

# Audited Financial Statements

BALANCE SHEETS as at August 31, 2003

	Note	Group		Company	
		2003	2002	2003	2002
		S\$'000	S\$'000	S\$'000	S\$'000
<b>CAPITAL EMPLOYED</b>					
Share capital	3	369,557	369,697	369,557	369,697
Share premium		27,301	15,374	27,301	15,374
Capital redemption reserve		4,509	3,459	4,509	3,459
Capital reserve	4	2,005	2,005	-	-
Retained profit		1,843,587	1,857,878	1,776,944	1,699,767
		<b>2,246,959</b>	<b>2,248,413</b>	<b>2,178,311</b>	<b>2,088,297</b>
Exchange translation difference		777	(6,875)	-	-
<b>Shareholders' interests</b>		<b>2,247,736</b>	<b>2,241,538</b>	<b>2,178,311</b>	<b>2,088,297</b>
<b>Minority interests</b>		<b>1,108</b>	<b>709</b>	<b>-</b>	<b>-</b>
		<b>2,248,844</b>	<b>2,242,247</b>	<b>2,178,311</b>	<b>2,088,297</b>
<b>Non-current liabilities</b>					
Deferred taxation	5a	85,199	83,287	69,539	67,575
Borrowings	6	740,000	770,000	-	-
		<b>3,074,043</b>	<b>3,095,534</b>	<b>2,247,850</b>	<b>2,155,872</b>
<b>EMPLOYMENT OF CAPITAL</b>					
Property, plant and equipment	7	633,856	670,186	365,671	375,062
Investment property	8	1,039,754	1,059,538	-	-
Interests in subsidiaries	9	-	-	1,827,554	1,669,823
Interests in associates	10	186	146,294	-	-
Long-term investments	11	269,224	340,896	36,002	36,002
Other non-current assets	12	4,916	5,276	4,781	4,963
<b>Current assets</b>					
Stocks	13	54,763	47,045	37,268	31,045
Prepaid content rights	14	22,227	14,275	-	-
Trade debtors	15	85,352	92,484	76,930	81,842
Other debtors and prepayments	16	14,181	14,147	4,546	3,433
Short-term investments	17	915,610	575,000	-	-
Cash on deposit		297,020	345,305	41,493	112,199
Cash and bank balances		31,156	42,223	20,595	22,332
		<b>1,420,309</b>	<b>1,130,479</b>	<b>180,832</b>	<b>250,851</b>
<b>Current liabilities</b>					
Trade creditors		58,049	59,526	32,206	31,500
Other creditors and accrued liabilities	18	114,541	121,405	80,901	107,128
Borrowings	6	52,900	25,000	-	-
Current taxation	5b	68,712	51,204	53,883	42,201
		<b>294,202</b>	<b>257,135</b>	<b>166,990</b>	<b>180,829</b>
<b>Net current assets</b>		<b>1,126,107</b>	<b>873,344</b>	<b>13,842</b>	<b>70,022</b>
		<b>3,074,043</b>	<b>3,095,534</b>	<b>2,247,850</b>	<b>2,155,872</b>

The accompanying notes form part of these financial statements.

## INCOME STATEMENTS for the year ended August 31, 2003

	Note	Group		Company	
		2003	2002	2003	2002
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating revenue</b>					
Newspapers and magazines	21	789,382	808,277	771,365	791,753
Broadcasting and multimedia		55,734	41,386	6,320	4,146
Property		52,700	53,862	-	-
		<b>897,816</b>	<b>903,525</b>	<b>777,685</b>	<b>795,899</b>
Other operating income		8,816	10,010	7,450	8,111
		<b>906,632</b>	<b>913,535</b>	<b>785,135</b>	<b>804,010</b>
<b>Materials, consumables &amp; broadcasting costs</b>					
Staff costs	22	(240,758)	(245,682)	(203,478)	(204,347)
Depreciation	7	(53,652)	(52,326)	(34,190)	(32,553)
Other operating expenses		(115,337)	(109,048)	(129,273)	(117,948)
Contribution to Press Foundation of Singapore Limited		(20,000)	-	(20,000)	-
Profit from operations	23	290,896	311,266	278,627	309,660
Finance costs	24	(24,326)	(28,687)	-	-
Net income from investments	25	39,584	41,671	1,244	14,151
Dividends from unquoted subsidiaries - non tax-exempt (gross)		-	-	13,637	240,619
- tax-exempt (one-tier)		-	-	236,725	-
Share of profits less losses of associates		10,990	31,021	-	-
Profit before exceptional items		<b>317,144</b>	<b>355,271</b>	<b>530,233</b>	<b>564,430</b>
Exceptional items	26	121,760	2,203	-	(142,201)
<b>Profit before taxation</b>		<b>438,904</b>	<b>357,474</b>	<b>530,233</b>	<b>422,229</b>
Taxation	5c	(59,769)	(50,303)	(60,029)	(111,536)
<b>Profit after taxation</b>		<b>379,135</b>	<b>307,171</b>	<b>470,204</b>	<b>310,693</b>
Minority interests		(399)	226	-	-
<b>Profit attributable to shareholders</b>		<b>378,736</b>	<b>307,397</b>	<b>470,204</b>	<b>310,693</b>
<b>Earnings per S\$1 share (S\$)</b>					
Basic	29	1.02	0.83		
Diluted		1.02	0.83		

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
for the year ended August 31, 2003

	Group						
	Share Capital	Share Premium	Capital		Retained Profit	Exchange Translation Difference	Total
			Redemption Reserve	Capital Reserve			
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at September 1, 2002	369,697	15,374	3,459	2,005	1,857,878	(6,875)	2,241,538
Exchange translation difference	-	-	-	-	-	7,652	7,652
Gains not recognised in the income statement	-	-	-	-	-	7,652	7,652
Profit for the financial year	-	-	-	-	378,736	-	378,736
Issue of shares (Note 3)	910	-	-	-	-	-	910
Premium on issue of shares	-	11,927	-	-	-	-	11,927
Share buy back (Note 27)	(1,050)	-	1,050	-	(17,969)	-	(17,969)
Dividends (Note 28)	-	-	-	-	(375,058)	-	(375,058)
<b>Balance as at August 31, 2003</b>	<b>369,557</b>	<b>27,301</b>	<b>4,509</b>	<b>2,005</b>	<b>1,843,587</b>	<b>777</b>	<b>2,247,736</b>
Balance as at September 1, 2001	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 27)	(1,191)	-	1,191	-	(21,360)	-	(21,360)
Capital distribution	-	(92,364)	-	-	-	-	(92,364)
Privatisation of a subsidiary	-	-	-	(67,839)	-	-	(67,839)
Dividends (Note 28)	-	-	-	-	(195,291)	-	(195,291)
Balance as at August 31, 2002	369,697	15,374	3,459	2,005	1,857,878	(6,875)	2,241,538

