

# Audited Financial Statements

## BALANCE SHEETS AS AT AUGUST 31, 2002

	Note	Group		Company	
		2002	2001	2002	2001
		S\$'000	S\$'000	S\$'000	S\$'000
<b>CAPITAL EMPLOYED</b>					
Share capital	3	369,697	369,644	369,697	369,644
Share premium		15,374	93,190	15,374	93,190
Capital redemption reserve		3,459	2,268	3,459	2,268
Capital reserve	4	2,005	69,844	–	–
Retained profit		1,857,878	1,767,132	1,699,767	1,605,725
		<b>2,248,413</b>	<b>2,302,078</b>	<b>2,088,297</b>	<b>2,070,827</b>
Exchange translation difference		(6,875)	(12,147)	–	–
<b>Shareholders' interests</b>		<b>2,241,538</b>	<b>2,289,931</b>	<b>2,088,297</b>	<b>2,070,827</b>
<b>Minority interests</b>		<b>709</b>	<b>16,422</b>	<b>–</b>	<b>–</b>
		<b>2,242,247</b>	<b>2,306,353</b>	<b>2,088,297</b>	<b>2,070,827</b>
<b>Non-current liabilities</b>					
Deferred taxation	5a	83,287	73,226	67,575	58,028
Other non-current liabilities	6	770,000	550,000	–	–
		<b>3,095,534</b>	<b>2,929,579</b>	<b>2,155,872</b>	<b>2,128,855</b>
<b>EMPLOYMENT OF CAPITAL</b>					
<b>Fixed assets</b>	7	<b>670,186</b>	<b>576,408</b>	<b>375,062</b>	<b>330,121</b>
<b>Investment properties</b>	8	<b>1,059,538</b>	<b>1,089,438</b>	<b>–</b>	<b>–</b>
<b>Interests in subsidiaries</b>	9	<b>–</b>	<b>–</b>	<b>1,669,823</b>	<b>1,317,188</b>
<b>Interests in associates</b>	10	<b>146,294</b>	<b>173,863</b>	<b>–</b>	<b>149,549</b>
<b>Long-term investments</b>	11	<b>340,896</b>	<b>300,074</b>	<b>36,002</b>	<b>425</b>
<b>Other non-current assets</b>	12	<b>5,276</b>	<b>6,618</b>	<b>4,963</b>	<b>6,080</b>
<b>Current assets</b>					
Stocks	13	47,045	59,126	31,045	51,742
Prepaid content rights		14,275	8,366	–	–
Trade debtors	14	92,484	117,948	81,842	103,995
Other debtors and prepayments	15	14,147	18,683	3,433	4,661
Short-term investments	16	575,000	517,162	–	47,847
Cash on deposit		345,305	526,981	112,199	326,497
Cash and bank balances		42,223	27,357	22,332	20,819
		<b>1,130,479</b>	<b>1,275,623</b>	<b>250,851</b>	<b>555,561</b>
<b>Current liabilities</b>					
Trade creditors		59,526	40,367	31,500	22,784
Other creditors and accrued liabilities	17	121,405	175,758	107,128	134,093
Short-term loans	18	25,000	183,500	–	–
Current taxation	5b	51,204	92,820	42,201	73,192
		<b>257,135</b>	<b>492,445</b>	<b>180,829</b>	<b>230,069</b>
<b>Net current assets</b>					
		<b>873,344</b>	<b>783,178</b>	<b>70,022</b>	<b>325,492</b>
		<b>3,095,534</b>	<b>2,929,579</b>	<b>2,155,872</b>	<b>2,128,855</b>

The accompanying notes form part of these financial statements.

## INCOME STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2002

	Note	Group		Company	
		2002	2001	2002	2001
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating revenue</b>					
Newspapers and magazines	20	808,277	960,467	791,753	947,793
Multimedia and broadcasting		41,386	27,391	4,146	3,397
Property		53,862	44,342	–	–
		<b>903,525</b>	<b>1,032,200</b>	<b>795,899</b>	<b>951,190</b>
Other operating income		10,010	17,927	8,111	13,798
		<b>913,535</b>	<b>1,050,127</b>	<b>804,010</b>	<b>964,988</b>
<b>Materials, consumables &amp; broadcasting costs</b>					
Staff costs	21	(245,682)	(287,474)	(204,347)	(236,814)
Depreciation	7	(52,326)	(42,056)	(32,553)	(27,971)
Other operating expenses		(109,048)	(152,960)	(117,948)	(149,629)
Profit from operations	22	311,266	337,690	309,660	349,687
Finance costs	23	(28,687)	(23,316)	–	–
Net income from investments	24	41,671	77,509	14,151	7,118
Dividends from unquoted subsidiaries, gross		–	–	240,619	20,000
Share of profits less losses of associates		31,021	4,702	–	–
Profit before exceptional items		<b>355,271</b>	<b>396,585</b>	<b>564,430</b>	<b>376,805</b>
Exceptional items	25	2,203	13,317	(142,201)	–
<b>Profit before taxation from ordinary activities</b>		<b>357,474</b>	<b>409,902</b>	<b>422,229</b>	<b>376,805</b>
Taxation	5c	(50,303)	(88,815)	(111,536)	(77,731)
<b>Profit after taxation from ordinary activities</b>		<b>307,171</b>	<b>321,087</b>	<b>310,693</b>	<b>299,074</b>
Minority interests		226	1,020	–	–
<b>Profit attributable to shareholders</b>		<b>307,397</b>	<b>322,107</b>	<b>310,693</b>	<b>299,074</b>
<b>Earnings per S\$1 share (S\$)</b>					
Basic	28	0.83	0.87		
Diluted		0.83	0.87		

The accompanying notes form part of these financial statements.



**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
FOR THE YEAR ENDED AUGUST 31, 2002

	Group						
	Share Capital	Share Premium	Capital		Retained Profit	Exchange Translation Difference	Total
			Redemption Reserve	Reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at September 1, 2001							
– as previously reported	369,644	93,190	2,268	69,844	1,627,591	(12,147)	2,150,390
– effect of adopting SAS 10 (Note 27)	–	–	–	–	139,541	–	139,541
– as restated	369,644	93,190	2,268	69,844	1,767,132	(12,147)	2,289,931
Exchange translation difference	–	–	–	–	–	5,272	5,272
Gains not recognised in the income statement	–	–	–	–	–	5,272	5,272
Profit for the financial year	–	–	–	–	307,397	–	307,397
Issue of shares (Note 3)	1,244	–	–	–	–	–	1,244
Premium on issue of shares	–	14,548	–	–	–	–	14,548
Share buy back (Note 26)	(1,191)	–	1,191	–	(21,360)	–	(21,360)
Capital distribution #	–	(92,364)	–	–	–	–	(92,364)
Privatisation of a subsidiary	–	–	–	(67,839)	–	–	(67,839)
Dividends (Note 27)	–	–	–	–	(195,291)	–	(195,291)
<b>Balance as at August 31, 2002</b>	<b>369,697</b>	<b>15,374</b>	<b>3,459</b>	<b>2,005</b>	<b>1,857,878</b>	<b>(6,875)</b>	<b>2,241,538</b>
Balance as at September 1, 2000							
– as previously reported	370,567	77,523	–	69,754	1,551,863	(14,474)	2,055,233
– effect of adopting SAS 10 (Note 27)	–	–	–	–	358,893	–	358,893
– as restated	370,567	77,523	–	69,754	1,910,756	(14,474)	2,414,126
Exchange translation difference	–	–	–	–	–	2,327	2,327
Transfer from deferred taxation	–	–	–	90	–	–	90
Gains not recognised in the income statement	–	–	–	90	–	2,327	2,417
Profit for the financial year							
– as previously reported	–	–	–	–	340,801	–	340,801
– effect of adopting SAS 22	–	–	–	–	(18,694)	–	(18,694)
– as restated	–	–	–	–	322,107	–	322,107
Issue of shares (Note 3)	1,345	–	–	–	–	–	1,345
Premium on issue of shares	–	15,667	–	–	–	–	15,667
Share buy back (Note 26)	(2,268)	–	2,268	–	(49,667)	–	(49,667)
Dividends (Note 27)	–	–	–	–	(416,064)	–	(416,064)
Balance as at August 31, 2001	369,644	93,190	2,268	69,844	1,767,132	(12,147)	2,289,931

# The Capital Distribution Exercise ("Exercise") announced on October 16, 2001 was completed in February 2002 with a return to all shareholders of the Company of S\$0.25 cash per share held. The Exercise resulted in the reduction of the share premium of the Company by S\$92.4 million with no change to the number of issued ordinary or management shares or the par value of those shares.

	Company				
	Share Capital	Share Premium	Capital		Total
			Redemption Reserve	Retained Profit	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at September 1, 2001					
– as previously reported	369,644	93,190	2,268	1,466,184	1,931,286
– effect of adopting SAS 10 (Note 27)	–	–	–	139,541	139,541
– as restated	369,644	93,190	2,268	1,605,725	2,070,827
Profit for the financial year	–	–	–	310,693	310,693
Issue of shares (Note 3)	1,244	–	–	–	1,244
Premium on issue of shares	–	14,548	–	–	14,548
Share buy back (Note 26)	(1,191)	–	1,191	(21,360)	(21,360)
Capital distribution #	–	(92,364)	–	–	(92,364)
Dividends (Note 27)	–	–	–	(195,291)	(195,291)
<b>Balance as at August 31, 2002</b>	<b>369,697</b>	<b>15,374</b>	<b>3,459</b>	<b>1,699,767</b>	<b>2,088,297</b>
Balance as at September 1, 2000					
– as previously reported	370,567	77,523	–	1,413,489	1,861,579
– effect of adopting SAS 10 (Note 27)	–	–	–	358,893	358,893
– as restated	370,567	77,523	–	1,772,382	2,220,472
Profit for the financial year	–	–	–	299,074	299,074
Issue of shares (Note 3)	1,345	–	–	–	1,345
Premium on issue of shares	–	15,667	–	–	15,667
Share buy back (Note 26)	(2,268)	–	2,268	(49,667)	(49,667)
Dividends (Note 27)	–	–	–	(416,064)	(416,064)
Balance as at August 31, 2001	369,644	93,190	2,268	1,605,725	2,070,827

# The Capital Distribution Exercise ("Exercise") announced on October 16, 2001 was completed in February 2002 with a return to all shareholders of the Company of S\$0.25 cash per share held. The Exercise resulted in the reduction of the share premium of the Company by S\$92.4 million with no change to the number of issued ordinary or management shares or the par value of those shares.

