# Financial Contents


| | |
|---|---|
| **114** | Directors' Statement |
| **120** | Independent Auditors' Report |
| **121** | Balance Sheets |
| **122** | Consolidated Income Statement |
| **123** | Consolidated Statement of Comprehensive Income |
| **124** | Consolidated Statement of Changes in Total Equity |
| **126** | Consolidated Statement of Cash Flows |
| **128** | Notes to the Financial Statements |
| **209** | Operating Companies of the Group |
| **212** | Overseas Bureaus |
| **215** | Properties of the Group |
| **216** | Shareholding Statistics |
| **218** | Notice of Annual General Meeting |
| | Proxy Form |

# Directors' Statement

for the financial year ended August 31, 2015

The Directors present this statement to the members together with the audited financial statements of Singapore Press Holdings Limited and its subsidiaries (the "Group") for the financial year ended August 31, 2015 and the balance sheet of Singapore Press Holdings Limited (the "Company") as at August 31, 2015.

## DIRECTORS

1. The Directors of the Company in office at the date of this statement* are:

Lee Boon Yang
Chan Heng Loon Alan
Janet Ang Guat Har (appointed on October 17, 2014)
Bahren Shaari
Chong Siak Ching
Ng Ser Miang
Quek See Tiat
Tan Chin Hwee
Tan Yen Yen
Lucien Wong Yuen Kuai

* *Prof Cham Tao Soon and Mr Sum Soon Lim stepped down as Directors on December 2, 2014.*

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

2. Neither during nor at the end of the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed under 'Share Options in the Company' and 'Performance Shares in the Company' in this statement.

## DIRECTORS' INTERESTS IN SHARES

3. The Directors holding office as at August 31, 2015 had interests in shares, and options and awards over shares, in the Company and its related corporations, and interests in units in SPH REIT, as recorded in the register of Directors' shareholdings as follows:

| | Direct Interests | | | Deemed Interests | | |
|---|---|---|---|---|---|---|
| | Sept 1, 2014* | **Aug 31, 2015** | **Sept 21, 2015** | Sept 1, 2014* | **Aug 31, 2015** | **Sept 21, 2015** |
| **Singapore Press Holdings Limited** | | | | | | |
| Management Shares | | | | | | |
| Lee Boon Yang | 4 | **4** | **4** | – | **–** | **–** |
| Chan Heng Loon Alan | 8 | **12** | **12** | – | **–** | **–** |
| Janet Ang Guat Har | 4 | **4** | **4** | – | **–** | **–** |
| Bahren Shaari | 4 | **4** | **4** | – | **–** | **–** |
| Chong Siak Ching | 4 | **4** | **4** | – | **–** | **–** |
| Ng Ser Miang | 4 | **4** | **4** | – | **–** | **–** |
| Quek See Tiat | 4 | **4** | **4** | – | **–** | **–** |
| Tan Chin Hwee | 4 | **4** | **4** | – | **–** | **–** |
| Tan Yen Yen | 4 | **4** | **4** | – | **–** | **–** |
| Lucien Wong Yuen Kuai | 4 | **4** | **4** | – | **–** | **–** |

# Directors' Statement

for the financial year ended August 31, 2015

## DIRECTORS' INTERESTS IN SHARES (CONT'D)

| | Direct Interests | | | Deemed Interests | | |
|---|---|---|---|---|---|---|
| | Sept 1, 2014* | **Aug 31, 2015** | **Sept 21, 2015** | Sept 1, 2014* | **Aug 31, 2015** | **Sept 21, 2015** |
| Ordinary Shares | | | | | | |
| Chan Heng Loon Alan | 934,650 | **1,114,650** | **1,114,650** | – | **–** | **–** |
| Janet Ang Guat Har | – | **–** | **–** | 4,250 | **4,250** | **4,250** |
| Quek See Tiat | – | **–** | **–** | 47,000 | **47,000** | **47,000** |
| Lucien Wong Yuen Kuai | – | **–** | **–** | 20,000 | **20,000** | **20,000** |
| Options for Ordinary Shares | | | | | | |
| Chan Heng Loon Alan | 1,175,000 | **537,500** | **537,500** | – | **–** | **–** |
| Conditional Awards of Performance Shares** | | | | | | |
| Chan Heng Loon Alan | | | | | | |
| 78,334# shares to be vested in January 2015 | Up to 92,400## | **Up to –^^** | **Up to –^^** | – | **–** | **–** |
| 200,000# shares to be vested in January 2015 | Up to 300,000## | **Up to –^^** | **Up to –^^** | – | **–** | **–** |
| 80,000# shares to be vested in January 2016 | Up to 100,801## | **Up to 78,400##** | **Up to 78,400##** | – | **–** | **–** |
| 200,000# shares to be vested in January 2016 | Up to 300,000## | **Up to 300,000##** | **Up to 300,000##** | – | **–** | **–** |
| 80,000# shares to be vested in January 2017 | Up to 76,800## | **Up to 92,801##** | **Up to 92,801##** | – | **–** | **–** |
| 200,000# shares to be vested in January 2017 | Up to 300,000## | **Up to 300,000##** | **Up to 300,000##** | – | **–** | **–** |
| 53,333# shares to be vested in January 2018 | Up to 38,399## | **Up to 76,800##** | **Up to 76,800##** | – | **–** | **–** |
| 200,000# shares to be vested in January 2018 | – | **Up to 300,000##** | **Up to 300,000##** | – | **–** | **–** |
| 26,666# shares to be vested in January 2019 | – | **Up to 38,399##** | **Up to 38,399##** | – | **–** | **–** |
| **Singapore News and Publications Limited** | | | | | | |
| Management Shares | | | | | | |
| Chan Heng Loon Alan | 1^ | **1^** | **1^** | – | **–** | **–** |

# Directors' Statement

for the financial year ended August 31, 2015

## DIRECTORS' INTERESTS IN SHARES (CONT'D)

| | Direct Interests | | | Deemed Interests | | |
|---|---|---|---|---|---|---|
| | Sept 1, 2014* | **Aug 31, 2015** | **Sept 21, 2015** | Sept 1, 2014* | **Aug 31, 2015** | **Sept 21, 2015** |
| **The Straits Times Press (1975) Limited** | | | | | | |
| Management Shares | | | | | | |
| Chan Heng Loon Alan | 1^ | **1^** | **1^** | – | **–** | **–** |
| **SPH REIT** | | | | | | |
| Units | | | | | | |
| Lee Boon Yang | 300,000 | **300,000** | **300,000** | – | **–** | **–** |
| Chan Heng Loon Alan | – | **–** | **–** | 200,000 | **200,000** | **200,000** |

* *Or date of appointment, if later.*
** *Represents performance shares granted from FY2011 to FY2015.*
\# *The number of shares represents the shares required if awarded at 100% of the grant.*
\#\# *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.*
^^ *During the financial year, 280,000 shares were vested and awarded to Mr Chan Heng Loon Alan.*
^ *Held as nominee for Singapore Press Holdings Limited.*

## SHARE OPTIONS IN THE COMPANY

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

4. (a) The 1999 Scheme was approved by shareholders at an Extraordinary General Meeting held on July 16, 1999 and is administered by the Remuneration Committee ("the Committee"). At another Extraordinary General Meeting held on December 5, 2006, the shareholders approved the adoption of the SPH Performance Share Plan and the 1999 Scheme was terminated with regard to the grant of further options. Options granted and outstanding prior to the termination will continue to be valid and be subject to the terms and conditions of the 1999 Scheme.

   (b) Details of options granted previously have been disclosed in the Directors' Reports for the respective years.

   (c) No ordinary shares were issued during the financial year pursuant to the exercise of options granted under the 1999 Scheme.

   (d) The aggregate number of options granted since the commencement of the 1999 Scheme on July 16, 1999 to December 5, 2006 is 103,090,950.

   (e) The persons to whom the options have been granted do not have the right to participate, by virtue of the options, in any share issue of any other company.

5. At the end of the financial year, unissued ordinary shares of the Company under options granted pursuant to the 1999 Scheme were as follows:

| Grant Date | Expiry Date | Exercise Price (S$) | Balance |
|---|---|---|---|
| 16.12.05 | 16.12.15 | 4.30 | 8,574,350 |

# Directors' Statement

for the financial year ended August 31, 2015

## PERFORMANCE SHARES IN THE COMPANY

### SPH Performance Share Plan ("the Share Plan")

6. (a) The Share Plan was approved by shareholders at an Extraordinary General Meeting held on December 5, 2006 and is administered by the Committee.

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

(c) Awards initially granted under the Share Plan are conditional and will be principally performance-based with performance conditions to be set over a multi-year performance period. Performance conditions are intended to be based on medium- to longer-term corporate objectives and include both market and non-market conditions. Market conditions include Absolute Total Shareholder Return versus cost of equity and Relative Total Shareholder Return against ST All-Share Index. Non-market conditions include Newspaper Business EBITDA, distributable income of SPH REIT, market competitiveness, quality of returns including sales, efficiency, productivity and profit, and business and productivity growth.

(d) The Share Plan contemplates the award of fully-paid 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.

(e) Senior management are required to hold a minimum number of shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

7. (a) During the financial year, 1,824,955 performance shares were granted subject to the terms and conditions of the Share Plan as follows:

| Category | No. of Persons | No. of Performance Shares Granted |
|---|---|---|
| Executive Director | 1 | 280,000[1] |
| Employee | 161 | 1,544,955[2] |
| | 162 | 1,824,955 |

[1] *80,000 granted with non-market conditions, and 200,000 granted with both market and non-market conditions.*
[2] *1,010,955 granted with non-market conditions, and 534,000 granted with both market and non-market conditions.*

The aggregate number of performance shares granted since the commencement of the Share Plan on December 5, 2006 to August 31, 2015 is 18,950,750 performance shares.

The above figures represent 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.

(b) 1,844,252 ordinary shares were delivered during the financial year pursuant to the vesting of awards granted under the Share Plan.

The aggregate number of performance shares comprised in awards which are outstanding as at August 31, 2015 is 5,263,312 performance shares.

# Directors' Statement
for the financial year ended August 31, 2015

## OTHER INFORMATION ON OPTIONS AND AWARDS

8. Details of the options and awards granted to a Director under the 1999 Scheme and the Share Plan are as follows:

### 1999 Scheme

| Name of Director | Aggregate options outstanding as at 1.9.14 | Aggregate options granted and accepted since commencement of 1999 Scheme on 16.7.99 to 31.8.15 | Aggregate options exercised since commencement of 1999 Scheme on 16.7.99 to 31.8.15 | Aggregate options outstanding as at 31.8.15 | Number of new ordinary shares issued pursuant to exercise of options during the financial year under review | Number of existing ordinary shares transferred pursuant to exercise of options during the financial year under review |
|---|---|---|---|---|---|---|
| Chan Heng Loon Alan | 1,175,000 | 2,125,000 | 950,000 | 537,500 | – | – |

### Share Plan

| Name of Director | Aggregate awards outstanding as at 1.9.14 | Aggregate awards granted since commencement of Share Plan on 5.12.06 to 31.8.15 | Aggregate awards released during the financial year under review | Aggregate awards outstanding as at 31.8.15 |
|---|---|---|---|---|
| Chan Heng Loon Alan | Up to 1,208,400 | Up to 3,275,700 | 280,000# | Up to 1,186,400 |

# *All of the ordinary shares were delivered by way of the transfer of treasury shares. No new ordinary shares were issued.*

In respect of the 1999 Scheme and the Share Plan:

(a) The 1999 Scheme has been terminated with regard to the grant of further options. No options were granted under the 1999 Scheme during the financial year under review.

(b) The Rules of the 1999 Scheme did not allow for options to be granted at a discount.

(c) Details of the ordinary shares delivered pursuant to awards granted under the Share Plan are set out in the notes to the financial statements. The prices at which the ordinary shares were purchased have been previously announced.

(d) No options or awards under the 1999 Scheme and the Share Plan have been granted to controlling shareholders of the Company or their associates.

(e) No participant has received in aggregate 5% or more of (a) the total number of new ordinary shares available under the Share Plan and 1999 Scheme collectively, and (b) the total number of existing ordinary shares delivered pursuant to awards released under the Share Plan and options exercised under the 1999 Scheme.

# Directors' Statement

for the financial year ended August 31, 2015

## AUDIT COMMITTEE

9. The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Chapter 50, and the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Its functions include reviewing the audit plans and audit reports of the internal and external auditors, the auditors' evaluation of the internal accounting controls, and the scope of the internal audit function; reviewing the balance sheet of the Company and financial statements of the Group before submitting them to the Board for approval; reviewing any interested person transaction; reviewing the independence, objectivity and cost effectiveness of the external auditors and the nature and extent of non-audit services supplied by them; reviewing the assistance given by the Company's Management to the internal and external auditors; and overseeing any internal investigation into cases of fraud and irregularities.

   It also recommends to the Board the appointment of external auditors, serves as a channel of communications between the Board and the auditors, and performs such other functions as may be agreed by the Audit Committee and the Board.

## AUDITORS

10. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

## DIRECTORS' OPINION

11. In the opinion of the Directors,

    (a) the consolidated financial statements of the Group and the balance sheet of the Company, as set out on pages 121 to 208, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at August 31, 2015, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

    (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

**Lee Boon Yang**
Chairman

**Chan Heng Loon Alan**
Director

Singapore,
October 13, 2015

# Independent Auditors' Report

to the members of Singapore Press Holdings Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Singapore Press Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at August 31, 2015, the income statement, statement of comprehensive income, statement of changes in total equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 121 to 208.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at August 31, 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

Singapore
October 13, 2015

# Balance Sheets
as at August 31, 2015

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **Aug 31, 2015 S$'000** | Aug 31, 2014 S$'000 | **Aug 31, 2015 S$'000** | Aug 31, 2014 S$'000 |
| **CAPITAL EMPLOYED** | | | | | |
| Share capital | 4 | **522,809** | 522,809 | **522,809** | 522,809 |
| Treasury shares | 4 | **(13,408)** | (3,046) | **(13,408)** | (3,046) |
| Reserves | 5 | **482,704** | 526,409 | **50,167** | 59,884 |
| Retained profits | | **2,626,708** | 2,640,923 | **792,423** | 614,378 |
| Shareholders' interests | | **3,618,813** | 3,687,095 | **1,351,991** | 1,194,025 |
| Non-controlling interests | 6 | **727,837** | 709,088 | **–** | – |
| **Total equity** | | **4,346,650** | 4,396,183 | **1,351,991** | 1,194,025 |
| **EMPLOYMENT OF CAPITAL** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | **249,976** | 285,562 | **139,641** | 166,318 |
| Investment properties | 10 | **3,940,951** | 3,860,451 | **–** | – |
| Investments in subsidiaries | 11 | **–** | – | **419,250** | 411,805 |
| Investments in associates | 12 | **75,874** | 78,353 | **31,160** | 31,160 |
| Investments in joint ventures | 13 | **16,295** | 6,688 | **–** | – |
| Long-term investments | 14 | **617,312** | 603,266 | **38,001** | 42,998 |
| Intangible assets | 15 | **188,595** | 173,152 | **32,211** | 34,219 |
| Trade and other receivables | 17(a) | **4,442** | 3,672 | **3,675** | 232,238 |
| Derivative financial instruments | 19 | **4,631** | – | **–** | – |
| | | **5,098,076** | 5,011,144 | **663,938** | 918,738 |
| **Current assets** | | | | | |
| Inventories | 16 | **12,477** | 23,947 | **10,785** | 22,215 |
| Trade and other receivables | 17(b) | **192,138** | 144,443 | **1,455,812** | 1,566,378 |
| Short-term investments | 18 | **474,633** | 1,028,026 | **32,055** | 207,536 |
| Derivative financial instruments | 19 | **472** | 899 | **–** | 3 |
| Cash and cash equivalents | 20(a) | **292,246** | 442,937 | **152,929** | 189,271 |
| | | **971,966** | 1,640,252 | **1,651,581** | 1,985,403 |
| **Total assets** | | **6,070,042** | 6,651,396 | **2,315,519** | 2,904,141 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 21(a) | **48,199** | 34,875 | **5,471** | – |
| Deferred income tax liabilities | 7(a) | **50,658** | 46,901 | **23,208** | 25,308 |
| Borrowings | 8 | **947,271** | 879,107 | **–** | – |
| Derivative financial instruments | 19 | **–** | 8,757 | **–** | – |
| | | **1,046,128** | 969,640 | **28,679** | 25,308 |
| **Current liabilities** | | | | | |
| Trade and other payables | 21(b) | **271,171** | 298,046 | **818,445** | 819,334 |
| Current income tax liabilities | | **62,331** | 60,502 | **31,404** | 35,689 |
| Borrowings | 8 | **336,681** | 926,369 | **85,000** | 829,482 |
| Derivative financial instruments | 19 | **7,081** | 656 | **–** | 303 |
| | | **677,264** | 1,285,573 | **934,849** | 1,684,808 |
| **Total liabilities** | | **1,723,392** | 2,255,213 | **963,528** | 1,710,116 |
| **Net assets** | | **4,346,650** | 4,396,183 | **1,351,991** | 1,194,025 |

*The accompanying notes form an integral part of these financial statements.*

# Consolidated Income Statement

for the financial year ended August 31, 2015

| | Note | Group 2015 S$'000 | Group 2014 S$'000 |
|---|---|---|---|
| **Operating revenue** | 23 | | |
| Media | | **902,506** | 963,380 |
| Property | | **230,751** | 204,985 |
| Others | | **43,823** | 46,819 |
| | | **1,177,080** | 1,215,184 |
| Other operating income | | **27,636** | 15,891 |
| | | **1,204,716** | 1,231,075 |
| Materials, production and distribution costs | | **(176,128)** | (199,394) |
| Staff costs | 24 | **(371,610)** | (374,519) |
| Premises costs | | **(67,952)** | (64,899) |
| Depreciation | 9 | **(49,582)** | (54,332) |
| Other operating expenses | 25 | **(152,324)** | (153,902) |
| Finance costs | 26 | **(33,620)** | (35,066) |
| Operating profit# | | **353,500** | 348,963 |
| Fair value change on investment properties | | **36,258** | 109,076 |
| Net income from investments | 27 | **51,707** | 48,215 |
| Share of results of associates and joint ventures | | **(11,220)** | (30,726) |
| Gain on partial divestment of a joint venture | | **–** | 52,863 |
| **Profit before taxation** | | **430,245** | 528,391 |
| Taxation | 7(b) | **(59,823)** | (57,655) |
| **Profit after taxation** | | **370,422** | 470,736 |
| Attributable to: | | | |
| **Shareholders of the Company** | | **321,701** | 404,286 |
| Non-controlling interests | 6 | **48,721** | 66,450 |
| | | **370,422** | 470,736 |
| **Earnings per share (S$)** | 29 | | |
| Basic | | **0.20** | 0.25 |
| Diluted | | **0.20** | 0.25 |

# *This represents the recurring earnings of the media, property and other businesses.*

*The accompanying notes form an integral part of these financial statements.*

# Consolidated Statement of Comprehensive Income

for the financial year ended August 31, 2015

| | Note | Group 2015 S$'000 | 2014 S$'000 |
|---|---|---|---|
| **Profit after taxation** | | **370,422** | 470,736 |
| **Other comprehensive income, net of tax** | | | |
| Items that may be re-classified subsequently to profit or loss | | | |
| Capital reserve | | | |
| - share of capital reserves of associates | | **190** | – |
| Cash flow hedges | | | |
| - net fair value changes | | **7,970** | (14,317) |
| - transferred to income statement | | **5,919** | 6,597 |
| Net fair value changes on available-for-sale financial assets | 5(d) | | |
| - net fair value changes | | **(12,605)** | 109,211 |
| - transferred to income statement | | **(35,330)** | (5,353) |
| Currency translation difference | | | |
| - arising from consolidation of financial statements of foreign subsidiaries, associates and joint ventures | | **(115)** | (1,823) |
| | | **(33,971)** | 94,315 |
| **Total comprehensive income** | | **336,451** | 565,051 |
| Attributable to: | | | |
| **Shareholders of the Company** | | **284,049** | 501,206 |
| Non-controlling interests | 6 | **52,402** | 63,845 |
| | | **336,451** | 565,051 |

*The accompanying notes form an integral part of these financial statements.*

# Consolidated Statement of Changes in Total Equity

for the financial year ended August 31, 2015

| | Note | Share Capital S$'000 | Treasury Shares S$'000 | Capital Reserve S$'000 |
|---|---|---|---|---|
| Balance as at September 1, 2014 | | **522,809** | **(3,046)** | **(10,675)** |
| Total comprehensive income for the year | | **–** | **–** | **190** |
| **Transactions with owners, recognised directly in equity** | | | | |
| Contributions by and distributions to owners | | | | |
| Share-based compensation | 5(b) | **–** | **–** | **–** |
| Treasury shares re-issued | 4 and 5(b) | **–** | **7,617** | **–** |
| Share buy-back – held as treasury shares | 4 | **–** | **(17,979)** | **–** |
| Lapse of share options | 5(b) | **–** | **–** | **–** |
| Dividends | 28 | **–** | **–** | **–** |
| Fair value gain on interest-free loans | | **–** | **–** | **–** |
| Changes in ownership interests in subsidiaries without a change in control | | | | |
| Acquisition of additional interests in subsidiaries | | **–** | **–** | **–** |
| Dilution of interests in subsidiaries | | **–** | **–** | **27** |
| Changes in ownership interests in subsidiaries | | | | |
| Acquisition of subsidiaries with non-controlling interests | | **–** | **–** | **(1,072)** |
| **Balance as at August 31, 2015** | | **522,809** | **(13,408)** | **(11,530)** |
| Balance as at September 1, 2013 | | 522,114 | (6,269) | (13,858) |
| Total comprehensive income for the year | | – | – | – |
| **Transactions with owners, recognised directly in equity** | | | | |
| Contributions by and distributions to owners | | | | |
| Share-based compensation | 5(b) | – | – | – |
| Issue of shares | 4 and 5(b) | 695 | – | – |
| Reversal of listing expenses of a subsidiary | 5(a) | – | – | 3,183 |
| Treasury shares re-issued | 4 and 5(b) | – | 7,225 | – |
| Share buy-back – held as treasury shares | 4 | – | (4,002) | – |
| Lapse of share options | 5(b) | – | – | – |
| Dividends | 28 | – | – | – |
| Changes in ownership interests in subsidiaries without a change in control | | | | |
| Acquisition of additional interests in subsidiaries | | – | – | – |
| Dilution of interests in a subsidiary | | – | – | – |
| **Balance as at August 31, 2014** | | 522,809 | (3,046) | (10,675) |

