The Brand Finance Annual Report

on Singapore's Intangible Assets and Brands

March 2010

BRAND·FINANCE ®

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HIGHLIGHTS

1. The enterprise value of corporate Singapore at the end of 2009 rose to a whopping US$419 billion, just 5.2% short of the pre-recessionary level reported in December 2007. Singapore's enterprise value was only US$250 billion at the end of 2008.

2. Having been the worst-hit sector in 2008, banking topped the charts with an enterprise value of US$84.7 billion, a 92% increase from 2008. Banking is also the sector with the highest disclosed intangibles (including disclosed goodwill) at US$9.7 billion.

3. The steepest growth was experienced by agri-businesses which saw a 113% increase in enterprise value compared to the end of 2008.

4. The total value of Singapore's 100 largest brands and brand portfolios is S$35.2 billion, representing a 30.3% increase over last year's study.

5. Singapore Airlines retains the title of being the Most Valuable Singapore Brand.

FOREWORD

When the Brand Finance Annual Report 2009 on “Singapore’s Performance on Intangible Assets” was published in June 2009, we were dealing with an economic crisis so severe that many deemed it to be an economic apocalypse.

Since then, while the Western world is still struggling to survive financial insecurity and its governments continue using tax payers’ money to climb out of a deep hole, the Asian economy has successfully shifted away from its volatile nature and the market is already showing signs of stabilization. With increased availability of credit facilities and cheaper valuations, initial public offerings (IPO) and mergers and acquisitions (M&A) activities have started to pick up since mid 2009. According to Thomson Reuters, increased IPO prices in Asia have increased the total annual proceeds of 2009 to US$73billion, which is over 133% higher than the 2008 total and accounted for 63% of global IPO activity in 2009. PricewaterhouseCoopers’ (PWC) Mid 2009 Asia Pacific M&A Bulletin reported that M&A activity in Asia increased by 86% between the first and second quarters of 2009. However, deal sizes are much smaller as investors have exercised increased caution.

Although Singapore was severely affected by the global downturn, there are many signs of hope after the gloom. Singapore’s Straits Times Index (STI) was trading at a high of 2,897.62 points on 31 Dec 2009, an increase of more than 1,000 points from just 12 months earlier, representing a staggering 64% increase in value within a year. Furthermore, Singapore’s quarterly GDP data have generally improved with a healthy 3.5% growth year on year, led mainly by strong recovery in the second and third quarters. Consumer demand is healthy and property prices are still rising despite governmental measures to cool the market.

For Singapore’s companies, credit is easing and global trade is picking up with improved demand fundamentals. Economic turnaround and better credit environment have helped companies recover their eroded value lost during the recent credit crunch as illustrated in our intangible asset study.

Sustainability and innovation are now keywords in our vocabulary as we plan ahead for the next financial year. Nonetheless, with recovery comes greater competition so it is vital to continue investing in innovation projects and enhance marketing efficiencies in order to maximize value. As Singapore thrusts ahead to become a more sophisticated knowledge economy, companies that invest in intangible assets and talent to manage them well will stand to gain.

For over a decade, Brand Finance has been dedicated to the measurement of brand strength and value. With an independent and global network, our analysis is both objective and well-informed. We hope to deepen management’s understanding of brands from a resource perspective that is tied to performance. This has implications for resource allocation, performance tracking and measurement as well as accountability.

This year, we have also taken the opportunity to highlight the new ISO standard in brand valuation, the world’s first consistent and reliable standard in brand valuation. Until now, the existence of many brand valuation approaches has caused confusion amongst marketing and financial professionals. The ISO standard recognizes this and attempts to create a consensus on how brands should be valued. It represents global best practices in brand valuation and marks a huge step forward in this vital area of management concern.

This report serves to provide an opinion on the point-in-time valuation of Singapore’s Top 100 brands, illustrate how our methodology, findings and value-based marketing techniques can be used for decision making, and determine the impact of brand equity on business performance.

David Haigh.

David Haigh
Chief Executive
Brand Finance plc

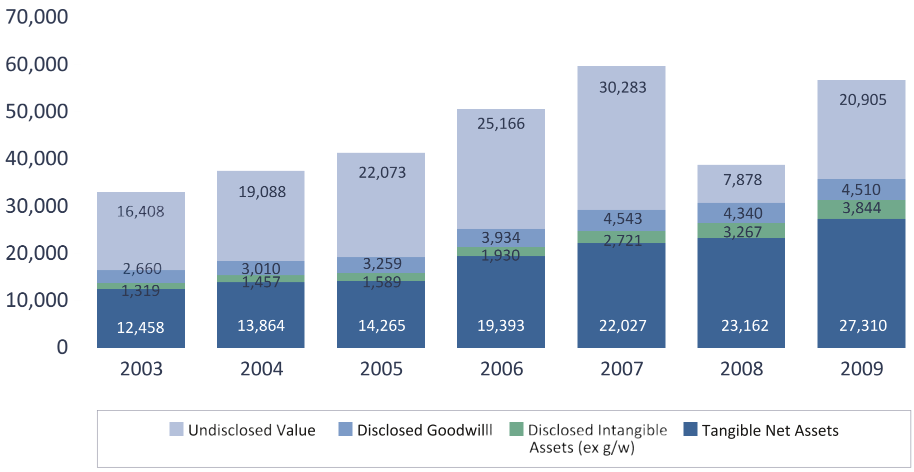
INTRODUCTION

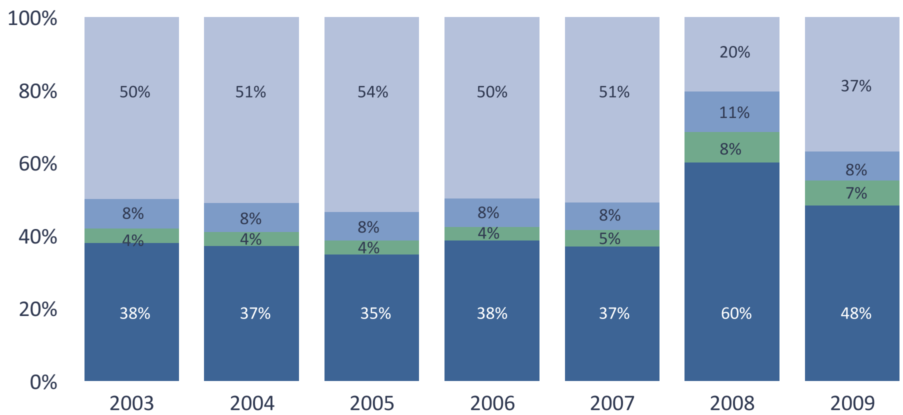
With the exception of the economic crisis in 2008, intangible assets have traditionally tipped the scales over tangible assets to create value for companies and the global economy. Brand Finance has been tracking the role of intangible assets since 2001 as part of its annual Global Intangible Finance Tracker (GIFT™) study and found that intangible assets have overtaken tangible assets in value generation. By 2007, 64% of global market value was vested in intangible assets. However, the management paradigm has not shifted in tandem with the rising importance of intangible assets.

In last year's GIFT™ 2009 report which represented 99% of total global market capitalisation, intangible assets took a hard beating when stock markets worldwide crashed. They represented only 40% of enterprise value at the end of 2008. However, by the end of 2009, the latest 2010 GIFT™ analysis illustrates a healthier picture with intangible assets representing 52% of enterprise value, in line with the stock market recovery. This is a steep US$13,774 billion growth in intangible assets from the previous year. This volatility seems to suggest that intangible assets are more vulnerable and difficult to manage. Our findings suggest the need for management to enhance their understanding of intangible asset management and acquire the skill sets necessary to raise the quality of earnings arising from intangible assets. Similarly, the investor community has to improve its appreciation of the role of intangible assets in driving value creation and cash flow.

Global Breakdown of Enterprise Values from 2003 to 2009

US$ billion





The GIFT™ is a study that tracks the performance of intangible assets on a global level. The GIFT™ is the most extensive study on intangible assets, covering 53 national stock markets, more than 37,000 companies, representing 99% of total global market capitalization. The analysis goes back over an eight year period from the end of December 2009.

PURPOSE OF STUDY

To this end, Brand Finance has been researching intangible assets with an emphasis on helping corporations understand brand strength and value. Our study aims to examine the performance of Singapore's intangible assets and brands.

For the intangible asset study, the total enterprise value of corporate Singapore is divided into four components shown below.

Undisclosed Value
The difference between the market and book value of shareholders' equity, often referred to as the 'premium to book value

Disclosed Intangible Assets
Intangible assets disclosed on balance sheet including trademarks and licenses

Disclosed Goodwill
Goodwill disclosed on balance sheet as a result of acquisitions

Tangible Net Assets
Tangible net assets is added to investments, working capital and other net assets

SINGAPORE'S REPORT CARD ON INTANGIBLE ASSETS

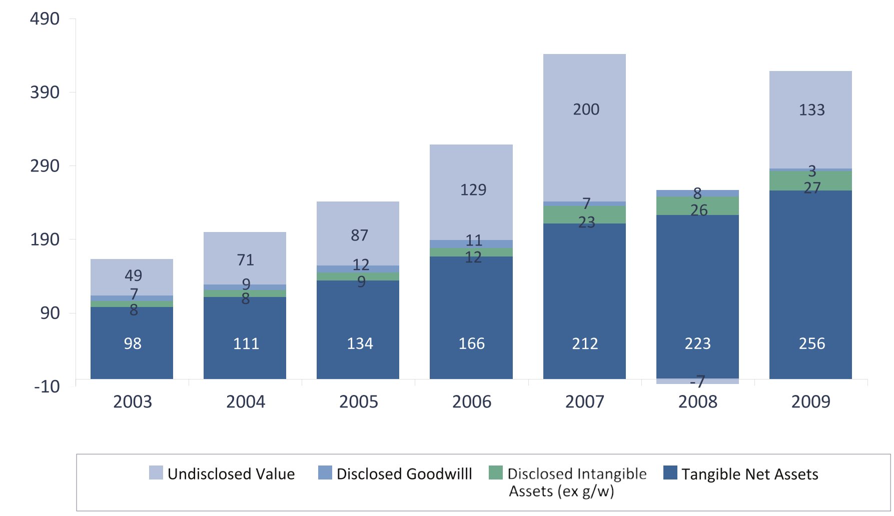
Singapore's Intangible Assets En Route to Recovery Grow US$136 billion in 2009

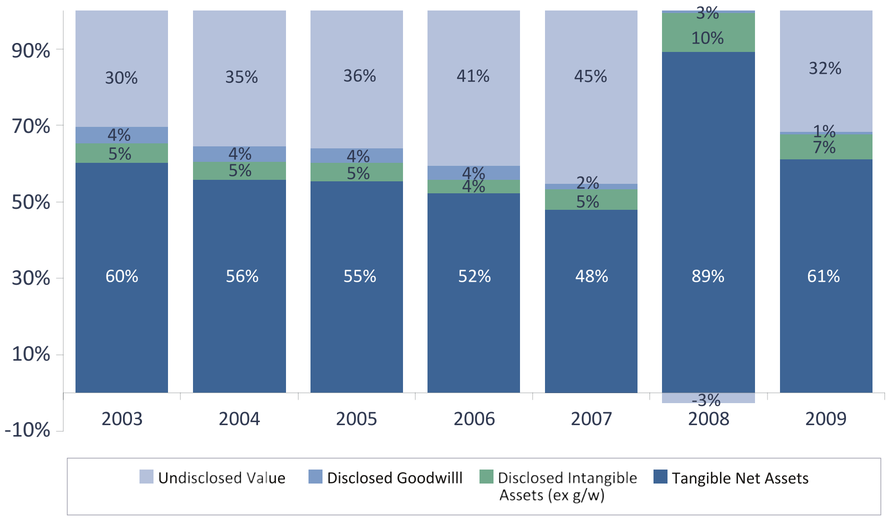
At the end of 2008, corporate Singapore saw a drastic decline in intangible asset value which stood at US$27 billion, making up only 11% of enterprise value. The valuations for some Singapore's listed companies were near their net tangible assets level, hence making them extremely attractive for companies with strong balance sheets and cash reserves.

