



Translation
Editing
Copy Writing

ANNUAL REPORT 2011

MIND YOUR LANGUAGE

www.myIGlobal.com

The 2011 Scorecard	2
The Six-Year Scorecard	3
Business Overview 2011	5
The MYL Revenue & Profit Model	7
The Shape of Things to Come	9
What We Do and Why You Should Engage Us	11
Case Bites	12

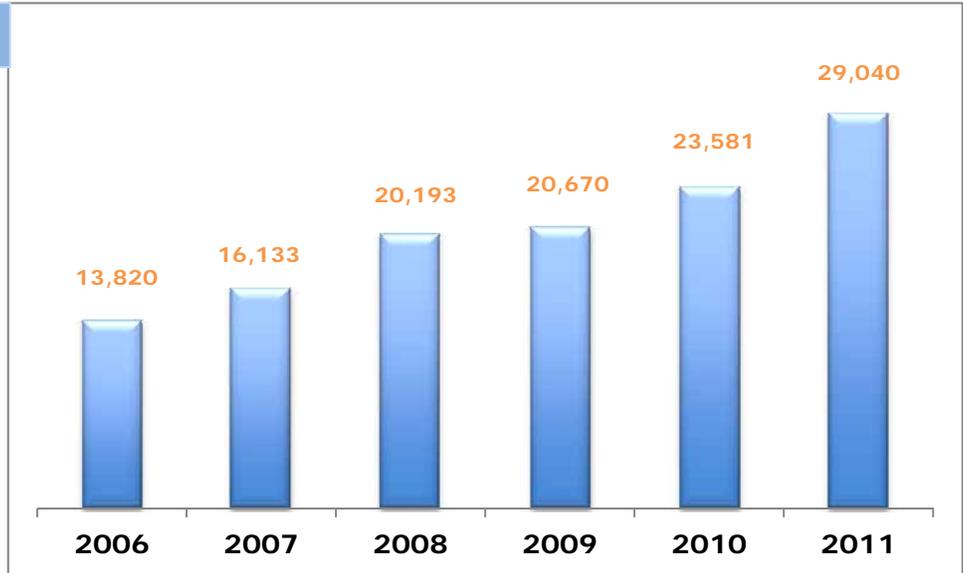
THE 2011 SCORECARD

18%	Sales Growth*
23%	Increase in Jobs Processed
76%	Profit Growth*
30%	Return on Shareholder Equity*
0.08%	Upheld Job Complaints

