The past year has been one of many new initiatives.
with the group achieving continued growth in its core newspaper business.
PH’s revenue topped the billion dollar mark for the second straight year. Group operating revenue increased 1.4 percent to $1,021.4 million. Revenue for the core newspaper and magazine operations grew 1.7 percent to $907 million while the property segment rose 10.4 percent to $98.7 million.

More significantly, SPH strengthened its position in the newspaper market by launching Singapore’s first Chinese-language free newspaper, My Paper (My Paper) on June 1st, aimed at Singapore’s growing number of bilingual readers in the 20-40 age group. At the same time, The Straits Times, the group’s English-language flagship, launched a new online product, STOMP (Straits Times Online Mobile Print), to connect, engage and interact with a new generation of tech-savvy readers.

SPH also made several key investments in outdoor advertising, online classifieds and radio to position itself for future growth as a premier multimedia provider of content and services.

SPH newspapers and magazines won numerous awards in 2006 for editorial excellence. In addition, the group won print quality awards, with four of its papers – The Straits Times, Lianhe Zaobao, The Business Times and Berita Harian – earning the distinction of becoming members of the prestigious International Newspaper Color Quality Club.

Circulation
The average daily circulation of SPH newspapers grew by 1.2 percent to 1,044 million, led by the group’s flagship, The Straits Times. This is a creditable achievement at a time when newspapers the world over have seen continued shrinking sales. The group’s minority papers, Berita Harian and Tamil Murasu, turned in outstanding circulation gains of 3.9 percent and 12.5 percent respectively.

Several papers set new records for daily sales. The Sunday Times achieved an all-time high circulation of 425,819 copies on May 7th when the 2006 general election results were published. Tamil Murasu’s weekday and Sunday editions also chalked up new records of 19,314 and 20,493 copies on May 12th and 14th respectively with reports on the Tamil Nadu elections.

The gains in average daily sales were built on editorial quality, aided by a variety of marketing efforts – from subscription campaigns to loyalty programmes. Among the significant campaigns was the schools programme, which resulted in 20 percent growth in overall school subscriptions to 300,000 copies a week to 281 schools and involving papers of all four languages. SPH reading corners were also set up at universities and polytechnics.

In tandem with SPH’s aim to become a leading publisher, we strengthened our position as a one-stop distribution service for publishers. We distributed a monthly average of 800,000 copies of magazines, offering a full suite of value-added services such as telemarketing and promotional campaigns.

Sales and Marketing
The group’s print advertising revenue hit $676.3 million. This was achieved despite the challenging trends in the advertising market. The performance was boosted in part by a rate increase in the financial year for four titles – The Straits Times, The Sunday Times, Lianhe Wanbao and Shin Min Daily News.
The top revenue contributors were the group’s two flagships, The Straits Times and Lianhe Zaobao, followed by The Sunday Times, Lianhe Wanbao and The New Paper.

The Marketing Division also began to promote integrated marketing solutions to advertisers. The aim is to offer solutions incorporating a wider range of the group’s products – newspapers, online websites, magazines, outdoor media and radio. In addition, several platforms were introduced to give greater value to advertisers, including zonal tabloid supplements and the New Market page in The Straits Times’ Home section and in Lianhe Zaobao every Monday, covering new events and product launches.

To brand our products and boost reader loyalty, events were organized for The Straits Times’ weekly magazines – Digital Life, Urban and Mind Your Body – as well as Shin Min Daily News’ Children’s Day Carnival, Lianhe Wanbao’s Health and Wellness Fair and the last The New Paper Big Walk to be held at the National Stadium.

Property
The group’s main property asset, Paragon, continued to enjoy 100 percent occupancy in its retail, office and medical space and yielded about 9 percent return on equity.

Together with on-going efforts to enhance rental yields, the fundamentals of Paragon remain strong. In view of this, the Directors are committed to holding on to Paragon for the foreseeable future.

The group also took the decision to develop the Times Industrial Building site into a 43-storey up-market condominium, as this was judged to be a more attractive financial option than an outright sale of the site. The upscale residential condominium will be launched in 2007.

Radio
SPH’s radio joint venture with NTUC Media was renamed SPH UnionWorks in July, following an increase in SPH’s stake from 50 percent to 70 percent. The two stations, originally called UFM 100.3 (the Chinese-language station) and WKRF 91.3 (English-language station) were also renamed Radio 100.3 and Radio 91.3 respectively.