The accompanying notes form part of these financial statements.



**CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE YEAR ENDED AUGUST 31, 2002

	Group	
	2002	2001
	S\$'000	S\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation from ordinary activities	357,474	409,902
Adjustments for:		
Depreciation	52,326	42,056
Loss on disposal of fixed assets	5,238	627
Capital work-in-progress written off	-	215
Finance costs	28,687	23,316
Investment income	(41,671)	(77,509)
Share of profits less losses of associates	(31,021)	(4,702)
Exceptional items	(2,203)	(13,317)
<b>Operating cash flow before working capital changes</b>	<b>368,830</b>	<b>380,588</b>
Changes in working capital:		
Stocks	12,081	(14,008)
Prepaid content rights	(5,909)	(8,366)
Debtors	30,000	23,965
Creditors	(39,195)	(21,639)
	<b>365,807</b>	<b>360,540</b>
Income tax paid	(81,821)	(118,377)
Dividends paid	(195,291)	(416,064)
Dividends paid (net) by a subsidiary to a minority shareholder	(900)	(122)
	<b>87,795</b>	<b>(174,023)</b>
Decrease/(Increase) in non-current assets	1,342	(455)
<b>Net cash from/(used in) operating activities</b>	<b>89,137</b>	<b>(174,478)</b>

	Group	
	2002	2001
	S\$'000	S\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(183,767)	(182,020)
Proceeds on disposal of fixed assets including properties	3,474	94,206
Additions to investment properties	(7,500)	(6,810)
Acquisition of additional interests in subsidiaries	(44,535)	(25)
Amounts owing (by)/to associates	(1,311)	1,282
Loans to associates	(800)	(3,106)
Repayment of loan by associates	60,920	-
Purchase of long-term investments	(32,350)	(113,938)
Proceeds on disposal/redemption of long-term investments	89,395	173,638
Purchase of short-term investments	(331,494)	(269,043)
Proceeds on disposal of short-term investments	215,669	405,062
Net increase in funds under management	(8,749)	(5,375)
Investment income	41,671	77,509
Cash inflow on acquisition of a subsidiary [Note (a)]	-	7,061
Disposal of partial interest in a subsidiary	-	820
Acquisition of shares in associates	-	(33,634)
Partial distribution on liquidation of an associate	-	1,100
Acquisition of loan from shareholder of an associate	-	(30,862)
	<b>(199,377)</b>	<b>115,865</b>
Add/(Less): Items not involving movement of funds		
Write-back of provision for diminution in value of investments	(5,793)	(19,895)
Loss on sale of investments	14,425	3,699
Accretion of discount on bonds	(468)	(2,299)
Amortisation of premium on bonds	385	552
<b>Net cash (used in)/from investing activities</b>	<b>(190,828)</b>	<b>97,922</b>



**CONSOLIDATED CASH FLOW STATEMENT (CONT'D)**  
FOR THE YEAR ENDED AUGUST 31, 2002

	Group	
	2002	2001
	S\$'000	S\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank loans	241,500	553,500
Repayment of bank loans	(180,000)	(520,000)
Finance costs	(28,687)	(23,316)
Proceeds on issue of shares by Company	15,792	17,012
Share buy back	(21,360)	(49,667)
Capital distribution	(92,364)	-
Repayment of loan from minority shareholder of subsidiary	-	(48,587)
<b>Net cash used in financing activities</b>	<b>(65,119)</b>	<b>(71,058)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(166,810)</b>	<b>(147,614)</b>
Cash and cash equivalents at beginning of year	554,338	701,952
<b>Cash and cash equivalents at end of year [Note (b)]</b>	<b>387,528</b>	<b>554,338</b>

**Notes to the Cash Flow Statement**

(a) **Acquisition of Subsidiary (formerly an associate)**

Fixed assets	-	(27)
Investment property	-	(240,006)
Current assets (including cash)	-	(7,480)
Current liabilities	-	7,049
Short-term loan	-	180,000
Non-current liability	-	30,862
Interest in associate	-	30,377
	-	775
Goodwill on consolidation	-	(775)
Total purchase consideration	-	*
Less: Cash and cash equivalents of subsidiary acquired	-	7,061
Cash inflow on acquisition of subsidiary	-	7,061

\* The purchase consideration is S\$1.

(b) **Cash and Cash Equivalents at the end of the year comprised:**

Cash on deposit	345,305	526,981
Cash and bank balances	42,223	27,357
	<b>387,528</b>	<b>554,338</b>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
AUGUST 31, 2002

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

**1. General**

The Company is incorporated and domiciled in Singapore. The financial statements of the Company and the consolidated financial statements of the Group are expressed in Singapore dollars.

The principal activities of the Group consist of:

- (a) publishing, printing and distributing newspapers,
- (b) publishing and distributing magazines,
- (c) providing multimedia, broadcasting and telecommunications services,
- (d) holding investments, and
- (e) holding and managing properties.

The principal activities of the Company consist of:

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

On February 1, 2002, a subsidiary, SPH AsiaOne Ltd, transferred the bulk of its business operations to the Company with the exception of businesses related to database sales and investments.

**2. Significant Accounting Policies**

(a) **Basis of Preparation**

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard.

The financial statements are prepared in accordance with the historical cost convention.

In financial year 2002, the Group adopted the following Singapore Statements of Accounting Standard ("SAS").

- SAS 10 (2000) Events After the Balance Sheet Date
- SAS 12 (2001) Income Taxes
- SAS 17 (2000) Employee Benefits
- SAS 22 (2000) Business Combinations
- SAS 31 Provisions, Contingent Liabilities and Contingent Assets
- SAS 32 Financial Instruments: Disclosure and Presentation
- SAS 34 Intangible Assets
- SAS 35 Discontinuing Operations
- SAS 36 Impairment of Assets

In particular, the effects of adoption are summarised in the Statements of Changes in Shareholders' Equity, and in Notes 2(d), 2(i), 2(n) and 27.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**AUGUST 31, 2002**

**2. Significant Accounting Policies (cont'd)**

(b) Basis of Consolidation

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

(c) Exchange Translation Difference

On consolidation of foreign entities, the assets and liabilities are converted into Singapore dollars at the rates of exchange closely approximating to those ruling at the balance sheet date and the income statements are converted into Singapore dollars at the average rates of exchange ruling during the year. The exchange translation difference arising therefrom is reported as a separate component of shareholders' interests.

Exchange differences arising on monetary items that, in substance, form part of the Group's or the Company's net investment in foreign entities are taken to the exchange translation difference account until the disposal of the net investments, at which time they will be recognised as income or expense in the income statements.

(d) Goodwill on Consolidation

Goodwill on consolidation, representing the difference between the cost of acquisition of a subsidiary or an associate over the fair value of net identifiable assets acquired, is amortised on a straight-line basis in the consolidated income statement over its economic useful life up to a maximum of 20 financial years. Goodwill assessed as having no continuing economic value is written off to the consolidated income statement.

This accounting policy was adopted on September 1, 2001 and represents a change to that adopted up to August 31, 2001. The previous accounting policy was to write off goodwill directly to reserves in the year of acquisition. The change in accounting policy was made to comply with the provisions of SAS 22 (2000). In accordance with the transitional provision in SAS 22 (2000) which encourages retrospective adoption, the new accounting policy has been adopted retrospectively and comparatives in the financial statements have been restated. The effects of the change in accounting policy are set out in the Consolidated Statement of Changes in Shareholders' Equity.

(e) Deferred Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

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

(f) Fixed Assets and Depreciation

(i) Fixed assets are stated at cost less accumulated depreciation.

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

Freehold buildings	30 years
Leasehold land and buildings	30 years or life of lease if less than 30 years
Plant and equipment	3-20 years
Furniture and fittings	7-10 years
Motor vehicles	3-5 years

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

(iv) It is not the Group's policy to revalue fixed assets at regular intervals.

(v) The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The impairment loss is charged to the income statement.

(g) Subsidiaries

Interests in subsidiaries are included in the financial statements at cost and provision is made for diminution in value which is other than temporary, determined on an individual basis.

(h) Associates

These are companies (not being subsidiaries) in which the Group has a substantial interest of not less than 20% of the equity and/or in whose financial and operating policy decisions the Group exercises significant influence.

The Group's share of the results of associates is included in the consolidated income statement. The Group's share of the post-acquisition retained profits and reserves or accumulated losses of associates is added to or deducted from the cost of these investments in the consolidated balance sheet.

In the Company's balance sheet, investments in associates are stated at cost and provision is made for diminution in value which is other than temporary, determined on an individual basis.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**AUGUST 31, 2002**

**2. Significant Accounting Policies (cont'd)**

(i) Investments

Long-term investments in equity are stated at cost. Long-term investments in bonds are stated at cost, adjusted for amortisation of premium and accretion of discount. Where cost of these investments exceeds realisable value, provision is made for diminution in value which is other than temporary, determined on an individual basis.

