Annual Report 2003

panpacmediagroup

CONTENTS

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 three years, by empowering individuals to create new wealth through education and communication."

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Low Song Take, Chairman
2. Ricky Ang Gee Hing, Group Managing Director & CEO
3. Kevin Low Ka Choon, Non-Executive Director
4. Cheong Poh Kin, Independent Director
5. Jeffrey Tan Boon Khiong, Independent Director
6. Richard Tan Tew Han, Independent Director
7. Vincent Cyril Demitrius Pereira, Independent Director
8. Chong Huai Seng, Vice-Chairman (Resigned on 30 Nov 2003)
9. Seow Kui Lim, Executive Director (Appointed on 1 Dec 2003, resigned on 27 January 2004)

NOMINATING COMMITTEE

Jeffrey Tan Boon Khiong, Chairman
Low Song Take, Member
Richard Tan Tew Han, Member

REMUNERATION COMMITTEE

Jeffrey Tan Boon Khiong, Chairman
Cheong Poh Kin, 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
Tel: (65) 6323 8383
Fax: (65) 6323 8282

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)

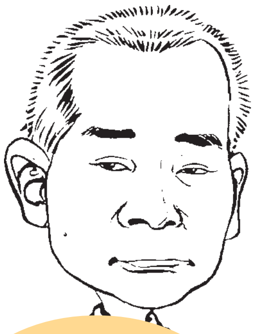
SOLICITORS

Colin Ng & Partners
50 Raffles Place #29-00
Singapore Land Tower
Singapore 048623

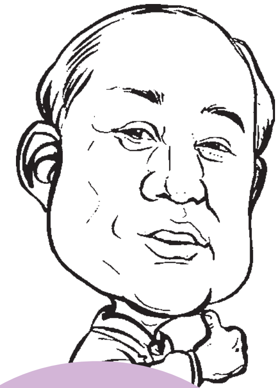
PRINCIPAL BANKERS

DBS Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

BOARD OF DIRECTORS

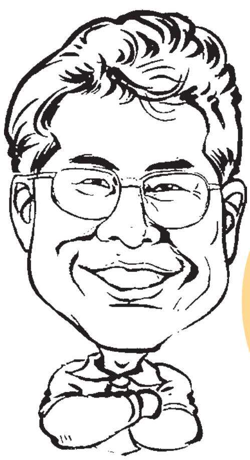


Mr Ricky Ang Gee Hing, Group Managing Director and Chief Executive Officer
Mr Ricky Ang has been in the printing and publishing industry for nearly 30 years. Mr Ang co-founded the Company with his partners in October 1994. He is Group Managing Director and Chief Executive Officer of the Company – a position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



Mr 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

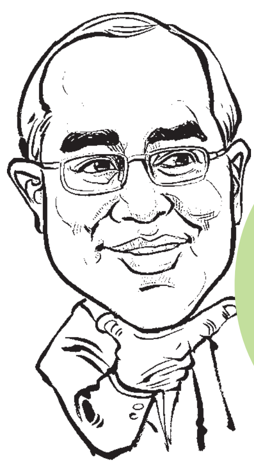
Mr Kevin Low Ka Choon, Director
Mr Kevin Low is the son of Mr Low Song Take, and is currently the Managing Director of International Press SoftCom Ltd (IPS), responsible for its management, strategic planning, business direction and overall performance of IPS.



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

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 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).

MANAGEMENT TEAM

- **Mr Ho Sum Kwong** was appointed Executive Officer in 2000. He heads the Group's exhibition and events management business and the Group's marketing activities. Prior to joining the Group in September 1998, he was the Managing Director of Couture Publishing Pte Ltd (since September 1988) and has vast experience in the publishing industry. He left 3 years later as General Manager of the Company to start his own regional publishing company. Mr Ho graduated from the University of Singapore in 1977 with an Honours degree in Applied Physics.

- **Mr Kan Kok Soon** was appointed Executive Director & Publisher of one of the Group's magazine publishing subsidiaries, Panpac Lifestyle Magazines Pte Ltd (PLM) in March 2002. He joined the Group in 1998 and is responsible for the day-to-day management of PLM's operations and has direct responsibility for the financial performance of the unit. Mr Kan has more than ten years experience in the media business. His experience covers airtime to various forms of print mediums in both Singapore and Malaysia. He has in-depth involvement and knowledge acquired from his extensive exposure in the publishing industry.

- **Ms Ng Hwee Ling** was appointed Group Financial Controller on September 2003. Ms Ng is responsible for overseeing the group financial and management accounting and payroll matters. Prior to joining the Group, she was an auditor with an international public accounting firm. Ms Ng is a Certified Public Accountant and holds a Bachelor of Accountancy Degree (Honours) from Nanyang Technological University of Singapore.

- **Mr Teoh Lo Hai** is in charge of the development and implementation of Panpac Group's overall IT strategy, which includes network infrastructures and office IT. From 1999 till present, Mr Teoh joined the Group as the Chief Technical Officer, and was a lecturer in the Nanyang Polytechnic from 1994 to 1995. Mr Teoh has extensive experience in the technology oriented market. Mr Teoh graduated from the University of Hawaii with a Bachelor of Science (Electrical Engineering) Degree.

- **Mr Yeo Poh Siah** was appointed Managing Director and Chief Executive Officer of Auston International Group Limited since its date of incorporation. He is responsible for the overall operations, charting the strategic direction, and mapping out the regional expansion of Auston. He has been in the private education industry in Singapore for the past eleven years. Prior to the founding of Auston, Mr Yeo held the position of general manager of the Singapore Institute of Commerce, a commercial school providing private tertiary education, from 1992 to 1995. Mr Yeo graduated from the University of London with a Bachelor of Science (Economics) with honours in 1992. He obtained a Master of Business Administration from the University of Wollongong in 1998. Mr Yeo is also a member of the Chartered Institute of marketing (UK) since 1998.

- **Ms Yeoh Suat Cheng** is responsible for the day-to-day management of the Group's magazine publishing operations in Malaysia and has direct responsibility for the financial performance of the Malaysia operations. Prior to joining the Group in 1998, she was General Manager of Eastview Publications Sdn Bhd in Malaysia, a subsidiary of Singapore-based PPPC. Ms Yeoh graduated from the University of North London with an Accounting (Honours) degree.

CHAIRMAN'S STATEMENT

GENERAL OVERVIEW

The financial period under review was a challenging one for the Group. The war in Iraq, the SARS outbreak in Asia, and the resultant rise in unemployment took its toll on business and consumer sentiments in both Singapore and Malaysia. Advertising revenues for our publications were adversely affected. Even our private tertiary education arm saw a significant drop in student enrolment for the first time since it was founded about seven years ago. As a result, the Group's performance for the year was worse than what we had expected at the start of the year.

PERFORMANCE REVIEW

For the 12-month period to December 31 2003, Group turnover increased by about 46% to $21.39 million, from $14.7 million in the corresponding period last year.

The increase in revenue was due mainly to an increase in revenue of $5.51 million from Auston International Group Limited (Auston), our education arm, and $1.13 million from the other activities under Auston Technology Group Pte Ltd (ATG). The Group acquired ATG, which includes Auston, in September 2002.

However, despite the substantial increase in revenue, operating loss attributable to shareholders for the year was little changed at $4.529 million, as compared with $4.382 million for the corresponding period last year.

The loss of $4.529 million in FY2003 included the following:

- An exceptional loss of $251,000 in FY2003, as compared with a gain of $597,000 in FY2002. The exceptional loss in FY2003 was due to a deemed partial dilution of our effective holding in Auston, arising from its Initial Public Offer (IPO) in April 2003.
- A consolidated loss, at the Group level, of $1.542 million attributable to Auston as compared with a profit of $556,000 for the 4-month period last year.
- Start-up losses amounting to $330,000 from our China operation.
- And, investments, which were expensed off, in our new concerts and events division, and new magazine titles.

Loss per share attributable to shareholders of the Group for FY2003 was 1.32 cents, as compared with a loss per share of 1.66 cents in the prior year. Net Asset Value per share as at December 31 2003 dropped to 4.65 cents from 5.97 cents a year ago.

Earnings before interest, tax, depreciation and amortization (EBITDA) and goodwill written off for the period were a negative $738,000. This was significantly lower than the negative EBITDA of $2.604 million in the prior year period.

Depreciation and amortization increased by $507,000 or about 31% to $2.162 million, from $1.655 million. Including a one-time write-off of goodwill of $1.682 million during the year, depreciation and amortization increased by 132% to $3.844 million.

Our publishing and exhibition division recorded a lower operating loss of $1.1 million, as compared with a loss of $2.4 million in the prior year period. Lower operating loss was due mainly to lower losses attributable to our recently launched titles and publishing activities in Malaysia.

Auston, our education arm, contributed an operating loss of $609,000, as compared with an operating profit of $489,000 for the 4-month period in the prior year. And, including goodwill amortization of $674,000 and write-off of $1.682 million, arising from its initial public offering in April 2003, and after minority interest and tax, the impact on the Group's bottom line for the year under review was a loss of $1.542 million, as compared with a profit contribution of $556,000 in the prior year.

And, our Shanghai-based China operation, which commenced operation in early 2003, suffered a loss of $330,000 while HQ and investments posted a lower loss of $1.5 million for the period, a decline of about 31% as compared with a loss of $2.2 million previously.

As part of our continuing effort to reduce operating cost, we have decided to scale back our China expansion temporarily. The decision was taken because of the lack of progress made since it commenced operation in early 2003, largely because of local regulatory constraints, with regards to foreign participation in the area of publishing and events management. However, China's enormous potential will continue to remain on our business radar.

CURRENT YEAR PROSPECTS

In line with the anticipated rebound of the Singapore and Malaysia economies, our core education, publishing and events management businesses are expected to put in better performances.

CHAIRMAN'S STATEMENT

In addition, we expect the Group's performance to improve as a result of the following:

- The scaling-back of our China expansion which will result in a saving of about $330,000.
- Lower goodwill amortization cost as a result of recent write-offs.
- Lower depreciation costs, as a result of lower capital spending in recent years, and lower HQ overhead cost following the resignation of an executive director, and
- The effects of savings arising from cuts in manpower and other operating costs.

