BLOOMSBURY PUBLISHING PLC

INTERIM REPORT **2012**

B L O O M S B U R Y

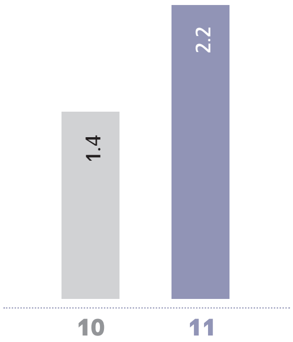
Bloomsbury Publishing Plc is a vibrant independent worldwide publisher listed on the London Stock Exchange with publishing offices in London, New York, Berlin and Sydney. Over its 25 year history, Bloomsbury has built a reputation for publishing works of excellence and originality. Bloomsbury has a valuable portfolio of content and rights based intellectual property assets.

Stock Code: BMY

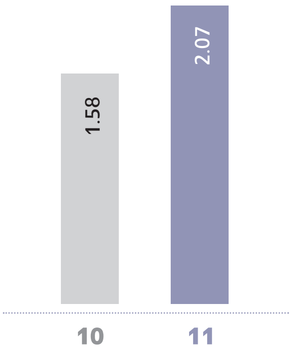
Interim Results for the Six Months Ended 31 August 2011

Revenue
£m

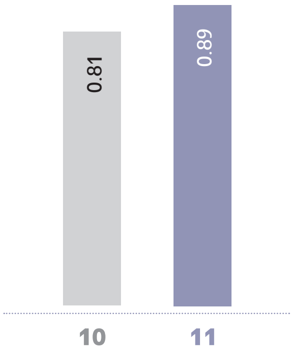
Adjusted PBT*
£m



Adjusted EPS**
pence per share



Dividend
pence per share



Notes
* Adjusted PBT is Profit Before Tax before highlighted items, as disclosed in note 8 of the Interim Financial Statements.
** Adjusted EPS is Basic Earnings Per Share before highlighted items.

Contents

Highlights

"We have enjoyed a strong first half to the year with both the UK and US performing above expectations. 2011 remains the year of the ebook, with our sales in the first half surging by 564%. Our early-mover advantage and the investment we have made, means we are well positioned to benefit from continued digital growth. Our Academic & Professional division was bolstered by the transforming acquisition of Continuum in July, providing us with more stable and predictable income streams.

We believe that our restructured business of one global Bloomsbury has a firm foundation and an excellent management team, which, combined with continuing ebook growth and our strong content, will enable us to deliver results in line with our expectations. In our 25th anniversary year, we believe our global strategy provides Bloomsbury with a firm foundation on which to continue to grow the business."

Nigel Newton, Founder and Chief Executive

Financial highlights

The highlights for the six months ended 31 August 2011 include:

- Turnover up 16% to £44.9 million (2010: £38.6 million)
- Pre-tax profit, adjusted for highlighted items*, up 52% to £2.2 million (2010: £1.4 million)
- Pre-tax profit of £0.3 million (2010: £0.8 million)
- Interim dividend increased by 10% to 0.89 pence per share (2010: 0.81 pence)
- Basic earnings per share, adjusted for highlighted items*, up 31% to 2.07 pence (2010: 1.58 pence)
- Basic earnings per share of 0.30 pence (2010: 0.76 pence)

Operating highlights

- Unprecedented ebook sales growth
  - ebook sales in the six months to 31 August 2011 increased by 564% to £2.5 million (2010: £0.4m)
- Strengthened management team
  - Appointment of new Group Finance Director and Managing Director of new Children's & Educational division
- Significant development of Academic & Professional division
  - Acquisition of leading Academic publisher Continuum for net cash consideration of £19.2 million
  - Purchase of National Archives Publishing programme backlist
  - Drama online project with Faber & Faber
  - Contract to publish PricewaterhouseCoopers Manual of Accounting series
  - Licensing deal with Practical Law Company
- Bestsellers across the Group:
  - The Finkler Question – Howard Jacobson
  - Eat Pray Love – Elizabeth Gilbert
  - Harry Potter series – JK Rowling
- Strong list for the second half
  - River Cottage Veg Everyday! – Hugh Fearnley-Whittingstall
  - Heston at Home – Heston Blumenthal
  - Pigeon English – Stephen Kelman
  - The Wombles – Elizabeth Beresford

*Highlighted items include amortization of intangible assets, acquisition costs, restructuring and relocation costs.

