

CHAIRMAN'S statement



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I AM PLEASED TO REPORT THAT THE SPH GROUP HAS PRODUCED CREDITABLE RESULTS IN THE FINANCIAL YEAR 2007/2008 DESPITE MODERATE GROWTH IN THE SINGAPORE ECONOMY AND VOLATILITY IN THE FINANCIAL MARKETS.

Our revenue exceeded \$1.3 billion, a record high. As a result, our operating profit grew 17.5 per cent to \$502 million. Volatility in the financial markets resulted in lower profits from our investments. This, together with an impairment charge for our investments in associates, resulted in our net profits decreasing by 12.4 per cent to \$437 million. We will continue to tread cautiously and maximise shareholders' value amidst the current uncertainty in the global economic outlook.

It has been a busy year in our newsrooms. In keeping with the changing newspaper environment, several of our products underwent changes in their appearance and editorial design and content. Our flagship English papers, The Straits Times and The Sunday Times, underwent revamps, as did straitstimes.com, in order to give our readers a fresher read.

A breakthrough for Chinese newspapers last year was the setting up of a Central Integrated Newsroom to bring about greater synergies and efficiencies for the two evening newspapers - Lianhe Wanbao and Shin Min Daily News. Lianhe Wanbao was rejuvenated with a bold revamp that comes with a front and back cover while Shin Min Daily News also enhanced its coverage of local news. In January this year, *my paper* was transformed into a full fledged bilingual newspaper offering Singaporeans the best of both worlds.

Other products with a new image include The New Paper and The Business Times Weekend. We also launched our 17th newspaper title - *tabla!* - a free English weekly for the Indian diaspora.

Adapting to the changing demand of consumers, our core newspaper and magazine business continued to do well in 2008. Underpinned by a commendable 7.6 per cent growth in print advertisement revenue, the Newspaper and Magazine segment grew 5.7 per cent to \$1,014 million. Circulation for The Straits Times, our flagship English daily, stands at 389,000, reaching out to 1.44 million readers. Similarly, our Chinese papers have done well, with Lianhe Zaobao's circulation standing at 176,000 and readership at 637,000.

Advertising in our newspapers has grown by 6.4 per cent over the previous year. This is in sharp contrast to the scenario around the world, where newspaper companies are facing a decline in readership and advertising dollars. We believe that this is a consequence of SPH's suite of products having consistently delivered superior reading experience.

While we maintain the journalistic integrity and editorial quality of our papers and other products, we continue to invest in state of the art printing technology. This year, SPH added a brand new pressline to our stable of presses, as part of our commitment to always deliver quality and value to our readers and partners.

Never one to rest on our laurels, SPH has been continuously expanding our horizons beyond print as well. This year saw the launch of several new and innovative businesses such as Sphere Exhibits Pte Ltd, our events and exhibition arm. We have announced our potential acquisition of ShareInvestor.com as part of our expansion into the online financial information portal. At the same time, we acquired the book publishing business of SNP International Publishing, marking our entry into this sector.

In the online arena, we have carved out a niche in the search directory business with the first local search and directory engine rednano.sg. We are tapping the opportunities in online newscasts with our interactive web television service, The Straits Times RazorTV. ST701 is growing from strength to strength as it launches more online classified verticals, and our AsiaOne was relaunched with new content. SPH is also proud to be part of the consortium which won the bid to build Singapore's Next Generation National Broadband Network. With all these developments, we are confident that SPH is well-positioned to ride the digital revolution in the coming years.

As a testimony to our tireless efforts to achieve excellence in our business and operations, I am pleased to report that SPH has continued to bag many accolades, including the Most Transparent Company Award at the SIAS Investors Choice Awards, Corporate HR Award, and many local and international awards in various areas such as editorial content, pictures, printing, art and design.

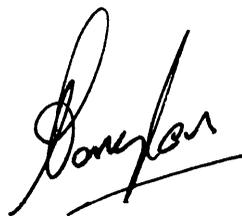
As we continue to forge ahead in the business, we have not forgotten our role as a corporate citizen. SPH and SPH Foundation have been honoured with the Corporate Gold Award from the Community Chest of Singapore for our contributions to the needy. For our unstinting support to the arts and culture, SPH is once again named a Distinguished Patron of the Arts by the National Arts Council and awarded the Partner of Heritage Award by the National Heritage Board.

Besides giving to the less fortunate and promoting the arts, we support wildlife conservation efforts and the environment. As part of the green cause, SPH will strive to be energy and waste efficient. Currently, up to 95 per cent of our newspapers are printed on recycled newsprint.

To reward our loyal shareholders, the Board has recommended a final net dividend of 19 cents per share, comprising a normal dividend of 9 cents per share and a special dividend of 10 cents per share. Together with the interim dividend paid, the total dividend payout for the year will be 27 cents, one cent higher than last year and maintaining a trend of dividend growth for the last 5 years.

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

As SPH moves beyond print to become a leading multimedia group in Southeast Asia across the various media platforms, we will continue to seek out opportunities for future growth. With the support of our SPH stakeholders - our management and staff, as well as business associates, customers and investors - we believe that next year, which marks SPH's 25th anniversary, will be a rewarding year.



Dr Tony Tan Keng Yam
Chairman