Our Plan Going Forward

Since the beginning of this year, we have single-mindedly and aggressively sought to re-engineer and re-focus the Group with the stated mission to become a truly pan-Asia media Group within the next 2 to 3 years, and to return the Group to profitability this year. In line with that, we have acted to:

- Re-focus on our core magazine publishing business in Singapore and Malaysia, and expand into fast-growing markets like China and Indonesia.
- Develop our fledgling events management business, which can leverage on, and complement our magazine publishing business.
- Reduce our involvement in non-core businesses.
- Seek to improve returns on our investments, and
- Strengthen our financial and management resources.

On January 5, Auston, our education subsidiary, entered into a conditional agreement to acquire property assets in Jakarta for $34 million to be satisfied by way of an issue of 170 million new Auston shares at 20 cents each. The deal, when consummated, will result in Auston becoming an associated company and not a subsidiary, and will free us to focus our resources on our core magazine publishing business. Also, it will contribute significantly to our profits, improve return of our investment and strengthen our balance sheet. Additionally, it will provide us an entrée into the rapidly growing education and magazine publishing sectors in Indonesia.

On 11 February, Panpac shareholders approved the issue of up to $5 million in convertible notes to UOB-Kay Hian Pte Ltd. Proceeds from the issue will be used for working capital.

On March 10, we announced that our 25%-owned associate company, Shareinvestor.com Holdings Pte Ltd, will be seeking to list its shares on SGX-SESDAQ. A successful initial public offer by Shareinvestor will enable us to realize a substantial profit from our investment in Shareinvestor, as the market value of our stake in the company is expected to be significantly higher than the investment book value. Also, it will enable the Group to reduce our involvement in Shareinvestor, which is non-core.

And, most recently, we announced the proposed acquisition of HK-based Media Sky and the possible strategic tie-ups with Dr Bruno Wu and his wife Yang Lan, through Sun Media, who will be taking a stake in Panpac. The acquisition, the proceeds raised from the Placement, and the involvement by Dr Bruno and Yang Lan in Panpac, will provide us with a platform, and the necessary infrastructure, local expertise and funds to expand our magazine publishing business in Greater China, including the mainland.

Also, in line with our expansion plan, we have engaged three new senior executives in Singapore and Malaysia. They will be joining the Group within the next few weeks.

All these initiatives will augur well for the future of the Group, as they will put us in good financial stead, and in an expansionary mode towards accomplishing our mission and financial goals.

CONCLUSION

In conclusion, on behalf of my fellow colleagues on the Board, I would like to thank our shareholders, management and staff, and business partners for their continuing and unwavering commitment to the Group.

On a personal note, I would like to thank Mr Chong Huai Seng, who resigned as Vice-Chairman and Executive Director of the Group in November 2003 and Mr Cheong Poh Kin, for their past contributions to the Group. Mr Cheong has decided not to stand for re-election. I wish them well in their future endeavours.

Low Song Take
Chairman

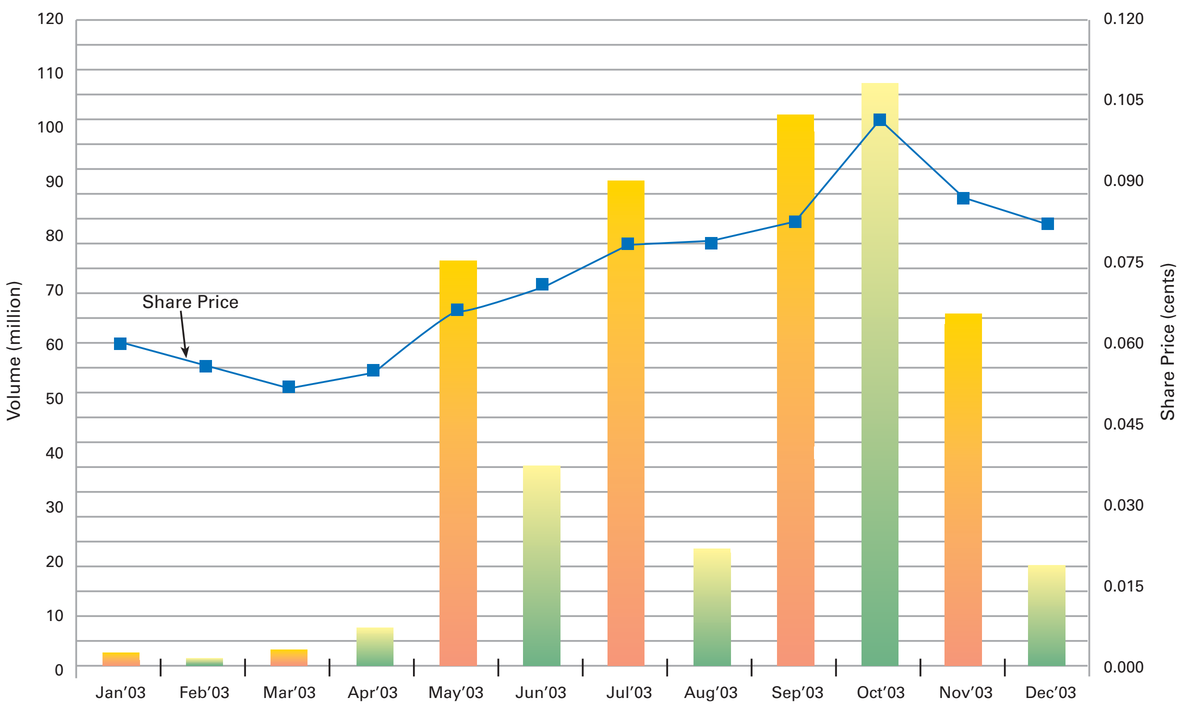
FINANCIAL HIGHLIGHTS

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)
FY 2003	21,390	(4,529)	(1.32)

* 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

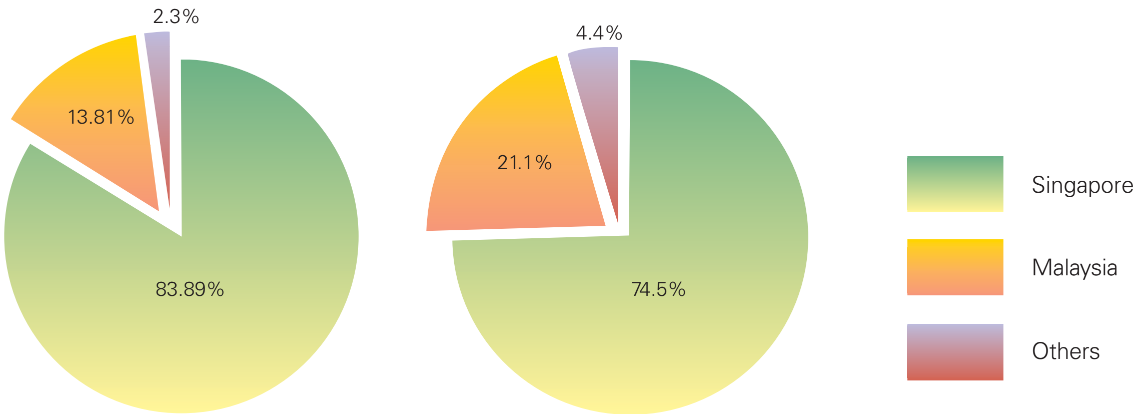
Share Price & Total Monthly Volume



FINANCIAL HIGHLIGHTS

Segmental Performance

Turnover by Geographical Region



2003
S$21.4 million

2002
S$14.7 million

Turnover by Business Division	2003# S$ million	2002 S$ million	Operating Profit/(Loss) by Business Division	2003# S$ million	2002 S$ million
Publishing & Events Management	10.8	10.8	Publishing & Events Management	(1.1)	(2.3)
Education	9.3	3.8	Education	(1.3)	0.7
HQ Costs & Investments	1.3	0.1	HQ Costs & Investments	(1.9)	(2.2)

Refer to Note 33

Staff Strength

	1 Jan 2003	31 Dec 2003	31 Mar 2004
HQ	14	9	8
Publishing & Events Management	146	118	109
Singapore	85	60	56
Malaysia	61	58	53
Education	68	54	51
Technology	8	8	8
DIS/JuzLAW	8	8	8
Total	236	189	176

SIGNIFICANT EVENTS

Mar 2003

A new quarterly magazine, LOOKBOOK MEN, was launched. The magazine is essentially a fashion, style and luxury guide for the discerning male adults.

Apr 2003

Auston successfully launched its initial public offering on SESDAQ of the Singapore Exchange Securities Trading Limited.

The Malaysian edition of NewMan was launched.

Jul 2003

DARE, a women's title pitched at intelligent, articulate women aged 30 and above was launched.

Auston was awarded Singapore Quality Class for Private Education Organisations status (SQC for PEOs) by Spring Singapore and the Economic Development Board.

Sep 2003

Sports Illustrated Swimsuit, Singapore Edition, an annual title published under license by the US publishers of Sports Illustrated Monthly was launched.

The Company disposed of its investment in Inpac Ventures Pte Ltd and thus, caused to have any interest in SurfGold Pte Ltd. The divestment is in line with the Group's strategy to focus on its core businesses.

Nov 2003

Auston entered into an equity Scholarship agreement with CDAC, MENDAKI, SINDA and The Eurasian Association for less privileged students from these communities to pursue higher education. The scholarship has a total funding of $4 million over a ten-year period.

Dec 2003

The Malaysian edition of DARE was launched.

Publishing: Gearing Up for Future Growth

Magazine publishing remains as one of the core businesses of the Group, and a growth engine. Currently, the Publishing Division employs about 110 employees, and has activities in Singapore and Malaysia.

And we publish a total of 30 magazines and periodicals in Singapore & Malaysia and in 3 languages – Chinese, English and Malay. They are in niche market segments, covering such areas as health and beauty, interior decoration, parenting, personal finance and investments, food and beverages, men's and women's fashion and lifestyle, and tourism.