Short-term investments are stated at the lower of cost and realisable value on an individual basis.

Dividend income from investments other than subsidiaries is recognised on a cash basis and interest income on an accrual basis.

Dividend income from subsidiaries is recognised in the accounting period in which it is declared. This accounting policy was adopted on September 1, 2001 and represents a change to that adopted up to August 31, 2001. The previous accounting policy was to recognise dividend income from subsidiaries in the accounting period in which it was proposed. The change in accounting policy was to comply with the provisions of SAS 10 (2000). The change has no impact on the results of the Group or the Company.

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

(j) Investment Properties

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

Investment properties are stated at cost and provision is made for diminution in value which is other than temporary, determined on an individual basis.

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

(k) Stocks

Stocks comprise raw materials and consumable stores, acquired content rights and production cost of programmes.

(i) Raw materials and consumable stores

These are stated at cost less provision for obsolete, slow moving and defective stocks.

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

(ii) Acquired content rights

Prepaid content rights are reported as acquired content rights when the license period commences and materials have been received.

The cost of acquired content rights is the gross amount paid for such rights.

(k) Stocks (cont'd)

(iii) Production cost of programmes

Production cost includes costs incurred on own production, commissioned works and co-produced programmes.

Cost of own production comprises direct labour, material cost and allocated overheads capitalised based on the normal level of activity during the term of production.

Commissioned works are stated at cost.

Co-produced programmes are stated at cost less billings to co-producers.

Acquired content rights, cost of own production, commissioned works and co-produced programmes are expensed to the income statement based on the estimated number of showings and the ratio that the current year's revenue bears to the anticipated total gross revenue from the exploitation of the films.

Acquired content rights and production cost of programmes are valued at the lower of unamortised cost and estimated net realisable value.

(l) Prepaid Content Rights

Advanced payment made for content rights for which the license period has not commenced, or the materials have not been received, are classified as prepaid content rights.

(m) Debtors

Bad debts are written off and specific provision is made for those debts considered to be doubtful. In addition, a general provision is made on the balance of trade debtors to cover any unexpected losses which have not been specifically identified.

(n) Dividends

Dividends on the Company's shares are recognised in equity in the period in which they are declared. This accounting policy was adopted on September 1, 2001 to comply with the provisions of SAS 10 (2000) and represents a change to the accounting policy adopted prior to that date. Prior to September 1, 2001, dividends proposed or declared after the balance sheet date were recognised as liabilities in the financial year in respect of which the dividends were proposed or declared. The effects of the changes are set out in Note 27 and the Statements of Changes in Shareholders' Equity.

(o) Employee Benefits

(i) Short-term employee benefits

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

(ii) Equity compensation benefits

The stock option programme allows selected employees of the Company and/or its subsidiaries, including Executive Directors of the Company and other selected participants, to subscribe for ordinary shares in the Company. No compensation cost or obligation is recognised. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**2. Significant Accounting Policies (cont'd)**

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(q) Foreign Currencies

Monetary assets and liabilities expressed in foreign currencies are converted to Singapore dollars at the rates of exchange closely approximating to those ruling at the balance sheet date. Transactions during the year are converted to Singapore dollars at rates of exchange ruling on the transaction dates. Differences in exchange are included in the income statements.

(r) Revenue Recognition

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

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

Revenue from rental and rental-related services is recognised on an accrual basis.

The policies relating to the recognition of revenue from investments are set out in Note 2(i) above.

(s) Financial Risk Management

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

(i) Interest rate risk

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

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

(ii) Currency risk

The currency risk of the Group arises mainly from its operational purchases of newsprint, capital expenditure and acquired content rights. The currency risk of the Group also arises from its foreign currency cash deposits, bonds and equity investments, and from costs incurred by its overseas news bureaus.

Where appropriate, the Group hedges against its currency risk resulting from anticipated sale and purchase transactions in foreign currencies.

(s) Financial Risk Management (cont'd)

(iii) Market risk

The Group has investments in quoted equity shares and bonds, government securities and amounts under fund management. The market values of these investments are affected by, amongst others, changes in market prices as a result of changes in global economic conditions, macro and micro economic factors affecting the country where the investments are quoted, and factors specific to the investee corporations.

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

(iv) Liquidity risk

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

(v) Credit risk

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

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

**3. Share Capital**

	2002		2001	
	Number of Shares '000	S\$'000	Number of Shares '000	S\$'000
<b>Authorised</b>				
Management shares of S\$1 each	10,000	10,000	10,000	10,000
Ordinary shares of S\$1 each	990,000	990,000	990,000	990,000
	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Issued and fully paid</b>				
Management shares of S\$1 each	3,731	3,731	3,719	3,719
Ordinary shares of S\$1 each	365,966	365,966	365,925	365,925
	<b>369,697</b>	<b>369,697</b>	<b>369,644</b>	<b>369,644</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**3. Share Capital (cont'd)**

	2002	2001
	S\$'000	S\$'000
Movements during the financial year were:		
Opening balance	369,644	370,567
Cancellation of 1,191,000 (2001: 2,268,000) ordinary shares of S\$1 each under the share buy back mandate approved by shareholders in January 2002 (Note 26)	(1,191)	(2,268)
Issue of 1,232,308 (2001: 1,332,329) ordinary shares of S\$1 each fully paid under the Singapore Press Holdings Group Executives' Share Option Scheme	1,232	1,332
Issue of 12,449 (2001: 13,457) management shares of S\$1 each fully paid in accordance with the Newspaper and Printing Presses Act	12	13
Closing balance	<u>369,697</u>	<u>369,644</u>

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

**Singapore Press Holdings Group Executives' Share Option Scheme ("1990 Scheme")**

Date of Grant	Expiry Date	Exercise Price (a)	Balance 1.9.01	Options Exercised	Options Cancelled	Balance 31.8.02
Nov 20, 1996	Nov 20, 2001	S\$10.48	255,898	(255,889)	(9)	–
Nov 19, 1997	Nov 19, 2002	S\$12.76	1,040,515	(808,237)	–	232,278
Nov 17, 1998	Nov 17, 2003	S\$14.51	1,492,057	(168,182)	–	1,323,875
			<u>2,788,470</u>	<u>(1,232,308)</u>	<u>(9)</u>	<u>1,556,153</u>

(a) Exercise prices were adjusted as a result of bonus shares issued during the financial year 1998 and the capital reduction exercise during the financial years 1999 and 2002.

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

Date of Grant	Expiry Date	Exercise Price (a)	Balance 1.9.01 (b)	Options Exercised	Options Cancelled	Balance 31.8.02
Oct 27, 1999	Oct 27, 2009	S\$28.02	2,912,700	–	(51,000)	2,861,700
Oct 30, 2000	Oct 30, 2010	S\$23.88	3,122,000	–	(29,500)	3,092,500
Nov 6, 2001	Nov 6, 2011	S\$15.71	3,229,600	–	(17,700)	3,211,900
			<u>9,264,300</u>	<u>–</u>	<u>(98,200)</u>	<u>9,166,100</u>

(a) Exercise prices were adjusted as a result of the capital reduction exercise during the financial year 2002.

(b) Or later date of grant.

**4. Capital Reserve**

	Group	
	2002	2001
	S\$'000	S\$'000
Capital reserve is made up as follows:		
Distributable	1,375	1,375
Non-Distributable	630	68,469
	<u>2,005</u>	<u>69,844</u>

**5. Taxation**

(a) Deferred Taxation

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

2002

**Group**

(i) Deferred Tax Liabilities

	Accelerated Tax Depreciation	Revaluation Surplus	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance	89,407	2,202	1,011	92,620
Charged/(credited) to income statement	12,846	–	(172)	12,674
Write-back of provision in prior years due to change in tax rate	(8,698)	–	(98)	(8,796)
Other adjustments	(10)	–	–	(10)
Closing balance	<u>93,545</u>	<u>2,202</u>	<u>741</u>	<u>96,488</u>

(ii) Deferred Tax Assets

	Provisions S\$'000
Opening balance	(19,394)
Charged to income statement	4,218
Write-back of provision in prior years due to change in tax rate	1,975
Closing balance	<u>(13,201)</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**5. Taxation (cont'd)**

(a) Deferred Taxation (cont'd)

2001

**Group**

(i) Deferred Tax Liabilities

	Accelerated		Others	Total
	Tax	Revaluation		
	Depreciation	Surplus		
	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance	70,295	2,241	-	72,536
Charged to income statement	22,257	51	1,011	23,319
Credited to equity	-	(90)	-	(90)
Overprovision in prior years	(3,145)	-	-	(3,145)
Closing balance	89,407	2,202	1,011	92,620

(ii) Deferred Tax Assets

	Provisions
	S\$'000
Opening balance	(19,636)
Credited to income statement	(528)
Overprovision in prior years	770
Closing balance	(19,394)

2002

**Company**

(i) Deferred Tax Liabilities

	Accelerated
	Tax
	Depreciation
	S\$'000
Opening balance	77,394
Charged to income statement	11,217
Write-back of provision in prior years due to change in tax rate	(7,898)
Closing balance	80,713

(ii) Deferred Tax Assets

	Provisions
	S\$'000
Opening balance	(19,366)
Charged to income statement	4,253
Write-back of provision in prior years due to change in tax rate	1,975
Closing balance	(13,138)

2001

**Company**

(i) Deferred Tax Liabilities

	Accelerated
	Tax
	Depreciation
	S\$'000
Opening balance	59,570
Charged to income statement	20,160
Overprovision in prior years	(2,336)
Closing balance	77,394

(ii) Deferred Tax Assets

	Provisions
	S\$'000
Opening balance	(19,636)
Credited to income statement	(500)
Overprovision in prior years	770
Closing balance	(19,366)

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

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax liabilities	83,287	73,226	67,575	58,028

As at August 31, 2002, certain subsidiaries had unutilised tax losses of S\$51.6 million (2001: S\$53.7 million) available for offsetting against future taxable income subject to there being no substantial change in shareholders in accordance with the relevant provisions of the Income Tax Act. These tax losses have yet to be agreed with the Comptroller of Income Tax.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**5. Taxation (cont'd)**

(b) Current Taxation

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance	92,820	142,798	73,192	127,956
Income tax paid	(81,821)	(118,377)	(69,128)	(109,501)
Tax deducted at source on dividends received from subsidiaries	-	-	(52,936)	(4,900)
Provision for the year	40,899	81,601	102,914	73,562
Group relief *	-	-	(10,916)	-
Overprovision in prior years	(667)	(3,702)	(925)	(4,425)
Tax rebates				
Current year	-	(3,400)	-	(3,400)
Prior year	-	(6,100)	-	(6,100)
Other adjustments	(27)	-	-	-
Closing balance	51,204	92,820	42,201	73,192

\* A subsidiary has recognised a tax credit on unutilised tax losses and capital allowances of the current financial year as they qualify for transfer to the Company under the loss-transfer system as announced by the Singapore Minister of Finance on May 3, 2002.

