



**ANTHONY CHEONG**  
Acting Chief Executive Officer

**A** passion  
to enrich lives  
with outstanding  
quality and a  
well-established  
track record.

Achieved Revenue of  
**\$363M**

PBIT grew  
**136%**  
to \$10M

## BUSINESS OVERVIEW

Revenue for the Publishing & Printing Group was down 5% to \$363 million. Adjusting for the closures of loss-making businesses of the Publishing Group (US Library and Reference, and Education Malaysia) as well as the export magazine distribution business in Australia, revenue declined marginally by 1%. Although overseas demand for Education products remains strong and continues to grow, revenue for the ongoing businesses was dragged down by weaker performance of the magazine distribution business.

Overall PBIT was 136% higher at \$10 million after taking into account the Group's share of much improved operating results from associated companies. Excluding contributions from associated companies, PBIT was 62% lower at \$2 million. Savings from the closures of loss-making businesses were ploughed into investments to expand the Education Publishing overseas business. In addition, profits were also adversely impacted by lower revenue for both Print and Distribution, as well as one-off impairment charge made on plant and machinery.

Education Publishing continued to contribute strongly to the Group's profitability. Our long-term strategy of expanding outside our Singapore base saw positive results in recent years. The market for educational products remained vibrant and we were able to capitalise on it and expand our global market presence, despite a fragile global economy last year. While expanding globally, we maintained our leadership position in the Singapore market.

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Our digital education division made positive inroads into key markets and its research and development arm helped us set the pace for the industry. With our increased emphasis on innovation and customer needs, our education product offerings became more sophisticated and comprehensive, providing targeted solutions to our customers, be they educators, students or parents. Digital components were also better designed to seamlessly complement the more traditional printed materials.

The Printing division, however, faced the brunt of a changing print landscape. Demand for the printing of books and magazines from our traditional markets in the West, such as the US and the UK, fell.

To counteract the shrinkage in demand, an aggressive sales strategy was adopted. We managed to renew various key accounts, win back major contracts from competitors in Singapore, Malaysia, Australia and Myanmar, and secure new major accounts in China, Germany and Latin America.

Consequently, print volume increased by about 9% over last year. However, print prices were depressed by stiff competition and eroded overall margins. Stringent cost management measures helped to reduce unit operating costs but could not compensate for the decline in print selling prices.

While book distribution remained relatively unaffected, magazine distribution saw revenues dip on lower readership levels. Retail conditions were also difficult, with low shopper traffic remaining a key concern for our retail bookstores.

To address the increasingly tougher market, we reprioritised investments around growth opportunities and accelerated a number of initiatives. Savings from the discontinued loss-making businesses were channelled into strengthening and growing the Education Publishing business. We stepped up efficiency programmes for the Printing division, diverting capital expenditure into this area. There was a renewed focus on the local print market where print opportunities were still abundant. In the case of the Distribution

Group, we successfully acquired distribution rights for major brands such as Thule and Nite Ize.

## PUBLISHING

It was an exciting and busy year for Publishing. Our Education brands gained strong global recognition with a distribution footprint currently across 40 countries, and continue to grow worldwide. Sales to the US market continued to contribute significantly to earnings. We made important inroads into Chile with the adoption of our Mathematics books in its primary school curriculum. Our network of international partners and distributors continued to grow in strength.

Significant investments were made in recruiting the best people in the trade, ensuring that our products remained consistently at the forefront of education.

Our marketing programmes were intensive, and we saw encouraging results in our approach to the global market place, with exciting innovative products launched.



1. His Excellency Cheong Yip Seng giving his opening speech  
2. His Excellency Cheong Yip Seng and Ms Lee Fei Chen being interviewed by the media



**Launch of Marshall Cavendish Education, Chile, and Marshall Cavendish Institute, Chile**

It was with great pleasure that we hosted His Excellency Cheong Yip Seng, Singapore Ambassador to Chile, at the opening ceremony of Marshall Cavendish Education, Chile, and Marshall Cavendish Institute, Chile, on 25 October 2012. Held at Cerro Santa Lucia, Santiago, the opening ceremony marked the beginning of a stronger brand presence in Chile.