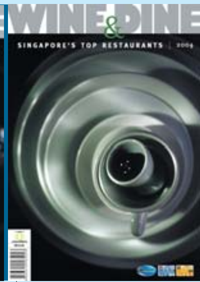
For the year to December 2003, the Division recorded a lower operating pre-tax loss of $1.1 million as compared with a loss of $2.4 million in the prior year period. Lower operating loss was due mainly to lower losses attributable to our recently launched titles and publishing activities in Malaysia.

Intellectual Property as at 31 March 2004

Magazine Titles & Periodicals	Where Published	Frequency of Publication
Smart Investor	Singapore & Malaysia	Monthly
Wine&Dine	Singapore & Malaysia	Monthly/Bi-Monthly
Today's Parents	Singapore & Malaysia	Monthly
NewMan	Singapore & Malaysia	Monthly
Dare	Singapore & Malaysia	Monthly
Home Concepts	Singapore & Malaysia	Bi-Monthly
Mama Moden (Malay)	Malaysia	Monthly
Health & Beauty	Malaysia	Monthly
Home Cooking	Malaysia	Monthly
Golf Times	Malaysia	Monthly
Singapore Business Visitor	Singapore	Monthly
Se Xiang Wei (Chinese)	Singapore	Monthly
Space	Singapore	Bi-Monthly
FourWalls	Singapore	Bi-Monthly
LOOKBOOKMEN	Singapore	Quarterly
Singapore Map	Singapore	Quarterly
LOOKBOOK	Singapore	Bi-Annually
Port O' Call	Singapore	Bi-Annually
Pregnancy Guide	Singapore	Annually
Wine&Dine Top Restaurants Guide	Singapore	Annually
Wine&Dine Afterhours	Singapore	Annually
Wine&Dine Wedding Special	Singapore	Annually
Asian Delights	Singapore	Annually
Sports Illustrated Swimsuit, Singapore Edition	Singapore	Annually
Home Concepts Annual	Malaysia	Annually

PUBLISHING

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, and it also provides substantive advice and analysis of stock markets, unit trusts, insurance and financial planning, plus 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 19th year with the December 2003/January 2004 issue. Each issue carries the latest news and reviews for eating, drinking, and living 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, Wine&Dine Afterhours and Wine&Dine Wedding Special. *Published in Singapore & Malaysia.*

■ **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.

■ **Asian Delights,** a spin-off from Se Xiang Wei, comprises 68 dishes that have been selectively picked from the magazine over a three to four year period. These recipes are presented bilingually and neatly categorised by cooking methods.

■ **NewMan** is Singapore's first intelligent and feature-driven men's magazine, marketed as the magazine for the guy who has 'grown up'. This is a magazine that addresses his many needs – be they relationships, careers, health or money. The magazine also features sexy cars, cool new gadgets, beautiful women, and profiles some of the city's coolest guys. NewMan, launched in September 2002, is targetted at educated men aged 24-35, but has now become the must-have/must-read companion of today's young professional man. *Published in Singapore & Malaysia.*

■ **Today's Parents** has been published monthly for the past nine 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.*

■ **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. LOOKBOOKMEN is published quarterly whilst LOOKBOOK is a bi-annual.

■ **DARE** is the inspiring new magazine for the woman who dares to make a difference to herself and all around her. Who dares to live a life less ordinary; who accepts

what she cannot change, but has the courage to change what she can. This is the woman who dares to ask 'What next?" about herself, but has outgrown the magazines available because her life has become more complex and difficult to pigeonhole. DARE fulfils her with an intelligent, inspiring and aesthetic read with sections that cover the gamut from parenting, money advice, relationship issues to work, sex and health. *Published in Singapore & Malaysia.*

■ **HOME CONCEPTS** is a bi-monthly interior lifestyle magazine that has gained standing as a trendsetting interior lifestyle magazine. Each issue delivers articles on interior design trends, DIY tips for home improvement, décor and space solutions, news about products, home accessories, and 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.

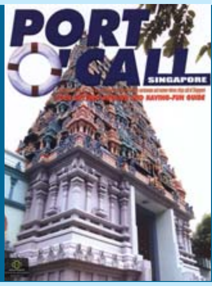
■ **Singapore Business Visitor** is Singapore's oldest, most established and reputable tourist magazine for the business traveller. Published since 1970, this monthly magazine keeps businessmen informed of events and happenings as well as carries recommendations for wining and dining, and leisure activities.

■ **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.

■ **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.

Other Malaysian Publications

Besides NewMan, DARE, 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 to 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).



EDUCATION

Auston International Group

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 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 Australia. As at 31 December 2003, these franchisees and affiliates have approximately 200 students enrolled for Auston's proprietary Diploma and Advanced Diploma programmes.

CONCERTS, EXHIBITIONS & SEMINARS

Panpac Events Management organised a general home lifestyle exhibition entitled ILIVE at Suntec Exhibition and Convention Centre in December 2003. During the same week as the exhibition, the Company also hosted two concerts at Suntec City. Herman Hermits, starring Peter Noone, performed for two nights, and the very first joint-performance of Johnny Tillotson and Brian Hyland performed for another two nights.

STRATEGIC INVESTMENTS

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

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.

CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Panpac Media Group Limited recognises the significance of sound corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting. It is committed to maintaining a high standard of corporate governance within the Group based on which its operations, businesses and strategies are directed and controlled.

The main corporate governance practices adopted by the Group and Company are outlined below.

Board Matters

(1) Board's Conduct of its Affairs

The Board holds meetings on a regular basis throughout the year to oversee, review 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 when the need arises. 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			
	Panpac Board		Audit Committee	
Name	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Low Song Take	5	3	-	-
Ricky Ang Gee Hing	5	5	7	7
Kevin Low Ka Choon	5	1	-	-
Cheong Poh Kin	5	4	7	7
Jeffrey Tan Boon Khiong	5	5	7	7
Richard Tan Tew Han	5	3	7	5
Vincent Cyril Demitrius Pereira	5	1	-	-

Our Nominating Committee and Remuneration Committee meetings are held concurrently with our Board Meetings.

All the Directors are updated regularly on changes in company policies, Board processes, corporate governance and best practices.

(2) Board Composition and Balance

The Board comprises one executive director, two non-executive directors and four independent non-executive directors. Key information regarding the directors can be found under the "Corporate Information" section of this annual report. The Nominating Committee reviews the independence of each director annually.

The Nominating Committee is of the view that the current Board, with more than half of its composition made up of independent non-executive Directors, exhibits a level of 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 also considers that its composition of independent non-executive Directors provide an effective Board with a mix of knowledge, business contacts and successful business and commercial experience. This balance is important in ensuring that the strategies proposed by the executive management are fully discussed and examined, taking into account 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 Managing Director, Mr Ricky Ang Gee Hing, who is also the Chief Executive Officer of the Company, has full executive responsibilities over business directions and operational decisions of the Group. The Audit Committee reviews all major decisions made by the Managing Director. The Nominating Committee periodically reviews his performance and his appointment to the Board and the Remuneration Committee periodically reviews his remuneration package.

Mr Low Song Take, who is the non-executive Chairman of the Company, is primarily responsible for the effective working of the Board. He ensures (with the help of the Company Secretary) that board meetings are held when necessary. The agenda of board meetings is set by the Managing Director and approved by the Chairman. The Chairman and the Managing Director reviews most Board papers before they are presented to the Board and ensures that the Board members are provided with complete, adequate and timely information.

(4) Board Membership

We believe that Board renewal must be an on-going process, to ensure good corporate governance and to maintain relevance to the business as well as changing needs of the Company. Our Articles of Association require one-third of our Directors (excluding the Managing Director) to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM") such that no director stays in office for more than three years without being re-elected by shareholders.

The Nominating Committee comprises Messrs Jeffrey Tan Boon Khiong, Richard 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 Nominating Committee is responsible for (i) re-nomination of the Directors having regard to the Directors' contribution and performance, (ii) determining annually whether or not a Director is independent and (iii) deciding on whether or not a Director is able to and has been adequately carrying out his duties as a director.

CORPORATE GOVERNANCE

(5) Board Performance

The Nominating Committee uses its best efforts to ensure that directors appointed to the 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, collectively and individually, undertake a formal review of the Board's performance collectively and individually on an annual basis. The Nominating Committee also reviews the Board's performance informally with inputs from the other Board members and the Managing Director.

(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. Whenever appropriate, senior managers who can provide additional insight in the matters to be discussed are invited to attend during the Board meeting. In general, either or both company secretaries attend at board meetings.

The Board has separate and independent access to the senior management and the Company Secretary at all times. Where necessary, the Company will, upon the request of directors (whether as a group or individually), provide them with independent professional advice, at the Company's expense, to enable them to discharge their duties.

The Company Secretary or his representative has attended five Board meetings and two audit committee meetings held for the financial year.

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 function of the Remuneration Committee is to review the remuneration of the executive Directors of the Company and to provide a greater degree of objectivity and transparency in the setting of remuneration.

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

The Remuneration Committee reviews and recommends to the Board, in consultation with management, a framework for all aspects of remuneration. The Remuneration Committee also determines the specific remuneration packages and terms of employment for each of the executive Directors of the Company including those employees related to the executive Directors. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the Remuneration Committee.

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.

The executive Director has entered into a service agreement with the Company. The service agreement covers the terms of employment, specifically salary and other benefits. The remuneration of non-executive Directors are determined by his contribution to the Company, taking into account factors such as effort and time spent as well as his responsibilities on the Board. The Board recommends the remuneration of the non-executive Directors for approval at the AGM.

Directors' Remuneration

Our executive Director's remuneration consists of salary, allowances and bonuses. Directors' fees for independent non executive Directors are subject to approval of shareholders at the AGM.

