



Investor Update

Macmillan India Announces Consolidated Results For the Year 2007

PUBLISHING BUSINESS GROWS BY 29%

January 31, 2008

Macmillan India Limited, a leader in publishing and information processing businesses, has reported its annual consolidated unaudited results for the calendar year 2007.

For the financial year ended 31.12.2007, the Board has declared an interim dividend of 25 % with the Record Date being 15th February 2008.

Commenting on the financial performance, Mr. Rajiv Beri, Managing Director said,

“The year has been a rather disappointing year for the Publishing Services (Information Processing) business to the consolidated group as a whole. Our consolidated turnover for the year was Rs 220.14 crores versus Rs 209.76 crores in 2006. Segmental consolidated Profits have dipped from a level of Rs 37.65 crores to Rs 20.52 crores.

“However we are happy to report that the Publishing business did remarkably well achieving a growth of 29% over last year.” Segmental profits have grown to Rs 6.52 crore from Rs 2.15 crore – a growth of 203%.

We made significant and strategic investments in people, facilities and markets in 2007 in the Books, Ad Design and Digital Services businesses and these investments will pay off over 2008 and 2009 he added. We remain optimistic about all our businesses in the medium term to long term.

Rajiv Seth, Executive Director in charge of the Publishing Services Business for the Macmillan India group who joined the company's board in April 2007 further added that 2008 will be a year of consolidation as we redirect our energies to get back on a growth path in 2009. Some recent wins suggest that there is tremendous opportunity for growth in the market and Macmillan India is uniquely positioned to offer its customers value for money. Our sales and marketing set

up in the USA and UK has been substantially strengthened and we expect significant increase in business acquisitions.

Steven Inchcoombe, Chairman MIL said that the Macmillan Group was committed to support MIL in all its long-term development and growth plans and believe that the current situation is being addressed and will see improvements in the coming years.. As a majority investor we are keen that MIL does well and rewards all its stakeholders. We have a strong management team to accomplish that, he added.

Operational Highlights for the Year ended December 31, 2007

- Publishing Services Business:

- Publishing Services business posted a revenue of Rs. 150.16 cr. Though this is almost same as the sales achieved during the corresponding period of last year, the investments made on people and infrastructure , is expected to yield positive results on sales growth during the coming months .
- Segment PBIT stood at Rs 13.62 cr .The reduction in the profit over corresponding period of last year is mainly due to the investments made for the restructuring of the Ad composition business and expansion of Book typesetting business.

- Publishing Business:

- Publishing business showed an encouraging growth of 28.93% to Rs. 63.03 cr. over the previous year
- Several initiatives including launch of new titles, collaboration with Government programmes for promotion of books in schools have been taken.

MPS Technologies Ltd

MPS Technologies ,a subsidiary , has generated revenue of Rs 39.02 cr in 2007 mainly in providing services in the field of content delivery platform, fulfillment consultancy to publishers in Europe and USA.

Charon Tec

The company acquired Charon Tec Limited, a book typesetting company in 2005 for enlarging its business activity.

ICC Macmillan, USA (Formerly Interactive Composition Corporation,USA)

In March 2006 , the company acquired ICC Macmillan, Inc (ICC), USA. ICC provides content processing services. This acquisition strengthens the company's presence in the North American market & enhances its services to major book publishers

Business Outlook

Macmillan plans to maintain its leadership in educational publishing by gaining a higher market share in the national board markets and by substantially expanding its regional publishing for state schools. Long term outlook for publishing business remains positive due to increasing shift towards English medium and possibility of decontrol of content at the state level. Recent project to offer educational testing and evaluation services to schools is expected to be a major contributor in the coming years. E-macmillan has established a wide customer base among global publishers.

Publishing Services division's core strategy revolves around winning large annuity accounts from leading publishers. Based on its domain expertise, the company plans to significantly grow this business while maintaining focus on high value added services. The company has adopted selective inorganic growth strategy to expand its service offerings and customer base. Global outsourcing opportunity, new service offerings, initiatives in US market and strong support from the parent would drive growth in the future. Productivity improvements contribute to the division's competitiveness.

About Macmillan India Limited

Macmillan India Ltd, 61% owned by Verlagsgruppe Georg von Holtzbrinck, Germany was established in 1893. The company operates in the areas of publishing, information processing and e-business. A highly trained staff, qualified professionals and quality consultants are all part of over 2000 people strong Macmillan India family.

Macmillan India is best known for its school and higher education textbooks, reference books and general non-fiction titles. It is the market leader in English language teaching publications having strong relationships with over 20,000 schools in India.

The e-business division, emacmillan, is yet another step towards furthering the company's commitment towards excellence in the field of education. E-macmillan has undertaken educational ventures on the internet, including online transactions for companies world-wide, besides being a sourcing center for the parent.

Macmillan India's information processing division is world-renowned for its typesetting and originating services. Macmillan has built one of the most comprehensive skill sets in the capture, conversion, and structured output of data for scientific journals for foreign publishers over last two decades. The company has one of the largest and most advanced scientific and mathematical typesetting facilities in the world.

Macmillan, UK was established in 1843, in Great Britain. Over the years, the group has grown into one of the leading publishing houses of the world. Today, the Macmillan group is owned by [Verlagsgruppe Georg von Holtzbrinck GmbH](#), a large Germany-

based media company with interests in publishing, information technology and internet service providing.

Investor Relations

Macmillan India Ltd is committed to create long-term sustainable shareholder value through successful implementation of its growth plans. The company's investor relations mission is to maintain an ongoing awareness of its performance among shareholders and financial community.

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Safe Harbour

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in publishing and information processing businesses including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, client concentration, our ability to manage our international operations, reduced demand for our books and services in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our businesses. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.