By the end of 2009, in line with the thawing of the economic winter, intangible asset value rose to 38.8% of enterprise value, or US$163 billion. Although this has not surpassed 2007 levels, we are heartened by the growth in disclosed intangible assets which stood at US$27 billion, a US$1.6 billion increase from the previous year. Slowly but steadily, Singapore companies are acknowledging the importance of acquiring intellectual property for growth and expansion.

Breakdown of Enterprise Values in Singapore from 2003 to 2009

US$ billion





SPOTLIGHT ON SECTORS

Total Enterprise Value of the Top 10 Sectors in Singapore worth US$299 billion

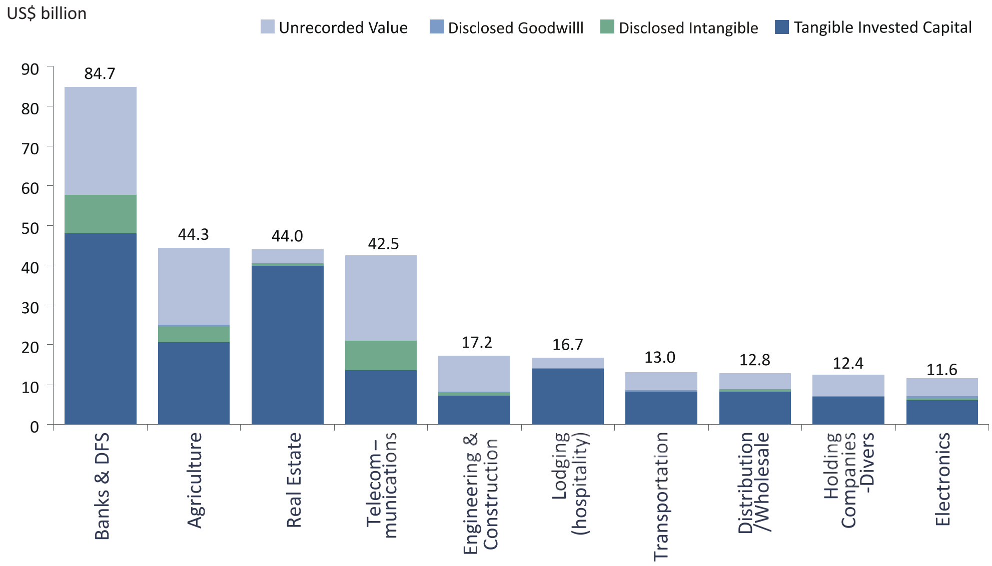
The ten largest sectors for Singapore are banking, agri-businesses, real estate, telecommunications, engineering and construction, hospitality, transportation, distribution, holding companies (diversified businesses), and electronics. They account for 71.5% of Singapore's total enterprise value that is worth about US$418.5 billion. This is merely US$23 billion or 5% lower than the pre-recessionary enterprise value in 2007.

The Banking Sector has the Highest Enterprise Value

The banking sector once again tops the charts with an enterprise value of US$84.7 billion, a 92% increase from 2008. Having been the worst hit sector in the sub-prime crisis, it is not a surprising result. Banking is also the sector with the highest disclosed intangibles (including disclosed goodwill) at US$9.7 billion. This is a slight increase from US$9.4 billion in 2008. Disclosed intangibles made up 11.4% of enterprise value in this sector.

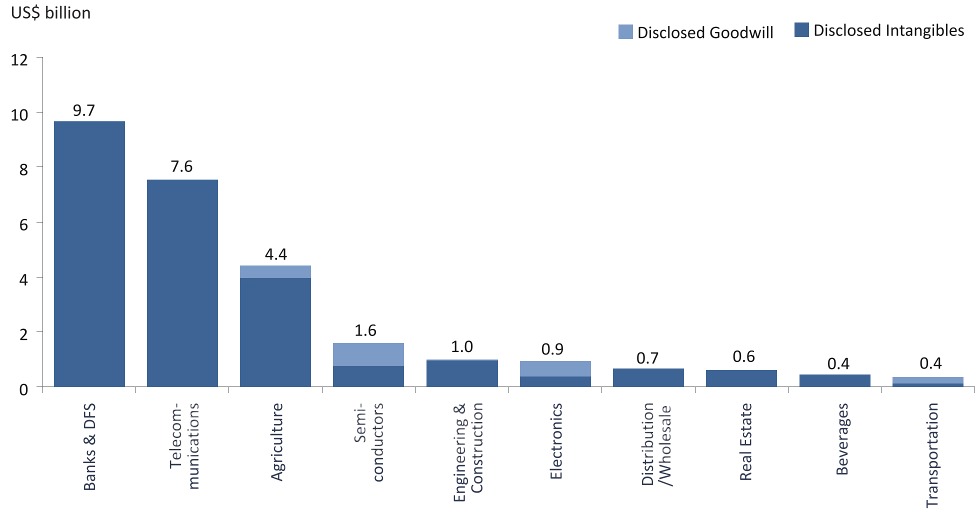
The steepest growth was experienced by Agri-businesses which saw a 113% increase in enterprise value compared to the end of 2008. This is due to the increase in commodity prices rising ahead of the equity market in tandem with the economic recovery, fuelled by large government stimulus packages.

Top 10 Sectors by Enterprise Value 2009



Top 10 Sectors by Disclosed Intangible Value (including goodwill) 2009

US$ billion



DFS – Diversified Financial Services

SHOULD SINGAPORE BE CONCERNED WITH INTANGIBLE ASSET VALUE?

Singapore to fully converge to International Financial Reporting Standards by 2012

In a bid to put Singapore on the same footing as other nations and strengthen its role as an international centre of commerce, Singapore will fully adopt international financial reporting standards or IFRS by 2012. As Singapore has been IFRS-ready for some years, this move has two main implications, namely revenue recognition criteria for real estate developers and the recognition of equity for co-operatives. Property developers have been recognising revenue as a project makes progress. Under IFRS, revenue shall be recognised upon completion of a project and handover of keys to buyers.

Having a standardised accounting standard means that the value of disclosed intangible assets is likely to increase in the future. Strong advocates of 'fair value reporting' believe that the changes should go further. Specifically, all of a company's tangible and intangible assets and liabilities should regularly be measured at fair value and reported on the balance sheet, including internally generated intangibles such as brands and patents. This is provided the valuation methods and corporate governance adopted are sufficiently rigorous.

Some go as far as to suggest that 'internally generated goodwill' should be reported on the balance sheet at fair value, meaning that management would effectively be required to report its own estimate of the value of the business at each year end together with supporting assumptions. However, the current international consensus is that internally generated intangible assets generally should not be recognised on the balance sheet. Under IFRS, certain intangible assets should be recognised, but only if they are in the "development" (as opposed to "research") phase. However, there are conditions on, for example, technical feasibility, the intention and ability to complete and use the asset. 'Internally generated goodwill' including internally generated "brands, mastheads, publishing titles, customer lists and items similar in substance", may not be recognised.

DEFINITION OF INTANGIBLE ASSETS

There are different definitions of 'intangible assets'. According to Singapore Financial Reporting Standard (FRS) 38 'Intangible Asset', an intangible asset is 'an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes'. According to FRS 38 the definition of an intangible asset requires it to be:

A. Non-monetary
B. Without physical substance
C. 'Identifiable'

In order to be 'identifiable' it must either be separable (capable of being separated from the entity and sold, transferred or licensed) or it must arise from contractual or legal rights (irrespective of whether those rights are themselves 'separable').

Intangible assets can be broadly grouped into three categories:

1. **Rights:** leases; distribution agreements; employment contracts' covenants' financing arrangements; supply contracts; licenses; certifications; franchises.

2. **Relationships:** trained and assembled workforce; customer and distribution relationships.

3. **Intellectual Property:** trademarks; patents; copyrights' proprietary technology (e.g. formulas; recipes; specifications; formulations; training programs; marketing strategies; artistic techniques; customer lists; demographic studies; product test results; business knowledge – processes; lead times; cost and pricing data; trade secrets and know-how).

In addition, there is what is sometimes termed 'Unidentified Intangible Assets', including 'internally generated goodwill' (or 'going concern value'). It is important to recognize the distinction between internally-generated and acquired intangible assets. Current accounting standards only allow acquired intangible assets to be recognized on the balance sheet. However, this is provided that they meet the above-mentioned criteria i.e. internally generated intangibles of a company cannot be explicitly stated on its balance sheet.

This results in what is sometimes described as 'internally generated goodwill'. This is the difference between the fair market value of a business and the value of its identifiable net assets. Although this residual value is not strictly an intangible asset in a strict sense (i.e. a controlled "resource" expected to provide future benefits), it is treated as an intangible asset in a business combination when converted into goodwill on the acquiring company's balance sheet.

Intangible assets that may be recognized on a balance sheet under FRS 38 are typically only a fraction of the total intangible asset value of a business, with the remaining value continuing to be classified as 'goodwill'. Brands, if acquired, can be identified under these rules and added to the balance sheet. This results in an unusual situation where internally-generated brands of the acquiree may be recognized on the acquirer's balance sheet but the acquirer's own internally-generated brands may not. For this reason, Brand Finance thinks there is a strong case for the inclusion of internally-generated brands on the balance sheet.

Brands fulfill the definition of intangible assets above, in that they are controlled by management, provide future economic benefits and are identifiable and therefore can be sold, transferred or licensed as appropriate. We are increasingly seeing companies taking advantage of this transferability by moving brands (including trademarks and other associated intellectual property, such as design rights and other marketing collateral) to special purpose vehicles, such as brand holding companies, for the purpose of raising finance and tax planning.

VALUE CHARACTERISTICS OF INTANGIBLE ASSETS

Valuation of intangible assets requires an understanding of their characteristics and the role that they play in the entire value chain. The following attributes of intangible assets have important value implications:

- **Absence of efficient trading markets:** Unlike tangible assets, the absence of efficient trading markets for intangible assets makes the market approach to valuation by using transaction price not possible

- **Lack of a linear relationship between investment and returns:** This limits the use of the cost approach to valuation, except for easily replicable assets

- **Poor non-financial metrics to measure the quality of intangible asset:** Nevertheless, useful valuation insights can be gained from sources such as market research, intellectual property audits and business plans

- **Value is derived from interactions with other assets (both tangible and intangible):** This results in a complex value chain, and thus calls for the need of value maps to explore the interactions between them

- **Specific bundle of rights (legal and otherwise):** There are rights associated with the existence of any intangible asset

- **The need for convenient identification:** For valuation purposes, the intangible assets must be readily identifiable and capable of being separated from the other assets employed in the business. It is sometimes necessary to group complementary intangibles for valuation purposes.

- **The need for a detailed and precise definition of the asset:** This is particularly important where this consists of a bundle of rights. The components should be broken down in terms of specific trademarks, copyright, design rights, formulations, patents, and trade secrets.