(c) Tax Expense

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Tax expense attributable to profit is made up of:				
Current year				
Income tax	40,899	81,601	102,914	73,562
Deferred tax	16,892	22,791	15,470	19,660
Tax rebate	-	(3,400)	-	(3,400)
	57,791	100,992	118,384	89,822
Prior years				
Income tax	(667)	(3,702)	(925)	(4,425)
Deferred tax	(6,821)	(2,375)	(5,923)	(1,566)
Tax rebate	-	(6,100)	-	(6,100)
	50,303	88,815	111,536	77,731

(c) Tax Expense (cont'd)

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

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before taxation from ordinary activities	357,474	409,902	422,229	376,805
Less: Share of profit of associates	(31,021)	(4,702)	-	-
Adjusted profit before taxation from ordinary activities	326,453	405,200	422,229	376,805
Tax calculated at corporate tax rate of 22% (2001: 24.5%)	71,820	99,274	92,890	92,317
Singapore statutory stepped income exemption	(126)	(130)	(12)	-
Effect of change in tax rate	(697)	(303)	-	-
Income taxed at concessionary rate	(2,078)	(2,569)	-	-
Utilisation of previously unrecognised tax losses	(487)	-	-	-
Utilisation of brought forward capital allowance	(3,476)	-	-	-
Utilisation of deferred tax assets not previously recognised	(2,763)	(1,886)	-	-
Income not subject to tax	(24,094)	(18,589)	(708)	-
Expenses not deductible for tax purposes	17,868	12,062	26,082	237
Losses of subsidiaries not offset against taxable income of other entities	1,505	14,943	-	-
Effect of different tax rates in other countries	182	287	-	-
Tax rebate	-	(3,400)	-	(3,400)
Deferred tax asset not recognised	-	635	-	-
Others	137	668	132	668
	57,791	100,992	118,384	89,822

**6. Non-Current Liabilities**

	Group	
	2002	2001
	S\$'000	S\$'000
Transferable term loans [Note a]	700,000	520,000
Bank loans – unsecured [Note b]	70,000	30,000
	770,000	550,000



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**6. Non-Current Liabilities (cont'd)**

(a) A subsidiary has bank loan facilities amounting to S\$760 million (2001: S\$782 million), comprising a S\$700 million (2001: S\$700 million) transferable loan facility ("TLF") and a S\$60 million (2001: S\$82 million) revolving credit facility ("RCF"). Of this amount, S\$180 million (2001: S\$520 million) was drawn-down during the financial year under the TLF to redeem and refinance existing loans at lower interest rates. These facilities are secured by way of a legal mortgage on the Group's investment properties [Note 8], an assignment of rental proceeds from those investment properties under various trust deeds, and an undertaking by the Company to pay all interests payable in respect of the facilities if the subsidiary fails to pay the same.

After taking into account interest rate swap arrangements totalling S\$645 million (2001: S\$520 million) entered into by the subsidiary, the effective interest rate as at the balance sheet date on the TLF of S\$700 million is 3.20% per annum (2001: S\$520 million, 3.87% per annum). The loans granted under the TLF are repayable no later than January 31, 2007.

(b) Another subsidiary has obtained unsecured bank loan facilities of S\$70 million (2001: S\$30 million) from certain banks. Of this amount, S\$40 million (2001: S\$30 million) was drawn-down during the financial year. Interest is payable in arrears at the end of each quarter or half-year.

After taking into account interest rate swap arrangements totalling S\$22.5 million (2001: S\$22.5 million), the effective interest rate as at the balance sheet date on the bank loans of S\$70 million is 3.09% per annum (2001: S\$30 million, 3.38% per annum). Of the S\$70 million loan, S\$30 million is repayable on July 27, 2004 and the balance of S\$40 million is repayable on December 17, 2004.

(c) The subsidiaries have entered into interest rate swap contracts that entitle them to receive interest at floating rates on notional principal amounts and oblige them to pay interest at fixed rates on the same amounts as part of their interest rate risk management. Under the interest rate swaps, the subsidiaries agree with other parties to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts. At August 31, 2002, the fixed interest rates vary from 2.55% to 3.44% (2001: 3.37% to 3.44%) per annum and floating rates are linked to SIBOR.

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

	Group	
	2002	2001
	S\$'000	S\$'000
Notional due: Between 1 – 5 years	667,500	542,500
Negative fair values *	(20,595)	(7,363)

\* The fair values of interest rate swap contracts have been calculated (using rates quoted by the Group's bankers) to terminate the contracts at the balance sheet date. These are not recognised in the consolidated financial statements as at the balance sheet date.

(d) The fair values of the transferable term loans and unsecured bank loans as at the balance sheet date approximate their carrying values as these loans carry floating interest rates, which are repriced frequently.

**7. Fixed Assets**

(a)

	Land and Buildings		Group Plant and Equipment	Furniture and Fittings	Motor Vehicles	Total
	Freehold	Leasehold	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cost</b>						
Opening balance	47,450	158,403	571,354	19,956	2,595	799,758
Additions	–	–	6,861	830	134	7,825
Reclassification adjustments	–	(103)	97	6	–	–
Transfer in from capital work-in-progress	–	84,645	84,376	4,420	–	173,441
Disposals	(756)	(6,633)	(45,640)	(9,039)	(414)	(62,482)
Closing balance	46,694	236,312	617,048	16,173	2,315	918,542
<b>Accumulated Depreciation</b>						
Opening balance	14,076	51,693	287,750	11,356	1,928	366,803
Charge for the year	430	7,921	42,518	1,196	261	52,326
Reclassification adjustments	–	(16)	21	(5)	–	–
Impairment loss	2,804	–	24,264	–	–	27,068
Disposals	(72)	(2,164)	(43,335)	(5,953)	(363)	(51,887)
Closing balance	17,238	57,434	311,218	6,594	1,826	394,310
<b>Net book value at August 31, 2002</b>	29,456	178,878	305,830	9,579	489	524,232
Capital work-in-progress	984	–	144,970	–	–	145,954
Closing balance	<b>30,440</b>	<b>178,878</b>	<b>450,800</b>	<b>9,579</b>	<b>489</b>	<b>670,186</b>
Capital work-in-progress						
Opening balance	–	54,847	87,726	880	–	143,453
Additions	984	58,223	114,735	2,000	–	175,942
Reclassification adjustments	–	(28,425)	26,885	1,540	–	–
Transfer out	–	(84,645)	(84,376)	(4,420)	–	(173,441)
Closing balance	984	–	144,970	–	–	145,954
2001 Comparatives						
Net book value at August 31, 2001	33,374	106,710	283,604	8,600	667	432,955
Capital work-in-progress	–	54,847	87,726	880	–	143,453
Closing balance	33,374	161,557	371,330	9,480	667	576,408
Depreciation for 2001	608	5,922	34,170	1,040	316	42,056



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**7. Fixed Assets (cont'd)**  
(b)

	Company			
	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cost</b>				
Opening balance	495,516	12,850	2,221	510,587
Additions	6,003	473	5	6,481
Transfer in from capital work-in-progress	31,515	4,358	–	35,873
Transfer in	14,577	745	–	15,322
Transfer out	(156)	(4)	–	(160)
Disposals	(44,037)	(7,846)	(173)	(52,056)
Closing balance	503,418	10,576	2,053	516,047
<b>Accumulated Depreciation</b>				
Opening balance	258,038	8,539	1,673	268,250
Charge for the year	31,749	596	208	32,553
Impairment loss	24,264	–	–	24,264
Transfer in	8,696	186	–	8,882
Transfer out	(141)	(4)	–	(145)
Disposals	(42,153)	(5,646)	(173)	(47,972)
Closing balance	280,453	3,671	1,708	285,832
<b>Net book value at</b>				
<b>August 31, 2002</b>	222,965	6,905	345	230,215
Capital work-in-progress	144,847	–	–	144,847
Closing balance	<b>367,812</b>	<b>6,905</b>	<b>345</b>	<b>375,062</b>
Capital work-in-progress				
Opening balance	86,904	880	–	87,784
Additions	87,810	1,938	–	89,748
Transfer out	(31,515)	(4,358)	–	(35,873)
Transfer in	1,648	1,540	–	3,188
Closing balance	144,847	–	–	144,847
2001 Comparatives				
Net book value at				
August 31, 2001	237,478	4,311	548	242,337
Capital work-in-progress	86,904	880	–	87,784
Closing balance	324,382	5,191	548	330,121
Depreciation for 2001				
	27,213	483	275	27,971

**8. Investment Properties**

Details of the investment properties are as follows:

	Group	
	Freehold Land and Buildings 2002	2001
	S\$'000	S\$'000
<b>Cost</b>		
Cost	923,827	961,227
Development expenditure at cost	137,310	129,810
Loan interest capitalised	18,935	18,935
	<b>1,080,072</b>	1,109,972
Provision for diminution in value	<b>(20,534)</b>	(20,534)
	<b>1,059,538</b>	1,089,438
<b>Rental income</b>		
Rental income	41,720	32,532
Fair value	<b>1,140,000</b>	1,090,000

The investment properties comprise Paragon and Promenade on Orchard Road. During the year, Promenade was demolished. A new building is being constructed and will be joined to the Group's existing property, Paragon, to form a single building. The titles for both investment properties have been merged to form a single title on July 25, 2002.

