

PERFORMANCE OVERVIEW

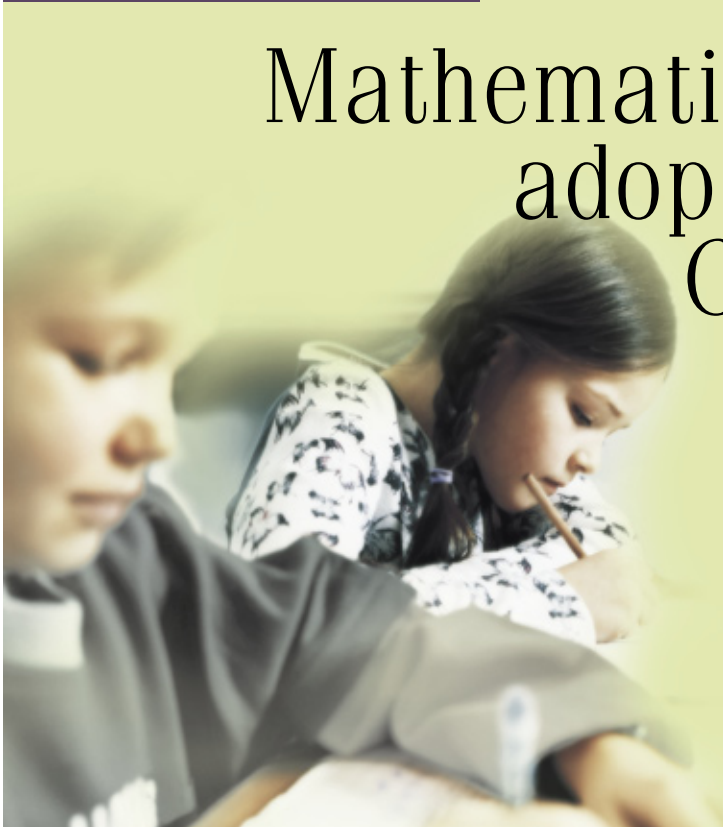
The Group's Publishing & Printing division turned in encouraging results for FY2007, despite increased competition and rising raw material costs. Sales grew 8% to \$537 million while PBIT surged 62% to \$33 million.

The excellent performance can be attributed to a combination of continued growth in most of our core businesses, supported by strong contribution from Printing and Educational Publishing. During the year, the Group focused efforts on improving the operating efficiency of our businesses and strengthening our relationships with customers.

In the year to come, the Group will continue to build our position in the markets where we currently operate, focusing on our core businesses and expanding into related areas. Globalisation, promoting enterprise and innovation, building new capabilities, and expanding our talent pool will remain our key growth strategies.

PUBLISHING: EDUCATION

Mathematics programme adopted by State of California, USA



Marshall Cavendish in Singapore achieved a publishing milestone when its mathematics programme was recommended for adoption by the Board of Education for State Funds in California. This means that as from next year, elementary school teachers will be able to use state funds to purchase the Singapore developed mathematics programme. Marshall Cavendish also concluded a co-publishing deal with Houghton Mifflin – one of USA's largest educational publishers.



PUBLISHING

Establishing a Global Presence

A home-grown company, Marshall Cavendish has grown from strength to strength as a leading publisher in Asia. This year, it continued to take its educational content to the world, with increasing sales to the Middle East, Indonesia, Malaysia and Vietnam.

Marshall Cavendish in Singapore achieved a publishing milestone when its mathematics programme was recommended for adoption by the Board of Education for State Funds in California. From 2008, elementary school teachers will be able to use state funds to purchase the Singapore developed mathematics programme, which has helped students in Singapore earn first-place rankings in three widely cited studies of student mathematics performance conducted in 1995, 1999 and 2003. The global study, Trends in International Mathematics and Science Study (TIMSS), is conducted every four years. Marshall Cavendish also concluded a co-publishing deal with Houghton Mifflin – one of USA's largest educational publishers.

The business information segment turned in a sterling performance for the year. The new titles introduced in Malaysia met with great success, especially the Malaysian Sports and Fitness Directory. The segment also made its debut in Thailand with the launch of three titles, with more to follow in the coming year.



The launch of "Child's First Library", the flagship product of the educational technologies unit, was well received as it was rolled out across the region. Sales in India and the Gulf states hit a record high, laying the ground for a strong 2008.



During the year, Marshall Cavendish further integrated the PanPac Educational Publishing business acquired in 2005. The two backend fulfillment operations were successfully amalgamated and outsourced to a third party logistics company.

In spite of a challenging library publishing US market, this year, Marshall Cavendish's digital reference portal generated considerable interest at both the school and municipal levels.

After many years, 2007 marked the final year of publishing and selling part works products. From 2008, Marshall Cavendish's UK operations will focus entirely on the English Language teaching market. Since it began three years ago, sales in this segment, albeit small, have been doubling each year. The release of a new series in 2008 is expected to provide the platform for further growth of this segment in other parts of the globe.

PRINTING

Harnessing Capabilities for Optimal Performance

Times Printing Group, the printing division, reported strong revenue growth of 12% from operations in Singapore, Malaysia, China and Australia. As a testimony to its excellent quality, Times Printers Singapore garnered the Asian Print Awards again in 2007, including the Gold Award for Web-offset printing of Time Magazine (Time Inc).