*The accompanying notes form an integral part of these financial statements.*

| Attributable to Shareholders of the Company → | | | | | | | |
|---|---|---|---|---|---|---|---|
| Share-based Compensation Reserve S$'000 | Hedging Reserve S$'000 | Fair Value Reserve S$'000 | Currency Translation Reserve S$'000 | Retained Profits S$'000 | Total S$'000 | Non-controlling Interests S$'000 | Total Equity S$'000 |
| **19,144** | **(6,386)** | **525,824** | **(1,498)** | **2,640,923** | **3,687,095** | **709,088** | **4,396,183** |
| **–** | **9,798** | **(47,935)** | **295** | **321,701** | **284,049** | **52,402** | **336,451** |
| **5,967** | **–** | **–** | **–** | **–** | **5,967** | **–** | **5,967** |
| **(5,786)** | **–** | **–** | **–** | **(1,543)** | **288** | **–** | **288** |
| **–** | **–** | **–** | **–** | **–** | **(17,979)** | **–** | **(17,979)** |
| **(5,201)** | **–** | **–** | **–** | **5,201** | **–** | **–** | **–** |
| **–** | **–** | **–** | **–** | **(339,348)** | **(339,348)** | **(41,277)** | **(380,625)** |
| **–** | **–** | **–** | **–** | **–** | **–** | **882** | **882** |
| **–** | **–** | **–** | **–** | **(509)** | **(509)** | **509** | **–** |
| **–** | **12** | **–** | **–** | **283** | **322** | **3,690** | **4,012** |
| **–** | **–** | **–** | **–** | **–** | **(1,072)** | **2,543** | **1,471** |
| **14,124** | **3,424** | **477,889** | **(1,203)** | **2,626,708** | **3,618,813** | **727,837** | **4,346,650** |
| 21,544 | (1,289) | 421,966 | 343 | 2,591,929 | 3,536,480 | 679,226 | 4,215,706 |
| – | (5,097) | 103,858 | (1,841) | 404,286 | 501,206 | 63,845 | 565,051 |
| 5,011 | – | – | – | – | 5,011 | – | 5,011 |
| (85) | – | – | – | – | 610 | – | 610 |
| – | – | – | – | – | 3,183 | 589 | 3,772 |
| (6,548) | – | – | – | (420) | 257 | – | 257 |
| – | – | – | – | – | (4,002) | – | (4,002) |
| (778) | – | – | – | 778 | – | – | – |
| – | – | – | – | (355,444) | (355,444) | (34,528) | (389,972) |
| – | – | – | – | 67 | 67 | (317) | (250) |
| – | – | – | – | (273) | (273) | 273 | – |
| 19,144 | (6,386) | 525,824 | (1,498) | 2,640,923 | 3,687,095 | 709,088 | 4,396,183 |

# Consolidated Statement of Cash Flows

for the financial year ended August 31, 2015

| | Note | Group 2015 S$'000 | 2014 S$'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **430,245** | 528,391 |
| Adjustments for: | | | |
| Depreciation | | **49,582** | 54,332 |
| Impairment of property, plant and equipment | | **–** | 9,798 |
| Net loss on disposal of property, plant and equipment | | **150** | 618 |
| Fair value change on investment properties | | **(36,258)** | (109,076) |
| Share of results of associates and joint ventures | | **11,220** | 30,726 |
| Gain on disposal of associates | | **(100)** | (7) |
| Gain on dilution of interest in an associate | | **(1,943)** | – |
| Gain on partial divestment of a joint venture | | **–** | (52,863) |
| Loss on disposal of a joint venture | | **459** | – |
| Write-back of impairment of loan to an associate | | **–** | (388) |
| Net income from investments | | **(51,707)** | (48,215) |
| Amortisation of intangible assets | | **11,042** | 9,614 |
| Impairment of goodwill | | **8,768** | – |
| Impairment of intangible assets | | **301** | – |
| Finance costs | | **33,620** | 35,066 |
| Share-based compensation expense | | **5,940** | 4,976 |
| Other non-cash items | | **2,106** | 3,079 |
| Operating cash flow before working capital changes | | **463,425** | 466,051 |
| Changes in operating assets and liabilities, net of effects from acquisition and disposal of subsidiaries and business: | | | |
| Inventories | | **11,470** | (57) |
| Trade and other receivables, current | | **5,078** | 2,777 |
| Trade and other payables, current | | **(13,574)** | 1,391 |
| Trade and other receivables, non-current | | **(770)** | (685) |
| Trade and other payables, non-current | | **13,324** | 849 |
| Currency translation difference | | **(143)** | (498) |
| | | **478,810** | 469,828 |
| Income tax paid | | **(58,332)** | (65,925) |
| Dividends paid | | **(339,348)** | (355,444) |
| Dividends paid (net) by subsidiaries to non-controlling interests | | **(41,277)** | (34,528) |
| **Net cash from operating activities** | | **39,853** | 13,931 |

*The accompanying notes form an integral part of these financial statements.*

# Consolidated Statement of Cash Flows

for the financial year ended August 31, 2015

| | Note | Group 2015 S$'000 | Group 2014 S$'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | **(13,552)** | (18,924) |
| Purchase of intangible assets | | **(155)** | – |
| Proceeds from disposal of property, plant and equipment | | **95** | 228 |
| Additions to investment properties | | **(46,763)** | (66,247) |
| Acquisition of subsidiaries (net of cash acquired) | 20(b) | **(29,561)** | – |
| Acquisition of additional interest in a subsidiary | | **–** | (200) |
| Acquisition of businesses by subsidiaries | 20(c) | **–** | (10,531) |
| Acquisition of interests in associates | | **–** | (21,275) |
| Acquisition of interests in joint ventures | | **(14,327)** | – |
| Additional consideration paid on interest in an associate | | **(271)** | – |
| Additional consideration paid on interest in a joint venture | | **(10,512)** | – |
| Proceeds from partial divestment of interest in a subsidiary | | **4,012** | – |
| Dividends received from associates | | **6,951** | 2,873 |
| Proceeds from capital distribution of an associate | | **–** | 92 |
| Proceeds from disposal of associates | | **–** | 31,903 |
| Proceeds from partial divestment of interest in a joint venture | | **–** | 16,856 |
| Decrease in amounts owing by associates/joint ventures | | **168** | 1,063 |
| (Decrease)/Increase in amounts owing to joint ventures | | **(7,738)** | 21,000 |
| Purchase of long-term investments | | **(83,127)** | (48,583) |
| Purchase of short-term investments | | **(137,230)** | (772,333) |
| Proceeds from capital distribution/disposal of long-term investments | | **4,111** | 13,605 |
| Proceeds from redemption/disposal of short-term investments | | **702,015** | 751,991 |
| Dividends received | | **30,413** | 33,284 |
| Interest received | | **6,338** | 8,169 |
| Other investment income | | **(19,688)** | 643 |
| **Net cash from/(used in) investing activities** | | **391,179** | (56,386) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from bank loans (net of transaction costs) | | **500,900** | 62,427 |
| Repayment of bank loans | | **(441,252)** | (800) |
| Repayment of loans from non-controlling interests | | **(225)** | (351) |
| Interest paid | | **(39,967)** | (37,890) |
| Proceeds from issuance of shares by the Company | | **–** | 610 |
| Repayment of fixed rate notes | | **(600,000)** | – |
| Share buy-back | | **(17,979)** | (4,002) |
| Loan from a non-controlling interest | | **16,800** | – |
| **Net cash (used in)/from financing activities** | | **(581,723)** | 19,994 |
| **Net decrease in cash and cash equivalents** | | **(150,691)** | (22,461) |
| Cash and cash equivalents at beginning of financial year | | **442,937** | 465,398 |
| **Cash and cash equivalents at end of financial year** | 20(a) | **292,246** | 442,937 |

*The accompanying notes form an integral part of these financial statements.*

# Notes to the Financial Statements

August 31, 2015

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

## 1. GENERAL INFORMATION

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

The Company is listed on the Singapore Exchange Securities Trading Limited.

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

The principal activities of the Company consist of:

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

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

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

The Group has adopted the new or revised FRS and Interpretations to FRS ("INT FRS") that became effective in the current financial year.

# Notes to the Financial Statements
August 31, 2015

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

### (a) Basis of preparation (cont'd)

The key changes to FRS adopted by the Group are as follows:

**FRS 110 Consolidated Financial Statements**

As a result of FRS 110, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group assessed the control conclusion for its investees at September 1, 2014. The change in accounting policy as a result of FRS 110 has no impact on the recognised assets, liabilities and total comprehensive income of the Group.

**FRS 111 Joint Arrangements**

FRS 111 establishes the principles for classification and accounting for joint arrangements. Under this standard, interests in joint ventures will be accounted for using the equity method whilst interests in joint operations will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations.

The Group has re-evaluated its involvement in its joint arrangements and classified its investments from jointly-controlled entities to joint ventures. Notwithstanding the reclassification, the investments continue to be recognised by applying the equity method and there has been no impact on the recognised assets, liabilities and total comprehensive income of the Group.

**FRS 112 Disclosure of interests in other entities**

From September 1, 2014, as a result of FRS 112, the Group has expanded its disclosures about its interests in subsidiaries, associates and joint ventures.

**Amendments to FRS 36 Impairment of Assets – Recoverable Amounts Disclosures for Non-Financial Assets**

From September 1, 2014, as a result of the amendments to FRS 36, the Group has expanded its disclosures of recoverable amounts when they are based on fair values less costs of disposals and an impairment is recognised.

**Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities**

Under the amendments to FRS 32, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

There is no significant financial impact to the Group's balance sheet arising from the adoption of the amendments to FRS 32.

The adoption of other new or revised FRS and INT FRS has not resulted in any substantial changes to the Group's accounting policies nor has any significant impact on these financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

# Notes to the Financial Statements
August 31, 2015

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

### (b) Group accounting

#### (i) Subsidiaries

Consolidation

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

Subsidiaries are entities controlled by the Group, generally accompanied by a shareholding of more than one half of the voting rights. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Company. They are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in total equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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

Disposals

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any amounts previously recognised in other comprehensive income in respect of that entity are transferred to the income statement or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in the income statement.

# Notes to the Financial Statements

August 31, 2015

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

### (b) Group accounting (cont'd)

#### (i) Subsidiaries (cont'd)

Transactions with non-controlling interests

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

#### (ii) Associates/Joint ventures

Associates are entities over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to between and including 20% and 50% of voting rights. Where the voting rights are less than 20%, the presumption that the entity is not an associate is overcome if the Group has significant influence including representation on the board of directors or participation in policy-making process of the investee.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group's investments in associates/joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses. Investments in associates/joint ventures 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, the Group's share of the post-acquisition results of associates/joint ventures is included in its consolidated income statement. The Group's share of the post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates/joint ventures are adjusted against the carrying amount of the investments in the consolidated balance sheet. When the Group's share of losses in an associate/joint venture equals or exceeds its interest in the associate/joint venture, 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/joint venture.

Adjustments are made to the financial statements of associates/joint ventures, where necessary, to ensure consistency of accounting policies with those of the Group.

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

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

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

# Notes to the Financial Statements
August 31, 2015

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

### (c) Currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("presentation currency"), which is also the Company's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

#### (ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are taken to the income statement.

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

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

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

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

- Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- Income and expenses are translated at average exchange rates; and
- All resulting exchange differences are taken to other comprehensive income and transferred to the income statement upon the disposal of the foreign operation as part of the gain or loss on disposal.

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

# Notes to the Financial Statements

August 31, 2015

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

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

#### (i) Goodwill

Goodwill recognised separately as an intangible asset 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/joint venture is tested for impairment as part of the investment, rather than separately, where there is objective evidence that the investment may be impaired.

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

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

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

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

#### (ii) Other intangible assets
**Property, plant and equipment**
**Investments in subsidiaries, associates and joint ventures**

Other intangible assets, property, plant and equipment and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

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

# Notes to the Financial Statements

August 31, 2015

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

### (e) Property, plant and equipment

#### (i) Measurement

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

#### (ii) Depreciation

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

| | |
|---|---|
| Leasehold land and buildings | 30-50 years |
| Plant and equipment | 1-20 years |
| Furniture and fittings | 1-10 years |
| Motor vehicles | 3-10 years |

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

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

#### (iii) Subsequent expenditure

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

#### (iv) Disposal

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

### (f) Investment properties

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

Investment properties are initially recognised at cost and subsequently measured at fair value. Any gains or losses arising from the changes in their fair values are taken to the income statement.

The cost of an investment property includes capitalisation of borrowing costs [Note 2(g)] for the purchase, renovation and extension of the investment property while these activities are in progress. For this purpose, the interest rates applied to funds provided for the development are based on the actual interest rates payable on the borrowings for such development.

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

# Notes to the Financial Statements

August 31, 2015

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

### (f) Investment properties (cont'd)

Properties that are being constructed or developed for future use as investment properties are classified as investment properties.

Where the fair value of the investment property under construction or development cannot be reliably measured, the property is measured at cost until the earlier of the date the construction is completed or the date at which fair value becomes reliably measurable.

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

### (g) Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties. This includes those costs on borrowings acquired specially for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development [Note 2(f)].

### (h) Investments in subsidiaries, associates and joint ventures

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

### (i) Financial assets

#### (i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets on initial recognition.

- Financial assets at fair value through profit or loss

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

# Notes to the Financial Statements

August 31, 2015

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

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

**(i) Classification (cont'd)**

- Loans and receivables

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

- Held-to-maturity financial assets

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

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date. Available-for-sale financial assets comprise debt and equity securities.

**(ii) Recognition and derecognition**

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

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(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

August 31, 2015

## 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 less accumulated impairment losses.

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

Interest income 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

  Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement. When the asset becomes uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are recognised in the income statement.

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

# Notes to the Financial Statements

August 31, 2015

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

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

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

- Available-for-sale financial assets

  In the case of an equity security classified as available-for-sale, in addition to the objective evidence of impairment described in loans and receivables, a significant or prolonged decline in the fair value of the security below its cost is objective evidence that the security is impaired.

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

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

### (j) 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. Methods such as estimating with reference to recent arm's length transactions, discounted cash flow projections and the underlying net asset value of the investee companies 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 cross currency swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest and forward exchange rates.

# Notes to the Financial Statements

August 31, 2015

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

### (k) Derivative financial instruments and hedging activities

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

A derivative financial instrument is initially recognised at its fair value on the date the derivative contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates its derivatives for hedging purposes as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), or hedges of highly probable forecast transactions (cash flow hedge). The Group has no fair value hedge at balance sheet date.

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

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

#### (i) Cash flow hedge

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

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

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

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

# Notes to the Financial Statements
August 31, 2015

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

### (l) Intangible assets

#### (i) Goodwill arising from business combination

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

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

Goodwill on acquisition of associates and joint ventures is recorded as part of the carrying value of the investments in the consolidated balance sheet.

The gains and losses on the disposal of subsidiaries, associates and joint ventures include the carrying amount of goodwill relating to the entity sold.

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

Technology, trademarks, licences, mastheads and other intangible assets acquired as part of business combinations are initially recognised at their fair values at the acquisition date and are subsequently carried at cost (i.e. the fair values on initial recognition) less accumulated amortisation and accumulated impairment losses. The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that are expected to be avoided as a result of the patent and trademark being owned, or the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method.

Technology and licenses acquired separately are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over 2 to 20 years, which is the shorter of their estimated useful lives and periods of contractual rights.

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

# Notes to the Financial Statements

August 31, 2015

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

### (m) Inventories

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

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

### (n) Borrowings

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

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

### (o) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

### (p) 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.

### (q) Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

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

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

#### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Singapore's Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to defined contribution plans are recognised in the financial year when they are due.

# Notes to the Financial Statements

August 31, 2015

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

### (q) Employee benefits (cont'd)

#### (iii) Share-based compensation

- Share options

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

The fair value of the options granted is recognised as a share-based compensation expense in the income statement with a corresponding increase in the share-based compensation reserve over the vesting period. The fair value is measured at grant date and recognised over the vesting period during which the employees become unconditionally entitled to the options.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the balance previously recognised in the share-based compensation reserve are credited to share capital when new ordinary shares are issued, or to the treasury share account within equity when treasury shares purchased are re-issued to the employees.

- Performance shares

Persons eligible to participate in the SPH Performance Share Plan ("the Share 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 Share 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 Share 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.

### (r) 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.

# Notes to the Financial Statements

August 31, 2015

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

### (s) Income taxes

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

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

### (t) Revenue recognition

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

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

(i) Revenue from the sale of the Group's products is recognised on completion of delivery;

(ii) Revenue from advertisements is recognised in the period in which the advertisement is published or broadcasted;

(iii) Revenue from rental and rental-related services is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income;

(iv) Revenue from the provision of other services is recognised in the period in which the services are rendered;

(v) Dividend income is recognised when the right to receive payment is established; and

(vi) Interest income is recognised using the effective interest method.

# Notes to the Financial Statements

August 31, 2015

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

### (u) Operating leases

When a group company is the lessee:

Leases where substantially all of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases are recognised as expenses in the income statement on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in the income statement when incurred.

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. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents are recognised as income in the income statement when earned.

### (v) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

The consideration paid for treasury shares, including any directly attributable incremental costs, is presented as a component within shareholders' equity until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently re-issued or disposed of, any consideration received, net of any directly attributable incremental transaction costs, is included in shareholders' equity. Realised gain or loss on disposal or re-issue of treasury shares is included in retained profits 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.

### (w) Segment reporting

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

### (x) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

# Notes to the Financial Statements

August 31, 2015

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in conformity with FRS requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have significant effect on the amounts recognised are as follows:

- **Fair value estimation**

  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, discounted cash flow projections and the underlying net asset value of the investee companies.

  The fair value of investment properties is based on independent professional valuations using valuation techniques and assumptions.

- **Recoverable value of goodwill**

  The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. Forecasts of future cash flows are based on the Group's estimates using sector and industry trends, general market and economic conditions, changes in technology and other available information. Information about the assumptions and their risk factors relating to goodwill impairment are discussed in Note 15(a).

Information about critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements is as follows:

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

  The Group follows the guidance of FRS 39 in determining when an investment is considered impaired. The Group evaluates the duration and extent to which the fair value of an investment is less than its cost in its assessment of impairment allowances. Under exceptional circumstances, the Group may apply judgement based on qualitative facts such as the financial health of and near-term business outlook of the issuer of the instrument, changes in technology and operational and financing cash flow.

# Notes to the Financial Statements

August 31, 2015

## 4. SHARE CAPITAL AND TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | **Number of Shares '000** | **Amount S$'000** | Number of Shares '000 | Amount S$'000 |
| **Issued and fully paid, with no par value** | | | | |
| Management shares | **16,362** | **7,109** | 16,362 | 7,109 |
| Ordinary shares | **1,600,649** | **515,700** | 1,600,649 | 515,700 |
| | **1,617,011** | **522,809** | 1,617,011 | 522,809 |
| Treasury shares | **(3,306)** | **(13,408)** | (765) | (3,046) |
| | **1,613,705** | **509,401** | 1,616,246 | 519,763 |
| Movements during the financial year: | | | | |
| Beginning of financial year | **1,616,246** | **519,763** | 1,615,261 | 515,845 |
| Issue of ordinary shares fully paid under the Singapore Press Holdings Group (1999) Share Option Scheme | **–** | **–** | 163 | 688 |
| Issue of management shares fully paid in accordance with the Newspaper and Printing Presses Act | **–** | **–** | 2 | 7 |
| | **1,616,246** | **519,763** | 1,615,426 | 516,540 |
| Purchase of treasury shares | **(4,385)** | **(17,979)** | (1,000) | (4,002) |
| Treasury shares re-issued for the fulfilment of share awards vested under SPH Performance Share Plan | **1,844** | **7,617** | 1,820 | 7,225 |
| End of financial year | **1,613,705** | **509,401** | 1,616,246 | 519,763 |

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 participate in all surplus assets of the Company in liquidation.

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

### (a) Treasury shares

The Company acquired 4,385,600 (2014: 1,000,000) 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$18 million (2014: S$4 million). The shares, held as treasury shares, were included as deduction against shareholders' equity.

The Company re-issued 1,844,252 (2014: 1,819,918) treasury shares during the financial year for the fulfilment of share awards vested under the SPH Performance Share Plan at a total value of S$7.6 million (2014: S$7.2 million).

# Notes to the Financial Statements

August 31, 2015

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

### (b) Share options

At the Extraordinary General Meeting held on December 5, 2006, the shareholders approved the adoption of the SPH Performance Share Plan ("the Share 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:

**2015**

| Grant Date | Expiry Date | Exercise Price (S$) | Balance 01.09.14 | Options Exercised | Options Lapsed | Balance 31.08.15 |
|---|---|---|---|---|---|---|
| **21.12.04** | **21.12.14** | **4.54** | **9,872,300** | **–** | **(9,872,300)** | **–** |
| **16.12.05** | **16.12.15** | **4.30** | **9,245,425** | **–** | **(671,075)** | **8,574,350** |
| | | | **19,117,725** | **–** | **(10,543,375)** | **8,574,350** |

2014

| Grant Date | Expiry Date | Exercise Price (S$) | Balance 01.09.13 | Options Exercised | Options Lapsed | Balance 31.08.14 |
|---|---|---|---|---|---|---|
| 16.12.03 | 16.12.13 | 3.69 | 767,175 | (163,500) | (603,675) | – |
| 21.12.04 | 21.12.14 | 4.54 | 10,410,775 | – | (538,475) | 9,872,300 |
| 16.12.05 | 16.12.15 | 4.30 | 9,722,700 | – | (477,275) | 9,245,425 |
| | | | 20,900,650 | (163,500) | (1,619,425) | 19,117,725 |

All the outstanding options as at the balance sheet date were exercisable. There were no options exercised in 2015. Options exercised in 2014 resulted in 163,500 shares being issued at an average price of S$3.69 each.

# Notes to the Financial Statements
August 31, 2015

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

### (c) Performance shares

During the financial year, 1,824,955 (2014: 1,954,145) performance shares were granted subject to the terms and conditions of the Share Plan.