	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, 2002	369,697	15,374	3,459	1,699,767	2,088,297
Profit for the financial year	-	-	-	470,204	470,204
Issue of shares (Note 3)	910	-	-	-	910
Premium on issue of shares	-	11,927	-	-	11,927
Share buy back (Note 27)	(1,050)	-	1,050	(17,969)	(17,969)
Dividends (Note 28)	-	-	-	(375,058)	(375,058)
<b>Balance as at August 31, 2003</b>	<b>369,557</b>	<b>27,301</b>	<b>4,509</b>	<b>1,776,944</b>	<b>2,178,311</b>
Balance as at September 1, 2001	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 27)	(1,191)	-	1,191	(21,360)	(21,360)
Capital distribution	-	(92,364)	-	-	(92,364)
Dividends (Note 28)	-	-	-	(195,291)	(195,291)
Balance as at August 31, 2002	369,697	15,374	3,459	1,699,767	2,088,297

**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended August 31, 2003

	Group	
	2003	2002
	S\$'000	S\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	438,904	357,474
Adjustments for:		
Depreciation	53,652	52,326
Loss on disposal of property, plant and equipment	403	5,238
Finance costs	24,326	28,687
Investment income	(39,584)	(41,671)
Share of profits less losses of associates	(10,990)	(31,021)
Exceptional items	(121,760)	(2,203)
<b>Operating cash flow before working capital changes</b>	<b>344,951</b>	<b>368,830</b>
Changes in working capital:		
Stocks	(7,718)	12,081
Prepaid content rights	(7,952)	(5,909)
Debtors	7,098	30,000
Creditors	(8,341)	(39,195)
	<b>328,038</b>	<b>365,807</b>
Income tax paid	(40,349)	(81,821)
Dividends paid	(375,058)	(195,291)
Dividends paid (net) by a subsidiary to a minority shareholder	-	(900)
	<b>(87,369)</b>	<b>87,795</b>
Decrease in non-current assets	94	1,342
<b>Net cash (used in)/from operating activities</b>	<b>(87,275)</b>	<b>89,137</b>

	Group	
	2003	2002
	S\$'000	S\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(26,984)	(183,767)
Proceeds on disposal of property, plant and equipment	184	3,474
Additions to investment property	(30,216)	(7,500)
Acquisition of additional interests in subsidiaries and an associate	(1,540)	(44,535)
Amounts owing by associates	9	(1,311)
Loans to associates	(350)	(800)
Partial disposal of interests in an associate	277,079	-
Proceeds on completion of liquidation of subsidiaries and an associate	1,794	-
Purchase of long-term investments	(1,908)	(32,350)
Proceeds on disposal/redemption of long-term investments	21,954	89,395
Purchase of short-term investments	(705,564)	(331,494)
Proceeds on disposal of short-term investments	569,449	215,669
Net increase in funds under management	(100,103)	(8,749)
Investment income	49,534	41,671
Repayment of loan by an associate	-	60,920
	<b>53,338</b>	<b>(199,377)</b>
Add/(Less): Items not involving movement of funds		
Provision for diminution in value of internally-managed investments	18,552	17,341
Profit on sale of internally-managed investments	(13,625)	(8,709)
Accretion of discount on bonds	(57)	(468)
Amortisation of premium on bonds	1,273	385
<b>Net cash from/(used in) investing activities</b>	<b>59,481</b>	<b>(190,828)</b>

CONSOLIDATED CASH FLOW STATEMENT (cont'd)  
for the year ended August 31, 2003

	Group	
	2003	2002
	S\$'000	S\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank loans	(6,500)	(180,000)
Bank loans	4,400	241,500
Finance costs	(24,326)	(28,687)
Proceeds on issue of shares by Company	12,837	15,792
Share buy back	(17,969)	(21,360)
Capital distribution	-	(92,364)
<b>Net cash used in financing activities</b>	<b>(31,558)</b>	<b>(65,119)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(59,352)</b>	<b>(166,810)</b>
Cash and cash equivalents at beginning of year	387,528	554,338
<b>Cash and cash equivalents at end of year [Note (a)]</b>	<b>328,176</b>	<b>387,528</b>
(a) Cash and Cash Equivalents at the end of the year comprised:		
Cash on deposit	297,020	345,305
Cash and bank balances	31,156	42,223
	<b>328,176</b>	<b>387,528</b>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2003

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 broadcasting and multimedia 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.

Following the partial disposal of interests in an associate during the financial year, the activities of this associate relating to the provision of telecommunication services ceased to be carried on by the Group.

2. **Significant Accounting Policies**

(a) Basis of Preparation

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

2. Significant Accounting Policies (cont'd)

(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.

(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) Property, Plant and Equipment and Depreciation

(i) Property, plant and equipment 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	5–10 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 property, plant and equipment 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 statements.

(g) Subsidiaries

Interests in subsidiaries are included in the financial statements at cost less impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. The impairment loss is charged to the income statement.

(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.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. The impairment loss is charged to the income statement.

(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.

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 less impairment losses. Where an indication of impairment exists, the carrying amount of the investment property is assessed and written down to its recoverable amount. The impairment loss is charged to the income statement.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

2. Significant Accounting Policies (cont'd)

(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.

(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 and production cost of 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. The carrying amounts of each title in stock are reviewed at each balance sheet date. Provisions are made where the unamortised cost of each title exceeds the estimated realisable value. Such provision is charged to the income statement.

(l) Prepaid Content Rights

Advanced payments 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. Provisions are made where it is unlikely that content rights acquired under such payments would be used during its license period. Such provision is charged to the income statement.

(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.

(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 are credited to share capital (nominal value) and share premium.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

2. Significant Accounting Policies (cont'd)

(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, where appropriate, 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 raw materials and consumable stores, 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.