Fair value of the investment property as at August 31, 2002 is stated at Directors' valuation based on an independent professional valuation carried out by Knight Frank Pte Ltd on December 20, 2001 on the basis that the construction work to build and merge the new building with Paragon will be satisfactorily completed and the Temporary Occupation Permit and Certificate of Statutory Completion will be obtained. Fair value of the property as at August 31, 2001 was stated at Directors' valuation based on an independent professional valuation carried out by Knight Frank Pte Ltd on June 28, 2001 on the basis of open market value for existing use. The investment properties are mortgaged to a bank as security for loan facilities granted to a subsidiary.

**9. Interests in Subsidiaries**

(a) Unquoted and quoted equities

	Company	
	2002	2001
	S\$'000	S\$'000
<b>Unquoted equities, at cost *</b>		
Unquoted equities, at cost	474,843	420,594
Quoted equities, at cost	–	50,000
Amounts owing by subsidiaries (non-trade) [Note (c)]	1,244,293	1,012,124
Loan to a subsidiary [Note (c)]	15,000	–
	<b>1,734,136</b>	1,482,718
Amounts owing to subsidiaries (non-trade) [Note (c)]	<b>(64,313)</b>	(165,530)
	<b>1,669,823</b>	1,317,188
<b>Market value of quoted equities</b>		
	–	150,000

\* Dividends of S\$40,231,000 (2001: Nil), which are net of tax of S\$11,347,000 received from certain subsidiaries during the year were treated as a reduction in the Company's cost of investment in these subsidiaries as the dividends were paid out of earnings accumulated by these subsidiaries prior to their acquisition by the Company.

Details of subsidiaries are set out in Note 29.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**9. Interests in Subsidiaries (cont'd)**

(b) Goodwill arising on acquisition of subsidiaries

	<i>Group</i>	
	2002	2001
	S\$'000	S\$'000
Opening balance	-	-
Goodwill on acquisition during the year	<b>30,898</b>	499
Amounts written off during the year (Note 25)	<b>(30,898)</b>	(499)
Closing balance	<u>-</u>	<u>-</u>

(c) The amounts owing by/to subsidiaries and the loan to a subsidiary are unsecured, interest free and have no fixed repayment terms. However, repayments are not expected within the next twelve months. Accordingly, it is not practicable to determine the fair value of these balances. However, the Company does not anticipate the carrying amounts at the balance sheet date to be significantly different from the values that would eventually be settled.

**10. Interests in Associates**

(a) Unquoted equities

	<i>Group</i>		<i>Company</i>	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Unquoted equities, at cost	<b>93,537</b>	241,786	<b>2,980</b>	152,529
Amounts owing by/(to) associates (non-trade) [Note (c)]	<b>13</b>	(1,298)	-	-
Loans to associates [Note (c)]	<b>300</b>	60,920	-	-
Loan to be converted to capital [Note (c)]	-	1,300	-	-
	<u><b>93,850</b></u>	<u>302,708</u>	<u><b>2,980</b></u>	<u>152,529</u>
Goodwill on consolidation written off	<b>(23,357)</b>	(115,135)	-	-
Share of profits less losses	<b>75,582</b>	(13,710)	-	-
Exchange translation difference	<b>219</b>	-	-	-
Provision for diminution in value of an associate	-	-	<b>(2,980)</b>	(2,980)
	<u><b>146,294</b></u>	<u>173,863</u>	<u>-</u>	<u>149,549</u>

Details of associates are set out in Note 30.

(b) Goodwill arising on acquisition of associates

	<i>Group</i>	
	2002	2001
	S\$'000	S\$'000
Opening balance	-	-
Goodwill on acquisition during the year	-	18,195
Amounts written off during the year (Note 25)	-	(18,195)
Closing balance	<u>-</u>	<u>-</u>

**10. Interests in Associates (cont'd)**

(c) The amounts owing by/to associates, the loan to be converted to capital and loans to associates are unsecured, interest free and have no fixed repayment terms. However, repayments are not expected within the next twelve months. Accordingly, it is not practicable to determine the fair value of these balances. However, the Group does not anticipate the carrying amounts at the balance sheet date to be significantly different from the values that would eventually be settled.

**11. Long-Term Investments**

	<i>Group</i>		<i>Company</i>	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted, at cost				
Equities	<b>51,658</b>	37,938	-	-
Bonds	<b>150,947</b>	164,788	-	-
Unquoted, at cost				
Equities	<b>85,797</b>	50,724	<b>35,577</b>	-
Other investments	<b>67,605</b>	62,552	<b>425</b>	425
	<u><b>356,007</b></u>	<u>316,002</u>	<u><b>36,002</b></u>	<u>425</u>
Accretion of discount on bonds	<b>16</b>	817	-	-
Amortisation of premium on bonds	<b>(52)</b>	(62)	-	-
Provision for diminution in value of investments - Quoted	<b>(2,050)</b>	(4,713)	-	-
- Unquoted	<b>(13,025)</b>	(11,970)	-	-
	<u><b>340,896</b></u>	<u>300,074</u>	<u><b>36,002</b></u>	<u>425</u>
Movements in provision				
Opening balance	<b>16,683</b>	20,918	-	-
(Write-back)/provision for the year				
- Quoted	<b>(4,713)</b>	(8,085)	-	-
- Unquoted	<b>4,708</b>	4,850	-	-
Investments written off	<b>(3,653)</b>	(1,000)	-	-
Transfer from short-term investments	<b>2,050</b>	-	-	-
Closing balance	<u><b>15,075</b></u>	<u>16,683</u>	<u>-</u>	<u>-</u>
Market value of quoted investments				
Equities	<b>67,907</b>	60,799	-	-
Bonds	<b>158,091</b>	172,955	-	-
	<u><b>225,998</b></u>	<u>233,754</u>	<u>-</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**12. Other Non-Current Assets**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Staff loans	5,010	6,352	4,963	6,080
Long-term debtors	266	266	-	-
	<b>5,276</b>	<b>6,618</b>	<b>4,963</b>	<b>6,080</b>

**13. Stocks**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials and consumable stores	32,567	54,323	32,055	53,852
Acquired content rights, at cost	9,083	4,389	-	-
Production cost of programmes	6,719	2,524	-	-
Provision for stocks	(1,324)	(2,110)	(1,010)	(2,110)
	<b>47,045</b>	<b>59,126</b>	<b>31,045</b>	<b>51,742</b>
Made up as follows:				
Weighted average	19,569	50,845	19,569	50,845
Specific identification	27,476	8,281	11,476	897
	<b>47,045</b>	<b>59,126</b>	<b>31,045</b>	<b>51,742</b>
Movements in provision				
Opening balance	2,110	1,182	2,110	1,182
Provision/(write-back) for the year	1,327	1,094	(1,100)	1,094
Stocks written off	(2,113)	(166)	-	(166)
Closing balance	<b>1,324</b>	<b>2,110</b>	<b>1,010</b>	<b>2,110</b>

**14. Trade Debtors**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Amount owing	113,507	137,078	101,542	122,078
Provision for doubtful debts	(21,023)	(19,130)	(19,700)	(18,083)
	<b>92,484</b>	<b>117,948</b>	<b>81,842</b>	<b>103,995</b>
Movements in provision				
Opening balance	19,130	14,971	18,083	14,600
Provision for the year	5,848	6,977	5,345	6,242
Bad debts written off	(3,955)	(2,833)	(3,728)	(2,759)
Acquisition of a subsidiary	-	15	-	-
Closing balance	<b>21,023</b>	<b>19,130</b>	<b>19,700</b>	<b>18,083</b>

**15. Other Debtors and Prepayments**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Accrued interest	7,694	8,232	90	354
Sundry debtors	2,497	3,747	791	1,411
Prepayments	2,011	4,639	698	1,022
Staff loans	1,945	2,065	1,854	1,874
	<b>14,147</b>	<b>18,683</b>	<b>3,433</b>	<b>4,661</b>

**16. Short-Term Investments**

(a) Internally managed

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted				
Equities, at cost	53,844	76,666	-	-
Bonds, at cost	405,326	311,805	-	-
Accretion of discount on bonds	3,370	4,025	-	-
Amortisation of premium on bonds	(287)	(115)	-	-
Unquoted				
Equities, at cost	3,480	3,480	-	-
Bonds, at cost	-	28,007	-	-
Accretion of discount on bonds	-	102	-	-
	<b>465,733</b>	<b>423,970</b>	<b>-</b>	<b>-</b>
Provision for diminution in value of investments - Quoted	(42,424)	(42,842)	-	-
- Unquoted	-	(7,170)	-	-
	<b>423,309</b>	<b>373,958</b>	<b>-</b>	<b>-</b>
Movements in provision				
Opening balance	50,012	73,677	-	-
(Write-back)/provision for the year - Quoted	1,382	1,183	-	-
- Unquoted	(7,170)	(17,843)	-	-
Investments written off	(1,232)	(7,005)	-	-
Transfer to long-term investments	(2,050)	-	-	-
Transfer from funds under management	1,482	-	-	-
Closing balance	<b>42,424</b>	<b>50,012</b>	<b>-</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**16. Short-Term Investments (cont'd)**

