July 2nd 2007

Saudi Research & Marketing Group

Sales Memorandum

Highlights:

- The company is unique among its domestic peers and even regionally.
- Barriers to entry into the media sector are set to remain high.
- Advertising growth is expected to be strong and to benefit the key media firms.
- The challenge is to build new revenue pillars to compliment advertising income.
- DCF value analysis suggests the stock has a 41% upside.

Delivering News and Profits

Tickers:

Bloomberg: Research AB

Reuters: 4210.SE

Content:

المجموعة السعودية للأبحاث و التسويق
Saudi Research & Marketing Group

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Summary

- The current phase of economic growth is creating huge opportunities for advertisers and media companies in the MENA region with SRMG well positioned to benefit.
- Saudi Arabia's demographic profile is highly supportive of rising newsprint readership given the growing and upwardly mobile young population.
- Per capita advertising spending is still very low by international standards and is certain to grow as a result of a structural increase in consumption.
- Barriers to entry remain high compared to other sectors in part due to regulations but mainly due to the need for economies of scale (note the ongoing global media mergers).
- Although no major regulatory changes are anticipated any sudden liberalization in the media sector carries risks of increased competition and lower margins.
- Gradual liberalization however should stimulate newsprint readership particularly given the efforts to lift literacy rates and academic standards across the Kingdom.
- Despite the company's existing international reach the potential for expansion into new markets is promising given the population of about 300 million across the MENA region.
- The company's platform allows it to leverage its current infrastructure to grow various segments (e.g. third party printing) and provides the scope to easily add new titles.
- Management has established a track record for delivering profits and remain vigilant on costs so as to contain the impact of rising prices from paper and personnel.
- Competition from new digital media is still limited due to low internet penetration levels but the company is working to make it a complimentary tool rather than a fatal threat.
- The company's leading shareholders are noted for their emphasis on financial returns.
- The stock stands up to scrutiny when compared to its international peers on a variety of valuation and profitability measures.
- DFC valuation gives an indicative fair price of SAR 71 implying a 41% upside from current levels with a range of between SAR 57 (+14%) and SAR 82 (+62%).

Environmental Scan

Industry Overview

The Saudi Arabian media sector is the largest within the pan-Arab region and is extremely important for advertisers given the country's large population of over 23 million people.

Advertising is being stimulated by Saudi Arabia's accession to the World Trade Organization that is having a big impact on the economic landscape and leading to widespread deregulation.

The increasing competition unleashed by the deregulatory process is spurring companies to raise advertising spending as they seek to differentiate themselves from the crowd.

According to estimates compiled by industry research firms advertising expenditure in the region grew by over 28% last year to nearly SAR 3.6 billion.

Growth in some sectors like telecoms for example rose by 80% as Etihad Etisalat used clever advertising rather than aggressive pricing to increase market share for its *mobily* brand.

Advertising Outlay By Sector

Sector	2005	share	2006	share
Hygiene & Cosmestics	398.27	14.3%	529.68	14.7%
Foods	290.25	10.4%	420.11	11.7%
Telecommunications	187.77	6.7%	337.17	9.4%
Entertainment & Leisure	215.14	7.7%	313.85	8.7%
Non-Alcoholic drinks	222.65	8.0%	288.40	8.0%
Banking & Finance	194.81	7.0%	228.80	6.4%
Automotive	188.56	6.8%	210.84	5.9%
Servicing Companies	151.57	5.4%	193.00	5.4%
Others	935.85	33.6%	1,070.25	29.8%
Total (SAR m)	2,784.87		3,592.10	

Source: Ipsos-Stat, Oxford Business Group

The increase in advertising spending by STC and the entry of a third mobile operator and up to three new fixed line operators next year will only increase industry expenditures.

Deregulation in other sectors such as financial services is also leading to higher spending by major players such as the National Company for Co-operative Insurance and the National Commercial Bank as they seek to maintain their leading market positions.

Foreign companies are ramping up their advertising expenditures too with brands such as Motorola, Pepsi, Toyota and Chevrolet at the forefront of the ad-spend boom.

Another promising source of revenues for the advertising industry is expected to be the real estate sector that is likely to grow rapidly over the next few years.

The announced development of vast economic cities and the deregulation of the mortgage market from next year should yield a wave of projects that need to be sold.

These and various other commercial activities will be driven by the dynamics of an economy that the Economist Intelligence Unit estimates should grow at 5.2% until 2009 supported by cyclical factors such as high oil prices and structural factors including population growth.

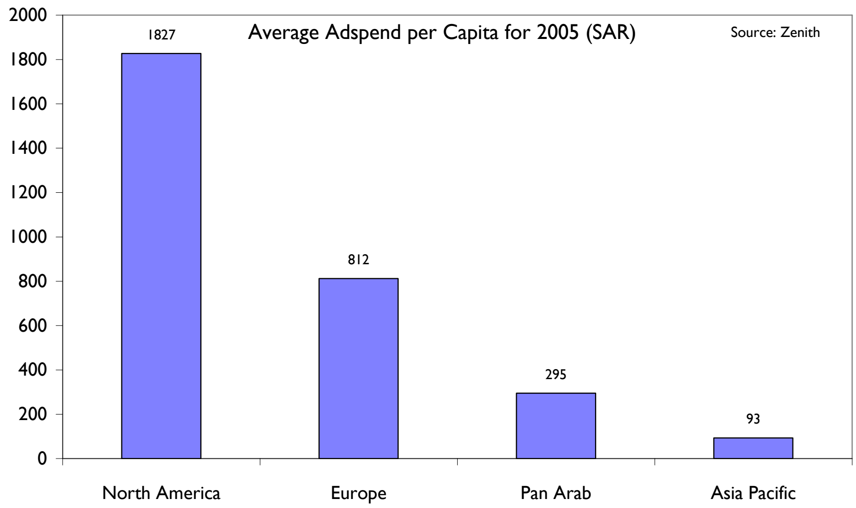
By media type the newsprint industry (magazines and newspapers) accounts for a huge 69% of the Saudi-spend and 26% of the combined spending in Saudi and Pan-Arab media.

Saudi Advertising Spending

Media Type	2005	share	2006	share
Newspapers	105.84	3.8%	104.49	2.9%
Magazine	132.34	4.8%	147.35	4.1%
Television	1,747.84	62.8%	2,352.64	65.5%
Pan-Arab Sub-Total	1,986.02		2,604.48	
Outdoor	98.83	3.5%	166.50	4.6%
Radio	24.79	0.9%	73.36	2.0%
Newspapers	582.04	20.9%	644.49	17.9%
Magazine	30.31	1.1%	37.60	1.0%
Television	62.88	2.3%	65.67	1.8%
KSA Sub-Total	798.85		987.62	
Total (SAR m)	2,784.87		3,592.10	

Source: Ipsos-Stat, Oxford Business Group

While the growth in the various media segments is impressive in nominal percentages the overall spend per capita is still very low by international standards.



