

JOURNEY of **Enrichment**

With the objective of leveraging Times Publishing's rich intellectual capital to drive the Group's growth in the information-driven, knowledge-based economy at the turn of the century, F&N acquired a 20% stake in Times Publishing in 1999 followed by a general offer in 2000. With that, Times Publishing became a subsidiary of the Group. As Singapore's leading publishing and printing giant, Times Publishing will continue to forge new frontiers with strategic steps taken to further strengthen and expand the Education Publishing and digital products businesses both in Singapore and overseas.

Achieved Revenue of

\$382M

BUSINESS OVERVIEW

Times Publishing Group's revenue of continuing business grew by 1% or \$2 million after excluding divested businesses, driven mainly by strong growth in Education Publishing and increased contribution from the distribution of lifestyle products. The increase was partly negated by the decline of print demand from Western markets and weak retail sentiments.

PBIT declined by 85% to \$4 million due to rationalisation expenses, lower print volume and investment costs in Education Publishing for future expansion. Lower contribution from associates also adversely affected earnings.

During the year, Education Publishing delivered a stellar performance with double-digit growth in revenue and PBIT. The success was underpinned by investment foresight and proactive management of the education publishing unit to improve both revenue and earnings. Overseas sales grew from 49% to 62% of total education revenue over the last three years, as Education Publishing continued to gain momentum in its international footprint.

Achieved PBIT of

\$4M



GOH SIK NGE
CHIEF EXECUTIVE OFFICER

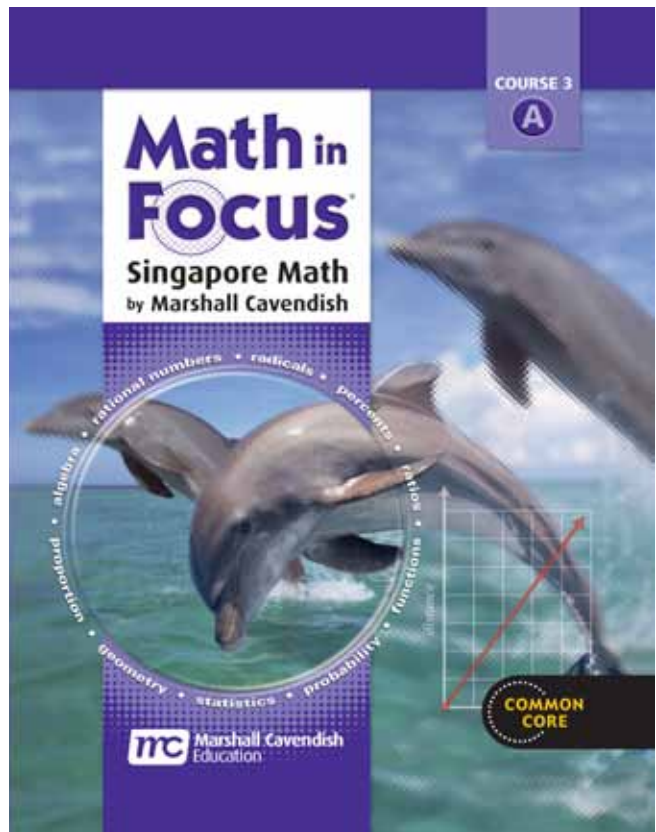
Our products with Singapore mathematics approach continued to gain market share, both locally and internationally, and efforts to deliver an effective education solution have extended beyond print as digital products continued to gain positive reviews from adopters in the United States ("US") and Asia. In response to the changes in the Singapore school syllabus for 2013, Marshall Cavendish Education launched the blended learning approach that combines the best of print and digital platforms to provide a unique teaching and learning experience. The digital textbook empowers students to be confident users of technology in their learning process and develop collaboration skills through social sharing platforms such as the social learning wall. The product generated great interest from schools and media.



The Group continued to face challenges in the Printing business as the print volume in Western markets declined. However, our efforts to diversify our revenue base to non-publishing segments and to increase our market shares from domestic markets in Malaysia and China registered positive results. In the year, Times Printers embraced digital opportunities by launching a host of digital services such as e-book conversion, app development and QR codes to seamlessly integrate print and web requirements of our customers. An affirmation of our superior quality was displayed as Times Printers once again garnered recognition by winning numerous international awards.