The band of remuneration of each individual Director for the financial period under review are as follows:

Name	Not exceeding S$100,000	Exceeding S$100,000 But not S$250,000	Exceeding S$250,000
Low Song Take	✓		
Ricky Ang Gee Hing			✓
Kevin Low Ka Choon	✓		
Cheong Poh Kin	✓		
Jeffrey Tan Boon Khiong	✓		
Richard Tan Tew Han	✓		
Vincent Cyril Demitrius Pereira	✓		

Remuneration of Key Employees

Details of remuneration paid to the top five executives, 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 only disclosing the band of remuneration of each executive for the financial period under review:

Name	Exceeding S$500,000	S$250,000 to S$500,000	Up to S$250,000
Ho Sum Kwong			✓
Kan Kok Soon			✓
Teoh Lo Hai			✓
Yeo Poh Siah		✓	
Yeoh Suat Cheng			✓

There are no employees in the Group who are immediate family members of a Director or the Managing Director.

Accountability and Audit

(10) Accountability

The Board continues to be accountable to the shareholders and 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 Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. During the year, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the internal control system put in place by the management and is satisfied that there are adequate internal controls in the Company. The Directors regularly review the effectiveness of all internal controls, including operational controls.

(13) Internal Audits

The Group Financial Controller 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.

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.

CORPORATE GOVERNANCE

Communication with Shareholders

(14) Communication with Shareholders
(15) Greater Shareholder Participation

We believe in regular and timely communication with shareholders as part of our organisation's development to build systems and procedures that will enable us to operate globally.

In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act (Cap 50, Singapore), the Board's policy is that all shareholders should be equally and timely informed of all major developments that will or expect to impact the Company or the Group.

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to all shareholders of the Company, together with explanatory notes or a circular on items of special business (if necessary), at least 14 working days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees.

Interested Person Transactions (IPT)

The Company has established a procedure for recording and reporting interested person transactions. Details of significant interested person transactions for the year ended 31 December 2003 are set out below:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Low Song Take Kevin Low Ka Choon Cheong Poh Kin Woo Khai Ching Woo Khai San	S$100,000	NA

All the above interested person transactions were made under normal commercial terms. Please refer to note 12 of the Financials for details of the above transaction.

Material Contracts

Saved as disclosed in the interested person transactions section, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Dealings in Securities

The Company has adopted internal codes in relation to dealings in the Company's securities pursuant to the SGX-ST Best Practices Guide that are applicable to all its officers. The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks or one month before the announcement of the Company's financial statements for one month before half year or financial year, as the case may be, and ending on the date of the announcements of the relevant 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.

Risk Management Policies and Processes

Our management is in charge of the Group's risk management policies and processes and reports to the Board in respect of significant risks to the Group's operations. In addressing and managing the risks faced by our Group, the management is also supported by the Audit Committee, the Nominating Committee and the Remuneration Committee.

Best Practices Guide

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

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 2003.

Directors

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

Low Song Take
Ricky Ang Gee Hing
Kevin Low Ka Choon
Cheong Poh Kin
Jeffrey Tan Boon Khiong
Richard Tan Tew Han
Vincent Cyril Demitrius Pereira

In accordance with Articles 107, Messrs Low Song Take, Cheong Poh Kin and Richard Tan Tew Han will retire at the forthcoming Annual General Meeting. Messrs Low Song Take and Richard Tan Tew Han, being eligible, offer themselves for re-election.

Share Option Schemes

The Panpac Media Group Limited Share Option Scheme (the "Scheme") enables the full-time employees of 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 at the date of this Report.

As at 31 December 2003, the number of unissued shares under options granted under the Scheme were as follows:

Date of grant	Options granted as at 1.1.2003/ granted during the year	No. of options exercised	No. of options lapsed	No. of options outstanding as At 31.12.2003	Exercise price per share	Expiry date
27.2.2000	1,065,000	-	390,000	675,000	S$0.976	26.02.2005
15.8.2000	1,209,500	-	928,000	281,500	S$0.448	14.08.2005
10.8.2001	2,933,000	-	1,597,000	1,336,000	S$0.180	09.08.2006
12.7.2002	1,948,000	-	716,000	1,232,000	S$0.120	11.07.2007
			3,631,000	3,524,500		

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 granted since commencement of Scheme to 31.12.2003	Aggregate options exercised/lapsed since commencement of scheme to 31.12.2003	Aggregate options outstanding as at 31.12.2003
Ho Sum Kwong	-	795,000	-	795,000
Kan Kok Soon	-	361,000	-	361,000
Yeoh Suat Cheng	-	688,000	-	688,000
	-	1,844,000	-	1,844,000

DIRECTORS' REPORT

Share option schemes (cont'd)
The options under the Scheme do not entitle the holders of the option to participate in any share issue of any other corporation by virtue of the option.

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

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in the shares of the Company and related corporations as stated below:

	Shares registered in the names of directors		Other shareholdings in which directors are deemed to have an interest	
	As at 1.1.2003	**As at 31.12.2003**	**As at 1.1.2003**	**As at 31.12.2003**
Number of ordinary shares ($0.05 each) held by:-				
Low Song Take	6,117,647	6,117,647	47,962,588	63,962,588
Ang Gee Hing Ricky	10,713,235	10,213,235	30,397,294	29,397,294
Kevin Low Ka Choon	1,835,294	1,835,294	47,962,588	63,962,588
Cheong Poh Kin	5,811,764	5,811,764	-	-
Vincent Cyril Demitrius Pereira	-	1,340,000	-	-
Seow Kui Lim	-	7,000,000	-	-

	Warrants registered in the names of chairman/directors		Warrants in which chairman/directors are deemed to have an interest	
	As at 1.1.2003	**As at 31.12.2003**	**As at 1.1.2003**	**As at 31.12.2003**
No. of warrants held by the following with rights to subscribe for ordinary shares ($0.05 each):-				
Low Song Take	-	-	10,855,000	10,855,000
Ang Gee Hing Ricky	1,238,250	1,238,250	4,540,500	4,540,500
Kevin Low Ka Choon	-	-	10,855,000	10,855,000

There was no change in the above-mentioned interests between the end of the financial year and 21 January 2004.

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.

DIRECTORS' REPORT

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

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 performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

Auditors

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board,

Low Song Take Director	Ricky Ang Gee Hing Director

22 March 2004
Singapore

STATEMENT BY DIRECTORS

We, Low Song Take 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 accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes thereto 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 2003 and of the results of the business, changes in equity and cash flow of the Group for the 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

Low Song Take
Director

Ricky Ang Gee Hing
Director

22 March 2004
Singapore

AUDITORS' REPORT

We have audited the accompanying financial statements of Panpac Media Group Limited and its subsidiaries set out on pages 24 to 54 for the year ended 31 December 2003. 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 consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records (excluding registers) required by the Act to be kept by the Company and by those subsidiaries 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 10 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

22 March 2004
Singapore

FINANCIALS

Profit and Loss Accounts
for the financial year ended 31 December 2003

	Note	2003 $	2002 $
Revenues			
Advertisement		7,205,544	6,875,302
Circulation		2,669,999	2,320,679
Exhibition & events		595,504	832,994
Education		10,296,798	3,782,059
Other revenue		622,330	886,728
		21,390,175	14,697,762
Cost and expenses			
Direct costs:			
- Publication		(5,093,548)	(4,774,025)
- Exhibition		(740,551)	(614,188)
- Education		(3,422,679)	(475,449)
Salaries and employee benefits		(8,175,235)	(6,032,432)
Amortisation and depreciation	8&9	(2,162,092)	(1,654,721)
Rental expenses		(1,968,466)	(987,199)
Other operating expenses		(4,158,424)	(4,070,050)
Exceptional items	3	(251,186)	(67,124)
Total cost and expenses		(25,972,181)	(18,675,188)
Loss from operations		(4,582,006)	(3,977,426)
Share of losses of associated companies		(6,687)	(279,104)
Finance costs	4	(178,409)	(123,259)
Loss before taxation and minority interests	5	(4,767,102)	(4,379,789)
Taxation	6	261,316	-
Loss after taxation and before minority interests		(4,505,786)	(4,379,789)
Minority interests, net of taxes		(22,936)	(1,581)
Loss attributable to shareholders		(4,528,722)	(4,381,370)
Loss per share (cents)	7		
- Basic		(1.32)	(1.66)
- Diluted		(1.32)	(1.66)

The accounting policies and explanatory notes on pages 29 to 54 form an integral part of the financial statements.

FINANCIALS

Balance Sheets
as at 31 December 2003

		Group		Company	
	Note	2003 $	2002 $	2003 $	2002 $
Non-current assets					
Fixed assets, net	8	1,855,839	2,312,869	254,692	625,791
Intangible assets	9	16,040,903	18,300,899	-	-
Investment in subsidiaries	10	-	-	46,132,780	50,515,406
Investment in associated companies	11	163,490	170,177	1,100,000	1,100,000
Investment in joint venture company	12	-	-	-	100,000
Long-term investment	13	300,000	915,100	-	-
Current assets	14	9,397,045	10,532,565	3,463,900	3,314,559
Current liabilities	20	(9,225,694)	(9,342,340)	(3,266,799)	(2,811,254)
Net Current Assets		171,351	1,190,225	197,101	503,305
Non-Current liabilities					
Term loans		-	(820,000)	-	-
Hire purchase liabilities, non-current portion	26	(18,569)	(4,708)	-	-
Loan from a subsidiary	27	-	-	(31,434,642)	(31,434,642)
Deferred taxation	28	(1,031,066)	(1,000,066)	(898,066)	(898,066)
		17,481,948	21,064,496	15,351,865	20,511,794
Share capital and reserves					
Share capital	29	17,149,475	17,149,413	17,149,475	17,149,413
Share premium	30	4,592,712	4,606,086	4,592,712	4,606,086
Accumulated losses		(7,355,825)	(2,827,103)	(6,390,322)	(1,243,705)
Foreign currency translation reserve		1,591,262	1,539,689	-	-
		15,977,624	20,468,085	15,351,865	20,511,794
Minority interests		1,504,324	596,411	-	-
		17,481,948	21,064,496	15,351,865	20,511,794

The accounting policies and explanatory notes on pages 29 to 54 form an integral part of the financial statements.

