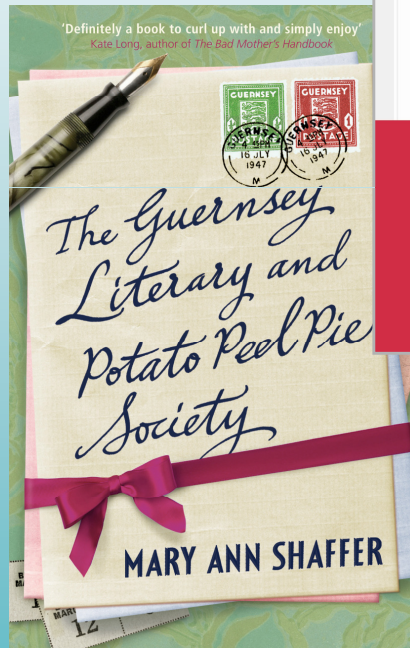
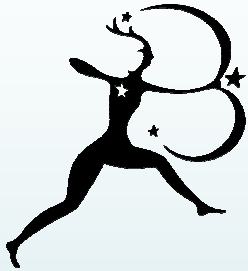


# B L O O M S B U R Y

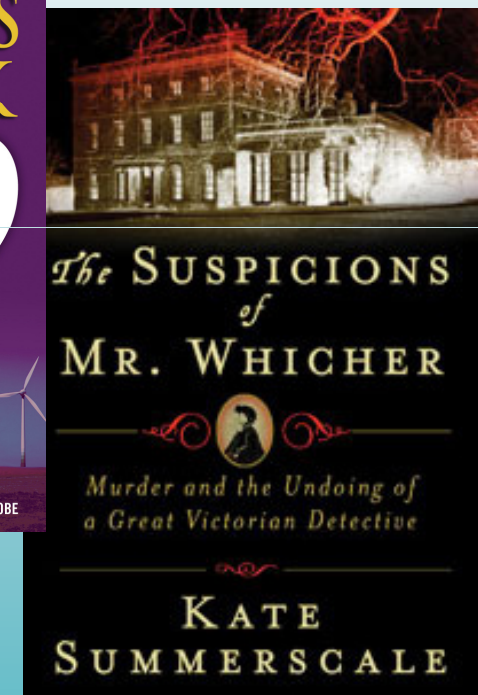
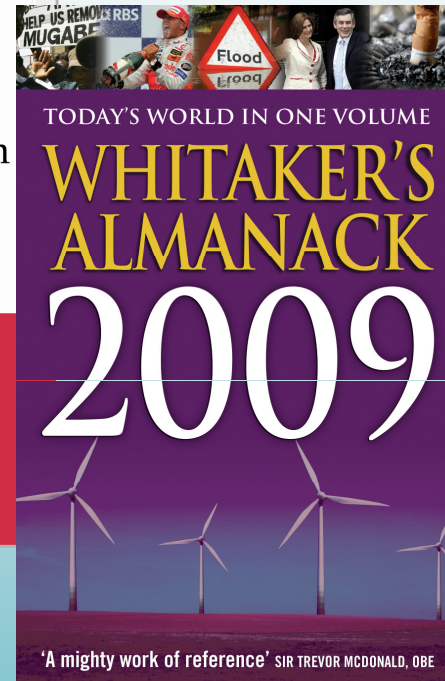


Jonathan Littell  
*Die Wohlgesinnten*

*Roman · Berlin Verlag*

»Ihr Menschenbrüder,  
lasst mich euch erzählen,  
wie es gewesen ist.«

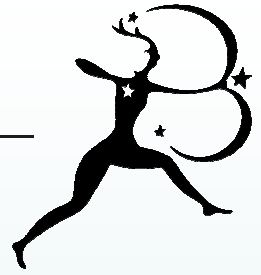
*Berlin Verlag*



## Half Year Results 2008

# 2008 Highlights

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- Excellent performance from UK Adult and Specialist lists in first half
- New JK Rowling title in December
- US is seeing substantial improvement
- Good growth in operating margin
- Digitisation of English language catalogue completed
- Appointment of MD of Academic Publishing to expand existing academic publishing
- Strong balance sheet to fund pipeline of acquisitions and organic growth