Through this official launch, Marshall Cavendish Education was able to demonstrate our dedicated commitment and capability to produce holistic high quality education solutions to educators and learners beyond Singapore. To better meet the market needs in Chile, we also had a specially selected team of qualified bilingual trainers to provide customised teacher training. These teachers were trained and certified by Marshall Cavendish Institute, Singapore.

**The World Association of Lesson Studies 2012**

Marshall Cavendish Education, with our suite of well-researched professional development programmes, is recognised as the leading provider of Lesson Study training in Singapore. Our participation as sponsor and exhibitor in a key international Lesson Study Conference, such as the The World Association of Lesson Studies (“WALS”) conference at Nanyang Technological University from 28 to 29 November 2012, further reinforced this reputation. Attended by 1,200 local and international educators, lecturers and professors, the conference was the perfect platform for us to reach out to both local and international target audiences.

Dr Yeap Ban Har, principal of Marshall Cavendish Institute, chaired the presentation, ‘Developing Tools and Artifacts for Supporting Lesson Study and Instructional Improvement’. His presentation highlighted the importance of using supporting resources, including technology, to help teachers successfully observe and evaluate research lessons,



- 3. Educators browsing through the materials at the Marshall Cavendish Education booth at WALS 2012
- 4. Our staff demonstrating how to use the eBook on an interactive whiteboard to a teacher
- 5. Teachers showing interest in the new range of textbook packages
- 6. One of the keynote sessions during WALS 2012

and reinforced our position as a provider of quality professional development programmes. With our comprehensive materials on display at the exhibitors’ area, we were able to demonstrate how Marshall Cavendish Education is the leading provider of holistic education solutions, offering materials from print to digital and even teacher development programmes.

**2014 Textbooks Launch (Singapore)**

In July, Marshall Cavendish Education launched the MCE 5-in-1 Power Pack to all primary and secondary school teachers in Singapore with the promise to upsize their resources and downsize their workload. We unveiled the latest range of products developed based on the 2014 syllabus provided by the

Ministry of Education, Singapore, as well as announced our position as the sole textbook publisher for all Primary Science textbooks from 2014.

We were also proud to showcase the enhanced MC eBook with new innovative digital elements that support the teaching and learning experience. At the event, teachers responded with positive feedback to our product offerings. The MC eBook is an epitome of the 21<sup>st</sup> Century Competency tool that supports inventive thinking, self-directed and collaborative learning.

With this marked growth in product offerings, Marshall Cavendish Education once again asserted its position as the leading provider of educational solutions in Singapore.





# CEO Business Review • Publishing & Printing



“Our focus on optimising content distribution saw growth in other revenue streams for many of our titles”

## English Language Teaching

Our publishing unit in Hong Kong increased its publishing activity into English Language Teaching (“ELT”) materials. To date, it has published more than 30 printed titles as well as created several related (mobile) apps. These include grammar guides, listening and speaking practice material, public examination mock papers and innovative English tool books.

We see a huge opportunity in the Chinese market and have been devoting resources to expand our reach in the Chinese market. Promotional events and training workshops were organised throughout the year to develop the market, largely targeting Beijing and Zhongshan of Guangdong. Growth of this segment has been very encouraging, with double-digit growth in sales recorded this year over the same period last year.

## Digital Initiatives

The emphasis of our investment strategy for our Education business has increasingly been on creating a complete suite of education solutions, with digital closely aligned to traditional printed materials. We see growing awareness and interest in digital content in many markets. Management’s foresight in early 2000 to build research and development capabilities in this segment of the market has put us in lead position among publishing companies that provide digital content through multiple platforms. Strong research and development will continue to underpin our technological leadership in this area.

We continued to invest heavily in research and development, creating cutting-edge digital products such as the MC eBook Viewer that was developed this year. This eBook reader for our digital textbooks can run on all the major platforms (Windows, Macintosh, Android, and Apple iOS).

To tap into the growing demand for tablets and their potential in education, we developed a library and database of e-learning content that can run on multiple platforms. This has now

allowed us to reach out to consumer markets that were previously restricted by the limitations of physical distribution.

We continued to be a strong player in our home turf of Singapore for our Learning Management System in both the primary and secondary school markets. As the home market is relatively small, we also focused considerable management resources to grow our overseas portfolio.

