People. Passion. Professionalism

annual report 2002

panpacmediagroup

Mission Statement

"Panpac Media Group is a media, education and marketing communications group in the business of aggregating, creating, disseminating and marketing information and knowledge.

Our Mission is to develop the Group into a diversified knowledge-based products and services group across Asia within the next 3 years, by empowering individuals to create new wealth through education and communication."

Contents

Corporate Information

Board of Directors	1. Low Song Take, Chairman 2. Chong Huai Seng, Vice-Chairman 3. Ricky Ang Gee Hing, Group Managing Director & CEO 4. Kevin Low Ka Choon, Director 5. Ho Sum Kwong, Director (Resigned on 28 May 2002) 6. Cheong Poh Kin, Independent Director 7. Jeffrey Tan Boon Khiong, Independent Director 8. Richard Tan Tew Han, Independent Director (Appointed on 3 June 2002) 9. Vincent Cyril Demitrius Pereira, Independent Director (Appointed on 18 October 2002)
Nominating Committee	Jeffrey Tan Boon Khiong, Chairman Low Song Take, Member Richard Tan Tew Han, Member
Remuneration Committee	Jeffrey Tan Boon Khiong, Chairman Chong Huai Seng, Member Vincent Cyril Demitrius Pereira, Member
Audit Committee	Cheong Poh Kin, Chairman Jeffrey Tan Boon Khiong, Member Richard Tan Tew Han, Member
Company Secretary	Tan Min-Li
Registered Office	50 Raffles Place #29-00 Singapore Land Tower Singapore 048623
Share Registrar	Barbinder & Co Pte Ltd 8 Cross Street #11-00 PWC Building Singapore 048424
Auditors	Ernst & Young 10 Collyer Quay #21-01 Ocean Building Singapore 049315 Partner: Yee Woon Yim (Appointed on 5 February 2002)
Solicitors	Colin Ng & Partners 50 Raffles Place #29-00 Singapore Land Tower Singapore 048623
Principal Bankers	DBS Bank Limited Malayan Banking Berhad Oversea-Chinese Banking Corporation Limited United Overseas Bank Limited

Board of Directors

Mr Low Song Take, Chairman

A respected veteran, Mr Low Song Take has more than 40 years experience in the printing industry. He is a co-founder of International Press Company Pte Ltd which was established in 1968. The Company was converted to a public limited company on 13 August 1999 and renamed International Press SoftCom Ltd (IPS). Mr Low is now the Executive Chairman of IPS

Mr Ricky Ang Gee Hing, Group Managing Director and Chief Executive Officer

Mr Ricky Ang has been in the printing and publishing industry for nearly 30 years. Mr Ang co-founded the Company with his partners in October 1994. He is Group Managing Director and Chief Executive Officer of the Company – a position he held since the company was established.

Mr Kevin Low Ka Choon, Director

Mr Kevin Low is the son of Mr Low Song Take, and is currently the Managing Director of International Press SoftCom Ltd (IPS), responsible for its management, strategic planning, business direction and overall performance of IPS.

Mr Jeffrey Tan Boon Khiong, Independent Director

Mr Jeffrey Tan has been in the printing and publishing industry for 30 years and is currently the Managing Director of Markono Digital Solutions Pte Ltd.

Mr Chong Huai Seng, Vice-Chairman

Mr Chong Huai Seng joined Panpac Media when it was established first as a nominee of Pan Pacific Public Company Ltd (PPPC) where he was Managing Director until March 1997; and then in his personal capacity when he acquired PPPC's stake in the Group through his personal investment firm.
Mr Chong is Vice- Chairman of the Board of Directors.

Mr Richard Tan Tew Han, Independent Director

Mr Richard Tan started his banking career 25 years ago and since then, has held a number of senior posts in various foreign banks. Mr Tan retired from Overseas Union Bank in 2001 and is currently a member of the Board of Governors of Raffles Institution, Singapore.

Mr Cheong Poh Kin Independent Director

Mr Cheong Poh Kin is presently Director-Fixed Income at AIG Investment Corporation (Singapore) Ltd.

Mr Vincent Cyril Demitrius Pereira, Independent Director

Mr Cyril Pereira runs his media strategy consulting service from Hong Kong. His publishing career spans 23 years and he is now on his second tour of duty as Chairman of the Society of Publishers in Asia (SOPA).

Chairman's Statement

Chairman's Statement

GENERAL OVERVIEW

FY2002 was a difficult year for the Group. Unfortunately, the widely anticipated recovery in the Singapore, Malaysia and the regional economies in the latter part of the year did not materialize. Nonetheless, the year was eventful, as we continued to pursue our long-term strategy to diversify our earning and revenue bases, and to evolve ourselves into a pan-Asia media and education Group.

In line with that strategy, we made several strategic acquisitions and investments during the course of the year.

The most significant of these acquisitions and investments was made in September 2002, when we increased our shareholding in Auston Technology Group Pte Ltd [ATG] to about 78%. ATG, through its wholly-owned subsidiary Auston International Group Limited [AIG], is one of the leading private tertiary education providers in Singapore. The cost of the ATG acquisition was satisfied by way of an issue of 115,901,251 new shares priced at 13.6 cents per share.

AIG was successfully listed on the SGX-ST at a price of 28 cents per share. As at date of IPO, the market capitalization of the AIG was $19.04 million. In addition to these acquisitions and investments, we continued to expand our core publishing and exhibitions activities in Singapore, while at the same time continued to seek publishing opportunities elsewhere in the region, including India and China, during course of the year.

With the initiatives we have taken this past year, I am pleased to note that we have made significant progress towards developing the critical mass or revenue base required to achieve a reasonable and sustainable profit in the longer term.

Also, as part of our rationalization exercise, the Group conducted a Capital Reduction exercise in the second half of the year for the Company and its subsidiaries. The rationale for the exercise is to better reflect the financial positions and continuing operations of the Company and its subsidiaries, and to allow the Company and its subsidiaries to pay dividends on future profits. The Capital Reduction will also allow the Company to implement a share buy-back scheme (based on future profits) in due course. It is an accounting exercise that does not have an impact on the share par value, net tangible assets per share and earnings per share of the Group.

PERFORMANCE REVIEW

For the year under review the Group's turnover increased to $14.698 million from $10.402 million in the previous 9-month period to December 2001.

The increase in turnover was mainly due to a contribution of $3.78 million by Auston Technology Group and its subsidiaries for the 4-month period ended December 2002; and an increase in other income, which comprise mainly of the $597,000 gain arising from the divestment of a 20% stake in our subsidiary – Inovatif Media Asia Sdn Bhd in Malaysia.

However, despite the increase in turnover, the Group recorded an Operating Loss of $4.38 million for the year, as compared with an Operating Profit After Tax of $210,000 for the prior 9-month period.

The losses were due mainly to substantial increases in operating costs and expenses during the year, especially in the following areas:

- Increases in direct publication costs and product development/marketing costs relating to the new publications that were launched during the year;
- Increases in professional fees and other operating expenses relating to business development, acquisitions and investments, and corporate finance activities;
- Increases in provision for doubtful debts and exceptional losses; and losses arising from the disposal of our office premises in Malaysia.

The losses were further exacerbated by increases in losses in our associated companies, particularly Shareinvestor.com Holdings Pte Ltd.

The significant increase in total costs and expenses to $18.675 million in FY2002 from $9.885 million in the prior 9-month period was due to an increase in amortisation of goodwill arising from the acquisition of ATG, the consolidation of ATG and its operating costs and expenses for the 4-month period to December 2002, and FY2001 being a 9-month period.

Loss Per Share attributable to shareholders of the Group for FY2002 was 1.66 cents, as compared with an Earning Per Share of 0.1 cent in the prior period. However, Net Asset Value per share as at 31 December 2002, increased to 5.97 cents, from 3.98 cents as at 31 December 2001.

CURRENT YEAR PROSPECTS

Market conditions remained generally weak and unclear since the start of the current year. This has since been exacerbated firstly by the outbreak of the war in Iraq and most recently, by the outbreak of the Severe Acute Respiratory Syndrome [SARS] virus, in Asia and the world.

Particularly hard hit will be the hospitality, travel and tourism industries, where we have seen a significant slowdown in advertising, and general marketing activities in recent weeks.

The consolidation of ATG's full year results will enable us to diversify and broaden our revenue and earnings base, and provide us some relief. Therefore, barring any severe changes in market conditions, we are confident that the performance of the Group in the current year will be better than in the prior year.

Nonetheless, we will continue to approach the year with caution, and remain focused on consolidating our business activities and reducing our operating costs, wherever possible.

CONCLUSION

In conclusion, on behalf of my fellow colleagues on the Board, I will like to thank our shareholders, management and staff, and business partners for their continuing and unwavering commitment to the Group, especially through this very trying period of extreme economic uncertainties and upheavals.

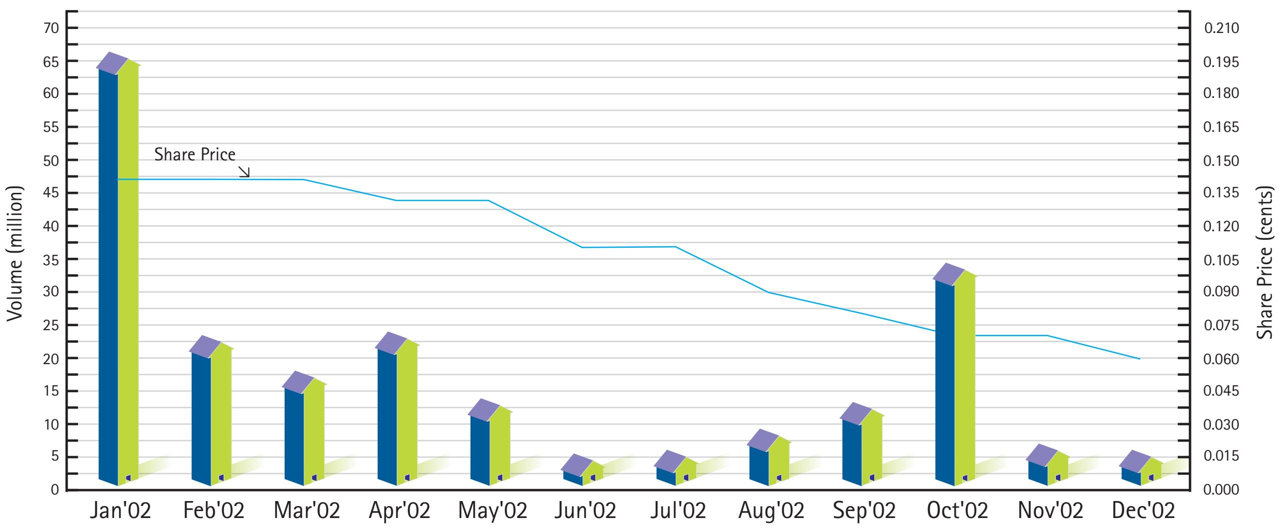
Low Song Take
Chairman

Financial Highlights

Year	Turnover S$ '000	Profit/(Loss) attributable to shareholders S$ '000	Earnings/(Loss) Per Share Cents
FY 1997	8,897	327	NA#
FY 1998	20,641	2,703	3.26
FY 1999	14,636	(2,844)	(2.06)
FY 2000	14,513	(11,610)	(6.18)
FY 2001	16,917	(27,653)	(13.81)
FY 2001*	10,402	210	0.10
FY 2002	14,698	(4,382)	(1.66)

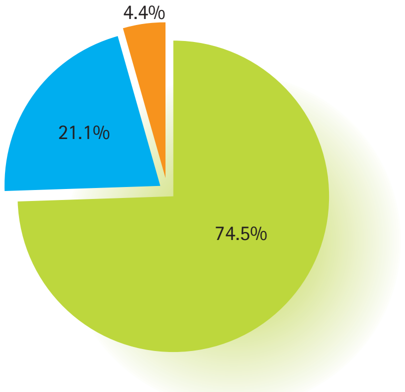
* Results are for a 9-month period
Company changed its year end to 31 December with effect 31 December 2001
\# Converted to public listed company on 8 July 1998

Share Price & Total Monthly Volume

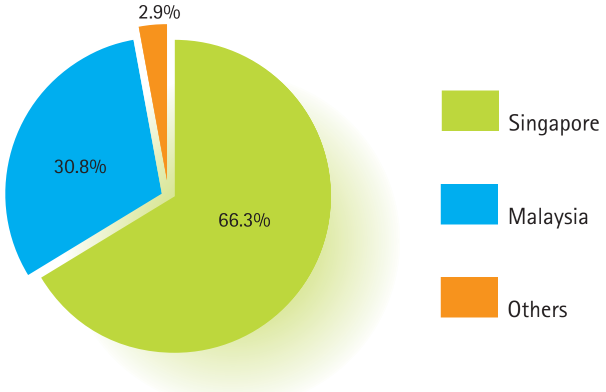


Segmental Performance

Turnover by Geographical Region



2002
S$14.7 million



2001*
S$10.4 million

* Results are for a 9-month period

Turnover by Business Division

	2002# S$ million	2001* S$ million
Publishing & Events Management	10.8	10.2
Education	3.8	–
Discontinued Operations	–	0.1
HQ Costs & Investments	0.1	0.1

Operating Profit/(Loss) by Business Division

	2002# S$ million	2001* S$ million
Publishing & Events Management	(2.3)	1.1
Education	0.7	–
Discontinued Operations	–	(0.1)
HQ Costs & Investments	(2.2)	(0.4)

* Results are for a 9-month period
# Refer to Note 36

Staff Strength

	01 Jan 2002	31 Dec 2002	31 Mar 2003
HQ	12	14	12
Publishing & Events Management	127	146	130
Singapore	65	85	71
Malaysia	62	61	59
Education	NA	68	70
Technology	NA	8	9
DIS/JuzLAW	NA	8	9
Total	139	236	221

The Year In Brief

Singapore

January 2002

The Company issued 55,053,000 bonus warrants free to shareholders of the Company. Each bonus warrant confers on the holder the right to subscribe in cash for one new share at an exercise price ("Exercise Price") as follows –

- where the date of exercise of the bonus warrants ("Exercise Date") was during the period commencing 10 January 2002 up to 5.00 p.m. on 9 January 2003, the exercise price was $0.12; and
- where the Exercise Date is during the period commencing immediately after 5.00 p.m. on 9 January 2003 up to 5.00 p.m. on 9 January 2004, the exercise price shall be $0.15.

March 2002

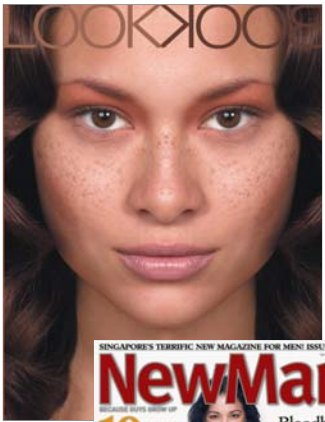
25% equity stake in Shareinvestor.com Holdings Pte Ltd [ShareInvestor] was acquired. ShareInvestor operates a leading financial website and provides online investors' relations management services to public listed companies in Singapore.

May 2002

An indirect 13.9% equity stake in SurfGold Pte Ltd [SurfGold] was acquired through a 50%-owned joint venture company – Inpac Ventures Pte Ltd. SurfGold develops solutions, services and software for managing relationships between businesses, partners and customers and is in the business of providing customers' relationship management solutions to its clients.

June 2002

LookBook, an unique magazine concept, was launched. Conceptualised to encourage its readers to spend money on luxury items, it is circulated to a tightly controlled database of the city's elite.



August 2002

NewMan is Singapore's first intelligent and feature-driven men's magazine. Marketed as the magazine for the guy who has grown up since leaving university, its varied topics have made it the must-read companion of today's young professional men.

September 2002

An increase of shareholding in Auston Technology Group Pte Ltd [ATG] to 78.2% was made. ATG operates through its wholly-owned subsidiary Auston International Group Ltd [AIG, formerly Auston International Pte Ltd) and is an established regional private tertiary education provider.

December 2002

The Company conducted a Capital Reduction exercise which was completed and took effect from 13 December 2002, based on approval obtained from the High Court.

The Capital Reduction was effected by having –

- the sum of $46,324,812 standing to the credit of the share premium account of the Company cancelled; and
- the amount of $46,324,812 being the credit arising upon the reduction of capital applied in writing off part of the accumulated losses of the Company.

The above capital reduction exercise does not have an impact on Shareholders' funds both of the Company and Group and also does not change the number of ordinary shares held by the Shareholders before and after the exercise. It does not give rise to any distribution of assets to Shareholders and no adjustments need be made to the exercise price/number of bonus warrants held by the bonus warrants holders.

Malaysia

May 2002

Inovatif Media Asia Sdn Bhd divested 20% stake in its shareholdings to Commerce Asset Ventures Sdn Bhd.

The rationale for the divestment was to comply with regulations relating to foreign ownership of Media companies in Malaysia as well as to work with strategic partners who could add value to the Group's businesses.

China

August 2002

Set up a wholly-owned foreign enterprise (WOFE) – Panpac Management & Information Consultants (Shanghai) Limited, in Shanghai, China. Panpac (Shanghai) aims to establish new grounds for the Group in China by creating distribution channels for existing magazines and subsequently to create its own titles for the China market. It is also actively seeking business partners and opportunities to organize trade and lifestyle events and expand the Group's education business in China.

Publishing: Gearing Up for Future Growth

Magazine publishing remains as one of the core businesses of the Group, and a growth engine. As such, we will continue to focus on building the business. Currently, the Publishing Division employs about 130 employees, and it has activities in Singapore and Malaysia, and is exploring opportunities in the region, particularly China, India and Indonesia.