In Southern China, Everbest Printing (Everbest) continued to be the star performer. Profit contribution improved despite the weakened Hong Kong (HK) dollar. Everbest Printing became a fully-owned subsidiary during the year. The building facilities were extended and the production equipment expanded to boost capacity in the coming year. Everbest made a strong entry into the domestic comic magazine segment which is growing at a rapid rate in China.

The Group's listed associate, Fung Choi Media Group Limited, enjoyed another year of sterling performance for FY2007. In addition, the Group also raised our interest in Fung Choi to 29.5%, from 25%.

During the year, Times Printers acquired 51% of Starprint Production Pte Ltd which specialises in bindery, to boost its post-press capacity. It also entered the case book market in an effort to enlarge its scope of services.

In Australia, following a strategic review, the decision was made to merge Times Printers (Australia) (TPA) with PMP, the largest printer in Australia, for 11.5% in the share of PMP. Going forward, this merger is expected to bring forth greater opportunities for synergy both in Australia and Asia.

The Group's new packaging printing plant in Taiyuan (Shanxi Province) also saw a steady increase in revenue in its second year of operation. However, its packaging print plant in Shenyang was affected by the closure and suspension of several pharmaceutical plants in Northeast China with the government tightening its regulatory grip on the control of production licences. The Group's two commercial printing joint venture plants in Liaoning and Shanghai too, experienced a challenging year, amidst competition from liberalisation of textbook publishing and printing.

Even as the market faces increased competition and escalating costs of paper, freight and energy, revenue and profit expectations for the coming year remain positive, especially in the light of continued demand from Western publishers for Asian printers. In FY2008, the Group will persist with efforts to expand in the region, eyeing opportunities in India and Vietnam. We will also continue to explore acquisitions in South China to complement our existing China business.

DISTRIBUTION

Delivering Results Through Innovation

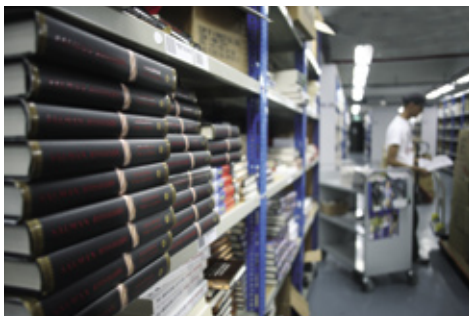
Pansing Distribution Group

Pansing Distribution Group, the Group's distribution arm, saw its highest revenue for its books division in its 21-year history. Revenue increased 18% over the previous year. The strong performance was helped by a bullish consumer market, evident from major bookstore openings in the region. The decision made to devolve divisional structures to focus efforts on the company's diverse list of over 50,000 active titles, also contributed to the improved performance. The bestselling title for the year was "False Impression" by Jeffrey Archer, with 15,000 copies sold.

The books division intends to develop its distribution capabilities beyond its Singapore and Malaysia base. It plans to offer publishers who are Pansing's principals throughout Asia a wider range of services, in logistics and fulfillment.

Magazine distribution in Singapore did admirably as well, registering an 11% increase in sales due to organic growth of imported titles and new agencies. In Malaysia, sales rose by 9% over the previous year mainly due to increase in local titles and channel efficiency. Moving forward, Pansing will continue to expand its dominant market share in imported magazines from USA, UK and Australia while catering to the Chinese market by offering Chinese titles imported from Hong Kong and China.

During the year, Pansing sold its entire indirect shareholding interest in United Publishers Services Limited. The company is in the business of distribution of academic books, publications and materials primarily in Japan.





RETAIL

Staying Fresh and Relevant for the Modern Shopper

The retail arm of the Group, Times Bookstores, successfully completed its re-branding exercise and image overhaul to project a more dynamic and trendy image in keeping with the modern retail milieu. The new identity will be rolled out across all outlets in the coming year.

Times continued with its regional expansion plans during the year, both in the books and magazines sectors. A new flagship store was opened at the Pavilion Kuala Lumpur, Malaysia, featuring novel services such as self-help online book search kiosks and a special book order for out-of-stock or rare titles. Two new stores were also launched at the Venetian Resort Macau Cotai Strip, bringing the total number of stores in the region to 26.

Mag@zing – a modern newsstand concept – was launched during the year to provide a convenient source of easy pick-me-ups for those on the run. With a wide range of products from magazines to best-seller books to candy to greeting cards, mag@zing is a boon for busy shoppers. During the year, five outlets were opened in Singapore and eight in Kuala Lumpur, all located in vibrant shopping malls with high visitor traffic.

In the year under review, the Group gained a foothold in the school retailing business with the acquisition of Pacific Bookstores, the largest school bookshop operator in Singapore. The chain has amassed over 30 years of experience, and operates more than 100 bookshops in the primary, secondary and junior colleges. Pacific Bookstores is a pioneer in online school book sales, a welcome initiative particularly during the peak periods of annual textbook sales. Parents enjoy the convenience of purchasing textbooks online and having their purchases delivered to their doorstep.

Although consumer sentiment in the retail market for Singapore and Malaysia remains generally bullish, Times continues to face stiff competition from other major book retailers in the region. The Group will continue to drive customer-centric initiatives and improve on our retail management.