FINANCIALS

Statements of Changes in Equity
for the financial year ended 31 December 2003

	Note	Group 2003 $	Group 2002 $	Company 2003 $	Company 2002 $
Share capital [1]					
Balance at beginning		17,149,413	11,010,600	17,149,413	11,010,600
Issuance of ordinary shares	29	62	6,138,813	62	6,138,813
Balance at end		17,149,475	17,149,413	17,149,475	17,149,413
Share premium	30				
Balance at beginning		4,606,086	40,638,252	4,606,086	40,638,252
Premium on shares issued during the year		88	10,292,646	88	10,292,646
Expenses on issue of new shares		(13,462)	-	(13,462)	-
Capital reduction		-	(46,324,812)	-	(46,324,812)
Balance at end		4,592,712	4,606,086	4,592,712	4,606,086
Accumulated losses					
Balance at beginning		(2,827,103)	(44,770,545)	(1,243,705)	(34,396,829)
Loss for the financial year		(4,528,722)	(4,381,370)	(5,146,617)	(13,171,688)
Capital reduction		-	46,324,812	-	46,324,812
Balance at end		(7,355,825)	(2,827,103)	(6,390,322)	(1,243,705)
Reserve on consolidation					
Balance at beginning		-	22	-	-
Transfer to the profit and loss account on disposal of a subsidiary		-	(22)	-	-
Balance at end		-	-	-	-
Foreign currency translation reserve					
Balance at beginning		1,539,689	1,893,799	-	-
Movement during the financial year		51,573	(354,110)	-	-
Balance at end		1,591,262	1,539,689	-	-
Total equity		15,977,624	20,468,085	15,351,865	20,511,794

(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 29 to 54 form an integral part of the financial statements.

Consolidated Cash Flow Statement
for the financial year ended 31 December 2003

	2003 $	2002 $
Cash flow from operating activities:		
Loss before taxation and minority interests	(4,767,102)	(4,379,789)
Adjustments for:		
Amortisation of goodwill on consolidation	943,059	480,105
Share of loss of associated companies	6,687	279,104
Depreciation of fixed assets	946,996	943,933
Loss on disposal of fixed assets	17,729	85,722
Loss on disposal of marketable securities	-	4,646
Loss on deemed dilution in a subsidiary company	251,186	-
Gain on disposal of joint venture company	(3,810)	-
Amortisation of intangible assets	272,037	230,683
Fixed assets written off	1,904	132,609
Interest expense	178,409	123,259
Operating cashflow before working capital changes	(2,152,905)	(2,099,728)
(Increase)/decrease in :		
Trade debtors	(343,401)	291,310
Other debtors, deposits and prepayments	(81,527)	(638,223)
Work-in-progress	(95,379)	29,267
Due from associated companies, net	55,923	141,191
(Decrease)/increase in :		
Trade creditors	240,748	342,292
Other creditors and accruals	(299,971)	14,445
Due to joint venture company	(11,958)	11,958
Cash used in operations	(2,688,470)	(1,907,488)
Interest paid	(178,409)	(123,259)
Income taxes paid	(323,198)	-
Net cash used in operating activities	(3,190,077)	(2,030,747)
Cash flows from investing activities:		
Acquisition of subsidiaries net of cash acquired	-	1,786,928
Increase in investment in subsidiary companies	(78,828)	-
Increase in intangible assets	(585,600)	(87,550)
Proceeds from disposal of marketable securities	-	95,354
Proceeds from disposal of fixed assets	23,849	441,722
Purchase of fixed assets	(475,406)	(739,453)
Proceeds from disposal of joint venture company, net of cash disposed (Note A)	96,160	-
Net investment in associated companies	-	(60,000)
Purchase of unquoted equity shares	(300,000)	(915,100)
Net cash (used in)/ generated from investing activities	(1,319,825)	521,901

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Consolidated Cash Flow Statement
for the financial year ended 31 December 2003 (cont'd)

	2003 $	2002 $
Cash flows from financing activities		
Proceeds from issue of new shares	150	-
Contribution from a minority shareholder of a subsidiary	-	236,945
Proceeds from issue of new shares by a subsidiary company, net of listing expenses	2,352,223	-
Repayment of hire purchase/finance lease liabilities	(103,543)	(114,530)
Proceeds from/ (repayment of) short-term loans	280,000	(266,213)
Proceeds from term loans	-	820,000
Dividends paid by a subsidiary company to minority shareholders	(13,689)	-
Payment of expenses on issuance of additional shares	(13,462)	(431,111)
Net cash from financing activities	2,501,679	245,091
Net effect of exchange rate changes in consolidating subsidiaries	(1,884)	(262,248)
Net decrease in cash and cash equivalents	(2,010,107)	(1,526,003)
Cash and cash equivalents at beginning of year (Note 19)	3,031,281	4,557,284
Cash and cash equivalents at end of year (Note 19)	1,021,174	3,031,281

NOTE A

The disposal of a joint venture Company has been shown in the statement as a single item. The effect on the individual assets and liabilities is set out below:

	Disposal of Joint Venture Company 2003 $
Long term investments	915,100
Cash and bank balances	3,840
Other creditors and accruals	(2,750)
Term loans	(820,000)
Net assets disposed of	96,190
Gain on disposal of joint venture company	3,810
Cash received	100,000
Cash and cash equivalents disposed of	(3,840)
Cash flow on disposal, net of cash disposed	96,160

The accounting policies and explanatory notes on pages 29 to 54 form an integral part of the financial statements.

Notes to the Financial Statements
31 December 2003

1. Corporate information

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 Group operates in Singapore, Australia and Malaysia. The Company and Group had 9 and 189 (2002 : 14 and 236) employees as of 31 December 2003 respectively.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Company and of the Group have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard (SAS). The transition from SAS to FRS did not result in any significant change in accounting policies.

The financial statements of the Company and of the Group, which are presented in Singapore dollars, (SGD or S$) have been prepared under the historical cost convention.

The accounting policies have been consistently applied and are consistent with those used in the previous financial year.

(b) Revenue recognition

Revenue from the circulation of magazines and periodicals is recognized upon delivery of goods and acceptance by customers. Subscription income is amortised over the period of the subscription.

Revenue from advertisements is recognized based 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.

Education revenue consist of course fee, upfront licence fee and recuring affliate/franchise fee.

Course fee income and recurring affiliate/franchise fee is recognised over the period of the course.

Revenue from the initial affiliation fee/franchise fee is generally recognised from the date of acceptance and commencement of the affiliation/franchising arrangement under agreement entered into by the affiliate/franchisee.

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

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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.

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

(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.

(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, over their useful lives. The estimated useful lives have been taken as follows:-

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 the 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.

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

(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.

(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 difference 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 separate disclosure is relevant to explain the performance of the Company and Group for the year.

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

(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.

(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 any impairment. If any such indication exists, the asset's 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 the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised. All reversals of impairment loss are recognised in the profit and loss account.

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

(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 value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When 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	
	2003 **$**	**2002** **$**
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 relate to :		
- Issuance of bonus warrants and capital reduction	-	(103,716)
- Other investments	-	(37,600)
Loss on deemed dilution in a subsidiary company	(251,186)	-
	(251,186)	(67,124)

4. Finance costs

Interest on :		
- bank loans/borrowings	(108,172)	(68,527)
- bank overdrafts	(61,777)	(29,843)
- finance leases/hire purchase	(8,460)	(24,889)
	(178,409)	(123,259)

5. (Loss) before taxation and minority interest

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

	Group	
	2003	**2002**
	$	**$**
Bad debts written off		
- Trade	(46,578)	(97,718)
Bad debts recovered - trade	(14,815)	6,297
Foreign exchange loss, net	(17,851)	(510)
Gain on disposal of joint venture company	3,810	-
Gain on partial disposal of equity interest in a subsidiary company	-	596,940
Government grants	-	6,681
Interest income from banks	4,081	6,807
Loss on disposal of marketable securities	-	(4,646)
Loss on disposal of fixed assets	(17,729)	(85,722)
Payments to defined contribution plans	(851,832)	(748,406)
Items written off		
- Other assets	-	(6,714)
- Fixed assets	(1,904)	(132,609)

6. Taxation

Taxation for the year relates to write back of current taxation in respect of prior years. 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	
	2003	**2002**
	$	**$**
Domestic statutory rate	(22.0%)	(22.0%)
Tax effect of income not taxable in determining taxable profits	(0.2%)	(2.9%)
Tax effect of expenses not deductible in determining taxable profits	12.1%	24.8%
Tax effect of utilisation of unutilised tax benefits brought forward	-	(3.9%)
Tax effect of benefits arising from deductible differences not recognised	10.1%	5.8%
Tax effect of utilisation of benefit arising from deductible differences not recognised under group relief	-	(1.8%)
Tax effect on over-provision in prior years	5.5%	-
Effective tax rate	5.5%	-

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 organizations) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

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6. Taxation (cont'd)

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, at 31 December 2003, the Company has unabsorbed tax losses of $2,022,000 (2002: $1,663,000) available for carry forward into future years of assessment for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of these 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 $27,749,000 (2002: $26,743,000) and unabsorbed capital allowances of $649,000 (2002: $587,000) 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.

7. Loss per share (cents)

Basic

The loss per share is calculated by dividing the Group's loss after tax and minority interests of $4,528,722 (2002: $4,381,370) by 342,989,397 (2002: 264,002,000) number of weighted average ordinary shares of $0.05 each during the year.

Diluted

In respect of the 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 prices of the share options are higher than the market price as at 31 December 2003.

