

# Publishing & Printing

## Growing our global presence



Dato' Ng Jui Sia  
CEO

### Business Overview

I am pleased to announce that our education publishing recorded another stellar year, achieving 10% growth in revenue and 37% in PBIT respectively. Our mathematics textbooks have made headway in the US market as well as the Middle East, Latin America and South Africa.

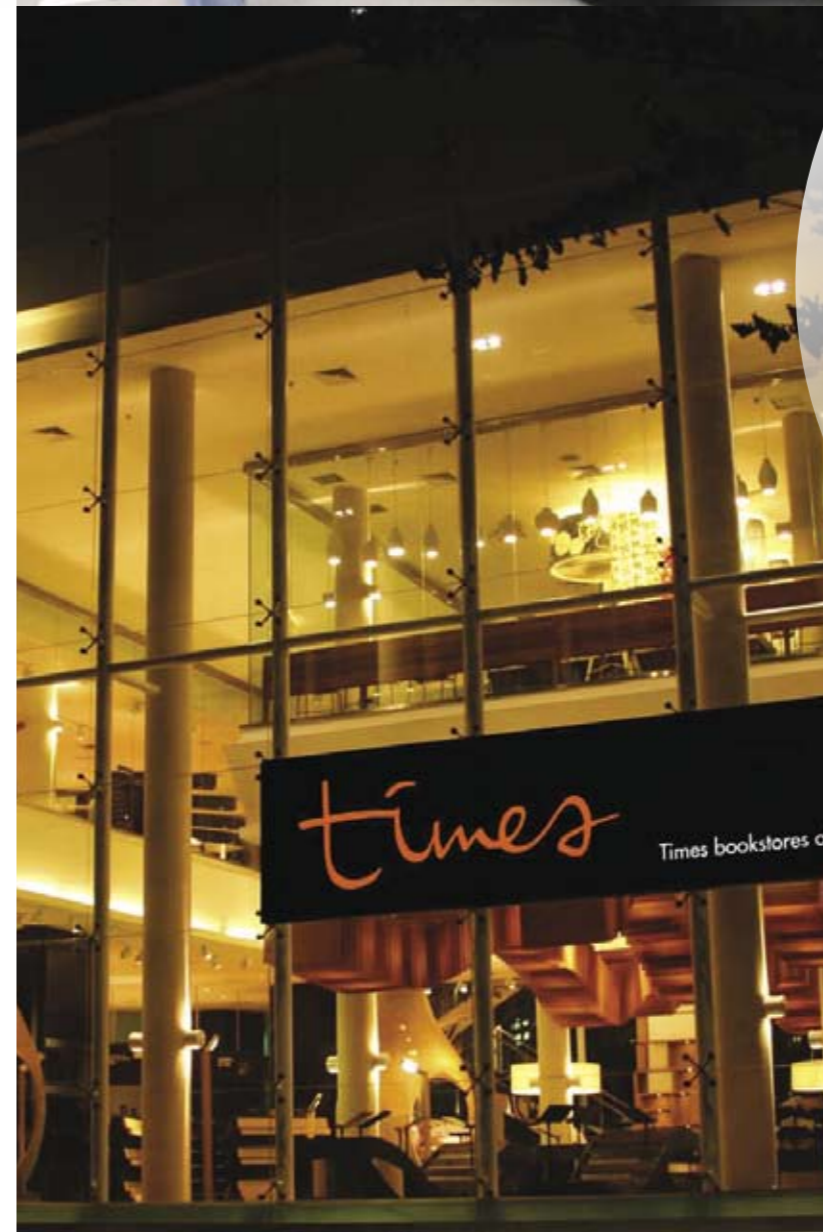
Our performance was laudable in light of the challenges faced during the year. Oil price hikes and surging raw material costs translated into margin reductions for our printing arm and high freight costs also made its impact on our distribution business.

Nevertheless, Times Printers Group rose above these challenges to report revenue growth of 7%. Notably, Times Printers in Singapore for the first time, surpassed the S\$100 million revenue mark.

In the year under review, we conducted a strategy review with the objective of identifying and creating new opportunities of growth to provide superior returns to our shareholders. Rationalisation exercises on non-core and under-performing units also yielded benefits.

For education publishing, we continued to implement our export strategy, by expanding our footprint in major growth markets such as Latin America, Europe, Africa, the US, Middle East and the emerging economies in Southeast Asia.

For the print, distribution and retail arms, we focused on improving operational efficiencies, such as optimising our utilisation of assets, enhancing procurement and inventory management, and better coordinating group purchasing of key input materials.



Revenue **S\$476M**  
Decreased by 10%

PBIT **S\$29M**  
Decreased by 11%

An enrichment programme, Marshall Cavendish Learning Curves, was developed with the objective of extending and broadening the school curriculum.



Locally, both Marshall Cavendish Education and Panpac Education continued to deliver outstanding results in FY2008, maintaining significant market share for the Primary Mathematics, Science and Mother Tongue, Secondary Mathematics, Upper Secondary Sciences, Aesthetic and Humanities segments.

An enrichment programme, Marshall Cavendish Learning Curves, was developed with the objective of extending and broadening the school curriculum. Incorporating two existing competitions – Budding Writers and Words + Art – the programme aims to bridge the gap between core curriculum in schools and enrichment programmes.

During the year, Marshall Cavendish acquired Summertown Publishing in the UK to enhance its English Language Teaching (ELT) programme and to build on its global distribution strength.



