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>				
Trade and other receivables	97,713	184	69	97,966
Short-term investments	62,000	-	-	62,000
Amount owing by subsidiaries	804,734	-	-	804,734
Amount owing by an associate	6,015	-	-	6,015
Other non-current assets	4,901	-	-	4,901
Cash held as fixed bank deposits	17,957	-	623	18,580
Cash and bank balances	17,678	942	1,898	20,518
	1,010,998	1,126	2,590	1,014,714
<b>Financial liabilities</b>				
Trade payables and accrued liabilities	(143,259)	(8,357)	(857)	(152,473)
Amount owing to subsidiaries	(459,969)	(28)	-	(459,997)
Amount owing to a jointly controlled entity	(20,408)	-	-	(20,408)
	(623,636)	(8,385)	(857)	(632,878)

# Notes to the Financial Statements

August 31, 2008

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

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

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

	2007			
	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
<b>Net financial assets/(liabilities)</b>	387,362	(7,259)	1,733	381,836
Less: Firm commitments	-	(1,775)	(10,502)	(12,277)
Add: Currency forwards	-	868	-	868
<b>Currency exposure</b>	387,362	(8,166)	(8,769)	370,427

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

	2008		2007	
	Profit after Tax S\$'000	Equity S\$'000	Profit after Tax S\$'000	Equity S\$'000
<b>Increase/(Decrease)</b>				
<b>Group</b>				
USD against SGD				
- strengthened	2,454	-	236	-
- weakened	(2,454)	-	(236)	-
<b>Company</b>				
USD against SGD				
- strengthened	(536)	-	(268)	-
- weakened	536	-	268	-

#### (ii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group which are classified either as available-for-sale or at fair value through profit or loss. The market values of these investments are affected by, amongst others, changes in market prices as a result of changes in the global economic conditions, macro and micro economic factors affecting the country where the investments are quoted, and factors specific to the investee corporations.

The fluctuations in market prices due to the above factors are unforeseen and the Group monitors and responds to these changes as and when appropriate and necessary. To manage the price risk arising from investments in equity securities, the Group diversifies its portfolio across different markets and industries whenever it is appropriate.

# Notes to the Financial Statements

August 31, 2008

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

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

#### (ii) Price risk (cont'd)

If prices for equity securities that are internally-managed and managed by external fund managers changed by 15% and 12% respectively with all other variables including tax rate being held constant, the effects on profit after tax and equity arising from the change in valuation of equity securities will be:

	2008		2007	
	Profit after Tax S\$'000	Equity S\$'000	Profit after Tax S\$'000	Equity S\$'000
<b>Increase/(Decrease)</b>				
<b>Group</b>				
Internally-managed investments				
- increased by	94	60,974	-	68,479
- decreased by	(94)	(60,974)	-	(68,479)
Funds under management				
- increased by	3,267	-	4,493	-
- decreased by	(3,267)	-	(4,493)	-
<b>Company</b>				
Internally-managed investments				
- increased by	-	5,229	-	5,810
- decreased by	-	(5,229)	-	(5,810)

#### (iii) Interest rate risk

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

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

Movements in interest rates will therefore have an impact on the Group. A change of 1% point in interest rate at the reporting date would increase/(decrease) profit after tax and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	2008		2007	
	Profit after Tax S\$'000	Equity S\$'000	Profit after Tax S\$'000	Equity S\$'000
<b>Increase/(Decrease)</b>				
<b>Group</b>				
Fixed deposits with financial institutions	1,481	-	740	-
Borrowings (net of interest rate swap)	(581)	-	(574)	-
Internally-managed investments	52	(3,794)	1,643	(3,027)
Funds under management	(674)	-	(5,747)	-

# Notes to the Financial Statements

August 31, 2008

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

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

#### (iii) Interest rate risk (cont'd)

	2008		2007	
	Profit after Tax S\$'000	Equity S\$'000	Profit after Tax S\$'000	Equity S\$'000
<b>Company</b>				
Fixed deposits with financial institutions	486	-	152	-
Internally-managed investments	689	-	508	-

### (b) Credit risk

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

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

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet which comprise trade receivables, investments in bonds, cash and bank deposits. In addition, the Company is the primary obligor for an unsecured composite advance facility which could be utilised by the Company and its designated subsidiaries. The amount utilised by the Group as at August 31, 2008 was S\$800,000 (2007: S\$1,000,000).