In Singapore and Malaysia, we publish a total of 28 magazines and periodicals in 3 languages in Chinese, English and Malay, and in niche market segments, covering such areas as health and beauty, interior decoration, parenting, personal finance and investments, food and beverages, men and women fashion and lifestyle, and tourism.

For the year to December 2002, the Division recorded an operating pre-tax loss of $2.3 million on revenue of $10.8 million. The losses were mainly attributed to the launch of three new magazines in Singapore, and losses suffered by our operations in Malaysia, as a result of adverse market conditions. Given the relatively weak economy and the uncertainties caused by the war in Iraq, and the outbreak of the SARS virus, the short-term outlook for the Division lacks clarity.

Against that backdrop, our key strategies going forward, would be to build and leverage on the existing titles and resources we have, while cautiously seeking new opportunities in other market segments, and in other markets, elsewhere in the region. And, to reduce costs.

Our immediate main priority is to return the Division to profitability as soon as possible.

Intellectual Property as at 30 April 2003

Magazine Titles & Periodicals	Where Published	Frequency of Publication
Smart Investor	Singapore & Malaysia	Monthly
Wine&Dine	Singapore & Malaysia	Monthly
Today's Parents	Singapore & Malaysia	Monthly
NewMan	Singapore & Malaysia	Monthly
Mama Moden (Malay)	Malaysia	Monthly
Health & Beauty	Malaysia	Monthly
Home Cooking	Malaysia	Monthly
Golf Times	Malaysia	Monthly
Singapore Visitor	Singapore	Monthly
Se Xiang Wei (Chinese)	Singapore	Monthly
Home Concepts	Singapore & Malaysia	Bi-Monthly
Space	Singapore	Bi-Monthly
FourWalls	Singapore	Bi-Monthly
LOOKBOOK	Singapore	Bi-Monthly
LOOKBOOKMEN	Singapore	Bi-Monthly
Singapore Map	Singapore	Quarterly
Port O' Call	Singapore	Bi-Annually
Pregnancy Guide	Singapore & Malaysia	Annually
Wine&Dine Top Restaurants Guide	Singapore	Annually
Wine&Dine Afterhours	Singapore	Annually
A Collection of Ornamental Fish	Singapore	Annually
The Very Best Of Se Xiang Wei	Singapore	Annually

A Wide And Varied Range of Magazines

Smart Investor is a monthly magazine that explores the opportunities available to serious retail investors and fund managers, financiers, entrepreneurs, and senior management executives like CEOs and CFOs. Its coverage ranges from local companies to the global economy, helping readers to keep up to date with financial developments in Singapore and around the world. Smart Investor provides substantive advice and analysis of stock markets, unit trusts, insurance and financial planning, not to mention exclusive contributions from many industry insiders. Published in Singapore & Malaysia.

Wine&Dine is Singapore's most established food and wine magazine. The award-winning publication celebrated its 18th year in December 2002/January 2003. Each issue carries the latest news and reviews needed to eat, drink and live well, from the best fine dining establishments to the most sought after wines, the hottest chefs and the hippest watering holes. Annuals under the Wine&Dine brand include the Wine&Dine Top Restaurants Guide, and Wine&Dine Afterhours.
Published in Singapore & Malaysia.

TODAY'S PARENTS has been published monthly for the past seven years, and the magazine has gained a reputation for delivering articles of substance and relevance to a mass audience of young families with very young children (from infants up to 6 years old). In its content, the magazine aims to inform, educate and communicate to readers current issues and trends on baby care, children's health, child development, pregnancy and parenthood. Published in Singapore & Malaysia.

NewMan is Singapore's first intelligent and feature-driven men's magazine. It is marketed as the magazine for the guy who has grown up since leaving University. This is a magazine that addresses his many needs – be they relationships, careers, health or money. It doesn't hurt that the magazine also features sexy cars, cool new gadgets, beautiful women, and profiles some of the city's coolest guys. NewMan, launched only in September 2002, is targetted at educated men aged 24-35, but also appeals to a much larger audience. NewMan has become the must-have/must-read companion of today's young professional man. Published in Singapore & Malaysia.

LOOKBOOK is an unique magazine concept. This large format magazine's mission is to encourage readers to spend money on luxury items. It is circulated to a tightly controlled database of elite women. **LOOKBOOKMEN** targets the well-heeled male with a mixture of product spreads and incisive features. Both the publications' contents cover the latest trends in luxury retail and lifestyle, offering their cosmopolitan readers more insight and information when planning their next purchases, meals, vacations or investments. Both are published bi-monthly.

SE XIANG WEI covers everything relating to food and cooking – from cultures and food trends to innovative ways of using ingredients. Published monthly and targeting all food lovers, Se Xiang Wei is the only Chinese language food magazine in Singapore.

The Very Best of SE XIANG WEI, a spin-off from Se Xiang Wei, comprises 88 dishes that are selectively picked from the magazine over a 3- to 4-year period. These recipes are presented bilingually and neatly categorised in the various taste sections: bitterness, sweetness, sourness and spiciness.

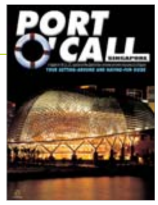
■ **HOME CONCEPTS** is a bi-monthly interior lifestyle magazine that has gained standing as a trendsetting interior lifestyle magazine helping homeowners to create a more comfortable, beautiful and efficient environment for urban, domestic and tasteful living in contemporary Singapore. Each issue of Home Concepts delivers articles on interior design trends, DIY tips for home improvement, décor and space solutions, news about products, home accessories, appliances, and even information on materials and fabrics. Published in Singapore & Malaysia.

■ **SPACE** is a bi-monthly architecture and design magazine highlighting local and international projects, and designers and architects on both residential and commercial architecture projects in Singapore and the world's major cities. It also offers those in the industry a platform to showcase their works and to voice their opinions.

■ **FOURWALLS,** a bi-monthly interior lifestyle magazine, is a resource guide for first-time homeowners, recommending to them affordable interior design and home furnishing solutions. Actual home renovation projects are featured in an advertorial-pictorial format, and practical aspects of design and space planning, as well as quality in workmanship are highlighted.

■ **Singapore Visitor** is Singapore's oldest, most established and reputable tourist magazine for the business traveller. Published since 1970, this monthly magazine keeps businessmen informed of events and happenings as well as recommendations for wining and dining, leisure activities as well as information on Johor Bahru, Batam and Bintan.

■ **Singapore Map** is a quarterly comprehensive reference guide for visitors to Singapore with directions and locations of main thoroughfares, hotels, places of interest, shopping centres, as well as sightseeing attractions and walking trails, etc.



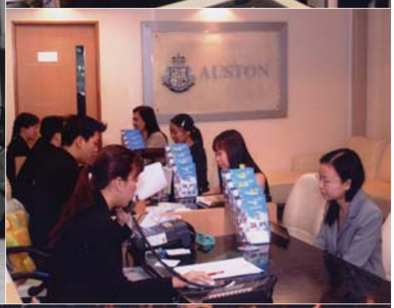
■ **Port O' Call** is Singapore's only bi-annual magazine reaching out to US, UK, Australia and New Zealand Naval service personnel who make port calls at Singapore. It provides useful, up-to-date information on available leisure pursuits such as tourist attractions, restaurants, pubs, nightclubs and upcoming events.

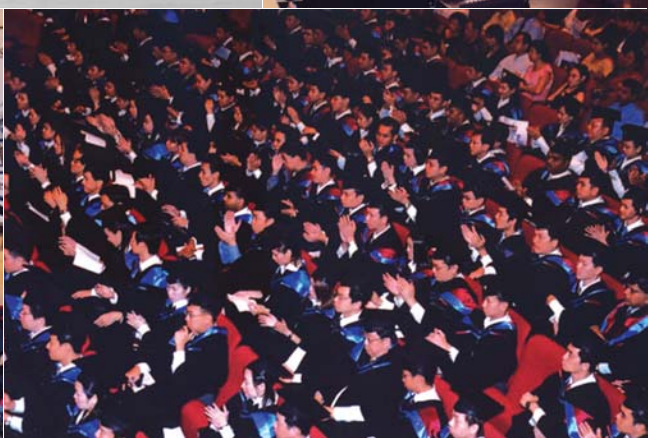
■ **A Collection Of Ornamental Fish** book provides an in-depth look into Singapore's favourite exotic breeds of fishes from Arowanas to Flower Horns to Kois. This comprehensive guide also covers everything from accessories to ideas on creating ideal aquariums at home.

Other Malaysia Publications

Besides NewMan, Home Concepts, Today's Parents, Wine&Dine and Smart Investor, which are published both in Singapore and Malaysia, a range of titles ranging from parenting, health, beauty, cookery, and golf are published exclusively in Malaysia. These are Golf Times Magazine (monthly), Health & Beauty (monthly), Home Cooking (monthly) and a Malay-language publication, Mama Moden (monthly).

Auston International Group





AUSTON students in Singapore and Australia enjoy spacious, well-equipped premises of 50,000 sq feet

Education: Grooming The Future

Auston International Group Ltd. ("Auston") is a regional private education provider, offering tertiary and post-graduate education programmes to working adults and those seeking to upgrade themselves academically. Auston operates out of two campuses in Singapore and Perth, Australia, and two teaching and recruitment centres in Singapore with a combined leased area of approximately 50,000 square feet.

Programmes
Auston currently offers:
- 34 proprietary Diploma and Advanced Diploma programmes,
- 7 Bachelor degree programmes,
- 5 Master degree programmes, and English language proficiency programmes

Disciplines & Partners
These programmes are offered in the disciplines of Business ranging from Human Resource Management to Engineering Management, and Information Technology ranging from Data Communications to Networking. Its proprietary Diploma and Advanced Diploma programmes are offered through its business division, Auston Business School, which is registered with the Ministry Of Education. On the other hand, its Bachelor and Master degree programmes are distance learning programmes offered in conjunction with international university partners, namely University of Western Sydney, Coventry University and Upper Iowa University. The English language proficiency programmes are approved and accredited by the National Accreditation Scheme Limited in Australia.

3-Tier Structure
The programmes offered by Auston are structured as 3-tiered qualification courses. Students are conferred a qualification of a Diploma and Advanced Diploma awarded by Auston after the first and second year respectively, culminating in the award of a Bachelor degree by the university partners after successful completion of the third and final year. This structure allows students to have the flexibility to pace their studies and at the same time attain an academic qualification in the event that they need to defer their study plans after they have already embarked on the three-year programme. Auston believes that they are one of the first private education providers in Singapore to introduce this innovative structure. Graduates of Auston's proprietary Diploma and Advanced Diploma programmes will receive qualifications from Auston Australia Institute of Management and Technology, a fully accredited institution in Australia and a business division of Auston Institute of Management & Technology Pty Ltd, a wholly-owned subsidiary of Auston.

Research & Development
The proprietary programmes are the products of the academic development by its full-time academic team. This academic development is coordinated from its Perth campus and enables Auston to have the capability to continually update its curriculum such that they meet the needs of the students and the industry. This capability also allows Auston to localise its curriculum to cater to the needs of different markets in the region in which it has a presence through its franchise and affiliation arrangements.

Regionalisation – Franchisee & Affiliation Schemes
Since the mid-2001, Auston has expanded its presence in the region through its franchisee and affiliation schemes of its proprietary products. Currently it has three affiliates, two in Indonesia and one in Shanghai, PRC, and one franchisee in each of Australia, Hong Kong, Indonesia and Taiwan. As at 31 December 2002, these franchisees and affiliates have approximately 200 students enrolled for Auston's proprietary Diploma and Advanced Diploma programmes.

SESDAQ Listed
In April 2003, Auston successfully launched its initial public offering on the SESDAQ of the Singapore Exchange Securities Trading Limited. The public listing not only provides a channel for future fund raising to expand its operations, but also lend credibility to its brand name and is a testament of its financial fundamentals.

As at December 2002, Auston has a total full-time staff strength of 70, and a student population of about 1,400 in Singapore and Australia.

Between FY2000 and FY2002 (financial year ended 31 July), it's revenue and net profits after taxation grew at compounded growth rates of approximately 49.4 percent and 107.1 percent respectively. For FY2002, Auston recorded net profits after taxation of approximately $1.82 million on revenue of $11.2 million. For the calendar year 2002, it achieved net profits after taxation of approximately of $1.91 million on revenue of $10.84 million.

The Group's interest in Auston, is held through 78.2% subsidiary, Auston Technology Group Pte Ltd, which in turn owns about 83% of AIG.

"They Were Into Something Good!"

PANPAC MEDIA Group took its first step into concert organising with an event timed to coincide with the 18th anniversary of one of its premier magazines, Wine&Dine. On 28 January 2003, about 720 guests, among them some of Singapore's most prominent individuals, gathered at the Shangri-La Hotel for an evening of fine food, wine and company. The highlight of the event was the long-awaited gig of popular 60's and 70's group, Herman's Hermits. Frontman Peter Noone took the crowd on an action-packed 90-minute showcase of hits that included their famous "I'm Into Something Good'.

A Year Of Activities

CONCERTS & EVENTS

- SMART INVESTOR – SESDAQ 15th Anniversary Celebrations
  20 November 2002

- WINE&DINE – Lunar Special Gala Dinner
  28 January 2003

EXHIBITIONS

- HOME CONCEPTS Exhibition
  12-20 October 2002

- TODAY'S PARENTS Exhibition
  5-8 December 2002

- SE XIANG WEI Food Fair
  19-22 December 2002

SEMINARS

- Women & Wealth
  6 April 2002

- Investment & Wealth
  14 September 2002

- Opportunities In Uncertainty
  16 November 2002

- SGX Taking Stock of China
  22-23 November 2002

Strategic Investments

Panpac Management & Information Consultants (Shanghai)

Background & Business

Panpac Management & Information Consultants (Shanghai) (PMIC) was established in late 2002 as a wholly-owned foreign enterprise ("WOFE") in Shanghai (China), with specific aims to market and distribute Panpac Media Group's range of magazines and periodicals in China by creating new businesses and promoting advertising for the Group's existing range of magazines, and at the same time, explores new business opportunities in the areas of education, management of conferences, exhibitions and trade events in China.

Operational Achievements

PMIC has secured licenses to import and distribute Panpac Media Group's range of magazines and periodicals in China, in partnership with State Owned Enterprise CNPIEC (China National Publications Import & Export Corporation). It is targetting to launch its first publication in China – the Wine & Dine Shanghai's Top Restaurants Guide 2004 later this year. Several other publications are being planned for release in 2004. On the education front, PMIC is in talks with local partners to offer Auston International Group ("AIG")'s range of educational programs to students in China, through AIG's franchising, affiliate and joint venture programs.

Data Information Systems

Background & Business

Data Information Systems (DIS) is one of two technology subsidiaries belonging to the Group, the other being JuzLAW Solutions. DIS was established in 1986 and offers total system solutions and consultancy services to industries ranging from banking, manufacturing, distribution to consumer products. DIS turn-key solutions include an accounting software package catered for manufacturers and wholesalers; hospital inventory control and medical report tracking systems; a golf handicap and scoring system; and warehouse cargo management solutions.

Operational Achievements

DIS has a strong regional client base of large corporates and SMEs like BMG, Kim Ann Engineering, SAFRA Resort and Singapore General Hospital. DIS was one of the first consultancy firms registered with the Singapore National Computer Board under the Local Enterprise Computerization Program (LECP) in 1987.

The Group's interest in DIS is held through its 78.2% owned subsidiary, Auston Technology Group Pte Ltd, which in turn owns 100% of DIS.

JuzLAW Solutions

JuzLAW SOLUTIONS
simple • reliable • affordable

Background & Business

JuzLAW was established in 2001 to provide premier solutions and consultancy services to professional firms, government bodies and other corporations in the Asia Pacific region.

Operational Achievements

In its first year of operation, JuzLAW was appointed exclusive distributor for the entire suite of Elite Systems products, the world's leading practice management system for professional services firms, in South East Asia, Australia and New Zealand. Within a year, JuzLAW secured contracts to re-engineer the total practice management processes of the largest law firms in Singapore and Malaysia. JuzLAW has also expanded into Australia, and is in the final stages of establishing a joint venture with one of the country's leading IT consultancy firms to deliver Elite solutions to the Australian market. As an indication of JuzLAW's quality services and promising growth trends, Elite (the anchored customer) has expanded JuzLAW's territories to include Hong Kong, Taiwan and China in 2003. JuzLAW's rapidly growing list of clients includes Asia Pacific Breweries, Civil Aviation Authority of Singapore, the Ministry of Law (Singapore) and Volvo (Asia).

The Group's interest in JuzLAW Solutions is held through its 78.2% owned subsidiary, Auston Technology Group Pte Ltd, which in turn owns 80% of JuzLAW Solutions.

ShareInvestor.com

Background & Business – Operational Achievements

ShareInvestor.com Holdings (ShareInvestor) is a three-year old company with primarily three lines of businesses:

- Online investor relations' services for corporate clients – ShareInvestor is Singapore's market leader in the provision of online investor relations' services, with almost 70 listed corporate clients in its portfolio. ShareInvestor delivers time-sensitive regulatory information through its proprietary Content Distribution Platform, as well as convert and format important investor relations' information and integration of stock prices and charts onto the website. A growing number of companies are using ShareInvestor's services for webcasting.
- Provision of investor-targeted market data – ShareInvestor has over 2,500 subscribers receiving in-house developed features such as streamlined real time stock quotes and news, portfolio value calculation systems, trade histories, charts and trend tools.
- A financial and investing information portal http://www.shareinvestor.com - ShareInvestor has the largest financial portal in Singapore, positioned as the platform for investors and broking houses. Most of its revenue comes from advertising and sponsorships, with the portal receiving over 12 million page views a month.

The Group holds a 25% equity stake in ShareInvestor.com Holdings.

