

Falling profits

Getmapping.com, the aerial photograph firm in dispute with the Ordnance Survey, has suffered deepening losses. For 2001, they are up from £2.02m to £2.65m, although turnover tripled from £1.47m to £4.12m. Sales in the public sector are down because of the OS's stated intention to stop using Getmapping as a supplier and use its own "imagery layer" instead which Getmapping is challenging in the courts.

Nothing left to sell

Amberley Group, which used to own Bousfield and Metacol, has disposed of the German press consumables supplier DS Druckerei-Service for £13m, assuming that German competition authorities agree. The new owner is Fuji Hunt, the Belgian offshoot of Fuji Photo Film, which bought Solco in Belgium four years ago. Also being sold is DS Nordic Holdings, a Scandinavian subsidiary. Amberley will now either wind itself up or rebuild in a different line of business.

Emap happier

Emap is seeing signs of an upturn in advertising revenues, with an anticipated 1% rise in revenues for the year March and higher bookings for April and May. Its UK magazine circulations rose by 7% over the year, says the publisher which presents its detailed results on May 28. A 'modest improvement' is forecast for 2002-03.

Cradley figures force FTSE move

By Alex Grant

Cradley Group has announced a further round of disappointing results, and has decided to abandon its FTSE listing and move to the Alternative Investment Market.

After an annual loss of £1m in 2000-01, losses for the six months to December 31 have deepened from £176,000 to £855,000, just as Cradley had warned in January.

Operating profit stood at £25,000 a year ago, but Cradley Group has now made half-year loss of £659,000 before interest payments.

Sales are down slightly, from

£15.24m to £14.98m, but Cradley says the real problem has not been loss of pagination but the continuing squeeze on prices.

The company says it is having "a degree of success" in diversifying from consumer magazine printing into general commercial work, but that this has incurred costs. Jobs have also had to go with 20 redundancies made last year and more possible later this year.

But no recovery is expected soon. "End of year results are not expected to be good," says a company statement. "We are confident that, with the support of all individuals working within

the Group, we will emerge from the consolidation period that is necessary both stronger and fitter to face the future."

Printing World was unable to contact joint managing director Chris Jordan so cannot comment on what the consolidation entails.

Cradley's share price has sunk further after the latest results, from 6p to a new low of 4.5p. The share price stood at more than 50p back in 1998.

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In brief

- Cradley's profits slump
- Abandons FTSE listing
- Share price down to 4.5p

Maiden meltdown

Outdoor advertising specialist the Maiden Group has suffered a halt in sales and a halving of profits in 2001, prompting it to look abroad for expansion this year.

It argues that the quality of location matters much more than the quantity of posters printed.

In the UK, Maiden has reduced the number of sheets of advertising it has to sell slightly, from 32,415 to 32,368. It has backed out of some poorly-performing 48-sheet sites and

expanded in 96-sheet illuminated posters in prime roadside and shopping centre locations, and electronic information feeds.

Following its acquisition of Canberra, Outdoor Works and Network in Ireland last year, Maiden is planning more overseas takeovers.

Because of the slowdown in the second half, annual sales remained at £80.3m and pretax profits sank from £13m to £6.7m last year, although Maiden says its

performance was better than the advertising market as a whole.

Outdoor advertising fell by 2.8% last year compared to an 11% fall in tv and 9% for radio.

Maiden is expecting a "gradual and measured" recovery in 2002, although current sales are below the record levels achieved in the first quarter of 2001.

In brief

- Maiden Group runs out of steam
- Looks for better locations
- Recovery sought this year

De La Rue sells KBA stake

De La Rue has sold its 6.27% stake in KBA for €22.4m.

In a short statement, De La Rue says the sale would lead to an exceptional profit of £9.7m this year, but did not elaborate further on its reasons for the sale.

Last May, De la Rue sold off the sales arm its Giori banknote press subsidiary to KBA for an estimated £20m. KBA had already owned the other 50% of Giori and had been responsible for making the presses.

"This is not an unfriendly act and KBA still has good relations with De La Rue, and is supplying them with banknote presses," says KBA's investor relations spokesman Jan Stadtmann. "But since they have sold the Giori sales department to KBA, De La Rue has had no strategic interest in having a stake in us."

The 6.27% stake is not being floated freely and has been sold to a number of "friendly" shareholders, too small to be named.

KBA has just reported very strong results, with sales up 18.6% to €1.3bn in 2001 and profits up 30%.