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

**2015**

| Grant Date | Outstanding as at 01.09.14 '000 | Adjusted* '000 | Granted '000 | Vested '000 | Lapsed '000 | Outstanding as at 31.08.15 '000 |
|---|---|---|---|---|---|---|
| **12.01.11** | **473** | **–** | **–** | **(458)** | **(15)** | **–** |
| **12.01.12** | **1,470** | **43** | **–** | **(1,155)** | **(32)** | **326** |
| **11.01.13** | **1,957** | **(426)** | **–** | **(231)** | **(47)** | **1,253** |
| **13.01.14** | **1,913** | **4** | **–** | **–** | **(47)** | **1,870** |
| **13.01.15** | **–** | **–** | **1,825** | **–** | **(11)** | **1,814** |

2014

| Grant Date | Outstanding as at 01.09.13 '000 | Adjusted* '000 | Granted '000 | Vested '000 | Lapsed '000 | Outstanding as at 31.08.14 '000 |
|---|---|---|---|---|---|---|
| 12.01.10 | 541 | – | – | (535) | (6) | – |
| 12.01.11 | 1,699 | (268) | – | (930) | (28) | 473 |
| 12.01.12 | 1,997 | (121) | – | (355) | (51) | 1,470 |
| 11.01.13 | 2,047 | – | – | – | (90) | 1,957 |
| 13.01.14 | – | – | 1,954 | – | (41) | 1,913 |

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

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

# Notes to the Financial Statements

August 31, 2015

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

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

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

**2015**

| Grant Date | Vesting Date | Number of Shares '000 | Fair Value per Share S$ | Expected Volatility* SPH % | Expected Volatility* FTSE ST All Share Index % | Expected Dividend Yield % | Risk-free Interest Rate % | Correlation between SPH Share Price and FTSE ST All Share Index^ | Share Price at Grant Date S$ |
|---|---|---|---|---|---|---|---|---|---|
| **13.01.15[(a)]** | **13.01.17** | **364** | **3.66** | **12.36** | **N.A.** | **6.00** | **0.67** | **N.A.** | **4.11** |
| **13.01.15[(a)]** | **13.01.18** | **364** | **3.45** | **12.36** | **N.A.** | **6.00** | **0.89** | **N.A.** | **4.11** |
| **13.01.15[(b)]** | **13.01.18** | **734** | **3.43** | **12.36** | **9.98** | **6.00** | **0.89** | **0.62** | **4.11** |
| **13.01.15[(a)]** | **13.01.19** | **363** | **3.25** | **12.36** | **N.A.** | **6.00** | **1.21** | **N.A.** | **4.11** |

2014

| Grant Date | Vesting Date | Number of Shares '000 | Fair Value per Share S$ | Expected Volatility* SPH % | Expected Volatility* FTSE ST All Share Index % | Expected Dividend Yield % | Risk-free Interest Rate % | Correlation between SPH Share Price and FTSE ST All Share Index^ | Share Price at Grant Date S$ |
|---|---|---|---|---|---|---|---|---|---|
| 13.01.14[(a)] | 13.01.16 | 387 | 3.58 | 12.94 | N.A. | 6.00 | 0.33 | N.A. | 4.03 |
| 13.01.14[(a)] | 13.01.17 | 387 | 3.38 | 12.94 | N.A. | 6.00 | 0.44 | N.A. | 4.03 |
| 13.01.14[(b)] | 13.01.17 | 793 | 3.49 | 12.94 | 14.89 | 6.00 | 0.44 | 0.58 | 4.03 |
| 13.01.14[(a)] | 13.01.18 | 387 | 3.18 | 12.94 | N.A. | 6.00 | 0.87 | N.A. | 4.03 |

* *Derived based on 36 months of historical volatility prior to grant date.*
^ *Derived based on 36 months of historical correlation of returns prior to grant date.*
*(a) Granted with non-market conditions.*
*(b) Granted with both market and non-market conditions.*
*N.A. Not applicable*

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

During the current financial year, the Group recognised S$5.9 million (2014: S$5 million) of share-based compensation expense in respect of performance shares based on the fair values determined on grant date and estimation of the share grants that will ultimately vest.

# Notes to the Financial Statements

August 31, 2015

## 5. RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| **Non-distributable** | | | | |
| Capital reserve [Note 5(a)] | **(11,530)** | (10,675) | **–** | – |
| Share-based compensation reserve [Note 5(b)] | **14,124** | 19,144 | **14,124** | 19,098 |
| Hedging reserve [Note 5(c)] | **3,424** | (6,386) | **–** | (251) |
| Fair value reserve [Note 5(d)] | **477,889** | 525,824 | **36,043** | 41,037 |
| Currency translation reserve | **(1,203)** | (1,498) | **–** | – |
| | **482,704** | 526,409 | **50,167** | 59,884 |

### (a) Capital reserve

Capital reserve relates mainly to capitalised listing expenses incurred in relation to the listing of a subsidiary on the Main Board of Singapore Exchange Securities Trading Limited.

### (b) Share-based compensation reserve

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Beginning of financial year | **19,144** | 21,544 | **19,098** | 21,544 |
| Share-based compensation expense [Note 24] | **5,940** | 4,976 | **5,986** | 4,930 |
| Share-based compensation expense charged to a joint venture | **27** | 35 | **27** | 35 |
| Exercise of share options | **–** | (85) | **–** | (85) |
| Lapse of share options | **(5,201)** | (778) | **(5,201)** | (778) |
| Award of performance shares | **(5,786)** | (6,548) | **(5,786)** | (6,548) |
| End of financial year | **14,124** | 19,144 | **14,124** | 19,098 |

# Notes to the Financial Statements
August 31, 2015

## 5. RESERVES (CONT'D)

### (c) Hedging reserve

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Beginning of financial year | **(6,386)** | (1,289) | **(251)** | (309) |
| Fair value changes | **5,694** | (9,937) | **119** | (470) |
| Deferred tax on fair value changes | **(96)** | 80 | **(20)** | 80 |
| | **5,598** | (9,857) | **99** | (390) |
| Transferred to finance costs | **4,237** | 4,852 | **183** | 540 |
| Deferred tax on transfer | **(37)** | (92) | **(31)** | (92) |
| | **4,200** | 4,760 | **152** | 448 |
| Dilution of interest in a subsidiary | **12** | – | **–** | – |
| End of financial year | **3,424** | (6,386) | **–** | (251) |

### (d) Fair value reserve

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Beginning of financial year | **525,824** | 421,966 | **41,037** | 51,718 |
| Financial assets, available-for-sale | | | | |
| - Fair value changes | **(1,858)** | 113,817 | **(4,994)** | (855) |
| - Deferred tax on fair value changes | **(10,747)** | (4,606) | **–** | – |
| | **(12,605)** | 109,211 | **(4,994)** | (855) |
| Transferred to income statement [Note 27] | **(42,572)** | (4,583) | **–** | (9,826) |
| Deferred tax on transfer | **7,242** | (770) | **–** | – |
| | **(35,330)** | (5,353) | **–** | (9,826) |
| End of financial year | **477,889** | 525,824 | **36,043** | 41,037 |

# Notes to the Financial Statements

August 31, 2015

## 6. NON-CONTROLLING INTERESTS

The following summarises the financial information of the Group's subsidiaries with non-controlling interests, based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences with the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

### 2015

| | SPH REIT S$'000 | Other subsidiaries S$'000 | Total S$'000 |
|---|---|---|---|
| Revenue | 205,113 | | |
| Profit | 153,531 | | |
| Other comprehensive income | 13,072 | | |
| **Total comprehensive income** | 166,603 | | |
| Attributable to non-controlling interests: | | | |
| Profit | 45,832 | 2,889 | 48,721 |
| Other comprehensive income | 3,921 | (240) | 3,681 |
| **Total comprehensive income** | 49,753 | 2,649 | 52,402 |
| Non-current assets | 3,226,893 | | |
| Current assets | 82,728 | | |
| Non-current liabilities | (632,250) | | |
| Current liabilities | (279,561) | | |
| **Net assets** | 2,397,810 | | |
| **Net assets attributable to non-controlling interests** | 713,616 | 14,221 | 727,837 |
| Cash flows from operating activities | 158,375 | | |
| Cash flows used in investing activities | (14,837) | | |
| Cash flows used in financing activities | (156,841) | | |
| **Net decrease in cash and cash equivalents** | (13,303) | | |

# Notes to the Financial Statements

August 31, 2015

## 6. NON-CONTROLLING INTERESTS (CONT'D)

2014

| | SPH REIT S$'000 | Other subsidiaries S$'000 | Total S$'000 |
|---|---|---|---|
| Revenue | 202,241 | | |
| Profit | 216,514 | | |
| Other comprehensive income | (7,778) | | |
| **Total comprehensive income** | 208,736 | | |
| Attributable to non-controlling interests: | | | |
| Profit | 64,721 | 1,729 | 66,450 |
| Other comprehensive income | (2,329) | (276) | (2,605) |
| **Total comprehensive income** | 62,392 | 1,453 | 63,845 |
| Non-current assets | 3,172,463 | | |
| Current assets | 96,570 | | |
| Non-current liabilities | (880,836) | | |
| Current liabilities | (35,131) | | |
| **Net assets** | 2,353,066 | | |
| **Net assets attributable to non-controlling interests** | 700,886 | 8,202 | 709,088 |
| Cash flows from operating activities | 174,525 | | |
| Cash flows used in investing activities | (2,675) | | |
| Cash flows used in financing activities | (142,064) | | |
| **Net increase in cash and cash equivalents** | 29,786 | | |

# Notes to the Financial Statements
August 31, 2015

## 7. INCOME TAXES

### (a) Deferred income taxes

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Deferred income tax liabilities | **54,690** | 52,401 | **26,068** | 29,397 |
| Deferred income tax assets | **(4,032)** | (5,500) | **(2,860)** | (4,089) |
| | **50,658** | 46,901 | **23,208** | 25,308 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Hedging reserve | **167** | 12 | **51** | 12 |
| Fair value reserve | **3,505** | 5,376 | **–** | – |
| | **3,672** | 5,388 | **51** | 12 |

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of S$1.7 million (2014: S$1.8 million) and S$0.8 million (2014: S$0.1 million) respectively at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting of certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry dates.

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:

#### Group

#### 2015

**(i) Deferred income tax liabilities**

| | Accelerated Tax Depreciation S$'000 | Fair Value Changes S$'000 | Others S$'000 | Total S$'000 |
|---|---|---|---|---|
| Beginning of financial year | **39,945** | **5,616** | **6,840** | **52,401** |
| Recognised in income statement | **(2,426)** | **–** | **(77)** | **(2,503)** |
| Recognised in equity | **–** | **3,621** | **–** | **3,621** |
| Acquisition of a subsidiary [Note 20(b)] | **–** | **–** | **1,171** | **1,171** |
| End of financial year | **37,519** | **9,237** | **7,934** | **54,690** |

# Notes to the Financial Statements

August 31, 2015

## 7. INCOME TAXES (CONT'D)

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

**Group**

**2015**

**(ii) Deferred income tax assets**

| | Provisions S$'000 | Fair Value Changes S$'000 | Total S$'000 |
|---|---|---|---|
| Beginning of financial year | **(5,449)** | **(51)** | **(5,500)** |
| Recognised in income statement | **1,312** | **–** | **1,312** |
| Recognised in equity | **–** | **51** | **51** |
| Currency translation differences | **105** | **–** | **105** |
| End of financial year | **(4,032)** | **–** | **(4,032)** |

Group

2014

**(i) Deferred income tax liabilities**

| | Accelerated Tax Depreciation S$'000 | Fair Value Changes S$'000 | Others S$'000 | Total S$'000 |
|---|---|---|---|---|
| Beginning of financial year | 42,378 | 240 | 3,865 | 46,483 |
| Recognised in income statement | (2,433) | – | 3,261 | 828 |
| Recognised in equity | – | 5,376 | – | 5,376 |
| Currency translation differences | – | – | (286) | (286) |
| End of financial year | 39,945 | 5,616 | 6,840 | 52,401 |

**(ii) Deferred income tax assets**

| | Provisions S$'000 | Fair Value Changes S$'000 | Total S$'000 |
|---|---|---|---|
| Beginning of financial year | (5,102) | (63) | (5,165) |
| Recognised in income statement | (334) | – | (334) |
| Recognised in equity | – | 12 | 12 |
| Currency translation differences | (13) | – | (13) |
| End of financial year | (5,449) | (51) | (5,500) |

# Notes to the Financial Statements

August 31, 2015

## 7. INCOME TAXES (CONT'D)

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

**Company**

**2015**

**(i) Deferred income tax liabilities**

| | **Accelerated Tax Depreciation S$'000** | **Others S$'000** | **Total S$'000** |
|---|---|---|---|
| Beginning of financial year | **29,264** | **133** | **29,397** |
| Recognised in income statement | **(3,317)** | **(12)** | **(3,329)** |
| End of financial year | **25,947** | **121** | **26,068** |

**(ii) Deferred income tax assets**

| | **Provisions S$'000** | **Fair Value Changes S$'000** | **Total S$'000** |
|---|---|---|---|
| Beginning of financial year | **(4,038)** | **(51)** | **(4,089)** |
| Recognised in income statement | **1,178** | **–** | **1,178** |
| Recognised in equity | **–** | **51** | **51** |
| End of financial year | **(2,860)** | **–** | **(2,860)** |

Company

2014

**(i) Deferred income tax liabilities**

| | Accelerated Tax Depreciation S$'000 | Others S$'000 | Total S$'000 |
|---|---|---|---|
| Beginning of financial year | 33,823 | 113 | 33,936 |
| Recognised in income statement | (4,559) | 20 | (4,539) |
| End of financial year | 29,264 | 133 | 29,397 |

**(ii) Deferred income tax assets**

| | Provisions S$'000 | Fair Value Changes S$'000 | Total S$'000 |
|---|---|---|---|
| Beginning of financial year | (4,097) | (63) | (4,160) |
| Recognised in income statement | 59 | – | 59 |
| Recognised in equity | – | 12 | 12 |
| End of financial year | (4,038) | (51) | (4,089) |

# Notes to the Financial Statements

August 31, 2015

## 7. INCOME TAXES (CONT'D)

### (b) Income tax expense

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Tax expense attributable to profit is made up of: | | |
| Current year | | |
| - Current tax | **61,278** | 58,766 |
| - Deferred tax | **(1,136)** | 510 |
| | **60,142** | 59,276 |
| Prior years | | |
| - Current tax | **(264)** | (1,605) |
| - Deferred tax | **(55)** | (16) |
| | **(319)** | (1,621) |
| | **59,823** | 57,655 |

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

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Profit before taxation | **430,245** | 528,391 |
| Tax calculated at corporate tax rate of 17% | **73,142** | 89,826 |
| Income taxed at concessionary rate | **(222)** | (319) |
| Income not subject to tax | **(17,018)** | (35,714) |
| Expenses not deductible for tax purposes | **5,371** | 8,156 |
| Deferred tax benefits not recognised | **514** | 165 |
| Tax relief for contributions made to Institutes of Public Character | **(842)** | (1,194) |
| Effect of different tax rates in other countries | **1,162** | 820 |
| Tax rebates | **(420)** | (572) |
| Tax incentives | **(1,131)** | (1,540) |
| Others | **(414)** | (352) |
| Over-provision in prior years | **(319)** | (1,621) |
| Tax charge | **59,823** | 57,655 |

# Notes to the Financial Statements
August 31, 2015

## 8. BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| **Secured** | | | | |
| Term loans [Note 8(a) and 8(b)] | **1,144,070** | 937,007 | **–** | – |
| **Unsecured** | | | | |
| Fixed rate notes [Note 8(c)] | **–** | 599,828 | **–** | 599,828 |
| Term loan [Note 8(d)] | **–** | 229,654 | **–** | 229,654 |
| Loans from non-controlling interests [Note 8(e) and 8(f)] | **52,531** | 36,216 | **–** | – |
| Other banking facilities [Note 8(g)] | **87,351** | 2,771 | **85,000** | – |
| | **1,283,952** | 1,805,476 | **85,000** | 829,482 |
| Borrowings are repayable: | | | | |
| Within 1 year | **336,681** | 926,369 | **85,000** | 829,482 |
| Between 1 - 5 years | **947,271** | 581,759 | **–** | – |
| After 5 years | **–** | 297,348 | **–** | – |
| | **947,271** | 879,107 | **–** | – |
| | **1,283,952** | 1,805,476 | **85,000** | 829,482 |

(a) On July 24, 2013, SPH REIT, a subsidiary of the Group, established a term loan facility available for drawdown up to the amount of S$975 million (2014: S$975 million). As at the balance sheet date, the amount drawn down was S$850 million (2014: S$850 million). The loan stated at amortised cost amounted to S$844.9 million (2014: S$843.1 million). The loan has repayment terms ranging from three to seven years, of which S$250 million is repayable on July 25, 2016, S$135 million on March 26, 2018, S$185 million on July 24, 2018 and S$280 million on July 24, 2020.

The term loan is secured by way of a first legal mortgage on SPH REIT's investment property – Paragon [Note 10], first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon.

After taking into account fixed interest rates and interest rate swap arrangements totalling S$720 million (2014: S$465 million), the effective interest rate as at the balance sheet date on the outstanding term loan of S$850 million (2014: S$850 million) was 2.55% (2014: 2.33%) per annum.

(b) During the financial year, The Seletar Mall Pte Ltd ("TSMPL"), a subsidiary of the Group, established a term loan facility available for drawdown up to the amount of S$300 million. As at the balance sheet date, the amount drawn down was S$300 million. The loan has a repayment term of three years and is repayable on June 8, 2018. The loan stated at amortised cost amounted to S$299.2 million.

The term loan taken up by TSMPL is secured by way of a first legal mortgage on TSMPL's investment property – The Seletar Mall [Note 10], first legal charge over the tenancy account and sales proceeds account for The Seletar Mall, and an assignment of certain insurances taken in relation to The Seletar Mall.

As at August 31, 2014, TSMPL had a term loan facility available for drawdown up to the amount of S$138 million, of which S$94.1 million had been drawn down. The loan was fully repaid during the financial year ended August 31, 2015.

After taking into account interest rate swap arrangements totalling S$100 million (2014: nil), the effective interest rate as at the balance sheet date on the outstanding term loan was 1.80% (2014: 1.31%) per annum.

# Notes to the Financial Statements

August 31, 2015

## 8. BORROWINGS (CONT'D)

(c) On February 22, 2010, the Company established a S$1 billion Multicurrency Medium Term Note Programme. Notes outstanding as at August 31, 2014 comprised S$600 million unsecured fixed rate notes which were fully repaid during the financial year ended August 31, 2015.

(d) As at August 31, 2014, the Company had an unsecured term loan facility available for drawdown up to the amount of S$230 million which was fully drawn down. The loan was fully repaid during the financial year ended August 31, 2015.

(e) As at August 31, 2015, TSMPL had outstanding unsecured loans of S$53.7 million (2014: S$36.9 million) from its non-controlling interest, United Engineers Developments Pte Ltd. The loans are interest-free and repayment is subject to the subordination agreement under the S$300 million term loan facility taken by TSMPL from a bank [Note 8(b)]. The loans stated at amortised cost amounted to S$52.5 million (2014: S$36 million).

On initial recognition, the loans were recognised at fair value, which was determined from the cash flow analyses, discounted at the market borrowing rates on the inception dates. The difference between the fair value and principal loan amounts was recognised in the income statement. The unamortised fair value gain as at the balance sheet date was S$1.2 million (2014: S$0.9 million).

(f) As at August 31, 2014, Blu Inc (Holdings) Malaysia Sdn Bhd, a subsidiary of the Group, had an unsecured loan of S$0.2 million from its non-controlling interests. The loan was fully repaid during the financial year ended August 31, 2015.

(g) As at August 31, 2015, the other banking facilities included S$85 million (2014: nil) of unsecured fixed advance facility drawn down by the Company. The amount is repayable on September 25, 2015.

(h) In respect of bank borrowings, where appropriate, the Group's policy is to minimise its interest rate risk exposure by entering into interest rate swaps over the duration of its borrowings. Accordingly, TSMPL and SPH REIT (2014: the Company and SPH REIT) entered into interest rate swap contracts to swap floating rates for fixed interest rates as part of their interest rate risk management. Under the interest rate swaps, TSMPL and SPH REIT (2014: the Company and SPH REIT) agreed with other parties to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts. At August 31, 2015, the fixed interest rate was 1.82% per annum for TSMPL and 1.10% to 2.31% per annum for SPH REIT (2014: 0.66% per annum for the Company and 1.44% to 2.31% per annum for SPH REIT). The floating rates are referenced to Singapore dollar swap offer rate and repriced every three months.

The notional principal amounts of the outstanding interest rate swap contracts and their corresponding fair values as at August 31, 2015 are:

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Notional due: | | | | |
| Within 1 year | **120,000** | 120,000 | **–** | 120,000 |
| Between 1 - 5 years | **550,000** | 35,000 | **–** | – |
| After 5 years | **–** | 280,000 | **–** | – |
| Fair values* [Note 19] | **4,997** | (9,060) | **–** | (303) |

* *The fair values of interest rate swap contracts had been calculated (using rates quoted by the Group's bankers) assuming the contracts are terminated at the balance sheet date. These interest rate swaps are contracted with counter-parties which are banks and financial institutions with acceptable credit ratings.*

# Notes to the Financial Statements

August 31, 2015

## 8. BORROWINGS (CONT'D)

(i) As at August 31, 2015, the fair value of the loans from non-controlling interest was S$52.5 million (2014: S$36 million), determined from the cash flow analysis, discounted at market borrowing rate of 1.81% (2014: 1.57%) per annum which management expected to be available to the Group. The fair value of the fixed rate notes as at August 31, 2014 was S$605 million based on its quoted price.