Pansing, our distribution division, achieved improvement in revenue through the diversification to lifestyle products and expansion of its distribution network for non-book customers in Singapore, Malaysia and Hong Kong. Even though there were closures of major bookstores in Singapore, Pansing mitigated the impact with the success of blockbuster titles.



Notwithstanding the challenges of book retailing, NoQ store, our online retail site, continued to make significant progress in customer acquisition and growth in its membership base. NoQ store won the Gold Award for Excellence in Mobile Marketing in Marketing Magazine's Marketing Excellence Award 2012.

Times Publishing Group continued to make good progress in achieving a strong balance sheet with a net cash improvement of \$34 million, up from \$17 million last year.

From top: Marshall Cavendish Education's Blended Learning Package for lower secondary Science and My Pals are here! series are available in both print and digital format for 2013 curriculum, The Math in Focus series adopted in the United States

PUBLISHING

Marshall Cavendish Education

Marshall Cavendish Education continued to achieve good growth with market share gain for our Singapore mathematics programme in the US. The overseas markets met with a record year as sales grew by 36% on strong contributions from the US, Indonesia and Chile. The success of *Maths in Focus* continued its growth into the middle schools in the US as we extended our range into grades 7 and 8. Our footprint in Latin America made further headway as our pilot programmes with Chile for *Pensar sin Límites Matemática Método Singapur* (Spanish edition of the successful *My Pals are Here! Mathematics*) went into its third year. Research commissioned by Ministry of Education, Chile proved the effectiveness of our Math programme; 89% of teachers indicated an improvement in student's learning and 83% felt that Marshall Cavendish Maths textbooks were better compared with the textbooks that they normally used.

In Singapore, Marshall Cavendish Education launched new textbook packages following new syllabuses announced by the Ministry of Education. The textbook offerings blended the

best of print and digital platforms to provide a unique teaching and learning experience. It also encouraged self-directed and collaborative learning for students and parents as part of their learning process through the various activities and projects. Our MC e-books are compatible with Windows, iOS and Android platforms.

The Marshall Cavendish Education Conference 2012, which covered both Mathematics and Science, provided a platform for educational policymakers, curriculum specialists, and educators from 13 countries to discuss equity in education.

In Hong Kong, despite a very challenging market condition, we ended the financial year with higher sales. Hong Kong Education Bureau's requirement for publishers to de-bundle teacher resources from their textbooks resulted in an overall reduction in textbook prices in the territory.





MCEnrich.com portal provides a full suite of online learning and enrichment resources

