



CHAIRMAN'S STATEMENT

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Despite a very challenging global economic environment in 2008, SPH's performance has been commendable. In a year when many companies were hit badly by the financial crisis, SPH's net profit for FY 2009 was just a shade below that of FY 2008. The Group's total revenue of \$1.3 billion remained comparable to that of the previous year.

The newspapers and magazines segment was impacted by the recession and saw its revenue decline by 12 per cent. This was offset by the Group's property segment which turned in a strong performance. The global financial meltdown also caused our Investment income to record a net loss of \$6.2 million. Our overall net profit of \$422 million was 3.6 per cent lower than that of the previous year.

SPH took pre-emptive measures early in the year to buffer ourselves from the impact of the economic downturn. Wage reductions were implemented, operating costs were reduced and budgets across the board were cut. I commend the management and staff for acting quickly and effectively.

Notwithstanding the uncertainties in the economy, SPH recognises the importance of investing in the future. In March this year, we celebrated the 25th anniversary of the formation of SPH as a merged single entity with products in multiple languages. We unveiled a new corporate logo and brand essence – engaging minds, enriching lives. This reaffirms our determination to excel beyond print and across platforms to strengthen SPH's position as Southeast Asia's leading media organisation.

While we celebrated 25 years as SPH, the products in our stable have a rich heritage going back much longer. Our English flagship paper, The Straits Times, is 164 years old, while Lianhe Zaobao is 86 this year. Berita Harian celebrated its 50th anniversary in 2007

and next year Tamil Murasu will mark its 75th anniversary. Despite our long and distinguished history, SPH has not been complacent. Our experience and accumulated expertise remain a core strength but we have continued to rejuvenate and refresh our products to keep up with the times.

Hence, while we trimmed operational costs, we ensured that we did not stop delivering value to our consumers and advertisers. Several of our products were revamped during the year, including The Business Times Weekend, zbCOMMA (formerly Friday Weekly), straittimes.com and omy.sg, as well as publications in the SPH Magazines stable such as Her World, Nuyou, Young Parents, The Peak and Men's Health.

We launched several new publications: tabla!, a weekly free paper for the growing Indian diaspora here; 24:7, Singapore's only English-language watch magazine for women; Domain, a high end architecture and design magazine; and ZbBz, a monthly bilingual "newsgazine" which marries the intelligence of newspaper journalism with the sophistication of magazine design. In the online space, we launched The Straits Times Breaking News, a free website with the latest news, and Cling, a Chinese web portal in collaboration with Business China.

We continued to invest in our printing infrastructure and facilities. We commissioned a new UNISSET printing facility at Media Centre which is capable of printing semi-commercial products. This has opened up new revenue streams for the company. And because it can print three different publications at the same time, it has greatly enhanced SPH's business continuity plan in the event of a contingency. Our third warehouse was launched at the beginning of 2009. With this new warehouse, we are now able to stock newsprint at an optimal level and reap substantial savings in storage and transport.

Our property segment had a busy year. Paragon's \$82 million renovation was unveiled, with more than 40,000 square feet of commercial space for retail, medical and office use, and a facelift showcasing a contemporary and elegant-looking facade as well as new stores. Our condominium project development, Sky@eleven, will obtain Temporary Occupation Permit next year.

Our adjacent businesses have grown significantly. SPH's new events subsidiary, Sphere Exhibits, held a series of shows covering a range of interests, such as food, IT games, travel and education. It is expanding into the arena of outdoor lifestyle events. SPH MediaBoxOffice (SPHMBO) increased its presence and now has 600 screens island-wide. Its retail network spans 18 malls across the island.

Beyond Singapore, 701Search Pte Ltd launched its latest online classifieds website www.AyosDito.ph in the Philippines. Its Malaysian website, www.mudah.my, is one of the leading websites in the country. 701Search's next expansion will be in Indonesia.

With the acquisition of ShareInvestor, SPH has made online financial services a key part of our growing portfolio of new media offerings. We expect to derive substantial synergies with various SPH online entities, in particular The Business Times and its website, businessimes.com. SPH and the Singapore Exchange have inked an agreement to jointly launch a free website that provides market data, news stories and related value-added services to retail investors. This will be ready next year.

Last year, I announced that we acquired the book publishing business of SNP International Publishing. Now known as Straits Times Press, it is an important additional publishing channel for SPH.

What has been most gratifying is that our dedication and diligence have been rewarded and recognised through the numerous awards we have received. SPH once again bagged the Securities Investors Association's Most Transparent Company Award. We were named among Singapore's Top 20 brands by Brand Finance. And according to a readers' survey by Wall Street Journal on Asian companies in August 2009, SPH is the fourth most admired company in Singapore.

Our products clinched numerous accolades. Just to name a few, we bagged 5 awards for editorial excellence at the Society of Publishers in Asia (SOPA) awards and topped the 2009 WAN-IFRA Asian Media Awards with 11 major wins.

Our role as a good corporate citizen won recognition. Our awards include the HR Advocate Award for Corporate Social Responsibility (CSR) at the Singapore HR Awards 2009 and a 5-Year Outstanding Corporate Gold Award from the Community Chest. For our support of the arts, SPH was named Distinguished Patron of the Arts by the National Arts Council and a Patron of Heritage by the National Heritage Board.

FY 2009 has been an eventful year, with satisfactory financial results in the face of a global financial crisis. To reward our loyal shareholders, the Board has recommended a final dividend of 18 cents per share, comprising a normal dividend of 9 cents and a special dividend of 9 cents. Together with the interim dividend paid, the total dividend payout for the year will be 25 cents per share.

On behalf of the directors, I would like to thank our management, staff, business associates, unions, investors, readers and all other stakeholders for their dedication and support.

I would like to express SPH's and the Board's gratitude to Dr Philip Pillai, who retired from the Board at the end of September to take up the prestigious position of Judicial Commissioner in the High Court. Dr Pillai has made valuable contributions to the company for the past 6 years. We wish him all the best in his new role.

I would also like to welcome Mr Lucien Wong, who was appointed a non-executive director of SPH in October. A corporate lawyer specialising in mergers and acquisitions, Mr Wong will be a member of the SPH Board's audit committee. I am confident that Mr Wong will be a valuable asset to the Board and the company.

In the coming year, there will be new challenges but also new opportunities. No organisation will be able to survive or prosper unless it keeps itself abreast of emerging trends, and turns adversity into opportunity. I strongly believe that with the support of all our SPH stakeholders, SPH can face the future with confidence and will continue to grow and prosper.



Dr Tony Tan Keng Yam
Chairman