# Financial summary

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- Turnover £42.1m (2007, £51.4m\*)
- Gross profit margin 46.1% (2007, 42.4%)
- Operating margin 8.2% (2007, 6.3%)
- Pre-tax profit £5.4m (2007, £3.9m)
- Basic EPS 4.97p (2007, 3.52p)
- Interim dividend increased to 0.75p (2007, 0.70p)
- Cash £53.8m (31 December 2007, £47.6m)

\*Included HP 7 HB export

# Financial summary

## Consolidated income statement



£ Millions	30 June 2008	30 June 2007	31 December 2007
Revenue	42.1	51.4*	150.2*
Gross profit	19.4	21.8	59.2
<i>Gross profit %</i>	<i>46.1%</i>	<i>42.4%</i>	<i>39.4%</i>
Marketing and distribution costs	(6.8)	(8.7)	(20.5)
<i>Marketing and distribution costs %</i>	<i>16.2%</i>	<i>16.9%</i>	<i>13.7%</i>
Administrative expenses	(9.1)	(9.9)	(22.2)
<i>Administrative expenses %</i>	<i>21.6%</i>	<i>19.3%</i>	<i>14.8%</i>
Operating profit	3.5	3.2	16.4
<i>Operating profit margin</i>	<i>8.3%</i>	<i>6.2%</i>	<i>10.9%</i>

\*Included HP 7 HB

# Financial summary

## Gross margin - provisions



£ Millions	30 June 2008	30 June 2007	31 December 2007
Royalties	4.5	12.9*	44.0*
<i>% Revenues</i>	<i>10.7%</i>	<i>25.1%</i>	<i>29.3%</i>
Advances	3.6	2.9	9.2
<i>% Revenues</i>	<i>8.6%</i>	<i>5.6%</i>	<i>6.1%</i>
Stock	0.8	1.1	4.3
<i>% Revenues</i>	<i>1.9%</i>	<i>2.1%</i>	<i>2.9%</i>

\*Included HP 7 HB



# Financial summary

## Rights turnover and operating profit analysis

£ Millions	30 June 2008	30 June 2007	31 December 2007
Rights turnover	4.4	2.6	5.2
Rights operating profit – Specialist division	2.0	0.9	1.9
Rights operating profit – Trade division	0.5	0.5	1.0
Rights operating profit	2.5	1.4	2.9

Rights turnover and operating profit includes subsidiary rights, electronic database income and income derived from third party agencies



# Financial summary

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## Consolidated balance sheet

£ Millions	30 June 2008	31 December 2007	
Non-current assets	22.4	21.4	+4.7%
Inventories	15.4	14.4	+6.9%
Receivables	37.4	76.2	-50.9%
Net Cash	53.8	47.6	+13.0%
Total Liabilities	(27.0)	(59.6)	-54.7%
Equity	102.0	100.1	+1.9%

# Financial summary

## Returns provision analysis

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£ Millions	30 June 2008	31 December 2007
Trade receivables	19.68	60.56
Returns provision	(8.97)	(13.03)
	<hr/>	<hr/>
Net trade receivables	10.71	47.53