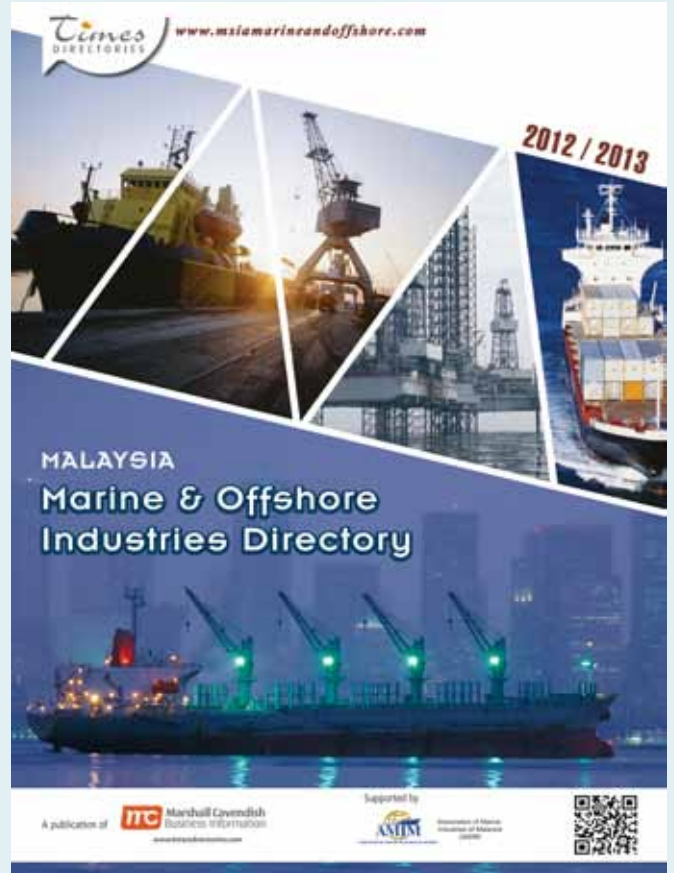
Marshall Cavendish E-Learning

In the US, Marshall Cavendish Online (“MC Online”) launched our new online learning program *Math Buddies* at the National Council of Teachers of Mathematics conference. This standalone programme that was designed to be used without a physical textbook was very well received by educators and students. *Math Buddies* supports the Singapore approach to the learning of Mathematics and is fully aligned to the new US Common Core States Standards. It is being progressively marketed to schools across the US. In Philippines, Vietnam and Jordan, MC Online’s learning management system (“LMS”) also enjoyed higher sales.

In Singapore, MC Online acquired a strong school market share that sealed its position as the leading provider of LMS services. During the year, MC Online launched MCEnrich.com. This portal offered a full suite of online learning and enrichment resources catering to primary one to six, including assessment components, question banks and interactive multimedia courseware.

In Hong Kong, our e-learning initiative continued to gain traction with a number of schools for the government e-learning pilot projects. E-books, together with our new LMS, were launched in schools to engage the young digital generation. We also launched *More Word's Please 600+ Adjectives*, a comic-style, three-volume series dictionary on smartphones.





Clockwise from top left: Foreign delegates from 13 countries attended the Marshall Cavendish Education Conference 2012, Marshall Cavendish Business Information successfully launched the Malaysia Marine & Offshore Industries Directory 2012/2013, Ms Lee Fei Chen, Head of Publishing, Marshall Cavendish Publishing Group welcoming all delegates at the Marshall Cavendish Education Conference 2012

Marshall Cavendish Institute

Our Professional Development unit, Marshall Cavendish Institute (“MCI” or the “Institute”), continued to cement its growing reputation as a leading provider of teacher professional development for Mathematics globally.

In Singapore, the Ministry of Education engaged the Institute to support the 21st Century Competencies Partner Schools Programme in two of its five partner schools. MCI organised the inaugural Singapore Math Institute for educators from the region. It also collaborated with MediaCorp Radio’s Gold 90.5FM to hold the annual Surviving Math! seminar for parents.

In the US, MCI collaborated with various schools and school districts to run regular professional development courses for their teachers. We also worked with our partners to run “Experiencing Singapore Mathematics” executive seminars for administrators and curriculum leaders.

Marshall Cavendish Business Information

The advertisement sales in the directories business were lower than last year due mainly to the unsuccessful tender for the renewal of the Building Construction Authority Directory (“BCA”). However, the loss was mitigated by our successful tender for the BCA Catalogue and the launch of the Malaysia Marine and Offshore Industries Directory. Poor business sentiments resulting from the Eurozone crisis and a poor US economy also affected performance.

In spite of the challenging environment, our online advertisement sales continued to see strong take-up rate with the number of visitors to our websites registering a growth of 21% over last year. Online revenue has grown 12% from last year.



From left: PAL - Your child's first multi-media device that complements English-Time, At the SAPPI Printer of the Year 2012 Awards, Times Printers took home the Gold Award for the Book Printing 4C or more colour category

Marshall Cavendish Home & Library Market

During the year we closed our school library book publishing operations in the US to focus on the growing educational publishing business.

Educational Technologies Limited ("ETL"), our unit specialising in the publishing of home reference books, recorded lower sales in Thailand, the Gulf and Singapore markets but achieved significant sales growth in Indonesia, Sri Lanka and Pakistan. ETL has upgraded a number of its products to increase its digital presence with a target to launch in the coming year.

PAL, positioned as "your child's first multi-media device", is the latest enhancement to *English-Time* and comes with bonus materials from other products. PAL debuted in October 2012 in Indonesia and proved to be popular, exceeding sales expectations.

PRINTING

The Printing division had a challenging year as print volume from Western markets declined and PBIT was affected due to price pressure and higher operating cost. On the other hand, there were revenue growths in Malaysia and China as a result of stronger focus on local sales initiatives.

Diversifying our print revenue to non-publishing segments has registered positive results. This year, our stable of clients has expanded beyond publishers to include manufacturing, retail, and information technology industries.