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Group

**2015**

| | Leasehold Land and Buildings S$'000 | Plant and Equipment S$'000 | Furniture and Fittings S$'000 | Motor Vehicles S$'000 | Total S$'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Beginning of financial year | 236,832 | 740,018 | 21,039 | 2,092 | 999,981 |
| Additions | 118 | 3,079 | 517 | – | 3,714 |
| Acquisition of subsidiaries [Note 20(b)] | – | 82 | 85 | – | 167 |
| Transfer in from capital work-in-progress | – | 7,826 | 83 | – | 7,909 |
| Disposals/Write-offs | – | (15,547) | (616) | (45) | (16,208) |
| Currency translation differences | 627 | (145) | (71) | (15) | 396 |
| End of financial year | 237,577 | 735,313 | 21,037 | 2,032 | 995,959 |
| **Accumulated depreciation and impairment losses** | | | | | |
| Beginning of financial year | 132,530 | 566,781 | 16,995 | 1,526 | 717,832 |
| Depreciation | 6,923 | 40,882 | 1,409 | 368 | 49,582 |
| Disposals/Write-offs | – | (15,320) | (598) | (45) | (15,963) |
| Currency translation differences | 46 | (103) | (60) | (9) | (126) |
| End of financial year | 139,499 | 592,240 | 17,746 | 1,840 | 751,325 |
| **Carrying amount** | | | | | |
| End of financial year | 98,078 | 143,073 | 3,291 | 192 | 244,634 |
| Capital work-in-progress | – | 5,298 | 44 | – | 5,342 |
| Total | 98,078 | 148,371 | 3,335 | 192 | 249,976 |
| **Capital work-in-progress** | | | | | |
| Beginning of financial year | – | 3,377 | 36 | – | 3,413 |
| Additions | – | 9,747 | 91 | – | 9,838 |
| Transfer out to property, plant and equipment | – | (7,826) | (83) | – | (7,909) |
| End of financial year | – | 5,298 | 44 | – | 5,342 |

# Notes to the Financial Statements

August 31, 2015

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

(b) Group

2014

| | Leasehold Land and Buildings S$'000 | Plant and Equipment S$'000 | Furniture and Fittings S$'000 | Motor Vehicles S$'000 | Total S$'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Beginning of financial year | 236,994 | 731,368 | 20,562 | 2,151 | 991,075 |
| Additions | 30 | 2,420 | 1,123 | – | 3,573 |
| Acquisition of businesses by subsidiaries [Note 20(c)] | – | 21 | – | – | 21 |
| Transfer in from capital work-in-progress | – | 21,906 | 180 | – | 22,086 |
| Disposals/Write-offs | – | (15,711) | (826) | (61) | (16,598) |
| Currency translation differences | (192) | 14 | – | 2 | (176) |
| End of financial year | 236,832 | 740,018 | 21,039 | 2,092 | 999,981 |
| **Accumulated depreciation and impairment losses** | | | | | |
| Beginning of financial year | 125,684 | 526,599 | 16,080 | 1,082 | 669,445 |
| Depreciation | 6,957 | 45,450 | 1,421 | 504 | 54,332 |
| Disposals/Write-offs | – | (15,179) | (512) | (61) | (15,752) |
| (Reversal of impairment)/ Impairment | (103) | 9,901 | – | – | 9,798 |
| Currency translation differences | (8) | 10 | 6 | 1 | 9 |
| End of financial year | 132,530 | 566,781 | 16,995 | 1,526 | 717,832 |
| **Carrying amount** | | | | | |
| End of financial year | 104,302 | 173,237 | 4,044 | 566 | 282,149 |
| Capital work-in-progress | – | 3,377 | 36 | – | 3,413 |
| Total | 104,302 | 176,614 | 4,080 | 566 | 285,562 |
| **Capital work-in-progress** | | | | | |
| Beginning of financial year | – | 10,097 | 51 | – | 10,148 |
| Additions | – | 15,186 | 165 | – | 15,351 |
| Transfer out to property, plant and equipment | – | (21,906) | (180) | – | (22,086) |
| End of financial year | – | 3,377 | 36 | – | 3,413 |

In the previous financial year, the Group and the Company recognised an impairment charge of S$9.9 million on a press line arising from the optimisation of printing capacity. This amount was included within "Other operating expenses" in the income statement.

# Notes to the Financial Statements

August 31, 2015

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

### (c) Company

**2015**

| | Plant and Equipment S$'000 | Furniture and Fittings S$'000 | Motor Vehicles S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| Beginning of financial year | 636,603 | 13,446 | 1,621 | 651,670 |
| Additions | 558 | 48 | – | 606 |
| Transfer in from capital work-in-progress | 7,106 | 5 | – | 7,111 |
| Disposals/Write-offs | (11,445) | (456) | (45) | (11,946) |
| End of financial year | 632,822 | 13,043 | 1,576 | 647,441 |
| **Accumulated depreciation and impairment losses** | | | | |
| Beginning of financial year | 474,859 | 11,896 | 1,249 | 488,004 |
| Depreciation | 35,870 | 286 | 227 | 36,383 |
| Disposals/Write-offs | (11,281) | (451) | (45) | (11,777) |
| End of financial year | 499,448 | 11,731 | 1,431 | 512,610 |
| **Carrying amount** | | | | |
| End of financial year | 133,374 | 1,312 | 145 | 134,831 |
| Capital work-in-progress | 4,810 | – | – | 4,810 |
| Total | 138,184 | 1,312 | 145 | 139,641 |
| **Capital work-in-progress** | | | | |
| Beginning of financial year | 2,652 | – | – | 2,652 |
| Additions | 9,264 | 5 | – | 9,269 |
| Transfer out to property, plant and equipment | (7,106) | (5) | – | (7,111) |
| End of financial year | 4,810 | – | – | 4,810 |

# Notes to the Financial Statements

August 31, 2015

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

(d) Company

2014

| | Plant and Equipment S$'000 | Furniture and Fittings S$'000 | Motor Vehicles S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| Beginning of financial year | 628,878 | 12,974 | 1,621 | 643,473 |
| Additions | 749 | 345 | – | 1,094 |
| Transfer in from capital work-in-progress | 21,466 | 165 | – | 21,631 |
| Disposals/Write-offs | (14,490) | (38) | – | (14,528) |
| End of financial year | 636,603 | 13,446 | 1,621 | 651,670 |
| **Accumulated depreciation and impairment losses** | | | | |
| Beginning of financial year | 439,790 | 11,661 | 897 | 452,348 |
| Depreciation | 39,151 | 273 | 352 | 39,776 |
| Disposals/Write-offs | (14,021) | (38) | – | (14,059) |
| Impairment | 9,939 | – | – | 9,939 |
| End of financial year | 474,859 | 11,896 | 1,249 | 488,004 |
| **Carrying amount** | | | | |
| End of financial year | 161,744 | 1,550 | 372 | 163,666 |
| Capital work-in-progress | 2,652 | – | – | 2,652 |
| Total | 164,396 | 1,550 | 372 | 166,318 |
| **Capital work-in-progress** | | | | |
| Beginning of financial year | 9,619 | – | – | 9,619 |
| Additions | 14,499 | 165 | – | 14,664 |
| Transfer out to property, plant and equipment | (21,466) | (165) | – | (21,631) |
| End of financial year | 2,652 | – | – | 2,652 |

# Notes to the Financial Statements
August 31, 2015

## 10. INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| **Investment properties** | | |
| Beginning of financial year | **3,393,451** | 3,291,437 |
| Additions | **18,128** | 1,439 |
| Transfer from investment property under development | **493,114** | – |
| Fair value change | **36,258** | 100,575 |
| End of financial year | **3,940,951** | 3,393,451 |
| **Investment property under development** | | |
| Beginning of financial year | **467,000** | 381,128 |
| Additions | **26,114** | 77,371 |
| Fair value change | **–** | 8,501 |
| Transfer to investment properties | **(493,114)** | – |
| End of financial year | **–** | 467,000 |
| **Total carrying amount** | **3,940,951** | 3,860,451 |
| Carrying amount of | | |
| - Freehold investment properties | **2,845,151** | 2,792,151 |
| - Leasehold investment properties | **1,095,800** | 601,300 |
| - Leasehold investment property under development | **–** | 467,000 |
| | **3,940,951** | 3,860,451 |

The fair value of the investment properties as at the balance sheet date was stated based on independent professional valuations using valuation techniques and assumptions set out in Note 31(e).

The Paragon on Orchard Road, with a carrying value of S$2,756 million (2014: S$2,700 million), is mortgaged to banks as security for the loan facility of S$975 million (2014: S$975 million) granted to SPH REIT [Note 8(a)].

As at August 31, 2015, The Seletar Mall with a carrying amount of S$495 million is mortgaged to a bank as security for the loan facility of S$300 million granted to TSMPL [Note 8(b)].

As at August 31, 2014, The Seletar Mall with a carrying amount of S$467 million was mortgaged as security for loan facilities granted to TSMPL respectively by a bank (S$138 million) (first legal mortgage) [Note 8(b)] and the Company (S$230 million) (second legal mortgage) [Note 17(a)(i)].

The following amounts are recognised in the income statement:

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Rental income | **229,620** | 202,896 |
| Direct operating expenses arising from investment properties that generated rental income | **(53,766)** | (48,161) |

# Notes to the Financial Statements

August 31, 2015

## 11. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Equity investments at cost | **452,304** | 412,305 |
| Allowance for impairment | **(33,054)** | (500) |
| | **419,250** | 411,805 |

During the current financial year, an allowance for impairment loss of S$32.6 million (2014: nil) was recognised in respect of the Company's investment in a subsidiary following a review of the subsidiary's business. The recoverable amount was determined based on fair value less cost to sell. Fair value less cost to sell was represented by the net assets of the subsidiary as at the balance sheet date which approximates its fair value as it mainly comprises monetary assets and liabilities. This investment is classified as Level 3 within the fair value hierarchy as the fair value measurement is not based on observable market data.

Details of significant subsidiaries are set out in Note 30. A list of other operating subsidiaries of the Group can be found on pages 209 and 210 of the annual report.

## 12. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Investments in associates | **75,874** | 78,353 | **31,160** | 31,160 |

The Group equity accounted for its associates based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and any significant differences with the Group's accounting policies.

The Group's associates comprised mainly the following:

| | **MediaCorp Press Ltd ("MCPL")** | **MediaCorp TV Holdings Pte Ltd ("MCTV")** | **MindChamps Preschool (Worldwide) Pte Limited ("MindChamps")** |
|---|---|---|---|
| Nature of relationship with the Group | Related media business | Related media business | Business adjacency |
| Principal place of business/ Country of incorporation | Singapore | Singapore | Singapore |
| Ownership interest/Voting rights held | 40% (2014: 40%) | 20% (2014: 20%) | 22% (2014: 22%) |

# Notes to the Financial Statements

August 31, 2015

## 12. INVESTMENTS IN ASSOCIATES (CONT'D)

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

| | MCPL S$'000 | MCTV S$'000 | MindChamps S$'000 |
|---|---|---|---|
| **2015** | | | |
| Revenue | 64,543 | 290,549 | 11,126 |
| Profit after tax | 5,435 | 2,676 | 3,384 |
| Other comprehensive income | 342 | (580) | 37 |
| **Total comprehensive income** | 5,777 | 2,096 | 3,421 |
| Attributable to: | | | |
| - Non-controlling interests | – | (58) | 198 |
| - Associate's shareholders | 5,777 | 2,154 | 3,223 |
| Non-current assets | 15,570 | 26,969 | 1,091 |
| Current assets | 31,713 | 141,785 | 8,348 |
| Non-current liabilities | (310) | (3,301) | (195) |
| Current liabilities | (11,110) | (56,824) | (4,897) |
| **Net assets** | 35,863 | 108,629 | 4,347 |
| Attributable to: | | | |
| - Non-controlling interests | – | 410 | 141 |
| - Associate's shareholders | 35,863 | 108,219 | 4,206 |

The following table summarises the carrying amount and share of profit/(loss) and other comprehensive income of the Group's associates in the consolidated financial statements:

| | MCPL S$'000 | MCTV S$'000 | MindChamps S$'000 | Other associates S$'000 | Total S$'000 |
|---|---|---|---|---|---|
| **2015** | | | | | |
| Beginning of financial year | 33,683 | 21,224 | 12,000 | 11,446 | 78,353 |
| Group's share of: | | | | | |
| Profit after tax | 2,174 | 535 | 701 | | |
| Other comprehensive income | 137 | (115) | 8 | | |
| Total comprehensive income | 2,311 | 420 | 709 | (702) | 2,738 |
| Dividends received | (6,566) | – | – | (385) | (6,951) |
| Gain on dilution of interest | – | – | – | 1,943 | 1,943 |
| Disposal | – | – | – | (480) | (480) |
| Group's contribution | – | – | – | 271 | 271 |
| End of financial year | 29,428* | 21,644 | 12,709* | 12,093 | 75,874 |

* *The carrying amount of interests in MCPL and MindChamps includes goodwill on acquisition of S$15.1 million and S$11.8 million respectively.*

# Notes to the Financial Statements

August 31, 2015

## 12. INVESTMENTS IN ASSOCIATES (CONT'D)

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

| | MCPL S$'000 | MCTV S$'000 | MindChamps S$'000 |
|---|---|---|---|
| **2014** | | | |
| Revenue | 70,424 | 259,070 | – |
| Profit after tax | 8,187 | 5,521 | – |
| Other comprehensive income | 989 | 654 | – |
| **Total comprehensive income** | 9,176 | 6,175 | – |
| Attributable to: | | | |
| - Non-controlling interests | – | (39) | – |
| - Associate's shareholders | 9,176 | 6,214 | – |
| Non-current assets | 15,668 | 39,101 | 1,072 |
| Current assets | 41,310 | 116,542 | 5,341 |
| Non-current liabilities | (402) | (4,240) | (223) |
| Current liabilities | (10,075) | (44,813) | (5,264) |
| **Net assets** | 46,501 | 106,590 | 926 |
| Attributable to: | | | |
| - Non-controlling interests | – | 468 | (57) |
| - Associate's shareholders | 46,501 | 106,122 | 983 |

The following table summarises the carrying amount and share of profit/(loss) and other comprehensive income of the Group's associates in the consolidated financial statements:

| | MCPL S$'000 | MCTV S$'000 | MindChamps S$'000 | Other associates S$'000 | Total S$'000 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Beginning of financial year | 32,291 | 19,989 | – | 3,577 | 55,857 |
| Group's share of: | | | | | |
| Profit after tax | 3,275 | 1,104 | – | | |
| Other comprehensive income | 396 | 131 | – | | |
| Total comprehensive income | 3,671 | 1,235 | – | (328) | 4,578 |
| Dividends/Distribution received | (2,279) | – | – | (686) | (2,965) |
| Disposal | – | – | – | (392) | (392) |
| Group's contribution | – | – | 12,000 | 9,275 | 21,275 |
| End of financial year | 33,683* | 21,224 | 12,000* | 11,446 | 78,353 |

* *The carrying amount of interests in MCPL and MindChamps includes goodwill on acquisition of S$15.1 million and S$11.8 million respectively.*

A list of operating associates of the Group can be found on page 211 of the annual report.

# Notes to the Financial Statements

August 31, 2015

## 13. INVESTMENTS IN JOINT VENTURES

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Investments in joint ventures | **16,295** | 6,688 |

The following table summarises, in aggregate, the carrying amount and share of profit/(loss) and other comprehensive income of the Group's joint ventures that are equity-accounted for in the consolidated financial statements:

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Beginning of financial year | **6,688** | 6,391 |
| Group's share of: | | |
| Loss after tax | **(13,896)** | (34,578) |
| Other comprehensive income | **(769)** | (1,132) |
| Total comprehensive income | **(14,665)** | (35,710) |
| Group's contribution | **24,839** | – |
| Dilution of interest | **–** | (16,856) |
| Gain on dilution of interest | **–** | 52,863 |
| Disposal | **(567)** | – |
| End of financial year | **16,295** | 6,688 |

In the previous financial year, the Group completed the partial divestment of its interest in 701Search Pte Ltd to Telenor Communications II AS. As a result, the Group recognised a gain of S$52.9 million on the divestment.

A list of operating joint ventures of the Group can be found on page 211 of the annual report.

## 14. LONG-TERM INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| **Available-for-sale financial assets** | | | | |
| - Equity securities | **509,316** | 540,733 | **38,001** | 42,998 |
| - Bonds | **8,452** | – | **–** | – |
| - Investment funds | **98,687** | 62,533 | **–** | – |
| | **616,455** | 603,266 | **38,001** | 42,998 |
| **Financial assets at fair value through profit or loss** | | | | |
| Designated at fair value on initial recognition | | | | |
| - Bonds and notes | **857** | – | **–** | – |
| | **617,312** | 603,266 | **38,001** | 42,998 |

# Notes to the Financial Statements

August 31, 2015

## 15. INTANGIBLE ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Arising from business combinations | | | | |
| - Goodwill [Note 15(a)] | **87,853** | 69,124 | **–** | – |
| - Technology, trademarks, licences, mastheads and others [Note 15(b)] | **100,459** | 103,868 | **–** | – |
| Acquired separately | | | | |
| - Technology, trademarks and licences [Note 15(c)] | **283** | 160 | **32,211** | 34,219 |
| | **188,595** | 173,152 | **32,211** | 34,219 |

### (a) Arising from business combinations - Goodwill

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| **Cost** | | |
| Beginning of financial year | **83,597** | 80,783 |
| Acquisition of subsidiaries [Note 20(b)] | **27,430** | – |
| Acquisition of businesses by subsidiaries [Note 20(c)] | **–** | 3,294 |
| Currency translation differences | **60** | (480) |
| End of financial year | **111,087** | 83,597 |
| **Accumulated impairment** | | |
| Beginning of financial year | **14,473** | 14,591 |
| Impairment charge [Note 25] | **8,768** | – |
| Currency translation differences | **(7)** | (118) |
| End of financial year | **23,234** | 14,473 |
| **Net book value** | **87,853** | 69,124 |

During the financial year, the Group recognised an impairment charge of S$8.8 million mainly for the magazine business within "Other operating expenses" due to unfavourable market conditions.

# Notes to the Financial Statements

August 31, 2015

## 15. INTANGIBLE ASSETS (CONT'D)

### (a) Arising from business combinations - Goodwill (cont'd)

**Impairment test for goodwill**

The carrying value of the Group's goodwill arising from acquisitions was assessed for impairment during the financial year.

Goodwill is allocated for impairment testing purposes to the individual entity or division, which is also the cash generating unit ("CGU").

| | Group | | Pre-tax discount rate[1] | | Terminal growth rate[2] | |
|---|---|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 %** | 2014 % | **2015 %** | 2014 % |
| Carrying value of goodwill in: | | | | | | |
| Singapore | | | | | | |
| - Magazine | **20,029** | 28,029 | **9.2** | 11.5 | **2.3** | 2.3 |
| - Online | **53,376** | 26,686 | **13.3** | 15.1 | **2.3** | 2.3 |
| - Exhibition | **8,659** | 8,194 | **9.7** | 12.2 | **2.0** | 2.0 |
| Malaysia | | | | | | |
| - Magazine | **3,574** | 4,086 | **11.1** | 13.8 | **2.0** | 2.0 |
| Multiple units with insignificant goodwill | **2,215** | 2,129 | | | | |
| | **87,853** | 69,124 | | | | |

(1) *The discount rate used is based on Weighted Average Cost of Capital (WACC) where the cost of a company's debt and equity capital are weighted to reflect its capital structure.*

(2) *The terminal growth rate has been determined based on long-term expected inflation rate for the respective country or industry in which the entity or division operates.*

The recoverable values of cash generating units including goodwill are determined based on value-in-use calculations.

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets approved by the Board and management forecasts over a period of five years. Cash flows beyond the terminal year are extrapolated using the estimated terminal growth rates stated in the table above. Key assumptions used in the calculation of value-in-use are growth rates, operating margins and discount rates. Capital expenditure is also assumed to be insignificant.

The management's approach in determining the value assigned to each of the key assumptions includes comparing the key assumptions used to past actual performances (i.e. retrospective reviews) and other external sources of information such as Government statistics on growth, inflation and etc.

As the process of evaluating goodwill impairment involves management judgement and prudent estimates of various factors including future cash flows as well as the cost of capital and long-term growth rates, the results can be highly sensitive to the assumptions used. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount as at August 31, 2015.

# Notes to the Financial Statements

August 31, 2015

## 15. INTANGIBLE ASSETS (CONT'D)

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

**Group**

| | Technology S$'000 | Trademarks, licences, mastheads and others S$'000 | Total S$'000 |
|---|---|---|---|
| **2015** | | | |
| **Cost** | | | |
| Beginning of financial year | **6,686** | **137,750** | **144,436** |
| Acquisition of subsidiaries [Note 20(b)] | **7,390** | **750** | **8,140** |
| Currency translation differences | **–** | **(227)** | **(227)** |
| End of financial year | **14,076** | **138,273** | **152,349** |
| **Accumulated amortisation** | | | |
| Beginning of financial year | **3,829** | **36,739** | **40,568** |
| Amortisation charge [Note 25] | **2,321** | **8,700** | **11,021** |
| Impairment charge [Note 25] | **–** | **301** | **301** |
| End of financial year | **6,150** | **45,740** | **51,890** |
| **Net book value** | **7,926** | **92,533** | **100,459** |
| 2014 | | | |
| **Cost** | | | |
| Beginning of financial year | 6,506 | 129,447 | 135,953 |
| Acquisition of businesses by subsidiaries [Note 20(c)] | – | 8,378 | 8,378 |
| Currency translation differences | 180 | (75) | 105 |
| End of financial year | 6,686 | 137,750 | 144,436 |
| **Accumulated amortisation** | | | |
| Beginning of financial year | 3,114 | 27,858 | 30,972 |
| Amortisation charge [Note 25] | 709 | 8,881 | 9,590 |
| Currency translation differences | 6 | – | 6 |
| End of financial year | 3,829 | 36,739 | 40,568 |
| **Net book value** | 2,857 | 101,011 | 103,868 |

# Notes to the Financial Statements

August 31, 2015

## 15. INTANGIBLE ASSETS (CONT'D)

### (c) Acquired separately

- Technology, trademarks and licences

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| **Cost** | | |
| Beginning of financial year | **204** | 204 |
| Additions | **155** | – |
| Currency translation differences | **(11)** | – |
| End of financial year | **348** | 204 |
| **Accumulated amortisation** | | |
| Beginning of financial year | **44** | 20 |
| Amortisation charge [Note 25] | **21** | 24 |
| End of financial year | **65** | 44 |
| **Net book value** | **283** | 160 |

**Company**

| | Technology S$'000 | Trademarks, licences, mastheads and others S$'000 | Total S$'000 |
|---|---|---|---|
| **2015** | | | |
| **Cost** | | | |
| Beginning and end of financial year | **178** | **36,889** | **37,067** |
| **Accumulated amortisation** | | | |
| Beginning of financial year | **84** | **2,764** | **2,848** |
| Amortisation charge | **59** | **1,949** | **2,008** |
| End of financial year | **143** | **4,713** | **4,856** |
| **Net book value** | **35** | **32,176** | **32,211** |
| 2014 | | | |
| **Cost** | | | |
| Beginning and end of financial year | 178 | 36,889 | 37,067 |
| **Accumulated amortisation** | | | |
| Beginning of financial year | 25 | 812 | 837 |
| Amortisation charge | 59 | 1,952 | 2,011 |
| End of financial year | 84 | 2,764 | 2,848 |
| **Net book value** | 94 | 34,125 | 34,219 |

# Notes to the Financial Statements

August 31, 2015

## 16. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** **S$'000** | 2014 S$'000 | **2015** **S$'000** | 2014 S$'000 |
| Raw materials and consumable stores | **13,138** | 26,264 | **11,400** | 24,482 |
| Allowance for write-down of inventories | **(661)** | (2,317) | **(615)** | (2,267) |
| | **12,477** | 23,947 | **10,785** | 22,215 |

The cost of inventories recognised as an expense and included in materials, production and distribution costs in the income statement amounted to S$75.7 million (2014: S$89 million).