Radio 100.3 continues to be successful, while Radio 91.3 was relaunched after a major revamp. With an exciting new lineup of radio veterans, the English-language channel now has a new music selection and a revamped format, targeted at listeners aged 25-44.

SPH UnionWorks’ stations have also begun to tap the group’s newsrooms, with daily news broadcasts from the various newspapers and effective cross-marketing of products and events.

Investment Income
Group investment income at $81.7 million was $166.9 million lower than last year. Excluding one-time gain of $128.5 million which arose from the disposal of the Group’s interest in StarHub and $12.8 million income arising from capital reduction of an investee company last year, the balance $25.6 million of the variance was mainly attributable to decreases in contribution from externally-managed investments and profit on sale of internally-managed investments partially offset by increase in dividend income received.

Acknowledgements
I would like to thank the management and staff for putting in their best effort in creating value and growing the company. Their commitment and dedication have enabled the group to maintain its competitive edge as we compete in a fast changing media landscape. I would also like to express appreciation to the Board for providing strategic guidance and sound advice especially in our new initiatives and overseas investments. Also to our clients, shareholders, business associates, readers, vendors and unions, a big thank you for the loyal support all these years.

We expect the coming year to be a challenging one as the newspaper industry competes in a maturing market. Business and consumer sentiments remain shaped by concerns over the geopolitical and global economic environment in areas such as pressure on oil prices, rising interest rates, threats of terrorism and an avian flu pandemic. Nevertheless, the healthy outlook for the Singapore economy provides good prospects for a positive boost to advertising expenditure.

By working closely together as a united team, I am confident that we have what it takes to bring SPH to new heights both in Singapore as well as in our regional aspirations.

CHAN HENG LOON ALAN
CHIEF EXECUTIVE OFFICER
The Straits Times (ST), the group’s oldest and most profitable product, continued to grow in strength, despite being confronted by many new competitive threats. ST maintained its mass reach of 1.325 million readers – by far the largest in Singapore – and extended its median reading time to 41 minutes. Sales of ST to schools, aided by its special supplements for young readers, Little Red Dot and IN, pushed up average weekday daily circulation to 389,000. The Sunday Times ended the year by crossing the 400,000 mark, again bucking the international trend of declining newspaper sales and readership.

ST built on these circulation gains by launching a bold new website, STOMP – short for Straits Times Online Mobile Print – to engage readers through all three platforms. The new free website sits alongside The Straits Times Interactive, the paper’s subscription website. With reader engagement the main aim, STOMP is rich with features like Talkback, Star Blog and Snapshots, as well as the community-building ST Foodie Club and ST Digital Club.

Our other English and Malay-language papers – The New Paper (TNP), The Business Times (BT) and Berita Harian (BH) – also revamped their products and boosted their offerings to readers. In addition to colour printing awards, these publications won awards for editorial excellence from international bodies such as IFRA, the newspaper industry association, and the Society of Publishers in
Asia (SOPA). The papers’ journalists were also recognised for public service journalism, scoops, photography and infographics.

The English and Malay Newspapers Division (EMND) also continued its diverse public service activities. The ST School Pocket Money Fund raised $3.2 million to help 10,000 needy school children with their meals and transport to school. ST and BT jointly organised ChildAid, a concert to showcase the nation’s best young musical talents and to raise money for the ST School Pocket Money Fund and the BT Budding Artists Fund. ST Life! also presented the annual Life! Theatre Awards, while BT launched the Singapore Corporate Awards for listed companies. TNP, for its part, held its popular annual TNP Big Walk and TNP New Face events, while BH presented the Achiever of the Year in the Malay/Muslim community.

Another significant project launched in the year was the migration of EMND’s editorial systems to new platforms – the Unisys – editing and layout system and IBM’s archive and photo system. The implementation will continue into the new financial year.

The group’s Chinese-language papers also had an exciting year. The most significant event was the June 1st launch of My Paper (我的), the free tabloid designed for young adults aged between 20 and 40 who are more proficient in English but keen to improve their level of literacy in Mandarin. Published on Tuesdays to Saturdays, some 120,000 copies are distributed to selected households and at public outlets such as MRT stations. The paper encourages readers to keep in touch with the Chinese language in an enjoyable and interactive way, allowing them to take part in shaping its content.

Another highlight was the launch of UW, Singapore’s first hybrid news magazine encompassing entertainment, lifestyle and social news. This was born after the four-year old You-Weekly underwent a revamp.