# Cash flow

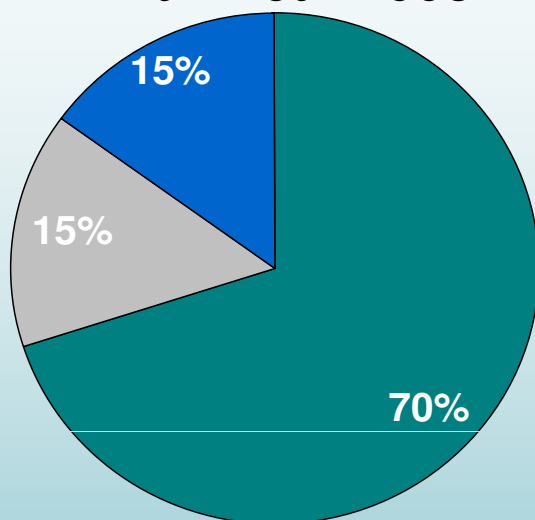


£ Millions	30 June 2008	30 June 2007
	£m	£m
<b>Net profit before tax</b>	<b>5.4</b>	<b>3.9</b>
Other	0.6	0.9
Working capital	7.7	(13.5)
Investment income and finance costs	(1.9)	(0.6)
<b>Cash generated from/(used in) operations</b>	<b>11.8</b>	<b>(9.3)</b>
Tax paid	(3.8)	(0.2)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>8.0</b>	<b>(9.5)</b>
Net cash generated/ (used in) investing activities	0.6	0.5
Net cash used in financing activities	(2.6)	(1.9)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6.0</b>	<b>(10.9)</b>
<b>Cash and cash equivalents at end of period</b>	<b>53.8</b>	<b>13.3</b>

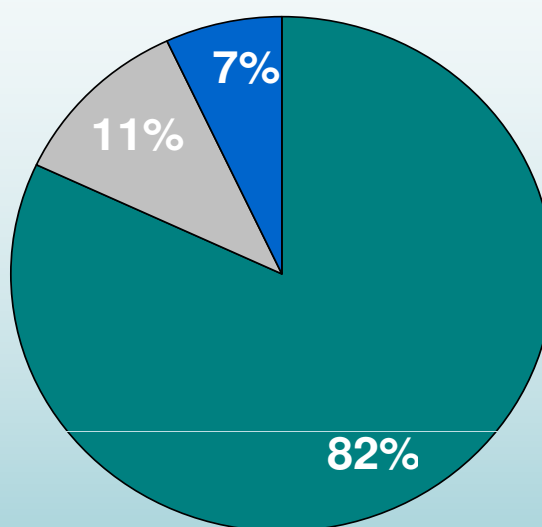
# Turnover analysis by geographic segment



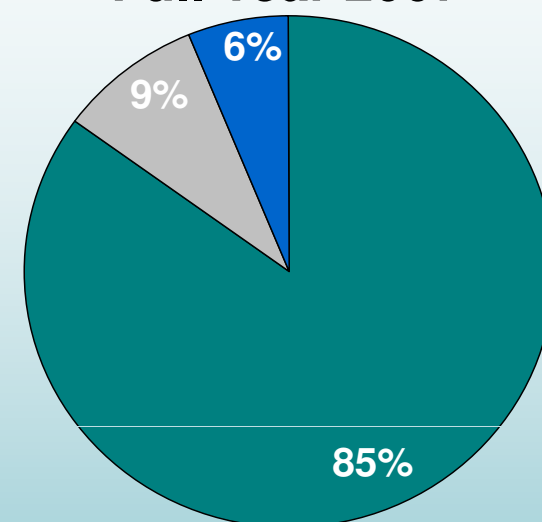
Half Year 2008



Half Year 2007



Full Year 2007



■ UK ■ North America ■ Continental Europe

**2008**

**£m**

29.7

6.3

6.1

42.1

**2007**

**£m**

42.2\* **UK**

5.8 **North America**

3.4 **Continental Europe**

51.4 **Total**

\*Included HP 7 HB

## Operating profit/(loss) analysis by geographic segment

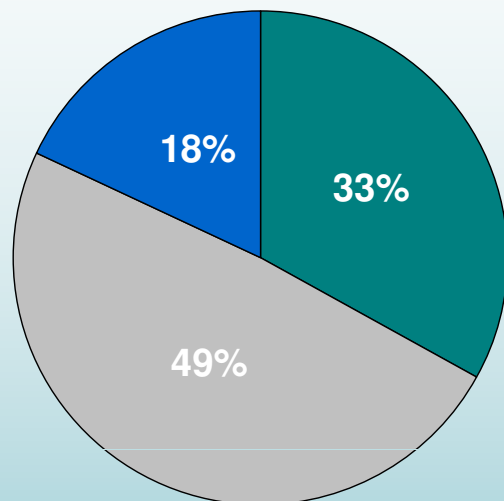


£ millions	30 June 2008	30 June 2007	31 December 2007
UK	3.5	3.6	18.1
North America	(0.4)	(0.9)	(1.6)
Continental Europe	0.5	0.6	0.3
	_____	_____	_____
Total segment result	3.6	3.3	16.8
Central costs	(0.1)	-	(0.3)
	_____	_____	_____
Profit before investment income	3.5	3.3	16.5