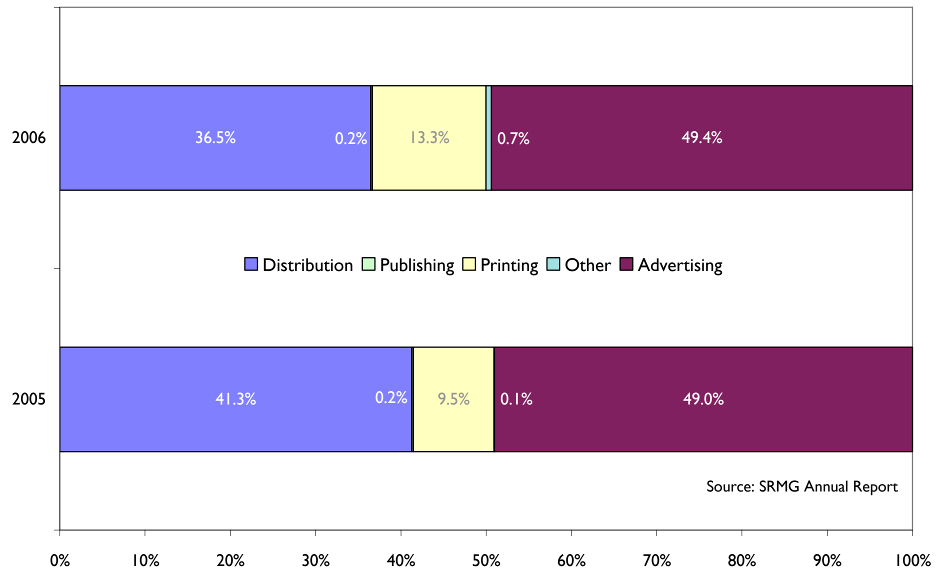
Indeed research published by the Pan Arab Research Center (PARC) suggest that the Middle East accounts for only 3% of the world's advertising expenditure and that the spending per capita is still a fraction of European levels.

One reason is the relatively low level of consumption as a proportion of GDP in the region but this is changing as the economy evolves in the wake of liberalization and reform.

Over time the service sector that accounts for about 19% of the Saudi economy should grow towards the 50%-80% levels seen in more developed economies.

Notwithstanding the buoyant outlook for advertising the company and the industry in general remains too heavily reliant on that particular source of revenue.

Financial data shows that SRMG derives nearly half its revenues from advertising with the balance coming from distribution (subscriptions), printing, publishing and others.



The test for management over the next few years will be the extent to which they are able to diversify the company's revenues away from this high dependency on advertising.

The most promising growth segment appears to be the printing business that increased its share of revenues from an estimated 9.5% in 2005 to 13.3% last year.

The investment required to operate printing facilities is increasing and smaller publishers are opting to outsource the process thereby raising demand for so called 'third party' printing.

The company's purchase of United Printing & Publishing is aimed precisely at building this business and is an important step in developing this strategy more aggressively.

Global trends

On a global level media companies have been facing some challenges in recent times as the industry matures and evolves in the era of digital media and alternative advertising options.

Newsprint readership has been declining in the maturing markets of the US and Europe and even as costs have proved difficult to reduce revenues have stagnated.

But there have been encouraging signs of corporate activity in the sector with consolidation evidenced by the sale of the Tribune group (owner of Chicago tribune and LA times).

More dramatic perhaps has been the recently announced bid by News Corp for Dow Jones (owner of the Wall Street Journal) and rumors of possible bids by other groups.

These transactions and the $17 billion proposed takeover of news and financial information provider Reuters by Canada's Thomson have helped revive interest in the sector.

The value of media assets appears to be on the rise globally and this is also the case in Saudi Arabia where the economic dynamics and opportunities for growth remain attractive.

Political and regulatory trends

The industry is closely regulated across the region including Saudi Arabia but there have been some liberalization efforts amid a more relaxed political environment recently.

The Saudi Arabian market now supports an estimated 130 titles including lifestyle magazines, newspapers and translated foreign media publications such as *Newsweek*.

- The Kingdom endorsed a thirty-article law to restructure the press industry and allow journalists to establish a trade association [July 2001].
- The Saudi Journalists Association was established to protect the rights of journalists and coordinate relations between journalists and the media establishment [February 2003].
- The Consultative Council passed a resolution urging greater freedom of expression in the Saudi media and urging the Ministry of Culture and Information to open up opportunities for investment in the media to the Saudi private sector [March 2004].

Background

The Saudi Research & Marketing Group is one of the leading integrated publishing groups in the Middle East with substantial publishing, advertising and printing operations.

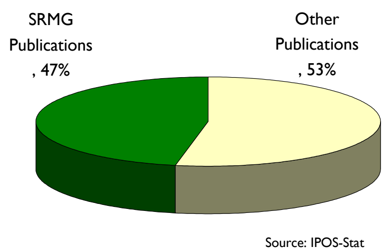
The group's main activities are centered in Saudi Arabia but it also has publishing, printing and distribution centers in seven major countries.

The activities cover four key areas:

i. Publishing
ii. Advertising
iii. Printing
iv. Distribution

These activities are carried out through a number of subsidiaries that are vertically integrated and give the group an unparalleled breadth in the industry both regionally and internationally.

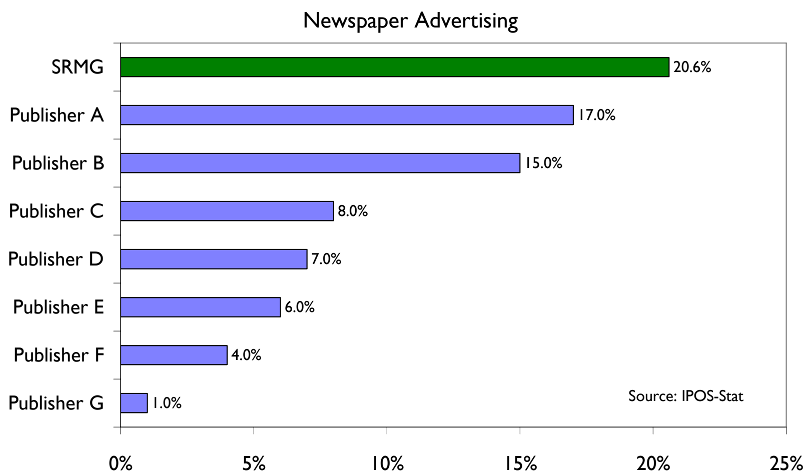
SRMG's publications are highly regarded and widely known and include a range of leading news, sports, business and leisure journals.



Accurate audits are either unavailable or unreliable but it is acknowledged that titles such as *Arab News* and *al-Sharq al-Awsat* hold the highest circulations in their respective segments.

And in aggregate SRMG holds the largest market share in subscriptions of any newsprint group and accounts for nearly one of every two publications.

It is no surprise then that the company's share of newspaper advertising is the highest among the various publishing groups in the Kingdom.



History & Governance

- 1963 Madina Printing & Publishing Company
- 1972 Saudi Research & Publishing Company
- 1975 Arab News
- 1978 Asharq Al-Awsat
- 1980 Al-Majalla magazine - political weekly
- 1981 Sayidaty - women weekly
- 1984 Saudi Distribution Company
- 1987 Arriyadiyah - sports daily
  Basim - children weekly
- 1989 Al-Khaleejiah Advertising & Public Relations Company
- 1992 Al-Eqtisadiah - business daily, Arrajol - men high-life style monthly
- 1994 Al-Jamila - women beauty & health monthly magazine
  Urdu News - daily Urdu newspaper
  Malayalam daily newspaper
- 1998 Arab Media Company
- 1999 Urdu magazine
- 2006 SRMG launches IPO
  Group acquires Hala Printing Company
  Investment in Abu Dhabi United Printing & Publishing Co.