But KBA has also warned that cancelled press orders will have a delayed effect on its 2002 results, with profits expected to be stuck at 2000 levels.

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In brief

- De La Rue €22m better off
- Sells its stake in KBA
- Small shareholders benefit

Hewlett Packard result

Hewlett Packard may finally have resolved its argument with board member Walter Hewlett – by keeping him off the board of the company, which his father co-founded in 1938.

Mr Hewlett, a critic of HP's proposed takeover of Compaq, has started legal action claiming that HP put undue pressure on stockholders to vote in favour of the merger. The vote on March 19 showed a narrow margin in favour of the \$19bn deal, according to unofficial figures.

Hewlett Packard's nominating committee has responded by not renominating him to the HP board, because of "his ongoing adversarial relationship with the company, as evidenced by his recent litigation".

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In brief

- HP family spat drags on
- More acrimony in the boardroom
- Walter Hewlett snubbed

Bloomsbury on Harry Potter roll

Bloomsbury, the book publisher with the good fortune to have the Harry Potter titles in its stable, increased its profits by a further 62.5% to £9.35m in 2001. Sales rose 20% to £61m.

Another "huge surge" of Harry Potter books, which are normally printed by Clays of Bungay, is expected soon with the publication of the next book in the series, *Harry Potter and the Order of the Phoenix*.

● Taylor & Francis, the academic publisher, says it is "running a rule" over takeover targets including the Dutch Kluwer Academic Publishers, as well as Blackwell for which it has already made a £300m offer.

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In brief

- Bloomsbury profits up 62%
- Book sales up by 20%
- Next Harry Potter set to roll



Xerox settles sales dispute

Xerox is to pay the US Securities & Exchange Commission \$10m to settle a dispute over how sales figures were recorded between 1997 and 2001.

This could change the sales figures by as much as \$1bn, although Xerox says its current cash position will not be affected. As accounting scandals engulf other US companies like Enron, Xerox chief executive Ann Mul-

cahy says Xerox is "best served by putting these issues with the SEC behind us."

The results for these years are to be restated, but as part of the deal with the SEC, Xerox is admitting no liability and neither side is making any comment beyond a statement saying that Xerox will "neither admit to nor deny" any wrongdoing.

A final agreement with the

SEC will be reached by April 8. In a separate announcement, Xerox says it has extended its deal with GE Capital to provide finance to its buyers, with another \$557m of credit to cover the Brazilian and Mexican markets.

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In brief

- Accounting dispute over
- Xerox settles with SEC
- Pays \$10m but denies blame

legal notices

Compulsory winding up

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

● **CK Litho Ltd** Holbrook House, 72 Bank Street, Maidstone, Kent ME14 1SN on April 10 at 10.30am. Petition by Andrew Andronikou of Hacker Young & Partners

● **Astron Printers Ltd** The Charter House, Charter Mews, 18A Beehive Lane, Ilford, Essex IG1 3RD on April 10 at 10.30am. Petition by James McNaughton Paper Group Ltd

● **Regent Printing Ltd** 1 Drywall Industrial Estate, Castle Road, Sittingbourne, Kent ME10 3RZ on April 10 at 10.30am. Petition by Inland Revenue

Appointment of liquidators

● **Nationwide Office Supplies Group Ltd** Office stationery supplier. Liquidator: AL Brock, Saville, Begbies Traynor, Regency House, 21 The Ropewalk, Nottingham NG1 5DU

● **Tick Tock Publishing Ltd** Book publisher. Liquidator: GR Gadsby, Mazars Neville Russell, 24 Bevis Marks, London EC3A 7NR

● **Immediate Label Co (Sales) Ltd** Label and form manufacturer. Liquidator: R Valentine, Valentine & Co, 4 Duncastle Court, 14 Arcadia Avenue, London N3 2HS

● **Robquest Ltd** Printer and publisher. Liquidator: TA Clunie, SG Banister & Co, 40 Great James Street, London WC1N 3HB

● **Compac Print Ltd** Previous company name: **Spurvale Ltd** Printing. Liquidator: CR Ashurst, Mazars Neville Russell, 37 Frederick Place, Brighton BN1 4EA

● **Pheon Ltd** Graphic design studio. Liquidator: TJ Hargreaves, Marshall Peters, 7-8 Chapel Street, Preston PR1 8AN

Appointment of receivers

● **Clifford Thames Printing Co Ltd** Printing. Receivers: GP Rowley and MJC Oldham, RSM Robson Rhodes, 186 City Road, London EC1V 2NU