(iii) Market risk

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

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

(s) Financial Risk Management (cont'd)

(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

	2003		2002	
	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	3,740	3,740	3,731	3,731
Ordinary shares of S\$1 each	365,817	365,817	365,966	365,966
	<b>369,557</b>	<b>369,557</b>	<b>369,697</b>	<b>369,697</b>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

3. Share Capital (cont'd)

	2003	2002
	S\$'000	S\$'000
Movements during the financial year were:		
Opening balance	369,697	369,644
Cancellation of ordinary shares of S\$1 each under the share buy back mandate approved by shareholders (Note 27)	(1,050)	(1,191)
Issue of ordinary shares of S\$1 each fully paid under the Singapore Press Holdings Group Executives' Share Option Scheme	901	1,232
Issue of management shares of S\$1 each fully paid in accordance with the Newspaper and Printing Presses Act	9	12
Closing balance	369,557	369,697

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 1.9.02	Options Exercised	Options Cancelled	Balance 31.8.03
Nov 19, 1997	Nov 19, 2002	S\$12.76	232,278	(232,269)	(9)	-
Nov 17, 1998	Nov 17, 2003	S\$14.51	1,323,875	(668,696)	-	655,179
			1,556,153	(900,965)	(9)	655,179

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

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

Date of Grant	Expiry Date (a)	Exercise Price (b)	Balance 1.9.02 (c)	Options Exercised	Options Cancelled	Balance 31.8.03
Oct 27, 1999	Oct 27, 2009	S\$28.02	2,861,700	-	(213,600)	2,648,100
Oct 30, 2000	Oct 30, 2010	S\$23.88	3,092,500	-	(41,200)	3,051,300
Nov 6, 2001	Nov 6, 2011	S\$15.71	3,211,900	-	(34,000)	3,177,900
Oct 28, 2002	Oct 28, 2012	S\$19.54	3,251,600	-	(28,900)	3,222,700
			12,417,700	-	(317,700)	12,100,000

(a) The expiry of the exercise date in the case of options granted to an Associate shall be on the fifth anniversary of such date of grant.

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

(c) Or later date of grant.

4. Capital Reserve

	Group	
	2003	2002
	S\$'000	S\$'000
Capital reserve is made up as follows:		
Distributable	1,375	1,375
Non-Distributable	630	630
	2,005	2,005

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:

2003

Group

(i) Deferred Tax Liabilities

	Accelerated Tax Depreciation	Revaluation Surplus	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance	93,545	2,202	741	96,488
Credited to income statement	(1,177)	-	(67)	(1,244)
Closing balance	92,368	2,202	674	95,244

(ii) Deferred Tax Assets

	Provisions
	S\$'000
Opening balance	(13,201)
Charged to income statement	3,156
Closing balance	(10,045)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

5. Taxation (cont'd)

(a) Deferred Taxation (cont'd)

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	93,545	2,202	741	96,488

(ii) Deferred Tax Assets

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

2003

Company

(i) Deferred Tax Liabilities

	Accelerated Tax Depreciation
	S\$'000
Opening balance	80,713
Credited to income statement	(1,410)
Closing balance	79,303

(ii) Deferred Tax Assets

	Provisions
	S\$'000
Opening balance	(13,138)
Charged to income statement	3,374
Closing balance	(9,764)

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-off of provision in prior years due to change in tax rate	1,975
Closing balance	(13,138)

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	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax liabilities	85,199	83,287	69,539	67,575

As at August 31, 2003, certain subsidiaries had unutilised tax losses of S\$48.3 million (2002: S\$51.6 million) available for offsetting against future taxable income subject to the relevant provisions of the Income Tax Act, Chapter 134 ("Income Tax Act").

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

5. Taxation (cont'd)

(b) Current Taxation

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance	51,204	92,820	42,201	73,192
Income tax paid	(40,349)	(81,821)	(36,605)	(69,128)
Tax deducted at source on dividends received from subsidiaries	-	-	(3,000)	(52,936)
Provision for the year	56,538	40,899	58,065	102,914
Group relief in accordance with Section 37C of the Income Tax Act	-	-	(6,778)	(10,916)
Under/(over) provision in prior years	1,319	(667)	-	(925)
Other adjustments	-	(27)	-	-
Closing balance	68,712	51,204	53,883	42,201

(c) Tax Expense

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Tax expense attributable to profit is made up of:				
Current year				
Current tax	56,538	40,899	58,065	102,914
Deferred tax	2,617	16,892	1,964	15,470
	59,155	57,791	60,029	118,384
Prior years				
Current tax	1,319	(667)	-	(925)
Deferred tax	(705)	(6,821)	-	(5,923)
	59,769	50,303	60,029	111,536

(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	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before taxation	438,904	357,474	530,233	422,229
Less: Share of profits less losses of associates	(10,990)	(31,021)	-	-
Adjusted profit before taxation	427,914	326,453	530,233	422,229
Tax calculated at corporate tax rate of 22% (2002: 22%)	94,141	71,820	116,651	92,890
Singapore statutory stepped income exemption	(134)	(126)	(12)	(12)
Effect of change in tax rate	-	(697)	-	-
Income taxed at concessionary rate	(1,963)	(2,078)	-	-
Utilisation of previously unrecognised tax losses	(28)	(487)	-	-
Utilisation of previously unrecognised capital allowances	(1,317)	(3,476)	-	-
Utilisation of deferred tax assets not previously recognised	(3,330)	(2,763)	-	-
Income not subject to tax	(43,729)	(24,094)	(52,079)	(708)
Expenses not deductible for tax purposes	17,584	17,868	131	26,082
Losses of subsidiaries not offset against taxable income of other entities	777	1,505	-	-
Deferred tax benefit not recognised	1,711	-	-	-
Double tax relief for contributions made to Institutes of Public Character	(4,478)	(111)	(4,478)	(111)
Effect of different tax rates in other countries	105	182	-	-
Others	(184)	248	(184)	243
	59,155	57,791	60,029	118,384

6. Borrowings

	Group	
	2003	2002
	S\$'000	S\$'000
Transferable term loans [Note a]	700,000	700,000
Revolving credit facility [Note a]	4,400	-
Term advances - unsecured [Note b]	70,000	70,000
Revolving credit facilities - unsecured [Note b]	18,500	25,000
	792,900	795,000
Borrowings are repayable:		
Within 1 year	52,900	25,000
Between 1 - 5 years	740,000	770,000
	792,900	795,000

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

August 31, 2003

## 6. Borrowings (cont'd)

(a) A subsidiary has bank loan facilities amounting to S\$714 million (2002: S\$760 million), comprising a S\$700 million (2002: S\$700 million) transferable loan facility ("TLF") and a S\$14 million (2002: S\$60 million) revolving credit facility ("RCF"). During the financial year, S\$4.4 million (2002: Nil) was drawn under the RCF. These facilities are secured by way of a legal mortgage on the Group's investment property [Note 8], an assignment of rental proceeds from the investment property and the insurances on the investment property, 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 (2002: S\$645 million) entered into by the subsidiary, the effective interest rate as at the balance sheet date on the TLF of S\$700 million is 3.18% per annum (2002: S\$700 million, 3.20% per annum). The loans granted under the TLF are repayable no later than January 31, 2007.