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
<b>By types of customers</b>				
- Advertisement	95,392	89,998	78,238	72,995
- Circulation	12,528	10,353	11,146	9,053
- Multimedia	2,251	1,359	2,203	1,354
- Broadcasting	966	711	-	-
- Rental	883	901	-	-
- Others	11,597	13,207	10,422	12,397
	123,617	116,529	102,009	95,799

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

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

# Notes to the Financial Statements

August 31, 2008

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

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

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

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Past due 0 to 30 days	16,796	19,174	12,407	14,441
Past due 31 to 60 days	5,602	4,848	2,162	2,688
Past due 61 to 90 days	2,641	2,385	1,049	1,247
Past due over 90 days	3,026	1,778	786	534
	28,065	28,185	16,404	18,910

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

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Gross amount	10,281	10,542	8,343	8,593
Less: Allowance for impairment	(10,281)	(10,542)	(8,343)	(8,593)
	-	-	-	-
Beginning of financial year	10,542	9,824	8,593	8,438
Acquisition of subsidiaries	-	287	-	-
Allowance made	1,542	2,391	1,057	1,791
Allowance utilised	(1,809)	(1,960)	(1,307)	(1,636)
Currency translation difference	6	-	-	-
End of financial year	10,281	10,542	8,343	8,593

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

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



# Notes to the Financial Statements

August 31, 2008

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

### (c) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

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

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
<b>Group</b>				
<b>At August 31, 2008</b>				
Net-settled interest rate swap	(3,840)	(3,840)	(3,303)	-
Gross-settled currency forwards				
- Receipts	68,094	423	7,899	-
- Payments	(70,261)	(389)	(6,198)	-
Trade and other payables	(244,661)	(6,377)	(12,708)	(2,839)
Amount owing to associates	(21)	-	-	-
Amount owing to a jointly controlled entity	(12,616)	-	-	-
Borrowings	(9,587)	(12,390)	(577,546)	-
	(272,892)	(22,573)	(591,856)	(2,839)
<b>At August 31, 2007</b>				
Net-settled interest rate swap	(907)	(905)	(1,681)	-
Gross-settled currency forwards				
- Receipts	151,697	423	8,323	-
- Payments	(152,471)	(414)	(6,783)	-
Trade and other payables	(201,294)	(13,291)	(5,262)	(1,591)
Amount owing to a jointly controlled entity	(20,408)	-	-	-
Borrowings	(17,071)	(19,739)	(599,835)	-
	(240,454)	(33,926)	(605,238)	(1,591)
<b>Company</b>				
<b>At August 31, 2008</b>				
Gross-settled currency forwards				
- Receipts	4,951	-	-	-
- Payments	(4,937)	-	-	-
Trade and other payables	(183,167)	-	-	-
Amount owing to subsidiaries	(387,513)	-	-	-
Amount owing to a jointly controlled entity	(12,571)	-	-	-
	(583,237)	-	-	-
<b>At August 31, 2007</b>				
Gross-settled currency forwards				
- Receipts	868	-	-	-
- Payments	(868)	-	-	-
Trade and other payables	(152,473)	-	-	-
Amount owing to subsidiaries	(10,081)	(449,916)	-	-
Amount owing to a jointly controlled entity	(20,408)	-	-	-
	(182,962)	(449,916)	-	-

# Notes to the Financial Statements

August 31, 2008

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

### (d) Capital risk

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

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

Management uses the "Return on Shareholders' Funds" as a measure of efficiency in managing capital. The "Return on Shareholders' Funds" is calculated as profit attributable to shareholders divided by shareholders' interests. The "Return on Shareholders' Funds" was 20.9% for the current financial year ended August 31, 2008 (2007: 23.5%).

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended August 31, 2007 and 2008.

## 35. RELATED PARTY TRANSACTIONS

Key management personnel compensation are as follows:

	GROUP	
	2008 S\$'000	2007 S\$'000
Remuneration and other short-term employee benefits	17,540	14,325
Employers' contribution to defined contribution plans	454	333
Share-based compensation expense	2,553	2,274
	20,547	16,932
Staff loans granted to key management personnel	1,169	760
Sale of development properties to key management personnel and their immediate families	-	50,200

The above includes total emoluments of the Company's Directors of S\$2,984,000 (2007: S\$2,650,000).

# Notes to the Financial Statements

August 31, 2008

## 36. SEGMENTAL INFORMATION

2008

	Newspaper and Magazine S\$'000	Treasury and Investment S\$'000	Property S\$'000	Others S\$'000	Eliminations S\$'000	Consolidated S\$'000
<b>Operating revenue</b>						
External sales	1,014,335	-	255,294	31,382	-	1,301,011
Inter-segmental sales	2,728	-	1,780	551	(5,059)	-
Total operating revenue	1,017,063	-	257,074	31,933	(5,059)	1,301,011
<b>Result</b>						
Segment result	367,760	46,714	181,043	(28,773)	-	566,744
Finance costs	-	-	(19,098)	(37)	-	(19,135)
Interest income	372	-	880	575	-	1,827
Impairment charge on investments in associates	(257)	-	-	(26,455)	-	(26,712)
Share of profits less losses of associates/jointly controlled entities	2,741	-	-	(3,457)	-	(716)
Profit/(Loss) before taxation	370,616	46,714	162,825	(58,147)	-	522,008
Taxation						(86,083)
Profit after taxation						435,925
Minority interests						1,519
Profit attributable to shareholders						437,444
<b>Other information</b>						
Segment assets	705,111	981,126	1,360,886	42,348	-	3,089,471
Interests in associates/ jointly controlled entities	31,582	-	-	29,652	-	61,234
Consolidated total assets						3,150,705
Segment liabilities	221,920	2,296	635,514	22,064	-	881,794
Current income tax liabilities						92,173
Deferred income tax liabilities						75,461
Consolidated total liabilities						1,049,428
Capital expenditure	39,841	-	46,246	15,821	-	101,908
Depreciation	50,546	-	7,048	4,282	-	61,876
Amortisation	808	-	-	-	-	808
Impairment of property, plant and equipment	-	-	-	226	-	226
Reversal of impairment charge on - property, plant and equipment	(1,151)	-	-	-	-	(1,151)
- investment properties	-	-	(396)	-	-	(396)