Shareholder	Type	Holdings
Kingdom Holding Company	Corporate	25.52
Heirs of Prince Ahmad Bin Salman Bin Abdulaziz Al Saud	Private	23.49
Mohammed Hussain Ali Al Amoudi	Private	5.62
Prince Faisal Bin Salman Bin Abdulaziz Al Saud	Private	4.42
General Organization for Social Insurance - KSA	Government	3.94
Public Pension Agency	Government	3.94
Abdullah Salih Kamel	Private	3.28
Aziz Abdullah Ali Al Barak	Private	1.73
Jeddah Investment Trading Company	Corporate	1.69
Dallah Albaraka Holding Company	Corporate	1.64
Olayan Financing Company	Corporate	1.64
Omar K Alesayi Trading & Industrial Investment Co.	Corporate	1.64
Azzam Bin Mohammed Al-Dakhil	Private	1.32
Ibrahim Abu Naiyan & Bros Co.	Corporate	0.63
Arab National Bank	Corporate	0.52

Source: SRMG, Tadawul

The company takes its social responsibilities very seriously and was a major sponsor of the Corporate Social Responsibility Forum (CSRF) that was held in Riyadh during May 2006.

And in conducting its own investors relations activities the company is open about its affairs that are detailed in its comprehensive annual report.

According to the recently revamped website the company's strategic goals are summarized and identified simply as follows:

- to maximize shareholder profits.
- to excel MENA media by providing high quality content.
- to understand consumer and customer needs in order to provide them with top products.

Nonetheless like most other companies in the region the company should consider more voluntary transparent practices rather than take comfort in the legal minimum.

SRMG Board Members

HRH Prince Faisal bin Salman	Chairman & CEO of SRMG
Mr. Soliman Saad Al-Humayyed	Board Member
Mr. Mohammed Abdullah Al Kharashi	Board Member
Mr. Mohammed Hussain Al Amoudi	Board Member
Mr. Abdullah Salem Bahamdan	Board Member
Mr. Abdullah Salih Kamel	Board Member
Mr. Mohammed Omer Al-Esayi	Board Member
Mr. Mohammed Abu Naiyan	Board Member
Mr. Abdulrahman Ibrahim Al-Rowaitie	Board Member
Dr. Azzam Mohammed Al-Dakhil	Board Member
Eng. Suliman Ibrahim Al Hudaithi	Board Member

The board consists of distinguished personalities that are predominantly representatives of the largest shareholders but does not include any genuinely independent directors.

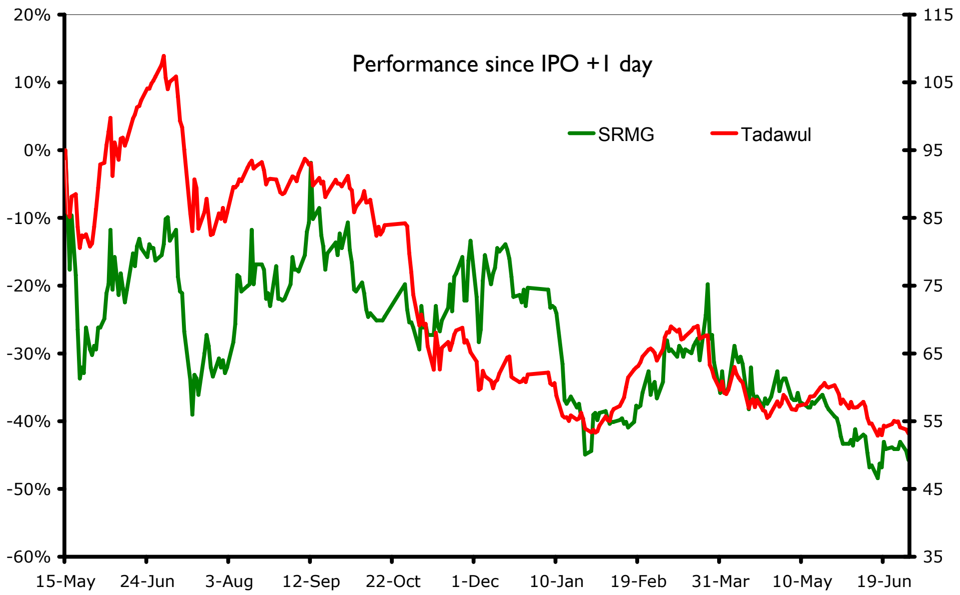
Company Profile

The company has experienced strong operating performance in the past two years following a comprehensive restructuring program that has significantly raised profitability.

(SAR million)	2004	2005	(yoy)	2006	(yoy)
Revenue	949.4	1,063.0	12.0%	1,161.1	9.2%
Cost of Goods Sold	679.6	663.9	-2.3%	685.4	3.2%
SG&A	171.0	191.2	11.8%	224.1	17.2%
Operating Income	98.8	207.8	110.3%	251.6	21.0%
Other Income	45.3	14.6	-67.7%	(49.6)	N/A
Reserve Charges (Credits)	5.0	10.4	107.4%	13.4	28.7%
Income before Extraordinary Items	48.6	182.1	274.9%	277.3	52.3%
Extraordinary Items	0.0	0.0		15.9	
Minority Interests (Credits)	2.0	0.6	-68.2%	(0.2)	N/A
Net Income	46.6	181.4	289.6%	261.6	44.2%

Source: Saudi Research & Marketing Group

The company's shares were offered to the public in April 2006 at SAR 46 per share and listed on May 15th rising to SAR 93.5 for a first day closing premium of over 100%.



		31/12/2006	2/7/2007
Price	(SAR)	57.00	50.50
Shares Out	(million)	80	80
Market Capitalisation	(million)	4,560	4,040
Year-High	(SAR)	93.50	75.00
Year Low	(SAR)	57.00	49.75

Source: Bloomberg

The performance since that opening premium has been disappointing due to the downturn in the overall market but perhaps also due to a misunderstanding of SRMG's prospects.

Recent developments

» The Saudi Printing & Packaging Company (SPPC), a subsidiary which prints about fifty-five newspapers and magazines received approval from the Capital Market Authority to sell a stake of 30 percent through an initial public offering of 18 million shares.

SPPC is licensed to carry out various activities such as printing, management, operation and maintenance of printing projects; wholesale and retail sale of printing equipment and materials; printing of newspapers, magazines and books and advertising work.

The Ministry of Commerce and Industry had already approved SPPC's shift to a closed joint stock company with a capital of SAR 600 million ($160m) consisting of 60 million shares at a nominal value of SAR 10 each [May 2007].

» The focus on internal audit is very high and the company has launched major programs in business control and the enablement of a strong internal audit function [Sept 2006].

» SRMG and its subsidiaries recently launched websites "to enable everyone related to the companies of the group such as its shareholders, readers and surfers to get information with total transparency" - HRH Prince Faisal bin Salman, Chairman and CEO.

The group website www.srmg.com is augmented by others for the Saudi Research and Publishing Co. www.srpc.com, the Saudi Printing and Packaging Co. www.sppc.com.sa, Saudi Distribution www.saudidistribution.com, Arab Media Co. www.arabmediaco.com [May 2007].

» First quarter results were slightly down with initial financial results showing a net profit of SAR 55.9 million compared to SAR 61.1million for the same period last year (-8%). Operating profits totaled SAR 43.9 million compared to SAR 54.6 million (-19%).