During the financial year, the Group wrote-back an allowance for stock obsolescence amounting to S$1.6 million as those stocks were utilised. (2014: An allowance of S$18,000 was made).

## 17. TRADE AND OTHER RECEIVABLES

### (a) Non-current

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** **S$'000** | 2014 S$'000 | **2015** **S$'000** | 2014 S$'000 |
| Loans to subsidiaries [Note 17(a)(i)] | **–** | – | **–** | 229,672 |
| Staff loans | **3,612** | 2,658 | **3,524** | 2,508 |
| Sundry debtors | **830** | 1,014 | **151** | 58 |
| | **4,442** | 3,672 | **3,675** | 232,238 |

(i) As at August 31, 2014, the loan to a subsidiary of S$230 million was non-trade and secured, inter alia, by way of a second legal mortgage on the subsidiary's investment property [Note 10]. The loan was fully repaid during the financial year ended August 31, 2015.

# Notes to the Financial Statements
August 31, 2015

## 17. TRADE AND OTHER RECEIVABLES (CONT'D)

### (b) Current

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Trade receivables | | | | |
| - Non-related parties | **125,860** | 135,518 | **88,274** | 96,236 |
| - Less: Allowance for impairment of receivables – non-related parties | **(9,193)** | (11,567) | **(6,693)** | (8,767) |
| | **116,667** | 123,951 | **81,581** | 87,469 |
| Amount owing by | | | | |
| - Subsidiaries [Note 17(b)(i)] | **–** | – | **1,036,986** | 1,199,981 |
| - Associates [Note 17(b)(ii)] | **40** | 150 | **–** | – |
| - Joint ventures [Note 17(b)(ii)] | **129** | 160 | **117** | 104 |
| | **169** | 310 | **1,037,103** | 1,200,085 |
| Loans to subsidiaries [Note 17(b)(iii)] | **–** | – | **329,911** | 272,078 |
| Accrued interest | **885** | 1,463 | **70** | 145 |
| Sundry debtors [Note 17(b)(iv)] | **66,567** | 11,684 | **1,554** | 1,485 |
| Prepayments | **6,527** | 6,003 | **4,343** | 4,181 |
| Staff loans | **1,323** | 1,032 | **1,250** | 935 |
| | **192,138** | 144,443 | **1,455,812** | 1,566,378 |

(i) The amounts owing by subsidiaries are non-trade, unsecured, interest-free and repayable on demand. The amounts included an allowance for impairment of S$1.2 million (2014: S$1.2 million).

(ii) The amounts owing by associates and joint ventures are non-trade, unsecured, interest-free and repayable on demand.

(iii) The loans to subsidiaries are unsecured, interest-free and repayable on demand. The loans included an allowance for impairment of S$65.5 million (2014: S$44.7 million). During the current financial year, an allowance for impairment loss of S$20.8 million (2014: nil) was recognised in respect of loans to a subsidiary following a review of the subsidiary's business.

(iv) The amounts owing by sundry debtors included proceeds of S$52 million from the disposal of short-term investments due after financial year-end.

# Notes to the Financial Statements

August 31, 2015

## 18. SHORT-TERM INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| **Available-for-sale financial assets** | | | | |
| - Equity securities | **859** | 2,683 | **–** | – |
| - Bonds | **61,434** | 310,812 | **29,988** | 179,982 |
| - Investment funds | **360,228** | 650,184 | **2,067** | 27,554 |
| | **422,521** | 963,679 | **32,055** | 207,536 |
| **Financial assets at fair value through profit or loss** | | | | |
| Designated at fair value on initial recognition | | | | |
| - Bonds and notes | **41,608** | 53,578 | **–** | – |
| - Preference shares | **10,504** | 10,769 | **–** | – |
| | **52,112** | 64,347 | **–** | – |
| | **474,633** | 1,028,026 | **32,055** | 207,536 |

During the financial year, the Group recognised an impairment loss of S$1.4 million (2014: S$7.3 million) on certain available-for-sale financial assets within "Net income from investments" due to prolonged decline in value.

## 19. DERIVATIVE FINANCIAL INSTRUMENTS

Analysed as:

**Group**

**2015**

| | Contract Notional Amount S$'000 | Fair Value Assets S$'000 | Fair Value Liabilities S$'000 |
|---|---|---|---|
| **Non-current** | | | |
| Cash flow hedge | | | |
| - Interest-rate swaps [Note 8(h)] | **550,000** | **4,631** | **–** |
| **Current** | | | |
| Cash flow hedge | | | |
| - Interest-rate swaps [Note 8(h)] | **120,000** | **366** | **–** |
| Derivatives that do not qualify as hedges | | | |
| - Currency forwards | **236,617** | **106** | **7,081** |
| | | **472** | **7,081** |

# Notes to the Financial Statements

August 31, 2015

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

Analysed as:

Group

2014

| | Contract Notional Amount S$'000 | Fair Value Assets S$'000 | Fair Value Liabilities S$'000 |
|---|---|---|---|
| **Non-current** | | | |
| Cash flow hedge | | | |
| - Interest-rate swaps [Note 8(h)] | 315,000 | – | 8,757 |
| **Current** | | | |
| Cash flow hedge | | | |
| - Interest-rate swaps [Note 8(h)] | 120,000 | – | 303 |
| Derivatives that do not qualify as hedges | | | |
| - Currency forwards | 354,433 | 899 | 353 |
| | | 899 | 656 |

Company

2014

| | Contract Notional Amount S$'000 | Fair Value Assets S$'000 | Fair Value Liabilities S$'000 |
|---|---|---|---|
| **Current** | | | |
| Cash flow hedge | | | |
| - Interest-rate swaps [Note 8(h)] | 120,000 | – | 303 |
| Derivatives that do not qualify as hedges | | | |
| - Currency forwards | 6,112 | 3 | – |

## 20. CASH AND CASH EQUIVALENTS

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

| | Group **2015** **S$'000** | Group 2014 S$'000 | Company **2015** **S$'000** | Company 2014 S$'000 |
|---|---|---|---|---|
| Cash held as fixed bank deposits | **185,075** | 271,376 | **100,681** | 161,856 |
| Cash and bank balances | **107,171** | 171,561 | **52,248** | 27,415 |
| | **292,246** | 442,937 | **152,929** | 189,271 |

# Notes to the Financial Statements

August 31, 2015

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

### (b) Acquisition of subsidiaries

| | Group At fair values 2015 S$'000 |
|---|---|
| **Identifiable assets and liabilities** | |
| Property, plant and equipment [Note 9(a)] | **167** |
| Intangible assets (excluding goodwill) [Note 15(b)] | **8,140** |
| Current assets (including cash) | **2,983** |
| Deferred income tax liabilities [Note 7(a)(i)] | **(1,171)** |
| Current liabilities | **(2,936)** |
| Identifiable net assets acquired | **7,183** |
| Less: Non-controlling interests at fair value | **(2,543)** |
| Less: Amount previously accounted for as an associated company | **(580)** |
| Goodwill on acquisition [Note 15(a)] | **27,430** |
| Total purchase consideration [Note 20(b)(i)] | **31,490** |
| Less: Cash and cash equivalents | **(1,929)** |
| Net cash outflow on acquisition of subsidiaries | **29,561** |

**Note (b)(i)**

**Waterbrooks Consultants Pte Ltd ("Waterbrooks")**

On September 5, 2014, the Group acquired 60% of the issued share capital of Waterbrooks. Waterbrooks provides investor relations, financial and corporate communications, sustainability reporting and crisis management services. The acquisition included certain trademarks and other intellectual property rights of Waterbrooks.

The total consideration for the acquisition was S$0.9 million. After accounting for cash acquired of S$0.1 million, the net cash outflow as of August 31, 2015 was S$0.8 million. The Group has recognised intangible assets of S$0.8 million (including goodwill).

An amount of S$1.1 million representing the fair value of the call option for the remaining 40% of the shares was recorded in the Group's capital reserve and liabilities accordingly.

The acquired business contributed revenue of S$1.2 million and net profit of S$0.1 million for the period September 5, 2014 to August 31, 2015. There is no material effect to the Group operating revenue and net profit had the acquisition occurred on September 1, 2014.

**StreetSine Technology Group Pte Ltd ("StreetSine")**

On October 31, 2014, the Group acquired 60% of the issued share capital of StreetSine. StreetSine provides real-time proprietary information and advanced analytics on the real estate sector in Singapore.

The total consideration for the acquisition was S$30 million. After accounting for cash acquired of S$1.6 million, the net cash outflow as of August 31, 2015 was S$28.4 million. The Group has recognised intangible assets of S$33.6 million (including goodwill).

The acquired business contributed revenue of S$3.5 million and net loss of S$1.8 million to the Group for the period October 31, 2014 to August 31, 2015. If the acquisition had occurred on September 1, 2014, Group operating revenue and net profit for the year ended August 31, 2015 would have increased by another S$0.8 million and decreased by another S$0.3 million respectively.

# Notes to the Financial Statements

August 31, 2015

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

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

**Note (b)(i) (cont'd)**

**Beerfest Asia Pte Ltd ("Beerfest")**

On June 2, 2015, the Group acquired an additional 40% stake in Beerfest at a consideration of S$0.6 million. As a result, the Group's shareholdings in Beerfest increased from the initial 40% to 80%. The investment was re-categorised from Investment in associates to Investment in subsidiaries and accounted for accordingly.

The total consideration for the acquisition was S$0.6 million. After accounting for cash acquired of S$0.2 million, the net cash outflow as of August 31, 2015 was S$0.4 million. The Group has recognised intangible assets of S$1.2 million (including goodwill), subject to completion of the purchase price allocation exercise.

The acquired business contributed revenue of S$1.7 million and net profit of S$0.04 million to the Group for the period June 2, 2015 to August 31, 2015. There is no material effect to the Group operating revenue and net profit had the acquisition occurred on September 1, 2014.

### (c) Acquisition of businesses by subsidiaries

| | Group At fair values 2014 S$'000 |
|---|---|
| **Identifiable assets and liabilities** | |
| Property, plant and equipment [Note 9(b)] | 21 |
| Intangible assets (excluding goodwill) [Note 15(b)] | 8,378 |
| Current assets | 48 |
| Identifiable net assets acquired | 8,447 |
| Goodwill on acquisitions [Note 15(a)] | 3,294 |
| Total purchase consideration [Note 20(c)(i)] | 11,741 |
| Less: Consideration payable | (1,210) |
| Net cash outflow on acquisition of businesses by subsidiaries | 10,531 |

**Note (c)(i)**

**Facon Exhibitions Sdn Bhd ("Facon")**

On September 16, 2013, Sphere Exhibits Pte Ltd acquired the exhibitions business and certain assets of Facon for a total consideration of S$7 million. The exhibitions business comprises exhibitions marketed in Malaysia under the respective names, logos and marks "Facon Education fair", "ICA" - an international exhibition on Instruments, Controls and Automation and "M. Lab" - an international exhibition on laboratory instruments and services.

The Group had recognised intangible assets (including goodwill) of S$7 million.

The acquired business contributed revenue of S$3.5 million and net profit of S$1 million for the period September 16, 2013 to August 31, 2014. There was no material effect to the Group operating revenue and net profit had the acquisition occurred on September 1, 2013.

# Notes to the Financial Statements

August 31, 2015

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

### (c) Acquisition of businesses by subsidiaries (cont'd)

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

**Write On Media Sdn Bhd ("WOM")**

On December 2, 2013, Blu Inc Media Sdn Bhd acquired certain assets and contracts from WOM. WOM publishes HWM Malaysia, Home & Decor Malaysia, GameAxis Malaysia, Megaguide and Vibes.

The total consideration for the acquisition was S$0.4 million. The net cash outflow as of August 31, 2014 was S$0.3 million with the balance of S$0.1 million payable upon meeting certain conditions. The Group had recognised goodwill of S$0.4 million.

The acquired business contributed revenue of S$1 million and net loss of S$0.2 million to the Group for the period December 2, 2013 to August 31, 2014. If the acquisition had occurred on September 1, 2013, Group operating revenue and net profit for the year ended August 31, 2014 would have increased by another S$0.6 million and S$0.1 million respectively.

**Harenet Communications Sdn Bhd and Harenet Expo Sdn Bhd (collectively "Harenet")**

On May 27, 2014, Sphere Exhibits Pte Ltd acquired the exhibitions and events business of Harenet. The acquired business comprised exhibitions marketed in Malaysia under the respective names, logos and marks "KL wedding expo", "Parents & Kids Expo", "International Baby Expo" and "Motherhood Expo".

The total consideration for the acquisition was S$2 million. The net cash outflow as at August 31, 2014 was S$1 million. The balance of S$1 million was payable upon meeting certain conditions. The Group had recognised intangible assets (including goodwill) of S$2 million.

The acquired business contributed revenue of S$0.5 million and net profit of S$0.1 million to the Group for the period May 27, 2014 to August 31, 2014. If the acquisition had occurred on September 1, 2013, Group operating revenue and net profit for the year ended August 31, 2014 would have increased by another S$1.6 million and S$0.3 million respectively.

**White Wave Media Group Pte Ltd ("WWMG")**

On August 31, 2014, SPH Magazines Pte Ltd acquired the business and assets of Luxury-Insider.com from WWMG.

The total consideration for the acquisition was S$2.4 million and of which S$2.3 million was paid as at August 31, 2014. The Group had recognised intangible assets (including goodwill) of S$2.3 million.

If the acquisition had occurred on September 1, 2013, Group operating revenue and net profit for the year ended August 31, 2014 would have increased by another S$0.7 million and S$0.3 million respectively.

# Notes to the Financial Statements

August 31, 2015

## 21. TRADE AND OTHER PAYABLES

### (a) Non-current

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Deposits received | **42,728** | 34,875 | **–** | – |
| Collections in advance | **5,471** | – | **5,471** | – |
| | **48,199** | 34,875 | **5,471** | – |

### (b) Current

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Trade payables – non-related parties | **29,954** | 24,718 | **18,282** | 12,124 |
| Amount owing to | | | | |
| - Subsidiaries [Note 21(b)(i)] | **–** | – | **662,027** | 639,397 |
| - Joint ventures [Note 21(b)(ii)] | **17,188** | 24,926 | **7,529** | 24,926 |
| | **17,188** | 24,926 | **669,556** | 664,323 |
| Accrued operating expenses | **142,920** | 170,650 | **93,017** | 107,405 |
| Deposits received | **23,461** | 28,732 | **9,781** | 10,067 |
| Sundry creditors | **20,416** | 17,719 | **12,013** | 12,170 |
| Collections in advance | **37,232** | 31,301 | **15,796** | 13,245 |
| | **271,171** | 298,046 | **818,445** | 819,334 |

(i) The amounts owing to subsidiaries are non-trade, unsecured, repayable on demand and interest-free. As at August 31, 2014, there was an amount of S$9.8 million owing to a subsidiary with effective interest rate of 0.42% per annum.

(ii) The amounts owing to joint ventures are non-trade, unsecured, repayable on demand and interest-bearing. The effective interest rates range from 0.43% to 0.46% (2014: 0.18% to 0.29%) per annum as at the balance sheet date.

# Notes to the Financial Statements

August 31, 2015

## 22. CAPITAL AND OTHER COMMITMENTS

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Authorised and contracted for | | | | |
| - Property, plant and equipment | **7,777** | 5,007 | **7,496** | 4,832 |
| - Investment properties | **6,450** | 39,262 | **–** | – |
| - Long-term/Short-term investments | **18,483** | 9,272 | **–** | – |
| | **32,710** | 53,541 | **7,496** | 4,832 |

### (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 | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Within 1 year | **8,823** | 9,064 | **305** | 565 |
| Between 1 - 5 years | **21,430** | 21,217 | **272** | 473 |
| After 5 years | **127,557** | 134,789 | **–** | – |
| | **157,810** | 165,070 | **577** | 1,038 |

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

The operating lease rental expense of S$15.4 million (2014: S$13.6 million) was recognised in the income statement during the financial year.

### (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 | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Within 1 year | **221,382** | 206,243 |
| Between 1 - 5 years | **327,737** | 351,587 |
| After 5 years | **2,998** | 4,663 |
| | **552,117** | 562,493 |

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

# Notes to the Financial Statements
August 31, 2015

## 23. OPERATING REVENUE

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| **Media** | | |
| Sale of services – Advertisements | **668,025** | 721,690 |
| Sale of goods – Circulation | **175,973** | 186,035 |
| Others | **58,508** | 55,655 |
| | **902,506** | 963,380 |
| **Property** | | |
| Rental and rental-related services | **230,751** | 204,985 |
| **Others** | | |
| Sale of services – Advertisements | **14,034** | 14,369 |
| Sale of services – Multimedia and other services | **29,789** | 32,450 |
| | **43,823** | 46,819 |
| | **1,177,080** | 1,215,184 |

## 24. STAFF COSTS

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Salaries, bonuses and other costs | **326,311** | 330,678 |
| Employers' contribution to defined contribution plans | **39,359** | 38,865 |
| Share-based compensation expense [Note 5(b)] | **5,940** | 4,976 |
| | **371,610** | 374,519 |

# Notes to the Financial Statements

August 31, 2015

## 25. OTHER OPERATING EXPENSES

| | Group | |
|---|---|---|
| | **2015** | 2014 |
| | **S$'000** | S$'000 |
| Included in other operating expenses are: | | |
| Audit fees | | |
| - Company's auditors | **867** | 858 |
| - Other auditors | **74** | 49 |
| Non-audit fees# | | |
| - Company's auditors | **289** | 267 |
| Net foreign exchange differences from operations | **657** | 462 |
| Allowance for impairment of trade receivables [Note 31(b)(ii)] | **370** | 3,761 |
| Bad debts recovery | **(251)** | (300) |
| Impairment of property, plant and equipment | **–** | 9,939 |
| Net loss on disposal of property, plant and equipment | **150** | 618 |
| Impairment of goodwill [Note 15(a)] | **8,768** | – |
| Impairment of intangible assets [Note 15(b)] | **301** | – |
| Amortisation of intangible assets [Note 15(b) and 15(c)] | **11,042** | 9,614 |
| Write-back of impairment of loan to an associate | **–** | (388) |

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

## 26. FINANCE COSTS

| | Group | |
|---|---|---|
| | **2015** | 2014 |
| | **S$'000** | S$'000 |
| Interest expense | | |
| - Bank loans | **18,763** | 11,517 |
| - Fixed rate notes | **8,407** | 16,860 |
| - Loans from non-controlling interest | **492** | – |
| Cash flow hedges, reclassified from hedging reserve* | **5,958** | 6,689 |
| | **33,620** | 35,066 |

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

# Notes to the Financial Statements

August 31, 2015

## 27. NET INCOME FROM INVESTMENTS

| | Group | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| **Available-for-sale financial assets** | | |
| Interest income | **1,817** | 3,025 |
| Dividend income | **30,413** | 33,284 |
| Net foreign exchange differences | **5,808** | 235 |
| Transfer from fair value reserve on disposal of investments [Note 5(d)] | **43,991** | 11,865 |
| Impairment of investments [Note 5(d) and 18] | **(1,419)** | (7,282) |
| | **80,610** | 41,127 |
| **Financial assets at fair value through profit or loss** | | |
| Net fair value changes on investments | | |
| - Designated upon initial recognition | **1,515** | 2,406 |
| - Held for trading | **202** | – |
| Net fair value changes on derivative financial instruments | **(37,318)** | 3,141 |
| | **(35,601)** | 5,547 |
| **Deposits with financial institutions** | | |
| Interest income | **2,397** | 2,573 |
| Net foreign exchange differences | **4,301** | (1,032) |
| | **6,698** | 1,541 |
| | **51,707** | 48,215 |

## 28. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | **2015 S$'000** | 2014 S$'000 |
| Tax-exempt dividends paid: | | |
| - Final dividend of 8 cents per share in respect of previous financial year (2014: 8 cents per share) | **129,300** | 129,230 |
| - Special final dividend of 6 cents per share in respect of previous financial year (2014: 7 cents per share) | **96,975** | 113,077 |
| - Interim dividend of 7 cents per share (2014: 7 cents per share) | **113,073** | 113,137 |
| | **339,348** | 355,444 |

The Directors have proposed a final dividend of 8 cents per share and a special final dividend of 5 cents per share for the financial year, amounting to a total of S$209.8 million. These dividends are tax-exempt.

These financial statements do not reflect these proposed dividends, which will be accounted for in shareholders' interests as an appropriation of retained profit in the financial year ending August 31, 2016 when they are approved at the next annual general meeting.