THE SIX-YEAR SCORECARD

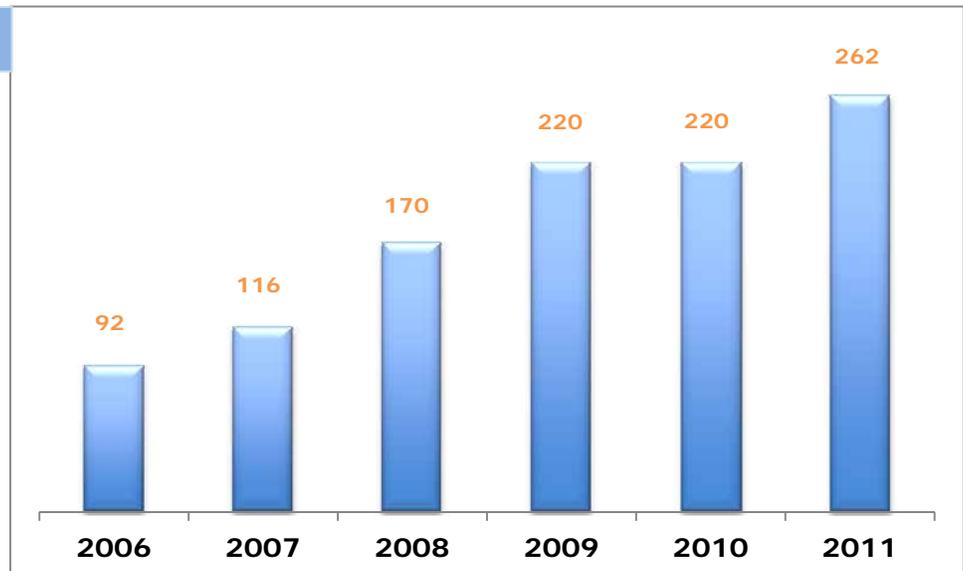
NUMBER OF JOBS PROCESSED

PLATFORM



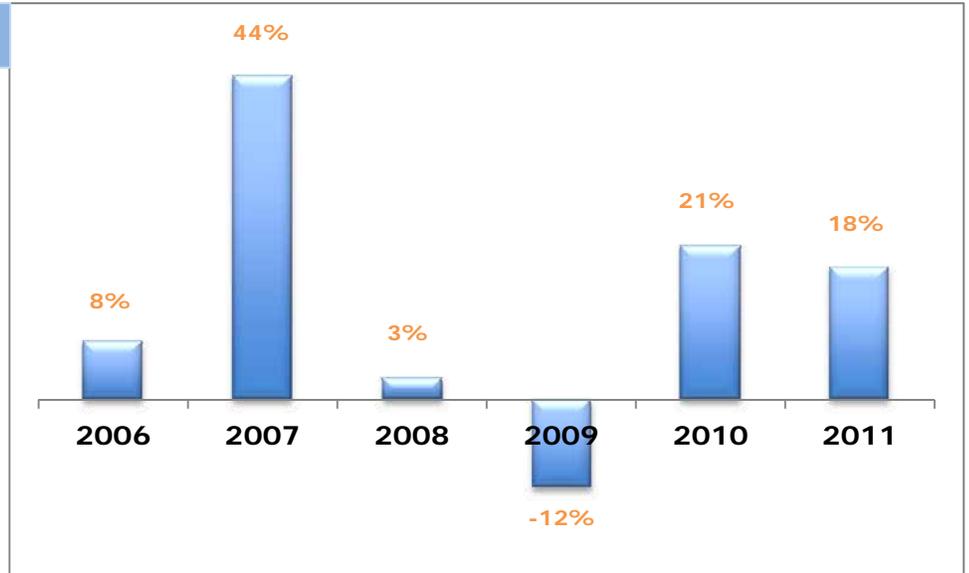
NUMBER OF LINGUISTS EMPLOYED

PEOPLE



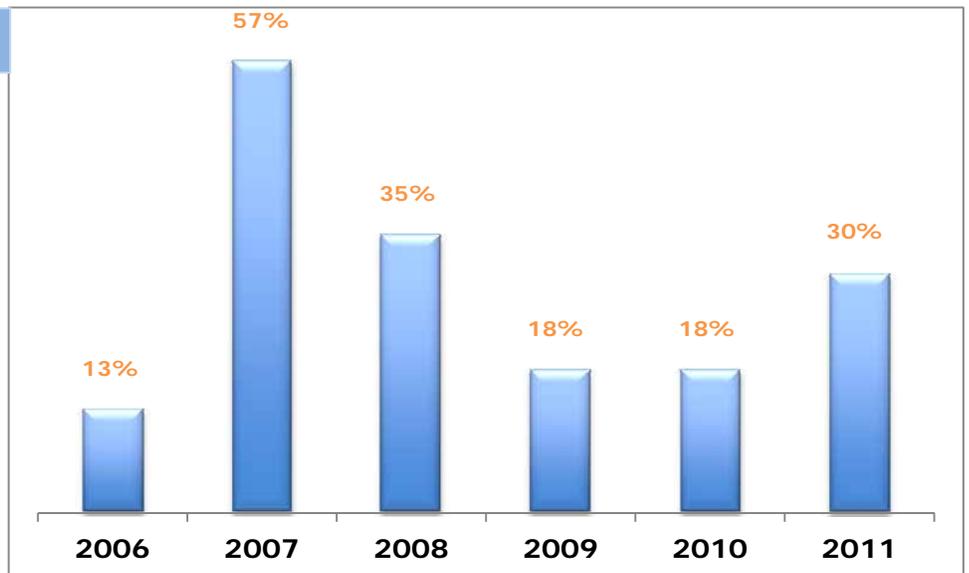
ANNUAL SALES GROWTH

PERFORMANCE



RETURN ON SHAREHOLDERS' EQUITY

PROFITS



	<u>2011*</u>
Sales Growth	+18%
Profit Growth	+76%
Return on Equity	30%
Number of Jobs Processed	29,040 (+23%)
Upheld Job Complaints	25 (0.086%)

