

# Fair trading rule hits directories

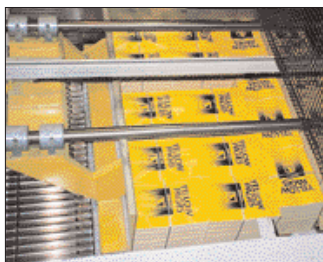
By Alex Grant

Contracts to print the BT Yellow Pages could be hit after the Office of Fair Trading ruled that advertising rates must be cut by 4% a year between now and 2002.

Currently, 28 million copies of the classified directories are printed at RR Donnelley near Harrogate, which has managed to see off European competition, each year.

The factory recently moved to a new site and invested in four new MAN Roland Uniset presses, offering full colour throughout the publication for the first time from September this year.

A cut in advertising revenue might raise questions over whether this was affordable, although no-one at RR Donnelley or Yellow



RR Donnelley prints 28 million copies of Yellow Pages a year

Pages would comment.

The OFT has ruled that the directories must publish a rate card and that the areas that each directory covers must not overlap to ensure fair competition with Thomson and other directory publishers. Coupled with the limit on ad rates, the ruling could shorten print runs, and could even reduce the value of its holding company Yell.com from £3bn to £2bn. At present, increases in advertising

rates are capped at only 2% below inflation, a real terms price freeze.

BT badly wants to sell off Yell.com, of which Yellow Pages is a part, as part of a massive reorganisation to reduce its £28bn debts.

But two private equity firms – Apax Partners and Hicks, Muse, Furst & Tate – are said to have lost interest in buying them since the OFT announcement was made.

BT says it will only respond to, or appeal against, the OFT's ruling once it has had time to consider its implications. BT is being split into two companies, BT Wireless and Future BT, and selling off a string of non-core companies, of which directory publishing is but one. Proceeds from these sales are vital to repaying the com-

## Heidelberg up 15%

Heidelberg increased its sales by 15% to reach €5.3bn in the year to March 31, according to preliminary figures. Profits have grown 10%, up from €463m to €506m.

The end-of-year figures are an improvement on the nine-monthly figures released in February, which showed the profits were stuck at last year's level of €302m, mainly because of a fall in sales in the US and Europe last autumn.

"The economic slowdown affecting certain parts of the world so far have had hardly any affect on our business," says chairman Bernhard Schreier. "Because of this, we expect a further increase in sales over the coming months."

For the year as a whole,



Bernhard Schreier is in buoyant mood

though, sales in Europe are up by only 0.2% at €1.9bn, despite Drupa last May. Heidelberg declined to comment further on the preliminary figures until the audited version is published on July 3. However, over the year as a whole sales in North America have risen 16% and sales in the Middle East, Asia-Pacific and Africa are up by more than 30%.

Digital sales have risen 16%, sheetfed by 17% and

## Dotcoms are looking up

Cost-cutting and close-downs propelled 40% of European dotcoms into the black by the end of last year, according to a new survey by PricewaterhouseCoopers that indicates that the dot-wheat is being separated from the chaff.

The survey shows that 38% of the top 150 internet companies in Europe made a profit in the last three months of 2000, although for net profits the figure sank to 30%.

Ironically, the study coincides with another study by Webmergers.com which shows that April 2001 saw a record number of closures and redundancies. It seems that the shakeout means the survivors that are still in

## Domino spends

Domino Printing Sciences, which has bought a 51% stake in German laser company Sator, (*Printing World, last week*) is back on the acquisition trail. It is buying the remaining 24% of its subsidiary Domino Printech India for R45m and a 71.5% of Canadian Inkjet Systems for C\$5.5m. Domino already owned the other 28.5% of CIS, and says the buys will mean increased profits before the end of the financial year.

## Quebecor figures

Quebecor World's profits rise seems to have peaked at \$334.9m in the first quarter of 2001, slightly below the \$336.5m the company made the year before (*Printing World, last week*). Sales were up 1.7% at \$2.4bn. Parent company Quebecor Inc made a loss of \$25.7m however because of its acquisition of Groupe Vidéotron.