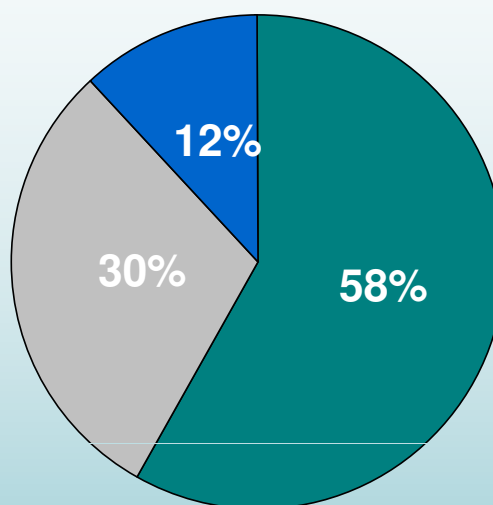
# Turnover analysis by publishing category



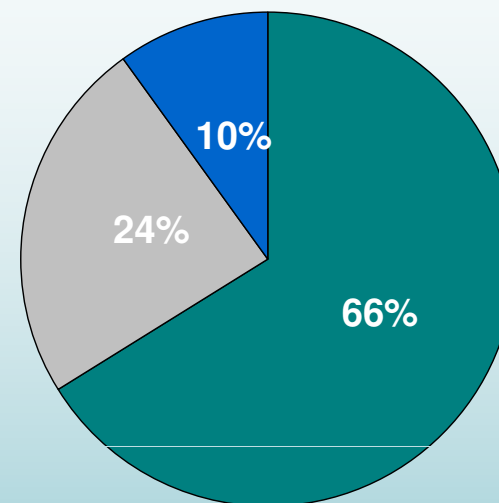
Half Year 2008



Half Year 2007



Full Year 2007



■ Children's ■ Adult ■ Reference

2008	2007	% Change	
£m	£m		
14.0	29.8*	-53.0%	Children's
20.5	15.4	+33.1%	Adult
7.6	6.2	+22.6%	Reference
42.1	51.4	-18.1%	Total