The effective interest rate as at the balance sheet date on the loan granted under the RCF is 1.04% per annum.

(b) Another subsidiary has obtained unsecured bank loan facilities from certain banks amounting to S\$95 million (2002: S\$95 million) comprising S\$70 million (2002: S\$70 million) term advances and S\$25 million (2002: S\$25 million) revolving credit facilities.

After taking into account interest rate swap arrangements totalling S\$22.5 million (2002: S\$22.5 million), the effective interest rate as at the balance sheet date on the term advances of S\$70 million is 2.04% per annum (2002: S\$70 million, 3.09% per annum). Of the S\$70 million term advances, S\$30 million is repayable on July 27, 2004 and the balance of S\$40 million is repayable on December 17, 2004.

The effective interest rate as at the balance sheet date on the loans granted under the revolving credit facilities is 1.26% (2002: 1.65%) per annum.

(c) In respect of bank borrowings, the Group's policy is to, where appropriate, minimise its interest rate risk exposure by entering into interest rate swaps over the duration of its borrowings. Accordingly, the subsidiaries have entered into interest rate swap contracts 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, 2003, the fixed interest rates vary from 2.55% to 3.44% (2002: 2.55% to 3.44%) per annum and floating rates are referenced to SIBOR or Singapore dollar swap offer rates, where applicable.

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

	Group	
	2003	2002
	S\$'000	S\$'000
Notional due:		
Within 1 year	22,500	-
Between 1 - 5 years	645,000	667,500
Fair values *	(19,869)	(20,595)

\* The fair values of interest rate swap contracts have been calculated (using rates quoted by the Group's bankers) assuming these contracts are terminated 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, term advances and revolving credit facilities as at the balance sheet date approximate their carrying values as these loans carry floating interest rates, which are repriced frequently.

## 7. Property, Plant and Equipment

(a)

	Group					
	Land and Buildings		Plant and Equipment	Furniture and Fittings	Motor Vehicles	Total
	Freehold	Leasehold	Equipment	Fittings	Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cost</b>						
Opening balance	46,694	236,312	617,048	16,173	2,315	918,542
Additions	-	9	3,347	468	598	4,422
Reclassification adjustments	-	(3,208)	3,259	(51)	-	-
Transfer in from capital work-in-progress	-	-	1,868	2,508	-	4,376
Disposals	-	-	(8,779)	(825)	(490)	(10,094)
Closing balance	46,694	233,113	616,743	18,273	2,423	917,246
<b>Accumulated Depreciation</b>						
Opening balance	17,238	57,434	311,218	6,594	1,826	394,310
Charge for the year	212	8,373	43,325	1,488	254	53,652
Reclassification adjustments	-	(401)	417	(16)	-	-
Impairment losses	-	8,006	-	-	-	8,006
Disposals	-	-	(8,391)	(634)	(482)	(9,507)
Closing balance	17,450	73,412	346,569	7,432	1,598	446,461
<b>Net book value at</b>						
<b>August 31, 2003</b>	29,244	159,701	270,174	10,841	825	470,785
Capital work-in-progress	-	-	163,071	-	-	163,071
Closing balance	29,244	159,701	433,245	10,841	825	633,856
Capital work-in-progress						
Opening balance	984	-	144,970	-	-	145,954
Additions	85	-	19,969	2,508	-	22,562
Transfer out to fixed assets	-	-	(1,868)	(2,508)	-	(4,376)
Amounts written off to income statement	(1,069)	-	-	-	-	(1,069)
Closing balance	-	-	163,071	-	-	163,071
2002 Comparatives						
Net book value at						
August 31, 2002	29,456	178,878	305,830	9,579	489	524,232
Capital work-in-progress	984	-	144,970	-	-	145,954
Closing balance	30,440	178,878	450,800	9,579	489	670,186
Depreciation for 2002	430	7,921	42,518	1,196	261	52,326

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

7. Property, Plant and Equipment (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	503,418	10,576	2,053	516,047
Additions	1,803	164	598	2,565
Transfer in from capital work-in-progress	1,624	2,508	-	4,132
Transfer in	528	-	-	528
Transfer out	(33)	-	-	(33)
Disposals	(8,332)	(363)	(401)	(9,096)
Closing balance	499,008	12,885	2,250	514,143
<b>Accumulated Depreciation</b>				
Opening balance	280,453	3,671	1,708	285,832
Charge for the year	32,960	1,014	216	34,190
Transfer in	188	-	-	188
Transfer out	(27)	-	-	(27)
Disposals	(8,004)	(260)	(401)	(8,665)
Closing balance	305,570	4,425	1,523	311,518
<b>Net book value at August 31, 2003</b>	193,438	8,460	727	202,625
Capital work-in-progress	163,046	-	-	163,046
Closing balance	356,484	8,460	727	365,671
Capital work-in-progress				
Opening balance	144,847	-	-	144,847
Additions	19,943	2,508	-	22,451
Transfer out to fixed assets	(1,624)	(2,508)	-	(4,132)
Transfer out	(120)	-	-	(120)
Closing balance	163,046	-	-	163,046
2002 Comparatives				
Net book value at August 31, 2002	222,965	6,905	345	230,215
Capital work-in-progress	144,847	-	-	144,847
Closing balance	367,812	6,905	345	375,062
Depreciation for 2002	31,749	596	208	32,553

8. Investment Property

Details of the investment property are as follows:

	Group	
	Freehold Land and Building 2003	2002
	S\$'000	S\$'000
Cost	923,827	923,827
Development expenditure at cost	167,526	137,310
Loan interest capitalised	18,935	18,935
	1,110,288	1,080,072
Impairment losses	(70,534)	(20,534)
	1,039,754	1,059,538
Rental income	42,217	41,720
Fair value	1,050,000	1,140,000

Fair value of the investment property, the amalgamated Paragon on Orchard Road, was stated at Directors' valuation based on an independent professional valuation, determined on an open market value basis, carried out by Knight Frank Pte Ltd on February 28, 2003 (2002: December 20, 2001) on the basis that the construction work to build and merge the new building with Paragon would be satisfactorily completed and the Temporary Occupation Permit and Certificate of Statutory Completion would be obtained. The investment property is mortgaged to a bank as security for loan facilities granted to a subsidiary.