This was attributed to a decrease in printing revenues that was due to a phasing discrepancy that will be recovered over the coming quarters [January 2007].

Recent acquisitions and joint ventures

» The company is considering several opportunities for growth both organically and through acquisitions or partnership.

» The initial public offering of SPPC will provide the group with better access to capital to fund future growth and increase the group's investment capabilities.

SWOT Analysis

SWOT analysis is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities and Threats of a business.

Strengths

- Strong market position in printing and publications
- Excellent brands
- Financial strength and low balance sheet debt
- Competent management
- Experience across the international markets

Weaknesses

- May be difficult to raise market share from existing high levels
- Perceived to be part of the establishment and editorially restricted
- Highly reliant on advertising revenue (as opposed to subscription revenue)

Opportunities

- Expansion into new markets across MENA and Asia in printing and publishing
- Supportive demographics (young adults target readers)
- Greater press liberalization should lead to wider readership interest
- Increasing number of domestic and foreign advertisers
- Higher education standards that will lift literacy levels
- Huge library and scope to deliver content across various media

Threats

- Fast liberalization of the media industry
- New international entrants (direct and indirect)
- Shift in advertising towards digitalized media (Internet)

Financial Projections

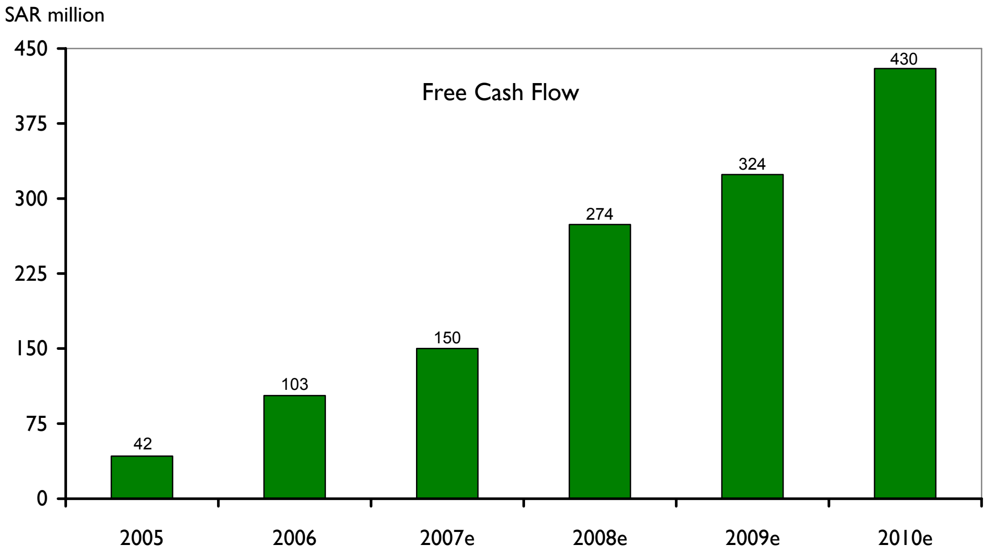
Revenues & Margins

The company projects steady and reasonable growth in revenues of around 8% for the next two years dipping slightly to 7% in 2009-2010.

		2005	2006	2007f	2008f	2009f	2010f
Revenues	(SAR bn)	1.0	1.2	1.3	1.4	1.5	1.6
- growth	(%)	-	20%	8%	8%	7%	7%
Net Income	(SAR mn)	180	229	279	330	386	455
- growth	(%)	-	27%	22%	18%	17%	17%
Net Margins	(%)	17%	17%	17%	17%	19%	20%

Source: Saudi Research & Marketing Group

Net income margins are forecast to rise slightly from 17% to 20% as capital investments fall and costs decline under the company's plans.



Source: SRMG forecasts

Following the companywide restructuring, cash flows are forecast to grow strongly with an accelerating trend once the current phase of capital investments is complete.

These high cash flows will feed through favourably into discounted cash flow models and give the company a higher valuation that is currently forecast by the market.

Valuation

Valuation assumptions

There is no definitive valuation model that works for every company and across all markets but the discounted cash flow methodology is universally acknowledged as the most reliable.

Base Case Scenario

- Free Cash Flow [FCF]
  - projected FCF to grow at 29% per annum (company forecast) between 2007-2010.
  - FCF growth of 10% per annum (own assumption) between 2011-2013.
  - terminal FCF growth rate of 4% in-line with projected long-term economic growth.
- Market Equity Risk Premium of 7%.
- Risk Free Rate of 5.31%.
- Risk Premium for debt funding of 1% (spread charged by banks above RFR)
- Beta 1.1x (one year/daily vs. Tadawul).

Calculating for the Weighted Average Cost of Capital:

WACC calculation (CAPM)	
Proportion of Equity	67.0%
Proportion of Debt	33.0%
Risk Free Rate	5.31%
Equity Risk Premium	7.00%
Beta	1.10
Risk Premium (for debt financing)	1.00%
Ke (cost of equity)	13.01%
Kd (cost of debt)	6.31%
WACC	**10.80%**

The company's WACC of 10.8% is relatively high and reflects conservative assumptions as well as the low proportion of debt that is typical of many Saudi Arabian companies.

Valuation results

Applying the three-stage DCF model to the working assumption in the previous section gives a net value of equity of SAR 4,619 million spread across the outstanding 80 million shares.

• Enterprise value:	SAR	5,209	million
• Value of debt:	SAR	590	million
• Value of equity:	SAR	4,619	million
• Shares outstanding:		80	million

• Price at July 2nd:	SAR	50.50	
• **Value per share:**	**SAR**	**71.37**	**(+41%)**

• Value per share (high case)	SAR	82.02	(+62%)
- continuing value cash flow growth 5%			
• Value per share (low case)	SAR	57.74	(+14%)
- continuing value cash flow growth 2%			

The fair price range of between SAR 57.74 to SAR 82.02 gives a minimum upside target of +14% and a maximum target of +62% with a base case gain of +41%.

The lack of symmetry in the rates applied to the upper and lower cases reflects concern that long term growth may be impacted if deregulation spurs greater than expected competition.

The table below provides an indication of the sensitivity of the valuations to changes in the terminal growth rate for a range of possibilities while highlighting the base case at 4%.

	Terminal Growth Rate					
Price 2 July	1%	2%	3%	**4%**	5%	6%
50.50	53.11	57.74	63.62	**71.37**	82.02	97.59
+/-	5%	14%	26%	**41%**	62%	93%

Based on the company financial projections and some reasonable assumption it is difficult to justify a stock price that is materially lower than the prevailing market level.

Peer Comparisons

Domestic Peer Comparison

The fact that listed comparables to SRMG are difficult to find globally and nearly impossible on a regional level highlights the unique nature of this company.

The average price to earnings ratio (PER) in the Saudi Arabian market appears modest these days but many of the companies that have been insulated from competition are now under threat of declining profitability, e.g. telecoms.

By contrast SRMG's historic PER of just under 15x is attractive since it has clear prospects to continue growing profits over the next few years.

SRMG's valuations are also appealing when benchmarked against the largest companies in the Tadawul service sector.