Efforts were made to develop the latest digital printing technologies to provide richer and more interactive print media for consumers. Bringing contents to life using augmented reality gave a new level of enhanced understanding and appreciation for consumers. These solutions were designed to assist marketers to reach out to their intended audience using interactive advertising and marketing messages that deliver different levels of information through QR codes which were integrated seamlessly between print and web. Our digital print-on-demand supports the quick turnaround for time-sensitive printing needs like marketing materials.



Our printing plants continued to excel in delivering quality print work by gaining recognition in prestigious international print industry awards. At the 9th Asian Print Awards held in November 2011, our Singapore plant won the gold award for 'Best in Web Offset Printing'. In the same event, Everbest Printing, our China plant, won the gold award for 'Book Printing', and two silver awards for 'Sheetfed magazine' and 'Limited Editions & Artwork Reproduction', respectively.

Everbest Printing also won the gold award for Sappi Printers of the Year award, which is the 'Oscars' of the print world, recognising master craftsmanship and honouring excellence in print. At the Malaysian Print Awards 2012, our Malaysian plant won the Certificates of Excellence awards for 'Commercial and Publications' (web magazine), and the award for 'Commercial and Publication' (limb bound).

Going forward, Printing division expects that the continuing effects of electronic devices will have an impact on the reading habits of consumers. We have embraced the opportunity with a slew of digital services in design and creation of electronic publications across a variety of digital platforms ranging from e-book to mobile device applications. Our Printing division will continue to seek new markets, expand our customer base and drive improvements in efficiency through sharper sales and marketing effort, as well as providing a higher level of service to our customers.

DISTRIBUTION

The Distribution division experienced positive gains from the diversification to lifestyle products during the year. However, the traditional book and magazine distribution faced challenges in Singapore and Malaysia.

For Pansing book distribution, the decline in revenue, which resulted from the closure of major bookstores in Singapore, was partly mitigated by the success of some blockbuster titles.

Magazine distribution made significant progress in developing a new customer base for lifestyle products in Singapore, Malaysia and Hong Kong. This widening of customer base will lay the ground work for further diversification of the business in the future. In Hong Kong, our business significantly exceeded both last year's revenue as well as this year's budget. The team has established a strong customer network to support future growth of non-magazine products.

Musicway, a distributor for lifestyle accessories in Australia, was severely impacted by the weak consumer sentiments since the beginning of 2012, reducing revenue by more than 50%. Revenue has stabilised and is expected to improve going forward.

RETAIL

High-street bookstores continued to be plagued by deteriorating business economics. Consumers moving to e-books and online purchases, as well as high rental rates of bookstores negatively impacted earnings. We have started a series of actions to rationalise the backend as well as expand the range of merchandise to improve the retail business.

The outlook for book retailing remains challenging in 2013 given the economic uncertainty. Times bookstores will continue to expand the merchandise mix from books to non-books.

The year has been a challenging one for Times Newlink. While passenger traffic in Singapore Changi Airport has grown year on year, the customer mix as well as consumer behavior have changed. Book purchases have gone down with the exception of Chinese titles due to the increase in Chinese passengers, whereas the sale of non-book products such as travel accessories and gifts has shown improvement.

Times Newlink successfully acquired three new stores in Changi Airport Terminal 2. All the new stores were fully operational by October 2012.

NoQ store made significant progress in the year. Besides an increase in membership, NoQ store also recorded a higher percentage of repeat purchases. Recently, in recognition of our outstanding efforts in designing an iPhone application to support our price-guaranteed campaign, NoQ store emerged the winner of the Gold Award for Excellence in Mobile Marketing in Marketing Magazine's Marketing Excellence Award 2012.

The trend of online shopping in Asia is growing and consumers are getting more web savvy. Going forward, NoQ store will continue to expand our product range to meet the needs of consumers in this region.

The Retail and Distribution division will embark on an effort to increase the effectiveness and efficiency of our sales organisation in 2013. This will have a direct impact on our growth potential. Specifically, sales staff will be trained to be trusted advisors to our customers, helping them maximise the value they can derive from our products and services.

In addition to sales development, we will also enhance our customer service levels at the retail shop front with training to equip our shop front personnel with the ability to serve our customers better.