# Notes to the Financial Statements

August 31, 2015

## 29. EARNINGS PER SHARE

| | Group | | | |
|---|---|---|---|---|
| | **2015** | | 2014 | |
| | **Basic S$'000** | **Diluted S$'000** | Basic S$'000 | Diluted S$'000 |
| Profit after taxation attributable to shareholders of the Company | **321,701** | **321,701** | 404,286 | 404,286 |

| | **Number of Shares** | | Number of Shares | |
|---|---|---|---|---|
| | **'000** | **'000** | '000 | '000 |
| Weighted average number of shares | **1,615,527** | **1,615,527** | 1,615,858 | 1,615,858 |
| Adjustment for assumed conversion of performance shares | **–** | **7,372** | – | 8,004 |
| Weighted average number of shares used to compute earnings per share | **1,615,527** | **1,622,899** | 1,615,858 | 1,623,862 |

| | **Basic** | **Diluted** | Basic | Diluted |
|---|---|---|---|---|
| Earnings per share (S$) | **0.20** | **0.20** | 0.25 | 0.25 |

## 30. SIGNIFICANT SUBSIDIARIES OF THE GROUP

| Name of Subsidiaries | Principal Activities | Country of Incorporation | Effective % of Equity held by the Group 2015 % | 2014 % |
|---|---|---|---|---|
| Times Properties Private Limited | Letting properties and provision of property management services | Singapore | **100** | 100 |
| Orchard 290 Ltd | Holding investments and management of shopping centres and other commercial properties | Singapore | **100** | 100 |
| Singapore News and Publications Limited | Holding investments and properties | Singapore | **100** | 100 |
| Singapore Newspaper Services Private Limited | Holding investments and properties | Singapore | **100** | 100 |
| Lianhe Investments Pte. Ltd. | Holding investments for trading purposes | Singapore | **100** | 100 |
| SPH MultiMedia Private Limited | Holding investments | Singapore | **100** | 100 |
| SPH AsiaOne Ltd | Holding investments | Singapore | **100** | 100 |
| The Seletar Mall Pte Ltd | Holding property investments and management of shopping centre | Singapore | **70** | 70 |
| SPH REIT | Holding property investments | Singapore | **70** | 70 |

*Note:*
(i) *The above companies are audited by KPMG LLP, Singapore.*
(ii) *A list of other operating subsidiaries of the Group can be found on pages 209 and 210 of the annual report.*

# Notes to the Financial Statements

August 31, 2015

## 31. FINANCIAL RISK MANAGEMENT

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

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

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

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 joint ventures, 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 joint ventures.

# Notes to the Financial Statements

August 31, 2015

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

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

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

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

**2015**

| | SGD S$'000 | USD S$'000 | Others S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade and other receivables | 125,801 | 53,230 | 7,390 | 186,421 |
| Long-term investments | 8,452 | – | – | 8,452 |
| Short-term investments | 103,042 | – | – | 103,042 |
| Cash and cash equivalents | 261,984 | 17,677 | 12,585 | 292,246 |
| | 499,279 | 70,907 | 19,975 | 590,161 |
| **Financial liabilities** | | | | |
| Trade and other payables | (253,626) | (16,851) | (6,190) | (276,667) |
| Borrowings | (1,281,601) | – | (2,351) | (1,283,952) |
| | (1,535,227) | (16,851) | (8,541) | (1,560,619) |
| **Net financial (liabilities)/assets** | (1,035,948) | 54,056 | 11,434 | (970,458) |
| Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies | 1,035,948 | – | (9,320) | 1,026,628 |
| Less: Firm commitments in foreign currencies | – | (2,401) | (19) | (2,420) |
| Less: Currency forwards | – | (239,668) | (3,491) | (243,159) |
| **Currency exposure** | – | (188,013) | (1,396) | (189,409) |

# Notes to the Financial Statements
August 31, 2015

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

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

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

2014

| | SGD S$'000 | USD S$'000 | Others S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade and other receivables | 125,956 | 1,274 | 11,733 | 138,963 |
| Short-term investments | 364,390 | – | – | 364,390 |
| Cash and cash equivalents | 427,665 | 4,964 | 10,308 | 442,937 |
| | 918,011 | 6,238 | 22,041 | 946,290 |
| **Financial liabilities** | | | | |
| Trade and other payables | (289,999) | (3,063) | (8,558) | (301,620) |
| Borrowings | (1,802,472) | – | (3,004) | (1,805,476) |
| | (2,092,471) | (3,063) | (11,562) | (2,107,096) |
| **Net financial (liabilities)/assets** | (1,174,460) | 3,175 | 10,479 | (1,160,806) |
| Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies | 1,174,460 | – | (9,234) | 1,165,226 |
| Less: Firm commitments in foreign currencies | – | (693) | (272) | (965) |
| Less: Currency forwards | – | (343,407) | (11,026) | (354,433) |
| **Currency exposure** | – | (340,925) | (10,053) | (350,978) |

# Notes to the Financial Statements

August 31, 2015

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

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

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

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

**2015**

| | SGD S$'000 | USD S$'000 | Others S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade and other receivables | 1,454,487 | 405 | 252 | 1,455,144 |
| Short-term investments | 29,988 | – | – | 29,988 |
| Cash and cash equivalents | 136,047 | 16,501 | 381 | 152,929 |
| | 1,620,522 | 16,906 | 633 | 1,638,061 |
| **Financial liabilities** | | | | |
| Trade and other payables | (789,807) | (12,734) | (108) | (802,649) |
| Borrowings | (85,000) | – | – | (85,000) |
| | (874,807) | (12,734) | (108) | (887,649) |
| **Net financial assets** | 745,715 | 4,172 | 525 | 750,412 |
| Less: Net financial assets denominated in the Company's functional currencies | (745,715) | – | – | (745,715) |
| Less: Firm commitments in foreign currencies | – | (2,401) | (19) | (2,420) |
| **Currency exposure** | – | 1,771 | 506 | 2,277 |

# Notes to the Financial Statements

August 31, 2015

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

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

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

2014

| | SGD S$'000 | USD S$'000 | Others S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade and other receivables | 1,793,366 | 769 | 300 | 1,794,435 |
| Short-term investments | 179,982 | – | – | 179,982 |
| Cash and cash equivalents | 185,755 | 3,188 | 328 | 189,271 |
| | 2,159,103 | 3,957 | 628 | 2,163,688 |
| **Financial liabilities** | | | | |
| Trade and other payables | (802,200) | (3,518) | (371) | (806,089) |
| Borrowings | (829,482) | – | – | (829,482) |
| | (1,631,682) | (3,518) | (371) | (1,635,571) |
| **Net financial assets** | 527,421 | 439 | 257 | 528,117 |
| Less: Net financial assets denominated in the Company's functional currencies | (527,421) | – | – | (527,421) |
| Less: Firm commitments in foreign currencies | – | (693) | (272) | (965) |
| Less: Currency forwards | – | (6,112) | – | (6,112) |
| **Currency exposure** | – | (6,366) | (15) | (6,381) |

# Notes to the Financial Statements

August 31, 2015

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

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

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

If the USD changed against the SGD by 5% (2014: 5%) with all other variables including tax rate being held constant, the effects arising from the currency exposure will be as follows:

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Profit after tax S$'000** | **Other comprehensive income S$'000** | Profit after tax S$'000 | Other comprehensive income S$'000 |
| **Increase/(Decrease)** | | | | |
| **Group** | | | | |
| USD against SGD | | | | |
| - strengthened | **(7,803)** | **–** | (14,148) | – |
| - weakened | **7,803** | **–** | 14,148 | – |
| **Company** | | | | |
| USD against SGD | | | | |
| - strengthened | **73** | **–** | (264) | – |
| - weakened | **(73)** | **–** | 264 | – |

#### (ii) Price risk

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

If prices for equity securities changed by 20% (2014: 20%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income arising from the change in valuation of the equity securities will be as follows:

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Profit after tax S$'000** | **Other comprehensive income S$'000** | Profit after tax S$'000 | Other comprehensive income S$'000 |
| **Increase/(Decrease)** | | | | |
| **Group** | | | | |
| Long-term and Short-term investments | | | | |
| - increased by | **1,915** | **181,194** | 1,788 | 222,626 |
| - decreased by | **(1,915)** | **(181,194)** | (1,788) | (222,626) |
| **Company** | | | | |
| Long-term investments | | | | |
| - increased by | **–** | **7,600** | – | 8,600 |
| - decreased by | **–** | **(7,600)** | – | (8,600) |

# Notes to the Financial Statements

August 31, 2015

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

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

#### (iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

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

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

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD.

Movements in interest rates will therefore have an impact on the Group. A change of 0.5% point (2014: 0.5% point) in interest rate at the reporting date would affect profit after tax and other comprehensive income by the amounts shown below, assuming that all other variables remain constant.

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Profit after tax S$'000** | **Other comprehensive income S$'000** | Profit after tax S$'000 | Other comprehensive income S$'000 |
| **Increase/(Decrease)** | | | | |
| **Group** | | | | |
| Borrowings | | | | |
| - increased by | **(1,480)** | **–** | (2,772) | – |
| - decreased by | **1,480** | **–** | 2,772 | – |
| Short-term investments | | | | |
| - increased by | **(179)** | **(161)** | (346) | (1,030) |
| - decreased by | **179** | **161** | 346 | 1,030 |
| **Company** | | | | |
| Borrowings | | | | |
| - increased by | **–** | **–** | (456) | – |
| - decreased by | **–** | **–** | 456 | – |

# Notes to the Financial Statements

August 31, 2015

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

### (b) Credit risk

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

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet which comprise mainly trade and other receivables, investments in bonds and notes, and cash balances placed with banks. As at August 31, 2015, trade and other receivables included amounts owing by three counterparties totalling S$52 million, being proceeds from the disposal of short-term investments due after financial year-end. In addition, the Company is the primary obligor for unsecured composite advance facilities which could be utilised by the Company and its designated subsidiaries. The amount utilised by the Company as at August 31, 2015 was S$85 million (2014: nil) [Note 8(g)].

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| **By types of customers** | | | | |
| Advertisement | **80,405** | 87,269 | **66,424** | 70,191 |
| Circulation | **12,341** | 11,699 | **11,429** | 10,261 |
| Multimedia | **4,610** | 4,293 | **1,535** | 1,904 |
| Broadcasting | **4,270** | 5,018 | **–** | – |
| Rental | **3,249** | 2,121 | **–** | – |
| Others | **11,792** | 13,551 | **2,193** | 5,113 |
| | **116,667** | 123,951 | **81,581** | 87,469 |

As at August 31, 2015, 40% - 60% (2014: 40% - 60%) of the trade receivables were backed by bankers'/insurance guarantees and/or deposits from customers.

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

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

# Notes to the Financial Statements
August 31, 2015

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

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

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Past due 1 to 30 days | **22,061** | 23,735 | **12,805** | 10,936 |
| Past due 31 to 60 days | **8,523** | 8,811 | **3,568** | 4,030 |
| Past due 61 to 90 days | **4,208** | 4,018 | **1,393** | 1,129 |
| Past due over 90 days | **4,330** | 4,223 | **2,878** | 2,032 |
| | **39,122** | 40,787 | **20,644** | 18,127 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Gross amount | **9,193** | 11,567 | **6,693** | 8,767 |
| Less: Allowance for impairment | **(9,193)** | (11,567) | **(6,693)** | (8,767) |
| | **–** | – | **–** | – |
| Beginning of financial year | **11,567** | 10,385 | **8,767** | 7,503 |
| Acquisition of a subsidiary | **69** | – | **–** | – |
| Allowance made [Note 25] | **370** | 3,761 | **61** | 3,225 |
| Allowance utilised | **(2,808)** | (2,552) | **(2,135)** | (1,961) |
| Currency translation difference | **(5)** | (27) | **–** | – |
| End of financial year | **9,193** | 11,567 | **6,693** | 8,767 |

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

# Notes to the Financial Statements
August 31, 2015

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

### (c) Liquidity risk

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

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

| | Less than 1 year S$'000 | Between 1 and 2 years S$'000 | Between 2 and 5 years S$'000 | Over 5 years S$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At August 31, 2015** | | | | |
| Net-settled interest rate swaps | **(2,881)** | **453** | **7,301** | **–** |
| Gross-settled currency forwards | | | | |
| - Receipts | **236,700** | **–** | **–** | **–** |
| - Payments | **(243,675)** | **–** | **–** | **–** |
| Trade and other payables | **(233,939)** | **(13,941)** | **(26,852)** | **(1,935)** |
| Borrowings | **(358,369)** | **(17,162)** | **(978,913)** | **–** |
| | **(602,164)** | **(30,650)** | **(998,464)** | **(1,935)** |
| At August 31, 2014 | | | | |
| Net-settled interest rate swaps | (6,390) | (4,211) | (28) | 1,487 |
| Gross-settled currency forwards | | | | |
| - Receipts | 354,428 | – | – | – |
| - Payments | (353,879) | – | – | – |
| Trade and other payables | (266,745) | (13,210) | (21,167) | (498) |
| Borrowings | (949,724) | (298,407) | (322,708) | (303,724) |
| | (1,222,310) | (315,828) | (343,903) | (302,735) |
| **Company** | | | | |
| **At August 31, 2015** | | | | |
| Trade and other payables | **(802,649)** | **–** | **–** | **–** |
| Borrowings | **(85,046)** | **–** | **–** | **–** |
| | **(887,695)** | **–** | **–** | **–** |
| At August 31, 2014 | | | | |
| Net-settled interest rate swap | (330) | – | – | – |
| Gross-settled currency forwards | | | | |
| - Receipts | 6,115 | – | – | – |
| - Payments | (6,112) | – | – | – |
| Trade and other payables | (806,089) | – | – | – |
| Borrowings | (839,987) | – | – | – |
| | (1,646,403) | – | – | – |

# Notes to the Financial Statements

August 31, 2015

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

### (d) Capital management

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 8.9% per annum for the current financial year ended August 31, 2015 (2014: 11.0% per annum) and is in line with the Group's objectives. The "Return on Shareholders' Funds" for the last 5 years was between 8.9% and 17.4%.

### (e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

**Group**

**2015**

| | Level 1 S$'000 | Level 2 S$'000 | Level 3 S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Investment properties | – | – | 3,940,951 | 3,940,951 |
| Financial assets at fair value through profit or loss | 52,112 | 857 | – | 52,969 |
| Available-for-sale financial assets | 683,305 | 231,267 | 124,404 | 1,038,976 |
| Derivative financial instruments | – | 5,103 | – | 5,103 |
| | 735,417 | 237,227 | 4,065,355 | 5,037,999 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (7,081) | – | (7,081) |

# Notes to the Financial Statements

August 31, 2015

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

### (e) Fair value measurements (cont'd)

Group

2014

| | Level 1 S$'000 | Level 2 S$'000 | Level 3 S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Investment properties | – | – | 3,860,451 | 3,860,451 |
| Financial assets at fair value through profit or loss | 64,347 | – | – | 64,347 |
| Available-for-sale financial assets | 1,103,596 | 377,702 | 85,647 | 1,566,945 |
| Derivative financial instruments | – | 899 | – | 899 |
| | 1,167,943 | 378,601 | 3,946,098 | 5,492,642 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (9,413) | – | (9,413) |

**Company**

| | **Level 1 S$'000** | **Level 2 S$'000** | **Level 3 S$'000** | **Total S$'000** |
|---|---|---|---|---|
| **2015** | | | | |
| **Assets** | | | | |
| Available-for-sale financial assets | **70,056** | **–** | **–** | **70,056** |
| 2014 | | | | |
| **Assets** | | | | |
| Available-for-sale financial assets | 250,534 | – | – | 250,534 |
| Derivative financial instruments | – | 3 | – | 3 |
| | 250,534 | 3 | – | 250,537 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (303) | – | (303) |

The assessment of the fair value of unquoted financial instruments is performed on a quarterly basis by the Group's finance department. The determination of the fair value of investment properties is performed on an annual basis by external independent property valuers having appropriate recognised professional qualifications and experience in the category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted and addresses any significant issues that may arise.

# Notes to the Financial Statements
August 31, 2015

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

### (e) Fair value measurements (cont'd)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

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

Where a valuation technique for financial instruments is based on significant unobservable inputs, such instruments are included in Level 3. The fair value of investment properties and available-for-sale financial assets included in Level 3 is determined as follows:

| Description | Valuation technique(s) | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| **Investment properties** | | | |
| Completed<br>- Retail, residential and commercial | Capitalisation approach | Capitalisation rate: 3.8% to 5.0% (2014: 3.8% to 5.0%) | The estimated fair value varies inversely with the capitalisation rate. |
| | Discounted cashflow approach | Discount rate: 6.5% to 7.5% (2014: 6.5% to 7.5%) | The estimated fair value varies inversely with the discount rate. |
| | Comparable sales method | Comparable sales prices: S$1,250psf to S$1,993psf (2014: S$1,100psf to S$2,000psf) | The estimated fair value varies with comparable sales prices. |
| **Available-for-sale financial assets** | | | |
| Equities | Net tangible assets | Net tangible assets* | N.A. |
| Bonds | Net asset value | Net asset value** | N.A. |
| Investment funds | Net asset value | Net asset value** | N.A. |

* *Fair value of unquoted equities is determined by reference to the underlying net tangible assets of the investee companies.*
** *Fair value of unquoted bonds and unquoted investment funds is determined by reference to the underlying asset value of the investee companies, which comprise mainly investment properties at fair value or portfolio investments at fair value.*
*N.A. Not applicable*

# Notes to the Financial Statements

August 31, 2015

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

### (e) Fair value measurements (cont'd)

Movements in Level 3 assets are as follows:

**Group**

| | | Available-for-sale financial assets | | |
|---|---|---|---|---|
| | Investment properties S$'000 | Equities S$'000 | Bonds S$'000 | Investment funds S$'000 |
| **2015** | | | | |
| At September 1, 2014 | **3,860,451** | **733** | **–** | **84,914** |
| Purchases | **44,242** | **2,223** | **8,463** | **19,932** |
| Disposals | **–** | **–** | **–** | **(4,952)** |
| Gains/(Losses) recognised in income statement | **36,258** | **–** | **–** | **(1,394)** |
| Gains/(Losses) recognised in other comprehensive income | **–** | **670** | **(11)** | **7,773** |
| Transferred in from Level 2 | **–** | **6,053** | **–** | **–** |
| At August 31, 2015 | **3,940,951** | **9,679** | **8,452** | **106,273** |
| 2014 | | | | |
| At September 1, 2013 | 3,672,565 | 5,372 | – | 52,575 |
| Purchases | 78,810 | 695 | – | 40,020 |
| Disposals | – | – | – | (4,519) |
| Gains/(Losses) recognised in income statement | 109,076 | (713) | – | (6,353) |
| Gains/(Losses) recognised in other comprehensive income | – | 113 | – | 3,191 |
| Transferred out to Level 2 | – | (4,734) | – | – |
| At August 31, 2014 | 3,860,451 | 733 | – | 84,914 |

During the financial year, an available-for-sale financial asset was transferred from Level 2 to Level 3 due to lack of recent arm's length transactions.

In the previous financial year, an available-for-sale financial asset was transferred from Level 3 to Level 2 as observable market data becomes available.

# Notes to the Financial Statements

August 31, 2015

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

### (f) Financial assets and liabilities not measured at fair value but for which fair values are disclosed

| | Level 1 S$'000 | Level 2 S$'000 | Level 3 S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2015** | | | | |
| **Liabilities** | | | | |
| Borrowings | **–** | **52,531** | **–** | **52,531** |
| 2014 | | | | |
| **Liabilities** | | | | |
| Borrowings | 604,992 | 35,994 | – | 640,986 |
| Company | | | | |
| 2014 | | | | |
| **Liabilities** | | | | |
| Borrowings | 604,992 | – | – | 604,992 |

### (g) Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheets.

**Group**

| | Gross amount of recognised financial assets/ (liabilities) S$'000 | Gross amount of recognised financial assets/ (liabilities) offset in the balance sheet S$'000 | Net amount of financial assets/ (liabilities) presented in the balance sheet S$'000 | Related amount not offset in the balance sheet S$'000 | Net amount S$'000 |
|---|---|---|---|---|---|
| **2015** | | | | | |
| **Financial assets** | | | | | |
| Currency forwards [Note 19] | **106** | **–** | **106** | **(106)** | **–** |
| Interest rate swaps [Note 19] | **4,997** | **–** | **4,997** | **–** | **4,997** |
| | **5,103** | **–** | **5,103** | **(106)** | **4,997** |
| **Financial liabilities** | | | | | |
| Currency forwards [Note 19] | **(7,081)** | **–** | **(7,081)** | **106** | **(6,975)** |
| 2014 | | | | | |
| **Financial assets** | | | | | |
| Currency forwards [Note 19] | 899 | – | 899 | (168) | 731 |
| **Financial liabilities** | | | | | |
| Currency forwards [Note 19] | (353) | – | (353) | 168 | (185) |
| Interest rate swaps [Note 19] | (9,060) | – | (9,060) | – | (9,060) |
| | (9,413) | – | (9,413) | 168 | (9,245) |

# Notes to the Financial Statements

August 31, 2015

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

### (g) Offsetting financial assets and liabilities (cont'd)

Company

2014

| | Gross amount of recognised financial assets/ (liabilities) S$'000 | Gross amount of recognised financial assets/ (liabilities) offset in the balance sheet S$'000 | Net amount of financial assets/ (liabilities) presented in the balance sheet S$'000 | Related amount not offset in the balance sheet S$'000 | Net amount S$'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Currency forwards [Note 19] | 3 | – | 3 | – | 3 |
| **Financial liabilities** | | | | | |
| Interest rate swap [Note 19] | (303) | – | (303) | – | (303) |

### (h) Fair value

The basis for fair value measurement of financial assets and liabilities is set out in Notes 8(i) and 31(e). The fair values of other financial assets and liabilities approximate their carrying amounts.