FRS 103: ALLOCATING THE COST OF A BUSINESS COMBINATION

In Singapore, the Financial Reporting Standard (FRS) 103 'Business Combination' is consistent with IFRS 3 in all material aspects. At the date of acquisition, an acquirer must measure the cost of the business combination by recognising the acquiree's identifiable assets (tangible and intangible), liabilities and contingent liabilities at their fair value. Any difference between the total of the net assets acquired and the cost of acquisition is treated as goodwill (or negative goodwill).

The classifications of intangible assets under FRS 103 include:

- Artistic-related intangible assets
- Marketing-relating intangible assets
- Technology-based intangible assets
- Customer-related intangible assets
- Contract-based intangible assets

Goodwill: After initial recognition of goodwill, FRS 103 requires that goodwill be recorded at cost less accumulated impairment charges. Whereas previously goodwill was amortised over its useful economic life, it is now subject to impairment testing at least once a year. Amortisation is no longer permitted.

Negative Goodwill: Negative goodwill arises where the purchase price is less than the fair value of the net assets acquired. It must be recognised immediately as a profit in the profit and loss account. However, before concluding that "negative goodwill" has arisen, FRS 103 requires that an acquirer should "reassess" the identification and measurement of the acquired identifiable assets and liabilities.

FRS 36: IMPAIRMENT OF INTANGIBLE ASSETS AND GOODWILL

Previously an impairment test was only required if a 'triggering event' indicated that impairment might have occurred. Under the revised rules, FRS 36 'Impairment of Assets' also requires an annual impairment test is required for certain assets, namely:

- Goodwill acquired in a business combination

- Intangible assets with an indefinite useful economic life (e.g. strong brands) and intangible assets not yet available for use. The recoverable amount of these assets must be measured annually (regardless of the existence or otherwise of an indicator of impairment) and at any other time when an indicator of impairment exists. Brands are one major class of intangible assets that are often considered to have indefinite useful economic lives. Where acquired brands are recognized on the balance sheet post acquisition it is important to establish a robust and supportable valuation model using best practice valuation techniques that can be consistently applied at each annual impairment review. There is also new disclosure requirements, the principal one being the disclosure of the key assumptions used in the calculation. Increased disclosure is required where a reasonably possible change in a key assumption would result in actual impairment.

IMPACT ON MANAGEMENT AND INVESTORS

Management

Perhaps the most important impact of new reporting standards has been on management accountability. Greater transparency, rigorous impairment testing and additional disclosure will mean more scrutiny both internally and externally. The requirement of the acquiring company having to explain at least a part of what was previously considered as "goodwill" should help analysts to analyze deals more closely and gauge whether management have paid a sensible price. The new standards will also have a significant impact on the way companies plan their acquisitions. When considering an acquisition, to assess the impact on the consolidated group balance sheet and profit and loss post-acquisition, a detailed analysis of all the target company's potential assets and liabilities is recommended.

Companies need to pay close attention to the likely classification and useful economic lives of the identifiable intangible assets in the target company's business. This will have a direct impact on the future earnings of the acquiring group. In addition to amortisation charges for intangible assets with finite useful economic lives, impairment tests on assets with indefinite useful economic lives may lead to one-off charges. This is particularly so if the acquired business falls short of expectations post-acquisition. The requirement for separate balance sheet recognition of intangible assets, together with impairment testing of those assets and also goodwill, is expected to result in an increase in the involvement of independent specialist valuers in valuations and appropriate disclosure.

Investors

The requirement for companies to attempt to identify what intangible assets they are acquiring as part of a corporate transaction may provide evidence as to whether a group has overpaid in a deal. Subsequent impairment tests may also shed light on whether the price paid was a respectable one for the acquiring company's shareholders. Regular impairment testing is likely to result in a greater volatility in financial results. Significant one-off impairment charges may indicate that a company has overpaid for an acquisition and have the potential to damage the credibility of management in the eyes of the investment community. Analysts and investors are often skeptical about disclosed intangible assets. In the case of brand (and other intangible asset) valuation, where a high degree of subjectivity can exist, it is important to demonstrate that best practices have been applied and that the impairment review process is robust.

TAX AND INTANGIBLE ASSETS

Other than M&A, strategic planning and ROI analysis, the rise in the importance of marketing intangibles can often mean that there is a strong business case for setting up a central intellectual property (IP) holding company (IPCo). Locating and managing an IPCo from one central location, potentially in a low tax jurisdiction, makes a compelling commercial case, particularly where a group is active in a number of different territories.

The size and authority of the IPCo are variable and dependent on the requirements of the group in question. The benefits include greater IP protection and consistency and improved resource allocation. It is important that genuine commercial drivers for the establishment of IPCo can be demonstrated.

Examples of established IPCo's by global companies include:
- BATMark (in UK, US, Switzerland & Netherlands)
- Shell Brand International AG (Switzerland)
- Société des Produits Nestlé (Switzerland)
- Philip Morris Products SA (Switzerland)
- Marvel Characters, Inc (USA)

Commercial benefits of central IPCo's include:
- Better resource allocation
- Higher return on brand investment
- Tax savings under certain circumstances
- Clarity of the strength, value and ownership of the IP will ensure that full value is gained from third party agreements
- Internal royalties result in greater visibility of the true economic performance of operating companies improved earnings streams from external licenses
- More effective and efficient IP protection will reduce the risk of infringement or loss of a trademark in key categories and jurisdictions
- Internal licenses should be used to clarify the rights and responsibilities of the IPCo and operating units. The adoption of consistent and coherent brand strategy, marketing investment and brand control improves brand performance.

This can have the following results:
- Accumulation of profits in a low tax jurisdiction
- Tax deductions in high tax jurisdictions
- Tax deductions for the amortisation of intangibles in IPCo
- Depending on double tax treaties, the elimination or reduction of withholding taxes on income flows resulting from the exploitation of the IP.

The Singapore government has several IP friendly tax policies for IP rights holders to establish Singapore as an attractive country to manage their IP. There are a variety of IP tax incentives, deduction, benefits and grants to encourage the creation, ownership, protection and exploitation of IP in Singapore. For instance:

- Unilateral tax credit scheme is available for royalty income received in Singapore
- Single tax deduction for patent costs
- Patent application fund (PAF) Plus, Initiatives in New Technology (INTECH) and several IP grants
- Automatic written down allowance for five years for the capital expenditure incurred by a Singapore company in acquiring any intellectual property rights for use in that trade or business.
- Reported in Singapore's 2010 Budget, the Productivity and Innovation Credit will provide significant tax deductions from 2011 onwards for investments in a broad range of activities along the innovation value chain. These activities include R&D, registrations of IP rights, acquisition of IP rights, and investment in Design.

There are also government assistance programmes that help companies develop and manage their brands better. Some of these schemes include:

- Brandpact, a multi-agency programme that seeks to increase companies' awareness of brand development through training, brand assessment, and incentives.
- Design Engage, a programme that seeks to build up the design capabilities of Singapore companies.
- Scope IP, a diagnostic programme that aims to audit the pool of intangible assets available in a company and whether sufficient measures are adopted to protect, develop and exploit the intangible assets for the company's benefit

More information is available from **www.sedb.gov.sg**, **www.ipos.gov.sg** and **www.iras.gov.sg**.

A BONANZA FROM THE SINGAPORE BUDGET 2010

As more Singapore companies emerge with significant competitive strengths and expand into international markets, the Singapore Government has further recognized the need to support their growth and establish significant presence in high-growth markets amidst the intensifying competition from foreign companies both in Asia and around the world. Amongst the top 500 SMEs in Singapore, overseas markets now contribute to 57% of their total revenue and a 60% growth from 2008.

The recent Budget 2010 reflects this sentiment as the Government reveals several measures to assist the expansion of high-potential SMEs. We have highlighted some of these measures below.

Tax Allowance for Mergers & Acquisitions

Cost is a major deterrence against mergers and acquisitions activity for SME companies who traditionally practice frugality. Singapore's Ministry of Finance has acknowledged this and initiated a one-off tax allowance scheme to help defray a portion of acquisition costs. The allowance will be equal to 5% of the value of the acquisition.

In the 2010 Budget Speech, Minister for Finance, Mr Tharman Shanmugaratnam, said: "The new allowance is designed for simplicity. Previously, interest expenses incurred in acquisitions could be deducted against taxable dividend income. This is no longer possible, as dividend income is no longer taxable. The new allowance will help the acquiring firm offset part of its costs, but without seeking to distinguish between interest costs and other costs. It is therefore neutral between debt and equity in financing transactions."

Tax Incentive Schemes for IP Acquisition and Patent Registration

The Government will provide tax incentives for businesses in all sectors to invest in upgrading their operations and creating new brand value. Currently, companies that incur qualifying costs to acquire IP and develop new patents can qualify for 100% deduction or allowance. Of worthy note, a 'Productivity and Innovation Credit' will provide significant tax deductions for SME investments in a number of activities such as the registration of intellectual property (inclusive of patents, trademarks, and designs) and the acquisition of intellectual property, amongst others. This Credit scheme will be available until 2015 and allow SMES to deduct 250% of their expenditures on each of these activities from their taxable income, subject to a cap of enhanced tax deductions at $300,000 of expenditures for each activity.

Improved Access to Growth Finance

The Governments plans to improve access to growth capital for high-potential SMES and companies expanding overseas, including emerging markets, by seeding up to S$1.5 billion across a range of funds over 10 years, for which the Government will contribute up to half the capital. These funds will complement existing schemes like SPRING's Local Enterprise Finance Scheme and will be launched this year, with the Government providing up to $250 million to match private sector investments. This will allow for a few funds to be established, with a combined total of $500 million of growth capital for SMEs.

THE ROLE OF BRANDS IN DRIVING ENTERPRISE VALUE

Brands create value by shifting both the demand and supply curves. On the demand side they influence consumer behaviour leading to greater trial, improved frequency of use, increased loyalty and a willingness to pay a price premium. On the supply side, strong brands can attract better talent, influence terms of trade, and even reduce the cost of capital.

An understanding of brand value is essential to various decision-makers in various ways:

- Brand managers need to understand how brands influence consumer perceptions and behavior in order to develop strategies that optimize market performance and brand value.
- Finance managers are faced with impairment risks as well as transfer pricing considerations that require an understanding of intangible asset values. They also play a role in protecting brand value by maintaining adequate levels of brand investment in bad and good times.
- Deal makers increasingly need to gauge the investment value and value potential of brands in assessing the merits of a transaction.

NEW INTERNATIONAL STANDARD ON BRAND VALUATION

David Haigh, CEO, Brand Finance plc

In 2007, the International Organization for Standardization ('ISO'), a worldwide federation of national standard setting bodies, set up a task force to draft an International Standard ('IS') on monetary brand valuation.

After 3 years of discussion and deliberation IS 10668 – Monetary Brand Valuation – will be released in early 2010. This sets out the principles which should be adopted when valuing any brand.

The new IS applies to brand valuations commissioned for all purposes, including:

- Accounting and financial reporting
- Insolvency and liquidation
- Tax planning and compliance
- Litigation support and dispute resolution
- Corporate finance and fundraising
- Licensing and joint venture negotiation
- Internal management information and reporting
- Strategic planning and brand management

The last of these applications includes:

- Brand and marketing budget determination
- Brand portfolio review
- Brand architecture analysis
- Brand extension planning

Under IS 10668 the brand valuer must declare the purpose of the valuation as this affects the premise or basis of value, the valuation assumptions used and the ultimate valuation opinion, all of which need to be transparent to a user of the final brand valuation report.