Chief Executive's Review

Overview

We have had a strong first half to our financial year. Profit before tax, before taking account of highlighted items, was up 52% in the six month period to £2.2 million (2010: £1.4 million). Profit before tax was £0.3 million (2010: £0.8 million).

The UK and the US have performed above expectations, with a robust second quarter following a slow first quarter. There are huge changes taking place in the way people discover, purchase and use intellectual property and much of our success has come from managing the switch from print to ebooks and digital communities. Ebooks saw dramatic growth with year on year Group ebook sales increasing 564% in the six month period to £2.5 million, representing 5.5% of total Group sales.

We are making good progress in integrating the Continuum International Publishing ("Continuum") business into Bloomsbury, following its acquisition in July 2011 and are on track to deliver our forecast synergies.

Summary of results

Profit before tax, before highlighted items, was up 52% in the six month period to £2.2 million (2010: £1.4 million). Profit before tax was £0.3 million (2010: £0.8 million). Total turnover, including the results of Continuum, which we acquired in July this year, was up 16.3% to £44.9 million. Excluding the results of Continuum, like for like turnover was up 11.9% to £43.2 million.

All four publishing divisions increased their turnover year on year for the six month period. Increased licensing and rights activity in the period contributed to a 32% increase in other income to £2.9 million, demonstrating the value inherent in our content.

The profit margin, before investment income, finance costs, tax and highlighted items, increased from 3.4% to 4.5% year on year. Within this the gross margin went down slightly year on year, but marketing and distribution and administrative costs (excluding highlighted items) were all a lower percentage of revenue year on year.

Highlighted items of £1.8 million (2010:£0.6 million) include £0.7 million (2010: £0.6 million) for the recurring amortisation of intangible assets, £0.4 million (2010: nil) of costs for the relocation of our Group headquarters and £0.4 million (2010: nil) of restructuring costs relating to the strategic global reorganisation of the Group.

The effective rate of tax for the period was 32% (2010: 31%).

Adjusted earnings per share, which exclude highlighted items, were up by 31% year on year to 2.07 pence (2010: 1.58 pence). Basic earnings per share for the period were 0.30 pence (2010: 0.76 pence).

Cash reduced by £27.4 million in the six month period to 31 August 2011, mainly reflecting a net cash outflow related to the acquisition of Continuum of £19.2 million, capital expenditure of £2.8 million, payment of a dividend of £2.8 million and an outflow of £2.0 million to acquire Bloomsbury Publishing shares for the Employee Benefit Trust.

Academic & Professional

Over the past six months, there has been a considerable amount of positive change in this division, seeing growth, both organically and by acquisition.

The Academic & Professional division generated 19% of Group sales (2010: 18%). Total turnover, including two months of results from Continuum, was up 26% year on year to £8.7 million, with profit before highlighted items, investment income, finance costs and taxation rising by £0.4 million to £0.9 million. Turnover excluding the results of Continuum was up 1% to £6.9 million.

In April 2011, Bloomsbury Academic announced the purchase of the backlist of The National Archives Publishing programme and a strategic agreement to co-publish a range of forthcoming titles. The National Archives is the primary source of British and world history holding over 1,000 years of government files ranging from Foreign Office and Colonial Records to Home Office and Military records. Over 80 million records are digitised, offering further opportunities for research-based publishing, as well as innovative products and services for a more general market.

In May 2011, Methuen Drama announced an ambitious new project with Faber & Faber called Drama Online. This will be launched in October 2012 and is the ultimate online resource for plays, critical analysis and performance.

In July 2011, Bloomsbury purchased Continuum International Publishing Group for a cash consideration of £19.2 million, net of £0.9 million of cash included in the business. Continuum, which is based in New York and London, is an international academic and professional publisher with a small trade list. It has first class academic lists, some of which date back over 170 years. The Continuum lists are highly complementary to Bloomsbury's existing academic lists, offering us the ability to improve revenue momentum within our Academic & Professional division, especially in the key US market, as well as opportunities for material cost synergies. Considerable work has been done in integrating the two businesses, both in UK and USA. Sales and cost synergies remain in line with management expectations.

Chief Executive's Review

The Group's move in August to its new London offices at 49-51 Bedford Square went smoothly. We moved Berg from Oxford into these new offices and already we are seeing greater efficiencies across all areas of that business. Berg sales were substantially up on budget at mid-year, with a solid performance across home and export territories, and a corresponding improvement to profits – helped by tight controls on overheads.