CND continued its active programme of events to promote the appreciation of the Chinese language, culture and heritage. Aside from the annual Singapore River Hongbao, another highlight was the month-long 2006 Chinese Cultural Festival which featured 123 events showcasing the myriad elements of Chinese culture.
Launch of FREE CHINESE NEWSPAPER
My Paper


Singapore’s first Chinese-language free newspaper, My Paper (我的), aimed at bilingual, young adults aged 20-40 years who have been exposed to Western and Chinese cultures was launched on June 1st, 2006.

Published every week from Tuesdays to Saturdays except public holidays, and with a circulation of 120,000, My Paper (我的) is distributed at MRT stations in the city, bus interchanges, offices, institutions, airlines, country clubs, selected households and selected coffee outlets on Saturdays.

The launch of the full-colour tabloid complements SPH’s stable of Chinese-language newspapers – Lianhe Zaobao, the group’s Chinese-language flagship daily, and the two evening newspapers, Lianhe Wanbao and Shin Min Daily News. These newspapers now cover different time-belts, using language suited for different target audiences.

The launch of My Paper (我的) also underlines SPH’s commitment to promoting and preserving multilingualism and proficiency in our mother tongues.

My Paper (我的) covers urban life-trends and entertainment, as well as news, views and analyses relevant to young working adults, and in a snappy, easy-to-read format. Certain items are presented in English to allow bilingual readers to stay in touch with the Chinese language in a relaxed and enjoyable way.

As the name suggests, My Paper’s (我的) uniqueness lies in embracing readers’ involvement in shaping the product. Indeed, the paper’s blue masthead was chosen by advertisers and the public. They picked it from three designs, by casting more than 36,000 votes at trade shows and via the Internet and SMS.

The paper’s tagline, “My Life, My Thoughts, My Say”, encapsulates the editorial philosophy of reader empowerment. Readers participate in the creation of news content. They can contribute short articles, join reporters in conducting interviews, share their opinions and vote for their favourite cover every week. They are also invited to correspond with the editorial team via the paper’s website at www.mypaper.sg.

The website also carries blogs of My Paper’s editorial team, which is made up of a group of dynamic journalists with an average age of 30 years. Led by Editor Goh Sin Teck and Associate Editor Chua Chim Kang, the paper has an editorial staff of 25.

My Paper has met with enthusiasm from readers who like it as a 20-minute read. Many have also commented that the paper helped them to get back to reading Chinese. Indeed, one of the objectives of this new free paper is to incubate a new group of young readers who can become future readers of Chinese-language papers.
PH Magazines strengthened its position as the leading magazine publisher in Singapore and the region. With the acquisition of Blu Inc and Magazines Inc completed and the publishing of several new titles into their second year, the SPH Magazines Group focused on consolidating its operations, harnessing synergy to enhance profit margins and further increase its revenue. Several collaborative marketing activities were initiated within the SPH Magazines Group. The Company also integrated certain backend support functions with SPH and streamlined its operating policies and procedures to also ensure good corporate governance.

SPH Magazines titles garnered recognition for quality, winning awards locally and internationally. Her World, Singapore’s best selling and most widely read women’s magazine, received a Silver award for magazine design at the prestigious FRA Asia Media Awards 2006. Her World and Shape took home a gold and silver award respectively at the 3rd Asian Print Awards 2005. FIRST magazine also won a SOPA 2006 award for excellence in magazine front cover design.

In addition, SPH Magazines continued to strengthen its foothold in the local Women’s lifestyle magazine market. In a subscription drive to boost its readership base, Simply Her, a newly launched women’s lifestyle title, made women’s magazine history with more than 21,000 new subscribers in less than 2 months.

The latest MCS Circulation audit, combined with ACNielsen Media Index 2005 figures, also placed Her World as the No.1 women’s magazine and Citta Bella the No.1 Chinese language women’s magazine in Singapore. Shape, a relatively new title that was launched just 2 years ago, is Singapore’s top active lifestyle guide for women.

The year also saw some significant events. Her World celebrated its 45th anniversary with four and a half months of celebrations and reader promotions. In an effort to reach out to a wider segment of readers, it successfully organised its first ever women’s golf event. Held in June 2006 at the Sentosa Golf Club, the event offering attractive prizes from sponsors received overwhelming response. Nuyou, Singapore’s leading Chinese women’s magazine, celebrated its 30th Anniversary with a photo exhibition and charity T-shirt auction designed by 34 local and regional celebrities. And in July 2006, Shape celebrated its 2nd anniversary by organising for the first time in Singapore, a highly successful all-women run for its readers.