SurfGold

Background & Business

SurfGold is Asia's leading outsourcer of customer loyalty, eCRM and business performance technologies and provides related software and services for MNCs and large corporations. Launched in Singapore in 1999, its operations have expanded to Hong Kong, Korea, Taiwan, India and the PRC. SurfGold operates Asia's largest eCRM and e-loyalty program using the *SurfGold Online eCRM and Loyalty* software and provides solutions that help businesses use internet and wireless technology to create innovative marketing and software solutions and manage their customer (CRM) and partner relationships (PRM) cost-efficiently.

Operational Achievements

SurfGold is currently running customer loyalty and eCRM infrastructure and services for over 80 companies, including Fortune 500 companies such as Motorola, Samsung, Epson, Seagate, AMD, Novell, Palm, Post, Colgate Palmolive and Hewlett-Packard. In 2001, SurfGold was nominated by Singapore's Enterprise Program as one of the top ten e50 companies in the Republic. With over 110 staff across six countries and partnerships in Malaysia, Thailand, the Philippines, Indonesia and New Zealand, SurfGold is a truly pan-Asia company with extensive reach and coverage.

Growth Strategy

SurfGold aims to strengthen its leadership position in eCRM and business performance improvement. High-growth strategies include:

- Expanding proprietary loyalty and CRM programs with large corporate clients to include broader, higher-value CRM offerings, data mining and analytics.
- Specializing in partner relationships (PRM) by offering on-line/off-line marketing and loyalty solutions to large, regional corporations with big distribution networks.
- Offering on-line marketing services and infrastructure as an ASP, with services that are fully scalable to ensure a constant high-value revenue stream.
- Offering strategic consultancy services and professional management for business performance infrastructure and initiatives.

Market Potential

The Asia-Pacific CRM market is valued at US$254 million (source: IDC), with strong growth forecast over the next decade. During periods of economic difficulty, such as are currently being experienced, customer retention becomes even more important. With an increasing number of businesses seeking to outsource their CRM and PRM operations, SurfGold is in a favored position to offer its software, solutions and technologies to address this growing market and needs.

The Group's interest in SurfGold is held through its 50% owned joint venture company, Inpac Ventures Pte Ltd, which in turn owns about 13.9% of SurfGold.

The Board of Directors ("the Board") of Panpac Media Group Limited recognizes the significance of sound corporate governance and adopts an efficient system of Corporate Governance based on which its operations, businesses and strategies are directed and controlled. The system promotes transparency and protection of shareholders interests and assets of the Group, and defines clearly the roles and responsibilities of the Board of Directors as well as key executives. It covers areas pertaining to internal controls, risk management, performance monitoring, independence and accountability and conforms with the Practices Guide set out by the Singapore Exchange Securities Trading Limited (SGX-ST).
The main corporate governance practices which the Group and Company have adopted are outlined in this section.

Board Matters

(1) Board's Conduct of its Affairs

Meetings of the Board are held on a regular basis throughout the year to oversee and approve the Group's major strategic plans as well as major investments, disposals and funding matters. The Board is also responsible for the overall corporate governance of the Group.

The Board conducts regular scheduled meetings and attendance by directors during the year was regular. Ad-hoc meetings are also arranged as and when appropriate. Attendance of the directors at meetings of the Board and Board committees, as well as the frequency of such meetings, are as follows:-

Attendance at Meetings [1]

Panpac Board No.of meetings held	Panpac Board No. of meetings attended	Name	Audit Committee No. of meetings held	Audit Committee No. of meetings attended
7	7	Low Song Take	-	-
7	7	Chong Huai Seng	4	2 [2]
7	7	Ricky Ang Gee Hing	-	-
7	7	Kevin Low Ka Choon	-	-
7	7	Cheong Poh Kin	4	4
7	7	Jeffrey Tan Boon Khiong	4	4
7	3	Richard Tan Tew Han	4	3 [3]
7	1 [3]	Vincent Cyril Demitrius Pereira	-	-

Notes: (1) The Remuneration and Nominating Committees were established in October 2002.
(2) Mr Chong ceased to be a member of the Audit Committee in October 2002 in compliance with the Code.
(3) Mr Richard Tan was appointed as member of the Audit Committee in June 2002 and Mr Pereira as Director to the Board in October 2002.

The Company also provides regular updates on changes in company policies and ongoing education on Board processes, corporate governance and best practices.

(2) Board Composition and Balance

The Board comprises two executive directors, two non-executive directors and four independent non-executive directors. The Nominating Committee will review the independence of each director annually. The Nominating Committee is of the view that the current Board, with half of its composition made up of independent non-executive Directors, exhibits strong independence that sufficiently enables the Board to exercise objective judgment on corporate affairs independently from the management. The Nominating Committee is also of the view that no individual or small groups of individuals dominate the Board's decision-making processes.

The Board is of the view that the size of the current board, comprising eight directors is appropriate, with reference to the scope and extent of the Group's operations.

The Board considers that its composition of Directors well balanced; each director having a well-mixed knowledge, business contacts and successful business and commercial experience. Coupled with the independence element provided by the independent non-executive Directors, the Board considers itself effective and capable of ensuring all business strategies are well directed while all proposals and material issues brought to the Board by the executive management are thoroughly discussed and examined, with focuses on the long term interests of the Group.

(3) Role of Chairman and Managing Director

The positions of Chairman and Managing Director are kept separate to ensure an appropriate balance of power and authority.

The Group Managing Director and Chief Executive Officer, Mr Ricky Ang Gee Hing, has full executive responsibilities over business directions and operational decisions of the Group.

The Audit Committee reviews all major decisions made by the Group Managing Director and Chief Executive Officer. The Nominating Committee periodically reviews his performance and his appointment to the Board and the Remuneration Committee periodically reviews his remuneration package.

The non-executive chairman of the Board, Mr Low Song Take, is primarily responsible for the effective working of the Board.

(4) Board Membership

To ensure good governance and to maintain relevance to the business as well as changing needs of the Company, we believe that Board renewal must be an ongoing process. Our Articles of Association require one-third of our Directors (for the time being excluding the Managing Director) to retire and subject themselves to re-election by shareholders at every AGM.

The Nominating Committee was established in October 2002 and comprises Messrs Jeffrey Tan Boon Khiong, Tan Tew Han (an independent non-executive Director) and Low Song Take (a non-executive Director). Mr Jeffrey Tan, an independent non-executive Director, is the Chairman of the Nominating Committee. The responsibilities of the Nominating Committee are to determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board and also to decide how the Board's performance may be evaluated and also to propose objective performance evaluation criteria for the Board's approval.

(5) Board Performance

The Nominating Committee will use its best efforts to ensure that directors appointed to our Board possess the relevant background, experience and knowledge and that each director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Directors will undertake a formal review of the Board's performance collectively and individually on an annual basis. The Nominating Committee will also review the Board's performance informally with inputs from the other Board members.

(6) Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management is required to provide adequate and timely information to the Board on Board affairs and issues that require the Board's decision as well as ongoing reports relating to operational and financial performance of the Company and the Group.

The Board has separate and independent access to the senior management and the Company Secretary at all times. Should Directors, whether as a group or individually, need independent professional advice, the Company Secretary will, upon direction by the Board, appoint a professional advisor selected by the group or the individual, and approved by the Managing Director, to render such advice. The cost of such professional advice will be borne by the Company.

The Company Secretary attends all board meetings and is responsible for the compliance of the board procedures.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company's Board of Directors, Board committees and the executive committee.

Remuneration Matters

(7) Procedures for Developing Remuneration Policies

(8) Level and Mix of Remuneration

(9) Disclosure on Remuneration

The Remuneration Committee was established in October 2002 to review the remuneration of the executive Directors of the Company and to provide a greater degree of objectivity and transparency in determining remuneration of executive Directors.

The Remuneration Committee comprises Messrs Jeffrey Tan Boon Khiong, Vincent Cyril Demitrius Pereira (an independent non-executive Director) and Chong Huai Seng (an executive Director). Mr Jeffrey Tan, an independent non-executive Director, is the Chairman of the Committee.

The Remuneration Committee reviews and recommends to the Board, with consultation from the management, a framework of remuneration. The Remuneration Committee also determines the remuneration packages and terms of employment for each of the executive Directors, the senior executives and employees who are related to the executive Directors or controlling shareholders of the Company.

The Remuneration Committee has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the Remuneration Committee takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual directors. No Director will be involved in deciding his own remuneration.

Performance-related elements of remuneration should form a significant portion of the total remuneration packages of executive Directors. Remuneration of non-executive Directors is determined by his contribution to the Company and Group, taking into account factors such as effort and time spent as well as his responsibilities to the Board.

Directors' Remuneration

Each Executive Director's remuneration package consists of salary, allowances, bonuses and performance share awards that are conditional upon meeting performance targets. Details of the remuneration packages are given below.

Directors' fees to non-executive Directors are subject to approval of shareholders at the AGM.

For competitive reasons, the Company is not disclosing the annual remuneration of each individual director for the year under review. Instead, disclosure is based on the band of remuneration each director belongs to, as follows:-

Name	Not exceeding $100,000	Exceeding $100,000 But not exceeding $250,000	Exceeding $250,000
Ricky Ang Gee Hing			✓
Chong Huai Seng		✓	

Remuneration of Key Employees

Details of remuneration paid to the top five executives of the Group, in terms of remuneration (who are not Directors of the Company) for the financial year are set out below. For competitive reasons, the Company is not disclosing the annual remuneration of each individual employee for the year under review. Instead, disclosure is based on the band of remuneration each executive belongs to, as follows:-

Name	Not exceeding $100,000	Exceeding $100,000 But not exceeding $250,000	Exceeding $250,000
Ho Sum Kwong		✓	
Kan Kok Soon		✓	
Patricia Wong	✓		
Yeoh Suat Cheng	✓		
Teoh Lo Hai	✓		

There are no employees in the group who are immediate family members of a Director or the Managing Director. Mr Teoh Lo Hai is however related to one of the executive director.

Accountability and Audit

(10) Accountability

The Board believes that it should promote best practices in order to build an accountable business for our shareholders for reasons of accountability to shareholders and in providing sufficient information in relation to the Company and the Group's performance.

The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

(11) Audit Committee

The Audit Committee is made up of three independent non-executive Directors who possess appropriate accounting experience and/or related financial management expertise. Mr Cheong Poh Kin, an independent non-executive Director, chairs the Audit Committee. The other members of the Audit Committee are Mr Jeffrey Tan Boon Khiong and Mr Richard Tan Tew Han.

The Audit Committee holds periodic meetings and primarily carries out the following functions together with the executive Directors and external auditors:-

(a) Reviews the audit plans set forth by the external auditors, evaluates the report issued by the external auditors from their examination of the Company's internal and accounting controls system;
(b) Reviews the operating results of the Group and Company, accounting policies and assistance given by the management to external auditors;
(c) Reviews the financial statements of the Group and Company before submission to the Board;
(d) Reviews all interested persons' transactions; and
(e) Nominates the external auditors for reappointment.

The Audit Committee has recommended Ernst & Young for re-appointment as auditors by the shareholders at the forthcoming Annual General Meeting of the Company.

The Audit Committee has full access to and full co-operation of the management. The Audit Committee also has the power to conduct or authorize investigations into any matters within its terms of reference. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has reviewed the external auditors' non-audit services to satisfy itself that the nature and extent of such services has not prejudiced the independence and objectivity of the external auditors.

The Audit Committee recognizes the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration.

(12) Internal Controls

The Group continues to adhere to its internal controls system that has been designed to promote corporate fairness, transparency and accountability. There continues to be defined delegation of authority from the Board of Directors to the operating companies for each to conduct its own affairs efficiently and responsibly, as well as procedures in place to monitor performance indicators and in the safeguarding of assets and shareholders' values.

During the year, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the internal controls system put in place by the management and is satisfied that there are adequate internal controls within the Group.

(13) Internal Audits

The Chief Financial Officer heads the Internal Audit ("IA") team. She oversees and carries out the functions of internal audits, including the running of a robust and timely process of identifying and evaluating business risks, controls over cash flows and preparing timely reports and communications to the various committees, such as audit matters to the Audit Committee and administrative and operational matters to the Board of Directors.

As part of the procedures to ensure adequacy of the internal audit function, the Audit Committee reviews the IA's activities and processes at least half a year.

Communication with Shareholders

(14) Communication with Shareholders

(15) Greater Shareholder Participation

The Group places emphasis on and recognizes the significance of regular and timely communications with shareholders. In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Manual and other relevant laws, it is the Board's policy that all shareholders be informed, on a timely basis, of all major developments that will or expect to impact the Company or the Group.

Shareholders' are encouraged to participate in the Group's affairs as far as possible and to attend the Company's AGM to stay informed of the Company and Group's performance as well as its objectives and strategies. This would also ensure a high level of accountability. Notice of AGM is dispatched to shareholders, together with the explanatory notes or a circular on items of special businesses, at least 14 working days before the meeting. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer any questions relating to the functioning of these committees.

Dealings in Securities

The Company has clear policies regarding the trading of its shares by all its Directors and employees that conforms to the guidelines issued by SGX-ST. In this respect, the Company has adopted practices in relation to dealings in the Company's securities pursuant to the SGX-ST Best Practices Guide that are applicable to all its officers. Its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-yearly and full year results and ending on the date of the announcements of such results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

Best Practices Guide

The Company has complied materially with the Best Practices Guide issued by SGX-ST.

Patricia Wong
Chief Financial Officer

Directors' Report

The directors are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2002.

Directors

The names of the directors of the Company in office at the date of this report are:-

Low Song Take
Chong Huai Seng
Ricky Ang Gee Hing
Kevin Low Ka Choon
Cheong Poh Kin
Jeffrey Tan Boon Khiong
Richard Tan Tew Han (Appointed on 3 June 2002)
Vincent Cyril Demitrius Pereira (Appointed on 18 October 2002)

In accordance with Article 107, Messrs Kevin Low Ka Choon and Jeffrey Tan Boon Khiong will retire at the forthcoming Annual General Meeting. Messrs Kevin Low and Jeffrey Tan being eligible, offer themselves for re-election.

Principal activities

The principal activities of the Company are that of provision of management services and in the business of making investments.

The principal activities of the subsidiaries are stated in Note 11 to the financial statements. During the year, the Group acquired subsidiary companies that are in the business of providing tertiary and post-graduate education and consultancy and management services.

Except as disclosed herein, there were no other significant changes in the nature of the principal activities of the Company and any subsidiaries within the Group during the financial year.

Change of name

On 13 December 2002, the Company changed its name from Panpac Media.com Limited to Panpac Media Group Limited.

Results for the financial year

	Group $	Company $
Loss after taxation and before minority interest	(4,379,789)	(13,171,688)
Minority interest, net of taxation	(1,581)	-
Loss attributable to shareholders	(4,381,370)	(13,171,688)

Transfers to or from reserve and provisions

Material transfers to/(from) reserves are disclosed in the Statements of Changes in Equity. There were no other material transfers to or from provisions during the financial year except for normal amounts recognized as an expense for such items as depreciation of fixed assets, amortisation of intangible assets and provision for doubtful debts as disclosed in the financial statements.

Acquisition and disposal of subsidiaries

(a) The Company
During the year:

(i) the following subsidiary companies were acquired by the Company:-

Name of company	Ownership before Acquisition %	Interest After Acquisition %	Consideration $	Net Attributable Assets on Date of Acquisition $
Panpac Ventures (China) Pte Ltd	-	100	5	5
Auston Technology Group Pte Ltd	2.4	78.2	15,762,570	1,455,401
Interest in *subsidiaries held by Auston Technology Group Pte Ltd*				
Auston Consultant Pte Ltd	-	100	-	-
Auston Institute of Management and Technology Pty Ltd	-	100	-	-
Auston International College Pty Ltd	-	100	-	-
Auston International Language Academy Pty Ltd	-	100	-	-
Auston International Pte Ltd	-	100	-	-
Auston Unicorp International Pte Ltd	-	100	-	-
Biz2net-Asia Pte Ltd	-	100	-	-
Blue-Oaks.com Pte Ltd	-	100	-	-
Data Information Systems Pte Ltd	-	100	-	-
Harbridge Management Consultants Pte Ltd	-	100	-	-
Regent Professional Development Pte Ltd	-	100	-	-
JuzLaw Solutions Pte Ltd	-	80	-	-
Spherion Education (S) Pte Ltd	-	80	-	-

(ii) the following wholly-owned subsidiary was incorporated by the Company:

Name of company	Country of Incorporation	Date of Incorporation	Paid-up Capital $
Asia Media Pte Ltd	Singapore	18 October 2002	2

Acquisition and disposal of subsidiaries (cont'd)

(a) The Company (cont'd)
During the year:

(iii) The Company commenced voluntary liquidation for the following wholly-owned subsidiaries:
- ZingAsia Malaysia Sdn Bhd
- ZingAsia.com (Australia) Pty Ltd
- AsiaStockWatch.com Sdn Bhd

(b) Pursuant to the Extraordinary General Meeting of ZingAsia Pte Ltd and a creditors' meeting held on 20 February 2002, ZingAsia Pte Ltd, a wholly-owned subsidiary, has been placed in a creditors' voluntary winding up pursuant to Section 290 (1) (b) of the Companies Act with effect from 20 February 2002.

(c) During the financial year, the following subsidiary companies commenced their deregistration procedures:-

Name of subsidiary company	Interest held	Net Assets/ (liabilities) as at 1.1.2002
	%	$'000
AsiaStockWatch.com (Hong Kong) Co., Limited	100	(3)
Media Ventures (Asia) Limited	100	2
Panpac Publishing Asia Limited	100	3

(d) On 20 January 2002, Panpac Media (M) Sdn Bhd, a wholly owned subsidiary in Malaysia incorporated a new company, Inovatif Media Asia Sdn Bhd, to undertake and consolidate its existing magazines publishing business in Malaysia. Inovatif Media Asia Sdn Bhd which was wholly held by Panpac Media (M) Sdn Bhd (up till 7 July 2002), through capitalization of amount due to Panpac Media (M) Sdn Bhd, had an issued share capital of RM3,900,000 immediately after the rationalisation exercise.