On 1 September, Berg's US distribution was successfully moved into Bloomsbury USA. The integration of Continuum's and Bloomsbury USA's sales and marketing functions will benefit the academic division once fully implemented: increased market presence; further efficiencies; a mature academic editorial, sales and marketing infrastructure in a territory with significant potential for increased sales.

The first six months have been exceptionally strong for Bloomsbury Professional, which is on course for its most successful year. In June, we were named "Supplier of the Year" by the British and Irish Association of Law Librarians. In July, Bloomsbury Professional and PricewaterhouseCoopers ("PwC") announced a new international relationship for the publication of the PwC Manual of Accounting series. The PwC manuals are relied upon throughout the world for the authority of their information. The contract runs for three years and will significantly raise Bloomsbury's profile in the sector whilst aligning with its strategy of delivering premium content to professional markets.

In August, we finalised a major licensing deal with Practical Law Company, the leading provider of legal know-how, transactional analysis and market intelligence for lawyers. This arrangement will provide a new channel to market for our legal content, which will give us access to the desktops of law firms and corporate and public sector legal departments via Practical Law Company's online services. This deal, together with other law and tax deals already completed in this period, will bring in revenues in excess of £2.7 million.

Our recently-launched Irish online service, which combines our strengths in Irish tax, property and company law, has been well received since its introduction in June. As well as major commercial organisations such as Ernst & Young, Deloitte and Arthur Cox, orders for multi-user licences have also been placed by a number of regulatory bodies, including the Office of the Revenue Commissioners and the Law Society of Ireland. Our UK tax service will launch this autumn, and over 400 firms have so far requested to trial the service.

Adult

Our English-language adult publishing division had a good first half. Our investments in digital conversion, marketing and distribution are reaping benefits.

The Adult division generated 49% of Group sales (2010: 52%). Sales were up by 10.5% year on year to £22.1 million, although profit before highlighted items, investment income, finance costs and taxation was down from £0.4 million in 2010 to £37,000 in 2011. This includes the Adult result in Germany where, in total, there was an increase in the loss before taxation by £0.7 million to £1.1 million. Ebook sales in Germany are at least a year behind those of Britain and the US, but should catch up as more ebook reading devices are marketed there.

Great progress was made in acquiring world rights and publishing globally and in all appropriate formats: print, ebooks, e-subscriptions and audio digital downloads.

We continue to publish authors and works of excellence and originality. Our books won considerable critical praise and recognition with numerous prize winners in the period including Frank Dikotter taking the Samuel Johnson Prize for non-fiction with *Mao's Great Famine*; Toby Wilkinson the Hessell-Tiltman Prize for *The Rise and Fall of Ancient Egypt*; Niki Segnit, the Andre Simon Food and Drink Award and the Guild of Food Writers' Award for *The Flavour Thesaurus*; Aminatta Forna, the Commonwealth Writers' Prize for *The Memory of Love*; Colum McCann, the IMPAC Award for *Let the Great World Spin*; Justin Cartwright, the Spear's Book Award for *Other People's Money*; and Helen Simonson, the Waverton Good Read Award for *Major Pettigrew's Last Stand*. Stephen Kelman's *Pigeon English* was shortlisted for the Man Booker Prize for Fiction and we have two books shortlisted for the Royal Society Winton Prize for Science Books: *Alex's Adventures in Numberland* by Alex *Bellos and The Wavewatcher's Companion* by Gavin Pretor-Pinney.

It was also a strong period for sales of our paperbacks with Chelsea Handler's *My Horizontal Life* passing one million copies and Elizabeth Gilbert's *Eat Pray Love* passing two million copies in English and 600,000 in German.

In October we acquired Absolute Press, a high quality cookery list, which includes the recent bestsellers *Indian Superfood* and *Cooking with Kids*.

We have been focusing on building digital communities and have successfully launched Reed's Nautical Online sponsored by Aberdeen Asset Management, Wisden Extra online magazine for cricket lovers, and have steadily grown. Public Library Online now serve a population of over eight million in the UK and a further 17 million elsewhere in Europe.

In Germany we have focused on cost reduction and strong marketing campaigns.

Our new office in Australia has been established. At the inaugural Sydney Writers' Festival in May, Bloomsbury had four out of the top ten bestselling authors, including the number one bestselling book of the festival, *I Shall Not Hate* by Izzeldin Abuelaish.