2006 is also a good year for new magazines with Icon, Maxim and Simply Her celebrating their first anniversaries with events, parties and reader promotions. SPH Magazines also completed integrating the operations of FIRST, its newly acquired movie magazine.

Overseas, SPH Magazines continued to work closely with partners to develop and expand the reach of its titles. SPH Magazines launched Men’s Health in Thailand under its joint venture company, Traffic Corner Publishing Co Ltd.

The year is also a significant period for the SPH Magazines Group. CEO Mr David Tay retired in June 2006 after 27 sterling years of service with the SPH Group, of which the last 15 years was spent in building up SPH Magazines.

Taking over as the group’s new CEO is young and dynamic Mr Loh Yew Seng. Mr Loh is primed and committed to take SPH Magazines to greater heights and transform it into the region’s Publisher of Choice.

Simply Irresistible

SPH Magazines continues to dominate the market with flying colours
ST701’s online job portal, ST701, went live in March 2006. Its name reflects its accessibility as a one-stop location for users, seven days a week, while at the same time, maintaining its roots in The Straits Times, which has a thriving, popular and credible newspaper-based Classified jobs marketplace.

From the first day, the site has attracted job postings and job seekers. The site has since grown at a steady rate with 20,000 registered candidates in just four months and with total page views crossing the two-million mark. More than 1,000 fresh jobs are advertised daily.

ST701’s strength is that it also provides a variety of services – job matching, job tracking, resume building, database management and human resource management tools.

Those who register can complete application forms online, post a variety of resumes targeting different employers, be automatically matched with suitable employers, and receive alerts about new job postings.

Employers can use the site’s human resource management features and the job-matching engine, to hire more quickly and efficiently.
With ST701, SPH now offers an attractive dual-platform print and online package to advertisers who wish to make an impact in both marketplaces.

**Internet Business Unit**
While ST701 is a new entry into the online world, SPH’s Internet Business Unit has been developing multiple revenue streams for some years.

These include online advertising, subscriptions and archival/ intellectual property licensing.

Online advertising revenue has risen steadily, with a 20 percent increase compared to the previous year. Key Internet traffic indicators for our sites, like pageviews, unique visitors and average time spent, are healthy and provide good incentives for advertising support to continue growing.

New interest-specific lifestyle sites like AsiaOne Health, AsiaOne Motoring, AsiaOne Travel and AsiaOne Just Woman are being developed. These augment AsiaOne’s inherent strength in providing news, with relevant lifestyle information that fits the working executive’s needs. They also provide conducive and relevant platforms for related advertising sectors.

While viewers do not have to pay to view AsiaOne content, many do so for the privilege of accessing The Straits Times Interactive (STI) and Business Times Online (BTO). The paid subscriptions for these two have crossed the 20,000 mark. Vodcasts are available on these sites too. The challenge is to continue identifying and reaching individuals and organisations that find added value in subscribing to the online newspaper in addition to the printed version.

**SPH Mobile News**
SPH Mobile News is now offered to mobile phone users. This service is available on WAP-enabled mobile phones of all three major service providers (SingTel, M1 and StarHub). Mobile phone users can subscribe to The Straits Times, The Business Times, Chinese News, Lifestyle News, and Breaking News, thus staying updated while on the move.

**SPH News Channel**
Since August 2006, vodcasts available on our web portals have been re-packaged as content for the SPH News Channel, a new information and lifestyle channel offered on a non-exclusive basis to players in the Broadband TV industry. The first to take advantage of this service is M2B.
STOMP was born out of a real desire by The Straits Times to connect, engage and interact with readers. In this day and age when information flow is hardly linear, The Straits Times is well aware that its readers want to be part of the process.

The website has made it as easy for readers to reach us as it is for us to reach them. “STOMP” in full says it all — Straits Times Online Mobile Print. We can connect with you and you with us through the net, through the phone and through the newspaper.

With interactivity as STOMP's key aim, it's little wonder that the top features of the site are those which encourage just that. Talkback, our discussion forum segment, Snapshots, our gallery with photographs on a variety of things close to the hearts of Singaporean, and the highly popular Star Blog are constantly top of the ratings. It is worth noting that the term 'star blogger' is fast gaining currency, a great boon to us as STOMP is keen to hold some sway over the way Singaporeans express what's important to them.