NAME	VALUATION				PROFITABILITY		
COMPANY	PER	PBR	DIVYIELD	PSR	ROA	ROE	NP %
MAKKAH CONSTRUCTION & DEVEPL	26.4	2.2	3.7%	19.0	7.1	8.4	74.2
NATIONAL SHIPPING/SAUDI ARAB	8.5	1.2	6.2%	2.3	8.2	15.8	26.7
ASEER	10.3	1.8	0.0%	2.1	10.6	15.3	20.4
JARIR MARKETING CO	16.4	7.6	4.4%	2.6	30.6	42.6	16.2
REAL ESTATE / SAUDI ARABIA	33.7	1.4	2.2%	23.7	4.9	5.3	70.7
TAIBAH	33.9	1.3	5.1%	20.7	4.6	5.1	61.0
SAPTCO	5.7	1.2	4.3%	2.5	19.7	25.5	45.5
SAUDI HOTELS & RESORT	52.7	2.1	1.7%	7.1	2.8	5.3	18.8
ARRIYADH DEVELOPMENT COMPANY	22.6	1.0	3.6%	12.6	4.1	4.7	56.8
SECTOR AVERAGE	23.4	2.2	3.5%	10.3	10.3	14.2	43.4
SAUDI RESEARCH AND MARKETING	14.6	3.4	3.9%	3.5	16.4	24.7	22.5

Source: Bloomberg

On conventional benchmarks such as PER [15x vs. 23x] and Dividend Yield [3.9% vs. 3.5%] and Price to Sales Ratio [3.5x vs. 10.3x] the company now ranks well domestically.

On some measures of profitability SRMG falls short of its peer group but this maybe more a function of the temporary profits enjoyed by these companies than any major concern over the economic efficiency of the media company.

The service sector in general is likely to experience strong growth as disposable incomes rise and consumers splash out on a variety of leisure and property related activities.

This additional focus on consumption should lure a greater number of service providers and vendors that will need to market their products and increase their visibility by advertising.

These include food products, household items, telecom services and so on.

Global Peer Comparison

Where available, global peers tend to trade at a premium to average market multiples due to their scarcity value and on account of the influence that they carry within society.

Moreover media companies are coveted by wealthy and powerful personalities of which the best example is perhaps Rupert Murdoch whose empire has become a major global force.

NAME	PER	PBR	ROE	ROA	EBIT %	OP MARGIN
SAUDI RESEARCH AND MARKETING	14.6	3.4	24.7	16.4	4.2	21.7
INTERNATIONAL AVERAGE	20.7	3.2	22.5	9.6	5.9	15.2
EDIPRESSE S.A (SWISS)	15.2	2.1	13.9	5.3	0.0	5.0
PEARSON PLC (UK)	15.4	1.9	12.1	5.7	8.2	12.1
SOUTH CHINA MORNING POST (HK)	14.4	2.6	18.8	15.3	8.6	32.6
HURRIYET GAZETECILIK (TURKEY)	14.8	2.2	15.3	10.9	5.6	13.8
AXEL SPRINGER AG	13.5	2.4	19.1	9.8	7.4	13.0
UNITED BUSINESS MEDIA PLC	16.8	3.8	29.2	10.3	6.7	17.5
EMAP PLC	25.4	8.1	125.5	25.8	11.5	23.1
WOLTERS KLUWER	20.1	5.6	28.0	5.8	7.4	13.5
ROULARTA MEDIA GROUP NV	28.0	2.5	9.9	3.3	8.9	9.4
NEXT MEDIA LTD	11.9	2.5	22.3	9.2	0.0	15.9
SAI GLOBAL LTD	30.0	2.8	10.7	5.8	5.5	13.9
CENTAUR MEDIA PLC	18.2	1.3	7.4	6.3	9.4	17.7
VALUE LINE INC	17.9	6.2	44.2	21.5	8.5	41.3
WILMINGTON GROUP PLC	28.8	3.1	11.7	6.4	7.5	13.8
CHINTAI CORP	12.7	3.4	27.5	18.9	8.6	26.8
GLACIER VENTURES INTL CORP	20.6	1.4	7.1	4.0	12.4	14.8
TALENTUM OYJ	43.4	5.2	6.1	2.4	3.0	3.5
KATHIMERINI PUBLISHING S.A.	21.9	0.8	3.8	2.9	1.8	2.0
YELLOW PAGES (S) LTD	17.4	2.1	11.7	4.9	9.8	33.9
HAYNES PUBLISHING GRP PLC	9.6	1.8	17.9	13.1	0.0	23.1
METMAR LIMITED	16.4	0.5	20.9	7.2	0.0	-17.6
JADE DYNASTY GROUP LTD	43.4	3.6	8.9	6.1	3.4	14.8
AMARIN PRINTING & PUBLISHING	10.6	2.2	18.9	15.2	13.8	19.8
ASPERMONT LIMITED	39.1	12.2	26.8	16.7	5.9	12.1
EASTERN HOLDINGS LTD	7.9	3.5	16.6	6.9	0.0	24.9
ONE MEDIA GROUP LTD	30.7	1.8	8.5	6.0	1.6	2.0
TOWNNEWS-SHA CO LTD	16.8	1.5	16.9	11.2	9.9	16.2
SPG MEDIA GROUP PLC	18.3	1.9	71.8	10.9	0.0	7.6