(e) On 8 July 2002, an aggregate of 20% of equity interest in Inovatif Media Asia Sdn Bhd, the wholly-owned subsidiary of Panpac Media (M) Sdn Bhd, was disposed to Commerce Asset Ventures Sdn Bhd ("CAV") for a consideration of RM1,800,000.

(f) On 26 April 2002, Panpac Consumer Technology Media Pte Ltd ("PCTM"), a wholly-owned subsidiary of the Company, acquired 138,000 shares (of $1 each) of the issued capital of Education and Entertainment Workshop Pte Ltd ("EEW"), representing 31.44%, for a consideration of $2. With this acquisition by PCTM, EEW which was formerly a 46.36% owned associated company of the Company, became a subsidiary company. The attributable net liabilities at the date of acquisition were $137,896.

(g) On 18 September 2002, Auston International Pte Ltd, a subsidiary of the Group, subscribed for 8 ordinary shares of $1 each at par value, in the capital of Auston Professional Learning Pte Ltd (incorporated in Singapore) making it an 80% owned subsidiary company.

Except as disclosed above, there were no other acquisitions or disposals of subsidiaries during the year.

Issue of shares and debentures

During the financial year, the Company increased its authorized share capital from $20,000,000 (divided into 400,000,000 ordinary shares of $0.05 each) to $50,000,000 (divided into 1,000,000,000 shares of $0.05 each), by the creation of an additional 600,000,000 new shares.

(a) On 5 February 2002, the Company entered into a conditional share swap agreement ("the Agreement") with ShareInvestor.com Holdings Pte Ltd ("ShareInvestor") to invest in the capital of ShareInvestor. Under the agreement, the Company subscribed for 1,849,773 new ordinary shares of ShareInvestor (at par value of $1.00 per share) representing 25% of the enlarged paid up capital of ShareInvestor, at a consideration of $1,100,000, satisfied by the issue of 6,875,000 new ordinary shares of the Company at $0.05 each. The Agreement was completed on 15 March 2002.

Issue of shares and debentures (cont'd)

(b) On 4 September 2002, the Company issued 115,901,251 ordinary shares of par value $0.05 each at $0.136 per share as consideration for the acquisition of 3,389,080 shares and 400,000 share options in Auston Technology Group Pte Ltd.

The new ordinary shares issued rank pari passu in all respects with the existing issued shares.

(c) The Company subscribed for new shares in the following subsidiary companies which issued additional shares to the Company, ranking pari passu in all respects with the existing issued shares in other consideration:

Name of company	Number of Shares Issued	Purpose of Share Issue
Panpac Consumer Technology Media Pte Ltd	1,750,000 ordinary shares of $1 each at par through the capitalization of debts owing by the subsidiary to the Company	To capitalize debts owing by the subsidiary to the Company
Panpac Directories & Guides Pte Ltd	679,998 ordinary shares of $1 each at par through the capitalization of debts owing by the subsidiary to the Company	To capitalize debts owing by the subsidiary to the Company
Panpac Specialist Magazines Pte Ltd	2,200,000 ordinary shares of $1 each at par through the capitalization of debts owing by the subsidiary to the Company	To capitalize debts owing by the subsidiary to the Company
Panpac Events Management Pte Ltd	1,050,000 ordinary shares of $1 each at par through the capitalization of debts owing by the subsidiary to the Company	To capitalize debts owing by the subsidiary to the Company
SmartInvestor Pte Ltd	27,000,000 ordinary shares of $0.05 each at par through the capitalization of debts owing by the subsidiary to the Company	To capitalize debts owing by the subsidiary to the Company
Panpac Future Titles Pte Ltd	299,998 ordinary shares of $1 each at par through the capitalization of debts owing by the subsidiary to the Company	To capitalize debts owing by the subsidiary to the Company

The Company and its subsidiaries did not issue any debentures during the financial year.

Warrant issue

On 9 January 2002, the Company issued 55,053,000 bonus warrants free to shareholders of the Company. Each bonus warrant confers on the holder the right to subscribe in cash for one (1) new share at an exercise price ("Exercise Price") as follows:-

(i) where the date of exercise of the bonus warrants ("Exercise Date") is during the period commencing 10 January 2002 up to 5.00 p.m. on 9 January 2003, the exercise price was $0.12; and

(ii) where the Exercise Date is during the period commencing immediately after 5.00 p.m. on 9 January 2003 up to 5.00 p.m. on 9 January 2004, the exercise price shall be $0.15.

As at 31 December 2002, 55,053,000 bonus warrants remained outstanding.

Share option schemes

The Panpac Media Group Limited Share Option Scheme (the "Scheme") enables full-time employees of the Company at Executive level and above to subscribe for ordinary shares (of par value $0.05 each) in the capital of the Company.

The Scheme is administered by a Committee comprising all the members of the Board of Directors as at the date of this Report.

During the financial year under review, an additional 1,948,000 options were granted pursuant to the Scheme at an exercise price of $0.12 representing the prevailing market price (without discount) at the date of grant of the options.

Share option schemes (cont'd)

As at 31 December 2002, the number of unissued shares under options granted under the Scheme was as follows:

Date of grant	Options granted as at 1.1.2002/ Granted during the year	No. of options exercised	No. of options lapsed	No. of options outstanding as 31.12.2002	Exercise price per share	Expiry date
27.02.2000	1,065,000	-	-	1,065,000	S$0.976	26.02.2005
15.08.2000	1,209,500	-	-	1,209,500	S$0.448	14.08.2005
10.08.2001	2,933,000	-	-	2,933,000	S$0.180	09.08.2006
12.07.2002	1,948,000	-	-	1,948,000	S$0.120	11.07.2007
	7,155,500	-	-	7,155,500		

No options were granted to directors and controlling shareholders or to associates of controlling shareholders of the Company.

The names of the employees who received 5% or more of total options available under the Scheme are as follows:-

Name of participant	Granted during the financial year under review	Aggregate options outstanding as at 31.12.2002	Aggregate options exercised/ lapsed since commencement of Scheme to 31.12.2002	Aggregate options granted since commencement of Scheme to 31.12.2002
Ho Sum Kwong	180,000	795,000	-	795,000
Kan Kok Soon	113,000	361,000	-	361,000
Yeoh Suat Cheng	240,000	580,000	-	580,000

The options under the Scheme do not entitle the holders of the options to participate in any share issue of any other corporation by virtue of the options.

Except for the above, no options to take up unissued shares of the Company and subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries. There were no unissued shares of any other subsidiaries under the options as at the end of the financial year.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements, to which the Company is a party, whereby directors might have acquired benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in shares and debentures

According to the Register of Directors' Shareholdings, interests of directors holding office at the end of the financial year in the share capital of the Company and related corporations were as follows:-

	Shares registered in the names of chairman/directors		Other shareholdings in which chairman/directors are deemed to have an interest	
Number of ordinary shares ($0.05 each) held by:-	As at 1.1.2002	As at 31.12.2002	As at 1.1.2002	As at 31.12.2002
Low Song Take	-	6,117,647	43,420,000	47,962,588
Chong Huai Seng	7,150,000	13,267,647	36,270,000	36,270,000
Ricky Ang Gee Hing	4,953,000	10,713,235	18,162,000	30,397,294
Kevin Low Ka Choon	-	1,835,294	43,420,000	47,962,588
Cheong Poh Kin	-	5,811,764	-	-

Directors' interest in shares and debentures (cont'd)

	Warrants registered in the names of chairman/directors		Warrants in which chairman/directors are deemed to have an interest	
No. of warrants held by the following with rights to subscribe for ordinary shares ($0.05 each):-	**As at 1.1.2002**	**As at 31.12.2002**	**As at 1.1.2002**	**As at 31.12.2002**
Low Song Take	-	-	-	10,855,000
Chong Huai Seng	-	1,787,500	-	9,067,499
Ricky Ang Gee Hing	-	1,238,250	-	4,540,500
Kevin Low Ka Choon	-	-	-	10,855,000

There was no change of the above mentioned interests between the end of the financial year and 21 January 2003.

No other directors of the Company had an interest in any shares or debentures of the Company or related corporations either at the beginning or end of the financial year.

Dividends

No dividend has been paid, declared or recommended in respect of the current financial year, and no dividend was paid in respect of the previous financial year.

Bad and doubtful debts

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to writing off of bad debts and providing for doubtful debts of the Company, and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances, which would render the amount written off or the amount of provision for doubtful debts in the group of companies inadequate to any substantial extent.

Current assets

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that any current assets of the Company which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or adequate provision had been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges on assets and contingent liabilities

Since the end of the financial year, and up to the date of this report, no charge on the assets of the Company or any company in the Group has arisen which secures the liabilities of any other person and no contingent liability has arisen.

Ability to meet obligations

No contingent or other liability of the Company or any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other circumstances affecting the financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and consolidated financial statement misleading.

Unusual items

In the opinion of the directors, the results of the operations of the Company and of the Group for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in this report under the section on "Capital Reduction" of the financial statements.

Directors' Report

Capital reduction

The capital reduction exercise was effected in the following manner based on an approval granted by the High Court of Singapore on 13 December 2002, by having:

- the sum of $46,324,812 standing to the credit of the share premium account of the Company cancelled; and
- an amount of $46,324,812 being the credit arising upon the reduction of capital applied in writing off part of the accumulated losses of the Company.

Unusual items after the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which he has a substantial financial interest.

Audit committee

The audit committee comprises three board members, all of whom are non-executive directors. All the members, including the chairman, are independent. The members of the Audit Committee are:

Cheong Poh Kin (Chairman)
Jeffrey Tan Boon Khiong
Richard Tan Tew Han

The Audit Committee carried out its functions in accordance with the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited. In performing these functions, the Audit Committee inter alia reviewed :

(a) the audit plans of the Company's external auditors and their evaluation of the system of internal accounting controls arising from their audit; and

(b) the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2002 before their submission to the Board of Directors and the auditors' report on those financial statements.

The Audit Committee held 6 meetings since the last directors' report up to the date of this report.

The Audit Committee has recommended Ernst & Young for re-appointment by the shareholders as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board

Chong Huai Seng Director	Ricky Ang Gee Hing Director

Singapore
2 May 2003

Statement by Directors

We, Chong Huai Seng and Ricky Ang Gee Hing, being two of the directors of Panpac Media Group Limited, do hereby state that, in the opinion of the directors:-

(i) the balance sheets, profit and loss accounts, statements of changes in equity and consolidated cash flow statement together with the notes thereto, set out on pages 31 to 62 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002 and of the results and changes in equity of the business of the Company and of the Group and cash flow of the Group for the financial year then ended; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Chong Huai Seng Director	Ricky Ang Gee Hing Director

Singapore
2 May 2003

Auditors' Report

We have audited the financial statements of Panpac Media Group Limited set out on pages 31 to 62. These financial statements comprise the balance sheets of the Company and of the Group as at 31 December 2002, the profit and loss accounts and the statements of changes in equity of the Company and of the Group and cash flow statement of the Group for the financial year ended 31 December 2002, and notes thereto. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act (Act) and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

   (i) the state of affairs of the Company and of the Group as at 31 December 2002, the results and changes in equity of the Company and of the Group, and the cash flow of the Group for the financial year ended on that date; and

   (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;

(b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in Note 11 to the financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
2 May 2003

Profit and Loss Accounts for the financial year ended 31 December 2002

	Note	Group 2002 $	Group 2001 $ (note 40)	Company 2002 $	Company 2001 $ (note 40)
Revenues					
Advertisement		6,875,302	7,068,134	-	-
Circulation		2,320,679	1,665,541	-	-
Exhibition		832,994	853,579	-	-
Course fees		3,782,059	-	-	-
Other revenue		886,728	688,135	1,083,765	807,688
		14,697,762	10,275,389	1,083,765	807,688
Cost and expenses					
Direct costs:					
- Publication		(4,774,025)	(3,810,167)	-	-
- Exhibition		(614,188)	(814,499)	-	-
- Course		(475,449)	-	-	-
Salaries and employee benefits		(6,032,432)	(3,674,507)	(835,443)	(355,894)
Amortisation and depreciation	9 & 10	(1,654,721)	(942,353)	(560,814)	(381,507)
Rental of premises		(987,199)	(194,941)	(62,305)	(47,505)
Other operating expenses		(4,070,050)	(123,456)	(1,012,679)	(443,550)
Exceptional items	3	(67,124)	(325,280)	(11,700,384)	(300,000)
Total cost and expenses		(18,675,188)	(9,885,203)	(14,171,625)	(1,528,456)
(Loss)/profit from continuing activities		(3,977,426)	390,186	(13,087,860)	(720,768)
Share of losses of associated companies		(279,104)	(13,164)	-	-
Finance costs	4	(123,259)	(55,439)	(83,828)	(35,843)
(Loss)/profit from continuing operations		(4,379,789)	321,583	(13,171,688)	(756,611)
Net loss from discontinued operations	5	-	(125,088)	-	-
(Loss)/profit before taxation and minority interest	6	(4,379,789)	196,495	(13,171,688)	(756,611)
Taxation	7	-	(8,252)	-	-
(Loss)/profit after taxation and before minority interest		(4,379,789)	188,243	(13,171,688)	(756,611)
Minority interests, net of taxes		(1,581)	22,000	-	-
(Loss)/profit attributable to shareholders		(4,381,370)	210,243	(13,171,688)	(756,611)
(Loss)/earnings per share (cents)	8				
Basic		(1.66)	0.10		
Diluted		(1.66)	0.10		

The accounting policies and explanatory notes on pages 36 to 62 form an integral part of the financial statements

Balance Sheets as at 31 December 2002

	Note	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Non-current assets					
Fixed assets, net	9	2,312,869	2,063,334	625,791	836,909
Intangible assets	10	18,300,899	3,388,911	-	-
Investment in subsidiaries	11	-	-	50,515,406	41,235,843
Investment in associated companies	12	170,177	43,816	1,100,000	-
Investment in joint venture company	13	-	-	100,000	-
Long-term investment	14	915,100	300,000	-	300,000
Current assets	15	10,532,565	10,591,024	3,314,559	12,333,321
Current liabilities	22	(9,342,340)	(6,310,940)	(2,811,254)	(5,306,899)
Net Current Assets		1,190,225	4,280,084	503,305	7,026,422
Non-Current liabilities					
Term loans	27	(820,000)	(266,213)	-	-
Hire purchase liabilities, non-current portion	28	(4,708)	(56,888)	-	(44,031)
Loan from a subsidiary	29	-	-	(31,434,642)	(31,205,054)
Deferred taxation	30	(1,000,066)	(898,066)	(898,066)	(898,066)
		21,064,496	8,854,978	20,511,794	17,252,023
Share capital and reserves					
Share capital	31	17,149,413	11,010,600	17,149,413	11,010,600
Share premium	32	4,606,086	40,638,252	4,606,086	40,638,252
Accumulated losses		(2,827,103)	(44,770,545)	(1,243,705)	(34,396,829)
Foreign currency translation reserve		1,539,689	1,893,799	-	-
Reserve on consolidation		-	22	-	-
		20,468,085	8,772,128	20,511,794	17,252,023
Minority interest		596,411	82,850	-	-
		21,064,496	8,854,978	20,511,794	17,252,023

The accounting policies and explanatory notes on pages 36 to 62 form an integral part of the financial statements

Statements of Changes in Equity for the financial year ended 31 December 2002

	Note	Group 2002 $	Group 2001 $ (note 40)	Company 2002 $	Company 2001 $ (note 40)
Share capital [1]					
Balance at beginning		11,010,600	10,010,600	11,010,600	10,010,600
Issuance of ordinary shares	31	6,138,813	1,000,000	6,138,813	1,000,000
Balance at end		17,149,413	11,010,600	17,149,413	11,010,600
Share premium	32				
Balance at beginning		40,638,252	38,489,785	40,638,252	38,489,785
Premium on shares issued during the year		10,292,646	2,148,467	10,292,646	2,148,467
Capital reduction	33	(46,324,812)	-	(46,324,812)	-
Balance at end		4,606,086	40,638,252	4,606,086	40,638,252
Accumulated losses					
Balance at beginning		(44,770,545)	(44,980,788)	(34,396,829)	(33,640,218)
(Loss)/profit for the financial year		(4,381,370)	210,243	(13,171,688)	(756,611)
Capital reduction	33	46,324,812	-	46,324,812	-
Balance at end		(2,827,103)	(44,770,545)	(1,243,705)	(34,396,829)
Reserve on consolidation					
Balance at beginning		22	22	-	-
Transfer to the profit and loss account upon disposal of a subsidiary		(22)	-	-	-
Balance at end		-	22	-	-
Foreign currency translation reserve					
Balance at beginning		1,893,799	2,168,665	-	-
Movement during the financial year		(354,110)	(274,866)	-	-
Balance at end		1,539,689	1,893,799	-	-
Total equity		20,468,085	8,772,128	20,511,794	17,252,023

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The accounting policies and explanatory notes on pages 36 to 62 form an integral part of the financial statements