2011 was our best year yet, by quite some margin. A significant part of our annual growth came in the second half of the year, owing to a number of strategic initiatives that were well received in the marketplace.

One of the reasons we are able to deliver profit growth in excess of our revenue growth is that 40% of our new business is referred to us by our existing Clients, which makes our average Client acquisition cost low.

We could grow the top-line more quickly but we haven't found a good reason to do that if it impinges on our quality and profitability. It's what Edward Hess, Professor of Business Administration at Darden School of Business at the University of Virginia, calls "Smart Growth" and we think his thesis is on the money.

The top three key drivers to our consistent profitable growth have been (in order):

- Quality** Understanding that it is quality that brings the Client back
- Focus** Sticking to what we do best: Translation, Editing and Copy Writing
- Technology** Embracing technologies that drive material productivity gains for our Clients

TECHNOLOGY DRIVERS

In 2009, we learned what the acronym API stood for and what it could offer, and we immediately grasped the positive impact this innovation would have on our business, and on our Clients' businesses. Today, using Application Programming Interfaces is at the heart of executing and improving what we do.

An API enables us to offer our Clients some of the best technologies in the world without us having to spend one dollar in research and development. We believe it's among the best innovations yet to come from the Internet's evolution.

APIs enable us to offer next generation statistical machine translation that is driving down our Clients' translation costs by up to 60%; they enable us to offer customised website content management solutions that speed up our

Clients' website translation process by 80%; and they have enabled us to develop a collaborative real-time translation service with a company called Google.

EIGHT THINGS WE'VE LEARNED

2011 was our eighth full year of operations. We thought it would be instructive to summarise the eight big things we've learned on our journey so far:

1. If we focus on quality, then with even a small amount of effort the Company's top-line will grow (it has, at a compound rate of 34% per annum).
2. Reading Jim Collins' book *Good To Great* in Year 2 of our business helped us to fully comprehend the concept of "Profit Engines" and position our business accordingly.
3. Competing on price attracts the wrong type of Clients because Clients who buy on price are difficult to develop into loyal Clients.
4. Reading the book *Blue Ocean Strategy* in Year 4 of our business made us fully appreciate that being different is a good thing, and it made us leverage that more.
5. We have developed a unique working culture at MYL: we hire to fit our culture first, and ability second; as a result, employee engagement is high and turnover very low.
6. Having outside shareholders when your annual revenues are below US\$5m is a huge distraction.
7. Politely saying goodbye to Clients that take too long to pay us hasn't affected our ability to grow rapidly (but it has affected our cash flow, very positively).
8. Planning anything further ahead than one year (for a small business like ours) is a waste of valuable time.

We continue to aim for around 20% top-line sales growth each calendar year; this doubles the size of our business every four years, and we think that this type of growth is more manageable and sustainable over the long run. We also think that staying away from debt continues to be a good idea. Instead, our financial model aims to generate one dollar of profit for every dollar we hold in cash, and return any excess capital as shareholder dividends and to staff as bonuses for great performance.

Sincere thanks to our loyal Clients, creative partners and dedicated staff for making 2011 the best year yet.