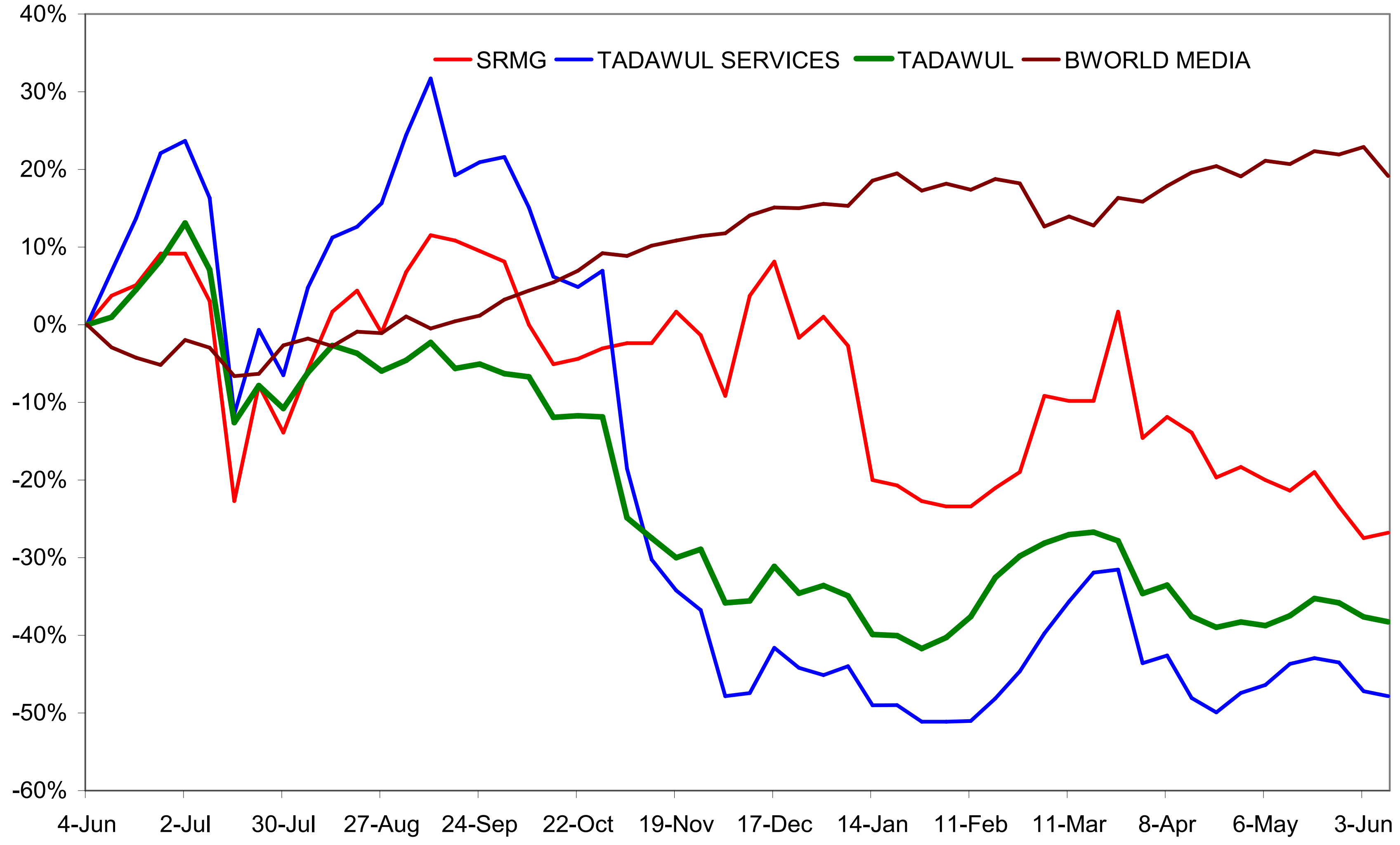
Source: Bloomberg

The universe of listed media comparables with a newsprint focus include heavyweights such as FT publisher Pearson, Hurriyet, Edipresse and the South China Morning Post.

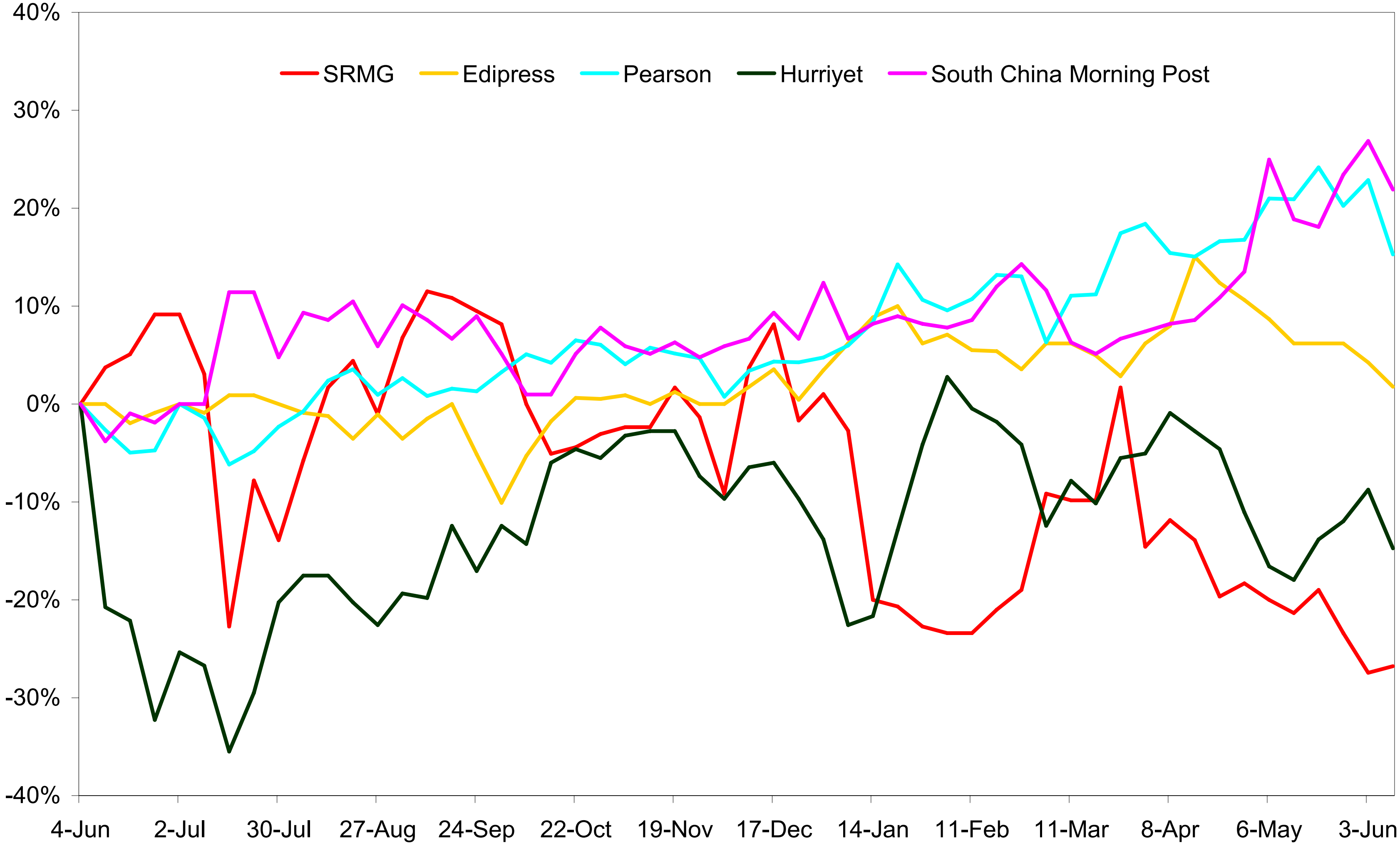
But despite a wave of consolidation a decade ago the industry remains fragmented globally and has been continuously challenged to stay profitable in an era of technological change.