Consolidated Cash Flow Statement for the financial year ended 31 December 2002

	2002 $	2001 $ (note 40)
Cash flow from operating activities :		
(Loss)/profit before taxation and minority interest	(4,379,789)	196,495
Adjustment for :-		
Amortisation of goodwill on consolidation	480,105	132,515
Share of loss of associated companies	279,104	13,164
Depreciation of fixed assets	943,933	870,297
Loss on disposal of fixed assets	85,722	8,972
Gain on disposal of quoted equity shares – net	-	(8,186)
Loss on disposal of marketable securities	4,646	-
Amortisation of magazines mastheads	230,683	194,820
Fixed assets written off	132,609	470,923
Interest expense	123,259	55,439
Operating cashflow before working capital changes	(2,099,728)	1,934,439
(Increase)/decrease in :		
Trade debtors	291,310	840,464
Other debtors, deposits and prepayments	(638,223)	1,135,120
Work-in-progress	29,267	93,466
Due from related parties, net	-	12,898
Due from associated companies, net	141,191	(654,643)
Due from corporate shareholders, net	-	533
(Decrease)/increase in :		
Trade creditors	342,292	(2,716,972)
Other creditors and accruals	14,445	(2,296,133)
Due to joint venture company	11,958	-
Cash used in operations	(1,907,488)	(1,650,828)
Interest paid	(123,259)	(55,439)
Income taxes paid	-	(68,896)
Net cash used in operating activities	(2,030,747)	(1,775,163)
Cash flows from investing activities :		
Acquisition of subsidiaries net of cash acquired (Note A)	1,786,928	-
Increase in intangible assets	(87,550)	-
Proceeds from disposal of marketable securities	95,354	-
Proceeds from disposal of fixed assets	441,722	417,871
Purchase of fixed assets	(739,453)	(157,477)
Proceeds from disposal of quoted equity shares, net	-	236,606
Net investment in associated companies	(60,000)	(56,980)
Purchase of unquoted equity shares	(915,100)	-
Net cash from investing activities	521,901	440,020
Cash flows from financing activities :		
Proceeds from issue of new shares	-	3,148,467
Contribution from a minority shareholder of a subsidiary	236,945	-
Repayment of hire purchase/finance lease liabilities	(114,530)	(924,379)
(Repayment of)/proceeds from short-term bank loans	(266,213)	1,478,063
Proceeds from term loans	820,000	18,371
Payment of expenses on issuance of additional shares	(431,111)	-
Net cash from financing activities	245,091	3,720,522
Net effect of exchange rate changes in consolidating subsidiaries	(262,248)	(323,767)
Net (decrease)/increase in cash and cash equivalents	(1,526,003)	2,061,612
Cash and cash equivalents at beginning of financial year (Note 21)	4,557,284	2,495,672
Cash and cash equivalents at end of financial year (Note 21)	3,031,281	4,557,284

Consolidated Cash Flow Statement for the year ended 31 December 2002

NOTE A

The fair values of assets acquired and liabilities assumed of Auston Technology Group Pte Ltd ("ATG"), Panpac Ventures (China) Pte Ltd, and Education and Entertainment Workshop Pte Ltd as at 4 September 2002, 23 April 2002, and 26 April 2002 respectively and the cash flow effect of the acquisitions were:-

	Acquisition of subsidiaries $
Investment in an associated company	(68,489)
Fixed assets	(1,173,089)
Trade debtors	(226,559)
Other debtors, deposits and prepayments	(885,548)
Cash and cash equivalents	(1,786,935)
Trade creditors	923,679
Other creditors and accruals	884,648
Provision for taxation	623,668
Hire purchase creditors	14,078
Deferred taxation	102,000
Fair value of net tangible assets	(1,592,547)
Goodwill arising on acquisition	(14,745,065)
Fair value of net assets	(16,337,612)
Minority interests	275,035
Total consideration	(16,062,577)
Shares issued, at fair value	15,762,570
The Company's investment in the existing shareholding of ATG	300,000
Consideration paid in cash	(7)
Cash and cash equivalents acquired	1,786,935
Net cash inflow on acquisition of subsidiaries	1,786,928

The accounting policies and explanatory notes on pages 36 to 62 form an integral part of the financial statements

Notes to the Financial Statements – 31 December 2002

1. Corporate information

The financial statements of Panpac Media Group Limited for the financial year ended 31 December 2002 were authorised for issue in accordance with a resolution of the directors on 2 May 2003.

On 13 December 2002, the Company changed its name from Panpac Media.com Limited to Panpac Media Group Limited.

Panpac Media Group Limited is a limited liability company which is incorporated and domiciled in Singapore.

The registered office of Panpac Media Group Limited is located at 50 Raffles Place #29-00 Singapore Land Tower, Singapore 048623. The address of its principal place of business is located at 371 Beach Road, #03-18 Keypoint, Singapore 199597.

The principal activities of the Company are the provision of management services and in the business of making investments.

The principal activities of the subsidiaries are stated in Note 11 to the financial statements. During the year, the Group acquired subsidiary companies that are in the business of providing tertiary and post-graduate education and consultancy and management services.

Except as disclosed herein, there were no other significant changes in the nature of the principal activities of the Company and any subsidiaries within the Group during the financial year.

The Group operates in Singapore, China, Australia and Malaysia. The Company and Group had 14 and 236 (2001 : 12 and 139) employees as of 31 December 2002 respectively.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Company and of the Group, which are expressed in Singapore dollars, are prepared under the historical cost convention.

The financial statements have been prepared in accordance with Singapore Statements of Accounting Standard (SAS) and applicable requirements of Singapore law.

(b) Revenue recognition

Revenue from the circulation of magazines and periodical is recognized upon delivery of goods and acceptance by customers. Subscription income is amortised over the period of the subscription. Unexpired subscription income is included in "other creditors and accruals" in the balance sheet as "deferred subscription revenue".

Revenue from advertisements is recognized on the date of publication.

Revenue from events management and conventions organization is recognized when the exhibition event has occurred, at which time the direct costs associated with the organization of the event are matched with the respective revenue. Customer payments received and receivable in respect of unrecognized revenue from events are classified as "deferred revenue" under "other creditors and accruals" in the balance sheet. Whereas direct costs incurred in connection with organizing of events yet to be held in the current year are reported as "work-in-progress". Provision is made for all anticipated losses.

Course fee income and recurring affiliate fee/franchise fee is recognised in the period to which the course relates to.

Revenue from the initial affiliation fee/franchise fee is generally recognised from the date of acceptance and commencement of the affiliation/franchising arrangement in accordance with the agreement entered into in relation to the affiliate/franchise arrangement.

Interest income on fixed deposits is recognised on an accrual basis.

2. **Summary of significant accounting policies (cont'd)**

(c) **Basis of consolidation**

The Group's financial statements include the financial statements of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the Group financial statements with effect from the respective dates of acquisition or disposal. All significant intercompany balances and any unrealised profit or loss on intercompany transactions have been eliminated on consolidation.

The financial statements of subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies. In the preparation of the consolidated financial statements, the financial statements of the foreign subsidiaries have been translated from their respective functional currencies to Singapore dollars as follows:-

(i) all assets and liabilities at the rates of exchange approximating those ruling at the balance sheet date;
(ii) share capital and reserves at historical rates of exchange; and
(iii) profit and loss items at the average exchange rates for the financial year.

Foreign currency translation differences are taken directly to foreign currency translation reserve in the consolidated balance sheet.

(d) **Investment in subsidiary companies**

A subsidiary is a company in which the group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

An assessment of the value of investments in subsidiaries is performed when there is indication that such assets have been impaired or the impairment losses recognised in the prior years no longer exist.

(e) **Investment in associated companies**

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term equity interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investments in associated companies are accounted for under the equity method. Investments in associates are recorded at cost and adjusted to recognise the Group's share of the net assets of the associated companies at the date of acquisition plus post-acquisition changes in the Group's share of net assets of associated companies, less any impairment loss.

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued except to the extent of the Group's commitment.

The Group's share of the results of associated companies is included in the consolidated profit and loss account. Where the audited financial statements are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Investments in associated companies are stated at cost less any impairment loss in the Company's balance sheet. An assessment of investments in associates is performed when there is indication that such assets have been impaired or the impairment losses recognised in the prior years no longer exist.

(f) **Interest in joint ventures**

A jointly controlled entity is a company in which the Group has a long-term substantial equity interest and in whose commercial and financial policy decisions the Group jointly controls.

The Group's interest in jointly controlled entities is accounted for by proportionate consolidation which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses and similar items in the consolidated financial statements on a line-by-line basis. An assessment of interests in joint ventures is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

2. **Summary of significant accounting policies (cont'd)**

(g) Fixed assets and depreciation

Fixed assets are stated at cost net of accumulated depreciation and any impairment loss. Fixed assets are depreciated using the straight-line method to write off the cost, less estimated residual value, over their useful lives. The estimated useful lives have been taken as follows:-

Freehold property	–	50 years
Motor vehicles	–	5 years
Furniture and fittings	–	5 to 20 years
Office equipment	–	5 to 10 years
Computers	–	3 years
Renovation	–	5 to 10 years

(h) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of identifiable net assets of a subsidiary at the date of acquisition. Goodwill is amortised on a straight-line basis over 10 to 20 years through the profit and loss account from the date of acquisition. The estimated useful life is revised for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is stated at cost less accumulated amortisation and any impairment.

Magazines mastheads

Magazines mastheads are capitalised and amortised on a straight-line basis. The intangible assets are reviewed annually by the directors and provision is made for impairment in value. Magazine mastheads are amortised on a straight-line basis over a period of between 10 to 20 years.

Course development costs

Course development costs incurred in developing new courses and the accompanying manuals are capitalised and amortised on a straight-line basis over the expected useful lives of the courses.

(i) Other investment

Other investment comprises unquoted shares held on a long-term basis stated at cost. An assessment of other investment is made when there are indications that the assets have been impaired or the impairment losses recognised in the prior years no longer exist.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(k) Employee benefits

Defined contribution plan

As required by law, the Group makes contributions to the state pension scheme. These contributions are recognized as compensation expense in the same period as the employment that gives rise to the contribution.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

Executives' Share Option Scheme

The Company has in place an Executives' Share Option Scheme for the granting of options to eligible executives of the Group to subscribe for shares in the companies under the Scheme. Details of the Scheme are disclosed in the Directors' Report. No compensation cost is recognized upon granting or the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (for the par value of the shares issued) and share premium.

2. **Summary of significant accounting policies (cont'd)**

(l) **Taxation**

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the balance sheet dates.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and associated companies, except where the timing of the reversal of such temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

At each balance sheet date, the group re-assesses unrecognised deferred tax assets and the carrying amounts of deferred tax assets. The group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit, part or all, of the deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(m) **Exceptional Items**

Exceptional items are items of income and expense of such size, nature or incidence such that their disclosure is relevant to explain the performance of the Company and Group for the year.

(n) **Foreign currency transactions and balances**

The accounting records of the companies in the Group are maintained in their respective functional currencies. Transactions in foreign currencies during the financial year are recorded in the respective functional currencies using exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective functional currencies at exchange rates approximating those ruling at that date. All resultant exchange differences are dealt with through the profit and loss account, other than foreign currency translation differences as stated in Note 2(c).

(o) **Leases**

Finance lease

Where assets are financed by hire purchase or finance lease agreements that give rights approximating ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rent payable during the periods of the hire purchase/finance lease and the corresponding hire purchase/finance lease commitments are included under liabilities. The excess of hire purchase/finance lease payments over the recorded hire purchase/finance lease liabilities are treated as finance charges which are allocated over each hire purchase/finance lease term to give a constant rate of interest on the outstanding balance at the end of each period.

Operating lease

Leases where the lessor effectively retains all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account over the lease term.

(p) **Work-in-progress**

Work-in-progress relates to costs incurred in the production of magazines and periodicals which have not been issued and exhibitions that have not been launched as at the end of the year.

2. **Summary of significant accounting policies (cont'd)**

(q) **Trade and other receivables**

Trade receivables, which generally have 60-90 day terms, are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(r) **Trade and other payables**

Liabilities for trade and other amounts payable which are normally settled on 90-120 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(s) **Impairment**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of an impairment. If any such indication exists, the assets' recoverable amount is estimated. All impairment losses are recognised in the profit and loss account whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

An impairment loss is only reversed to the extent that an asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss has been recognised. All reversals of impairment losses are recognised in the profit and loss account.

(t) **Marketable securities**

Marketable securities consist of investments in securities that are traded in liquid markets, held for the purpose of investing in liquid funds and are generally not intended to be retained on a long-term basis. Marketable securities are stated at the lower of cost and market value. Provision, if required, is made where there is a decline in value that is other than temporary, determined on an individual basis and is included in the profit and loss statement. Interest received on trading securities is reported as interest income, while dividend is reported as dividend income. On disposal of an investment, the difference between the net disposal proceeds and the carrying amounts is included in the profit and loss account.

(u) **Government grants**

Grants from Government are recognised at their fair values where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. Where the grants relate to an expense item, they are recognised as income over the periods necessary to match them on a systematic basis to the costs which they are intended to compensate. Where the grants relate to an asset, the fair value is deducted in arriving at the carrying amount of the related asset.

(v) **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

3. Exceptional items

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Write off of Innovative Development Grant receivable	-	(300,000)	-	(300,000)
Provision for impairment in value of investment				
- Subsidiaries	-	-	(14,113,010)	-
- Associated companies	-	-	(60,000)	-
Provision for doubtful trade debts written back - Subsidiaries	-	-	2,597,504	-
Gain on disposal of subsidiaries	364,504	-	-	-
Losses incurred by a subsidiary that ceased operations during the year	(69,589)	-	-	-
Loss on disposal of freehold property and related assets by a subsidiary company	(220,723)	-	-	-
Expenses incurred in relation to:				
- Issuance of bonus warrants and capital reduction	(103,716)	-	(87,278)	-
- Other investments	(37,600)	-	(37,600)	-
Prior period adjustments*	-	(25,280)	-	-
	(67,124)	(325,280)	(11,700,384)	(300,000)

* Relates to incidental items in relation to prior year.

4. Finance costs

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Interest on :				
- bank loans/borrowings	(68,527)	(10,470)	(52,300)	-
- bank overdrafts	(29,843)	(20,830)	(12,232)	(16,982)
- finance leases/hire purchase	(24,889)	(24,139)	(19,296)	(18,861)
	(123,259)	(55,439)	(83,828)	(35,843)

5. Discontinued operations

This relates to the net loss incurred by the ordinary operations of the discontinued operations of the two Internet portals of the Group, www.Asiastockwatch.com and www.ZingAsia.com, in the previous financial year.

6. (Loss)/profit before taxation and minority interest

This is determined after (charging)/crediting the following:-

	Group		Company	
	2002	2001	2002	2001
	$	$	$	$
Audit fees				
- Auditors of the Company	(70,000)	(60,000)	(22,500)	(25,500)
- Other auditors	(9,000)	(26,958)	(9,000)	(16,000)
Non-audit services				
- Auditors of the Company	(76,204)	-	(55,250)	-
- Other auditors	(46,780)	(36,447)	(31,680)	(7,930)
Bad debts written off				
- Trade	(97,718)	(93,722)	(88,394)	(71,712)
Bad debts recovered - trade	6,297	5,046	-	-
Depreciation of fixed assets	(943,933)	(870,297)	(560,814)	(318,507)
Directors' fees	(62,405)	(75,000)	(62,405)	(75,000)
Directors' remuneration	(589,590)	(438,130)	(589,590)	(438,130)
Foreign exchange loss, net	(510)	(268)	-	(497)
Provision for doubtful debts				
- Trade				
- External parties	(477,591)	(140,725)	-	(69,982)
- Subsidiaries	-	-	(1,621,887)	(70,185)
- Non-trade				
- Subsidiaries	-	-	(449,752)	(592,146)
- Associated companies	(60,000)	(147,000)	(60,000)	(147,000)
- Others	-	(336,358)	-	-
Write back of provision for doubtful debts				
- Trade				
- External parties	56,977	293,392	15,000	72,302
- Subsidiaries	-	-	2,394,998	94,374
- Non-trade				
- Associated companies	-	343,087	-	145,973
- Subsidiaries	-	-	2,274,145	73,524
Gain on disposal of quoted shares	-	8,186	-	-
Gain on partial disposal of equity interest in a subsidiary company	596,940	-	-	-
Government grants	6,681	-	-	-
Interest income from banks	6,807	-	-	-
Loss on disposal of marketable securities	(4,646)	-	(4,646)	-
Write back of trade creditors	-	633,631	-	120,605
(Loss)/gain on disposal of fixed assets	(85,722)	(8,972)	2,392	-
Payments to defined contribution plans	(748,406)	(478,869)	(98,179)	(36,298)
Items written off				
- Other assets	(6,714)	(343,040)	-	-
- Fixed assets	(132,609)	(470,923)	-	-

7. Taxation

Major components of income tax for the year ended 31 December were:

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Current year :				
- Foreign	-	(3,896)	-	-
Under provision in respect of previous years	-	(4,356)	-	-
	-	(8,252)	-	-

A reconciliation of the statutory tax rate to the Group and Company's effective tax rate applicable to income from continuing operations for the years ended 31 December was as follows:

	Group 2002	Group 2001	Company 2002	Company 2001
Domestic statutory rate	(22.0%)	24.5%	(22.0%)	(24.5%)
Tax effect of income not taxable in determining taxable profits	(2.9%)	(2.8%)	(3.0%)	(2.6%)
Tax effect of expenses not deductible in determining taxable profits	24.8%	6.2%	25.1%	12.8%
Tax effect of utilisation of unutilised tax benefits brought forward	(3.9%)	-	(2.9%)	-
Tax effect of benefits arising from deductible differences not recognised	5.8%	(32.4%)	2.8%	14.3%
Tax effect of utilisation of benefit arising from deductible differences not recognised under group relief	(1.8%)	-	-	-
Arising from consolidation	-	5.5%	-	-
Effective tax rate	-	1.0%	-	-

Based on the Group Relief System for companies that was introduced in Singapore with effect from year of assessment 2003, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unutilized donations (made to approved charitable organisations) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

The Group intends to transfer unabsorbed trade losses of $1,156,000 to a subsidiary company by virtue of the Group Relief System. This is subject to compliance with the governing tax legislation and agreement by the Inland Revenue Authority of Singapore.