Sincerely,

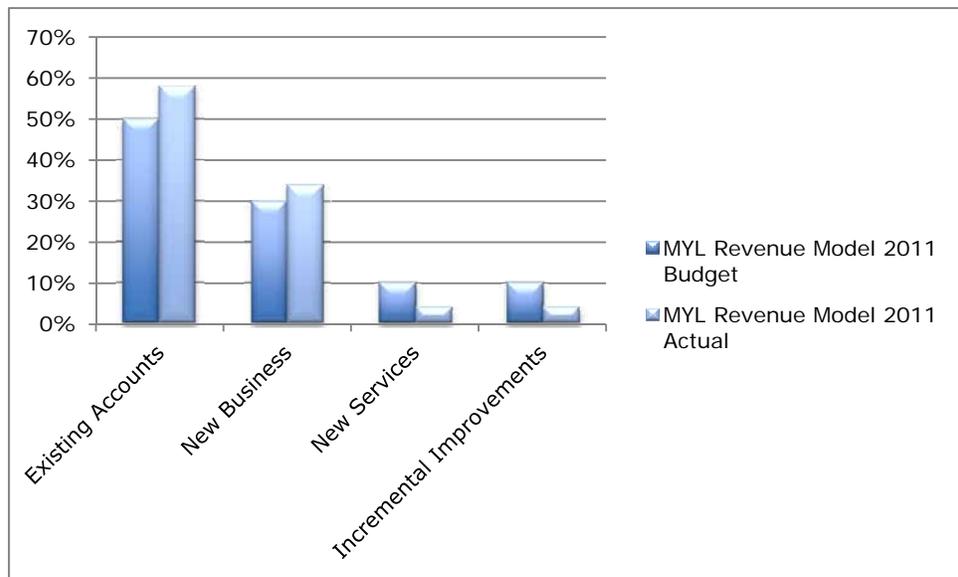


Gerry Ball
Founder & CEO

THE MYL REVENUE & PROFIT MODEL

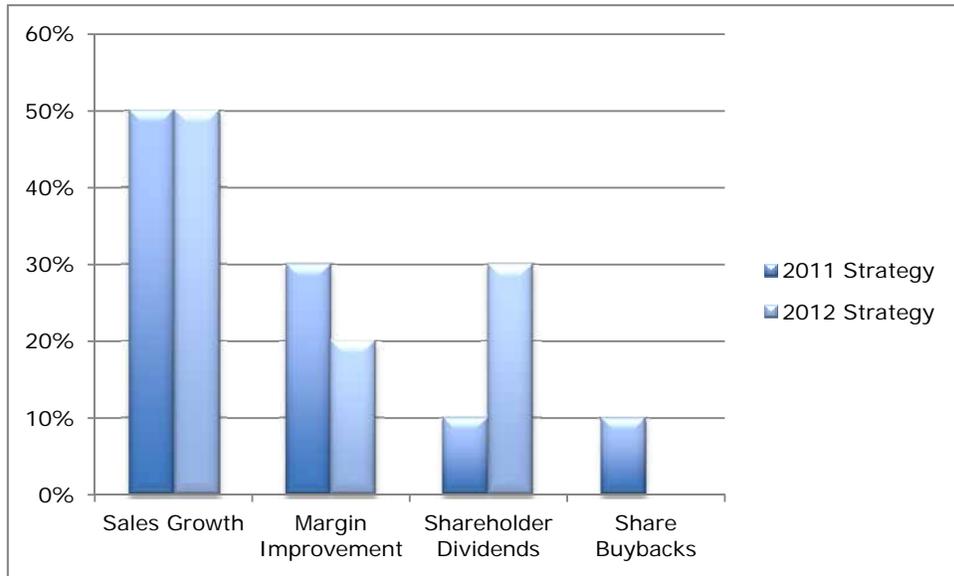
THE MYL REVENUE MODEL

In 2011, the two major sources of our growth came from our ability to generate more revenue per existing Client, and from our ability to win brand new business. New services and incremental improvements were behind our target principally due to the success of the first two components of our revenue model. In 2012, we have moved our long-term annual revenue growth forecast to 15-20%, from 12-18% previously.



THE MYL PROFIT MODEL

At the beginning of the second quarter of 2011, MYL's Founder and CEO, Gerry Ball, became the sole shareholder of Mind Your Language Limited. Therefore, in 2012, the need to reward minority shareholders with share buybacks has effectively been cancelled out. Instead, the profit model intends to move toward a higher dividend payout strategy whilst the focus will continue to be able to generate a minimum of 20% annual return on shareholder capital. We have adjusted our long-term return on shareholder equity forecasts in 2012 from 15-20% to 20-25% per annum.