Required work streams in an ISO compliant brand valuation?

IS 10668 is a 'meta standard' which succinctly specifies the principles to be followed and the types of work to be conducted in any brand valuation. It is a summary of existing best practice and intentionally avoids detailed methodological work steps and requirements.

As such IS 10668 applies to all proprietary and non-proprietary brand valuation approaches and methodologies that have been developed over the years, so long as they follow the fundamental principles specified in the meta standard.

IS 10668 specifies that when conducting a brand valuation the brand valuer must conduct 3 types of analysis before passing an opinion on the brand's value.

These are Legal, Behavioural and Financial analysis. All three types of analysis are required to arrive at a thorough brand valuation opinion. This requirement applies to valuations of existing brands, new brands and extended brands.

Module 1 - Legal Analysis

The first requirement is to define what is meant by 'brand' and which intangible assets should be included in the brand valuation opinion.

IS 10668 begins by defining Trademarks in conventional terms but it also refers to other Intangible Assets ('IA') including Intellectual Property Rights ('IPR') which are often included in broader definitions of 'brand'.

International Financial Reporting Standard ('IFRS') specifies how all acquired assets should be defined, valued and accounted for post-acquisition. It refers to five specific IA types which can be separated from residual Goodwill arising on acquisition.

These are: technological, customer, contractual, artistic and marketing related IA.

IS 10668 mirrors this classification by defining brands as marketing related IA, including trademarks and other associated IPR. This refers inter alia to design rights, domain names, copyrights and other marketing related IA and IPR which may be included in a broader definition of 'brand'.

The brand valuer must precisely determine the bundle of IA and IPR included in the definition of 'brand' subject to valuation. He may include names, terms, signs, symbols, logos, designs, domains or other related IPR intended to identify goods and services and which create distinctive images and associations in the minds of stakeholders, generating economic benefits for the branded business.

The brand valuer is required to assess the legal protection afforded to the brand by identifying each of the legal rights that protect it, the legal owner of each relevant legal right and the legal parameters influencing negatively or positively the value of the brand.

It is vital that the brand valuation includes an assessment of the legal protection afforded to the brand in each geographical jurisdiction and product or service registration category. These legal rights vary between legal systems and need to be carefully considered when forming the brand valuation opinion. For example, the legal rights protecting brands exist at a national (UK), supra-national (EU) and global (WIPO) level and have different characteristics.

Extensive due diligence and risk analysis is required in the Legal analysis module of an IS 10668 compliant brand valuation. It should be noted that the Legal analysis must be segmented by type of IPR, territory and business category.

The brand valuation opinion may be affected positively or negatively by the distinctiveness, scope of use or registration (territory and business category), extent of use, notoriety of the brand, risk of cancellation, priority, dilution and the ability of the brand owner to enforce such legal rights.

Module 2 - Behavioural Analysis

The second requirement when valuing brands under IS 10668 is a thorough behavioural analysis. The brand valuer must understand and form an opinion on likely stakeholder behaviour in each of the geographical, product and customer segments in which the subject brand operates.

To do this, it is necessary to understand:

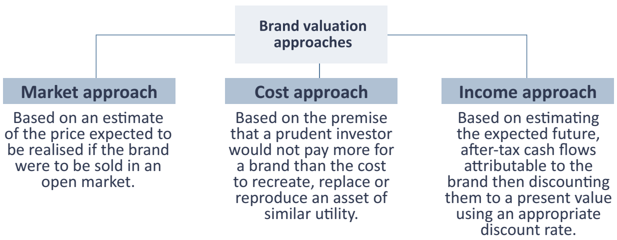
- Market size and trends - determined by conducting a critical review of predicted trends in distribution channels, customer demographics, market volumes, values and margins
- Contribution of brand to the purchase decision - determining the monetary brand contribution in the geographical, product and customer segments under review
- Attitude of all stakeholder groups to the brand - to assess the long term demand for the brand, any risks to the branded business and the appropriate cost of capital
- All economic benefits conferred on the branded business by the brand – to assess the sustainability of future revenues and profits

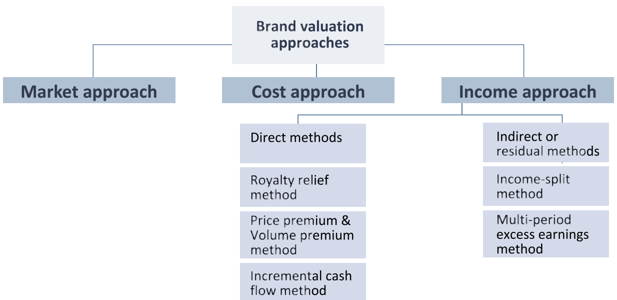
The brand valuer needs to research brand value drivers, including an evaluation of relevant stakeholders' perceptions of the brand in comparison with competitor brands. Measures commonly used to understand brand strength include awareness, perceptual attributes, knowledge, attitude and loyalty. The brand valuer needs to assess the brand's strength in order to estimate future sales volumes, revenues and risks.

Module 3 - Financial Analysis

The third requirement when valuing brands under IS 10668 is a thorough financial analysis.

IS 10668 specifies three alternative brand valuation approaches - the Market, Cost and Income Approaches. The purpose of the brand valuation, the premise or basis of value and the characteristics of the subject brand dictate which primary approach should be used to calculate its value.





- **Market approach**

The market approach measures value by reference to what other purchasers in the market have paid for similar assets to those being valued. The application of a market approach results in an estimate of the price expected to be realized if the brand were to be sold in the open market. Data on the price paid for comparable brands is collected and adjustments are made to compensate for differences between those brands and the brand under review.

As brands are unique and it is often hard to find relevant comparables this is not a widely used approach.

- **Cost approach**

The cost approach measures value by reference to the cost invested in creating, replacing or reproducing the brand. This approach is based on the premise that a prudent investor would not pay more for a brand than the cost to recreate, replace or reproduce an asset of similar utility.

As the value of brands seldom equates to the costs invested creating them (or hypothetically replacing or reproducing them), this is not a widely used approach.

- **Income approach**

The income approach measures value by reference to the economic benefits expected to be received over the remaining useful economic life of the brand. This involves estimating the expected future, after-tax cash flows attributable to the brand then discounting them to a present value using an appropriate discount rate.

As the value of brands stems from their ability to generate higher profits for either their existing or potential new owners, this is the most widely accepted and utilised brand valuation approach.

When conducting a brand valuation using the income approach, various methods are suggested by IS 10668 to determine future cash flows.

- **Royalty Relief method**

This is the most widely used method used to determine brand cash flows. This method assumes that the brand is not owned by the branded business but is licensed in from a third party. The value is deemed to be the present value of the royalty payments saved by virtue of owning the brand.

The royalty rate applied in the valuation is determined after an in-depth analysis of available data from licensing arrangements for comparable brands and an appropriate split of brand earnings between licensor and licensee, using behavioural and business analysis.

The Royalty Relief method is widely used because it is grounded in commercial reality and can be benchmarked against real world transactions.

- **Price Premium and Volume Premium methods**

The Price Premium method estimates the value of a brand by reference to the price premium it commands over unbranded, weakly branded or generic products or services. In practice it is often difficult to identify unbranded comparators. To identify the full impact on demand created by a brand the Price Premium method is typically used in conjunction with the Volume Premium method.

The Volume Premium method estimates the value of a brand by reference to the volume premium that it generates. Additional cash flows generated through a volume premium are determined by reference to an analysis of relative market shares. The additional cash flow generated by an above average brand is deemed to be the cash flow related to its ‘excess’ market share. In determining relevant volume premiums, the valuer has to consider other factors which may explain a dominant market share, such as legislation which establishes a monopoly position for one brand.

Taken together, the Price Premium and Volume Premium methods provide a useful insight into the value a brand adds to revenue drivers in the business model. Other methods go further to explain the value impact of brands on revenue and cost drivers.

- **Income-split method**

The income-split method starts with net operating profits and deducts a charge for total tangible capital employed in the branded business, to arrive at 'economic profits' attributable to total intangible capital employed. Behavioural analysis is then used to identify the percentage contribution of brand to these intangible economic profits. The same analysis can be used to determine the percentage contribution of other intangible assets such as patents or technology. The value of the brand is deemed to be the present value of the percentage of future intangible economic profits attributable to the brand.

- **Multi-period excess earnings method**

The multi-period excess earnings method is similar to the income-split method. However, in this case the brand valuer first values each tangible and intangible asset employed in the branded business (other than the brand). He uses a variety of valuation approaches and methods depending on what is considered most appropriate to each specific asset.

Having arrived at the value of all other tangible and intangible assets employed in the branded business, a charge is then made against earnings for each of these assets, leaving residual earnings attributable to the brand alone. The brand value is deemed to be the present value of all such residual earnings over the remaining useful economic life of the brand.

- **Incremental cash flow method**

The incremental cash flow method identifies all cash flows generated by the brand in a business, by comparison with comparable businesses with no such brand. Cash flows are generated through both increased revenues and reduced costs.

This is a more detailed and complex approach which tends not to be used in technical brand valuations but is extremely useful for strategic, commercial purposes such as when Virgin negotiates a new brand license with a new licensee. The incremental value added to the licensee's business form's the starting point for the negotiation.

- **Discount rate determination**

Under the income approach, risks that are not already reflected in future cash flows must be considered in the discount rate.

The discount rate used for discounting future expected cash flows attributable to a brand is usually derived from the Weighted Average Cost of Capital ('WACC') of the business.

How should international brands approach the valuation of existing marks?

IS 10668 was developed to provide a consistent framework for the valuation of local, national and international brands both large and small. The primary concern was to create an approach to brand valuation which was transparent, reconcilable and repeatable. In the wake of the standard's launch, it is expected that many businesses will either value their brands for the first time or revalue them compliant with the standard.

How should companies approach the question of brand diversification versus entrenchment?

Common commercial applications of brand valuation are brand portfolio and brand architecture reviews. The first considers whether the right number of brands and sub-brands are in the portfolio. The second considers whether individual brands are too fragmented and extended.

A good example of both applications at work can be found in Unilever's 'Path to Growth' strategy. In 2000, Niall Fitzgerald announced a plan to increase Unilever's annual revenue growth rate to 5-6% with margins of 16%.

To achieve this, Unilever's 1600 brands were to be valued, reviewed and rationalised down to 400 power brands. The a priori assumption was that many smaller, local brands were sub-optimal and offered slower growth prospects than the global brands. Within 2 years, 1200 under-performing local and regional brands were sold or starved of investment to feed the growth of the 400 global power brands.

In many respects the Unilever policy made sense. For example, Dove has been turned into a global power brand with diversification into many product lines and market segments, rapid volume growth, and revenues and profits measured in billions of dollars.

However, the strategy sacrificed many new or developing brands in countries like India because they could not be turned into global brands quickly. Local brand owners enthusiastically bought the divested brands or exploited the gap created by starving local Unilever brands of investment.

In this case, internal brand valuation teams were used to evaluate and prioritise the brand portfolio. Unilever is a leading edge company which follows best practices represented by IS 10668. Rationalisation and extension was supported by Legal Analysis to establish the strength and extendability of its brands. Extensive Behavioural Analysis was applied throughout its portfolio and Financial Analysis was conducted by a cadre of internal marketing finance analysts.