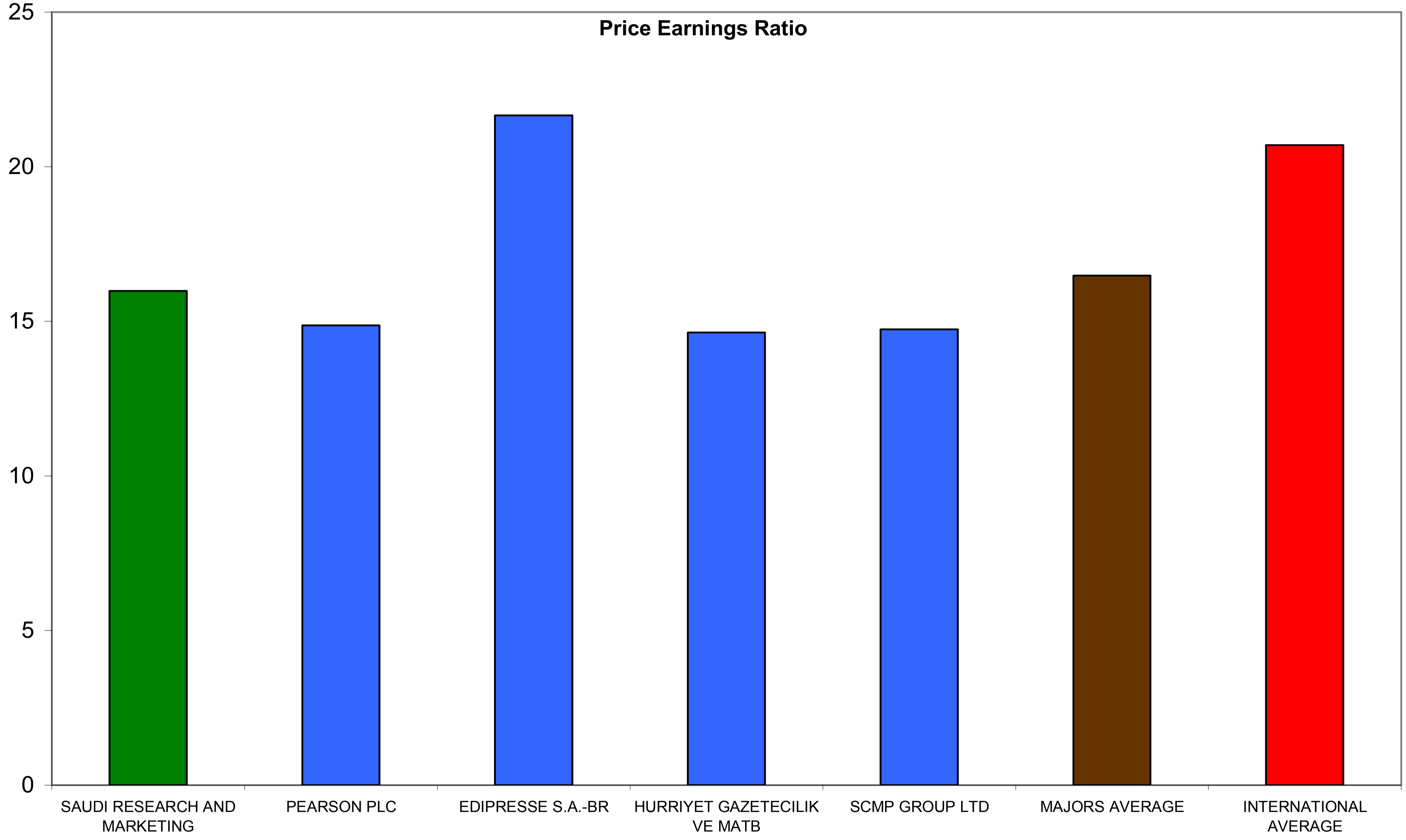
The industry is clearly evolving but the importance of individual companies going forward is unlikely to diminish and may even increase as a result of consolidation and convergence.