Children's & Educational

The children's market is robust and continues to grow.

The Children's division generated 28% of Group sales (2010: 27%). Sales were up by 19% year on year to £12.6 million, with profit before highlighted items, investment income, finance costs and taxation rising by £0.4 million to £0.6 million.

In the UK, Harry Potter has led the way, with strong revenue at an above average cost of sale, stimulated by the final movie, *Harry Potter and the Deathly Hallows Part 2*, and the announcement of the launch of www.pottermore.com – an interactive online reading experience.

In the US, a number of new titles have performed well including *Chain Reaction*, the third book in Simone Elkeles *Perfect Chemistry* series, which was a New York Times Bestseller.

The Children's division also continued to focus efforts on its digital strategy, developing key partnerships to provide digital content, specifically 4-colour enhanced ebooks, with our first enhanced title due for simultaneous print and ebook publication later next year.

We have acquired UK, US and German rights to a major new young adult trilogy *Diabolical* by Yelena Black and world rights in two picture books: *Archie* by Domenica More Gordon and *The Shape of My Heart* by Mark Sperring and Alys Patterson. We also acquired world rights in tie-in publications to the new Aardman/Sony movie *The Pirates! In An Adventure with Scientists.*

Bloomsbury Information

The Bloomsbury Information division, which provides publishing management services and information databases, generated 4% of Group sales (2010: 3%). Sales were up by 38% year on year to £1.5 million, with profit before highlighted items, investment income, finance costs and taxation rising by £0.2 million to £0.5 million.

Following the Group reorganisation which took effect in March, Bloomsbury Information has set up a dedicated business development unit to drive this important area of the division's activities where the focus is increasingly on content creation and digital exploitation. The division operates management services contracts with the Qatar Foundation. The two businesses we service there have performed well in the period. In particular, the titles published by Bloomsbury Qatar Foundation are gaining recognition and sales both in the Middle East and internationally, with three of our Egyptian authors touring the UK in October and the academic journal QScience.com having a growing readership and subscription.

In October, Bloomsbury published *Slow Finance*, a book that anticipates a change in attitude to the financial sector, by Gervais Williams, the respected and award winning fund manager.

Dividend

The Directors have declared an interim dividend of 0.89 pence per share which is a 10% increase on the dividend paid for the six months ended 30 June 2010 of 0.81 pence per share. The dividend was paid on 30 November 2011 to shareholders on the register at close of business on 4 November 2011.

Outlook

Since the period end our trading in the UK and US has been good. We have a strong list for the second half including; *River Cottage Veg Everyday!* by Hugh Fearnley-Whittingstall; *Heston at Home* by Heston Blumenthal; *Pigeon English* by Stephen Kelman and *The Wombles* by Elizabeth Beresford.

Our management team remains active generating income from areas outside of print and ebook sales. Earlier in October 2011, we announced a long term licensing deal for the Wisden brand in India which has contracted revenues of US$3.2 million over five years in addition to a royalty share. This follows the deal with Practical Law Company in August, which together with other law and tax deals already completed in this period, will bring in revenues in excess of £2.7 million. We expect to continue our success in this area.

We believe that our restructured business of one global Bloomsbury has a firm foundation and an excellent management team, which, combined with continuing ebook growth and our strong content, will enable us to deliver results in line with our expectations. In our 25th anniversary year, we believe our global strategy provides Bloomsbury with a firm foundation on which to continue to grow the business.

Note: All comparisons to last year are made to the results for the six months ended 31 August 2010. The interim results published last year were for the six months ended 30 June 2010, following which the Company changed its year end to 28 February.

