

# Polestar profits down and no ceo

By Tony Brown

Polestar is still looking for a chief executive officer, almost four months after parting with Jim Brown in February.

The position is still being filled by Nicholas Bryan, previously the non-executive chairman of Polestar and a management committee member of Investcorp, the City finance house.

After taking over as executive chairman, he stressed the company needed to accelerate the change programmes required to improve the

profitability of Polestar in what were "increasingly competitive markets".

There is still some way to go to implement the plan after the first six months of the year to March 31, 2001 saw an increased growth in volume but continued poor profitability.

Turnover improved to £274.8m, up 11% from £247.1m in the previous year, but operating profit dropped to £26.3m, compared to £31.9m. Operating profit margin also fell to 9.6% compared to 12.9% in the first six months of

2000.

In a statement the company said: "If the change programmes had been implemented to plan, the group would have exceeded last year's profitability in the six month period."

The company is still looking to sell its Packaging and Scientifica divisions, which it considers to be non-core. The Spanish operations, which prints supplements for Hachette and Hola, also suffered in the second quarter due to the transfer of sales operations from the Hachette-owned sales team

## Huge Hewlett Packard payout

Giant US printer manufacturer Hewlett Packard has been hit by a \$400m payout to Pitney Bowes, just weeks after a 4% fall in quarterly sales and a 66% fall in profits.

The out-of-court settlement relates to a patent dispute between HP and Pitney Bowes over laser jet print technology.

Pitney Bowes alleged that HP had been using its vari-

able dot technology, known as Patent 272, which ensures clear printing of single-colour text. The \$400m means that HP has, in effect, bought the right to use the patented technology in future. The charge will be added to HP's second-quarter results due to be issued formally on June 14, as a pretax cost.

This will reduce sales in the quarter to April 30 from

\$11.6bn to about \$11.2bn, down from \$12bn for the same period last year. Profits for the quarter had already fallen from \$935m to \$319m year on year, thanks to "macro-economic challenges".

In imaging and printing systems sales were down 3%, and operating profit margin was down from 13.5% to 8.2%. Hewlett Packard shares fell slightly

## Xerox admits accounts errors after probe

Xerox has admitted that it had "misapplied" accounting principles in its accounts over the last three years. The admission comes after a probe by accountants KPMG into the firm's internal accounts, which has delayed publication of Xerox's 2000 annual report by several months.

There have also been reports that the US Security & Exchange Commission may be about to launch a probe of its own into share dealings



Xerox has admitted to 'misapplied' accounting principles

between Xerox and Citibank.

The changes mean that profits in 2000 are \$50m higher than expected, although tangible net worth

was down \$76m and shareholders' equity down by \$137m.

However, the firm insists that the mistakes were inadvertent and that no fraudulent transactions have been made.

"After rigorous reviews of Xerox's accounting, no fictitious transactions were found and the company's liquidity is not impacted," says chairman Paul Allaire. "Xerox can now continue to focus on

## MPG on target

Following the news that the Midlands Publishing Group is to buy a mystery magazine printing group, chief executive Nicholas Humes was said to be finalising the deal. He says: 'We are pleased at our acquisitions record and plan to look for other printing and publishing houses to acquire to expand the group.'

## Talks fall through

Takeover talks between Littlewoods and shopping catalogue company N Brown have fallen through. N Brown was reported to have been in talks about a £500m takeover of the privately-owned Littlewoods, which recently cut 85 jobs at its printing subsidiary JCM Media. The group recently announced a first-half loss of £15.6m.

## Scottish RIM win

The Government has cleared the way for Regional Independent Media Holdings' takeover of the Galloway Gazette without a Competition Commission inquiry. GGI publishes three local newspapers in the west of Scotland, including the Stornoway Gazette & West Coast Advertiser, Galloway Gazette & Stranraer News, and the Carrick Gazette.

## Chambers of Commerce call for less rigid rules

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## Acquisitive De La Rue buy

Within days of saying it had set aside £200m for acquisitions, De La Rue has bought US cash systems company CSI for \$35.5m.

CSI machines can process and count banknotes at up to 144,000 notes an hour. British customers include Abbey National, Bank of Scotland and the Royal Bank of Scotland.

The purchase is a further sign of De La Rue diversifying from its printing roots towards high-technology information systems.

But in buying CSI from its parent company, Italian packaging machinery maker GD, De La Rue is also taking on \$19m in debt and is promising to make "substantial cost savings" by integrating CSI into its cash systems division.

CSI is based in Texas with several sales offices in Europe. These include two in the UK, one in Abingdon and one in Great Bookham.

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In brief

## Reed extends deadline

Reed Elsevier has extended the deadline for Harcourt shareholders as it continues with its \$4bn takeover bid.

The \$1-a-share offer has now been extended to June 18, although a report to the Competition Commission is still possible.

Printers and rival publishers have expressed concern about how strong Reed Elsevier would become in scientific and academic publishing if the takeover was to go ahead.

At the same time, the French company Vivendi Universal has bought US publisher Houghton Mifflin, the last independent American educational publisher, for \$1.77bn.

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In brief

● Reed takeover deadline extension



## IPC's magazine cull pays off

Magazine publisher IPC Media has enjoyed a 3.3% increase in sales and a doubling of net profits to £3.8m in the six months to March 31.

Despite the impact of Foot and Mouth disease on the

company's rural titles like Horse & Hound, overall advertising revenues are up 6.9%. The figures suggest that IPC's ruthlessness in axing its failing titles like Woman's Realm and Nova seems to be paying off.

The results are in sharp contrast to those of IPC's rival Emap (Printing World, last week), which has just recorded an annual loss of £527m.