9. Interests in Subsidiaries

(a) Unquoted equities

	Company	
	2003	2002
	S\$'000	S\$'000
Unquoted equities, at cost	476,083	474,843
Amounts owing by subsidiaries (non-trade) [Note (c)]	1,378,626	1,244,293
Loan to a subsidiary [Note (c)]	40,000	15,000
	1,894,709	1,734,136
Amounts owing to subsidiaries (non-trade) [Note (c)]	(67,155)	(64,313)
	1,827,554	1,669,823

Details of subsidiaries are set out in Note 30.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

9. Interests in Subsidiaries (cont'd)

(b) Goodwill arising on acquisition of subsidiaries

	Group	
	2003	2002
	S\$'000	S\$'000
Opening balance	-	-
Goodwill on acquisition during the year	1,240	30,898
Amounts written off during the year (Note 26)	(1,240)	(30,898)
Closing balance	-	-

(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

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Unquoted equities, at cost	44,837	93,537	2,980	2,980
Amounts owing by associates				
(non-trade) [Note (b)]	4	13	-	-
Loans to associates [Note (b)]	650	300	-	-
	45,491	93,850	2,980	2,980
Goodwill on consolidation written off	(23,357)	(23,357)	-	-
Share of net (losses)/profits	(14,509)	75,582	-	-
Exchange translation difference	-	219	-	-
Impairment losses	(7,439)	-	(2,980)	(2,980)
	186	146,294	-	-

Details of associates are set out in Note 31.

(b) The amounts owing by associates 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

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted, at cost				
Equities	92,855	51,658	-	-
Bonds	48,000	150,947	-	-
Unquoted, at cost				
Equities	78,363	85,797	35,577	35,577
Other investments	60,318	67,605	425	425
	279,536	356,007	36,002	36,002
Accretion of discount on bonds	-	16	-	-
Amortisation of premium on bonds	-	(52)	-	-
Provision for diminution in value				
of investments – Quoted	-	(2,050)	-	-
– Unquoted	(10,312)	(13,025)	-	-
	269,224	340,896	36,002	36,002
Movements in provision				
Opening balance	15,075	16,683	-	-
Provision for the year – Unquoted	208	4,708	-	-
Utilisation of provision	(2,921)	(8,366)	-	-
Transfer (to)/from short-term				
investments	(2,050)	2,050	-	-
Closing balance	10,312	15,075	-	-
Market value of quoted investments				
Equities	268,930	67,907	-	-
Bonds	51,432	158,091	-	-
	320,362	225,998	-	-

12. Other Non-Current Assets

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Staff loans	4,916	5,010	4,781	4,963
Long-term debtors	-	266	-	-
	4,916	5,276	4,781	4,963

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

13. Stocks

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials and consumable stores	38,895	32,633	38,278	32,055
Acquired content rights, at unamortised cost	16,519	10,509	-	-
Production cost of programmes, at unamortised cost	7,925	7,340	-	-
Provision for stocks	(8,576)	(3,437)	(1,010)	(1,010)
	<b>54,763</b>	<b>47,045</b>	<b>37,268</b>	<b>31,045</b>
Made up as follows:				
At cost	20,636	26,987	7,670	12,443
At net realisable value	34,127	20,058	29,598	18,602
	<b>54,763</b>	<b>47,045</b>	<b>37,268</b>	<b>31,045</b>
Movements in provision				
Opening balance	3,437	2,110	1,010	2,110
Provision/(write-back) for the year	5,139	1,327	-	(1,100)
Closing balance	<b>8,576</b>	<b>3,437</b>	<b>1,010</b>	<b>1,010</b>

14. Prepaid Content Rights

	Group	
	2003	2002
	S\$'000	S\$'000
Prepaid content rights – at cost	23,694	14,361
Provision for prepaid content rights	(1,467)	(86)
	<b>22,227</b>	<b>14,275</b>
Movements in provision		
Opening balance	86	-
Provision for the year	1,381	86
Closing balance	<b>1,467</b>	<b>86</b>

15. Trade Debtors

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Amount owing	104,942	113,507	95,120	101,542
Provision for doubtful debts	(19,590)	(21,023)	(18,190)	(19,700)
	<b>85,352</b>	<b>92,484</b>	<b>76,930</b>	<b>81,842</b>
Movements in provision				
Opening balance	21,023	19,130	19,700	18,083
Provision for the year	2,118	5,848	1,531	5,345
Bad debts written off	(3,551)	(3,955)	(3,041)	(3,728)
Closing balance	<b>19,590</b>	<b>21,023</b>	<b>18,190</b>	<b>19,700</b>

16. Other Debtors and Prepayments

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Accrued interest	6,180	7,694	23	90
Sundry debtors	3,781	2,497	1,596	791
Prepayments	2,426	2,011	1,212	698
Staff loans	1,794	1,945	1,715	1,854
	<b>14,181</b>	<b>14,147</b>	<b>4,546</b>	<b>3,433</b>

17. Short-Term Investments

(a) Internally managed

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted				
Equities, at cost	102,198	53,844	-	-
Bonds, at cost	613,734	405,326	-	-
Accretion of discount on bonds	3,090	3,370	-	-
Amortisation of premium on bonds	(1,363)	(287)	-	-
Unquoted				
Equities, at cost	3,480	3,480	-	-
	<b>721,139</b>	<b>465,733</b>	<b>-</b>	<b>-</b>
Provision for diminution in value of investments – Quoted	(57,323)	(42,424)	-	-
	<b>663,816</b>	<b>423,309</b>	<b>-</b>	<b>-</b>
Movements in provision				
Opening balance	42,424	50,012	-	-
Provision for the year	18,344	12,633	-	-
Utilisation of provision	(5,495)	(19,653)	-	-
Transfer from/(to) long-term investments	2,050	(2,050)	-	-
Transfer from funds under management	-	1,482	-	-
Closing balance	<b>57,323</b>	<b>42,424</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