THE SHAPE OF THINGS TO COME

When we started MYL in early 2003, it was a slog getting people to think about using our services, getting them to upload documents and click a few buttons that pushed their work into cyberspace. We had a nice looking website and we offered a service that was a great deal more efficient than anything that was on the market at the time, but try as we might, the adoption rate was painfully slow. And for good reason: we were new and we were different.

Then, in Year 3, we started to notice an intriguing trend that gave us a confidence boost and made us realise that we might be on to something. The trend that was evolving was that the early “innovators” who were happy to try a new way of executing translation liked what they saw, and because no one else was doing what we were doing, they had nowhere to go. In short, the value proposition that intrigued them in the first place couldn’t be bettered elsewhere three years later. They were stuck with us.

In 2012, we are in an all-together different phase of our business. We’re in a phase that business writer Jim Collins calls the Flywheel. This is where the sheer momentum of our own customer base and the adoption rate of the Internet as a place to transact business combine, which means 40% of companies that sign up to our services contact us in the first instance, as opposed to us contacting them.

From what we see, it seems to us that the Internet will come to dominate just about every area of business in terms of the place to gather information and then making a business transaction based on that information. Whether it’s booking a flight, buying your weekly groceries or taking an online MBA, the Internet is the enabler. Moreover, we believe the more businesses that place the Internet at the heart of their strategy (as opposed to just having a website linked to a social media site), the better life will be in the future for those companies.

MULTILINGUAL GLOBALIZATION

Another trend that we don’t see stopping any time soon is companies operating in developed economies expanding rapidly into faster growing economies. A multilingual website is a key component to this expansion because it communicates to customers and stakeholders what you offer and how people can do business with you.

One company that we did a lot of work for last year was a German maker of high-end cooking utensils. The Director of Sales told us that the budget for translation was one area that he had “*absolutely no trouble getting approval from Germany*”, as all the sales growth for the company was coming from China, Malaysia and Taiwan (see the [case bite on page 12](#)).

MACHINES + HUMANS: THE ULTIMATE HYBRID

When we talk about machine translation with Clients, now we get a similar response to the one we had back in 2003, when we started with something called an Internet portal. However, we have seen this movie before, and we continue to believe that machine translation will become much more popular in the years ahead. We have developed a strategy that delivers machine translation to our Clients in real time, and we have combined the technology with qualified post-editors that proofread the machine translation output.

As usual, it is the “innovators” within large companies that understand the huge cost savings and productivity gains from this hybrid solution, and have embraced what we’re doing in this area. We anticipate seeing the “early adopters” embrace this emerging technology/process around 2013, and then the “early majority” in 2015/2016. By 2017, the less confident managers will decide it’s safe to dip their toes into the water and become the “late majority”, by which time the innovation cycle will have turned again and the “innovators” will be our first customers to adopt whatever’s new in 2017.

***Extracted from a presentation given by MYL Founder & CEO Gerry Ball to INSEAD MBA students in September 2011 at INSEAD’s campus in Singapore.**

WHAT WE DO AND WHY YOU SHOULD ENGAGE US

Our business model dictates that we:

1. Focus on key industries so that we understand their communication needs deeply
2. Find the best linguists in the world to help the companies in these industries convey their messages perfectly in English and eighteen other languages

We work with a fairly small group of Clients, approximately 500 accounts in total, and our strategy is to grow with these clients, as opposed to breaking our necks trying to reach a thousand.

Forty per cent of our new business comes from referrals. We think this means that people like what we do. We're not the cheapest and nor do we intend to be. Our intention is to be the best.

One Client told us that MYL's real-time English editing service, Brand GUARDIAN, *had become part of the fabric of how we communicate as a group.* Another Client sent an e-mail to us that ended the week nicely for our employees, and we would like to share it with you below:

This is what I call fantastic customer service! Seriously, not sure where you found the team you have, but MYL is sincerely the best and most accommodating vendor I have had the pleasure of working with in my 7 years in Asia.