The strong desire amongst ST readers to be engaged by us, and just as important, to engage us, has also gone a long way in helping us build online communities. That impulse has sparked spontaneity among STOMPers (as STOMP users are so fondly called) as they make efforts among themselves to find out more about each other. Discussion threads have sprung up on their own accord with calls to meet and for the like-minded to gather.

STOMP, too, has played a conscious part in community building. Currently we have two online clubs, the ST Foodie Club and the ST Digital Club, which tap Singaporeans’ love for bites and bytes.

Among the wide offerings on the website is STOMPcast featuring original videos (we prefer to call them e-flicks) produced by our own team of producers. The majority of the e-flicks focus on the exciting ways in which young people express themselves. The local indie music scene, Cosplay and poetry slams are all about voices that want to be heard and counted.

STOMPers are able to tell us what they like (and don’t like!) about our representation of their views as all the elements have discussion threads linked to them. We get our fair share of ‘Great work, STOMP!’ and ‘What are you talking about, STOMP?’ and love them all. Nothing worse than indifference!

An important feature that STOMP has set up for The Straits Times newsroom is what’s referred to as the ‘Straits Times Gateway’. It is a portal that takes in smses and mmses that come in through our ‘magic’ number, 75557. The number is also the base of our email address and hotline number.

The news tips and reactions to stories that we’ve received through 75557 have energised us and our print colleagues. Pictures, videos and text messages alerting us to what is happening around town, and what’s important to ST readers have been enlightening. Even as we push out material to our readers, they are telling us the shape and form of what they’d like it to take.

STOMP is only several months old. But as a complement to ST, the 161-year-old grand dame, we have been able to punch above our weight and take on an importance to Singaporeans that would normally have taken far longer. For the paper, where we are not a mirror, but a new persona out of its parentage, we have refreshed its relevance and helped it occupy a space that cannot be denied.
PH’s move into the outdoor advertising market enjoyed a good start. SPH MediaBoxOffice (SPH MBO) posted a 70 percent increase in revenues compared to the previous year. New key staff were appointed, and processes streamlined, to consolidate SPH MBO’s position as the market leader.

In addition to its large LED display screens at four strategic locations – Raffles Place, Orchard Road, Toa Payoh and Woodlands – SPH MBO has extended its motion display network through small screens at the Singapore Turf Club and POSBank branches. SPH is also working hard to enlarge its share of the static billboard market, despite the lack of exclusive sites.

Events management is another area in which SPH MBO made progress during the year. It is leveraging on an increasing demand from advertisers for road shows and product launches to support their advertising campaigns. It is also collaborating with the Singapore Tourism Board and the Orchard Road Business Association to market event booths along the Orchard Road walkway during the Christmas light-up period.
OMG

Shortly after SPH’s entry into the Singapore outdoor media market, expansion was made into China with the acquisition of a 35 percent stake in TOM Outdoor Media Group (OMG) in March 2006. The acquisition has significant strategic value to SPH, representing a scarce opportunity to gain a scale presence into the largest outdoor media market in Asia, outside Japan.

With subsidiaries in 16 major cities, OMG offers an extensive, wholly-owned outdoor media network covering over 300,000 square metres of advertising space in nearly 60 major cities in China and provides agency services to more than 100 cities.

The comprehensive range of options OMG offers to clients includes unipoles, billboards, street furniture and bus shelters. OMG’s billboard and unipoles network, comprising 85 percent of its total advertising space, is the largest network in mainland China.

A whole range of services covering outdoor media coverage, innovative designs and tailor-made solutions is available to enhance brand awareness and promote sales for clients. OMG’s high service quality is evidenced by the 95 percent service excellence rating from its 3,000-strong client base, which includes a number of international brands like Samsung, Motorola, Nokia, IBM, Coca-Cola, Philips, Volkswagen, etc.

As a hallmark of its past performance, OMG has successively won 247 national awards and 17 patents, making it the top award-winning outdoor media company on the mainland. In 2005, OMG won the Gold Award among the Golden 10 Cases recommended by the Second Case Award of ADMEN China. It was also the only Chinese company to be awarded as one of the Top Five Most Influential Advertising Company in Mainland China by the 2005 Influence on China Award Ceremony.

WITH SUBSIDIARIES IN 16 MAJOR CITIES, OMG OFFERS AN EXTENSIVE, WHOLLY-OWNED OUTDOOR MEDIA NETWORK COVERING OVER 300,000 SQUARE METRES OF ADVERTISING SPACE IN NEARLY 60 MAJOR CITIES IN CHINA AND PROVIDES AGENCY SERVICES TO MORE THAN 100 CITIES.