8. Fixed assets

Group	Motor vehicles $	Furniture and fittings $	Office equipment $	Computer $	Renovation $	Total $
Cost						
At beginning of year	238,078	883,236	1,162,259	2,690,328	1,255,077	6,228,978
Additions	-	226,708	19,569	134,268	94,861	475,406
Disposals	(49,805)	(58,000)	(70,610)	(3,347)	(8,397)	(190,159)
Write-off	-	-	(425)	(7,276)	-	(7,701)
Currency realignment	(3,298)	(609)	59,984	2,092	44,066	102,235
At end of year	184,975	1,051,335	1,170,777	2,816,065	1,385,607	6,608,759

8. Fixed assets (cont'd)

Group	Motor vehicles $	Furniture and fittings $	Office equipment $	Computer $	Renovation $	Total $
Accumulated depreciation						
At beginning of year	166,403	611,591	667,242	1,873,525	597,348	3,916,109
Charge for the financial year	32,738	95,125	201,537	375,656	241,940	946,996
Disposals	(17,016)	(58,000)	(68,261)	(406)	(4,898)	(148,581)
Write-off	-	-	(283)	(5,514)	-	(5,797)
Currency realignment	(2,780)	(333)	26,576	(1,275)	22,005	44,193
At end of year	179,345	648,383	826,811	2,241,986	856,395	4,752,920
Charge for the previous financial year	41,052	105,643	147,572	492,968	156,698	943,933
Net book value						
At end of year	5,630	402,952	343,966	574,079	529,212	1,855,839
At beginning of year	71,675	271,645	495,017	816,803	657,729	2,312,869

Company	Furniture and fittings $	Office equipment $	Computer $	Renovation $	Total $
Cost					
At beginning of year	414,528	347,452	1,256,337	585,711	2,604,028
Additions	-	-	630	20,136	20,766
Disposals	-	-	-	(8,397)	(8,397)
At end of year	414,528	347,452	1,256,967	597,450	2,616,397
Accumulated depreciation					
At beginning of year	321,508	244,306	1,040,121	372,302	1,978,237
Charge for the financial year	68,539	55,777	151,248	112,802	388,366
Disposals	-	-	-	(4,898)	(4,898)
At end of year	390,047	300,083	1,191,369	480,206	2,361,705
Charge for the previous financial year	72,194	57,802	332,488	98,330	560,814
Net book value					
At end of year	24,481	47,369	65,598	117,244	254,692
At beginning of year	93,020	103,146	216,216	213,409	625,791

Included in the fixed assets of the Group and the Company are assets under hire purchase with a net book value of approximately $42,928 (2002 : $158,420) and $Nil (2002: $108,360) respectively.

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9. Intangible assets

	Goodwill $	Magazines mastheads $	Course development costs $	Total $
Cost:				
Balance at beginning of year	17,328,958	3,524,475	87,550	20,940,983
Additions	57,877	-	585,600	643,477
Goodwill written off due to deemed dilution	(1,681,564)	-	-	(1,681,564)
Balance at end of year	15,705,271	3,524,475	673,150	19,902,896
Accumulated amortisation				
Balance at beginning of year	1,259,702	1,380,382	-	2,640,084
Amortisation	943,059	212,414	59,623	1,215,096
Currency realignment	-	6,813	-	6,813
Balance at end of year	2,202,761	1,599,609	59,623	3,861,993
Amortisation charge in 2002	480,105	230,683	-	710,788
Net book value				
At end of year	13,502,510	1,924,866	613,527	16,040,903
At beginning of year	16,069,256	2,144,093	87,550	18,300,899

10. Investment in subsidiaries

	Company 2003 $	Company 2002 $
Unquoted equity shares, at cost	73,660,772	73,660,772
Less : Provision for impairment in value of investments	(27,527,992)	(23,145,366)
	46,132,780	50,515,406

Details of the subsidiaries companies at 31 December 2003 are as follows:-

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2003 $	Cost of investment 2002 $	Percentage of equity held by the Group 2003 %	Percentage of equity held by the Group 2002 %
Held by the Company					
(1)Panpac Consumer Technology Media Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	1,950,000	1,950,000	100	100
(1)Panpac Concepts Maketing Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines - currently dormant (Singapore)	680,000	680,000	100	100

10. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2003 $	Cost of investment 2002 $	Percentage of equity held by the Group 2003 %	Percentage of equity held by the Group 2002 %
Held by the Company					
(1)Panpac Specialist Magazines Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines - currently dormant (Singapore)	2,300,000	2,300,000	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	1,185,001	100	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	9,850,000	100	100
(1)Panpac Future Titles Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines - currently dormant (Singapore)	300,000	300,000	100	100
(7)AsiaStockWatch.com (Australia) Pty Ltd (Australia)	Provision of Internet database services and information - currently dormant (Australia)	2	2	100	100
(7)Panpac Tech Strategic Ltd (British Virgin Islands)	Investment holding (British Virgin Islands)	24,321,000	24,321,000	100	100
(7)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 periodicals and of magazines (Malaysia)	2,551,483	2,551,483	100	100

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10. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2003 $	Cost of investment 2002 $	Percentage of equity held by the Group 2003 %	Percentage of equity held by the Group 2002 %
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 - currently dormant (Singapore)	5	5	100	100
(3)Auston Technology Group Pte Ltd (Singapore)	Investment holding (Singapore)	16,062,570	16,062,570	78.2	78.2
(1)Asia Media Pte Ltd (Singapore)	Provision of media, publishing, communications and education related businesses - currently dormant (Singapore)	2	2	100	100
(5)Education & Entertainment Workshop Pte Ltd (Singapore)	Publishing and sale of books - currently dormant (Singapore)	204,000	204,000	77.8	77.8
		73,660,772	73,660,772		

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2003 %	Percentage of equity held by the Group 2002 %
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

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10. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2003 %	2002 %
Held through subsidiary companies			
[2]Golf Times (Malaysia) Sdn. Bhd. (Malaysia)	Media advertising contractors and agents - currently dormant (Malaysia)	100	100
[2]Inovatif Media Asia Sdn. Bhd. (Malaysia)	Media publishing (Malaysia)	80.2	80
[1]Auston International Group Ltd (Singapore)	Consultancy and management services (Singapore)	82.8	100
[3]Biz2net Asia Pte Ltd (Singapore)	Consultancy and web design services - currently dormant (Singapore)	100	100
[3]Blue-Oaks.com Pte Ltd (Singapore)	Software development and consultancy management services - currently dormant (Singapore)	100	100
[6]Data Information Systems Pte Ltd (Singapore)	Consultants on computers, peripheral equipment and technical and advisory services (Singapore)	100	100
[3]Juzlaw Solutions Pte Ltd (Singapore)	Trading in computer hardware and accessories (Singapore)	80	80
[1]Auston Consultants Pte Ltd (Singapore)	Consultancy and management services (Singapore)	100	100
[1]Auston Unicorp International Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
[7]Auston International College Pty Ltd (Australia)	Provision of academic education - currently dormant (Australia)	100	100
[7]Auston Open University Corporation (British Virgin Islands)	Provision of academic education - currently dormant (British Virgin Islands)	100	100
[4]Auston Institute of Management & Technology Pty Ltd (Australia)	Provision of academic and technical education (Australia)	100	100

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10. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2003 %	2002 %
Held through subsidiary companies			
[4]Auston International Language Academy Pty Ltd (Australia)	Provision of language courses (Australia)	100	100
[7]Panpac Management and Information Consultants(Shanghai) Limited (China)	Provision of consultancy services for events, executive forms, forum workshops and strategic business conferences - currently dormant (China)	100	100
[5]TPMC Asia Pte Ltd (Singapore)	Distribution of magazines - currently dormant (Singapore)	77.8	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) Not required to be audited by the laws of their countries of incorporation

11. Investment in associated companies

	Group 2003 $	Group 2002 $	Company 2003 $	Company 2002 $
Unquoted equity shares,				
- At cost	-	-	1,160,000	1,160,000
- At valuation	490,957	490,957	-	-
Group's share of post-acquisition reserves	(327,467)	(320,780)	-	-
	163,490	170,177	1,160,000	1,160,000
Provision for impairment in value	-	-	(60,000)	(60,000)
	163,490	170,177	1,100,000	1,100,000

11. Investment in associated companies (cont'd)

Details of the associated companies at 31 December 2003 are as follows:-

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2003 %	2002 %	Cost of investment 2003 $	2002 $
Held by the Company					
[1]Shareinvestor.com Holdings Pte Ltd (Singapore)	Investment holding (Singapore)	25	25	1,100,000	1,100,000
[2]Asia Link Media Pte Ltd (Singapore)	Dormant (Singapore)	49.9	49.9	60,000	60,000
				1,160,000	1,160,000
Held by subsidiaries					
[2]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	30		

(1) Information required pursuart to Rule 717 of the SGX Listing Manual: Audited by Foo, Kon & Tan, Certified Public Accountants, Singapore

(2) Audited by other certified public accountants. These associates are not significant as defined under Listing Rule 718 of the Singapore Exchange Manual.

* Not required to be audited by the laws of the country of incorporation

12. Joint venture company

Details of the joint venture company at 31 December 2003 are as follows:-

Name of company (Country of incorporation)	Principal activities (Place of business)	Unquoted equity shares 2003 $	2002 $	Percentage of equity held by the Group 2003 %	2002 %
Held by the Company					
[1]InPac Ventures Pte Ltd (Singapore)	Investment holding (Singapore)	-	100,000	-	50

(1)Audited by Ernst & Young Singapore

During the financial year, the Company disposed of its investment to the joint venture party for a cash consideration of S$100,000.

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

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13. Long-term investment

	Group 2003 $	Group 2002 $	Company 2003 $	Company 2002 $
Unquoted equity shares, At cost	300,000	915,100	-	-

14. Current assets

	Group 2003 $	Group 2002 $	Company 2003 $	Company 2002 $
Work-in-progress, at cost	532,855	437,476	-	-
Trade debtors (Note 15)	4,376,653	4,033,252	310,685	568,944
Other debtors, deposits and prepayments (Note 16)	2,409,415	2,327,888	288,264	420,912
Due from subsidiaries - non-trade (Note 17)	-	-	2,780,684	2,217,306
Due from associated companies - non-trade (Note 18)	-	55,923	-	-
Cash and bank balances (Note 19)	1,077,777	2,275,026	84,267	107,397
Fixed deposits (Note 19)	1,000,345	1,403,000	-	-
	9,397,045	10,532,565	3,463,900	3,314,559

15. Trade debtors

	Group 2003 $	Group 2002 $	Company 2003 $	Company 2002 $
External trade debtors	5,515,176	5,696,853	195,926	195,926
Subsidiaries	-	-	1,068,154	2,365,695
	5,515,176	5,696,853	1,264,080	2,561,621
Less : Provision for doubtful debts	(1,138,523)	(1,663,601)	(953,395)	(1,992,677)
	4,376,653	4,033,252	310,685	568,944

During the financial year, a subsidiary pledged its receivables of $280,000 to a finance company to secure the deed of debentures.