If any mistakes were made, it merely demonstrates that brand valuations are a mechanism for decision making which are driven by data, analysis and assumptions that may prove to be incorrect. The IS standard insists that sensitivity analysis showing a range of values, based on different assumptions, should be included in an opinion, not just a single value.

A brand valuation is an opinion at a point in time. Brand valuation models need to be updated and reviewed on a regular basis, and management decisions need to change in the light of changing conclusions flowing from them.

Brand valuation is a technique to support management, which is why it is vital that the technique should be consistent, transparent and reproducible as required by IS 10668.

How do you value an existing brand, then extend the analysis to measure the positive and negative impact of additional trademarks/brand extensions to the existing business/marks?

Dove is a good example of a Unilever brand which was prioritized in the Path to Growth strategy. It has been extended into many product categories and each extension was rigorously valued.

The Dove brand was launched in the US in 1955, as a cleansing soap bar with moisturising properties, which had been developed to treat burn victims during the Korean war. In 1957, the basic Dove soap bar formula was refined and developed into the "Original Dove Beauty bar". It was launched as a beauty soap, clinically proven to be milder on dry and sensitive skins. In 1979, an independent clinical dermatological study proved Dove "Beauty bar" was milder than 17 leading bar soaps. The phrase "cleansing cream" was replaced with "moisturizer cream" in its marketing materials.

Dove was launched in the UK in the 1990s. In 2001, Dove made its first foray into antiperspirant deodorant lines. Hair care products followed in 2003. Dove was launched in the soap category but has always been positioned without referring to it as “soap”. It is always referred to as a “beauty bar” with 25% cleansing cream. Positioning the brand this way has allowed it to extend into antiperspirants, deodorants, body washes, beauty bars, lotions, moisturizers, hair care and facial care products globally. It is now a global brand with a variety of sub-brand ranges (Original, Go Fresh, Intensive Care, Supreme, Summer Care).

To become a global brand, Dove needed wide appeal, across cultural, racial and age boundaries.

In 2004, it therefore launched the Campaign for Real Beauty, which highlighted the brand’s commitment to broadening definitions of beauty. Dove launched the Self Esteem Fund in 2005, which acts as an agent of change to educate and inspire young girls on a wider definition of beauty. It aims to boost the self-confidence of young girls and women, enabling them to reach their full potential in life. In 2007, Dove also launched Pro*Age, a range of skin care, deodorant and hair care specifically designed for mature skin.

Dove’s apparently effortless success makes brand extension look easy. But the Unilever marketing team could have stumbled at many points. They needed a clear and universally appealing brand proposition... simple, natural, caring, feminine, healthy, inclusive, multi-cultural, unpretentious, good value. They then needed a strong and memorable brand name that could be registered and defended in all likely product categories and geographical jurisdictions. They needed defensible sub-brand names. They needed a logo (a simply drawn dove), trade dress (predominantly white packaging), compelling copyright (advertising and collateral) and they needed a compelling trade sales force and campaign.

Having gone global in many SKUs, a valid question now hangs over the Dove brand. Has it reached the limits of its capacity to extend. There is a danger that if Dove is extended any further into fragrance, personal care or household products, its brand equity with consumers will become diluted and confused. Its brand value may decline.

If brands diversify, what challenges does this create for trademark counsel?

Brand valuations following the IS 10668 standard help to alert management to all manners of opportunities and threats. They consider the Legal ability of the brand to win protection in new categories, the Financial attractiveness of extending into any new categories, the risks posed by new extensions and above all the Behavioural response of consumers to further brand extension.

Conclusion

A robust brand valuation can help avoid the fate which befell the Pierre Cardin brand, which was extended and diluted to such an extent that over extension is now referred to as ‘Cardinisation’.
The role of trademark counsel in this process is vital.

- Firstly, to keep up with marketing management keen to extend and extend
- Secondly, to advise whether and how brands and sub-brands can be registered
- Thirdly, providing advice on the cost efficiency of ever extending trademark protection; some global brands find that they have tens of thousands of trademarks which require huge financial and management support. Trademark counsel working within the brand valuation team help to answer the question of whether this is a value enhancing strategy

IS 10668 will help integrate Trademark Counsel into a multi-disciplinary brand management team. Trademark Counsel will no longer be working in their own technical silo.

In my view, IS 10668 is a major breakthrough which will help further professionalise the business of brand management.

WORLD DOMINATION – GROWING BEYOND THE LITTLE RED DOT

Sharon Snodgrass, Director, IPR-X Asia Pacific Pte Ltd

Asian businesses have begun to show signs of recognising that in the 21st century, comparative advantage lies increasingly in intangible assets. Asian companies have begun moving from relying on foreigners' technology to creating their own technology.

Reliance Industries, a company which ranks 107 on the Brand Finance Global 500 list this year, obtained a licence to build a polyester yarn plant at Patalganga in Maharashtra, India in 1982 and turned to the American giant, Du Pont for the technology. Now, more than two decades on, the company has filed its own patent on polyester technology developed in their Technology Centre in Raigarh and is a dominant player in the world yarn market.

Other companies have taken the step not just of creating their own Intellect Property Rights (IPR) but to speed up expansion and growth overseas, have gone a step further, buying up companies with the desired IPR. The best known example of this is Lenovo which through buying IBM's PC business, also bought the underlying IPR of over a 1,000 patents. Lenovo had, prior to this, only had one patent. It is now the largest seller of PCs in the Chinese market and in the Thinkpad, has one of the best known global brands in laptops. As a result, Lenovo is now a globally known brand, not just a Chinese brand.

Early in their corporate life, Singapore companies, having a limited domestic market, are often faced with contemplating some form of expansion overseas. A mergers and acquisition path to achieve this expansion should place a high level of importance on the IPR in the targeted acquisition, assessing not just its monetary value but how the acquired business and underlying IPR can drive further growth for the company.

Asia Pacific Breweries (APB), a Singapore-listed company, which ranks sixth on Brand Finance's Top 100 Singapore brands' ranking, is a company that has done just that. From early on in its corporate history, it has expanded overseas acquiring substantial if not controlling shares in overseas breweries. Its most recent acquisition in February this year is a large controlling stake in PT Multi Bintang Indonesia, thus giving it ownership of the leading Indonesian beer brand, Bintang. While it maintains a very strong flagship brand, Tiger Beer, that is distributed in over 60 countries globally, APB often makes use of the intangible assets, not just the tangible assets it acquires. The locally successful brands it acquires to its existing portfolio of about 40 brands. In this way APB can maximise its return from its acquisitions and increase its overall market share through a multi-brand strategy.

THE IMPLICATIONS ON SINGAPORE BRANDS AND THEIR BRAND VALUES IN 2010 AND BEYOND

For most of 2009, financial analysts often predicted when the stock markets would bottom and the magnitude of their declines. Towards the end of 2009, many analysts suggested that markets have bottomed out and economic recovery is within sight. The optimism was reflected in the year's episodic stock market rally. There were 624 companies with a combined market capitalisation of S$593.5 billion listed on the SGX main board in July 2009. While this number has stayed almost constant through the rest of 2009 into the first quarter of 2010, market capitalization peaked at S$663.6 billion by Dec 2009. Correspondingly, the STI stood at 2,333.14 on 30 June 2009 but closed at 2,897.62 on 31 Dec 2009.

An analysis of the domestic environment suggests that economic prospects will remain positive for Singapore for the rest of this year. Singapore's economy is forecasted to grow by an average of nearly 4.9% a year from 2010 to 2011, following an estimated contraction of 2.1% in 2009. This complements the forecast for an improvement in the global economy which led to Singapore's merchandise exports recording strong growth in December, with the value of non-oil domestic exports (NODX) rising by 26.1% year on year, the fastest pace of growth since mid-2006, according to International Enterprise Singapore.

As monetary brand value is in part a function of financial performance (including revenues achieved and margins commanded) of the associated enterprise, strengthening demand conditions will generally strengthen brand value. Brands with strong value-based positioning will thrive. In times of recovery, we can expect to see companies who continually invested in their brands during the downturn to reap exponential benefits, achieving significant reach and share of voice in the market.

On this note, perhaps the more relevant issue for brand owners is: What should they be doing to capitalise on the economic recovery? We summarise our perspectives as follows:

- **Invest in Value Drivers**

Invest in talented people who will drive innovation that companies can leverage upon to boost your company's value; invest in vital marketing activities (for example, those that drive customer loyalty) and public relations activities to shout out. While some companies have had the foresight to invest in marketing during the downturn, it is important not to be complacent as competition is rising.

- **More deeply understand the drivers of your brand's value.**

Quantify the company's brand's value, derive insight into the key drivers therein, and connect the organisation's current investments against each driver area. Identify areas of inefficiency in marketing and streamline business development activities. This assessment will provide insight on how to best allocate resources going forward, ensuring the company's competitive advantage.

- **Sharpen the company's brand's positioning and key point(s) of difference.**

A recessionary climate tends to lay bare undifferentiated brands that deliver questionable value. A meaningful, differentiated positioning preserves profit margins and provides purposeful brand investment.

- **Ensure organisational alignment to support consistent brand delivery.**

No significant amount of brand investment – in good times or bad - can be justified if the brand promise is poorly delivered. Seize the opportunity to examine how the company's brand is delivered against all key touch-points and stakeholders, and spearhead initiatives (across the organization) to address opportunities and gaps in this regard.

- **Internationalise your brand via mergers and acquisitions**

Cash rich Singapore companies can increase their value through the acquisition of or joint ventures with foreign companies, which have valuable synergies. Companies that are eligible for IE Singapore's Brandpact scheme can leverage on the available grants for brand developmental efforts.

SINGAPORE'S REPORT CARD ON THE TOP 100 BRANDS

OVERVIEW OF SINGAPORE'S MOST VALUABLE BRANDS & BRAND PORTFOLIOS

The total value of Singapore's 100 largest brands and brand portfolios is S$35.2 billion. 92% of the brand value is vested in the Top 50 brands whose combined worth is S$32.7 billion. Though the remaining 50 brands now account for 7% of the total brand value for Top 100 brands, we expect them to grow in the years ahead as they undertake efforts to strengthen and grow their brands.

The Top 100 Singapore brands and brand portfolios of S$35.2 billion represent a 30.3% increase over last year's study. In tandem with the economic recovery, the brand values of most companies have increased with agri-businesses leading the way.

Brand Finance has ranked the brands and brand portfolios of SGX listed companies by their absolute dollar value.

SINGAPORE'S BEST RATED BRANDS

The Brand Rating score represents a summary opinion on a brand based on its strength as measured by Brand Finance's 'Brand Strength Index'. This competitive benchmarking tool provides an understanding of the strength of each brand and is used to determine appropriate royalty and discount rates in the brand valuation process using our proprietary βrandβeta® methodology.

The Brand Rating delivers insight into the underlying equity and performance of each brand. It illustrates how valuations require robust analysis of each brand's performance in order to determine its value. This information is useful for both marketing and finance departments in brand strategy formulation and financial forecasting.

Brand Finance's Brand Ratings are conceptually similar to company credit ratings. Two brands top the Brand Rating list this year. They are Singapore Airlines and Capitaland with brand ratings of 'AAA' and 'AAA-' corresponding Brand Strength Scores of 86 and 82 respectively.

Brand Ratings are important because they are a leading indicator of future performance. Some very large and valuable brands may have deteriorating ratings. This ultimately leads to destruction in brand value, and vice versa.