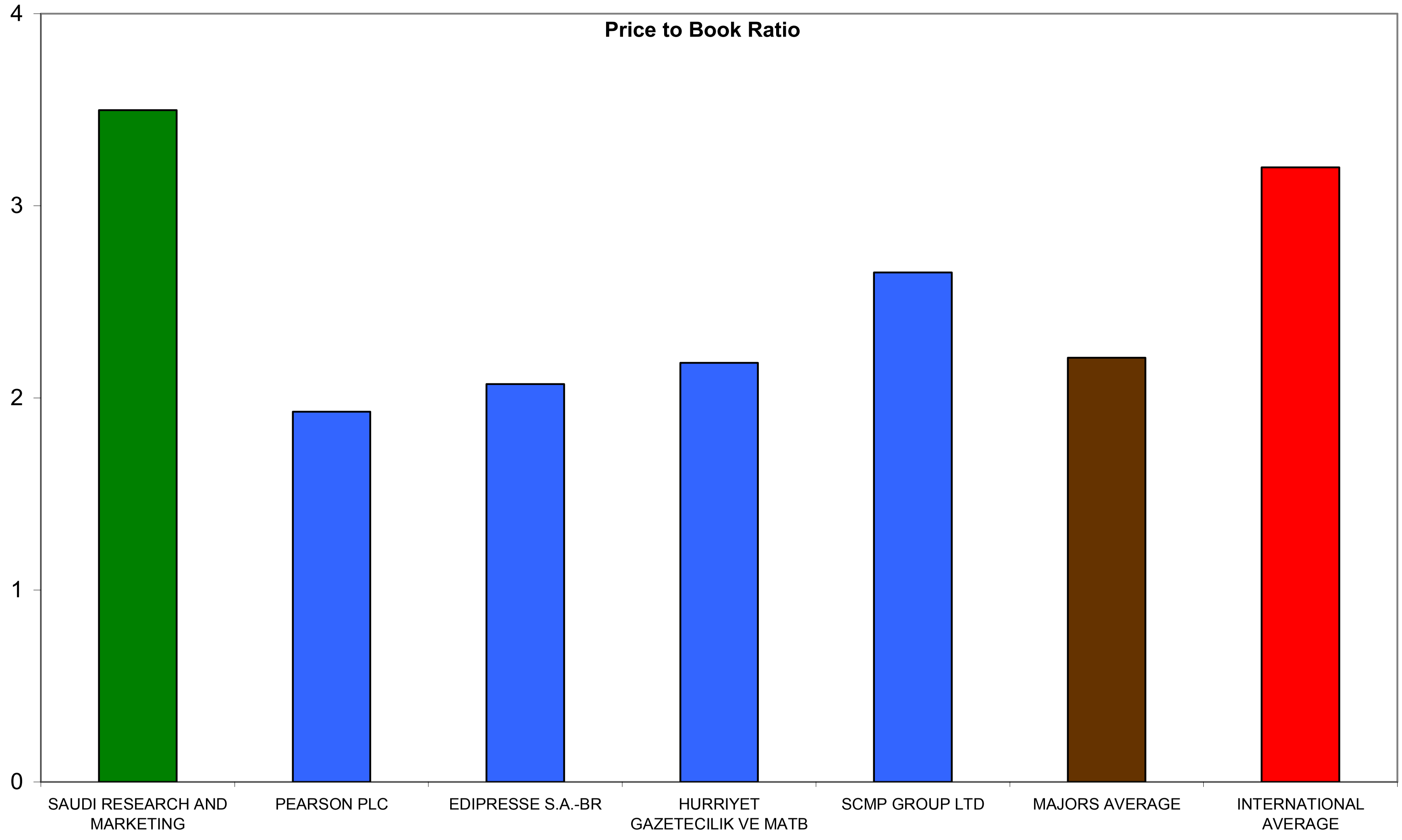
One Year Weekly

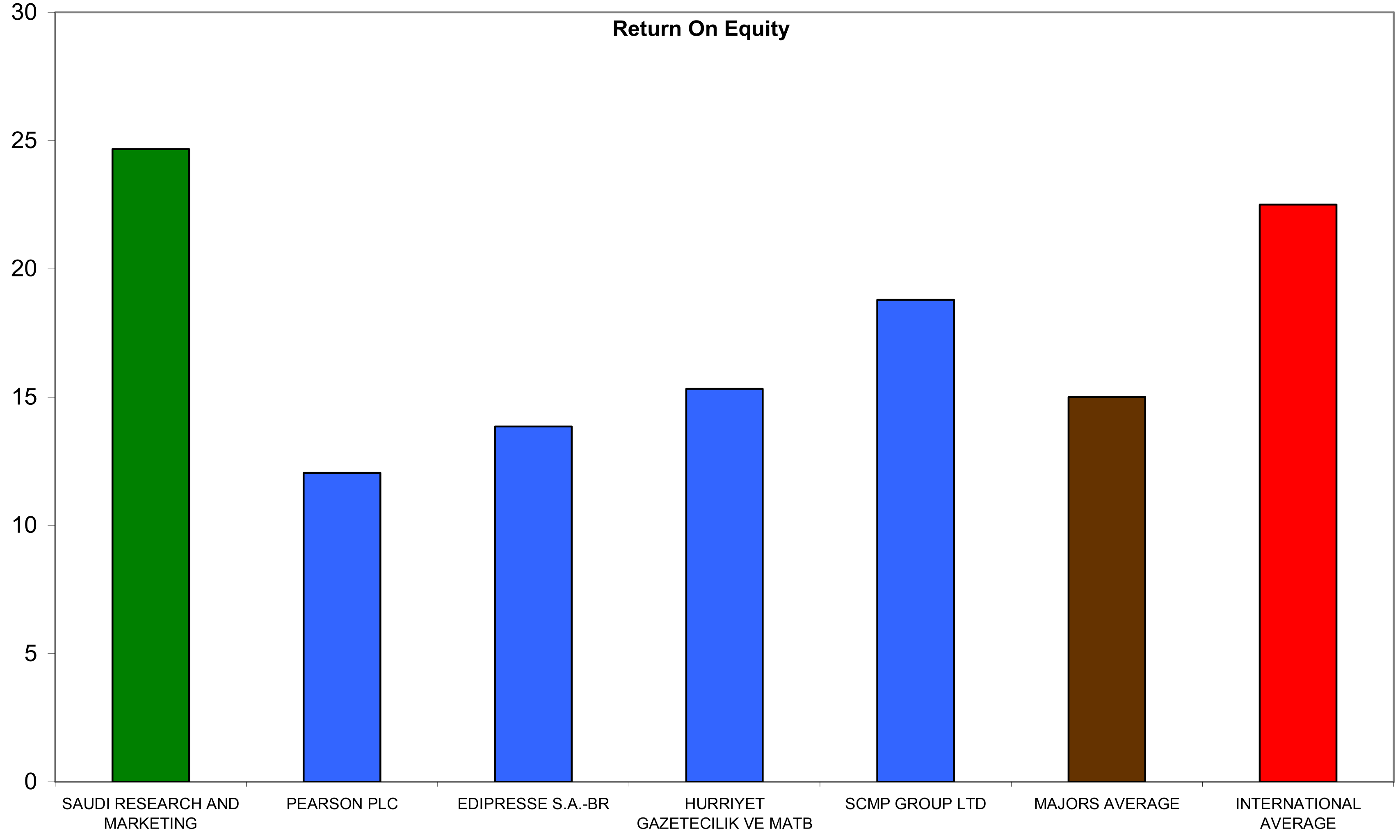


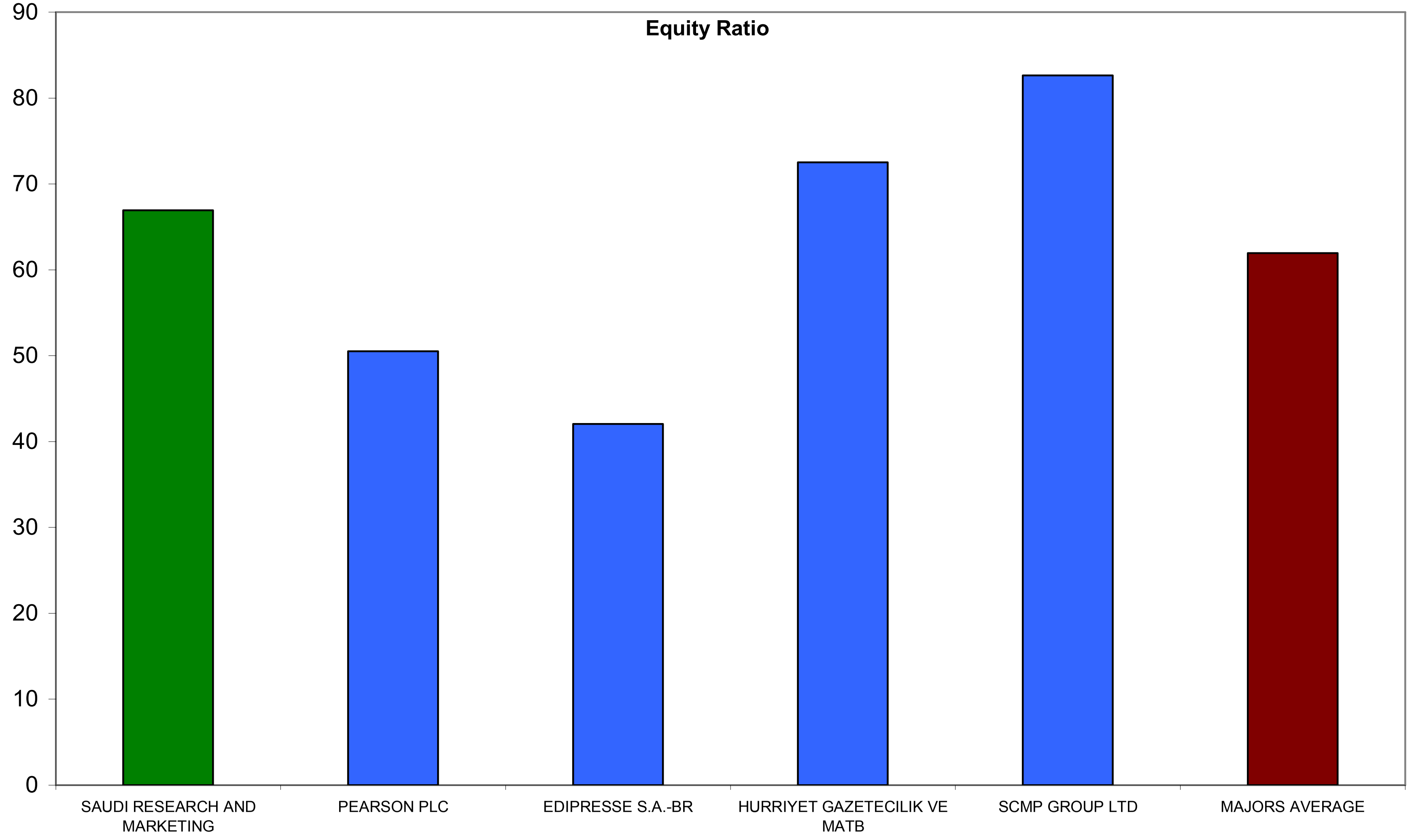
One Year Weekly




Price Earnings Ratio
25
20
15
10
5
0
SAUDI RESEARCH AND MARKETING
PEARSON PLC
EDIPRESSE S.A.-BR
HURRIYET GAZETECILIK VE MATB
SCMP GROUP LTD
MAJORS AVERAGE
INTERNATIONAL AVERAGE


Price to Book Ratio
4
3
2
1
0
SAUDI RESEARCH AND MARKETING
PEARSON PLC
EDIPRESSE S.A.-BR
HURRIYET GAZETECILIK VE MATB
SCMP GROUP LTD
MAJORS AVERAGE
INTERNATIONAL AVERAGE


Return On Equity
30
25
20
15
10
5
0
SAUDI RESEARCH AND MARKETING
PEARSON PLC
EDIPRESSE S.A.-BR
HURRIYET GAZETECILIK VE MATB
SCMP GROUP LTD
MAJORS AVERAGE
INTERNATIONAL AVERAGE


Equity Ratio
90
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60
50
40
30
20
10
0
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MAJORS AVERAGE

Sales Memorandum

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