\*Included HP 7 HB

# Contribution to divisional operating profit before central costs by publishing category



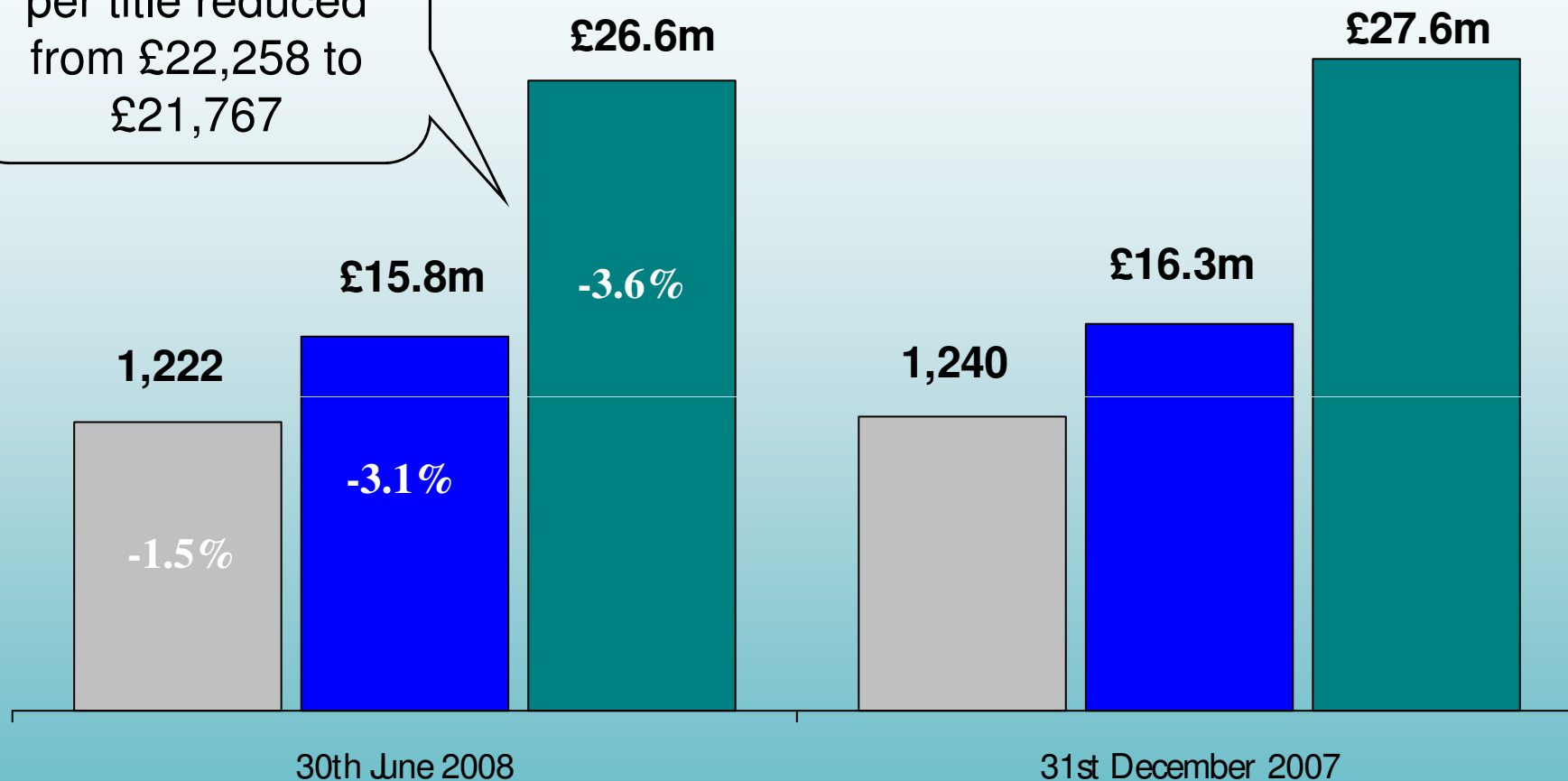
£ Millions	30 June 2008	30 June 2007	31 December 2007
Adult	6.7	2.5	6.0
Children's	3.6	9.6*	30.0*
Total trade publishing contribution	10.3	12.1	36.0
Reference – specialist publishing contribution	2.3	1.0	2.7
Contribution before central costs	12.6	13.1	38.7
Central costs	(9.1)	(9.9)	(22.2)
Profit before investment income	3.5	3.2	16.5

\*Included HP 7 HB



# Investment in future years' titles

Average spend per title reduced from £22,258 to £21,767



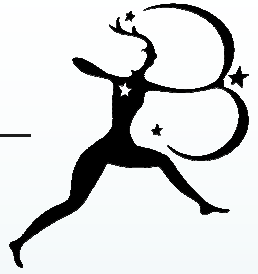
□ Number of titles under contract

■ Future cash commitment

■ Total Investment in future titles including cash already paid out

# Strategy

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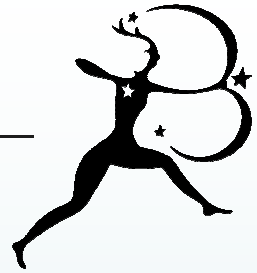


- Content generation
- Web-based initiatives
- Geographic reach
- Building new author relationships
- Building on success of existing authors
- Acquisitions

# Specialist Publishing Division

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## Overview



- Backlist digitisation completed
  - Circa 5,000 English language titles across the Group
  - Increased range of electronic products and licences
  - Backlist titles previously unavailable can now be sold through print on demand (POD)
    - Minimum stock holding cost
    - Increases value of backlist by stimulating additional revenues
- Featherstone Press integration going to plan
  - Pre-school education is expanding rapidly due to government initiatives to increase pre-school and early education
- Specialist Division education list performed strongly in first half of 2008
  - List responding successfully to the shift to increasing use of digital and mixed media resources in schools
    - Music Express Interactive