SINGAPORE'S TOP 10

The ten most valuable brands and brand portfolios of Singapore are worth S$19.9 billion, 30% higher than 2008. They represent 56.4% of the total brand value of the Top 100 Singapore brands.

1. Singapore Airlines | SINGAPORE'S MOST VALUABLE BRAND
Includes SilkAir and excludes SIA Engineering

SINGAPORE AIRLINES	1	5,135 m	14,450 m
	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

Singapore Airlines (SIA) was originally founded in 1947 and from a single plane, it has progressed to become one of the world's leading carriers with a flight network spanning over 101 destinations in 43 countries. SIA has a strong iconic brand image in The Singapore Girl who is a symbol of quality customer care and service.

PERFORMANCE OF THE BRAND

Singapore Airlines' dedication to branding and its driving spirit to innovate remained true in the past year. In 2009, it continued to pioneer many in-flight entertainment innovations, scoring another world's first when it started offering iPod and iPhone connectivity on flights. SIA also further extended its services to serve more customers when more routes were added, the latest being Riyadh, Kuwait and Zurich.

The personalization of the Singapore Airlines' brand was successfully executed with its professional crew and keen attention to details. Its flight stewardesses, who are fondly known as The Singapore Girls, serve as a powerful brand icon as they encapsulate Asian values and hospitality. Her uniform, the Malay sarong kebaya, has also become one of the most recognized signatures of the airline.

Singapore Airlines' service quality is also closely related to the fleet of aircraft that they maintain. The company has a stringent policy of replacing older aircraft for newer and better models, and in 2009, the new Airbus A330-300 aircraft replaced the B777-200 model previously utilized on medium-haul routes. Its new aircraft, which are quieter, burn less fuel per seat and kilometre, and have lower carbon emissions, continue to build on SIA's efforts to be more environmental friendly.

2. Wilmar

Wilmar International Ltd | Total product brand portfolio

	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)
wilmar	2	3,510 m	30,853 m

HISTORY OF THE COMPANY & BRAND

Established in 1991 as primarily a palm oil trading company, Wilmar is today's leading Asian agribusiness group and the world's largest palm oil player. While having operations in over 20 countries, Wilmar currently focuses on Asian countries such as Indonesia, Malaysia, China, and India. It has since expanded its operation and captured the entire value chain of the agriculture commodity process. With over 35 subsidiaries under its wings, Wilmar has an integrated business operation that ranges from oil palm cultivation and milling to the refining, processing, branding, merchandising and distribution of a wide range of palm oil and related products. It is also engaged in the merchandising of non-palm oil related products such as soya bean and fertilisers.

PERFORMANCE OF THE BRAND

Wilmar announced its plans to venture more rapidly into India as the South Asian nation overtakes China as the world's largest buyer of palm oil. It aims to expand its India business to about half of that in China in 10 years. Nevertheless, Wilmar is well positioned to capitalize on future growth of the Chinese market. Its recent IPOs have allowed Wilmar to circumvent regulatory caps on market share, thus increasing their brand presence. Its extensive distribution networks further enhance this potential increase in brand presence. To ensure the sustainability of its growth and brand position, Wilmar has adopted a responsible plantation management approach. In December 2008, it was one of the first palm oil companies to obtain the Roundtable on Sustainable Palm Oil (RSPO) certification.

3. DBS

DBS Group Holdings Ltd | *Includes POSB*

	3	2,136 m	29,673 m
DBS	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

DBS is the largest bank in South East Asia and has presence in over 16 markets including Hong Kong and India. Its range of services includes consumer banking, treasury, asset management, securities brokerage and debt fund-raising. In Singapore, it serves 4 million retail customers while its Hong Kong division serves 1 million customers.

More than just a bank, DBS is a partner of Singapore companies and plays an important role in facilitating the growth of small and medium enterprises, customizing its services to their needs as they grow in size and revenue.

PERFORMANCE OF THE BRAND

In the past year, DBS continued its effort to entrench its leadership in Singapore by enhancing its network of branches and ATM machines as well as promoting value-based services. It also has success in cross-selling across all customer segments. Its Hong Kong business has identified the mid caps and SMEs as target audiences and invested to reposition its brand to them.

DBS' efforts in developing its trade finance capabilities focused on SMEs and strengthening its credit underwriting framework has strengthened its attractiveness as the bank of choice for Asia's growing affluent.

4. Keppel Corporation

Keppel Corporation Ltd | *Brand portfolio excludes Keppel Land and Keppel Telecommunications & Transport*

	4	1,587 m	14,649 m
Keppel Corporation	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

Keppel is one of the first few Singapore companies to venture abroad and it has since emerged as the world leader in the offshore and marine's industry, Asia's premier property developer as well as a leading provider of environmental solutions.

Its solid track record of on-time and within-budget deliveries has gained it an excellent reputation as well as customers' loyalty while its global network of 20 shipyards augments its "near market, near customer" strategy. Their dedication to grow the environmental engineering business has also paid off with a resulting increase in revenue contribution from this business unit.

PERFORMANCE OF THE BRAND

Keppel continues to innovate and break into new frontiers, offering offshore and marine technology that can be deployed to harsher environment and have deeper drilling depth. Its Tianjin Eco-city project, Waste-to-Energy projects and research in offshore wind farms bode well for its corporate direction to create sustainable businesses.

Keppel has also sponsored the clipper- Uniquely Singapore in the Clipper Round the World Yacht Race 2009/2010. This goodwill provided the perfect platform to showcase Keppel's values and brand name internationally. The race's stopover which Keppel Marina Bay hosted was used as an excellent backdrop to network and generate business opportunities for the company.

5. SingTel

Singapore Telecommunications Ltd | *Excludes Optus*

SingTel	5	1,523 m	17,012 m
	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

SingTel is a one-stop service provider of integrated multimedia, providing mobile, broadband, fixed line and home entertainment services. It is a strategic long-term investor in six regional mobile operators in emerging markets like India, Indonesia, Thailand, Philippines, Pakistan and Bangladesh. It has successfully leveraged on its scale in networks, operational competencies, and customer reach.

PERFORMANCE OF THE BRAND

SingTel led the telecommunications market with its offering of exclusive handsets such as INQ Chat 3G, Acer's first Windows phones - Acer neoTouch and beTouch E100 while its Mio TV business was boosted by compelling offers such as Barclays Premier League Early Bird Promotions as well as new channels like ESPNEWS, WE TV, Sundance and Russia Today.

Its overseas brand has also seen an increase in market power and presence as it aggressively invests in network infrastructure to widen coverage and increase transmission speed. Its strong and effective governance of its subsidiaries, associates and investments is a success story for many companies wanting to expand internationally.

6. APB

Asia Pacific Breweries Ltd | *Total product brand portfolio*

Asia Pacific	6	1,354 m	3,187 m
	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

Having a diverse portfolio of popular beer brands as well as an extensive global marketing and distribution network has made APB a force in the brewing industry. APB currently manages over 40 beer brands including Tiger Beer, Heineken, Anchor and ABC Stout, and has operations in over 60 countries. APB's various quality assurance certifications, accolades, awards and distinctions are reflections of their dedication towards best quality products.

Through its Asia Pacific Breweries Foundation, APB is able to support initiatives that promote creativity development, human excellence and humanitarian causes.

PERFORMANCE OF THE BRAND

APB expanded its footprint with purchases of breweries in Indonesia and New Caledonia. It has also added two leading beer brands - Bintang and Number One to its portfolio. These strategic moves are expected to strengthen APB's competitive position.

Its Drink-Savvy.com website, which is dedicated to creating awareness on responsible drinking, is a first of its kind by an Asian brewer and is a strategic move to engage the company's stakeholders. Drink-Savvy.com features succinct facts on alcoholism and the "I Drink Savvy" competition was launched in conjunction with the campaign. This has contributed to APB's strong brand awareness among its customers and stakeholders.

7. UOB

United Overseas Bank Ltd

	7	1,306 m	26,644 m
UOB 大華銀行	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

Through a series of acquisitions, UOB has grown from humble beginnings of being a Fujian community bank to becoming one of Asia's leading banks. It has major banking subsidiaries in the regions such as UOB Malaysia, UOB Thailand, PT Bank UOB Indonesia and UOB China. It provides an extensive range of services across its network of branches and is one of the largest players in the credit card business, offering attractive and creative products like UOB Lady's Card as well as UOB ONE Card.

PERFORMANCE OF THE BRAND

In 2009, UOB remained focused on strengthening its financial position and growing its businesses. Its strategic alliance with South Korea's HI Asset Management provides it with a strong leverage on its partner's presence and expertise in its bid to expand further in Asia. UOB Asset Management Limited, which was listed on the STI last year, is also the first China A-Shares ETF on SGX.

UOB's current corporate social responsibility focus is on children, education and the arts. Its branding has been strengthened to extend its social responsibility activities in other markets, such as its recent partnership with Vietnam National University to offer interest-free study loans to Vietnamese undergraduates.

8. Cold Storage

Dairy Farm International Holdings Ltd

	8	1,129m	2,299 m
Cold Storage The fresh food people	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

Established in 1903, Cold Storage shifted from counter-service to self-service and introduced the supermarket to Singapore. It has since grown to become the premier player in supermarket retail in Singapore with its well-earned reputation for fresh food and gourmet items. It currently operates 37 Cold Storage outlets, six Market Place and 50 Shop N Save supermarkets in Singapore. The chain boasts the highest standards of fresh food handling, with an HACCP certified Fresh Food Distribution Centre that runs daily deliveries to all outlets.

PERFORMANCE OF THE BRAND

Since launching their own "No Frills" house brand in 1993 and its "First Choice" brand in 1999, Cold Storage has consciously and consistently promoted its image as a chain that provides customers with products of satisfactory quality at affordable prices to meet the needs of value conscious households. Apart from being a strong supporter of the government's efforts to maintain high levels of health standards in the country, Cold Storage has also promoted its family-friendly and health-conscious brand with its Cold Storage Kids Run which was voted the Best Retail Event of the Year 2009 by the Singapore Retailers Association.

Adding to a string of accolades, Cold Storage has also constantly introduced new store concepts that have set the industry standards. Paragon Market Place won the Best Retail Concept of the Year 2009 in Asia Pacific by the Federation of Asia-Pacific Retailers Association in July 2009 while its ThreeSixty MARKET PLACE store at ION Orchard has won praise as a one-stop gourmet shoppers' paradise.

9. SembCorp

SembCorp Industries Ltd | Brand portfolio includes SembCorp Industrial Parks, SembCorp Utilities and SembCorp Environmental

sembcorp	9	1,107 m	6,220 m
	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

Sembcorp is a trusted utility, marine as well as energy and water solutions provider that serves customers in countries ranging from Singapore, China, Vietnam and the United Kingdom to the Middle East.

PERFORMANCE OF THE BRAND

SembCorp leverages on the expertise, strength and synergies of its integrated business to enhance its understanding of customer needs. SembCorp therefore views itself as a key partner to its customers, delivering solutions for their needs. The SembCorp brand promise is anchored on its positioning statement of "Vital Partners, Essential Solutions" to communicate strength and reliability.

SembCorp is Singapore's top water management company and has grown to become a worldwide leader in the provision of centralised utilities and services. Their development of new yard facilities in Singapore and Brazil allows them to be the one-stop solutions hub for ship repair, conversion and rig building. Their successful bidding of the Sino-Singapore Nanjing Eco High-tech Island project builds on its solid track record. With its experience and cutting edge technology, SembCorp is well-placed to capitalize on growing international demand for energy conservation, water purification and urbanization management.