## Publishing

*Stamping our mark on the international publishing scene*

Marshall Cavendish continued to bolster its leadership position, particularly in the educational arena, via its expansion efforts in the Middle East, Latin America and South Africa. Both in Malaysia and Thailand, the educational business performed beyond expectations, posting a 41% and 9% increase in revenue over the previous year, despite challenging market conditions.

In Hong Kong, Manhattan Press targets to launch textbooks for the New Senior Secondary (NSS) in the academic year beginning in September 2009. This move is aimed at sustaining our lead in the senior secondary school book market.

The business directories sector turned in equally successful results, continuing its growth momentum in Singapore supported by the buoyant construction, marine, chemicals, exhibition, and convention industries. Growing in tandem with the print directories, the online directories also saw a significant growth in advertisement support.

In FY2008, Marshall Cavendish published a number general books that are successful and high profile titles. Noteworthy were Snakes & Devils – a History of the Singapore Grand Prix. The CultureShock! series celebrated its 30<sup>th</sup> anniversary with a re-launch. The internationally successful series has sold four million copies worldwide and will have its own television series in 2009.

The library market in the US saw a decline in sales, but the silver lining was the winning of the ALA Notable citation, the Children's Choice Award and the Texas Bluebonnet Award by Marshall Cavendish Children's books.

Following its launch last year, A Child's First Library of Learning under the home & library reference recorded impressive growth. Sold in 24 markets, the product will be available in six languages: English, Mandarin, Cantonese, Thai, Indonesian and Arabic by mid-2009. At the recent Hong Kong Book Fair and Baby Fair, home and library reference materials turned in record numbers in retail sales.

Times Printers was once again conferred several medals at the Asian Print Awards 2008.

## Printing

*Maintaining a leadership position through quality*

For its exemplary standards, Times Printers was once again conferred several medals at the Asian Print Awards 2008. Quality and environmental certifications were the key focus for its plants. The plants in Singapore, Malaysia and Guangzhou achieved certifications in the Forestry Stewardship Council Chain-of-Custody (FSC), Programme for the Endorsement of Forest Certification (PEFC) and International Council of Toy Industry (ICTI). These certifications were in addition to the ISO 9001-2000 Quality Systems certification held for many years.

New equipment and facilities, such as heat-set web offset and post-press equipment, were also installed to augment the quality and service capabilities of the plants. The two-year-old joint venture packaging printing plant in Shanxi managed to penetrate new segments of the packaging market and is on track to break even in the new financial year.

In FY2008, Times Printers entered into joint ventures with Starprint Production and JCS Digital Solutions, both of which



not only contributed positively to its financial results but also enabled the division to diversify into other print value-adding print services.

Associate company, Fung Choi Media Group achieved growth across all its business segments, with a total revenue increasing by 14% to HK\$1.4 billion and net profit reaching HK\$201 million.



Times Bookstores kicked off FY2008 with a bang – a brand new look and brand new stores across Singapore, Malaysia, Macau and Indonesia.

## Distribution

*Enhancing operational efficiency for premium results*

Higher freight costs affected book and magazine sales imported from the US, UK and Australia. While the relative weakness of US and UK currencies helped offset costs, the Australian dollar was unfavourable to the import business.

Demand for books in Singapore surpassed last year's record levels but the numbers for Malaysia dipped significantly. Pansing's bestselling title for the year was the Pokemon Annual, with 10,000 copies sold. The magazines business in Singapore, Malaysia and Hong Kong turned in respectable results, contributed by the increase in distribution of titles and expansion into non-magazine products like trading cards.

The year also saw a major relocation of the company's warehouse operations to a new and more efficient facility

and setup as part of an ongoing exercise to improve business process and assets utilisation. Provision for sales returns was adjusted to reflect undergoing market environment.

Musicway Corporation, a technology and lifestyle accessories distribution company of our Australian subsidiary Rainbow Products, enjoyed a profitable year. The high order fill rate of popular consumer electronics accessories by national retail chains led to the favourable results.

## Retail

*New approaches to keep pace with customer needs*

Times Bookstores kicked off FY2008 with a bang – a brand new look and brand new stores across Singapore, Malaysia, Macau and Indonesia. The core proposition of the new Times Bookstores' brand focuses on the customer. Its contemporary identity embraces a customer-centric experience where comfort, convenience and good service are paramount.

Times Newslink, a joint venture between Times Bookstores and Lagardere Services Asia Pacific, operates bookstores and children's concept stores at Singapore Changi Airport. In October 2007, it unveiled Kaboom at Changi Airport Terminal 2. Targeted at children and the young at heart, Kaboom sets itself apart from other children's stores by focusing on creative learning products which fuse education with play.

Pacific Bookstores operates the largest chain of school bookshops with over 100 outlets in primary, secondary and junior colleges with new outlet acquisition during the year. Enhancements were made to its school on-line ordering system which improve fulfillments and logistic efficiency.



## Looking Ahead to FY2009

Moving forward, the publishing business will persist with efforts to cement its leadership position and capture a larger market share across geographies, as well as optimise publishing investments.

Times Printers will continue to review and assess the newly emerging markets in Vietnam, India, the Middle East and Africa, with a view to tap into these growing print markets. It will also explore avenues to reduce print costs and has embarked on a rebranding exercise to become more relevant to its customers. The current economic downturn in our key export markets of the US, Europe, and Australasia will put pressure on our printing category, and currency volatility may affect contracts denominated in foreign currency.

In the coming year, Times Bookstores will open its largest Singapore outlet at Tampines One. In addition to its usual offerings, the store will feature a wide selection of educational books, as well as quality assessment books and study guides.

As the global economic slowdown intensifies in the coming year, we are ready to meet upcoming challenges by drawing on our competencies and reputation to build a strong network of customers and expand our reach.