(b) Funds under management

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted investments, at cost				
Equities	-	18,683	-	18,683
Bonds	153,227	123,078	-	29,836
	153,227	141,761	-	48,519
Provision for diminution in value of quoted investments	(1,723)	(9,632)	-	(8,998)
	151,504	132,129	-	39,521
Cash on deposit	-	5,895	-	5,895
Bank balances	3,202	3,881	-	1,074
Accrued interest	818	1,121	-	555
Due (to)/ from brokers	(3,833)	178	-	802
	151,691	143,204	-	47,847
Movements in provision				
Opening balance	9,632	7,172	8,998	6,974
(Write-back)/provision for the year	(6,427)	2,460	(7,516)	2,024
Transfer to internally managed short-term investments of the Group	(1,482)	-	(1,482)	-
Closing balance	1,723	9,632	-	8,998
Total Short-Term Investments	575,000	517,162	-	47,847
Total market/fair value of investments				
Quoted – Equities	23,104	55,025	-	15,617
Bonds	564,474	444,252	-	26,023
	587,578	499,277	-	41,640
Unquoted – Equities	4,110	3,178	-	-
Bonds	-	21,215	-	-
	4,110	24,393	-	-

Observable market prices are used as the measure of fair values of unquoted investments.

**17. Other Creditors and Accrued Liabilities**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Accrued operating expenses	100,570	151,391	77,954	122,715
Sundry creditors	16,914	20,022	25,379	7,471
Customers' deposits and credits	3,921	4,345	3,795	3,907
	121,405	175,758	107,128	134,093

**18. Short-Term Loans**

	Group	
	2002	2001
	S\$'000	S\$'000
Bank loans – Unsecured [Note (a)]	25,000	3,500
4.875% secured bonds due 2002 [Note (b)]	-	180,000
	25,000	183,500

(a) These are loans drawn down on unsecured revolving credit facilities from banks. The effective interest rate is 1.65% (2001: 2.79%) per annum.

(b) The amount of facilities utilised as at the end of the last financial year of S\$180,000,000 was fully repaid during the year.

**19. Capital and Other Commitments**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Commitments for:				
(a) Capital expenditure:				
Authorised and contracted for	79,063	204,024	37,763	118,857
Authorised but not contracted for	30,064	48,007	30,064	38,588
(b) Equity investments	14,685	23,162	-	-
(c) Operating leases due:				
Within 1 year	5,137	4,951	-	-
Between 1 – 5 years	8,189	10,708	-	-
After 5 years	47,979	52,080	-	-
(d) Foreign currency forward contracts				
Notional due:				
Within 1 year	45,336	169,683	5,866	160,620
Between 1 – 5 years	-	5,866	-	5,866
Positive fair value	825	4,002	825	3,859
Negative fair value	(120)	(1,295)	-	(1,295)
(e) Cross currency swap contracts				
Notional due:				
After 5 years	36,800	-	-	-
Negative fair value	(46)	-	-	-

The fair values of foreign currency forward and cross currency swap contracts have been calculated (using rates quoted by the Group's bankers) to terminate the contracts at the balance sheet date.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**20. Operating Revenue**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Newspapers and Magazines				
Advertisements	612,683	764,312	599,000	753,074
Circulation	181,384	179,967	175,217	174,556
Others	14,210	16,188	17,536	20,163
	<b>808,277</b>	<b>960,467</b>	<b>791,753</b>	<b>947,793</b>
Multimedia and Broadcasting				
Advertisements	29,870	20,145	940	-
Multimedia and broadcasting services	11,516	7,246	3,206	3,397
	<b>41,386</b>	<b>27,391</b>	<b>4,146</b>	<b>3,397</b>
Property				
Rental and rental-related services	53,862	44,342	-	-
	<b>903,525</b>	<b>1,032,200</b>	<b>795,899</b>	<b>951,190</b>

**21. Staff Costs**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Staff costs (including Executive Directors):				
Salaries, bonuses and other costs	217,349	257,526	181,299	211,198
Employers' contribution to defined contribution plans	28,333	29,948	23,048	25,616
	<b>245,682</b>	<b>287,474</b>	<b>204,347</b>	<b>236,814</b>
(b) Average number of employees	4,010	4,229	3,324	3,458

**22. Profit from Operations**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Profit from operations is arrived at:				
After charging				
Audit fees:				
Company's auditors:				
Current year	289	259	136	124
Prior year	7	1	-	(1)
Other auditors:				
Current year	44	45	-	-
Prior year	-	(9)	-	-
Non-audit fees #:				
Company's auditors	272	353	225	292
Less:				
Amount included in exceptional items	(25)	-	(25)	-
Amount capitalised in fixed assets	-	(234)	-	(234)
	<b>247</b>	<b>119</b>	<b>200</b>	<b>58</b>
Directors' remuneration:				
Company's Directors [Note 22 (b)]	3,500	3,750	3,494	3,732
Directors of subsidiaries	896	1,885	-	-
Net loss on disposal of fixed assets	5,238	627	3,924	58
Capital work-in-progress written off	-	215	-	-
Provision for stocks (Note 13)	1,327	1,094	-	1,094
Provision for doubtful trade debts (Note 14)	5,848	6,977	5,345	6,242
Rental expense	3,677	4,784	35,695	33,062
Exchange loss	-	819	-	24
and after crediting				
Write-back of provision for stocks (Note 13)	-	-	1,100	-
Bad trade debts recovered	321	252	320	252
Exchange gain	2,185	-	1,847	-
Interest income:				
Others	475	1,505	91	119

# Non-audit fees are mainly for services of an audit and/or review nature relating to non-statutory audit assignments and for tax compliance services.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
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**22. Profit from Operations (cont'd)**

(b) Directors' Remuneration

Details of the remuneration of the Company's Directors in compliance with the requirements of the Singapore Exchange Securities Trading Limited are as follows:

Remuneration Bands	Number of Directors	
	2002	2001
S\$0 – S\$249,999	10	8
S\$250,000 – S\$499,999	–	–
S\$500,000 and above	2	2
Total	12*	10

\* This included the remuneration of a director who resigned during the financial year and a director who was appointed during the financial year.

**23. Finance Costs**

	Group	
	2002	2001
	S\$'000	S\$'000
Interest on:		
Bank loans	28,687	17,475
Bonds	–	5,841
	28,687	23,316

**24. Net Income from Investments**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Deposit interest	6,007	14,755	4,653	9,728
Interest from bonds	24,998	34,906	–	–
Dividends from equities	2,843	3,045	–	–
Foreign exchange gain	2,436	1,807	–	–
(Loss)/profit on sale of investments:				
Short-term investments	(11,839)	1,408	–	–
Long-term investments	(2,586)	(5,107)	–	(75)
	21,859	50,814	4,653	9,653
Accretion of discount on bonds	468	2,299	–	–
Amortisation of premium on bonds	(385)	(552)	–	–
Write-back of provision for diminution in value of investments:				
Quoted	3,331	6,902	–	–
Unquoted	2,462	12,993	–	–
	27,735	72,456	4,653	9,653
Income/(loss) from funds under management [Note 24(a)]	13,936	5,053	9,498	(2,535)
	41,671	77,509	14,151	7,118

**24. Net Income from Investments (cont'd)**

(a) Income/(loss) from funds under management

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Interest on deposits and bonds	6,519	7,521	1,372	1,619
Profit/(loss) on sale of investments	975	(570)	182	(2,889)
Dividends from quoted equities	334	356	334	356
Foreign exchange gain	188	630	285	630
Expenses and fees	(507)	(424)	(191)	(227)
	7,509	7,513	1,982	(511)
Write-back of provision/(provision) for diminution in value of quoted investments	6,427	(2,460)	7,516	(2,024)
	13,936	5,053	9,498	(2,535)

**25. Exceptional Items**

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Realisation of capital reserves upon privatisation of a subsidiary	67,839 <sup>1</sup>	–	–	–
Surplus/(loss) on disposal of an associate <sup>@</sup>	31,613	–	(117,937)	–
Surplus on sale of properties	2,478	70,958	–	–
Goodwill on consolidation written off in respect of:				
Interests in subsidiaries (Note 9)	(30,898) <sup>1</sup>	(499)	–	–
Interests in associates (Note 10)	–	(18,195)	–	–
Impairment loss of fixed assets*	(27,068)	–	(24,264)	–
Net book value of fixed assets demolished	(4,361)	–	–	–
Cost of investment property demolished <sup>#</sup>	(37,400)	–	–	–
Share of an associate's provision for diminution in value of an investment property	–	(21,322)	–	–
Provision for diminution in value of an investment property of a subsidiary	–	(17,625)	–	–
	2,203	13,317	(142,201)	–

<sup>1</sup> The privatisation of SPH AsiaOne Ltd ("AsiaOne") resulted in a net gain of S\$36.9 million, comprising realisation of S\$67.8 million of capital reserves that arose earlier from the initial public offering of AsiaOne and the write-off of S\$30.9 million of goodwill resulting from the acquisition of the minority interests of AsiaOne.

<sup>@</sup> The associate had been equity accounted in the Group's financial statements whereas it had been recorded at cost in the Company's financial statements.

\* Impairment loss of fixed assets for the Group and the Company resulted mainly from the re-organisation of the newspaper operations.