16. Other debtors, deposits and prepayments

	Group 2003 $	Group 2002 $	Company 2003 $	Company 2002 $
Deposits	574,812	543,644	110,177	143,028
Prepayments	1,068,253	1,053,526	22,021	14,261
Staff loan	35,208	49,110	-	-
Tax recoverable	94,934	122,651	-	-
Sundry debtors	582,295	613,502	156,066	263,623
Other assets @	55,437	72,465	-	-
	2,410,939	2,454,898	288,264	420,912
Less : Provision for other debtors	(1,524)	(127,010)	-	-
	2,409,415	2,327,888	288,264	420,912

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

@ These 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.

17. Due from subsidiaries (non-trade)

	Company	
	2003	2002
	$	$
Amounts due from subsidiaries	6,219,951	4,617,292
Less : Provision for doubtful debts	(3,439,267)	(2,399,986)
	2,780,684	2,217,306

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

18. Due from associated companies (Non-trade)

	Group		Company	
	2003	2002	2003	2002
	$	$	$	$
Associated companies	60,000	115,923	60,000	60,000
Less : Provision for doubtful debts	(60,000)	(60,000)	(60,000)	(60,000)
	-	55,923	-	-

19. 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	
	2003	2002
	$	$
Cash and bank balances	1,077,777	2,275,026
Fixed deposits	1,000,345	1,403,000
Bank overdrafts (unsecured)	(1,056,948)	(646,745)
Cash and cash equivalents	1,021,174	3,031,281

20. Current liabilities

	Group		Company	
	2003	2002	2003	2002
	$	$	$	$
Trade creditors (Note 21)	3,183,021	2,942,273	333,575	303,642
Other creditors and accruals (Note 22)	3,178,665	3,481,386	202,494	334,269
Due to subsidiary companies (non-trade) (Note 23)	-	-	456,175	29,533
Due to joint venture company (non-trade)	-	11,958	-	23,916
Provision for taxation	8,154	623,668	-	-
Bank overdrafts (Note 24)	1,056,948	646,745	774,555	501,158
Term loan, current portion (Note 25)	1,780,000	1,500,000	1,500,000	1,500,000
Hire purchase liabilities, current portion (Note 26)	18,906	136,310	-	118,736
	9,225,694	9,342,340	3,266,799	2,811,254

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21. Trade creditors

	Group		Company	
	2003 $	2002 $	2003 $	2002 $
Subsidiaries	-	-	12,740	-
External trade creditors	3,183,021	2,942,273	320,835	303,642
	3,183,021	2,942,273	333,575	303,642

22. Other creditors and accruals

Deferred revenue	513,570	621,518	-	-
Accrued operating expenses	1,492,353	1,463,925	198,148	328,751
Course fees received in advance	957,280	1,020,239	-	-
Sundry creditors	215,462	375,704	4,346	5,518
	3,178,665	3,481,386	202,494	334,269

23. Due to subsidiary companies (non-trade)

The amounts due to subsidiary companies are unsecured, interest-free and have no fixed terms of payment.

24. Bank overdrafts

The bank overdraft of a subsidiary is secured by a corporate guarantee given by the Company and bears interest of 8% (2002 : 8.4%) per annum.

The unsecured bank overdraft of the Company bears interest at prevailing rates of 6.0% to 7.0% (2002 : 5.5% to 7.0%) per annum.

25. Term loans

	Group		Company	
	2003 $	2002 $	2003 $	2002 $
Current				
Bank term loans (non-secured)	1,500,000	1,500,000	1,500,000	1,500,000
Factoring loans (secured)	280,000	-	-	-
	1,780,000	1,500,000	1,500,000	1,500,000
Non-current				
Related parties (non-secured)				
- Interest at 7% per annum	-	410,000	-	-
- Interest free	-	410,000	-	-
	-	820,000	-	-

The unsecured short-term bank loan of the Company bears interest of 2.6% (2002: 2.5%) per annum.

The factoring loans relate to amounts which have been obtained from a finance company by a subsidiary company under a factoring facility. Interest is charged at 2.25% per annum above the prevailing Singapore Inter-Bank offer rate. These loans are secured by a corporate guarantee given by the Company and floating charge over trade receivables amounting to $280,000.

26. Hire purchase creditors

The Group bears hire purchase interest at a flat rate ranging from 10.71% to 15.5% (2002: 10.72%).

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

	Minimum payments 2003 $	Present value of payments 2003 $	Minimum payments 2002 $	Present value of payments 2002 $
Group				
Within one year	22,433	18,906	143,338	136,310
After one year but not more than five years	21,021	18,569	5,617	4,708
Total minimum lease payments	43,454	37,475	148,955	141,018
Less: Amounts representing finance charges	(5,979)	-	(7,937)	-
	37,475	37,475	141,018	141,018
Company				
Within one year	-	-	124,019	118,736
After one year but not more than five years	-	-	-	-
Total minimum lease payments	-	-	124,019	118,736
Less: Amounts representing finance charges	-	-	(5,283)	-
	-	-	118,736	118,736

27. Loan from a subsidiary

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

28. Deferred taxation

Deferred taxes at 31 December related to the following:-

	Group		Company	
	2003 $	2002 $	2003 $	2002 $
Deferred tax liabilities				
Excess of net book value over tax written down value of fixed assets	133,000	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	-	-
	1,031,066	1,000,066	898,066	898,066

Unprovided timing differences are disclosed in Note 6.

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29. Share capital

	Group and Company 2003 $	2002 $
Authorised:-		
At beginning of the year		
1,000,000,000 (2002 : 400,000,000) ordinary shares of $0.05 each	50,000,000	20,000,000
Addition:		
Nil (2002: 600,000,000) ordinary shares of $0.05 each	-	30,000,000
At end of the year:		
1,000,000,000 ordinary shares of $0.05 each	50,000,000	50,000,000
Issued and fully paid		
Balance at beginning		
342,988,251 (2002 : 220,212,000) ordinary shares of $0.05 each	17,149,413	11,010,600
Issued during the financial year		
1,250 (2002 : 122,776,251) ordinary shares of $0.05 each	62	6,138,813
Balance at end		
342,989,501 (2002: 342,988,251) ordinary shares of $0.05 each	17,149,475	17,149,413

On 16 January 2003, the Company issued 1,250 ordinary shares of $0.05 each at a premium of $0.07 per share arising from the exercise of warrants. The new ordinary shares issued rank pari passu in all respects with the existing issued shares.

30. Share premium

	Group and Company 2003 $	2002 $
At beginning of the year	4,606,086	40,638,252
Premium arising on the issue of		
- 1,250 ordinary shares of $0.05 each at $0.12 per share	88	-
- Nil (2002: 6,875,000) ordinary shares of $0.05 each at $0.16 per share	-	756,250
- Nil (2002: 115,901,251) ordinary shares of $0.05 each at $0.136 per share	-	9,967,507
Capital reduction	-	(46,324,812)
	4,606,174	5,037,197
Less: Expenses in connection with the issue of shares	(13,462)	(431,111)
	4,592,712	4,606,086

31. 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	
	2003	2002
	$	$
Directors' fee	80,000	62,405
Directors' remuneration	397,670	589,590
Executive officers' remuneration	695,531	464,164
Printing costs paid to a subsidiary of corporate shareholder	88,544	78,682

32. Commitments

Non-cancellable lease commitments

As at 31 December 2003, the Group and the Company had minimum aggregate lease commitments for office premises amounting to approximately $2,777,501 and $619,581 (2002 : $4,782,569 and $1,037,831) respectively. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group		Company	
	2003	2002	2003	2002
	$	$	$	$
Within one year	1,617,005	1,818,973	435,265	418,250
Within 2 to 5 years	1,160,496	2,963,596	184,316	619,581
	2,777,501	4,782,569	619,581	1,037,831

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33. 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	Group $'000
2003				
Revenues	10,766	9,290	1,334	21,390
Loss from operating activities, before tax	(1,105)	(1,283)	(1,861)	(4,249)
Unallocated expenses				(82)
Operating loss before exceptional items				(4,331)
Exceptional items	-	-	(251)	(251)
Operating loss before interest and tax				(4,582)
Finance costs				(178)
Share of losses of associated companies	-	(51)	44	(7)
Loss before taxation and minority interest				(4,767)
Taxation				261
Minority interest				(23)
Net loss				(4,529)
Segment assets	7,518	17,951	1,446	26,915
Investment in associated companies	44	-	119	163
Unallocated assets				679
Total assets				27,757
Segment liabilities	(4,574)	(1,514)	(3,148)	(9,236)
Unallocated liabilities				(1,039)
Total liabilities				(10,275)
Other segment information:				
Capital expenditure	(90)	(364)	(21)	(475)
Depreciation and amortisation	(630)	(1,021)	(511)	(2,162)
Provision for doubtful debts (trade)	(191)	-	(35)	(226)

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33. Group segmental reporting (cont'd)

	Publishing and events management $'000	Education $'000	HQ costs and Investments $'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)
Operating loss before exceptional items				(3,911)
Exceptional items	(290)	-	224	(66)
Operating loss before interest and tax				(3,977)
Finance costs				(123)
Share of losses of associated companies	-	-	(279)	(279)
Loss before taxation and minority interest				(4,379)
Taxation				-
Minority interest				(2)
Net loss				(4,381)
Segment assets	9,031	19,943	2,327	31,301
Investment in associated companies	43	51	76	170
Unallocated assets				761
Total assets				32,232
Segment liabilities	(3,824)	(2,101)	(3,618)	(9,543)
Unallocated liabilities				(1,624)
Total liabilities				(11,167)
Other segment information :				
Capital expenditure	(211)	(178)	(350)	(739)
Depreciation and amortisation	(662)	(370)	(623)	(1,655)
Provision for doubtful debts	(478)	-	(60)	(538)

(b) Geographical segments

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

	Assets		Capital expenditure		Revenue	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Singapore	23,243	28,629	328	552	17,944	10,944
Malaysia	1,857	2,070	88	157	2,954	3,102
Others	1,815	602	59	30	492	652
	26,915	31,301	475	739	21,390	14,698

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34. Auditors' remuneration

	Group 2003 $	Group 2002 $
Audit fees		
- Auditors of the Company	99,809	70,000
- Other auditors	37,043	9,000
Non-audit services		
- Auditors of the Company	181,228	76,204
- Other auditors	6,486	46,780

35. Directors' remuneration

Number of directors of the Company in remuneration bands.