### (i) Financial instruments by category

**Group**

**2015**

| | Loans and receivables S$'000 | Financial assets at fair value through profit or loss S$'000 | Available-for-sale financial assets S$'000 | Derivatives used for hedging S$'000 | Total S$'000 |
|---|---|---|---|---|---|
| **Assets as per balance sheet** | | | | | |
| Trade and other receivables excluding non-financial instruments | 186,421 | – | – | – | 186,421 |
| Long-term investments | – | 857 | 616,455 | – | 617,312 |
| Short-term investments | – | 52,112 | 422,521 | – | 474,633 |
| Derivative financial instruments | – | 106 | – | 4,997 | 5,103 |
| Bank balances and fixed deposits | 292,246 | – | – | – | 292,246 |
| | 478,667 | 53,075 | 1,038,976 | 4,997 | 1,575,715 |

# Notes to the Financial Statements

August 31, 2015

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

### (i) Financial instruments by category (cont'd)

**Group**

**2015**

| | Financial liabilities at fair value through profit or loss S$'000 | Other financial liabilities at amortised cost S$'000 | Total S$'000 |
|---|---|---|---|
| **Liabilities as per balance sheet** | | | |
| Trade and other payables excluding non-financial instruments | – | 276,667 | 276,667 |
| Borrowings | – | 1,283,952 | 1,283,952 |
| Derivative financial instruments | 7,081 | – | 7,081 |
| | 7,081 | 1,560,619 | 1,567,700 |

2014

| | Loans and receivables S$'000 | Financial assets at fair value through profit or loss S$'000 | Available-for-sale financial assets S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Assets as per balance sheet** | | | | |
| Trade and other receivables excluding non-financial instruments | 138,963 | – | – | 138,963 |
| Long-term investments | – | – | 603,266 | 603,266 |
| Short-term investments | – | 64,347 | 963,679 | 1,028,026 |
| Derivative financial instruments | – | 899 | – | 899 |
| Bank balances and fixed deposits | 442,937 | – | – | 442,937 |
| | 581,900 | 65,246 | 1,566,945 | 2,214,091 |

| | Financial liabilities at fair value through profit or loss S$'000 | Derivatives used for hedging S$'000 | Other financial liabilities at amortised cost S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Liabilities as per balance sheet** | | | | |
| Trade and other payables excluding non-financial instruments | – | – | (301,620) | (301,620) |
| Borrowings | – | – | (1,805,476) | (1,805,476) |
| Derivative financial instruments | (353) | (9,060) | – | (9,413) |
| | (353) | (9,060) | (2,107,096) | (2,116,509) |

# Notes to the Financial Statements

August 31, 2015

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

### (i) Financial instruments by category (cont'd)

**Company**

**2015**

| | Loans and receivables S$'000 | Available-for-sale financial assets S$'000 | Total S$'000 |
|---|---|---|---|
| **Assets as per balance sheet** | | | |
| Trade and other receivables | | | |
| excluding non-financial instruments | 1,455,144 | – | 1,455,144 |
| Long-term investments | – | 38,001 | 38,001 |
| Short-term investments | – | 32,055 | 32,055 |
| Bank balances and fixed deposits | 152,929 | – | 152,929 |
| | 1,608,073 | 70,056 | 1,678,129 |

| | Other financial liabilities at amortised cost S$'000 | Total S$'000 |
|---|---|---|
| **Liabilities as per balance sheet** | | |
| Trade and other payables | | |
| excluding non-financial instruments | (802,649) | (802,649) |
| Borrowings | (85,000) | (85,000) |
| | (887,649) | (887,649) |

# Notes to the Financial Statements

August 31, 2015

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

### (i) Financial instruments by category (cont'd)

Company

2014

| | Loans and receivables S$'000 | Financial assets at fair value through profit or loss S$'000 | Available-for-sale financial assets S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Assets as per balance sheet** | | | | |
| Trade and other receivables excluding non-financial instruments | 1,794,435 | – | – | 1,794,435 |
| Long-term investments | – | – | 42,998 | 42,998 |
| Short-term investments | – | – | 207,536 | 207,536 |
| Derivatives financial instruments | – | 3 | – | 3 |
| Bank balances and fixed deposits | 189,271 | – | – | 189,271 |
| | 1,983,706 | 3 | 250,534 | 2,234,243 |

| | Derivatives used for hedging S$'000 | Other financial liabilities at amortised cost S$'000 | Total S$'000 |
|---|---|---|---|
| **Liabilities as per balance sheet** | | | |
| Trade and other payables excluding non-financial instruments | – | (806,089) | (806,089) |
| Borrowings | – | (829,482) | (829,482) |
| Derivative financial instruments | (303) | – | (303) |
| | (303) | (1,635,571) | (1,635,874) |

# Notes to the Financial Statements

August 31, 2015

## 32. RELATED PARTY TRANSACTIONS

### (a) Sales and purchases of goods and services

| | Group | |
|---|---|---|
| | **2015** | 2014 |
| | **S$'000** | S$'000 |
| Fees paid to a firm of which a director is a member | **–** | 260 |

### (b) Key management personnel compensation and transactions

Key management personnel compensation and transactions are as follows:

| | Group | |
|---|---|---|
| | **2015** | 2014 |
| | **S$'000** | S$'000 |
| Remuneration and other short-term employee benefits | **22,052** | 20,906 |
| Employers' contribution to defined contribution plans | **673** | 562 |
| Share-based compensation expense | **3,372** | 3,300 |
| | **26,097** | 24,768 |
| Staff loans granted to key management personnel | **570** | 430 |

The above includes total emoluments of the Company's directors of S$3.9 million (2014: S$4.3 million).

## 33. SEGMENTAL INFORMATION

### (a) Operating segments

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

The Group is organised into three major operating segments, namely Media, Property, and Treasury and Investment. The Media segment is involved in the production of content for distribution on print and other media platforms. The Property segment holds, manages and develops properties of the Group. The Treasury and Investment segment manages the investment activities of the Group. Other operations under the Group, which are currently not significant to be reported separately, are included under "Others". These include the Group's businesses and investments in online classifieds, events and exhibitions and the New Media Fund.

Segment performance is evaluated based on profit/(loss) before taxation which is used as a measure of performance as management believes this is most relevant in evaluating the results of the segments.

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

# Notes to the Financial Statements

August 31, 2015

## 33. SEGMENTAL INFORMATION (CONT'D)

### (a) Operating segments (cont'd)

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

**2015**

| | Media S$'000 | Property S$'000 | Treasury and Investment S$'000 | Others S$'000 | Eliminations S$'000 | Consolidated S$'000 |
|---|---|---|---|---|---|---|
| **Operating revenue** | | | | | | |
| External sales | 902,506 | 230,751 | – | 43,823 | – | 1,177,080 |
| Inter-segmental sales | 4,892 | 2,007 | – | 2,180 | (9,079) | – |
| Total operating revenue | 907,398 | 232,758 | – | 46,003 | (9,079) | 1,177,080 |
| **Result** | | | | | | |
| Segment result | 239,400 | 173,352 | 50,397 | (25,247) | – | 437,902 |
| Finance costs | (144) | (24,436) | (9,020) | (20) | – | (33,620) |
| Interest income | 158 | 767 | – | – | – | 925 |
| Fair value change on investment properties | – | 36,258 | – | – | – | 36,258 |
| Share of results of associates and joint ventures | 2,066 | – | – | (13,286) | – | (11,220) |
| Profit/(Loss) before taxation | 241,480 | 185,941 | 41,377 | (38,553) | – | 430,245 |
| Taxation | | | | | | (59,823) |
| Profit after taxation | | | | | | 370,422 |
| Non-controlling interests | | | | | | (48,721) |
| Profit attributable to Shareholders | | | | | | 321,701 |
| **Other information** | | | | | | |
| Segment assets | 540,536 | 4,065,528 | 1,230,316 | 233,662 | – | 6,070,042 |
| Segment assets includes: | | | | | | |
| Investments in associates/ joint ventures | 62,839 | – | – | 29,330 | – | 92,169 |
| Additions to: | | | | | | |
| - property, plant and equipment | 12,619 | 502 | – | 431 | – | 13,552 |
| - investment properties | – | 44,242 | – | – | – | 44,242 |
| - intangible assets | 930 | – | – | 34,795 | – | 35,725 |
| Segment liabilities | 192,117 | 1,293,050 | 92,659 | 32,577 | – | 1,610,403 |
| Current income tax liabilities | | | | | | 62,331 |
| Deferred income tax liabilities | | | | | | 50,658 |
| Consolidated total liabilities | | | | | | 1,723,392 |
| Depreciation | 48,298 | 484 | – | 800 | – | 49,582 |
| Amortisation of intangible assets | 2,871 | – | – | 8,171 | – | 11,042 |
| Impairment of goodwill | 8,414 | – | – | 354 | – | 8,768 |
| Impairment of intangible assets | – | – | – | 301 | – | 301 |

# Notes to the Financial Statements

August 31, 2015

## 33. SEGMENTAL INFORMATION (CONT'D)

### (a) Operating segments (cont'd)

2014

| | Media S$'000 | Property S$'000 | Treasury and Investment S$'000 | Others S$'000 | Eliminations S$'000 | Consolidated S$'000 |
|---|---|---|---|---|---|---|
| **Operating revenue** | | | | | | |
| External sales | 963,380 | 204,985 | – | 46,819 | – | 1,215,184 |
| Inter-segmental sales | 6,263 | 1,937 | – | 911 | (9,111) | – |
| Total operating revenue | 969,643 | 206,922 | – | 47,730 | (9,111) | 1,215,184 |
| **Result** | | | | | | |
| Segment result | 251,596 | 148,054 | 47,279 | (15,141) | – | 431,788 |
| Finance costs | (140) | (18,066) | (16,860) | – | – | (35,066) |
| Interest income | 111 | 333 | – | 12 | – | 456 |
| Fair value change on investment properties | – | 109,076 | – | – | – | 109,076 |
| Share of results of associates and joint ventures | 4,097 | – | – | (34,823) | – | (30,726) |
| Gain on partial divestment of a joint venture | – | – | – | 52,863 | – | 52,863 |
| Profit before taxation | 255,664 | 239,397 | 30,419 | 2,911 | – | 528,391 |
| Taxation | | | | | | (57,655) |
| Profit after taxation | | | | | | 470,736 |
| Non-controlling interests | | | | | | (66,450) |
| Profit attributable to Shareholders | | | | | | 404,286 |
| **Other information** | | | | | | |
| Segment assets | 600,151 | 3,997,090 | 1,913,816 | 140,339 | – | 6,651,396 |
| Segment assets includes: | | | | | | |
| Investments in associates/ joint ventures | 65,700 | – | – | 19,341 | – | 85,041 |
| Additions to: | | | | | | |
| - property, plant and equipment | 17,918 | 366 | – | 640 | – | 18,924 |
| - investment properties | – | 78,810 | – | – | – | 78,810 |
| - intangible assets | 2,723 | – | – | 8,949 | – | 11,672 |
| Segment liabilities | 199,374 | 1,311,515 | 600,629 | 36,292 | – | 2,147,810 |
| Current income tax liabilities | | | | | | 60,502 |
| Deferred income tax liabilities | | | | | | 46,901 |
| Consolidated total liabilities | | | | | | 2,255,213 |
| Depreciation | 52,968 | 385 | – | 979 | – | 54,332 |
| Amortisation of intangible assets | 2,985 | – | – | 6,629 | – | 9,614 |
| Impairment of property, plant and equipment | 9,798 | – | – | – | – | 9,798 |

# Notes to the Financial Statements

August 31, 2015

## 33. SEGMENTAL INFORMATION (CONT'D)

### (b) Geographical segments

The principal geographical area in which the Group operates is Singapore. The Group's overseas operations include publishing and distributing magazines, providing marketing and editorial services, providing online classifieds services, organising events and exhibitions, and holding investments.

| | Operating revenue | | Non-current assets | | Total assets | |
|---|---|---|---|---|---|---|
| | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 | **2015 S$'000** | 2014 S$'000 |
| Singapore | **1,136,032** | 1,170,375 | **5,049,503** | 4,979,011 | **5,998,781** | 6,592,575 |
| Other countries | **41,048** | 44,809 | **48,573** | 32,133 | **71,261** | 58,821 |
| | **1,177,080** | 1,215,184 | **5,098,076** | 5,011,144 | **6,070,042** | 6,651,396 |

## 34. 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, 2015 or later periods for which the Group has not early adopted. The management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Group and of the Company.

## 35. COMPARATIVE INFORMATION

During the financial year, the Group had announced a re-organisation of its newspaper divisions including the transfer of media-related subsidiaries and associates (collectively "entities") to the newspaper business to facilitate the growth of the media adjacencies. To better reflect the segmentation of the Group's businesses, the Newspaper and Magazine segment was renamed Media segment and amounts relating to these entities were re-classified from the Others segment to the Media segment. Comparative amounts in the income statement and segmental information were re-classified for consistency, as set out below.

| | Group | |
|---|---|---|
| | As Restated 2014 S$'000 | As Previously Disclosed 2014 S$'000 |
| **Operating revenue** | | |
| Media | 963,380 | 931,686 |
| Others | 46,819 | 78,513 |

## 36. AUTHORISATION OF FINANCIAL STATEMENTS

On October 13, 2015, the Board of Directors of Singapore Press Holdings Limited authorised these financial statements for issue.

# Operating Companies of the Group

as at August 31, 2015

## SUBSIDIARIES

| Name of Subsidiary | Principal Activities | Country of Incorporation |
|---|---|---|
| Beerfest Asia Pte. Ltd. | Organising events, concerts and exhibitions | Singapore |
| Bizlink Exhibition Services Pte. Ltd. | Organising conventions, conferences and exhibitions | Singapore |
| Blu Inc Holdings (Malaysia) Sdn. Bhd. | Holding investments and providing management support services | Malaysia |
| Blu Inc Media (HK) Limited | Publishing magazines and providing editorial and other services | Hong Kong |
| Blu Inc Media China | Advertising and promoting the magazine publishing business | The People's Republic of China |
| Blu Inc Media Sdn. Bhd. | Publishing and distributing magazines and books | Malaysia |
| CT Point Investments Pte. Ltd. | Holding investments | Singapore |
| Digi Ventures Private Limited | Fund management and holding investments | Singapore |
| Exhibits Inc Pte. Ltd. | Organising conventions, conferences and exhibitions | Singapore |
| Focus Publishing Ltd | Publishing magazines and providing editorial services | Singapore |
| Invest Learning Pte. Ltd. | Holding investments | Singapore |
| Invest Media Pte. Ltd. | Holding investments | Singapore |
| Moon Holdings Pte. Ltd. | Holding investments | Singapore |
| New Beginnings Management Consulting (Shanghai) Company Limited | Business management and consultancy services | The People's Republic of China |
| PE One Pte. Ltd. | Holding investments | Singapore |
| Quotz Pte. Ltd. | Providing online system for sales of vehicles and related services | Singapore |
| SGCM Pte. Ltd. | Providing online classifieds services for cars | Singapore |
| Shareinvestor Pte Ltd | Providing online investor relations services, developing applications and operating a financial portal | Singapore |
| Shareinvestor.com Holdings Pte Ltd | Holding investments and providing management services | Singapore |
| SI Portal.com Sdn Bhd | Providing online investor relations services, developing applications and operating a financial portal | Malaysia |
| Sin Chew Jit Poh (Singapore) Limited | Holding investments and properties | Singapore |
| Singapore Press Holdings (Overseas) Limited | Providing marketing and other services and holding investments | Singapore |
| SPH (Americas) Pte Ltd | Providing news reporting services | Singapore |

# Operating Companies of the Group

as at August 31, 2015

## SUBSIDIARIES (CONT'D)

| Name of Subsidiary | Principal Activities | Country of Incorporation |
|---|---|---|
| SPH AlphaOne Pte. Ltd. | Holding investments | Singapore |
| SPH Buzz Pte. Ltd. | Franchising kiosks to third party operators | Singapore |
| SPH Data Services Pte Ltd | Licensing copyrights and trademarks | Singapore |
| SPH Digital Media Pte. Ltd. | Providing online investor relations services and holding investments | Singapore |
| SPH Digital Media Sdn. Bhd. | Providing sales agent services to its ultimate holding corporation | Malaysia |
| SPH Interactive International Pte. Ltd. | Licensing software, providing technical services and holding investments | Singapore |
| SPH Interactive Pte. Ltd. | Holding investments | Singapore |
| SPH Magazines Pte. Ltd. | Publishing magazines, providing online marketing services and editorial services and holding investments | Singapore |
| SPH Media Fund Pte. Ltd. | Holding investments | Singapore |
| SPH REIT Management Pte. Ltd. | Property fund management | Singapore |
| SPH Retail Property Management Services Pte. Ltd. | Managing shopping centres | Singapore |
| SPH Radio Private Limited | Radio broadcasting | Singapore |
| SPHM Pte Ltd | Publishing and distributing magazines | Singapore |
| Sphere Exhibits Pte. Ltd. | Organising conventions, conferences and exhibitions and holding investments | Singapore |
| Sphere Exhibits Malaysia Sdn. Bhd. | Management and promotion of events, exhibitions and meetings | Malaysia |
| Straits Times Press Pte. Ltd. | Publishing and distributing of books | Singapore |
| StreetSine Technology Group Pte. Ltd. | Developing E-commerce applications and software consultancy | Singapore |
| StreetSine Singapore Pte. Ltd. | Web search portals in providing property data and analysis and development of E-commerce applications | Singapore |
| Tamil Murasu Limited | Publishing newspapers | Singapore |
| The Straits Times Press (1975) Limited | Holding investments | Singapore |
| TPR Holdings Pte. Ltd. | Holding investments | Singapore |
| Waterbrooks Consultants Pte. Ltd | Providing public relations and consultancy services | Singapore |

# Operating Companies of the Group

as at August 31, 2015

## ASSOCIATES

| Name of Associate | Principal Activities | Country of Incorporation |
|---|---|---|
| The Chope Group Pte. Ltd. | Providing service automation technology and online reservations portal | Singapore |
| Conversion Hub Marketing Pte. Ltd. | Providing social media advertising | Singapore |
| Hardwarezone Philippines Corporation | Publishing, advertising and providing online services | Philippines |
| Kyosei Ventures Pte. Ltd. | Providing online marketing and technology services | Singapore |
| Magzter Inc. | Self-service digital magazine store and newsstand | United States |
| MediaCorp Press Ltd | Production and distribution of newspapers | Singapore |
| MediaCorp TV Holdings Pte. Ltd. | Provision and marketing of television broadcasting services, production and distribution of television programmes and music albums | Singapore |
| MindChamps Preschool (Worldwide) Pte. Limited | Operating and franchising of early childhood curriculum and enrichment programmes and related investment holdings | Singapore |
| SI.com (Thailand) Co. Ltd | Providing online investor relations services, developing applications and operating a financial portal | Thailand |

## JOINT VENTURES

| Name of Joint Venture | Principal Activities | Country of Incorporation |
|---|---|---|
| 701Search Pte. Ltd. | Online businesses | Singapore |
| 701 Ventures Pte. Ltd. | Providing online classifieds services | Singapore |
| 702Search (Thailand) B.V. | Investment holding and other activities | The Netherlands |
| 703Search (Indonesia) B.V. | Investment holding and other activities | The Netherlands |
| Cho Tot Company Limited | Providing online classifieds services | Vietnam |
| Mudah.my Sdn. Bhd. | Providing online classifieds services | Malaysia |
| SPH Plug and Play Pte. Ltd. | Holding investments | Singapore |

# Overseas Bureaus

As at 26 October 2015

## AUSTRALIA

ST Cynthia Low
Tel 61-2-9449 3767
cynlow@sph.com.sg

## CHINA (BEIJING)

8th Floor, Unit 05
Raffles City Beijing Office Tower
No. 1 Dongzhimen South Street
Dongcheng District
Beijing 100007
P.R. China

ST Kor Kian Beng (Bureau Chief)
HP 86-1590-122 5935
kianbeng@sph.com.sg

Esther Teo
HP 86-1888-887 2095
esthert@sph.com.sg

Teo Cheng Wee
Tel 86-186-1171 4420
chengwee@sph.com.sg

General Line:
Tel 86-10-6418 1577
86-10-6418 1578
Fax 86-10-6418 1580

ZB Chua Eng Wee
Tel 86-10-6418 1586
HP 86-1370-137 7494
chuaew@sph.com.sg

Teo Woan Yee
Tel 86-10-6418 1585
HP 86-1381-090 7437
teowy@sph.com.sg

General Line:
Tel 86-10-6418 1587
Fax 86-10-6418 1584

## CHINA (CHONGQING)

Beian Xingzuo Apartment #25-13
Jiangbeiqu Beichengtianjie No 4
Chongqing 400020
P.R. China

Mktg Chen Shouzhang
Tel 86-23-6786 2330
Fax 86-23-6785 0172
chensz@sph.com.sg
sphzaobao@126.com

Lisa Liao
Tel 86-23-6786 2330
Fax 86-23-6785 0172
sphzaobao02@126.com

## CHINA (GUANGZHOU)

Room 1106, Peace World Plaza
362-366, Huanshi Dong Road
Guangzhou 510060
Guangdong Province
P.R. China

ZB Sim Tze Wei
Tel 86-20-8760 5937
HP 86-1360-111 3033
Fax 86-20-8374 0512
simtw@sph.com.sg

Mktg Janice Zhang Mingshi
Tel 86-20-8374 0537
HP 86-138-2610 1468
Fax 86-20-8374 0512
zhangms@sph.com.sg
zhangmingshi@188.com

## CHINA (HONG KONG)

1308, 13th Floor, Tower Two
Lippo Centre, No. 89 Queensway
Hong Kong

ST Li Xueying
Tel 852-6492 5164
xueying@sph.com.sg

ZB Norman Yik
Tel 852-2524 6191
Fax 852-2524 7394
yikym@sph.com.sg

Mktg Don Li
Tel 852-2877 9076
Fax 852-2522 0950
sph03@netvigator.com

Amanda So
Tel 852-2877 9076
Fax 852-2522 0950
sph05@biznetvigator.com

Echo Cheung
Tel 852-2877 9076
Fax 852-2522 0950
sph02@netvigator.com

## CHINA (SHANGHAI)

Unit 1302, Block A,
No 868 East Longhua Road
Shanghai 200023
P.R. China

ZB Gu Gong Lei
Tel 86-21-6319 1992
HP 86-1391-761 4631
Fax 86-21-6319 1991
gugl@sph.com.sg

# Overseas Bureaus

As at 26 October 2015

## EUROPE

ST Jonathan Eyal
Tel 44-78-0313 8213
Fax 44-20-7930 5854
jonathan.eyal@gmail.com

BT Neil Behrmann
neilbehrma@aol.com

## INDIA (NEW DELHI)

ST Nirmala Ganapathy
HP 91-9891 257 047
gnirmala@sph.com.sg

## INDO CHINA

ST Nirmal Ghosh (Bureau Chief)
HP 66-8-9897 0802
Fax 66-2-664 2070
nirmal@sph.com.sg

## INDONESIA (JAKARTA)

Suite 1401, 14th Floor
Deutsche Bank Building
Jalan Imam Bonjol 80
Jakarta 10310
Indonesia

ST Francis Chan (Bureau Chief)
Tel 62-21-3983 1469
HP 62-81-1984 8922
Fax 62-21-3983 1466
tkchan@sph.com.sg

Wahyudi Soeriaatmadja
Tel 62-21-3983 1469
HP 62-81-6851 600
wahyudis@sph.com.sg

General Line :
Tel 62-21-3983 1465

## JAPAN (TOKYO)

5-A, 6-28, Akasaka 6-chome
Minato-ku, Tokyo 107-0052
Japan

BT Anthony Rowley
Tel 81-3-5467 4656
Fax 81-3-5467 4656
arowley@orion.ocn.ne.jp

ZB Foo Choo Wei
Tel 090-8567 9193
choowei@sph.com.sg

Mktg Hiroshi Okawa
Tel 81-3-3582 6259
Fax 81-3-3582-6259
hokawa@sph.com.sg
hiroshi_okawa@amail.plala.or.jp

Maki Ichihara
Tel 81-3-3582 6259
Fax 81-3-3582-6259
maki_ichihara@amail.plala.or.jp

## KOREA (SEOUL)

ZB Kang Gwi Young
Tel 82-10-8940 3982
kanggy@sph.com.sg

ST Chang May Choon
Tel 82-10-5101 2766
changmc@sph.com.sg

## MALAYSIA

Suite 11A, Level 11
Etiqa Twins, Tower 2
No. 11 Jalan Pinang
50450 Kuala Lumpur
Malaysia

ST Shannon Teoh
Tel 60-19-227 0058
Fax 02-03-2164 6439
shannont@sph.com.sg

Eunice Au
HP 008-6016-515 8604
euniceau@sph.com.sg

Amy Chew Su-May
HP 008-6016-333 1673
amychew@sph.com.sg

BT Pauline Ng
Tel 60-19-283 8403
pscng1@yahoo.com

Unit A-19-5, 19th floor,
Northpoint Office, Mid Valley City
No 1 Jalan Medan Syed Putra Utara
59200 Kuala Lumpur
Malaysia

Mktg Wong Siang Ling
Tel 603-2287 2262
Fax 603-2287 2201
siangling@sphmsia.com

Janise Low
Tel 603-2287 2262
Fax 603-2287 2201
janise@sphmsia.com

Jenny Yap
Tel 603-2287 2262
Fax 603-2287 2201
jenny@sphmsia.com

Violet Poh
Tel 603-2287 2262
Fax 603-2287 2201
violet@sphmsia.com

# Overseas Bureaus

As at 26 October 2015

## PHILIPPINES (MANILA)

ST Raul Dancel
HP 63-927-151 1995
63-916-788 0070
rdancel@sph.com.sg

## TAIWAN (TAIPEI)

12F-3, No. 57 Section 1
Chong Qing South Road
Zhong Zheng District
Taipei City 10048
Taiwan (R.O.C.)