<sup>#</sup> This was a result of the demolition of Promenade for amalgamation with Paragon.



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**26. Share Buy Back**

Under the share buy back mandate approved by shareholders, the Company repurchased 1,191,000 (2001: 2,268,000) ordinary shares of S\$1 each during the financial year at an average price of S\$17.94 (2001: S\$21.90) per share, amounting to a total cost, including brokerage, of S\$21.4 million (2001: S\$49.7 million). The repurchase transactions were financed by internally generated funds. The amounts were adjusted against the Company's share capital and retained profit accounts.

**27. Dividends**

	Group and Company	
	2002	2001
	S\$'000	S\$'000
As previously reported:		
- Proposed final dividend of 50 cents per share less tax at 24.5%	-	139,541
Effects of adopting SAS 10:		
- Reversal of proposed final dividend of 50 cents per share less tax at 24.5%	-	(139,541)
- Payment of prior year's final dividends of 50 cents per share less tax at 24.5%; (2001: 50 cents per share less tax at 25.5% and special dividend of 80 cents per share less tax at 25.5%)	139,541	358,893
	<b>139,541</b>	<b>358,893</b>
Payment of prior year's final dividend on new shares issued before book closure date	248	1,196
Overprovision of prior year's final dividend arising from shares bought back before book closure date	(319)	-
	<b>139,470</b>	<b>360,089</b>
Payment of interim dividend of 19.36 cents per share less tax at 22% (2001: 20 cents less tax at 24.5%)	55,821	55,975
	<b>195,291</b>	<b>416,064</b>

(a) The Directors have proposed a special dividend of 30 cents per share, less 22% income tax, amounting to a total of S\$86,509,000 (2001: nil).

(b) In addition, the Directors have proposed a final dividend for 2002 of 50 cents per share, less 22% income tax, amounting to a total of S\$144,182,000 (2001: 50 cents per share, less 24.5% tax, amounting to S\$139,541,000).

(c) These financial statements do not reflect these proposed dividends, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending August 31, 2003 (2001: August 31, 2002) when they are approved and declared at the next annual general meeting.

**28. Earnings per Share**

	Group			
	2002		2001	
	Basic S\$'000	Diluted S\$'000	Basic S\$'000	Diluted S\$'000
Profit attributable to shareholders	307,397	307,397	322,107	322,107
	Number of Shares '000		Number of Shares '000	
Weighted average number of shares	369,414	369,414	370,380	370,380
Adjustment for assumed conversion of share options	-	1,095	-	1,080
Weighted average number of shares used to compute earnings per share	369,414	370,509	370,380	371,460
Earnings per S\$1 share (S\$)	0.83	0.83	0.87	0.87

**29. Subsidiaries**

Name of Subsidiary	Principal Activities	Country of Incorporation/ Operation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2002 S\$'000	2001 S\$'000	2002 %	2001 %
Hipro Printing Pte Ltd	Publishing newspapers	Singapore	Ord	360	360	80.00	80.00
Focus Publishing Ltd	Publishing newspapers and magazines	Singapore	Mgt Ord	*	*	99.96 100.00	99.96 100.00
# Singapore Press Holdings (Overseas) Limited	Servicing and holding investments	Singapore	Mgt Ord	*	*	99.98 100.00	99.98 100.00
# SPH (Americas) Pte Ltd	Provision of news reporting services	Singapore	Ord	*	*	100.00	100.00
Times Periodicals Private Limited	Publishing magazines	Singapore	Ord	*	*	100.00	100.00
Lianhe Publishing Pte Ltd	Publishing magazines	Singapore	Ord	*	*	51.00	51.00
@ SPH AsiaOne Ltd	Database sales and holding investments	Singapore	Ord	94,400	50,000	100.00	87.11
@ Zaobao.com Ltd	Operation of Internet portal site	Singapore	Ord	*	*	100.00	87.11
			Balance c/f	94,760	50,360		



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
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**29. Subsidiaries (cont'd)**

Name of Subsidiary	Principal Activities	Country of Incorporation/ Operation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2002	2001	2002	2001
				S\$'000	S\$'000	%	%
			Balance b/f	<b>94,760</b>	50,360		
SPH MediaWorks Ltd	Provision of broadcasting and broadband services	Singapore	Ord	<b>88,760</b>	88,680	<b>98.62</b>	98.53
SPH MultiMedia Private Limited	Holding investments	Singapore	Ord	<b>8,500</b>	8,500	<b>100.00</b>	100.00
The Straits Times Press (1975) Limited	Holding investments	Singapore	Mgt Ord	<b>334</b> <b>33,072</b>	579 57,387	<b>100.00</b> <b>100.00</b>	100.00 100.00
Lianhe Investments Pte. Ltd.	Holding investments for dealing purposes	Singapore	Ord	<b>6,335</b>	6,335	<b>100.00</b>	100.00
SPH Data Services Pte Ltd	Licensing of copyrights & trademarks	Singapore	Ord	*	*	<b>100.00</b>	100.00
Singapore Newspaper Services Private Limited	Holding investments and properties	Singapore	Ord	<b>50,000</b>	50,000	<b>100.00</b>	100.00
Vinora Holdings Limited	Holding investments	British Virgin Islands	Ord	*	*	<b>100.00</b>	100.00
Futura Management Limited	Holding investments	Cook Islands	Ord	*	*	<b>100.00</b>	100.00
Crestville Investments Limited	Holding investments	British Virgin Islands	Ord	*	*	<b>100.00</b>	100.00
Morningvista Investments Limited	Holding investments	British Virgin Islands	Ord	*	*	<b>100.00</b>	100.00
Singapore News and Publications Limited	Holding investments and properties	Singapore	Mgt Ord	<b>1,153</b> <b>114,102</b>	1,309 129,617	<b>100.00</b> <b>100.00</b>	100.00 100.00
Sin Chew Jit Poh (Singapore) Limited	Holding investments and properties	Singapore	Mgt Ord	*	*	<b>100.00</b> <b>100.00</b>	100.00 100.00
			Balance c/f	<b>397,016</b>	392,767		

**29. Subsidiaries (cont'd)**

Name of Subsidiary	Principal Activities	Country of Incorporation/ Operation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2002	2001	2002	2001
				S\$'000	S\$'000	%	%
			Balance b/f	<b>397,016</b>	392,767		
Times Properties Private Limited	Letting properties	Singapore	Ord	<b>77,827</b>	77,827	<b>100.00</b>	100.00
Orchard 290 Ltd	Holding investments & managing of shopping centres & other commercial properties	Singapore	Ord	*	*	<b>100.00</b>	100.00
^ SPH Stop Press Pte Ltd	Property development	Singapore	Ord	*	^^	<b>100.00</b>	100.00
Asia Century Publishing Pte Ltd	Dormant	Singapore	Ord	*	*	<b>51.00</b>	26.01
The Straits Times Press (London) Limited	Dormant	United Kingdom	Ord	*	*	<b>100.00</b>	100.00
+ SPH Asset Management Limited	Dormant	Singapore	Ord	*	*	<b>100.00</b>	100.00
+ Orchard 300 Ltd	Dormant	Singapore	Ord	*	*	<b>100.00</b>	100.00
+ Mantown Enterprises Limited	Dormant	Hongkong	Ord	*	*	<b>93.10</b>	93.10
+ Solar River Investments Limited	Dormant	Hongkong	Ord	*	*	<b>93.10</b>	93.10
+ Video Post Limited	Dormant	Hongkong	Ord	*	*	<b>93.10</b>	93.10
				<b>474,843</b>	470,594		

Notes:

- # Singapore Press Holdings (Overseas) Limited operates in Japan, Hongkong, Australia, Philippines, Thailand, China, Taiwan, Indonesia, United States of America, India and Belgium. SPH (Americas) Pte Ltd operates in United States of America.
- @ Company audited by Ernst & Young, Singapore.
- \* The shareholdings of these companies are held by subsidiaries of the Company.
- ^ The shareholding has been transferred from the Company to a subsidiary of the Company during the financial year.
- ^^ Less than S\$1,000.
- + These companies have been placed under liquidation.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**30. Associates**

Name of Associate	Principal Activities	Country of Incorporation/ Operation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2002 S\$'000	2001 S\$'000	2002 %	2001 %
<b>Held by the Company</b>							
<sup>^</sup> Singapore Cable Vision Limited	Providing subscription television services	Singapore	Ord	-	149,549	-	26.67
Business Day Company Limited	Publishing newspapers	Thailand	Ord	2,980	2,980	24.97	24.97
				<u>2,980</u>	<u>152,529</u>		
<b>Held by Subsidiaries</b>							
MobileOne (Asia) Pte Ltd	Providing telecommunication services	Singapore	Ord	49,000	49,000	35.00	35.00
American Bourses Corporation Pte Ltd	Development & maintenance of software & multimedia works; Business management & consultancy services	Singapore	Ord	6,375	6,375	20.00	17.42
Citta Bella Sdn Bhd	Publishing and distributing magazines	Malaysia	Ord	248	248	24.99	24.99
StarEastWorks Limited	Content production	Hongkong	Ord	33,634	33,634	49.31	49.27
UnionWorks Pte Ltd	Radio broadcaster	Singapore	Ord	1,300	*	49.31	49.27
<sup>+</sup> FantasticOne (Asia-Pacific) Pte Ltd	Dormant	Singapore	Ord	-	-	34.84	34.84
<sup>++</sup> Keppel-SPH Investment Pte Ltd	Dormant	Singapore	Ord	-	*	-	50.00
				<u>93,537</u>	<u>241,786</u>		

Notes:

- <sup>^</sup> The company was disposed of in return for a 9.08% stake in the enlarged StarHub Pte Ltd under a merger arrangement completed during the financial year.
- \* Less than S\$1,000.
- <sup>+</sup> The companies have been placed under liquidation.
- <sup>++</sup> The liquidation of the company was completed during the financial year.