Over the last few years, we have actively engaged overseas partners in the region, adding new distributors in Taiwan and Indonesia this year. In Asia, the Philippines and Vietnam continue to be an important growth market for us. We also see opportunities in markets such as Australia, Chile and Russia.

In the US, we have penetrated the physical textbook market with the adoption of our Maths textbooks by US schools, and are now establishing a foothold in the digital segment, aggressively introducing our digital products and rolling out *Math Buddies* to a sizeable number of schools. Many of these schools are located in the tri-state area of New York, New Jersey and Connecticut. Several schools have also embraced *Math Buddies* as their core Mathematics curriculum and done away with print textbooks altogether.

## General and Reference

Although hurt by the continuing weakness of the Ringgit in Malaysia, which is a key market for us, our General and Reference unit upheld its reputation for high quality commercial publishing with national bestsellers such as *Conversations with Ban Ki-Moon*, *Singapore Street Names* and *Tanoshii*. *Conversations with Ban Ki-Moon* was launched in March, in New York, with UN Secretary-General Ban Ki-Moon as guest of honour.

Our focus on optimising content distribution saw growth in other revenue streams for many of our titles. Several licensing and rights deals were sealed including a Japanese edition of *Branch Today Gone Tomorrow*, Korean and Polish editions of *Bank 3.0*, and a Brazilian edition of *Food Gurus*. E-book

sales were driven by online bestsellers like *Conversations with Lee Kuan Yew*. In custom publishing, we successfully showcased our services. We won the tender for the SATS Group’s culinary project, *Around the World*, a collection of recipes by its award-winning chefs; and produced turnkey publications for several high profile clients. Projects this year included the ArtScience Museum’s catalogues for the Lego and Eames exhibitions, and a children’s book with National Parks Board.

## Business Information

Business Information operations in Singapore, Malaysia and Hong Kong SAR faced a challenging environment impacted by international events and local issues. For one, our shipping and maritime related directories took a direct hit. As a result of the over-capacity and depressed freight rates, shipping lines and airlines were forced to cut back on their advertising budgets. This had an adverse impact on *Cargonews Asia*, which continued to suffer from lower advertisement sales.

Despite these challenges, overall advertisement sales managed to sustain at last year’s level due in part to higher online advertisement sales. The outlook for next year remains tied to macroeconomic conditions, which has a direct effect on advertisement sales.

Some of the titles published by the General and Reference unit include:

1. *Conversations with Ban Ki-Moon*
2. *Tanoshii*
3. *Singapore Street Names*
4. *Conversations with Lee Kuan Yew (Korean Edition)*
5. *Bank 3.0*
6. *Food Gurus (Brazilian Edition)*
7. *Around The World, Recipes from SATS*
8. *Essential Eames*

# CEO Business Review • Publishing & Printing



## Educational Technologies Limited

Educational Technologies Limited's ("ETL") revenue declined versus last year due to operational issues with some of our distributors, delay in key product development projects and the cancellation of the Kids' Club Portal.

The past year saw ETL take a bold step as part of its digital strategy with the introduction of *PAL* – a portable learning device with a touch screen for children, with multimedia games, videos, audio and songs. *PAL* is the latest enhancement to *English-Time* and its content was taken from the multimedia components in ETL's Total Development Programme.

*PAL* was launched in India, Thailand, the Philippines, Indonesia, Sri Lanka, Australia, Singapore, Hong Kong and Taiwan. *English-Time* has also been upgraded with Walter compatibility, where users can use the optical pen on any page in the books to listen to audio content and songs. This enhances user experience and creates better sales opportunities.

In the coming year, ETL will focus on

- (i) providing excitement to the sales team through upgraded and new products, a wider offer of premiums and target-based incentive programmes;
- (ii) achieving shipment targets by proactive distributor management and customised training support; and
- (iii) exploring business opportunities resulting in scalable return.

ETL continues to participate in a community project, Night High Scholarship Programme, partnered by our distributor in the Philippines. It is a first step and is of small scale. The idea is to help children from poor families finish high school. The commitment to the selected few is for several years in secondary education which enables them to pursue further studies in colleges or universities.

## PRINTING

FY2013 was a year of mixed results for the Printing division. Despite an increase in print volume, revenue declined on the back of weaker selling prices and the weakening currencies of our main export markets (the US, Europe and Australia).