17. Short-Term Investments (cont'd)

(b) Funds under management

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted investments, at cost				
Equities	85,580	-	-	-
Bonds	148,870	153,227	-	-
	234,450	153,227	-	-
Provision for diminution in value of quoted investments	(1,746)	(1,723)	-	-
	232,704	151,504	-	-
Bank balances	18,520	3,202	-	-
Accrued income	970	818	-	-
Due to brokers	(400)	(3,833)	-	-
	251,794	151,691	-	-
Movements in provision				
Opening balance	1,723	9,632	-	8,998
Provision for the year	1,823	1,670	-	222
Utilisation of provision	(1,800)	(8,097)	-	(7,738)
Transfer to internally managed short-term investments of the Group	-	(1,482)	-	(1,482)
Closing balance	1,746	1,723	-	-
Total Short-Term Investments	915,610	575,000	-	-
Total market/fair value of investments				
Quoted - Equities	194,894	23,104	-	-
Bonds	737,510	564,474	-	-
	932,404	587,578	-	-
Unquoted - Equities	3,564	4,110	-	-

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

18. Other Creditors and Accrued Liabilities

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Accrued operating expenses	91,213	100,570	69,160	77,954
Sundry creditors	18,355	16,914	7,844	25,379
Customers' deposits and credits	4,024	3,921	3,897	3,795
Amounts due to brokers	949	-	-	-
	114,541	121,405	80,901	107,128

19. Capital and Other Commitments

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Commitments for:				
(a) Capital expenditure:				
Authorised and contracted for	29,271	79,063	22,212	37,763
Authorised but not contracted for	26,206	30,064	26,152	30,064
(b) Equity investments	14,101	14,685	-	-
(c) Operating leases due:				
Within 1 year	3,067	5,137	-	-
Between 1 - 5 years	5,864	8,189	-	-
After 5 years	44,559	47,979	-	-
(d) Foreign currency forward contracts				
Notional due:				
Within 1 year	18,560	45,336	4,577	5,866
Positive fair value	68	825	40	825
Negative fair value	-	(120)	-	-
(e) Cross currency swap contracts				
Notional due:				
After 5 years	18,400	36,800	-	-
Negative fair value	(157)	(46)	-	-

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

20. Contingent Liability (Unsecured)

As at August 31, 2003, the Company provided an indemnity to a financial institution for performance guarantees issued on behalf of a subsidiary to enable the subsidiary to meet its obligations in the ordinary course of business. The performance guarantees comprised US\$1 million (S\$1.75 million) maturing on March 31, 2004, US\$4 million (S\$7 million) for period commencing April 1, 2004 to March 31, 2005, US\$4 million (S\$7 million) for period commencing April 1, 2005 to March 31, 2006 and US\$4 million (S\$7 million) for period commencing April 1, 2006 to March 31, 2007 (2002: Nil).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

21. Operating Revenue

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Newspapers and Magazines				
Advertisements	595,370	612,683	580,808	599,000
Circulation	180,336	181,384	173,482	175,217
Others	13,676	14,210	17,075	17,536
	<b>789,382</b>	<b>808,277</b>	<b>771,365</b>	<b>791,753</b>
Broadcasting and Multimedia				
Advertisements	43,131	29,870	1,567	940
Broadcasting and multimedia services	12,603	11,516	4,753	3,206
	<b>55,734</b>	<b>41,386</b>	<b>6,320</b>	<b>4,146</b>
Property				
Rental and rental-related services	52,700	53,862	-	-
	<b>897,816</b>	<b>903,525</b>	<b>777,685</b>	<b>795,899</b>

22. Staff Costs

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Staff costs (including Executive Directors):				
Salaries, bonuses and other costs	214,517	217,349	181,390	181,299
Employers' contribution to defined contribution plans	26,241	28,333	22,088	23,048
	<b>240,758</b>	<b>245,682</b>	<b>203,478</b>	<b>204,347</b>
(b) Average number of employees	3,715	4,010	3,118	3,324

23. Profit from Operations

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Profit from operations is arrived at:				
After charging				
Audit fees:				
Company's auditors:				
Current year	299	289	161	136
Prior year	-	7	-	-
Other auditors:				
Current year	23	44	-	-
Prior year	(1)	-	-	-
Non-audit fees #:				
Company's auditors				
Current year	36	272	33	225
Prior year	(22)	-	-	-
Less:				
Amount included in exceptional items	-	(25)	-	(25)
	<b>14</b>	<b>247</b>	<b>33</b>	<b>200</b>
Directors' remuneration:				
Company's Directors	2,216	3,500	2,216	3,494
Directors of subsidiaries	1,590	896	-	-
Net loss on disposal of fixed assets	403	5,238	330	3,924
Provision for stocks (Note 13)	5,139	1,327	-	-
Provision for prepaid content rights (Note 14)	1,381	86	-	-
Provision for doubtful trade debts (Note 15)	2,118	5,848	1,531	5,345
Rental expense	2,657	3,677	38,556	35,695
and after crediting				
Write-back of provision for stocks (Note 13)	-	-	-	1,100
Bad trade debts recovered	202	321	201	320
Exchange gain	639	2,185	170	1,847
Interest income:				
Others	241	475	53	91

# 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)  
August 31, 2003

24. Finance Costs

	Group	
	2003	2002
	S\$'000	S\$'000
Interest on bank loans	24,326	28,687

25. Net Income from Investments

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Deposits interest	3,636	6,007	1,244	4,653
Interest from bonds	22,809	24,998	-	-
Dividend from equities	10,126	2,843	-	-
Foreign exchange (loss)/gain	(776)	2,436	-	-
Profit on sale of investments:				
Short-term investments	13,493	6,583	-	-
Long-term investments	132	2,126	-	-
Other investment income	1,643	-	-	-
	51,063	44,993	1,244	4,653
Accretion of discount on bonds	57	468	-	-
Amortisation of premium on bonds	(1,273)	(385)	-	-
Provision for diminution in value of investments:				
Quoted	(18,344)	(12,633)	-	-
Unquoted	(208)	(4,708)	-	-
	31,295	27,735	1,244	4,653
Income from funds under management [Note 25(a)]	8,289	13,936	-	9,498
	39,584	41,671	1,244	14,151

(a) Income from funds under management

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Interest on deposits and bonds	5,882	6,519	-	1,372
Profit on sale of investments	4,529	9,072	-	7,920
Dividend from quoted equities	879	334	-	334
Foreign exchange (loss)/gain	(414)	188	-	285
Expenses and fees	(764)	(507)	-	(191)
	10,112	15,606	-	9,720
Provision for diminution in value of quoted investments	(1,823)	(1,670)	-	(222)
	8,289	13,936	-	9,498

