

## CHAIRMAN'S MESSAGE

I am happy to report that the Company had put up a creditable performance in the past year. Profit was up sharply due to the strong showing of our newspapers which rebounded from the SARS aftermath in 2003.

We continued to divest our non-core investments and returned surplus capital to shareholders, as well as carried out a share split to make SPH shares more affordable to small investors. With the impending merger of our broadcasting subsidiary with MediaCorp, which will immediately stem losses, the Company is in a better position to achieve improved results in the future.

For the year ended 31 August 2004, revenue was up 8.0 per cent to \$970.1 million on the back of improving consumer sentiments and contribution from the new Paragon extension. Adding income from our sale of Belgacom stake, profit from sale of Times House site, and other exceptional items, net profit was up by 44.2 per cent to \$546.3 million.

### **Newspapers**

Print advertising rose 4.9% to \$624.4 million, on the back of a low base the previous year due to fallout from the Iraq war and SARS on the economy. Display advertising registered growth, with banking and finance, fast-moving consumer goods, transport, petrochemical and industrial products and fashion and beauty sectors recording double-digit growth. As the job market improved, recruitment advertising was up by nearly one-fifth.

After absorption of \$9.0 million in GST, circulation revenue was 6.5 per cent higher at \$192.0 million as we had raised cover prices earlier in the year. Average daily circulation of our newspapers for the year dropped by 2.1 per cent in aggregate, but The Sunday Times, The New Paper on Sunday, Friday Weekly and Tamil Murasu registered increases.

To stay relevant to our readers, efforts to constantly refresh and add value to our newspapers continued through the year. Improvements were made to The Sunday Times, The New Paper on Sunday, Berita Minggu, Shin Min Daily News and Lianhe Zaobao.

The Straits Times was recently relaunched, and readers like its classy, fresh new look, more reader-friendly design and varied content, including three weekly lifestyle magazines.



**Broadcasting**

Although SPH MediaWorks maintained its share of viewers last year, its loss widened to \$44.5 million, up from \$40.2 million the previous year. Higher programming cost amidst a very competitive environment made it difficult for MediaWorks to continue in the small local free-to-air television market. At the close of our financial year, we announced that MediaWorks would merge with MediaCorp by end 2004. This merger, as well as that of our free newspaper *Streets* with *Mediacorp's Today*, would allow both sides to focus on developing Singapore into a media hub for the region.

**Property**

The new Paragon extension contributed to the 56.7 per cent increase in property revenue to \$82.6 million last year. We expect the amalgamated Paragon, which enjoys 100 per cent occupancy in its retail space, to return more than 9 per cent equity yield per annum.

Times House site in Kim Seng Road was sold with a gain of \$110.1 million. Other non-core property assets, including the Times Industrial Building site, would be divested if we receive attractive offers.

**Investment income**

Total investment income for the year was \$258.0 million. Excluding the Belgacom \$170.5 million gain, investment income was \$87.5 million, the highest in the Group's history. On the Group's portfolio investment, the return of 8.2 per cent is better than the annual 5.9 per cent return achieved in the past three years.

**Share capital management**

As I had mentioned in my previous Chairman's statement, the Board aims to reward shareholders who stay with the Company for the long term. The loyal ones would have benefited from the \$1.067 billion capital reduction exercise we completed this year. The exercise helped improve the Group's return on equity to 36.9 per cent.

The Board has recommended that a final gross dividend of 21.25 cents, comprising 10 cents normal and 11.25 cents special, be paid after approval has been obtained at the coming Annual General Meeting. I trust all shareholders would vote in favour of the resolution.

**Giving back to the community**

Demonstrating its strong community involvement, SPH contributed to a broad spectrum of programmes ranging from arts and culture, education, conservation, to sports and charity, as well as to the non-profit Press Foundation of Singapore, an Institution of a Public Character set up early last year to promote lifelong learning. The Company believes that giving back to the society should be part of its corporate culture, and will continue to play a responsible role as a good corporate citizen to enhance the well-being of the community.

**Outlook**

The recent divestment of our StarHub shares would result in an investment income of \$126.3 million, before deducting the Company's share of IPO expenses, if the over allotment option in the IPO is not exercised.

Riding on an improving economy, and with a more rational local media market, we look forward to a better year ahead. Barring any adverse development in the geopolitical and economic environment, the Directors expect the Group's operating performance to improve in the current financial year.

**Directorate**

Another two stalwarts of the Board have informed me of their desire to step down. Dr Michael Fam Yue Onn and Mr Tang I-Fang would not seek re-election in the coming AGM. Both were appointed to the Board on 8 August 1984 and have served unswervingly for the past 20 years. I thank them for their contributions and invaluable counsel to the Board.

With the appointments of Professor Cham Tao Soon as Deputy Chairman and Mr Willie Cheng Jue Hiang as a Director on 1 March 2004, the new Board aims to serve you with equal distinction.

I would also like to thank staff, readers, advertisers, vendors and business associates for their continued support.



**Lim Chin Beng**  
Chairman