



in Vision,

From the head honcho down to the journalist, sales canvasser and administrative assistant, everyone in SPH realises that by pulling their strengths together, the Company can forge ahead and remain the leading multimedia content provider in Asia and beyond.

The key to this is effective teamwork: combining diverse talents, abilities and joining forces to produce an effect greater than the sum of its parts. Teams sharing a common vision create synergy, and synergy, backed with an impressive track record, brings optimal results – and motivational satisfaction.

That is why SPH strongly believes in growth with synergy.



... Expertise,

SPH staff and journalists are the envy of many others. With a stable of 14 newspapers and six magazines, a broadcasting station offering two free-to-air channels, two joint-venture radio stations, and an Internet arm, SPH staff have more room and flexibility to venture into new fields – from journalism, marketing, finance, IT to human resources.

As the Group's business activities grow in scope and depth, throwing up new opportunities, it can leverage on the expertise and talents from its family of some 3,500 employees.

That is its cutting edge for clinching the job to publish SilverKris, the popular in-flight magazine of Singapore Airlines, as it is able to tap some of its top journalists from various newsrooms as editorial consultants. This is just an example of talent-crossing which gives SPH the win-win formula over its competitors in giving value-added services.

By any reckoning, SPH MediaWorks has done well despite a bumpy ride in its first two years. Its Channels U and i have clawed a good chunk of the TV audience market share and ratings are set to improve with newer and better offerings – thanks to back-up from the Group's resources, expertise and strong networking support. The recent smooth management transition testifies to the symbiotic link with headquarters and synergistic value.

Within the newsrooms, convergence is the buzzword. Many of SPH's 1,000 journalists are "amphibious", just as comfortable writing for newspapers as they are telling their stories in front of the camera to deliver more insightful and impactful news to its growing readership and audience.



... Front-End Operations,

... Facilities,



SPH moved its key operations to the new high-tech headquarters last year, enabling it to draw on common assets and talents, consolidate its processes and forge a common culture. Common facilities now include the Information Resource Centre – which is a merger of the English and Malay Newspapers Division library previously at Times House in Kim Seng Road, and the Chinese Newspapers Division library, formerly at the Genting Lane News Centre – a modern gym and a 300-seat Auditorium.

This has resulted in greater efficiency, smoother workflow and higher productivity. For staff working under the same roof, it feels like working for a big happy family business, all sharing the same aims to grow the Company. And having fun doing it too.

SPH advertisers are getting greater value for their advertising dollar with attractive package deals for advertising across the wide spectrum of SPH print and TV products. Such cross-advertising increases the reach and visibility of the advertisers' products and services, and enhances the effectiveness of their advertising.

Advertisers also enjoy better service at SPH with experienced sales staff who can customise packages to meet different advertising needs. Its creative talents also help to put more zing into the advertisements to drive home the message more effectively.



... and Service!

Chairman's Statement



It has been a difficult, but reasonably satisfactory year for the Company. The modest recovery achieved in the first half of the financial year was abruptly reversed in the second half as the adverse impact of SARS set in. A tight rein on cost enabled us to realise a satisfactory profitability in spite of the economic difficulties and competition.

The Group's net profit for the year ended August 31 2003 was S\$378.7 million, up 23.2 per cent from last year, while operating revenue was marginally lower at S\$897.8 million. If we were to adjust our share of MobileOne's profit, which has been re-classified under long-term investment and a one-time special contribution, the profit would have been higher.

Newspapers

Print advertising revenue for the year fell 2.8 per cent to S\$595.4 million, with classified and recruitment advertising being the hardest hit as companies in Singapore restructured in the downturn. Display advertising was flat but the telecommunication, fashion and beauty and fast moving consumer goods sectors registered some growth. Property, banking and finance sectors were weak. Circulation revenue of S\$180.3 million, after absorption of S\$6.6 million in GST, was 0.6 per cent lower than last year.

The steady circulation revenue is due to our ongoing efforts to improve the quality of our newspapers to meet the needs of our sophisticated readers. Several of our newspapers, including The Straits Times Life! section, Lianhe Zaobao, Shin Min Daily News and, more recently, The Sunday Times, were revamped to provide a much more substantial read. Although losses from Streets increased slightly, it is heartening to note that its monthly revenue has doubled after it was redesigned in November 2002.

Broadcasting

Two years on, broadcasting subsidiary SPH MediaWorks continued to make in-roads and win market share. Its revenue and audience reach improved markedly in the

year under review, clearly showing that more advertisers and viewers like what they are getting on the Chinese Channel U and English Channel i. Its innovative programming, attractive promotions and breakthrough ideas in local productions have pulled in more viewers. We are committed to building MediaWorks into a regional television powerhouse.

Property and Investments

The newly completed wing of Paragon started trading in September 2003. All the retail space has been leased. With a total of 610,000 square feet of net lettable space, the property is expected to yield a return on equity of more than 8 per cent. The new extension will add more than S\$20 million in revenue annually.

Times House, a landmark press building that served as the headquarters of The Straits Times and other English and Malay newspapers for 45 years, has been put up for sale by tender as there has been a renewed buying interest in freehold land by developers. We remain committed to divesting our non-core property assets at the right price.

Investment income for the year was lower at S\$39.6 million because of the weak investment climate. Exceptional gains included a S\$187.7 million recognition from the partial sale of our stake in MobileOne, partially offset by a S\$50 million provision in the valuation of the amalgamated Paragon.

Dividends and Share Buy Backs

The Board is committed to returning surplus cash to shareholders. A final dividend of 80 cents per share, comprising 50 cents normal and 30 cents special, has been recommended for approval at the coming Annual General Meeting (AGM) on December 5. Together with the 50 cents per share paid out in April, the S\$1.30 dividend per share, is reasonable in a difficult year such as this, and should satisfy most shareholders. Our aim is to reward shareholders who stay with us for the long term.

The move into the new headquarters in Toa Payoh North in late 2001 brought some 2,300 staff, previously scattered in different centres, and critical front-end operations and corporate services under one roof, for the first time...

... the extended family at Toa Payoh has led to better communication, work flow, a sense of belonging among staff – and more synergy.

Another way of distributing cash to shareholders is through share buy backs. We bought back 1,050,000 shares during the year. Since the share buy back mandate was approved, we have bought back some 4,500,000 shares.

Prospects

Should the Singapore economy grow next year, the Group's advertising revenue is expected to grow in tandem. However, there are no clear signs yet that we are on the road to higher growth. It is therefore difficult to forecast the overall performance of the Group in the current financial year.

Directorate

The renewal process at the Board level is continuing. Mr Lee Hee Seng and Mr Wee Cho Yaw have indicated their intention not to seek re-election at the coming AGM.

Both of them have been on the Board since SPH was established in 1984, and prior to that, had served on the boards of the Chinese newspaper companies in the Group. On behalf of the Board, Management and staff of SPH, I would like to extend our deepest appreciation to both of them for their invaluable contributions during their tenure with the Board.

The Board has decided to recommend Dr Philip N. Pillai and Mr Sum Soon Lim as new directors.

They will stand for election at this AGM. I am certain that with their diverse experience and knowledge, they will serve the Group well.

Finally, I would like to thank my fellow Directors for their support and guidance during my first year as the Chairman of the Board. I also want to thank staff, readers, advertisers, vendors and business associates for their commitment during these testing times and helping us stay ahead of the competition. I look forward to their continued support.



Lim Chin Beng
Chairman