Condensed Consolidated Income Statement

for the six months ended 31 August 2011

	Notes	**6 months ended 31 August 2011 £'000**	6 months ended 31 August 2010 £'000	14 months ended 28 February 2011 £'000
Revenue	2	**44,920**	38,624	103,398
Cost of sales		**(22,324)**	(18,577)	(50,316)
Gross profit		**22,596**	20,047	53,082
Marketing and distribution costs		**(7,478)**	(6,726)	(17,539)
Administrative expenses – highlighted items	8	**(1,838)**	(600)	(3,449)
Administrative expenses – other		**(13,081)**	(12,026)	(28,228)
Administrative expenses – total		**(14,919)**	(12,626)	(31,677)
Profit before investment income, finance costs, tax and highlighted items		**2,037**	1,295	7,315
Highlighted items	8	**(1,838)**	(600)	(3,449)
Profit before investment income, finance costs and tax		**199**	695	3,866
Investment income		**133**	161	403
Finance costs		**(15)**	(38)	(49)
Profit before taxation and highlighted items		**2,155**	1,418	7,669
Highlighted items	8	**(1,838)**	(600)	(3,449)
Profit before taxation	2	**317**	818	4,220
Income tax expense		**(103)**	(256)	(1,991)
Profit for the period, attributable to owners of the parent		**214**	562	2,229
Basic earnings per share	3	**0.30p**	0.76p	3.02p
Diluted earnings per share	3	**0.30p**	0.76p	3.02p

The notes on pages 12 to 21 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 August 2011

	6 months ended 31 August 2011 £'000	6 months ended 31 August 2010 £'000	14 months ended 28 February 2011 £'000
Profit for the period	**214**	562	2,229
Other comprehensive income:			
Exchange differences on translating foreign operations	**125**	456	(368)
Deferred tax on share-based payments	**(12)**	(11)	(26)
Other comprehensive income for the period net of tax	**113**	445	(394)
Total comprehensive income for the period net of tax attributable to owners of the parent	**327**	1,007	1,835

Condensed Consolidated Statement of Financial Position

at 31 August 2011

	Notes	31 August 2011 £'000	28 February 2011 £'000
Assets			
Non-current assets			
Property, plant and equipment		**2,712**	965
Intangible assets		**52,615**	37,241
Deferred tax assets		**3,133**	1,583
Total non-current assets		**58,460**	39,789
Current assets			
Inventories		**21,759**	18,334
Trade and other receivables	4	**54,810**	48,719
Cash and cash equivalents		**9,447**	36,876
Total current assets		**86,016**	103,929
Total assets		**144,476**	143,718
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares		**924**	924
Share premium		**39,388**	39,388
Capital redemption reserve		**22**	22
Share-based payment reserve		**3,267**	3,197
Translation reserve		**4,361**	4,236
Own shares held by Employee Benefit Trust		**(2,134)**	–
Retained earnings		**61,588**	64,077
Total equity		**107,416**	111,844
Liabilities			
Non-current liabilities			
Deferred tax liabilities		**3,790**	2,176
Retirement benefit obligations		**88**	95
Provisions		**507**	–
Other payables		**367**	467
Total non-current liabilities		**4,752**	2,738
Current liabilities			
Trade and other payables		**31,667**	29,120
Current tax liabilities		**641**	16
Total current liabilities		**32,308**	29,136
Total liabilities		**37,060**	31,874
Total equity and liabilities		**144,476**	143,718

Condensed Consolidated Statement of Changes in Equity Attributable to Owners of the Parent

for the six months ended 31 August 2011

	Ordinary shares £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total £'000
Attributable to owners of the parent								
Balances at 1 March 2010	922	39,388	20	2,507	5,042	–	65,359	113,238
Profit for the period	–	–	–	–	–	–	562	562
Other comprehensive income:								
Exchange differences on translating foreign operations	–	–	–	–	456	–	–	456
Deferred tax on share-based payments	–	–	–	–	–	–	(11)	(11)
Total comprehensive income for the period ended 31 August 2010	**–**	**–**	**–**	**–**	**456**	**–**	**551**	**1,007**
Transactions with owners:								
Dividends	–	–	–	–	–	–	(2,698)	(2,698)
Share options exercised	4	–	–	–	–	–	–	4
Share buy-back and cancellation	(2)	–	2	–	–	–	(187)	(187)
Total transactions with owners for the period ended 31 August 2010	**2**	**–**	**2**	**–**	**–**	**–**	**(2,885)**	**(2,881)**
Share-based payments	–	–	–	345	–	–	–	345
Balances at 31 August 2010	**924**	**39,388**	**22**	**2,852**	**5,498**	**–**	**63,025**	**111,709**
Profit for the period	–	–	–	–	–	–	1,661	1,661
Other comprehensive income:								
Exchange differences on translating foreign operations	–	–	–	–	(1,262)	–	–	(1,262)
Deferred tax on share-based payments	–	–	–	–	–	–	(11)	(11)
Total comprehensive income for the period ended 28 February 2011	**–**	**–**	**–**	**–**	**(1,262)**	**–**	**1,650**	**388**
Transactions with owners:								
Dividends	–	–	–	–	–	–	(598)	(598)
Total transactions with owners for the period ended 28 February 2011	**–**	**–**	**–**	**–**	**–**	**–**	**(598)**	**(598)**
Share-based payments	–	–	–	345	–	–	–	345
Balances at 28 February 2011	**924**	**39,388**	**22**	**3,197**	**4,236**	**–**	**64,077**	**111,844**