Subsequent to the above transfer and utilization, as at 31 December 2002, the Company has unabsorbed tax losses of $1,663,000 (2001: $533,000) available for carry forward into future years of assessment for which no deferred tax assets have been recognised due to uncertainty of their recoverability. The use of such tax losses in future years is again subject to compliance with the governing tax legislation and agreement by the Inland Revenue Authority of Singapore.

After the transfer of the unabsorbed trade losses as mentioned above, the Group has unabsorbed tax losses of $26,743,000 (2001: $24,254,000) and unabsorbed capital allowances of $587,000 (2001: $560,000) available for carry forward into future years of assessment, the use of such tax losses and capital allowances is subject to compliance with the governing tax legislation and agreement by the relevant tax authorities of the respective countries in which such losses and capital allowances arose. The benefits in respect of these capital allowances and tax losses have not been provided for in the financial statements due to uncertainty of their recoverability.

8. (Loss)/earnings per share (cents)

Basic

The (loss)/earnings per share is calculated by dividing the Group's (loss)/profit after tax and after minority interests of $(4,381,370) (2001: $210,243) by 264,002,000 (2001: 209,100,888) number of weighted average ordinary shares of $0.05 each during the year.

Diluted

In respect of diluted earnings per share in relation to the share options, a calculation is performed to determine the number of shares that could have been acquired at market price (determined as the share price of the Company's shares as at the end of the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'unpurchased' shares to be added to the number of ordinary shares outstanding for the purpose of computing the dilution. For the share options calculation, no adjustment is made to the net profit. There is no dilution of earnings per share from the share options outstanding, as the exercise price of the share options is higher than the market price as at 31 December 2002.

9. Fixed assets

Group	Freehold Property $	Motor vehicles $	Furniture and fittings $	Office equipment $	Computer $	Renovation $	Total $
Cost							
At beginning of year	605,596	196,667	481,294	704,131	1,849,664	708,383	4,545,735
Acquisition of subsidiaries	-	49,805	405,312	403,260	672,817	398,430	1,929,624
Additions	-	-	8,053	90,974	351,662	288,764	739,453
Disposals	(570,777)	-	(1,000)	(780)	(26,589)	-	(599,146)
Write-off	-	-	(8,814)	(30,228)	(130,032)	(130,541)	(299,615)
Currency realignment	(34,819)	(8,394)	(1,609)	(5,098)	(27,194)	(9,959)	(87,073)
At end of year	-	238,078	883,236	1,162,259	2,690,328	1,255,077	6,228,978
Accumulated depreciation							
At beginning of year	49,456	117,801	286,811	372,812	1,280,336	375,185	2,482,401
Acquisition of subsidiaries	-	12,866	224,289	171,060	231,233	117,087	756,535
Charge for the year	-	41,052	105,643	147,572	492,968	156,698	943,933
Disposals	(46,613)	-	(800)	(585)	(23,704)	-	(71,702)
Write-off	-	-	(3,781)	(21,472)	(94,761)	(46,992)	(167,006)
Currency realignment	(2,843)	(5,316)	(571)	(2,145)	(12,547)	(4,630)	(28,052)
At end of year	-	166,403	611,591	667,242	1,873,525	597,348	3,916,109
Depreciation charge for previous financial year	9,084	38,448	65,529	94,557	566,717	95,962	870,297*
Net book value							
At end of year	-	71,675	271,645	495,017	816,803	657,729	2,312,869
At beginning of year	556,140	78,866	194,483	331,319	569,328	333,198	2,063,334

* Depreciation expenses:

	2002 $	2001 $
- continuing operations	943,933	615,018
- discontinued operations	-	255,279
	943,933	870,297

9. **Fixed assets (cont'd)**

	Furniture and fittings $	Office equipment $	Computer $	Renovation $	Total $
Company					
Cost					
At beginning of year	414,528	347,452	980,313	513,287	2,255,580
Additions	-	-	278,163	72,424	350,587
Disposals	-	-	(2,139)	-	(2,139)
At end of year	414,528	347,452	1,256,337	585,711	2,604,028
Accumulated depreciation					
At beginning of year	249,314	186,504	708,881	273,972	1,418,671
Charge for the financial year	72,194	57,802	332,488	98,330	560,814
Disposals	-	-	(1,248)	-	(1,248)
At end of year	321,508	244,306	1,040,121	372,302	1,978,237
Charge for the previous financial year	58,056	46,301	196,560	80,590	381,507
Net book value					
At end of year	93,020	103,146	216,216	213,409	625,791
At beginning of year	165,214	160,948	271,432	239,315	836,909

Included in the fixed assets of the Group and the Company are assets under hire purchase with a net book value of approximately $158,420 (2001 : $79,000) and $108,360 (2001: $8,220) respectively.

10. Intangible assets

Group	Goodwill $	Magazines mastheads $	Course development cost $	Total $
Cost:				
Balance at beginning of year	1,760,870	3,524,475	-	5,285,345
Acquisition of subsidiaries	-	-	87,550	87,550
Goodwill arising on acquisition of subsidiaries	14,745,065	-	-	14,745,065
Goodwill arising on acquisition of an associated company	823,023	-	-	823,023
Balance at end of year	17,328,958	3,524,475	87,550	20,940,983
Accumulated amortisation:				
Balance at beginning of year	779,597	1,116,837	-	1,896,434
Amortisation	480,105	230,683	-	710,788
Currency realignment	-	32,862	-	32,862
Balance at end of year	1,259,702	1,380,382	-	2,640,084
Amortisation charge in 2001	132,515	194,820	-	327,335
Net book value:				
At end of year	16,069,256	2,144,093	87,550	18,300,899
At beginning of year	981,273	2,407,638	-	3,388,911

11. Investment in subsidiaries

	Company 2002 $	Company 2001 $
Unquoted equity shares, at cost	73,660,772	65,375,570
Less : Provision for impairment in value of investments	(23,145,366)	(24,139,727)
	50,515,406	41,235,843
Movement in provision for impairment in value of investments during the financial year is as follows:-		
Balance at beginning	24,139,727	24,139,727
Provision for the financial year	14,113,010	-
Reclassification from associated companies (Note 12)	204,000	-
Written off against provision	(15,311,371)	-
Balance at end	23,145,366	24,139,727

Details of the subsidiaries companies at 31 December 2002 are as follows :-

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2002 $	Cost of investment 2001 $	Percentage of equity held by the Group 2002 %	Percentage of equity held by the Group 2001 %
Held by the Company					
(1) Panpac Consumer Technology Media Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	1,950,000	200,000	100	100
(1) Panpac Directories & Guides Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	680,000	2	100	100
(1) Panpac Specialist Magazines Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	2,300,000	100,000	100	100
(1) Panpac Lifestyle Magazines Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	5,328,707	5,328,707	100	100
(1) Panpac Events Management Pte Ltd (Singapore)	Exhibition fair and convention organizers (Singapore)	1,185,001	135,001	80	80
(10) ZingAsia Pte Ltd (Singapore)	Provision of Internet database services and information (In liquidation) (Singapore)	-	13,000,000	-	100
(1) Panpac Business Communications Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (currently dormant) (Singapore)	5,578,000	5,578,000	100	100
(1) Wine & Dine Experience Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	2,500,000	2,500,000	100	100
(1) SmartInvestor Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	9,850,000	8,500,000	100	100

11. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2002 $	Cost of investment 2001 $	Percentage of equity held by the Group 2002 %	Percentage of equity held by the Group 2001 %
Held by the Company					
(1) Panpac Future Titles Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	300,000	2	100	100
AsiaStockWatch.com (Hong Kong) Co., Limited (Hong Kong)	Provision of Internet database services and information (deregistered) (Hong Kong)	-	1	-	100
(10) AsiaStockWatch.com Sdn. Bhd. (Malaysia)	Provision of internet database services and information (In liquidation) (Malaysia)	-	1,256,555	-	100
(8) AsiaStockWatch.com (Australia) Pty Ltd (Australia)	Provision of internet database services and information (currently dormant) (Australia)	2	2	100	100
(10) Panpac Publishing Asia Limited (Hong Kong)	Publishing and sale of periodicals and magazines (in the process of deregistration) (Hong Kong)	-	1,054,790	52	52
(8) Panpac Tech Strategic Ltd (British Virgin Islands)	Investment holding (British Virgin Islands)	24,321,000	24,321,000	100	100
(10) ZingAsia Malaysia Sdn Bhd (Malaysia)	Provision of internet database services and information (In liquidation) (Malaysia)	-	1	-	100
(10) ZingAsia.com (Australia) Pty Ltd (Australia)	Provision of internet database services and information (In liquidation) (Australia)	-	2	-	100
(8) Panpac Media.com (Australia) Pty Ltd (Australia)	Investment holding (currently dormant) (Australia)	2	2	100	100
(2) Panpac Media (M) Sdn Bhd. (Malaysia)	Publishing and sale of periodicals and magazines (Malaysia)	2,551,483	2,551,483	100	100
(10) Media Ventures (Asia) Limited (Hong Kong)	Publishing and sale of periodicals and magazines (in the process of deregistration) (Hong Kong)	-	22	100	100

11. **Investment in subsidiaries (cont'd)**

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2002 $	Cost of investment 2001 $	Percentage of equity held by the Group 2002 %	Percentage of equity held by the Group 2001 %
Held by the Company					
(1) Grierson Pte Ltd (Singapore)	Provision of e-business consultancy and marketing services to real estate and related industries (currently dormant) (Singapore)	850,000	850,000	85	85
(1) Panpac Ventures (China) Pte Ltd (Singapore)	Investment holding (Singapore)	5	-	100	-
(3) Auston Technology Group Pte Ltd (Singapore)#	Investment holding (Singapore)	16,062,570	-	78.2	-
(9) Asia Media Pte Ltd (Singapore)	Provision of media, publishing, communications and education-related businesses (currently dormant) (Singapore)	2	-	100	-
(5) Education & Entertainment Workshop Pte Ltd (Singapore)	Publishing and sale of books (currently dormant) (Singapore)	204,000	-	77.8	-
		73,660,772	65,375,570		

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2002 %	Percentage of equity held by the Group 2001 %
Held through subsidiary companies			
(2) Panpac Specialist Magazines (Malaysia) Sdn Bhd. (Malaysia)	Letting of property (currently dormant) (Malaysia)	100	100
(2) Panpac Business Media (M) Sdn Bhd. (Malaysia)	Media Publishing (currently dormant) (Malaysia)	100	100
(2) WDE (Malaysia) Sdn Bhd. (Malaysia)	Media Publishing (currently dormant) (Malaysia)	100	100
(2) Panpac Lifestyle Magazines (M) Sdn Bhd. (Malaysia)	Media Publishing (currently dormant) (Malaysia)	100	100
(2) Golf Times (Malaysia) Sdn Bhd. (Malaysia)	Media advertising contractors and agents (currently dormant) (Malaysia)	100	100

11. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2002 %	2001 %
Held through subsidiary companies			
(2) Inovatif Media Asia Sdn Bhd. (Malaysia)	Media publishing (Malaysia)	80	-
(1) Auston International Pte Ltd# (Singapore)	Consultancy and management services (Singapore)	100	-
(3) Biz2net Asia Pte Ltd# (Singapore)	Consultancy and web design services (currently dormant) (Singapore)	100	-
(3) Blue-Oaks.com Pte Ltd# (Singapore)	Software development and consultancy management services (currently dormant) (Singapore)	100	-
(6) Data Information Systems Pte Ltd# (Singapore)	Consultants on computers, peripheral equipment and technical and advisory services (Singapore)	100	-
(3) Juzlaw Solutions Pte Ltd# (Singapore)	Trading in computer hardware and accessories (Singapore)	80	-
(1) Auston Consultants Pte Ltd# (Singapore)	Consultancy and management services (Singapore)	100	-
(3) Regent Professional Development Pte Ltd# (Singapore)	In the process of deregistration	100	-
(3) Harbridge Management Consultants Pte Ltd# (Singapore)	In the process of deregistration	100	-
(1) Auston Unicorp International Pte Ltd# (Singapore)	Investment holding (Singapore)	100	-
(8) Auston International College Pty Ltd# (Australia)	Dormant	100	-
(8) Auston Open University Corporation# (British Virgin Islands)	Dormant	100	-

11. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2002 %	2001 %
Held through subsidiary companies			
(4) Auston Institute of Management & Technology Pty Ltd# (Australia)	Provision of academic and technical education (Australia)	100	-
(4) Auston International Language Academy Pty Ltd# (Australia)	Provision of language courses (Australia)	100	-
(7) Panpac Management and Information Consultants (Shanghai) Limited (China)	Provision of consultancy services for events, executive forms, forums workshops and strategic business conferences (currently dormant) (China)	100	-
(5) TPMC Asia Pte Ltd (Singapore)	Distribution of magazines (currently dormant) (Singapore)	77.8	-

(1) Audited by Ernst & Young Singapore
(2) Audited by Ernst & Young Malaysia
(3) Audited by B H Tan & Associates, Certified Public Accountants, Singapore
(4) Audited by Young & Allen, Chartered Accountants, Australia
(5) Audited by Lee Yeok Chai and Co., Certified Public Accountants, Singapore
(6) Audited by PG Wee & Partners, Certified Public Accountants, Singapore
(7) Audited by Shanghai East Asia, Certified Public Accounts Co. Ltd, China
(8) Not required to be audited by the laws of their countries of incorporation
(9) Unaudited as the company was incorporated during the year and is not due for audit.
(10) Companies in liquidation, audit not required.

Accounting year ends on 31 July

On 4 September 2002, the Company increased its equity stake in Auston Technology Group Pte Ltd from 2.4% to 78.2%. In connection with the acquisition, the Company issued 115,901,251 ordinary shares (at par value of $0.05 each) at $0.136 per share. Consideration for the acquisition was $15,762,570. The acquisition was accounted for using the purchase method of accounting.

On 23 April 2002, the Company acquired 100% interest in the share capital of Panpac Ventures (China) Pte Ltd, a company incorporated in Singapore, for a consideration of $5 with a net asset value of $5. The acquisition was accounted for using the purchase method of accounting.

On 26 April 2002, Panpac Consumer Technology Media Pte Ltd, a wholly-owned subsidiary company of the Company, acquired 138,000 shares (of $1 each) in the issued capital of Education and Entertainment Workshop Pte Ltd for a consideration of $2, representing 31.44% of the issued capital of the latter after the acquisition. Education and Entertainment Workshop Pte Ltd was formally a 46.36% owned associated company of the Company. With the acquisition, it has become a subsidiary company. The acquisition was accounted for using the purchase method of accounting. This subsidiary has been dormant and has made no contribution to the Group's net profit for the year.

11. **Investment in subsidiaries (cont'd)**

The effects of the acquisition of Auston Technology Group Pte Ltd on the financial position of the Group at 31 December 2002 and its results for the financial year are shown below:-

	$
Total assets at 31 December 2002	5,630,386
Total liabilities at 31 December 2002	2,827,139
For the period from date of acquisition to 31 December 2002	
- Revenue	3,797,078
- Profit before tax	960,721
- Profit after tax	960,721

The attributable net assets of subsidiaries deconsolidated during the year are as follows:

Total assets	20,559
Total liabilities	(18,307)

12. Investment in associated companies

	Group		Company	
	2002	2001	2002	2001
	$	$	$	$
Unquoted equity shares,				
- At cost	-	-	1,160,000	441,399
- At valuation	490,957	498,379	-	-
Group's share of post-acquisition reserves	(320,780)	(454,563)	-	-
	170,177	43,816	1,160,000	441,399
Provision for impairment in value	-	-	(60,000)	(441,399)
	170,177	43,816	1,100,000	-

Movement in provision for impairment in value of investments during the financial year is as follows :-

Balance at beginning	-	350,000	441,399	441,399
Provision for the year	-	-	60,000	-
Written-off against provision	-	(350,000)	(237,399)	-
Reclassification to subsidiary (Note 11)	-	-	(204,000)	-
Balance at end	-	-	60,000	441,399

Details of the associated companies at 31 December 2002 are as follows:-

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group		Cost of investment	
		2002	2001	2002	2001
Held by the Company		%	%	$	$
Panpac Media (HK) Limited (Hong Kong)	Publishing and sale of periodicals and magazines (deregistered) (Hong Kong)	-	40	-	41,400
Education & Entertainment Workshop Pte Ltd (Singapore)	Publishing and sale of books (currently dormant) (Singapore)	-	46.36	-	204,000
Chapter-e.com Pte Ltd (Singapore)	Publishing and sale of periodicals, magazines books and stationery (In the process of deregistration) (Singapore)	49	49	-	195,999
(1) Shareinvestor.com Holdings Pte Ltd (Singapore)	Investment holding (Singapore)	25	-	1,100,000	-

12. **Investment in associated companies (cont'd)**

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2002 %	2001 %	Cost of investment 2002 $	2001 $
Held by the Company					
(2) Asia Link Media Pte Ltd (Singapore)	Dormant (Singapore)	49.9	-	60,000	-
				1,160,000	441,399
Held by subsidiaries					
TPMC Asia Pte Ltd (Singapore)	Distribution of magazines (currently dormant) (Singapore)	-	46.36		
(3) PropertyNetAsia (Malaysia) Sdn Bhd (Malaysia)	Own, develop and operate the property portal (Malaysia)	34	34		
*Auston Ventures Pty Ltd (Australia)	Provision of academic and technical education (Australia)	30	-		

(1) Audited by Foo, Kon & Tan, Certified Public Accountants, Singapore
(2) Audited by PG Wee & Partners, Certified Public Accountants, Singapore
(3) Audited by Ler, Lum & Co., Malaysia
* Not required to be audited by the laws of the country of incorporation

13. Joint venture company

	Company 2002 $	2001 $
Unquoted equity shares, at cost	100,000	–

Details of the joint venture company at 31 December 2002 are as follows:-

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2002 $	2001 $	Percentage of equity held by the Group 2002 %	2001 %
Held by the Company					
(1) InPac Ventures Pte Ltd (Singapore)	Investment holding (Singapore)	100,000	–	50	–

(1) Audited by Ernst & Young Singapore

(a) The Group has included in its consolidated profit and loss account, its share of the results of the jointly controlled entity as follows:

	Group 2002 $	2001 $
Turnover	-	-
Operating loss	(3,810)	–
Loss before taxation	(3,810)	-
Taxation	–	-
	(3,810)	-

13. **Joint venture company (cont'd)**

(b) The Group has included in its consolidated balance sheet, its share of net assets of the jointly controlled entity as follows:

	Group 2002 $	Group 2001 $
Long term investment	915,100	-
Current assets	15,799	-
Current liabilities	(14,709)	-
Non-current liabilities	(820,000)	-
Net assets	96,190	-

(c) The joint venture party is an entity related to a major corporate shareholder.