26. Exceptional Items

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Surplus on partial disposal of interests in an associate	187,720	-	-	-
Surplus on completion of liquidation of:				
- Subsidiaries	1,748	-	-	-
- An associate	46	-	-	-
Impairment loss on investment property	(50,000)	-	-	-
Impairment loss on property, plant and equipment	(8,006)	(27,068)	-	(24,264)
Impairment loss on associates	(7,439)	-	-	-
Goodwill on consolidation written off in respect of acquisition of interests in subsidiaries (Note 9)	(1,240)	(30,898)	-	-
Capital work-in-progress written off	(1,069)	-	-	-
Realisation of capital reserves upon privatisation of a subsidiary	-	67,839	-	-
Surplus/(loss) on disposal of an associate	-	31,613	-	(117,937)
Surplus on sale of property	-	2,478	-	-
Net book value of property, plant and equipment demolished	-	(4,361)	-	-
Cost of investment property demolished	-	(37,400)	-	-
	121,760	2,203	-	(142,201)

27. Share Buy Back

Under the share buy back mandate approved by shareholders, the Company repurchased 1,050,000 (2002: 1,191,000) ordinary shares of S\$1 each during the financial year at an average price of S\$17.11 (2002: S\$17.94) per share, amounting to a total cost, including brokerage, of S\$18.0 million (2002: S\$21.4 million). The repurchase transactions were financed by internally generated funds. The amounts were adjusted against the Company's share capital and retained profit accounts.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

28. Dividends

	Group and Company	
	2003	2002
	S\$'000	S\$'000
Dividends paid:		
- Final dividend of 50 cents per share less tax at 22% in respect of previous financial year (2002: 50 cents per share less tax at 24.5%)	144,327	139,470
- Special dividend of 30 cents per share less tax at 22% in respect of previous financial year (2002: Nil)	86,596	-
- Interim dividend of 20 cents per share less tax at 22% (2002: 19.36 cents per share less tax at 22%)	57,654	55,821
- Special interim dividend of 30 cents per share less tax at 22% (2002: Nil)	86,481	-
	<b>375,058</b>	<b>195,291</b>

(a) The Directors have proposed a special final dividend of 30 cents per share, less tax at 22%, amounting to a total of S\$86,476,000 (2002: 30 cents per share, less tax at 22%, amounting to S\$86,596,000).

(b) In addition, the Directors have proposed a final dividend for 2003 of 50 cents per share, less tax at 22%, amounting to a total of S\$144,128,000 (2002: 50 cents per share, less tax at 22%, amounting to S\$144,327,000).

(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, 2004 (2002: August 31, 2003) when they are approved at the next annual general meeting.

29. Earnings per Share

	Group			
	2003		2002	
	Basic	Diluted	Basic	Diluted
	S\$'000	S\$'000	S\$'000	S\$'000
Profit attributable to shareholders	378,736	378,736	307,397	307,397
	Number of Shares		Number of Shares	
	'000	'000	'000	'000
Weighted average number of shares	369,714	369,714	369,414	369,414
Adjustment for assumed conversion of share options	-	634	-	1,095
Weighted average number of shares used to compute earnings per share	369,714	370,348	369,414	370,509
Earnings per S\$1 share (S\$)	1.02	1.02	0.83	0.83

30. Subsidiaries

Name of Subsidiary	Principal Activities	Country of Incorporation/ Operation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2003	2002	2003	2002
				S\$'000	S\$'000	%	%
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	99.96
# Singapore Press Holdings (Overseas) Limited	Provision of news reporting & marketing services and holding investments	Singapore	Mgt Ord	*	*	99.98	99.98
# SPH (Americas) Pte Ltd	Provision of news reporting services	Singapore	Ord	*	*	100.00	100.00
SPH Magazines Pte Ltd (formerly known as Times Periodicals Private Limited)	Publishing magazines	Singapore	Ord	*	*	100.00	100.00
TP Ventures Pte Ltd	Holding investments	Singapore	Ord	*	-	100.00	-
Lianhe Publishing Pte Ltd	Publishing magazines	Singapore	Ord	*	*	51.00	51.00
@ SPH AsiaOne Ltd	Provision of Internet-related services and holding investments	Singapore	Ord	94,400	94,400	100.00	100.00
@ Zaobao.com Ltd	Provision of Internet-related services	Singapore	Ord	*	*	100.00	100.00
@ Evol Media Pte Ltd	Provision of Internet-related services	Singapore	Ord	*	-	100.00	-
SPH MediaWorks Ltd	Provision of broadcasting and broadband services	Singapore	Ord	90,000	88,760	100.00	98.62
SPH MultiMedia Private Limited	Holding investments	Singapore	Ord	8,500	8,500	100.00	100.00
		Balance c/f		193,260	192,020		

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

30. 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	
				2003	2002	2003	2002
				S\$'000	S\$'000	%	%
		Balance b/f		193,260	192,020		
The Straits Times Press (1975) Limited	Holding investments	Singapore	Mgt	334	334	100.00	100.00
			Ord	33,072	33,072	100.00	100.00
Lianhe Investments Pte. Ltd.	Holding investments for dealing purposes	Singapore	Ord	6,335	6,335	100.00	100.00
SPH Data Services Pte Ltd	Licensing of copyrights & trademarks	Singapore	Ord	*	*	100.00	100.00
Singapore Newspaper Services Private Limited	Holding investments and properties	Singapore	Ord	50,000	50,000	100.00	100.00
Vinora Holdings Limited	Holding investments	British Virgin Islands	Ord	*	*	100.00	100.00
Futura Management Limited	Holding investments	Cook Islands	Ord	*	*	100.00	100.00
Crestville Investments Limited	Holding investments	British Virgin Islands	Ord	*	*	100.00	100.00
Morningvista Investments Limited	Holding investments	British Virgin Islands	Ord	*	*	100.00	100.00
Singapore News and Publications Limited	Holding investments and properties	Singapore	Mgt	1,153	1,153	100.00	100.00
			Ord	114,102	114,102	100.00	100.00
Sin Chew Jit Poh (Singapore) Limited	Holding investments and properties	Singapore	Mgt	*	*	100.00	100.00
			Ord	*	*	100.00	100.00
Times Properties Private Limited	Letting properties and provision of property management services	Singapore	Ord	77,827	77,827	100.00	100.00
Orchard 290 Ltd	Holding investments and managing of shopping centres & other commercial properties	Singapore	Ord	*	*	100.00	100.00
		Balance c/f		476,083	474,843		