Condensed Consolidated Statement of Changes in Equity Attributable to Owners of the Parent

for the six months ended 31 August 2011

	Ordinary shares £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total £'000
Profit for the period	–	–	–	–	–	–	214	214
Other comprehensive income:								
Exchange differences on translating foreign operations	–	–	–	–	125	–	–	125
Deferred tax on share-based payments	–	–	–	–	–	–	(12)	(12)
Total comprehensive income for the period ended 31 August 2011	**–**	**–**	**–**	**–**	**125**	**–**	**202**	**327**
Transactions with owners:								
Reclassification*	–	–	–	–	–	(134)	134	–
Dividends	–	–	–	–	–	–	(2,825)	(2,825)
Own shares purchased by EBT	–	–	–	–	–	(2,000)	–	(2,000)
Total transactions with owners for the period ended 31 August 2011	**–**	**–**	**–**	**–**	**–**	**(2,134)**	**(2,691)**	**(4,825)**
Share-based payments	–	–	–	70	–	–	–	70
Balances at 31 August 2011	**924**	**39,388**	**22**	**3,267**	**4,361**	**(2,134)**	**61,588**	**107,416**

* Own shares held by the employee benefit trust ("EBT") have been reclassified from retained earnings to a separate component of equity in the period as the balance held at 31 August 2011 is material.

Condensed Consolidated Cash Flow Statement

for the six months ended 31 August 2011

	6 months ended 31 August 2011 £'000	6 months ended 31 August 2010 £'000	14 months ended 28 February 2011 £'000
Cash flows from operating activities			
Profit before tax	**317**	818	4,220
Adjustments for:			
Depreciation of property, plant and equipment	**147**	338	655
Amortisation of intangible assets	**662**	600	1,136
Impairment of goodwill	**–**	–	1,532
Share-based payment charges	**70**	345	804
Investment income	**(133)**	(161)	(403)
Finance costs	**15**	38	49
	1,078	1,978	7,993
Increase in inventories	**(369)**	(1,162)	(1,942)
Increase in trade and other receivables	**(1,979)**	(2,460)	(1,379)
Increase/(decrease) in trade and other payables	**95**	(279)	6,326
Cash (used in)/generated from operations	**(1,175)**	(1,923)	10,998
Income taxes received/(paid)	**309**	(508)	(2,792)
Net cash (used in)/generated from operating activities	**(866)**	(2,431)	8,206
Cash flows from investing activities			
Purchase of property, plant and equipment	**(1,822)**	(192)	(563)
Purchase of businesses, net of cash acquired	**(19,151)**	–	(1,100)
Purchases of intangible assets	**(930)**	(520)	(1,437)
Interest received	**179**	207	385
Net cash used in investing activities	**(21,724)**	(505)	(2,715)
Cash flows from financing activities			
Share options exercised	**–**	4	4
Share buy-back	**–**	(187)	(187)
Purchase of shares by the Employee Benefit Trust	**(2,000)**	–	–
Equity dividends paid	**(2,825)**	(2,698)	(3,296)
Interest paid	**(18)**	(14)	(33)
Net cash used in financing activities	**(4,843)**	(2,895)	(3,512)
Net (decrease)/increase in cash and cash equivalents	**(27,433)**	(5,831)	1,979
Cash and cash equivalents at beginning of period	**36,876**	39,416	35,036
Exchange gain/(loss) on cash and cash equivalents	**4**	(119)	(139)
Cash and cash equivalents at end of period	**9,447**	33,466	36,876

Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 August 2011 and 31 August 2010 do not constitute statutory accounts. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' as adopted by the European Union ("EU"). They have also been prepared on a consistent basis with the financial statements for the 14 month period ended 28 February 2011 and under the historical cost convention.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the condensed consolidated interim financial statements. The factors taken into account in developing this expectation include the level of cash within the business, the Group's bank facilities, the limited impact of the economic downturn on book sales and continuing sources of revenue. The Group's bank facilities consist of a one year £2m overdraft facility and a five year £10m revolving credit facility.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') pronouncements as adopted by the EU. The financial information for the period ended 28 February 2011 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. This information was extracted from the statutory accounts for the period ended 28 February 2011, a copy of which has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. Additionally, segmental information has been restated to a basis consistent with the new organisational structure adopted from 1 March 2011. As noted in the statement of changes in equity the Group has selected to reclassify own shares held by the Employee Benefit Trust from retained earnings to its own reserve.