10. OCBC

Overseas-Chinese Banking Corporation Ltd

OCBC Bank	10	1,082 m	24,550 m
	Brand Ranking	Brand Value (SGD)	Enterprise Value (SGD)

HISTORY OF THE COMPANY & BRAND

Established in 1912, OCBC has key businesses in Southeast Asia. In Indonesia, under its subsidiary Bank OCBC NISP, it has almost 390 branches and is a leading bank in this growing market. It also owns Great Eastern Holdings which provides a second engine of growth for the company. Its stake in LION Global Investors which is one of the most experienced asset management company in Singapore and the region also serves well as a business diversification strategy.

PERFORMANCE OF THE BRAND

In its bid to enhance its customer service experience, OCBC expanded its weekend banking services, brought the bank to the work place with its iQ program and encouraged savings for the family with its popular Mighty Savers family program.

OCBC improved its product capabilities for SMEs such as its BizProtect Plan which provides customized insurance services to SMEs. Its effort was recognised when it was awarded the Innovation Class Certification by SPRING Singapore in 2009.

SINGAPORE'S TOP 100 BRANDS

RANK		BRAND	PARENT COMPANY	BRAND VALUE SGD million		ENTERPRISE VALUE SGD million		BRAND / ENTERPRISE VALUE		BRAND RATING	
2010	2009			2010	2009	2010	2009	2010	2009	2010	2009
1	1	SINGAPORE AIRLINES	SINGAPORE AIRLINES LTD	5,135	3,990	14,450	9,404	36%	42%	AAA	AAA-
2	2	WILMAR *	WILMAR INTERNATIONAL LTD	3,510	2,057	30,853	15,695	11%	13%	AA-	A
3	3	DBS	DBS GROUP HOLDINGS LTD	2,136	1,958	29,673	18,644	7%	11%	AA	AA
4	4	KEPPEL	KEPPEL CORP LTD	1,587	1,342	14,649	10,898	11%	12%	AA-	AA
5	6	SINGTEL	SINGAPORE TELECOMMUNICATIONS	1,523	1,106	17,012	14,250	9%	8%	A	A+
6	5	APB *	ASIA PACIFIC BREWERIES LTD	1,354	1,259	3,187	2,639	42%	48%	A+	A+
7	7	UNITED OVERSEAS BANK	UNITED OVERSEAS BANK LTD	1,306	1,041	26,644	18,567	5%	6%	AA-	A+
8	8	COLD STORAGE	DAIRY FARM INTL HLDGS LTD	1,129	960	2,299	2,095	49%	46%	AA+	A+
9	10	SEMBCORP	SEMBCORP INDUSTRIES LTD	1,107	738	6,220	3,821	18%	19%	AA-	A-
10	9	OCBC BANK	OVERSEA-CHINESE BANKING CORP	1,082	820	24,550	14,880	4%	6%	AA-	A
11	11	APL	APL	1,022	619	3,118	2,051	33%	30%	AA-	AA-
12	13	GREAT EASTERN	GREAT EASTERN HOLDINGS LTD	882	593	6,250	3,864	14%	15%	A	BB
13	12	ST ENGINEERING [1]	SINGAPORE TECHNOLOGIES ENG	862	613	9,682	7,670	9%	8%	AA+	AA-
14	14	SHANGRI LA	SHANGRI-LA ASIA LTD	716	573	10,247	8,611	7%	7%	AA	AA-
15	15	F&N [2]	FRASER AND NEAVE LTD	642	547	2,131	1,837	30%	30%	AA-	AA-
16	19	SEMBCORP MARINE	SEMBCORP MARINE LTD	547	400	5,961	2,462	9%	16%	AA-	A
17	16	NOL	NEPTUNE ORIENT LINES LTD	519	483	992	653	52%	74%	AA-	A+
18	18	MILLENIUM & COPTHORNE	Millenium & Copthorne	518	404	8,850	6,911	6%	6%	AA	AA-
19	20	SPH *	SINGAPORE PRESS HOLDINGS LTD	494	385	4,192	3,154	12%	12%	AA+	A+
20	23	JARDINE CYCLE & CARRIAGE	JARDINE CYCLE & CARRIAGE LTD	492	307	4,610	3,015	11%	10%	AA+	A-
21	17	STARHUB	STARHUB LTD	478	478	4,193	3,834	11%	12%	A+	A-
22	21	COMFORTDELGRO	COMFORTDELGRO CORP LTD	471	333	2,206	1,860	21%	18%	AA	A-
23	22	CAPITALAND	CAPITALAND LTD	445	331	14,568	11,459	3%	3%	AAA-	AA
24	25	SPC	SINGAPORE PETROLEUM CO LTD	330	219	NA	436	NA	50%	AA-	BBB
25	30	SGX	SINGAPORE EXCHANGE LTD	292	185	8,680	6,524	3%	3%	AA+	A-
26	28	STATS CHIPPAC	STATS CHIPPAC LTD	259	191	2,230	1,181	12%	16%	AA-	BBB
27	29	SMRT	SMRT CORP LTD	252	189	2,653	2,260	10%	8%	AA-	A
28	24	HONG LEONG ASIA	HONG LEONG ASIA LTD	242	220	1,938	1,482	12%	15%	A-	BBB
29	R	SBS TRANSIT	SBS TRANSIT LTD	225	146	513	406	44%	36%	A+	A-
30	34	ASCOTT	(B) Ascott	216	146	3,401	2,675	6%	5%	AA+	A
31	R	PARKWAY HEALTH [3]	PARKWAY HOLDINGS LTD	215	196	2,770	1,510	8%	13%	AA+	A-
32	47	SATS	SINGAPORE AIRPORT TERMINAL S	197	99	2,710	1,013	7%	10%	AA	A-
33	38	FRASERS CENTREPOINT	FRASER AND NEAVE LTD	193	134	2,842	2,449	7%	5%	AA+	A-
34	36	VENTURE	VENTURE CORP LTD	190	140	465	311	41%	45%	AA	A-
35	32	OLAM	OLAM INTERNATIONAL LTD	186	151	8,326	5,250	2%	3%	A+	A
36	43	SIA ENGINEERING	SIA ENGINEERING CO LTD	176	118	2,941	1,822	6%	7%	A+	A
37	31	M1	MOBILEONE LTD	175	173	1,934	1,450	9%	12%	A	A-
38	39	UOL	UOL GROUP LIMITED	145	129	4,576	3,759	3%	3%	AA-	A+
39	40	CDL	CITY DEVELOPMENTS LTD	143	128	5,424	4,236	3%	3%	AA-	A
40	37	BANYAN TREE	BANYAN TREE HOLDINGS LTD	141	139	1,096	800	13%	17%	A+	A+
41	42	SINGPOST	SINGAPORE POST LTD	133	122	2,077	1,603	6%	8%	AA	A+
42	44	PETRA FOODS *	PETRA FOODS LTD	130	118	258	163	50%	72%	A+	A+
43	51	UIC	UNITED INDUSTRIAL CORP LTD	129	84	5,236	4,075	2%	2%	AA	A-
44	45	KEPPEL LAND	KEPPEL LAND LTD	129	107	5,969	3,130	2%	3%	AA-	A+
45	33	GUOCOLAND	GUOCOLAND LTD	121	147	4,008	3,588	3%	4%	A+	A+
46	41	WEARNES	WBL CORP LTD	117	127	372	299	31%	43%	AA	A
47	57	HO BEE	HO BEE INVESTMENT LTD	116	76	1,416	1,434	8%	5%	AA+	AA-
48	46	UOBKAYHIAN	UOB-KAY HIAN HOLDINGS LTD	109	101	1,069	889	10%	11%	A+	A-
49	48	BRAND'S	CEREBOS PACIFIC LTD	107	95	604	429	18%	22%	AA-	A
50	49	MACCOFFEE	FOOD EMPIRE HOLDINGS LTD	99	94	126	117	79%	80%	A+	A-
51	50	KIM ENG	KIM ENG HOLDINGS LTD	98	89	1,565	870	6%	10%	A+	A-
52	55	CEREBOS	CEREBOS PACIFIC LTD	95	78	494	351	19%	22%	A+	BBB
53	52	GP	GP BATTERIES INTL LTD	92	83	388	352	24%	24%	A-	A
54	56	HYFLUX	HYFLUX LTD	92	77	1,944	1,108	5%	7%	AA+	AA+
55	60	EZRA	EZRA HOLDINGS LTD	92	64	1,688	786	5%	8%	AA	A+
56	54	YEO'S	YEO HIAP SENG LTD	90	79	840	860	11%	9%	A	A-
57	75	SUPER	SUPER COFFEEMIX MFG LTD	87	44	278	205	31%	21%	A+	A
58	64	ALLGREEN	ALLGREEN PROPERTIES LTD	85	53	3,200	2,372	3%	2%	A+	A+
59	80	THE HOUR GLASS	HOUR GLASS LTD/THE	81	39	154	115	53%	34%	AA	A-
60	68	CWT	CWT LTD	81	49	541	157	15%	31%	AA-	BBB