30. 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	
				2003	2002	2003	2002
				S\$'000	S\$'000	%	%
		Balance b/f		476,083	474,843		
SPH Stop Press Pte Ltd	Property development	Singapore	Ord	*	*	100.00	100.00
Asia Century Publishing Pte Ltd	Dormant	Singapore	Ord	*	*	51.00	51.00
The Straits Times Press (London) Limited	Dormant	United Kingdom	Ord	*	*	100.00	100.00
+ Orchard 300 Ltd	Dormant	Singapore	Ord	-	*	-	100.00
++ SPH Asset Management Limited	Dormant	Singapore	Ord	-	*	-	100.00
++ Mantown Enterprises Limited	Dormant	Hongkong	Ord	-	*	-	93.10
++ Solar River Investments Limited	Dormant	Hongkong	Ord	-	*	-	93.10
++ Video Post Limited	Dormant	Hongkong	Ord	-	*	-	93.10
				476,083	474,843		

Notes:

- # Singapore Press Holdings (Overseas) Limited operates in Japan, Hongkong, Australia, Philippines, Thailand, China, Taiwan and Indonesia.  
SPH (Americas) Pte Ltd operates in United States of America.
- @ Companies audited by Ernst & Young, Singapore.
- \* The shareholdings of these companies are held by subsidiaries of the Company.
- + This company has been placed under liquidation.
- ++ The liquidation of these companies were completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

31. Associates

Name of Associate	Principal Activities	Country of Incorporation/ Operation	Class of Shares	Cost of Investment		Effective % of Equity held by the Group	
				2003 S\$'000	2002 S\$'000	2003 %	2002 %
<b>Held by the Company</b>							
Business Day Company Limited	Publishing newspapers	Thailand	Ord	2,980	2,980	24.97	24.97
<b>Held by Subsidiaries</b>							
American Bourses Corporation Pte Ltd	Development & maintenance of software & multi-media works; Business management & consultancy services	Singapore	Ord	6,375	6,375	20.00	20.00
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	50.00	49.31
UnionWorks Pte Ltd	Radio broadcaster	Singapore	Ord	1,600	1,300	50.00	49.31
<sup>^</sup> MobileOne Ltd (formerly known as MobileOne (Asia) Pte Ltd)	Providing telecommunication services	Singapore	Ord	-	49,000	-	35.00
<sup>+</sup> FantasticOne (Asia-Pacific) Pte Ltd	Dormant	Singapore	Ord	-	-	-	34.84
				<u>44,837</u>	<u>93,537</u>		

Notes:

- <sup>^</sup> The Group partially disposed of its interests in the company through the initial public offering of the company during the financial year. Thereafter, the remaining 14.16% stake is accounted as a long-term investment.
- <sup>+</sup> The liquidation of the company was completed during the financial year.

32. Segmental Information

2003	Newspapers and Magazines S\$'000	Broadcasting, Multimedia and Telecommunications S\$'000	Treasury and Investment S\$'000	Property S\$'000	Eliminations S\$'000	Consolidated S\$'000
<b>Operating revenue</b>						
External sales	789,382	55,734	-	52,700	-	897,816
Inter-segmental sales	2,914	21	-	2,544	(5,479)	-
Total operating revenue	<u>792,296</u>	<u>55,755</u>	<u>-</u>	<u>55,244</u>	<u>(5,479)</u>	<u>897,816</u>
<b>Result</b>						
Segment result	305,065	(53,057)	39,028	39,203	-	330,239
Finance costs	-	(1,916)	-	(22,410)	-	(24,326)
Finance income	102	39	-	100	-	241
Share of profits less losses of associates	86	10,904	-	-	-	10,990
<b>Exceptional items</b>						
- Surplus on partial disposal of interests in an associate	-	187,720	-	-	-	187,720
- Impairment losses of assets	(7,000)	(7,439)	-	(51,006)	-	(65,445)
- Others	-	540	14	(1,069)	-	(515)
Profit/(loss) before taxation	<u>298,253</u>	<u>136,791</u>	<u>39,042</u>	<u>(35,182)</u>	<u>-</u>	<u>438,904</u>
Taxation						<u>(59,769)</u>
Profit after taxation						<u>379,135</u>
Minority interests						<u>(399)</u>
Profit attributable to shareholders						<u>378,736</u>
<b>Other Information</b>						
Segment assets	737,067	86,974	1,462,487	1,081,531	-	3,368,059
Interests in associates	186	-	-	-	-	186
Consolidated total assets						<u>3,368,245</u>
Segment liabilities	126,740	108,191	986	729,573	-	965,490
Current taxation						68,712
Deferred taxation						85,199
Minority interests						1,108
Consolidated total liabilities						<u>1,120,509</u>
Capital expenditure	26,367	437	-	30,396	-	57,200
Depreciation	44,841	8,158	-	653	-	53,652

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
August 31, 2003

32. Segmental Information (cont'd)

2002

	Newspapers and Magazines	Broadcasting, Multimedia 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	808,277	41,386	–	53,862	–	903,525
Inter-segmental sales	3,559	2,028	167	5,260	(11,014)	–
Total operating revenue	811,836	43,414	167	59,122	(11,014)	903,525
<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 profits less losses of associates	29	30,992	–	–	–	31,021
Exceptional items						
– Impairment losses of assets	(24,264)	–	–	(2,804)	–	(27,068)
– Others	(4,361)	68,554	–	(34,922)	–	29,271
Profit/(loss) before taxation	304,738	39,469	40,817	(27,550)	–	357,474
Taxation						(50,303)
Profit after taxation						307,171
Minority interests						226
Profit attributable to shareholders						307,397
<b>Other Information</b>						
Segment assets	746,931	104,670	1,243,789	1,110,985	–	3,206,375
Interests in associates	99	146,195	–	–	–	146,294
Consolidated total assets						3,352,669
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						1,111,131
Capital expenditure	178,009	4,617	–	8,641	–	191,267
Depreciation	42,813	8,632	8	873	–	52,326

32. Segmental Information (cont'd)

Notes:

(a) **Business segments:** The Group is organised into four major operating segments, namely Newspapers and Magazines, Broadcasting, Multimedia 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 Broadcasting, Multimedia and Telecommunications segment provides services which include provision of broadcasting, portal sites, 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.

Following the partial disposal of interests in an associate during the financial year, the Telecommunication business ceases to be part of a major operating segment from the next financial year.

(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	
	2003	2002	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	897,816	903,525	3,234,167	3,220,695	57,181	191,229
Other Countries	–	–	134,078	131,974	19	38
	897,816	903,525	3,368,245	3,352,669	57,200	191,267

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

33. 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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

August 31, 2003

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

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.

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.

**34. 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.

**35. Authorisation of Financial Statements**

On October 10, 2003, the Board of Directors of Singapore Press Holdings Limited authorised these financial statements for issue.