ZB Woo Mun Kit
Tel 886-2-2383 2732
Fax 886-2-2375 7822
mkwoo@sph.com.sg

## THAILAND (BANGKOK)

ST Tan Hui Yee
HP 66-8-9811 1854
tanhy@sph.com.sg

## U.S.A. (OHIO)

ST Paul Zach
Tel 1-440-212 4125
zach@sph.com.sg

## U.S.A. (WASHINGTON)

ST Jeremy Au Yong (Bureau Chief)
Tel 1-202-662 8728
Fax 1-202-662 8729
jeremyau@sph.com.sg

Melissa Sim
Tel 1-202-662 8728
simlinoi@sph.com.sg

## SHANGHAI INVESTMENT OFFICE

Room 1302, Block A
No. 868 East Longhua Road
Shanghai 200023
P.R. China

Loo Chin Wah
New Beginnings Management
Consulting (Shanghai)
Company Limited
Tel 86-21-6319 1989
Fax 86-21-6319 1991
loocw@sph.com.sg

# Properties of the Group

As at 31 August 2015

| Location | Tenure | Expiry Date of Lease | Land (Sq M) | Built-In (Sq M) | Existing Use | Effective Group Interest (%) |
|---|---|---|---|---|---|---|
| **SINGAPORE** | | | | | | |
| **Media Centre**<br>82 Genting Lane | Leasehold | July 15, 2040 | 24,892 | 49,131 | Industrial | 100 |
| **Print Centre**<br>2 Jurong Port Road | Leasehold | June 8, 2034 | 110,075 | 102,152 | Industrial | 100 |
| **News Centre**<br>1000 Toa Payoh North | Leasehold | March 2, 2031 | 21,730 | 54,296 | Industrial | 100 |
| **Manhattan House**<br>151 Chin Swee Road<br>Units #01-39 to #01-48<br>and #01-51 to #01-56 | Leasehold | October 15, 2068 | - | 554 | Commercial | 100 |
| **20A Yarwood Avenue** | Leasehold | May 6, 2878 | 1,721 | 488 | Residential | 100 |
| **42 Nassim Road** | Freehold | - | 1,406 | 686 | Residential | 100 |
| **42A Nassim Road** | Freehold | - | 1,444 | 645 | Residential | 100 |
| **42B Nassim Road** | Freehold | - | 1,418 | 645 | Residential | 100 |
| **Paragon**<br>290 Orchard Road | Freehold | - | 17,355 | 94,307 | Commercial | 70 |
| **The Clementi Mall**<br>3155 Commonwealth<br>Avenue West | Leasehold | August 31, 2109 | - | 26,976 | Commercial | 70 |
| **The Seletar Mall**<br>33 Sengkang West Avenue | Leasehold | April 17, 2111 | 8,790 | 26,370 | Commercial | 70 |
| **MALAYSIA** | | | | | | |
| **Awana Condominium**<br>Unit 3544<br>Genting Highlands<br>(Divestment in progress) | Freehold | - | - | 117 | Residential | 100 |
| **HONGKONG** | | | | | | |
| **Tower Two, Lippo Centre**<br>Unit 1308 13th Floor<br>89 Queensway, Hong Kong | Leasehold | February 14, 2059 | - | 368 | Commercial | 100 |
| **CHINA** | | | | | | |
| **New Beginnings**<br>Room 1302, Block A,<br>No. 868 East Longhua Road,<br>Shanghai 200023, PRC | Leasehold | February 17, 2058 | 170 | 111 | Commercial | 100 |
| **Blu Inc Media China**<br>Unit 1902-1905,<br>No. 425, Yishan Road,<br>Xuhui District, Shanghai | Leasehold | August 27, 2054 | 647 | 461 | Commercial | 100 |

# Shareholding Statistics

As at 6 October 2015

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | %* |
|---|---|---|---|---|
| 1 - 99 | 246 | 0.42 | 8,619 | 0.00 |
| 100 - 1,000 | 8,709 | 14.95 | 7,993,169 | 0.50 |
| 1,001 - 10,000 | 36,905 | 63.33 | 168,825,050 | 10.57 |
| 10,001 - 1,000,000 | 12,324 | 21.15 | 568,720,599 | 35.60 |
| 1,000,001 and above | 86 | 0.15 | 851,795,514 | 53.33 |
| **TOTAL** | **58,270** | **100.00** | **1,597,342,951** | **100.00** |

* *Shareholdings exclude 3,306,170 treasury shares.*

## TWENTY LARGEST ORDINARY SHAREHOLDERS

| | Name of Shareholder | No. of Shares | %* |
|---|---|---|---|
| 1 | CITIBANK NOMINEES SINGAPORE PTE LTD | 200,034,258 | 12.52 |
| 2 | DBS NOMINEES PTE LTD | 163,662,876 | 10.25 |
| 3 | HSBC (SINGAPORE) NOMINEES PTE LTD | 79,211,898 | 4.96 |
| 4 | DBSN SERVICES PTE LTD | 47,158,681 | 2.95 |
| 5 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 39,803,437 | 2.49 |
| 6 | RAFFLES NOMINEES (PTE) LTD | 36,534,344 | 2.29 |
| 7 | BANK OF SINGAPORE NOMINEES PTE LTD | 25,401,678 | 1.59 |
| 8 | UOB KAY HIAN PTE LTD | 17,921,141 | 1.12 |
| 9 | LEE FOUNDATION STATES OF MALAYA | 15,215,522 | 0.95 |
| 10 | BNP PARIBAS SECURITIES SERVICES PTE LTD | 13,262,231 | 0.83 |
| 11 | LEE PINEAPPLE COMPANY PTE LTD | 12,750,000 | 0.80 |
| 12 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 11,103,610 | 0.70 |
| 13 | LEUNG KAI FOOK MEDICAL COMPANY PTE LTD | 10,425,350 | 0.65 |
| 14 | CHAN SIEW KIM ALICE | 10,355,000 | 0.65 |
| 15 | PHAY THONG HUAT PTE LTD | 9,782,000 | 0.61 |
| 16 | LEE FOUNDATION | 8,210,940 | 0.51 |
| 17 | NANYANG PRESS (SINGAPORE) LIMITED | 7,973,824 | 0.50 |
| 18 | DB NOMINEES (SINGAPORE) PTE LTD | 7,301,087 | 0.46 |
| 19 | YONG YING-I | 6,900,000 | 0.43 |
| 20 | TAN TIANG HIN JERRY | 5,303,675 | 0.33 |
| | **TOTAL** | **728,311,552** | **45.59** |

* *Shareholdings exclude 3,306,170 treasury shares.*

# Shareholding Statistics

As at 6 October 2015

## DISTRIBUTION OF MANAGEMENT SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 10 | 52.63 | 48 | 0.00 |
| 100 - 1,000 | 0 | 0.00 | 0 | 0.00 |
| 1,001 - 10,000 | 0 | 0.00 | 0 | 0.00 |
| 10,001 - 1,000,000 | 3 | 15.79 | 2,193,317 | 13.41 |
| 1,000,001 and above | 6 | 31.58 | 14,168,404 | 86.59 |
| **TOTAL** | **19** | **100.00** | **16,361,769** | **100.00** |

## HOLDERS OF MANAGEMENT SHARES

| | Name of Shareholder | No. of Shares | % |
|---|---|---|---|
| 1 | THE GREAT EASTERN LIFE ASSURANCE CO LTD | 3,698,297 | 22.60 |
| 2 | OVERSEA-CHINESE BANKING CORPORATION LTD | 2,748,829 | 16.80 |
| 3 | NTUC INCOME INSURANCE COOPERATIVE LIMITED | 2,674,219 | 16.35 |
| 4 | SINGAPORE TELECOMMUNICATIONS LIMITED | 2,176,119 | 13.30 |
| 5 | DBS BANK LTD | 1,554,362 | 9.50 |
| 6 | UNITED OVERSEAS BANK LTD | 1,316,578 | 8.05 |
| 7 | NATIONAL UNIVERSITY OF SINGAPORE | 876,797 | 5.36 |
| 8 | FULLERTON (PRIVATE) LIMITED | 658,260 | 4.02 |
| 9 | NANYANG TECHNOLOGICAL UNIVERSITY | 658,260 | 4.02 |
| 10 | CHIEF EXECUTIVE OFFICE | 12 | 0.00 |
| 11 | DIRECTORS* (FOUR EACH) | 36 | 0.00 |
| | **TOTAL** | **16,361,769** | **100.00** |

* *Excluding the Chief Executive Officer*

Not less than 99.9% of the ordinary shares in the Company is held by the public and Rule 723 of the SGX Listing Manual has been complied with.

## VOTING RIGHTS OF SHAREHOLDERS

The holders of management and ordinary shares shall be entitled to one (1) 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 the management shares shall be entitled either on a poll or by show of hands to two hundred (200) votes for each management share held.

# Notice of Annual General Meeting

**Singapore Press Holdings Limited**
(Incorporated in the Republic of Singapore) Co Reg No. 198402868E

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of Singapore Press Holdings Limited (the "**Company**") will be held at the Auditorium, 1000 Toa Payoh North, News Centre, 1st Storey, Annexe Block, Singapore 318994 on Tuesday, December 1, 2015 at 10.30 a.m. for the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended August 31, 2015 and the Auditors' Report thereon.

2. To declare a final dividend of 8 cents per share and a special dividend of 5 cents per share, on a tax-exempt basis, in respect of the financial year ended August 31, 2015.

3. To re-elect the following Directors who are retiring by rotation in accordance with Articles 111 and 112 of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:

   (i) Bahren Shaari
   (ii) Tan Yen Yen
   (iii) Ng Ser Miang
   (iv) Quek See Tiat

4. To approve Directors' fees of up to S$1,450,000 for the financial year ending August 31, 2016 (2015: up to S$1,450,000).

5. To appoint Auditors and to authorise the Directors to fix their remuneration.

6. To transact any other business of an Annual General Meeting.

## SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

   (i) "That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), and subject to the provisions of the Newspaper and Printing Presses Act, Chapter 206, authority be and is hereby given to the Directors of the Company to:

      (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

      (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

      at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

      (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

# Notice of Annual General Meeting

**Singapore Press Holdings Limited**

(Incorporated in the Republic of Singapore) Co Reg No. 198402868E

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(ii) "That approval be and is hereby given to the Directors of the Company to grant awards in accordance with the provisions of the SPH Performance Share Plan (the "**SPH Performance Share Plan**") and to allot and issue such number of ordinary shares in the capital of the Company ("**Ordinary Shares**") as may be required to be delivered pursuant to the vesting of awards under the SPH Performance Share Plan, provided that the aggregate number of new Ordinary Shares allotted and issued and/or to be allotted and issued, when aggregated with existing Ordinary Shares (including Ordinary Shares held in treasury) delivered and/or to be delivered, pursuant to the Singapore Press Holdings Group (1999) Share Option Scheme and the SPH Performance Share Plan, shall not exceed 5 per cent. of the total number of issued Ordinary Shares (excluding treasury shares) from time to time."

(iii) "That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**");

# Notice of Annual General Meeting

**Singapore Press Holdings Limited**
(Incorporated in the Republic of Singapore) Co Reg No. 198402868E

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

 (i) the date on which the next Annual General Meeting of the Company is held;

 (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

 (iii) the date on which purchases or acquisitions of Ordinary Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of an Ordinary Share for the five consecutive trading days on which the Ordinary Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action which occurs after the relevant five day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Ordinary Shares from holders of Ordinary Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Ordinary Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Ordinary Shares representing 10 per cent. of the total number of the issued Ordinary Shares as at the date of the passing of this Resolution (excluding any Ordinary Shares which are held as treasury shares as at that date); and

"**Maximum Price**", in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, in the case of a market purchase of an Ordinary Share and off-market purchase pursuant to an equal access scheme, 105 per cent. of the Average Closing Price of the Ordinary Share; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

By Order of the Board

**Ginney Lim May Ling**
**Khor Siew Kim**
Company Secretaries

Singapore,
October 30, 2015

# Notice of Annual General Meeting

**Singapore Press Holdings Limited**
(Incorporated in the Republic of Singapore) Co Reg No. 198402868E

### Notes:

A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a Member of the Company. The instrument appointing the proxy must be lodged at the Company's Share Registration Office, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898 not less than 48 hours before the time fixed for the meeting.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Member of the Company (i) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Member discloses the personal data of the Member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty.

### EXPLANATORY NOTES & STATEMENT PURSUANT TO ARTICLE 72 OF THE COMPANY'S ARTICLES OF ASSOCIATION

1. In relation to Ordinary Resolution No. 3(i):

   Bahren Shaari* will, upon re-election, continue as Chairman of the Audit Committee and a member of the Executive Committee. He is considered an independent Director. There are no relationships (including immediate family relationships) between Mr Bahren and the other Directors or the Company.

2. In relation to Ordinary Resolution No. 3(ii):

   Tan Yen Yen* will, upon re-election, continue as a member of the Remuneration Committee and the Board Risk Committee. She is considered an independent Director. There are no relationships (including immediate family relationships) between Ms Tan and the other Directors or the Company.

3. In relation to Ordinary Resolution No. 3(iii):

   Ng Ser Miang* will, upon re-election, continue as Chairman of the Nominating Committee. He is considered an independent Director. There are no relationships (including immediate family relationships) between Mr Ng and the other Directors or the Company.

4. In relation to Ordinary Resolution No. 3(iv):

   Quek See Tiat* will, upon re-election, continue as Chairman of the Board Risk Committee and a member of the Executive Committee and Audit Committee. He is considered an independent Director. There are no relationships (including immediate family relationships) between Mr Quek and the other Directors or the Company.

5. Ordinary Resolution No. 4, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during the financial year from September 1, 2015 to August 31, 2016. The amount of Directors' fees is computed based on the anticipated number of Board and Board Committee meetings, assuming full attendance by all the Directors. The amount also includes a contingency sum to cater to unforeseen circumstances such as the appointment of an additional Director, additional unscheduled Board meetings and for the formation of additional Board Committees.

# Notice of Annual General Meeting

**Singapore Press Holdings Limited**
(Incorporated in the Republic of Singapore) Co Reg No. 198402868E

6. The effects of the resolutions under the heading "Special Business" in the Notice of the Thirty-First Annual General Meeting are:

   (a) Ordinary Resolution No. 7(i) is to authorise the Directors of the Company from the date of that meeting until the next Annual General Meeting, subject to the provisions of the Newspaper and Printing Presses Act, Chapter 206, to issue shares in the capital of the Company and/or to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 10 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Ordinary Resolution No. 7(i) is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution No. 7(i) is passed, and (ii) any subsequent bonus issue, consolidation or subdivision of shares. For the avoidance of doubt, any consolidation or subdivision of shares in the capital of the Company will require shareholders' approval.

   (b) Ordinary Resolution No. 7(ii) is to empower the Directors to offer and grant awards, and to allot and issue new ordinary shares in the capital of the Company, pursuant to the SPH Performance Share Plan (which was approved by shareholders at the Extraordinary General Meeting held on 5 December 2006), provided that the aggregate number of new ordinary shares allotted and issued and/or to be allotted and issued, when aggregated with the existing ordinary shares (including ordinary shares held in treasury) delivered and/or to be delivered, pursuant to the Singapore Press Holdings Group (1999) Share Option Scheme and the SPH Performance Share Plan, shall not exceed 5 per cent. of the total number of issued ordinary shares in the capital of the Company (excluding ordinary shares held in treasury) from time to time. Although the Rules of the SPH Performance Share Plan provide for a higher limit of 10 per cent. for new shares which may be issued under the Singapore Press Holdings Group (1999) Share Option Scheme and the SPH Performance Share Plan, Ordinary Resolution 7(ii) provides for a lower limit of 5 per cent., as the Company does not anticipate that it will require a higher limit before the next Annual General Meeting.

   (c) Ordinary Resolution No. 7(iii) is to renew the mandate to permit the Company to purchase or acquire issued ordinary shares in the capital of the Company on the terms and subject to the conditions of the Resolution.

   The Company may use internal sources of funds, or a combination of internal resources and external borrowings, to finance the purchase or acquisition of its ordinary shares. The amount of funding required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

   The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Group for the financial year ended August 31, 2015, based on certain assumptions, are set out in paragraph 2.6 of the Letter to Shareholders dated October 30, 2015, which is enclosed together with the Summary Financial Report.

* *Details of the Director's current directorships in other listed companies and other principal commitments are set out on pages 26 to 29 of the Annual Report.*

# Proxy Form

**Singapore Press Holdings Limited**
(Incorporated in the Republic of Singapore)
Co Reg No. 198402868E

**IMPORTANT**
1. For investors who have used their CPF monies to buy shares of Singapore Press Holdings Limited, the Annual Report 2015 is forwarded to them FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

**Personal Data Privacy**
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the accompanying Notice of Annual General Meeting.

I/We, ____________________ (Name) ____________ (NRIC/Passport No.)

of ____________________________________ (Address)

being a member/members of the above named Company, hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

and/or (delete as appropriate)

| | | | |
|---|---|---|---|
| | | | |

or failing him/her, or if no person is named above, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Auditorium, 1000 Toa Payoh North, News Centre, 1st Storey, Annexe Block, Singapore 318994 on December 1, 2015 at 10.30 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the relevant box provided below. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares (and, if you hold both ordinary shares and management shares, the relevant class of shares) in the relevant boxes provided below. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

| No. | Ordinary Resolutions | | No. of votes For | No. of votes Against |
|---|---|---|---|---|
| | **Ordinary Business** | | | |
| 1. | To adopt Directors' Statement and Audited Financial Statements and Auditors' Report thereon | | | |
| 2. | To declare a Final Dividend and a Special Dividend | | | |
| 3. | To re-elect Directors pursuant to Articles 111 and 112 | (i) Bahren Shaari | | |
| | | (ii) Tan Yen Yen | | |
| | | (iii) Ng Ser Miang | | |
| | | (iv) Quek See Tiat | | |
| 4. | To approve Directors' fees for the financial year ending August 31, 2016 | | | |
| 5. | To appoint Auditors and authorise Directors to fix their remuneration | | | |
| 6. | To transact any other business | | | |
| | **Special Business** | | | |
| 7. | (i) To approve the Ordinary Resolution pursuant to Section 161 of the Companies Act, Cap. 50 | | | |
| | (ii) To authorise Directors to grant awards and to allot and issue shares in accordance with the provisions of the SPH Performance Share Plan | | | |
| | (iii) To approve the renewal of the Share Buy Back Mandate | | | |

Dated this ____________ day of ____________ 2015

| | |
|---|---|
| **Total Number of Ordinary Shares held** | |
| **Total Number of Management Shares held** | |

______________________________
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE**

# Proxy Form

**Singapore Press Holdings Limited**
(Incorporated in the Republic of Singapore)
Co Reg No. 198402868E

## IMPORTANT

**Note:**

1. Please insert the total number of ordinary shares and/or management shares ("Shares") held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of ordinary shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have ordinary shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. In the case of a joint appointment of two proxies, the Chairman of the Annual General Meeting will be a Member's proxy by default if either or both of the proxies appointed does/do not attend the Annual General Meeting. In the case of an appointment of two proxies in the alternative, the Chairman of the Annual General Meeting will be a Member's proxy by default if both the proxies appointed do not attend the Annual General Meeting.

3. A Member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

4. Where a Member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be deposited at the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

This annual report was produced by the
Corporate Communications & CSR Division

SPH thanks all staff talents who modelled for this annual report.

design & production by Q-Plus Design

MIX
Paper from
responsible sources
FSC™ C123774
FSC
www.fsc.org

This annual report is printed on
environmentally-friendly paper.

**SINGAPORE PRESS HOLDINGS LIMITED**
1000 Toa Payoh North
News Centre
Singapore 318994
www.sph.com.sg
Co. Reg. No 198402868E