The Printing division faced a decline in revenue from its existing accounts as publishers reduced print volume or pagination in response to shrinking book and magazine readership. Publishers also experienced lower advertisement placements while some moved from print to e-formats. The recent conversion of the print version of *Newsweek* to a complete e-version is one such example. The Western markets of the US and the UK – a major source of print work for us – have slowed down significantly due to macroeconomic factors.

We successfully replaced some of our lost volume of book and magazine printing through diversification into commercial catalogues of the non-publishing sector, comprising retail and commercial sectors, and government and quasi-government agencies.

Some of our notable wins this year were renewals of contracts with the two largest local magazine publishers, MediaCorp and Singapore Press Holdings, and with major international weeklies, *Time* magazine, amongst others. Our Printing division also won back, as well as secured, a number of new major accounts in Singapore,



**“We will continue to leverage on technical innovation and our experienced pool of employees to remain efficient and nimble”**



3

1. Employees at the press area
2. Employees working on layouts to be printed
3. Training in progress at print simulator training room

Malaysia, Australia, Myanmar, China, Germany and Latin America.

Operations in Singapore made notable improvements in securing new sales to partly offset lost sales from various account closures and volume shrinkages. The Printing division will continue to intensify its marketing effort in the non-publishing segment of the print market. Structural changes were made to merge the digital printing unit into the mainstream printing business, which has helped to strengthen our capabilities as a total solution provider.

In Malaysia, we successfully made inroads for the first time into the local religious book printing market and the printing of the Malaysian general election materials. We also expanded our range of local magazine titles to offset the dip in the export market in the West. Productivity gains helped to lower production cost in the Malaysian printing plant.

Export print orders for our plant in China weakened in the year, exacerbated by downward pressure on selling prices and increases in its national minimum wage. The appreciation of the Renminbi further dampened our export marketing

competitiveness. Sales growth and productivity management will be the key focus for China in 2014.

In view of intense competition in the print market arising from over-capacity in print supply, the division's primary focus will be on plant efficiency, quality and service excellence to stay competitive. We will continue to leverage on technical innovation and our experienced pool of employees to remain efficient and nimble. Training and skills upgrading will not be compromised. In the year, the Printing division invested in a print simulator which has helped fast-track the training of operators on multiple printing scenarios, something that would have been impossible with traditional training methods.

Despite a challenging year, our Printing division raked in various print awards for excellence in printing: the Asian Print Award and the Malaysian Print Award 2012/13. Times Printers received a Silver award for digital colour proofing and a Bronze award for web offset coated stock. Everbest won a Gold award for Book Printing (in the less than 4-Colour category) and a Silver award in Book Printing (in the more than 4-Colour

printing category). Times Offset Malaysia was awarded the Certificate of Excellence in the Commercial and Publication (Web Magazine) and Commercial and Publication (Limp Bound) categories at the Malaysia Print Awards 2012. For the first time, it won a Bronze medal in the Book Printing (4 or More Colours category) at the 2012 Asian Print Awards.

These awards and the accreditation in the Process Standard Offset (PSO) status, which is an industry-accepted standardised procedure for the creation of printed products, achieved by Times Printers Singapore, Times Offset Malaysia and Everbest Printing gave us the winning edge over competitors in the market this year.

As part of our continuing commitment to embrace green initiatives, Times Printers Singapore obtained its ISO 14000 certification, besides the international accredited certification of ISO 9002, FSC, PEFC and PSO. The Printing division has migrated from alcohol to close to 100% alcohol-free printing, moved gradually into wastewater recycling, and implemented various energy conservation initiatives.



# CEO Business Review • Publishing & Printing

## DISTRIBUTION

A key challenge for the Distribution division in recent years is the need to address the downward trend in consumer demand for books and magazines through retail stores. The Distribution business model for books and magazines is continually challenged by online retailers, which is now the new normal. Part of this challenge is being addressed by the diversification of our product offerings, capturing value on all fronts and optimising our portfolio in respect to changing market needs. We have also broadened our customer base and moved into new channel segments.

While the impact of e-Books and e-Magazines is not fully felt by our business for now, the popularity of internet purchases of physical products is affecting sales on a larger scale. While book sales remained relatively stable this year, magazine sales have declined.