	Executive directors	Non-executive directors	Total
2003			
$500,000 and above	-	-	-
$250,000 to $499,999	1	-	1
Below $250,000	-	6	6
	1	6	7
2002			
$500,000 and above	-	-	-
$250,000 to $499,999	1	-	1
Below $250,000	1	6	7
	2	6	8

36. Subsequent events

(1) Subsequent to year end, a subsidiary company, Auston International Group Ltd ("Auston"), announced that it had entered into a conditional sale and purchase agreement with Mr Bachtir Salim ("the vendor") to acquire :

(i) 65% of the entire share capital of P.T. Riski Lancer Sentosa from the vendor; and

(ii) 5,000 square metres of a development site located at Bulevar Artha Goding in Jakarta from P.T. Riski Sukses Sentosa.

The purchase consideration of $34 million will be settled in full by the allotment of 170 million new ordinary shares in Auston to the vendor at an issue price of $0.20 each. These shares, when issued, will comprise 71.4% of the enlarged issued share capital of Auston, amounting to a reverse takeover of Auston.

(2) On 17 January 2004, the Company announced that it proposed to issue up to $5,000,000 in principal amount of unsecured S$ notes at an issue price of 100 per cent of the principal amount of such notes.

36. Subsequent events (cont'd)

The notes would be issued in 2 main tranches and an option tranche. The execution of the subscription agreement pursuant to the issue has been approved by the shareholders at an Extraordinary General Meeting on 11 February 2004.

The notes are convertible into new ordinary shares of $0.05 each in the Company or exchangeable for existing ordinary shares of $0.01 each in Auston.

(3) The Tranche 1 notes relating to the issue described above with an amount of $250,000, have been converted on 18 and 19 February 2004. The conversion price was undertaken at a floating conversion price of $0.0738 per share. The number of new shares issued pursuant to the conversion was 3,387,533 new ordinary shares of $0.05 each.

37. 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 at 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, factoring loans, and deposits with banks and financial institutions.

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.

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37. Financial instruments (cont'd)

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 these financial statements, where applicable.

The following methods and assumptions are used to estimate the fair values 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 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 $300,000 (2002: $915,100) 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 loan 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 value. 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.

SHAREHOLDINGS STATISTICS

List Of Top 20 Shareholders As At 30 March 2004

S/N	Name Of Shareholder	No. Of Shares	% Of Shares
1	International Press Holdings Pte Ltd	63,962,588	18.14
2	SBS Nominees Pte Ltd	14,530,000	4.12
3	UOB Kay Hian Pte Ltd	11,103,313	3.15
4	DBS Vickers Securities (S) Pte Ltd	11,060,000	3.14
5	Morgan Stanley Asia Securities (S) Pte Ltd	10,000,000	2.84
6	Mayban Nominees (S) Pte Ltd	9,900,000	2.81
7	DBS Nominees Pte Ltd	8,103,000	2.30
8	Citibank Nominees Singapore Pte Ltd	8,058,250	2.29
9	Seow Kui Lim	7,000,000	1.98
10	GK Goh Stockbrokers Pte Ltd	6,636,567	1.88
11	KB Nominees Pte Ltd	6,538,000	1.85
12	United Overseas Bank Nominees Pte Ltd	6,527,000	1.85
13	Low Song Take	6,117,647	1.73
14	Cheong Poh Kin	5,811,764	1.65
15	Kim Eng Securities Pte Ltd	5,197,000	1.47
16	Apsilon Ventures Pte Ltd	4,200,647	1.19
17	OCBC Securities Private Ltd	3,542,000	1.00
18	Overseas-Chinese Bank Nominees Pte Ltd	3,280,292	0.93
19	Chin Keok Lian	2,500,000	0.71
20	Phillip Securities Pte Ltd	2,074,483	0.59
		196,142,551	**55.62**

Distribution Of Shareholders By Size Of Shareholdings As At 30 March 2004

Size Of Shareholdings	No. Of Holders	No. Of Holders	No. Of Shares	% Of Shares
1 – 999	10	0.24	4,901	0.00
1,000 – 10,000	2,371	56.91	10,943,000	3.10
10,001 – 1,000,000	1,753	42.08	126,989,791	36.01
1,000,001 – and above	32	0.77	214,704,372	60.89
Grand Total	**4,166**	**100.00**	**352,642,064**	**100.00**

Substantial Shareholders As At 30 March 2004

	Direct Interest		Deemed Interest	
Name	**No. Of Shares**	**%**	**No. Of Shares**	**%**
Low Song Take	6,117,647	1.73	63,962,588	18.14
Ricky Ang Gee Hing	10,213,735	2.90	29,397,294	8.30
Kevin Low Ka Choon	2,135,294	0.61	63,962,588	18.14
International Press Holdings Pte Ltd	63,962,588	18.14	-	-
Fontana Investments Pte Ltd	29,397,294	8.30	-	-

Rule 723 of the SGX-ST Listing Manual

As at 30 March 2004, there were 233,663,742 shares in the hands of the public as defined in the SGX-ST Listing Manual representing approximately 66.3% 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 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 Singapore 199597 on the 28th day of April 2004 at 10.00 a.m. for the following purpose:

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Accounts for the financial year ended 31 December 2003 together with the Directors' Report and Auditors' Report thereon. [Resolution 1]
2. To approve the payment of Directors' Fees for the year ended 31 December 2003. [Resolution 2]
3. To re-elect Mr Low Song Take and Mr Richard Tan Tew Han who are retiring under Article 107 of the Articles of Association [Resolution 3]
4. To retire Mr Cheong Poh Kin who is retiring under Article 107 of the Articles of Association. [Resolution 4]
5. To re-appoint Messrs Ernst & Young, Certified Public Accountants as auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 5]
6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

7. IT WAS RESOLVED THAT approval be and is hereby given to the Directors to offer and grant options under the Panpac Media Group Share Option Scheme (the 'Scheme') and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15 per cent of the total issued share capital of the Company from time to time. [Resolution 6]
8. IT WAS RESOLVED THAT the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 (the 'Act') to allot and issue shares and convertible securities of the Company on such terms and conditions and with such rights or restrictions as they may deem fit PROVIDED ALWAYS THAT the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed fifty per cent (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the issued share capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting. For the purposes of this resolution, the percentage of issued share capital shall be based on the Companyís issued share capital at the time of the passing of this resolution after adjusting for:
   (a) new shares arising from the conversion or exercise of convertible securities or from exercising employee share options outstanding or subsisting at the time of the passing of this resolution;
   (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate; and
   (c) any subsequent consolidation or subdivision of shares. [Resolution 7]

BY ORDER OF THE BOARD

TAN MIN-LI
COMPANY SECRETARY
SINGAPORE, 12 APRIL 2004

Notes:

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.
A proxy need not be a member of the Company.
The instrument appointing a proxy must be deposited at the Companyís registered office at 50 Raffles Place #29-00 Singapore Land Tower Singapore 048623 at least 48 hours before the time of the Meeting.

(ii) If re-elected under Resolution 3, Mr Low Song Take will remain as Executive Director and a member of the Nominating Committee of the Company. Mr Richard Tan will remain as a member of the Audit Committee and Nominating Committee, and will be considered an independent director of the Company.

(iii) If retired under Resolution 4, Mr Cheong Poh Kin will resign as the chairman of the Audit Committee and a member of the Remuneration Committee.

(iv) Resolution 6 above, if passed, will empower the Directors to issue shares pursuant to the Panpac Media Group Share Option Scheme (the 'Scheme'), of up to an amount not exceeding in total of fifteen per cent (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(v) Resolution 7, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of fifty per cent (50%) of the issued share capital of the Company (of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the issued share capital of the Company) for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

PANPAC MEDIA GROUP LIMITED

(Incorporated in the Republic of Singapore)

PROXY FORM

I/We ____

of ____

being a member/members of the above-mentioned Company, hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 371 Beach Road #03-18 Keypoint Singapore 199597 on the 28th day of April 2004 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereunder indicated.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To adopt the Audited Accounts, Directors' Report and Auditors' Report		
2.	To approve the payment of Directors' Fees		
3.	To re-elect Mr Low Song Take and Mr Richard Tan Tew Han as Directors under Article 107		
4.	To retire Mr Cheong Poh Kin as a Director under Article 107		
5.	To re-appoint Auditors and authorise Directors to fix their remuneration		
	Special Business		
6.	To authorise Directors to allot and issue shares in connection with the exercise of options granted pursuant to Panpac Media Group share option Scheme		
7.	To authorise Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50		

Dated this ________ day of ________ 2004.

____

Signature(s) of member(s) or Common Seal

No. of Shares Held

IMPORTANT: PLEASE READ NOTES OVERLEAF

Please glue and seal along the edge

Please glue and seal along the edge

Please glue and seal along the edge

panpacmediagroup

Please
Affix 23 Cents
Postage Stamp
Here

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

1st Fold

PANPAC MEDIA GROUP LIMITD
Notes to the Proxy Form

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. 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 entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.

3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 50 Raffles Place #29-00 Singapore Land Tower, Singapore 048623 at least 48 hours before the time appointed for the Annual General Meeting.

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

8. The Company shall be entitled to reject the 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.

9. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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