**31. Segmental Information 2002**

	Newspapers and Magazines S\$'000	Multimedia, Broadcasting and Telecommunications S\$'000	Treasury and Investment S\$'000	Property S\$'000	Eliminations S\$'000	Consolidated S\$'000
<b>Operating revenue</b>						
External sales	808,277	41,386	-	53,862	-	903,525
Inter-segmental sales	3,559	2,028	167	5,260	(11,014)	-
Total operating revenue	<u>811,836</u>	<u>43,414</u>	<u>167</u>	<u>59,122</u>	<u>(11,014)</u>	<u>903,525</u>
<b>Result</b>						
Segment result	333,131	(58,529)	40,817	37,043	-	352,462
Finance costs	-	(1,660)	-	(27,027)	-	(28,687)
Finance income	203	112	-	160	-	475
Share of profit of associates	29	30,992	-	-	-	31,021
Exceptional items						
- Impairment of assets	(24,264)	-	-	(2,804)	-	(27,068)
- Others	(4,361)	68,554	-	(34,922)	-	29,271
Profit/(loss) before taxation from ordinary activities	<u>304,738</u>	<u>39,469</u>	<u>40,817</u>	<u>(27,550)</u>	<u>-</u>	<u>357,474</u>
Taxation						<u>(50,303)</u>
Profit after taxation from ordinary activities						<u>307,171</u>
Minority interest						<u>226</u>
Profit attributable to shareholders						<u>307,397</u>
<b>Other Information</b>						
Segment assets	746,931	104,670	1,243,789	1,110,985	-	3,206,375
Investment in associates	99	146,195	-	-	-	146,294
Consolidated total assets						<u>3,352,669</u>
Segment liabilities	140,515	112,719	95	722,602	-	975,931
Current taxation						51,204
Deferred taxation						83,287
Minority interests						709
Consolidated total liabilities						<u>1,111,131</u>
Capital expenditure	178,009	4,617	-	8,641	-	191,267
Depreciation	42,813	8,632	8	873	-	52,326



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**31. Segmental Information (cont'd)**  
2001

	Newspapers and Magazines	Multimedia, Broadcasting and Telecommunications	Treasury and Investment	Property	Eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating revenue</b>						
External sales	960,467	27,391	-	44,342	-	1,032,200
Inter-segmental sales	7,160	65	218	9,868	(17,311)	-
Total operating revenue	967,627	27,456	218	54,210	(17,311)	1,032,200
<b>Result</b>						
Segment result	362,076	(58,748)	76,124	34,242	-	413,694
Finance costs	-	(74)	-	(23,242)	-	(23,316)
Finance income	392	734	-	379	-	1,505
Share of profit/(loss) of associates	17	6,548	-	(1,863)	-	4,702
Exceptional items	-	(18,195)	-	31,512	-	13,317
Profit/(loss) before taxation from ordinary activities	362,485	(69,735)	76,124	41,028	-	409,902
Taxation						(88,815)
Profit after taxation from ordinary activities						321,087
Minority interest						1,020
Profit attributable to shareholders						322,107
<b>Other Information</b>						
Segment assets	703,739	85,574	1,309,485	1,149,363	-	3,248,161
Investment in associates	71	173,792	-	-	-	173,863
Consolidated total assets						3,422,024
Segment liabilities	162,730	58,905	327	727,663	-	949,625
Current taxation						92,820
Deferred taxation						73,226
Minority interests						16,422
Consolidated total liabilities						1,132,093
Capital expenditure	148,425	33,408	17	247,040	-	428,890
Depreciation	35,717	5,242	15	1,082	-	42,056

**31. Segmental Information (cont'd)**

Notes:

(a) **Business segments:** The Group is organised into four major operating segments, namely Newspapers and Magazines, Multimedia, Broadcasting and Telecommunications, Treasury and Investment, and Property, and reports its primary segment information through direct identification. The Newspapers and Magazines segment is involved in the publishing, printing and distributing of newspapers and magazines. The Multimedia, Broadcasting and Telecommunications segment provides services which include provision of portal sites, broadcasting, mobile telephony and other related services. The Treasury and Investment segment manages the investment activities of the Group. The Property segment holds and manages properties owned by the Group.

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

	Operating Revenue		Segment Assets		Capital Expenditure	
	2002	2001	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	903,525	1,032,200	3,220,695	3,298,373	191,229	428,718
Other Countries	-	-	131,974	123,651	38	172
	903,525	1,032,200	3,352,669	3,422,024	191,267	428,890

(c) Under equity accounting, the Group's operating revenue does not include its share of associates' operating revenue.

**32. Fair Value of Financial Instruments**

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

- long-term investments in investees other than subsidiaries and associates,
- non-current loans payable,
- non-current receivables from and payables to subsidiaries and associates,
- other non-current receivables,
- current assets other than stocks, prepaid content rights and prepayments,
- current liabilities other than provision for taxation.

The fair values of these financial assets and financial liabilities as at the balance sheet date approximate their carrying values as shown in the balance sheets, with the exception of long-term and short-term investments, and non-current receivables from and payables to subsidiaries and associates.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
AUGUST 31, 2002

**32. Fair Value of Financial Instruments (cont'd)**

The fair values of quoted long-term investments and quoted and unquoted short-term investments as at the balance sheet date are as detailed in the respective notes to the financial statements. For unquoted long-term investments, it is not practicable to determine the fair value because the assumptions used in the valuation models to value these investments cannot be reasonably determined. The unquoted long-term investments comprised investments in venture capital companies and companies whose principal activities include the provision of telecommunication-related services. Information on the fair values of non-current receivables from and payables to subsidiaries and associates are set out in the respective notes to the financial statements.

**33. Re-classification**

Where necessary, comparative figures have been adjusted to conform with the current presentation where there are changes in presentation in these financial statements. Where applicable, the comparatives have been adjusted or extended to take into account the requirements of the revised or new Singapore Statements of Accounting Standard, which the Group adopted in the current financial year. Other than the effects of adopting SAS 22 which are set out in the Consolidated Statement of Changes in Shareholders' Equity, the profit attributable to shareholders for the year ended August 31, 2001 is not affected by the adoption of the revised or new standards.

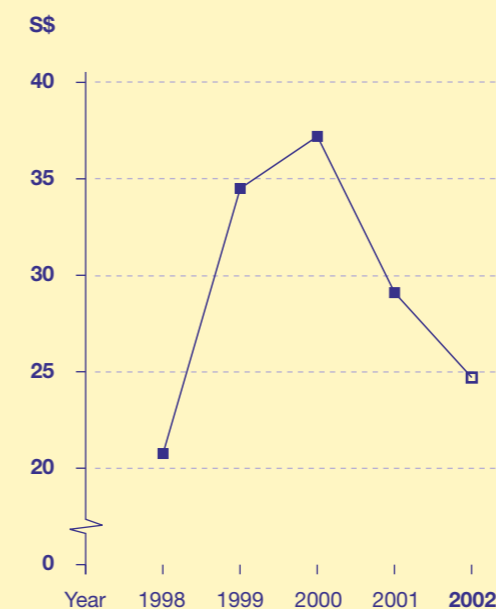
**34. Authorisation of Financial Statements**

On October 15, 2002, the Board of Directors of Singapore Press Holdings Limited authorised these financial statements for issue.

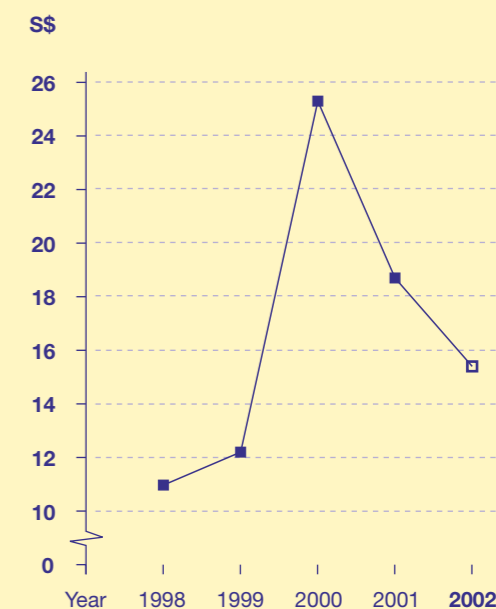
# Shareholding Statistics

**SHARE PRICE MOVEMENTS FOR THE YEAR ENDED AUGUST 31**

**HIGHEST CLOSING PRICE**



**LOWEST CLOSING PRICE**



	2002	2001	2000	1999	1998
	S\$	S\$	S\$	S\$	S\$
Highest closing price	24.70	29.10	37.20	34.50	20.76 <sup>^</sup>
Lowest closing price	15.40	18.70	25.30	12.20	10.97 <sup>^</sup>
August 31 closing price	19.60	19.80	27.70	28.00	12.20 <sup>^</sup>
Price/earnings ratio based on August 31 closing price <sup>#</sup>	23.61	22.76	31.84	30.77	16.71

<sup>^</sup> Adjusted for capital restructuring exercise and bonus issues.

<sup>#</sup> The comparative figures have been restated in compliance with the revised or new Singapore Statements of Accounting Standard set out in Note 2 to the financial statements.

**Voting rights of shareholders**

The holders of management and ordinary shares shall be entitled either on a poll or by a show of hands to one (1) vote for each share, EXCEPT that on any resolution relating to the appointment or dismissal of a director or any member of the staff of the Company, the holders of the management shares shall be entitled either on a poll or by a show of hands to two hundred (200) votes for each management share held.