## Pansing Books

Pansing book distribution saw an increase in revenue, a creditable performance in tough market conditions where printed books are seen as a declining industry, as evidenced by the closure of a number of major customers in recent years.

The strong performance of books distribution was partly due to the robust sales of several bestsellers. One such title was the runaway success of books by motivational speaker Nick Vujicic. We also added Hachette UK to our sterling list of publishers.

## Pansing Magazines

Magazine distribution was affected by lower readership, lower volume of trading cards, and higher sales returns in Australia and Hong Kong. The business also saw a net reduction of magazine retail stores (newsstands and bookstores) which has directly resulted in reduced sales touch points.

Part of this decline is being plugged by the expansion into non-magazine (lifestyle) product range, as we actively pursue more distributorship rights for strong brands.

## Musicway

For the lifestyle distribution business in Australia, we have been appointed as an exclusive Australian distributor for the Thule brand of luggage and accessories. Thule is a high quality Swedish brand that offers luggage solutions, from iPad sleeves, backpacks and messenger bags to a complete range of travel luggages with unique features not generally seen in such products.

In addition to Thule, to expand our brand offering, we secured the Nite Ize brand for distribution in Australia. The brand covers several impulse accessory lines which include over 500 products ranging from innovative LED lighting accessories, bike, pet, and camping hardware to gift solutions which cater for different segments of the consumer market. This is part of our on-going plans to diversify and reduce our reliance on the more traditional business.

FY2014 is set to be a positive watershed year for the Distribution division as we focus heavily on new products, new brands and new retail partners.



## RETAIL

### Times Bookstores

There is no change in the retail environment as the high street bookshop business continues to be challenged. Low shopper traffic remains a key concern for us.

More non-book and book-related merchandise were added to our stores. During the year, we undertook a partial revamp of two high street stores in Singapore (*The Centrepoint* and Tampines 1) to improve and enhance the stores' offering in the children's category. We have introduced educational toys to complement the revamped stores.

For selected Malaysian stores, we increased the range of non-English books to include other languages such as Malay and Chinese. We also introduced a 'factory outlet store' concept.

A new store was opened at Gurney Paragon, Penang (Malaysia).

Following last year's successful renewal of its six existing leases at Terminal 1 and 3 (Singapore Changi Airport) and the recoup of the three books, press and convenience stores from Hudson's at Terminal 2, Times Newslink has extended its retail presence under the *RELAY* and *Times Travel* concept stores across all three terminals in Singapore Changi Airport.

The three new stores at Terminal 2 commenced trading in October 2012.

Times Newslink was also successful in its 3-year contract renewal for our children's specialty store - *KABOOM* at Terminal 2. The new lease commenced in May 2013.

"For the retail business as a whole, we believe in the continued development of our people and a constant review of merchandise offers to ensure relevance and continuous optimisation of operational efficiencies"



1. Times Bookstore (*The Centrepoint*)
2. Staff serving a customer at Times Bookstore



# CEO Business Review • Publishing & Printing

The business is being challenged by the rising passenger numbers travelling on low-cost carriers and the increase in short-haul travels that have resulted in a change in passenger demographics. The digital evolution facing printed books and press has also impacted us.

We constantly push for improved product margins and operation efficiencies, while developing new strategies to drive footfall and raise customer conversion. For example, to compensate for the fall in demand of printed books and press, the layout of stores is being re-drawn to allow a change in merchandise mix that will be relevant to evolving passenger demands.

Plans have been implemented to increase the general merchandise (stationery, gifts and souvenirs) and travel convenience product categories. Dedicated travel needs corners were implemented in stores to target people on the move.

For the retail business as a whole, we believe in the continued development of our people and a constant review of merchandise offers to ensure relevance and continuous optimisation of operational efficiencies.

## NoQ Webstore

Our webstore NoQ has been steadily increasing its web presence with encouraging growth seen in our customer base. We attribute the increase partly to our aggressive marketing programmes and partly to our capability to offer products at competitive prices combined with the high service standard levels. Mobile applications for the Android and iOS platforms were also introduced last year.

We will continue to invest in marketing campaigns, expand our fulfilment capabilities and deliver exceptional customer experience.



**“We will continue to invest in marketing campaigns, expand our fulfilment capabilities and deliver exceptional customer experience”**