Meetings of creditors

● **Redwood Packaging Ltd** (formerly **Vesmarket Ltd**) at King Street House, 15 Upper King Street, Norwich NR3 1RB on April 11 at noon

● **Plotter Graphics Ltd** at Old Library Chambers, 21 Chipper Lane, Salisbury, Wiltshire SP1 1BG on April 5

● **Astron Printers Ltd** at 76 New Cavendish Street, London W1G 9TB on April 9 at 11.45am

● **The Cambridge Mailing Co Ltd** at Salisbury House, Station Road, Cambridge CB1 2LA on April 16 at 10.30am

● **Surrey Print Finishers Ltd** at Langley House, Park Road, East Finchley, London N2 8EX on April 8 at 12 noon

● **HCC Publishing Ltd** at Stone House Hotel, Stafford Road, Stone, Staffordshire ST15 0BQ on April 3

● **Blueprint (Midlands) Ltd** at CBA, 39 Castle Street, Leicester LE1 5WN on April 12 at 11am

● **Fox Screen Machinery Ltd** at 8 Baltic Street East, London EC1Y 0UP on April 5

Notices to creditors

● **Peacock Press Ltd** Creditors to send claims to N Henry and N Barber, Lines Henry, 27 The Downs, Altrincham, Cheshire WA14 2QD by April 30

● **Guy Foam Digital Reprographics Ltd** Creditors to send claims to RAS Isaacs, Milsted Langdon, Winchester House, Deane Gate Avenue, Taunton, TA1 2UH by June 18

Final meetings

● **Rose Greeting Cards (UK) Ltd** at Grant Thornton, Heron House, Albert Square, Manchester M60 8GT on April 24 at 10am for members and at 10.30am for creditors

● **Bonjour Publications Ltd** at David Rubin & Partners, Pearl Assurance House, 319 Ballards Lane, London N12 8LY on April 29 at 12 noon for members and at 12.15pm for creditors

● **The Finishing Touch & Design Ltd** at Sargent & Co, 36 Clare Road, Halifax HX1 2HX on April 25 at 3pm for members and at 3.15pm for creditors

● **Kent Colour Tech Ltd** at Holbrook Court, Cumberland Business Centre, Northumberland Road, Portsmouth, Hampshire PO5 1DS on May 6 at noon for members and at 12.30pm for creditors

● **Falcon Reprographics Ltd** at Shaw & Co, 195 Banbury Road, Oxford OX2 7AR on April 26 at 10.20am for members and 10.30am for creditors

Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

BUYING A BUSINESS

I need to grow my business and am considering acquisition as a business strategy. What are the issues facing me?

The printing industry is a mature industry and is ripe with consolidation and rationalisation. Leaders have four key options for growth (which may be combined):-

1. Merger
2. Acquisition
3. Joint Venture
4. Organic Growth

Clearly many choose the acquisition option in pursuit of business goals, which is evidenced by the sheer number of deals completed. When considering an acquisition the following are key stages in planning a purchase:

- Establish how much funding you can raise/afford
- Formulate an acquisition strategy - a vital component - preferably with professional advice
- Identify key targets and have them properly researched
- Make contact and arrange visits
- Determine owners aspirations
- Demonstrate to the owner why you would be a good buyer. Determine how you will add value
- Establish strengths (or otherwise) of second tier management
- Agree deal in principle, obtain exclusivity for a given period
- Verify vendors claims and conduct due diligence
- Develop a post-acquisition strategy

Other issues worth remembering are:-

- Is there likely to be an MBO bid from the existing management team? Although you could team up with them, they may be personally committed to ownership and wealth creation for themselves
- Is there a 'culture fit' between you, your style of management and the target firm? Diverse cultures are hard to reconcile. Do you feel you can really trust the vendor?
- Do you have the resources necessary, both financial and non-financial, to conclude and successfully integrate the deal?
- Ensure that due diligence is robust.
- Never use the same firm for due diligence and investment advice when fees are contingent. Use an independent advisor with experience in the industry.
- Remember that published figures are historical and are no guarantee of future performance. Buyer beware!

Above all be absolutely clear what you hope to get out of it before you buy and what you are going to do post-acquisition. Failure to identify these targets is the most common mistake made. Sometimes you put so much into the acquisition it is hard to plan what you are going to do after completion.

Good Hunting!

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.

BUSINESSADVICE

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