## Jobs on the line

Marks & Spencer could be about to save hundreds of jobs at its print catalogue arm through an outsourcing deal with Vertex, part of United Utilities. Last year M&S closed its clothes catalogue but it still publishes houseware, food and furniture catalogues.

## RIM in Scots purchases

Regional Independent Media, the Yorkshire Post publisher that is seeking a flotation at the end of 2002, has made further acquisitions in Scotland – newspapers with their own inhouse presses and one with a commercial printing operation alongside.

RIM has paid an undisclosed sum for the Galloway Gazette, Carrick Gazette and Stranraer News in Castle Douglas and their two subsidiary companies, the adjacent McElroy Printers and the Stornoway & West Coast Advertiser on the Isle of Lewis.

Both the Stornoway and Galloway papers have their own mono presses, while McElroy Printers and its 12 staff print racing and golf cards on single-colour Komori S26, Heidelberg Tork and Ryobi presses.

RIM already owns several titles in the Edinburgh area, printed under contract. But the company says it will keep the printing operations for the

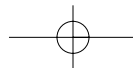
## AGT sees drop in profits

Applied Graphic Technologies, the US owner of Seven Worldwide, has suffered a 19% fall in sales in the first quarter and made net losses of \$8.6m, almost as much as a year ago.

AGT has warned that it will fail to meet debt requirements in the second quarter. The company is in talks with its banks about waivers or amendments, "but there can be no assurance that the company will be successful in its efforts," it says.

The fall in sales is mainly due to the US advertising market, particularly in the Mid West, which has prompted AGT to shed 200 jobs since the beginning of the year, mostly in the US.

"The UK and Australia are



## Business GROW-HOW



From Paul Holohan & the team at  
Richmond Capital Partners Limited

### PURCHASE OF OWN SHARES

**I hold a significant number of shares in a private printing company and would now like to sell them. The other shareholders are unwilling to buy my shares and I do not think that they could be sold externally. Can the company buy them back?**

The simple answer is yes, though with provisos.

Private companies have been permitted to buy their own shares since the law was changed in 1981. If your company was formed before then you will probably need to review the Memorandum and Articles of Association to ensure that:-

- your company is not barred from a buy back of its own shares
- your company has the relevant powers to purchase its own shares

The most fundamental issue however is whether the company can afford to buy your shares. The purchase can be made either from distributable profits or from capital and in the latter case the legal requirements under the Companies Act 1985 are quite onerous!

Wherever you fund the purchase from, it will need the support of the directors and shareholders. For example on a purchase from capital, the directors would need to swear a statutory declaration confirming solvency of the company and on any purchase of shares the members have special rights to object.

This is not a straightforward matter so take professional advice and discuss it with your colleagues.

Engaging the services of an independent specialist advisor is also more likely to obtain the proper worth of your shares and, if you are still employed by the company, to help to avoid any personal friction.

Having said that I have seen this carried out very effectively.

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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BUSINESSADVICE

## US slump shows no signs of slowing down

By Alex Grant

There seems to be no sign of let-up in the American economic slowdown, with Internet businesses still being hit worst of all.

There is cold comfort in the fact that Day Runner – the US diary and personal organiser publisher that sold off Filofax last month – has managed to cut its losses despite a downturn in sales.

Losses were at \$5.3m in the third quarter, down

from \$8.9m the year before, while sales fell from \$30m to \$20.4m. At the same time, print buying website ImageX.com's losses have deepened to reach \$9.9m in Q1 of 2001, up from \$8.2m in the same period the year before.

No major improvement is expected soon, as "customers cut back orders in reaction to a slower economy," the company says.

In February, ImageX.com pulled the plug on Print

Bid.com, a US print-buying service.

Meanwhile, US forms and financial printer Bowne has recorded a net loss of \$5.29m in the quarter, mainly due to its Internet unit, Immersant, which will shortly be closed down.