SINGAPORE'S TOP 100 BRANDS

RANK		BRAND	PARENT COMPANY	BRAND VALUE SGD million		ENTERPRISE VALUE SGD million		BRAND / ENTERPRISE VALUE		BRAND RATING	
2010	2009			2010	2009	2010	2009	2010	2009	2010	2009
61	71	WING TAI	WING TAI HOLDINGS LTD	78	45	2,244	1,571	3%	3%	A+	A+
62	76	SWIBER	SWIBER HOLDINGS LTD	73	43	784	510	9%	8%	AA-	A+
63	53	SIM LIAN	SIM LIAN GROUP LTD	71	81	552	788	13%	10%	A+	A
64	59	STAMFORD LAND	STAMFORD LAND CORP LTD	71	71	721	463	10%	15%	A+	AA-
65	65	SINGLAND	SINGAPORE LAND LTD	68	51	3,815	2,438	2%	2%	A+	A+
66	73	PAN PACIFIC	PAN PACIFIC HOTELS GROUP LTD	65	44	567	349	11%	13%	AA-	A-
67	66	HONG LEONG FINANCE	HONG LEONG FINANCE LTD	63	51	1,262	882	5%	6%	A+	BBB
68	62	METRO	METRO HOLDINGS LTD	59	57	486	127	12%	45%	AA	A
69	67	MERITUS	OVERSEAS UNION ENTERPRISE	57	49	2,325	2,291	2%	2%	AA-	A+
70	79	POPULAR	POPULAR HOLDINGS LTD	55	40	95	72	58%	55%	AA-	A-
71	78	OSIM	OSIM INTERNATIONAL LTD	51	40	235	129	22%	31%	A+	A
72	70	RAFFLES EDUCATION	RAFFLES EDUCATION CORP LTD	50	46	1,247	1,334	4%	3%	AA	A
73	61	MCL LAND	MCL LAND LTD	50	60	691	675	7%	9%	A+	A+
74	72	RAFFLES MEDICAL	RAFFLES MEDICAL GROUP LTD	47	45	721	439	7%	10%	A+	A
75	69	PANUNITED	PAN-UNITED CORP LTD	45	48	277	253	16%	19%	A	A-
76	83	KS ENERGY	KS ENERGY SERVICES LTD	43	32	715	621	6%	5%	A	A-
77	92	AZTECH	AZTECH GROUP LTD	39	21	150	95	26%	22%	A	A-
78	81	HOTEL GRAND CENTRAL *	HOTEL GRAND CENTRAL LTD	39	37	316	262	12%	14%	A	A
79	84	AKIRA	TT INTERNATIONAL LTD	38	32	NA	173	NA	18%	A+	BBB
80	95	KINGSMEN	KINGSMEN CREATIVE LTD	38	18	94	43	40%	43%	A+	BB
81	85	EU YAN SANG	EU YAN SANG INTERNATIONAL	35	28	157	124	22%	22%	A	A
82	98	BREADTALK	BREADTALK GROUP LIMITED	32	13	47	22	69%	60%	A+	A-
83	90	TIGER BALM	HAW PAR CORP LTD	31	24	414	243	8%	10%	A+	A
84	86	SC GLOBAL	SC GLOBAL DEVELOPMENTS LTD	31	27	2,223	155	1%	17%	AA-	A-
85	94	ORCHARD PARADE	ORCHARD PARADE HOLDINGS LTD	30	20	745	678	4%	3%	AA-	A+
86	89	ASPIAL *	ASPIAL CORP LTD	30	25	78	80	38%	31%	AA-	BBB
87	77	CREATIVE	CREATIVE TECHNOLOGY LTD	29	41	60	72	49%	58%	AA-	A
88	82	ASL MARINE	ASL MARINE HOLDINGS LTD	27	36	405	215	7%	17%	A	A
89	87	JAYA	JAYA HOLDINGS LTD	27	25	617	511	4%	5%	AA-	A
90	88	AMARA	AMARA HOLDINGS LTD	27	25	413	302	7%	8%	A	A
91	93	CORTINA	CORTINA HOLDINGS	26	21	60	118	43%	17%	AA	A+
92	91	FURAMA	FURAMA LTD	26	23	184	113	14%	20%	A	A-
93	NA	NERA	NERA TELECOMMUNICATIONS LTD	22	NA	97	NA	22%	NA	A	NA
94	NA	STAMFORD TYRES	STAMFORD TYRES CORP LTD	20	NA	150	NA	13%	NA	A-	NA
95	NA	FOOD REPUBLIC	BREADTALK GROUP LIMITED	18	NA	28	NA	63%	NA	AA-	NA
96	97	HI-P	HI-P INTERNATIONAL LTD	17	14	303	324	6%	4%	AA-	A-
97	NA	WEE HUR	WEE HUR HOLDINGS LTD	17	NA	124	NA	14%	NA	A-	NA
98	NA	MEDIARING 4	MEDIARING LTD	17	NA	171	NA	10%	NA	AA-	NA
99	96	LORENZO	LORENZO INTERNATIONAL LTD	14	16	20	24	70%	68%	A	A-
100	NA	CHALLENGER	CHALLENGER TECHNOLOGIES LTD	14	NA	32	NA	43%	NA	A+	NA

NOTES:

* Total Brand Portfolio
R - Restated from previous valuation
NA - Not Applicable

1. The brand value of ST Engineering takes into account the ST Group of Companies
2. F&N brand value excludes contribution from alcoholic beverages
3. Parkway Health brand value includes Singapore and China operations only
4. MediaRing has been rebranded to Spicei2i in January 2010
5. This report focuses primarily on individual listed entities on the Singapore Stock Exchange (SGX)
6. The revenues of Optus have been excluded from its parent company SingTel
7. The Singapore Airlines brand value excludes the SIA Engineering and Silkair brands
8. For Dairy Farm International, we have only valued the Cold Storage Brand
9. We have split the branded revenues of "Frasers Centrepoint" and the "Fraser and Neave" food portfolio to better reflect the revenues of their distinct business units
10. Although Millennium & Copthorne and Ascott are not listed on SGX, they are included for their Singapore origin and sizeable revenues
11. The enterprise values stated represent the percentage of branded business revenues unless no reasonable proportion can be identified, in which case, the total enterprise value of the parent company is used. This differs from our 2009 report where 100% of all parent companies' enterprise values were used for all brands.
12. The valuation date of this report is 31 December 2009

EXPLANATION OF THE METHODOLOGY

BrandFinance® uses a discounted cash flow (DCF) technique to discount estimated future royalties, at an appropriate discount rate, to arrive at a net present value (NPV) of the trademark and associated intellectual property: the brand value. The steps in this process are:

1. Obtain brand-specific financial and revenue data. This quantitative data is obtained from Bloomberg, company data sources such as websites and annual reports, investment analyst and industry expert reports, and other publicly available data sources.

2. Determine Market Related Revenue Forecast.

   Three forecast periods were used:
   - Estimated financial results for 2009 using Institutional Brokers Estimate System (IBES) consensus forecast
   - A five-year forecast period (2010-2014), based on three data sources (IBES, historic growth and GDP growth)
   - Perpetuity growth, based on a combination of growth expectations (GDP and IBES)

3. Establish the notional royalty rate for each brand portfolio.

   Steps in determining the notional Royalty Rate are:

   - Establish a royalty rate range for each sector. Royalty rate ranges were set for each industry by reference to a review of comparable licensing agreements and industry norms. A review of publicly available licensing agreement indicates the royalty rates set between third parties in arm's length commercial transactions.

   - Compare royalty rates with operating margins in the sector. Fundamental profitability in each sector influences the determination of royalty rate ranges. This must be taken into account when determining the royalty rate ranges. A 'Rule of Thumb' exists within the licensing industry ('Rule of 25'), which states that, on average, a licensee should expect to pay between 25% and 40% of its expected profits for access to the licensed intellectual property.

     For example, if profit margin is 20%, an appropriate royalty rate should fall between 25% x 20% = 5% and 40% x 20% = 8%. The rule is based on heuristic evidence of a relationship between market royalty rates and margins earned in licensee businesses. Royalty rates may be higher or lower than 25% of profits, depending upon a variety of quantitative and qualitative factors that can and do affect commercial negotiations. When determining royalty rate ranges, the '25% rule' is a useful indicator of what an appropriate royalty rate range might be in each sector.

   - Establish the appropriate royalty rate within the range for each brand portfolio by calculating brand strength – on a scale of 0 to 100 – according to a number of attributes such as emotional connection, functional performance, and profitability, among others. This is calculated by reference to 'ßrandßeta®' analysis (see Brand Ratings below).

4. Calculate the discount rate specific to each brand, taking account of its size, geographical presence, reputation, gearing and brand rating (see below). The discount rate is calculated using the Weighted Average Cost of Capital (WACC). This takes into account debt costs, equity costs and the debt to equity ratio as well as the brand rating which gives a discount or premium based on the strength of the brand. The principle being that a strong brand should command a lower discount rate in the valuation calculation than a weak one.

5. Discount future royalty stream (explicit forecast and perpetuity periods) to a net present value. The result is the brand value for inclusion in our table. Where enterprise values can be calculated by reference to public market information, the brand value is expressed as a percentage of Enterprise Value (EV).

Brand Ratings

These are calculated using Brand Finance's ßrandßeta® analysis, which benchmarks the strength, risk and future potential of a brand relative to its competitors on a scale ranging from AAA to D. It is conceptually similar to a credit rating.

A Brand Rating:
• Quantifies the strength and performance of the brand being valued
• Provides an indication of the risk attached to future earnings of the brand

The data used to calculate the ratings comes from various sources including Bloomberg, annual reports and Brand Finance research.

Brand Rating Definitions

Rating	Definition
AAA	Extremely Strong
AA	Very Strong
A	Strong
BBB-B	Average
CCC-C	Weak
DDD-D	Failing

The ratings from AA to CCC can be altered by including a plus (+) or minus (-) sign to show their more detailed positioning in comparison with the general rating group.

Valuation Date

All brand values in the report are for the end of the year, 31st December 2009

GLOSSARY OF TERMS

Brand
Trademarks and trademark licenses together with associated goodwill

ßrandßeta®
Brand Finance's proprietary method for determining the strength, risk and future potential of a brand relative to its competitor set

Branded Business
The whole business trading under a particular brand or portfolio of brands, the associated goodwill and all the intangible elements at work within the business

Brand Rating
A summary opinion, similar to a credit rating, on a brand based on its strength as measured by Brand Finance's 'Brand Strength Index'

Brand Value
The net present value of the estimated future cash flows attributable to the brand (see Methodology section for more detail)

Discounted Cash Flow (DCF)
A method of evaluating an asset value by estimating future cash flows and taking into consideration the time value of money and risk attributed to the future cash flows

Discount Rate
The interest rate used in discounting future cash flows

Enterprise Value
The combined market value of the equity and debt of a business less cash and cash equivalents

Fair Market Value (FMV)
The price at which a business or assets would change hands between a willing buyer and a willing seller, neither of whom are under compulsion to buy or sell and both having reasonable knowledge of all relevant facts at the time

Holding Company
A company controlling management and operations in another company or group of other companies

Intangible Asset
An identifiable non-monetary asset without physical substance

Net Present Value (NPV)
The present value of an asset's net cash flows (minus any initial investment)

Tangible Value
The fair market value of the monetary and physical assets of a business

Weighted Average Cost of Capital (WACC)
An average representing the expected return on all of a company's securities. Each source of capital, such as stocks, bonds, and other debts, is assigned a required rate of return, and then these required rates of return are weighted in proportion to the share each source of capital contributes to the company's capital structure

ABOUT BRAND FINANCE

Brand Finance is the world's leading independent brand and intangible asset valuation firm. We advise organisations across a wide range of sectors on how to maximise shareholder value through effective management of their intangible assets. Headquartered in London, Brand Finance was founded in 1996 and now has offices in eighteen countries. The Singapore subsidiary was established in 2001.

Our services complement and support each other, resulting in an in-depth understanding of intangible assets from financial, consumer and commercial perspectives:

Valuation:
We are an international leader in the field of intangible asset valuation and transfer pricing.
• purchase price allocations and impairment reviews
• financial reporting
• transfer pricing
• litigation

Analytics:
We help companies quantify the return on marketing investment and track brand performance.
• brand investment dashboards
• return on marketing investment
• marketing mix modelling
• benchmarking

Strategy:
We use value-based management and marketing tools to enable management to allocate resources to activities that create the most value.
• scenario modelling and valuation
• brand architecture
• resource allocation and budget setting
• portfolio evaluation and strategy

Transactions:
We help clients extract value from their intellectual property through transactions.
• intellectual property and brand due diligence
• intellectual property structuring
• licensing
• joint venture, mergers, acquisitions, investment and divestment decisions

Brand Finance has worked with many of the world's leading brand owners and branded enterprises. We also advise private equity companies, investment banks, intellectual property lawyers, and tax authorities.

• Valuation • Analytics • Strategy • Transactions

CONTACT DETAILS

Brand Finance is the leading independent intangible asset valuation and strategy firm, helping companies to manage their brands more intelligently for improved business results.

If you have further enquiries relating to this report or would like our assistance in articulating the study findings for your corporate communications, please contact:

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Disclaimer

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The brand valuations for Singapore's Top 100 brands follow IVSC guidance but will only comply with ISO 10668 Monetary Brand Valuation Standard when accompanied by detailed Legal and Behavioral Analysis.

The conclusions expressed are the opinions of Brand Finance Singapore and are not intended to be warranties or guarantees that a particular value or projection can be achieved in any transaction. The opinions expressed in the report are not to be construed as providing investment advice. Brand Finance Singapore does not intend the report to be relied upon for technical reasons and excludes all liability to any organisation.

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NOTES

Bridging the Gap between Marketing and Finance