# **Specialist Publishing Division**

## **Academic Publishing**

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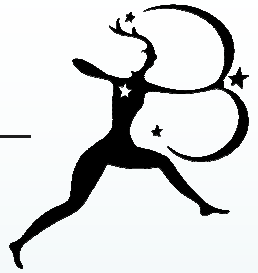


- Appointment of MD of Academic Publishing to accelerate the expansion of existing Academic publishing
- Success of the Methuen Drama list demonstrates our ability to reach the academic and higher education markets
- Reasons why this market is attractive
  - Supply chain is shorter
  - Bulk of sales are non-trade and go via library suppliers and direct to the consumer
  - Creation of vertical communities
  - Low book returns and discounts to customers
  - More predictable demand

# **Specialist Publishing Division**

## **Academic publishing (continued)**

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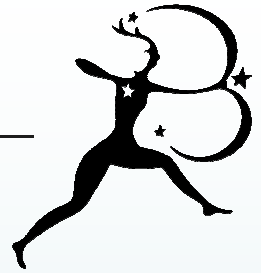


- Backlist repeat revenues are normally higher than trade
- The market for academic titles is more global
- The titles are ideally suited for POD
- Current internet technology is opening up significant new business opportunities on higher margin platforms

# Trade Publishing Division

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## Overview



- Excellent start to the year for bestsellers
  - A Thousand Splendid Suns and The Kite Runner – Khaled Hosseini (English and German)
  - The Suspicions of Mr Whicher – Kate Summerscale (UK and USA, Germany in Autumn 2008)
  - The Last Fighting Tommy – Harry Patch
  - Eat, Pray, Love – Elizabeth Gilbert (English and German)
- Sales have performed well in both the UK and export markets
- Success of first time author programme e.g. Mary Ann Shaffer

# Trade Publishing Division

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## Overview



- Further developments on our global sales and marketing infrastructure to ensure that our authors works are known and available throughout the world on multiple platforms
- Excellent list for the second half of the year
  - Harry Potter and the Deathly Hallows (Paperback) – JK Rowling
  - The Guernsey Literary and Potato Peel Pie Society – Mary Ann Shaffer
  - The Big Fat Duck Cookbook – Heston Blumenthal
  - Just Me – Sheila Hancock
  - Schott's 2009 Almanack
  - Sovay – Celia Rees
  - The Graveyard Book – Neil Gaiman
  - The Tales of Beedle the Bard – JK Rowling

# Bloomsbury USA

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- Revenues £6.4m (2007, £5.8m) – 10% increase
- Continuing focus on cost and stock control
- Greater emphasis on sharing copyrights with the rest of the Group to maximise returns on investment in titles
- New arrangements for distribution of titles in Canada and throughout the world via Bloomsbury UK agency infrastructure
- Segmental result – loss £0.4m (2007, loss £0.9m)

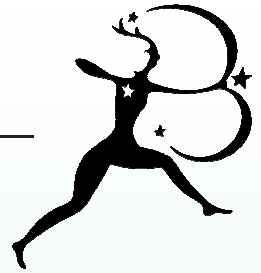


- Turnover £6.1m (2007, £3.4m) – 79% increase
- Segmental result £0.5m (2007, £0.6m\*)
- Top authors for Berlin are Jonathan Littell and Khaled Hosseini
- Continuing our successful organic growth strategy
- Operation significantly cash flow positive in 2008
- German book market still consolidating but remains stable

\*Included HP7 sales commission

# Current Trading and Outlook

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- Exciting publishing programme for the second half of 2008
- Group is well prepared for growth in digital publishing media including POD, electronic books, institutional site licences etc
- Future database income projects are progressing well
- Well positioned financially, structurally and managerially
- Strong balance sheet with £53.8m of cash on our balance sheet at the half year (31<sup>st</sup> December 2007 £47.6m)