14. Long-term investment

	Group		Company	
	2002 $	2001 $	2002 $	2001 $
Unquoted equity shares, at cost	915,100	300,000	-	300,000

15. Current assets

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Work-in-progress, at cost	437,476	466,743	-	-
Trade debtors (Note 16)	4,033,252	4,098,003	568,944	5,497,798
Other debtors, deposits and prepayments (Note 17)	2,327,888	804,117	420,912	450,029
Due from subsidiaries - non-trade (Note 18)	-	-	2,217,306	2,292,132
Due from associated companies - non-trade (Note 19)	55,923	197,114	-	-
Loans to subsidiaries (Note 20)	-	-	-	339,000
Cash and bank balances (Note 21)	2,275,026	1,517,670	107,397	246,985
Fixed deposits (Note 21)	1,403,000	3,407,377	-	3,407,377
Marketable securities	-	100,000	-	100,000
	10,532,565	10,591,024	3,314,559	12,333,321

16. Trade debtors

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
External trade debtors	5,696,853	5,807,952	195,926	368,391
Subsidiaries	-	-	2,365,695	9,071,597
	5,696,853	5,807,952	2,561,621	9,439,988
Less : Provision for doubtful debts	(1,663,601)	(1,709,949)	(1,992,677)	(3,942,190)
	4,033,252	4,098,003	568,944	5,497,798

Analysis of provision for doubtful debts:-

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Balance at beginning	1,709,949	2,416,623	3,942,190	3,968,699
Acquisition of subsidiaries	6,283	-	-	-
Provision for the year	477,591	140,725	1,621,887	140,167
Write back of provision during the year	(56,977)	(293,392)	(2,409,998)	(166,676)
Written-off against provision	(457,210)	(457,022)	(1,161,402)	-
Currency realignment	(16,035)	(96,985)	-	-
Balance at end	1,663,601	1,709,949	1,992,677	3,942,190

17. Other debtors, deposits and prepayments

	Group		Company	
	2002	2001	2002	2001
	$	$	$	$
Deposits	543,644	152,104	143,028	136,889
Prepayments	1,053,526	97,951	14,261	20,494
Staff loan	49,110	-	-	-
Tax recoverable	122,651	127,529	-	-
Sundry debtors	613,502	706,129	263,623	292,646
Other assets	72,465	56,762	-	-
	2,454,898	1,140,475	420,912	450,029
Less : Provision for other debtors	(127,010)	(336,358)	-	-
	2,327,888	804,117	420,912	450,029

The staff loan is unsecured, interest free, and is repayable in 60 equal monthly instalments of $800 each commencing 26 March 2002.

Other assets relate to food vouchers, hotel room-stays, gifts and promotion items arising from barter trades concluded with customers. This is an industry practice and constitutes a legally binding settlement arrangement for services rendered. These items are stated at cost as determined by the directors and are charged to the profit and loss account as and when utilised.

Analysis of provision for other debtors:-				
Balance at beginning	336,358	-	-	-
Provision for the year	-	336,358	-	-
Written off against provision	(190,966)	-	-	-
Currency realignment	(18,382)	-	-	-
Balance at end	127,010	336,358	-	-

18. Due from subsidiaries (non-trade)

	Company	
	2002	2001
	$	$
Amounts due from subsidiaries	4,617,292	7,964,790
Less: Provision for doubtful debts	(2,399,986)	(5,672,658)
	2,217,306	2,292,132
Analysis of provision for doubtful debts:-		
Balance at beginning	5,672,658	5,154,036
Provision for the year	449,752	592,146
Write back of provision during the year	(2,274,145)	(73,524)
Written off against provision	(1,882,974)	-
Reclassified from associated company (Note 19)	434,695	-
Balance at end	2,399,986	5,672,658

These amounts are unsecured, interest-free and are repayable on demand.

19. Due from associated companies (non-trade)

	Group		Company	
	2002	2001	2002	2001
	$	$	$	$
Associated companies	115,923	581,695	60,000	581,695
Less: Provision for doubtful debts	(60,000)	(384,581)	(60,000)	(581,695)
	55,923	197,114	-	-

These amounts are unsecured, interest-free and are repayable on demand.

19. **Due from associated companies (non-trade) (cont'd)**

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Analysis of provision for doubtful debts:-				
Balance at beginning	384,581	1,288,939	581,695	1,288,939
Provision for the financial year	60,000	147,000	60,000	147,000
Write back of provision	-	(343,087)	-	(145,973)
Written off against provision	(384,581)	(708,271)	(147,000)	(708,271)
Reclassified to subsidiaries (Note 18)	-	-	(434,695)	-
Balance at end	60,000	384,581	60,000	581,695

20. Loans to subsidiaries

These loans are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment

21. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts. Cash and cash equivalents included in the consolidated statement of cash flow comprise the following balance sheet amounts:-

	Group 2002 $	Group 2001 $
Cash and bank balances	2,275,026	1,517,670
Fixed deposits	1,403,000	3,407,377
Bank overdrafts (unsecured)	(646,745)	(367,763)
Cash and cash equivalents	3,031,281	4,557,284

22. Current liabilities

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Trade creditors (Note 23)	2,942,273	1,676,302	303,642	307,902
Other creditors and accruals (Note 24)	3,481,386	2,582,293	334,269	603,953
Due to subsidiary companies (non-trade) (Note 25)	-	-	29,533	2,750,703
Due to joint venture company (non-trade) (Note 25)	11,958	-	23,916	-
Provision for taxation	623,668	-	-	-
Bank overdrafts (Note 26)	646,745	367,763	501,158	-
Term loan, current portion (Note 27)	1,500,000	1,500,000	1,500,000	1,500,000
Hire purchase liabilities, current portion (Note 28)	136,310	184,582	118,736	144,341
	9,342,340	6,310,940	2,811,254	5,306,899

23. Trade creditors

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Subsidiaries	-	-	-	259,281
External trade creditors	2,942,273	1,676,302	303,642	48,621
	2,942,273	1,676,302	303,642	307,902

24. Other creditors and accruals

	Group 2002 $	Group 2001 $	Company 2002 $	Company 2001 $
Deferred revenue	621,518	248,351	-	-
Accrued operating expenses	1,463,925	1,649,835	328,751	445,050
Course fees received in advance	1,020,239	-	-	-
Sundry creditors	375,704	684,107	5,518	158,903
	3,481,386	2,582,293	334,269	603,953

25. Due to subsidiary companies/joint venture company (non-trade)

The amounts due to subsidiary companies are unsecured, interest-free and have no fixed terms of payment. The amount due to joint venture company is unsecured, interest-free and is repayable on demand.

26. Bank overdrafts

The bank overdraft of a subsidiary is secured by a corporate guarantee given by the Company and bears interest of 8.4% (2001: 8.4% to 8.7%) per annum.

The unsecured bank overdraft of the Company bears interest at prevailing rates of 5.5% to 7% per annum.

27. Term loans

	Group		Company	
	2002	2001	2002	2001
	$	$	$	$
Current				
Bank term loans (non-secured)	1,500,000	1,500,000	1,500,000	1,500,000
Non-current				
Bank term loans (secured)	-	266,213	-	-
Related parties (non-secured)				
- Interest at 7% per annum	410,000	-	-	-
- Interest free	410,000	-	-	-
	820,000	266,213	-	-

The unsecured short-term bank loan of the Company bears interest of 2.5% (2001: 2.9%) per annum.

The unsecured long-term loans from related parties are not expected to be repaid within the next twelve months.

Related parties refer to entities related to a major corporate shareholder.

28. Hire purchase creditors

Future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum payments 2002	Present value of payments 2002	Minimum payments 2001	Present value of payments 2001
	$	$	$	$
Within one year	143,338	136,310	209,296	184,582
After one year but not more than five years	5,617	4,708	64,639	56,888
Total minimum lease payments	148,955	141,018	273,935	241,470
Less: Amounts representing finance charges	(7,937)	-	(32,465)	-
	141,018	141,018	241,470	241,470

	Company			
	Minimum payments 2002	Present value of payments 2002	Minimum payments 2001	Present value of payments 2001
	$	$	$	$
Within one year	124,019	118,736	163,637	144,341
After one year but not more than five years	-	-	49,314	44,031
Total minimum lease payments	124,019	118,736	212,951	188,372
Less: Amounts representing finance charges	(5,283)	-	(24,579)	-
	118,736	118,736	188,372	188,372

29. Loan from a subsidiary

This amount is unsecured, interest-free and has no fixed terms of repayment.

30. Deferred taxation

Deferred taxes at 31 December related to the following:-

	Group		Company	
	2002	2001	2002	2001
	$	$	$	$
Deferred tax liabilities				
Excess of net book value over tax written down value of fixed assets	90,000	-	-	-
General provision in respect of the operations of the Group	898,066	898,066	898,066	898,066
Unrealised exchange gain	12,000	-	-	-
	1,000,066	898,066	898,066	898,066

Unprovided timing differences are disclosed in Note 7.

31. Share capital

	Group and Company	
	2002	2001
Authorised:-	$	$
At beginning of the year		
400,000,000 ordinary shares of $0.05 each	20,000,000	20,000,000
Addition:		
600,000,000 (2001: Nil) ordinary shares of $0.05 each	30,000,000	-
At end of the year:		
1,000,000,000 (2001: 400,000,000) ordinary shares of $0.05 each	50,000,000	20,000,000
Issued and fully paid		
Balance at beginning		
220,212,000 (2001: 200,212,000) ordinary shares of $0.05 each	11,010,600	10,010,600
Issued during the financial year		
122,776,251 (2001: 20,000,000) ordinary shares of $0.05 each	6,138,813	1,000,000
Balance at end		
342,988,251 (2001: 220,212,000) ordinary shares of $0.05 each	17,149,413	11,010,600

On 19 March 2002, the Company issued 6,875,000 new ordinary shares of S$0.05 each at $0.16 for each ordinary share pursuant to a share swap with ShareInvestor.com Holdings Pte Ltd ("ShareInvestor") in exchange for a 25% equity interest in ShareInvestor.

On 4 September 2002, the Company issued 115,901,251 ordinary shares of $0.05 each at $0.136 for each ordinary share as consideration for the acquisition of 3,389,080 ordinary shares and 400,000 share options in Auston Technology Group Pte Ltd.

During the financial year, no shares were issued pursuant to the exercise of options under the Company's share option scheme.

On 9 January 2002, the Company issued 55,053,000 bonus warrants free to shareholders of the Company. Each bonus warrant confers on the holder the right to subscribe in cash for one (1) new share at an exercise price ("Exercise Price") as follows:-

(i) where the date of exercise of the bonus warrants ("Exercise Date") is during the period commencing 10 January 2002 up to 5.00 p.m. on 9 January 2003, the exercise price was $0.12; and
(ii) where the Exercise Date is during the period commencing immediately after 5.00 p.m. on 9 January 2003 up to 5.00 p.m. on 9 January 2004, the exercise price shall be $0.15.

As at 31 December 2002, 55,053,000 bonus warrants remained outstanding.

32. Share premium

	Group and Company	
	2002	2001
	$	$
At beginning of the year		
Premium arising on the issue of	40,638,252	38,489,785
- 6,875,000 (2001: 20,000,000) ordinary shares of $0.05 each at $0.16 per share	756,250	2,200,000
- 115,901,251 ordinary shares of $0.05 each at $$0.136 per share	9,967,507	-
Capital reduction	(46,324,812)	-
	5,037,197	40,689,785
Less: Expenses in connection with the issue of shares	(431,111)	(51,533)
	4,606,086	40,638,252

Included in the expenses relating to issuance of ordinary shares are fees paid to the auditors amounting to $63,000 (2001: $Nil).

33. Capital reduction

The capital reduction exercise was effected in the following manner based on an approval granted by the High Court of Singapore on 13 December 2002, by having:

(i) the sum of $46,324,812 standing to the credit of the share premium account of the Company cancelled; and
(ii) an amount of $46,324,812 being the credit arising upon the reduction of capital applied in writing-off part of the accumulated losses of the Company.

34. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:-

	Group		Company	
	2002	2001	2002	2001
Income	$	$	$	$
Reimbursements from subsidiaries	-	-	413,355	266,916
Management fees received from subsidiaries	-	-	989,647	760,502
Expenses				
Printing costs paid to a corporate shareholder	76,682	54,880	-	-

During the year, certain fixed assets of a subsidiary company have been transferred to the Company at zero value.

35. Commitments

Non-cancellable lease commitments

As at 31 December 2002, the Group and the Company had minimum aggregate lease commitments for office premises amounting to approximately $4,782,569 and $1,037,831 (2001 : $520,037 and $214,981) respectively. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Within one year	1,818,973	282,771	418,250	214,981
Within 2 to 5 years	2,963,596	237,266	619,581	-
	4,782,569	520,037	1,037,831	214,981

Continuing financial support

As at 31 December 2002, the Company had given undertakings to provide support to all its subsidiaries (except for Auston Technology Group Pte Ltd and its subsidiaries, Panpac Lifestyle Magazines Pte Ltd, Panpac Consumer Technology Media Pte Ltd, Panpac Directories and Guides Pte Ltd, SmartInvestor Pte Ltd, Wine & Dine Experience Pte Ltd and Grierson Pte Ltd) to enable them to operate as going concerns and to meet their obligations for at least 12 months from 31 December 2002. The Company has also given corporate guarantees to a hire purchase creditor and a banker for certain of its subsidiaries.

36. Group segmental reporting

(a) Business segments

The Group is organized on a regional basis into three main operating divisions, namely:-

- Publishing and events management
- Education
- HQ costs and investments

	Publishing and events management $'000	Education $'000	HQ costs and investments $'000	Discontinued operations $'000	Group $'000
2002					
Revenues	10,821	3,782	95	-	14,698
Profit/(Loss) from operating activities	(2,374)	736	(2,211)	-	(3,849)
Unallocated expenses					(62)
Profit/(Loss) from operating activities, before exceptional items					(3,911)
Exceptional items	58	-	(124)	-	(66)
Operating loss before interest and tax					(3,977)
Finance costs					(123)
Share of losses of associated companies					(279)
Loss before taxation and minority interest					(4,379)
Taxation					-
Minority interest					(2)
Net loss					(4,381)
2001					
Revenues	10,214	-	61	127	10,402
Profit/(Loss) from operating activities, before exceptional items	1,156	-	(442)	(125)	589
Exceptional items	(25)	-	(300)	-	(325)
Operating profit before interest and tax					264
Finance costs					(55)
Share of losses of associated companies					(13)
Profit before taxation and minority interest					196
Taxation					(8)
Minority interest					22
Net profit					210
2002					
Segment assets	9,031	19,943	2,327	-	31,301
Investment in associated companies					170
Unallocated assets					761
Total assets					32,232
Segment liabilities	(3,824)	(2,101)	(3,618)	-	(9,543)
Unallocated liabilities					
- tax					(624)
- deferred tax liability					(1,000)
Total liabilities					(11,167)

36. Group segmental reporting (cont'd)

	Publishing and events management $'000	Education $'000	HQ costs and investments $'000	Discontinued operations $'000	Group $'000
2001					
Segment assets	10,526	-	5,796	21	16,343
Investment in associated companies					44
Total assets					16,387
Segment liabilities	(3,089)	-	(2,341)	(1,204)	(6,634)
Unallocated liabilities					
- deferred tax liability					(898)
Total liabilities					(7,532)
2002					
Other segment information:					
Capital expenditures	(211)	(178)	(350)	-	(739)
Depreciation	(256)	(127)	(561)	-	(944)
Amortisation					
- Intangible assets	(231)	-	-	-	(231)
- Goodwill on consolidation	(175)	(243)	(62)	-	(480)
Provision for doubtful debts	(478)	-	(60)	-	(538)
Provision for doubtful debts written back	42	-	15	-	57
2001					
Other segment information:					
Capital expenditures	(157)	-	-	-	(157)
Depreciation	(234)	-	(381)	(255)	(870)
Amortisation					
- Intangible assets	(195)	-	-	-	(195)
- Goodwill on consolidation	(132)	-	-	-	(132)
Provision for doubtful debts	(407)	-	(217)	-	(624)
Provision for doubtful debts written back	418	-	218	-	636

(b) Geographical segments

Revenue is based on the location of customers and assets and capital expenditure are based on the location of those assets.

	Assets		Capital expenditure		Revenue	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Singapore	28,629	13,377	552	3	10,944	6,890
Malaysia	2,070	2,530	157	154	3,102	3,201
Others	602	436	30	-	652	311
	31,301	16,343	739	157	14,698	10,402

37. Directors' remuneration

Number of directors of the Company in remuneration bands.