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**In brief**

## legal notices

### Compulsory winding up

The following case is due to be heard at the Royal Courts of Justice, Strand, London WC2A 2LL

● **SR Communications Ltd** SR House, Childers Street, London SE8 5JT on June 27 at 10.30am. Petition by MoDo Merchants Ltd

The following cases are due to be heard at Leeds District Registry, The Courthouse, Oxford Row, Leeds LS1 1BG

● **Meridien Graphic Sales Ltd** Aberdeen Coach House, High Street, Oxshott, Leatherhead, Surrey KT22 0JR on June 21 at 10.30am. Petition by Customs & Excise  
 ● **Proprint (UK) Ltd** Unit N, Trecenydd Business Park, Caerphilly CF83 2RZ on June 21 at 10.30am. Petition by Customs & Excise

### Appointment of liquidators

● **Eastkale Ltd** Printer and stationer. Liquidator: HM Newman, Newman & Partners, Lynwood House, 373-375 Station Road, Harrow, Middlesex HA1 2 AW  
 ● **LV Lawlor Printers Ltd** Previous company name: **The Uppermill Printing & Paper Co** Printer. Liquidator: P Jones, HLB Kidsons, Devonshire House, 36 George Street, Manchester M1 4HA  
 ● **Graphicom Express Ltd** Printer. Liquidator: D Hudson, Begbies Traynor, The Old Exchange,

234 Southchurch Road, Southend-on-Sea, Essex

● **Eldermill Ltd** Trading name **Blueprint** Liquidator: RA Segal, A Segal & Co, Albert Chambers, 221-223 Chingford Mount Road, Chingford, London E4 8LP

● **PDS Colourprint Ltd** Previous company name: **PDS North East Ltd** and **Impvick Ltd** Printer.

Liquidator: AA Josephs, RMT, 3 Portland Terrace, Newcastle upon Tyne NE2 1QQ

● **Millcastle Ltd** Printer. Liquidator: BE Doyle, 21 St Andrews Crescent, Cardiff CF10 3DB

● **Jackson Wilson Ltd** Printing and publishing. Liquidator: P Terry, 1 The Embankment, Neville Street, Leeds LS1 4DW

● **Biblios Publishers' Distribution Services Ltd** Publishing.

Liquidators: S Thomas, Sherlock House, 7 Kenrick Place, London W1U 6HE and A Supperstone, 8 Baker Street, London W1U 3LL

● **Lee Print & Packaging Ltd** Liquidator: K Kallis, Kallis & Co, Mountview Court, 1,148 High Road, Whetstone, London N20 0RA

● **Fourkolor Print Ltd** Printer. Liquidator: AH Tomlinson, AH Tomlinson & Co, St John's Court, Gartside Street, Manchester M3 3EL

### Meetings of creditors

● **Digital Works Co (UK) Ltd** at 21-23 Station Road, Gerrards Cross, Buckinghamshire SL9 8ES on June 19 at 3pm

● **Link Print Finishers Ltd** at Casson Beckman Associates, Lichfield Place, 435 Lichfield Road, Aston, Birmingham B6 7SS on June 15 at 11am

● **Office & Print Consumables Ltd** at Hilton London Stansted Airport, Round Coppice Road, Stansted, Essex CM24 8SE on June 15 at 2.15pm

● **Amherst Direct Mail Ltd** and **Amherst Offset Ltd** at Enterprise House, 83A Western Road, Hove, East Sussex BN3 1LJ on June 7

● **Digital Images UK Ltd** at 23 Turnpike Lane, London N8 0EP on June 8

● **Westzone Publishing Ltd** at Grant Thornton House, Melton Street, Euston Square, London NW1 2EP on June 12 at 3.30pm

● **The Paperback Exchange Ltd** at 9 Portland Road, Edgbaston, Birmingham B16 9HN on June 15 at 11am

● **Contralam Print Services Ltd** at Charlotte House, 19B Market Place, Bingham, Nottingham NG13 9AP on June 12 at 11.30am

### Notices to creditors

● **Artprint Ltd** Creditors to send in claims to S Cohen, Pitman Cohen, Great Central House, Great Central Avenue, South Ruislip, Middlesex HA4 6TS by June 30

● **John Brown Enterprises Ltd** Creditors to send claims to PJR Souster, Baker Tilly, 2 Bloomsbury Street, London WC1B 3ST by June 30

### Final meetings

● **Integrated Printing Systems Ltd** at Valentine & Co, 4

## Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

## CLINCHING THE ACQUISITION

I've set up a meeting with the owner of a prospective acquisition target – a printing company. The problem is that the company is an ideal prospect for us but is also being courted by at least one other prospective buyer. How can I get him to sell to us rather than the others?

The short answer: listen to the owner.

In a consolidating marketplace like printing, buyers need a competitive edge not only for 'winning' business, but also for 'winning' acquisition candidates.

After working out the "sale equation" – the factors determining an owner's willingness to sell – buyers must make a positive impression by distinguishing themselves from other would-be acquirers.

We suggest a highly tailored first visit presentation that differentiates you from other prospective buyers. This should start with the seller's current status (people love hearing about themselves!) and then go on to logically 'sell' the idea of a combination between the buyer and seller. Highlight such strategic fit issues as common objectives, complementary products/services, compatible corporate cultures, financial synergies. Listen to the vendor by asking some pre-determined questions about his/her objectives (personal and corporate).

Show the seller what the process would look like by presenting a timetable with associated tasks.

At the end, bulletpoint what the seller will have gained at the close of the deal – and tie these points back to the seller's original objectives.

Show them you really want to continue where they have left off – successfully.

Good luck!

The author accepts no legal responsibility for the advice given. Comments and advice given in this column do not necessarily represent the views of Printing World.

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