# Notes to the Financial Statements

August 31, 2008

## 36. SEGMENTAL INFORMATION (CONT'D)

2007

Restated

	Newspaper and Magazine S\$'000	Treasury and Investment S\$'000	Property S\$'000	Others S\$'000	Eliminations S\$'000	Consolidated S\$'000
<b>Operating revenue</b>						
External sales	959,445	-	177,816	22,944	-	1,160,205
Inter-segmental sales	2,869	-	1,805	1,278	(5,952)	-
Total operating revenue	962,314	-	179,621	24,222	(5,952)	1,160,205
<b>Result</b>						
Segment result	335,572	145,482	121,827	(10,654)	-	592,227
Finance costs	(1)	-	(20,701)	(50)	-	(20,752)
Interest income	662	-	1,076	89	-	1,827
Share of profits less losses of associates/jointly controlled entities	5,275	-	-	(2,282)	-	2,993
Profit/(Loss) before taxation	341,508	145,482	102,202	(12,897)	-	576,295
Taxation						(77,585)
Profit after taxation						498,710
Minority interests						425
Profit attributable to shareholders						499,135
<b>Other information</b>						
Segment assets	678,257	1,159,675	1,195,817	23,032	-	3,056,781
Interests in associates/ jointly controlled entities	29,319	-	-	52,257	-	81,576
Consolidated total assets						3,138,357
Segment liabilities	190,690	3,393	617,026	26,761	-	837,870
Current income tax liabilities						99,638
Deferred income tax liabilities						74,465
Consolidated total liabilities						1,011,973
Capital expenditure	52,485	-	12,391	7,344	-	72,220
Depreciation	48,410	-	7,505	2,181	-	58,096
Amortisation	441	-	-	-	-	441

### Notes:

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

# Notes to the Financial Statements

August 31, 2008

## 36. SEGMENTAL INFORMATION (CONT'D)

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

	Operating Revenue		Total Assets		Capital Expenditure	
	2008	2007	2008	2007	2008	2007
	\$S'000	\$S'000	\$S'000	Restated \$S'000	\$S'000	\$S'000
Singapore	1,274,192	1,142,932	3,079,514	3,067,262	101,537	71,566
Other countries	26,819	17,273	71,191	71,095	371	654
	1,301,011	1,160,205	3,150,705	3,138,357	101,908	72,220

## 37. RECLASSIFICATION

Certain comparative figures have been reclassified to conform with current year's presentation. The reclassifications are as follows:

	GROUP	COMPANY
	2007 \$S'000	2007 \$S'000
Trade payables		
As reported	109,805	49,852
Reclassified to other payables and accrued liabilities – current	(10,741)	(6,395)
Reclassified to other payables and accrued liabilities – non-current	(20,144)	-
Adjusted balance	78,920	43,457
Other payables and accrued liabilities – current		
As reported	128,464	112,964
Reclassified from trade payables	10,741	6,395
Adjusted balance	139,205	119,359
Other payables and accrued liabilities – non-current		
As reported	-	-
Reclassified from trade payables	20,144	-
Adjusted balance	20,144	-
Other receivables and prepayments		
As reported	11,964	4,249
Reclassified to other non-current assets	(842)	(221)
Adjusted balance	11,122	4,028
Long-term investments		
As reported	318,858	38,734
Reclassified to other non-current assets	(65)	-
Adjusted balance	318,793	38,734
Other non-current assets		
As reported	4,966	4,680
Reclassified from other receivables and prepayments	842	221
Reclassified from long-term investments	65	-
Adjusted balance	5,873	4,901

# Notes to the Financial Statements

August 31, 2008

## 38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards and amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after September 1, 2008 or later periods which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below.

**(a) INT FRS 113 - Customer Loyalty Programme  
(effective for annual periods beginning on or after July 1, 2008)**

INT FRS 113 addresses sales transactions in which an entity grants its customers award credits that, subject to meeting any further qualifying conditions, the customer can redeem in future for free or discounted goods or services. The draft seeks to address the matching principle relating to such programs. A portion of revenue should be deferred and recognised only at the point when the obligation crystallised, that is, at the point of redemption when the cost of the goods or services is being charged. This will enable the matching of the revenue against the cost.

The Group does not have any formal customer loyalty programme. As such, INT FRS 113 is not likely to have any impact on the Group.

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

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

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

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

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

The Group will apply the revised FRS 23 to borrowing costs relating to qualifying assets for the financial year ending August 31, 2010. As the Group capitalises the relevant borrowing costs, the revised standard is not expected to have any impact to the Group.

## 39. AUTHORISATION OF FINANCIAL STATEMENTS

On October 10, 2008, the Board of Directors of Singapore Press Holdings Limited authorised these financial statements for issue.