	Executive directors	Non-executive directors	Total
2002			
$500,000 and above	-	-	-
$250,000 to $499,999	1	-	1
Below $250,000	1	6	7
	2	6	8
2001			
$500,000 and above	-	-	-
$250,000 to $499,999	1	-	1
Below $250,000	2	5	7
	3	5	8

38. Subsequent events

Subsequent to year end, Auston International Pte Ltd ("Auston"), a subsidiary of the Group carried out the following:-

- increased its authorised share capital from $600,000 divided into 600,000 ordinary shares of $1.00 each to $5,000,000 divided into 5,000,000 ordinary shares of $1.00 each;
- sub-divided each ordinary share of $1.00 each in the authorised and issued share capital of Auston into 100 ordinary shares of $0.01 each;
- converted into a public limited company and changed its name to Auston International Group Ltd ("AIG"); and
- issued 12,000,000 new ordinary shares of $0.01 each pursuant to the initial public offer ("IPO"). The new ordinary shares, when allotted, issued and fully paid, will rank pari passu in all respects with the existing ordinary shares of AIG.

Following the IPO, the Group's effective interest in AIG has been reduced from 78.2% to 64.4%.

39. Financial instruments

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The Board reviews and agrees policies for managing these risks, and they are summarized below:

Credit risk

Credit risk is limited to the risk arising from the inability of a debtor to make payments when due.

The carrying amount of trade and other debtors, and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Company has no significant concentration of credit risk. Cash is placed with reputable financial institutions.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's fixed deposit investments and banking facilities. The Group's policy is to deposit excess funds of short-term tenure with banks or financial institutions in order to maintain a high level of liquidity. Such deposits offer flexibility such that the funds can readily be transferred to alternative banks or financial institutions which offer better interest rates.

The Group's exposure to the risk of changes in interest rates relates to short-term bank borrowings which are mainly on floating rate terms, term loan from related parties, and deposits with banks and financial institutions.

39. Financial instruments (cont'd)

Foreign currency risk

During the ordinary course of business, the Group engages in foreign currency denominated transactions, primarily the US dollar, Australian dollar, and ringgit Malaysia. As a result, the Company is exposed to movements in foreign currency exchange rates.

The Group does not use derivative financial instruments to protect against the volatility associated with the foreign currency transactions, and other financial assets and liabilities created in the ordinary course of business.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

Short-term borrowings are obtained from banks for working capital purposes.

Fair values

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the respective Notes to the financial statements, where applicable.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value.

- *Cash and bank balances, fixed deposits with financial institutions, other debtors and other creditors, amounts due from/to subsidiaries companies, amount due to joint venture company and short-term loans*
  The carrying amounts approximate their fair values due to their short-term nature.

- *Trade debtors and trade creditors*
  The carrying amounts approximate their fair values because these are subject to normal trade credit terms.

- *Long-term investments – unquoted equity shares*
  In the directors' opinion, it is not practicable to determine the fair values of the unquoted equity investments held as long-term investments which are carried at cost of $915,100 (2001: $300,000) at the end of the year. The expected cash flow from such investments is believed to be in excess of their carrying amounts.

- *Term loan (non-current)*
  The carrying amounts of the Group's borrowings under long term loans approximate their fair values. The fair values are estimated based on current incremental lending rates for similar types of arrangements.

- *Lease obligations*
  The carrying amounts of the Group's lease obligations approximate their fair values. The fair values are estimated based on discounting future contractual cash flows using the current rates available for lease obligation contracts with the same maturity profile.

40. Comparative figures

In the previous financial year, the Company changed its financial year-end from 1 April to 31 December. The current year figures cover the 12-month period from 1 January 2002 to 31 December 2002. Comparative figures cover the 9-month period from 1 April 2001 to 31 December 2001.

List Of Top 20 Shareholders As At 29 April 2003

S/N	Name Of Shareholder	No. Of Shares	% Of Shares
1	International Press Holdings Pte Ltd	47,962,588	13.98
2	Waterside Investment Holdings Pte Ltd	36,270,000	10.58
3	SBS Nominees Pte Ltd	14,530,000	4.24
4	Chong Huai Seng	13,267,647	3.87
5	Mayban Nominees (S) Pte Ltd	9,500,000	2.77
6	Citibank Nominees Singapore Pte Ltd	8,360,250	2.44
7	Fontana Investments Pte Ltd	7,397,294	2.16
8	Kim Eng Ong Asia Secs Pte Ltd	6,954,000	2.03
9	Goh Peng Huat Jeffrey	6,712,882	1.97
10	KB Nominees Pte Ltd	6,568,000	1.92
11	Apsilon Ventures Pte Ltd	6,117,647	1.78
12	Low Song Take	6,117,647	1.78
13	Cheong Poh Kin	5,811,764	1.69
14	United Overseas Bank Nominees Pte Ltd	5,481,000	1.60
15	DBS Nominees Pte Ltd	5,197,000	1.51
16	Ng Swee Hua	4,101,823	1.19
17	ShareInvestor.com Holdings Pte Ltd	3,387,000	0.99
18	UOB Kay Hian Pte Ltd	3,282,000	0.95
19	Chng Meow Eng	3,266,647	0.95
20	Lua Soo Theng	3,158,823	0.92
		203,444,012	**59.32**

Distribution Of Shareholders By Size Of Shareholdings As At 29 April 2003

Size Of Shareholdings	No. Of Holders	% Of Holders	No. Of Shares	% Of Shares
1 – 999	3	0.08	1,604	0.00
1,000 – 10,000	2,478	64.14	11,343,000	3.31
10,001 – 1,000,000	1,338	34.64	80,293,833	23.41
1,000,001 – and above	44	1.14	251,351,064	73.28
Grand Total	**3,863**	**100.00**	**342,989,501**	**100.00**

List Of Top 20 Warrantholders As At 29 April 2003

S/N	Name Of Warrantholder	No. Of Warrants	% Of Holdings
1	International Press Holdings Pte Ltd	10,855,000	19.72
2	Waterside Investment Holdings Pte Ltd	9,067,499	16.47
3	Fontana Investments Pte Ltd	4,540,500	8.25
4	Citibank Nominees Singapore Pte Ltd	2,013,500	3.66
5	Chong Huai Seng	1,787,500	3.25
6	KB Nominees Pte Ltd	1,642,000	2.98
7	Tan Peck Lin	1,236,500	2.24
8	United Overseas Bank Nominees Pte Ltd	915,250	1.66
9	DBS Nominees Pte Ltd	891,500	1.62
10	UOB Kay Hian Pte Ltd	770,500	1.40
11	Lim Heng Hung	750,000	1.36
12	Wu Chea Shing	563,000	1.02
13	Ang Gee Hing	550,750	1.00
14	OCBC Securities Private Ltd	545,500	0.99
15	KHL Printing Co.Pte Ltd	375,000	0.68
16	Lim Khai Suan	339,000	0.62
17	Siu Wo Piu	329,000	0.60
18	Lee Yip Chwee	300,000	0.54
19	Lim Kok Seng	300,000	0.54
20	Wong Ngit Liong @ Wong Geok Kiong	250,000	0.45
		38,021,999	**69.05**

Shareholdings Statistics

Distribution Of Warrantholders By Size Of Warrantholdings As At 29 April 2003

Size Of Warrantholdings	No. Of Holders	% Of Holders	No. Of Warrants	% Of Holdings
1 – 999	1,265	36.60	588,550	1.07
1,000 – 10,000	1,863	53.91	5,782,250	10.50
10,001 – 1,000,000	321	9.29	19,163,449	34.81
1,000,001 – and above	7	0.20	29,517,499	53.62
Grand Total	**3,456**	**100.00**	**55,051,748**	**100.00**

Substantial Shareholders – As At 29 April 2003

Name	Direct Interest		Deemed Interest	
	No. Of Shares	%	No. Of Shares	%
Low Song Take	6,117,647	1.78	47,962,588	13.98
Chong Huai Seng	13,267,647	3.87	36,270,000	10.58
Ricky Ang Gee Hing	10,713,235	3.12	30,397,294	8.86
Kevin Low Ka Choon	1,835,294	0.54	47,962,588	13.98
International Press Holdings Pte Ltd	47,962,588	13.98	-	-
Waterside Investment Holdings Pte Ltd	36,270,000	10.58	-	-
Fontana Investments Pte Ltd	30,397,294	8.86	-	-

Rule 723 of the SGX-ST Listing Manual

As at 29 April 2003, there were 184,555,210 shares in the hands of the public as defined in the SGX-ST Listing Manual representing approximately 53.8% of the issued share capital of the Company. The Company confirms that Rule 723 is complied with.

Note:

1. The Directors of IPH are Messrs Low Song Take and Woo Khai Chong. The shareholders of IPH are Chee Chun Holdings Pte Ltd ("Chee Chun") (50.0 per cent.) and Ze Hua Holdings Pte Ltd ("Ze Hua") (50.0 per cent.).

The directors of Chee Chun are Messrs Woo Khai San and Woo Khai Chong. The shareholders of Chee Chun are Messrs Woo Khai San (49.99 per cent.) and Woo Khai Chong (50.01 per cent.). Both Messrs Woo Khai San and Woo Khai Chong have an indirect interest in the company through their holdings in Chee Chun.

The directors of Ze Hua are Messrs Low Song Take and his wife, Leong Shook Wah. The shareholders of Ze Hua are Messrs Low Song Take (10.0 per cent.), his wife, Leong Shook Wah (10.0 per cent.) and his children, Low Li Sze (20.0 per cent.), Kevin Low Ka Choon (20.0 per cent.), Low Ka Hoe (20.0 per cent.) and Low Ka Wei (20.0 per cent.).

Messrs Low Song Take, Leong Shook Wah, Low Li Sze, Kevin Low Ka Choon, Low Ka Hoe and Low Ka Wei have an indirect interest in the company through their holdings in Ze Hua.

2. The directors of Waterside are Messrs Chong Huai Seng and his wife, Teoh See Eng. The shareholders of Waterside are Messrs Chong Huai Seng (90.9 per cent.) and Teoh See Eng (9.1 percent.).

Messrs Chong Huai Seng and Teoh See Eng have an indirect interest in the company through their holdings in Waterside.

3. The directors of Fontana are Messrs Ricky Ang Gee Hing, his wife, See Ming Foong, Melinda, and his daughters, Ang Hui Ling, Audrey and Ang Wern Ling, Alison. The shareholders of Fontana are Messrs Ricky Ang Gee Hing (50.0 per cent.) and See Ming Foong, Melinda (50.0 per cent.).

Messrs Ricky Ang Gee Hing and See Ming Foong, Melinda have an indirect interest in the company through their holdings in Fontana.

PANPAC MEDIA GROUP LIMITED
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of PANPAC MEDIA GROUP LIMITED will be held at 371 Beach Road #03-18, Keypoint, Singapore199597 on 27 May 2003 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To adopt the Directors' Report and Financial Statements for the year ended 31 December 2002 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the payment of Directors' Fees for the year ended 31 December 2002. **[Resolution 2]**

3. To re-elect the following Directors, who retire by rotation pursuant to Article 107 of the Company's Articles of Association.
   (i) Mr Kevin Low Ka Choon
   (ii) Mr Jeffrey Tan Boon Khiong **[Resolution 3]**

4. To re-elect Mr Tan Tew Han and Mr Vincent Cyril Demitrius Pereira as Directors who retire by rotation pursuant to Article 117 of the Company's Articles of Association (having been appointed during the year). **[Resolution 4]**

5. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorize the Directors to fix their remuneration. **[Resolution 5]**

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution: -
   "That pursuant to the provision of the Panpac Media Group Share Option Scheme (the "Scheme"), authority be given to the Directors of the Company to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15 percent (15%) of the issued share capital of the Company at any time or from time to time." **[Resolution 6]**

7. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution: -
   "THAT pursuant to Section 161 of the Companies Act, Cap. 50, and Clause 806(1) of the Listing Manual of The Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors to allot and issue new shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50 percent (50%) of the issued share capital of the Company for the time being, of which the aggregate number of such shares and convertible securities to be issued other than on a pro-rata basis to the existing shareholders of the Company does not exceed 20% of the issued share capital of the Company for the time being (the percentage of issued share capital is based on the Company's issued share capital at the time the mandate is passed after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time that the mandate is passed, and any subsequent consolidation or subdivision of shares). Unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the Company's next Annual General Meeting is required by law to be held, whichever is the earlier, provided that such approval may be revoked or varied by the Company in a general meeting." **[Resolution 7]**

8. To transact any other business, which may properly be transacted at an Annual General Meeting.

By Order of The Board

TAN MIN-LI
Company Secretary
Singapore, 12 May 2003

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
5. The instrument appointing a proxy must be deposited at the registered office of the Company, at 50 Raffles Place #29-00 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the meeting.
6. The effect of the resolution no. 6 under the heading "Special Business" in this Notice of Annual General Meeting is to empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the Company up to an amount not exceeding in total 15 percent (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Panpac Media Group Share Option Scheme in the interests of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
7. The effect of the resolution no. 7 under the heading "Special Business" in this Notice of Annual General Meeting is to empower the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) up to an amount not exceeding in total 50 percent (50%) of the issued share capital of the Company for the time being and for such purposes as they consider would be in the interests of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

As a token of our appreciation for your continuing support, we would like to offer you as Shareholders of Panpac Media Group **FREE SUBSCRIPTION** to our very own magazines.

FREE SUBSCRIPTION to any one magazine of your choice:

Subscription Rates – Monthly Magazines (One-Year: 12 issues)

Please tick ☑ your choice of magazine	Cover Price	Singapore
☐ Smart Investor	S$5.50	S$55.00
☐ Se Xiang Wei	S$3.50	S$35.00
☐ Today's Parents	S$4.50	S$48.00
☐ Wine & Dine	S$5.00	S$54.00
☐ NewMan	S$4.00	S$48.00

Subscription Rates – Bi-Monthly Magazines (One-Year: 6 issues)

☐ Fourwalls	S$3.50	S$18.00
☐ Home Concepts	S$5.00	S$26.00
☐ Space	S$5.00	S$25.00
☐ LOOKBOOK	S$5.00	S$25.00
☐ LOOKBOOKMEN	S$5.00	S$25.00

(Please fill up in block letters)

Name (Dr/Mr/Mrs/Ms) I/C No

Company Occupation

Address

Postal Code

Tel (H) (O) (H/P)

Email

No. of Panpac Media Group shares owned Date

Signature

Please note that this special subscription order must be faxed or received by us before 30 June 2003 to be valid.

Please mail or fax this form to:
Subscription Department,
Panpac Media Group Ltd
371 Beach Road, #03-18 Keypoint,
Singapore 199597
Fax: (65) 6293 5705

For subscription enquiries,
please call (65) 6393 9738/772
Email: circulation@panpacmedia.com

panpacmediagroup

PANPAC MEDIA GROUP LIMITED
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We

of

being a *member/members of Panpac Media Group Limited (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

And/or (delete as appropriate)

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 371 Beach Road #03-18, Keypoint, Singapore199597 on 27 May 2003 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, your proxy/proxies will vote or abstain as he/they may think fit, as he/they will, on any other matter(s) arising at the Annual General Meeting.)

No.	Resolutions relating to:	For	Against
1.	To adopt the Directors' Report and Financial Statements for the year ended 31 December 2002 together with the Auditors' Report thereon.		
2.	To approve the payment of Directors' Fees.		
3.	To re-elect the following Directors, who retire by rotation pursuant to Article 107 of the Company's Articles of Association.		
	(i) Mr Kevin Low Ka Choon		
	(ii) Mr Jeffrey Tan Boon Khiong		
4.	To re-elect Mr Tan Tew Han and Mr Vincent Cyril Demitrius Pereira as Directors, who retire by rotation pursuant to Article 117 of the Company's Articles of Association (having been appointed during the year).		
5.	To re-appoint Messrs Ernst & Young as auditors of the Company and to authorize the Directors to fix their remuneration.		
6.	To authorise the Directors to issue shares in accordance with the provisions of the Panpac Media Group Share Option Scheme.		
7.	To authorise the Directors to issue shares and convertible securities pursuant to Section 161 of the Companies Act, Cap. 50 and Clause 806(1) of the SGX-ST Listing Manual.		

Dated this day of 2003

Total number of Shares in:	No. of Shares
a) CDP Register	
b) Register of Members	

Signature(s) of Member(s)
Or Common Seal of Corporation

* Delete accordingly

Please glue and seal along the edge

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panpacmediagroup

Please
Affix 22 Cents
Postage Stamp
Here

The Company Secretary
PANPAC MEDIA GROUP LIMITED
50 Raffles Place
#29-00 Singapore Land Tower
Singapore 048623

1st Fold

Notes:

1. Please insert in the box at the bottom left hand corner of this form, the number of Shares registered in your name in the Register of Members in respect of share certificates held by you and the number of Shares entered against your name in the Depository Register maintained by the CDP. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2nd Fold

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. However, if no such proportion is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 50 Raffles Place, #29-00 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time fixed for holding the Annual General Meeting.

5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized.

6. A corporation which is a member may also authorize by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.

7. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at forty-eight (48) hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

3rd Fold

Please glue and seal along the edge

Singapore

Panpac Media Group Limited
371 Beach Road
#03-18 Keypoint
Singapore 199597
tel: (65) 6292 0300
fax: (65) 6292 1866

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Auston Unicentre
Singapore 188954
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fax: (65) 6334 5800

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tel: (603) 7803 9892
fax: (603) 7803 9810

China

Panpac Management & Information Consultants (Shanghai) Limited
Room 703
555# Nanjing West Road
Shanghai 200041, PRC
tel: (8621) 6256 6274
fax: (8621) 3218 1919