And papermaker Westvaco, parent company of AGI, has just warned that second-quarter profits will only reach 17-18 cents per share, lower than the 20-30 cents that analysts were

## legal notices

### Compulsory winding up

The following cases are due to be heard at Leeds

District Registry, The Courthouse, Oxford Row, Leeds LS1 1BG

● **Harcourt Press Ltd** 6 Harcourt Road, Bexleyheath DA6 8AW on May 24 at 10.30am. Petition by Customs & Excise

● **Covergirl Magazine Ltd** 12 Vance Business Park, Gateshead, Tyne & Wear NE11 9NE on June 21 at 10.30am. Petition by Customs & Excise

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

● **Tyndall Cartographics Ltd** Hamfield House, Warrens Hill, Cheddar, Somerset BS7 3LP on May 23 at 10.30am. Petition by Inland Revenue

● **KJ Print Ltd** 68 Clarkhouse Road, Sheffield S10 2LJ on May 23 at 10.30am. Petition by Inland Revenue

The following case is due to be heard at The Civil Justice Centre, Park Street, Cardiff

● **The Astec Press Ltd** Riverside House, 31 Cathedral Road, Cardiff on May 23 at 10am. Petition by John Wynn Davies and David Hill of Solomon Hare

### Appointment of

### liquidators

● **Imagen (Advertising and Stationery) Ltd** Stationery supplier. Liquidator: S Franklin, 6 Bloomsbury Square, London WC1A 2LP

● **Card Bureau Ltd** Printing of cards. Liquidator: MT Coyne, Poppleton & Appleby, 141 Great Charles Street, Birmingham B3 3LG

● **Colour Pride Print & Design Ltd** Print management and publications. Liquidator: AG Haden, Haden Insolvency, Haden House, 485 Birmingham Road, Bromsgrove, Worcestershire

● **Nucleus Creative Services Ltd** Reprographic service.

Liquidators: JSF Bennett and NC Money, Casson Beckman & Partners, 3 Dyers Buildings, Holborn, London EC1N 2JT

● **Vision Multimedia & Print Ltd** Printer and designer.

Liquidator: RA Segal, A Segal & Co, Albert Chambers, 221-223 Chingford Mount Road, Chingford, London E4 8LP

● **WL Harrild & Partners Ltd** Supplier of printing machinery. Liquidator: RA Segal, A Segal & Co, Albert Chambers, 221-223 Chingford Mount Road, Chingford, London E4 8LP

● **KDO Label Printing Machines Ltd** and **KDO International Ltd** The supply of spares to the printing company.

Liquidator: C Morris, Jacksons Corporate Recovery & Insolvency, 12-14 Macon Court, Crewe, Cheshire CW1 6EA

● **Corrugated Printing Services Ltd** Printer. Liquidator: RH Purnell, Norwich House, 1-2 Gold tops, Newport, South Wales NP20 4PG

● **Keywise Enterprises Ltd** Printing services.

Liquidator: TA Clunie, SG Banister & Co, 40 Great James Street, London WC1N 3HB

### Meetings of creditors

● **LV Lawlor Printers Ltd** at HLB Kidsons, Devonshire House, 36 George Street, Manchester M1 4HA on May 25 at 11.30am

● **Diamond Colour Graphics Ltd** at Gerald Edelman Business Recovery, 25 Harley Street, London W1G 9BR on May 18 at 11am

● **Tartan Press Ltd** at Parker's Solicitors, Janero Chambers, 1st Floor, 755-761 Attercliffe Road, Sheffield S9 3RS on May 18

● **PDS Colourprint Ltd** at RMT, 3 Portland Terrace, Newcastle upon Tyne, NE2 1QQ on May 22 at 10am

● **Colossal Colour Ltd** at 4 Charterhouse Square, London EC1M 6EN on May 17

● **Rosyform Ltd** (t/a **Garian Print**) at 5th Floor, Airedale House, Albion Street, Leeds