In under an hour, we received confirmation that an urgent request could be processed within the amount of time we wanted. By the way, I had told my boss it probably was not possible, so now we all look really good in his eyes!

Whatever you are doing, it certainly is working!

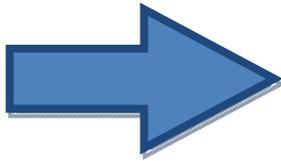
Have a super weekend!

Angela
Angela ..
Director .. Asia
FUTURE Electronics Pte. Ltd.

We offer free tests and free trials, and if these meet your expectations we think you'll find us a great long-term partner to work with.

MYL works with its Clients to solve written communication issues and to broaden the appeal of their products and services by translating their marketing material, website content and much more, so that the audience they can connect with is much larger. Below are some examples of the creative solutions we have provided to leading organisations in 2011.

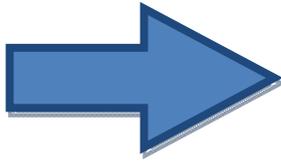
How to solve the “if only I could find staff that can write decent English” problem.



With hundreds of five-star hotels in Asia Pacific, this group is expanding more quickly than it can find talented staff to write press releases.

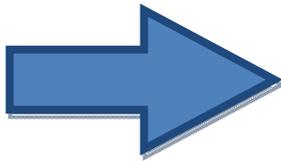
MYL solves this problem for its Client by providing a dedicated copywriter that has online access to its brand guidelines and key words for its SEO strategy.

How a British asset management firm won a multimillion dollar tender in Korea without local representation.



Talk about high return on investment. This well regarded asset management company asked MYL to translate its investment proposal into Korean and, for less than US\$10,000, it won a multimillion-dollar mandate in Korea, without even having an office there.

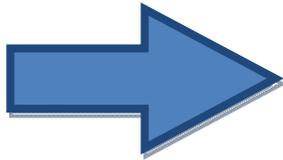
How a German manufacturing company kick-started growth in Asia, big time.



With growth in its core market in Western Europe slowing, this group looked to Asia for growth.

MYL helped translate all this company's marketing material into key Asian languages. Sales were literally jump-started as a result.

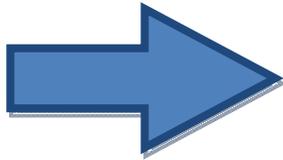
How a regional marketing team outsourced all its English editing at 25% of the cost of hiring an editor in-house.



This large local Hong Kong company couldn't afford to hire a full-time English editor itself.

The company hired MYL instead and joined a real-time English editing system that gives it access to a pool of full-time English editors that never take sick days and don't ever have a holiday.

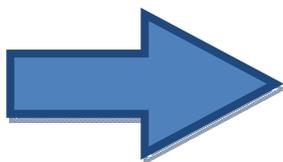
How to impress your boss by cutting US\$100,000 from your translation bill this year.



This leading property management company produces scores of research reports each month that need translating from English to Asian languages. The company's annual spend on translation is over US\$200,000.

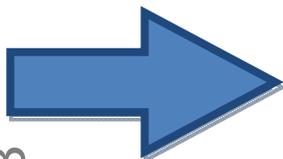
MYL built a bespoke translation machine and provides dedicated post-translation editors to edit the machine output to perfection. Annual saving in 2011: US\$106,000.

How a leading maker of children's buggies was able to boost sales by marketing its product in 18 different languages.



One vendor (MYL), one message, one really great buggy that sounds like a Formula 1 sports car, eighteen different languages = higher sales.

How one five-star hotel group manages websites for 87 hotels in five languages.



This leading hotel group is very good at providing first-class guest service in some of the finest hotels in Asia. It is not very good at IT and translation, however.

MYL manages the translation of its English content into Asian languages by working directly in their Content Management System, saving the company countless hours of back and forth e-mail trying to update translated content.