The comparative figures for the six months ended 31 August 2010 have not previously been presented as interim reports for periods prior to 31 December 2010 were presented for the six months to 30 June in each year. The comparative figures for the six months ended 31 August 2010 have been extracted from the accounting records of the Group and were prepared on a consistent basis with the results presented for the six months to 31 August 2011. The comparative figures for the six months ended 31 August 2010 have been neither reviewed nor audited by the Group's auditors.

The condensed consolidated interim financial statements are unaudited but have been reviewed by the auditors in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of the Interim Financial Information performed by the independent auditor of the Entity'.

The preparation of condensed consolidated financial statements requires the use of certain critical accounting assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in the 2011 Annual Report.

The interim report complies with the requirements of the Disclosure and Transparency Rules ('DTR') of the United Kingdom's Financial Services Authority in respect of half-yearly financial reports. The interim report is the responsibility of, and has been approved by, the Directors who each confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the EU;
- the interim management report includes a fair review of the important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year to 29 February 2012, as required by DTR 4.2.7R; and
- the interim management report includes a fair review of disclosure of related party transactions and changes therein, as required by DTR 4.2.8R.

For the six month period to 31 August 2011 there are no related party transactions to disclose.

Principal risks and uncertainties
The Group, like all businesses, faces a number of risks and uncertainties as it conducts its operations. There are a number of factors that could impact the Group's long-term performance and steps are taken to understand and evaluate these in order to achieve our objective of creating long-term, sustainable returns for shareholders.

Principal risks and uncertainties to the business fall into the following categories:

Title Acquisition
Advances to authors have the potential to reduce margins when portions of those advances remain unearned. When considering a title acquisition, an initial purchase evaluation process is carried out and signed off at a senior level. There is also a system of continuous review, analysis and feedback on title performance to better inform future acquisitions.

Market
Consumers may not buy a book that has been sold to retailers, and unsold books are returned for credit. Also, customers seek to price promote many titles which can reduce margins.

Business Continuity
The security and robustness of our systems, in particular our IT systems, are important in all aspects of our business, whether in respect of the editorial and production processes, publicity, marketing and sales, or in respect of stock monitoring and order fulfilment. IT processes are continually updated and security improved, with daily offsite back-up of electronic files. The performance of our key print and distribution suppliers is regularly monitored.

These risks, together with the financial risks are set out on page 17 and 18 in the Group financial statements for the period to 28 February 2011. These risks have not significantly changed in the period since the Annual Report was published and are not expected to change materially in the remainder of the year.

The Directors and their functions are:

J J O'B Wilson – Independent Non-Executive Chairman
N Newton – Chief Executive
W Pallot ACA – Group Finance Director (appointed 8 April 2011)
Colin Adams ACA – Group Finance Director (resigned 8 April 2011)
R D P Charkin – Executive Director
S J Thomson – Independent Non-Executive Director
I Cormack - Independent Non-Executive Director

The financial information included in this document has been approved and authorised for issue by the Directors on 27 October 2011.

Notes to the Condensed Consolidated Interim Financial Statements

2. Segmental analysis

On 1 March 2011, Bloomsbury reorganised its structure into four worldwide publishing divisions: Adult; Children's & Educational; Academic & Professional; and Information. These changes were made in order to align the Group's structure with the increasing globalisation of the publishing business and the growing demand for digital content. Internal reporting to the chief operating decision maker is in this format. Management has determined the operating segments based on these reports. Segments derive their revenue from book publishing, sale of publishing and distribution rights, sponsorship, publishing management services and database contracts. The results for the period ended 28 February 2011 and 31 August 2010 have been restated accordingly. The analysis by worldwide publishing division is shown below:

Six months ended 31 August 2011	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
Revenue	**22,129**	**12,632**	**8,651**	**1,508**	**–**	**44,920**
Cost of sales	(11,939)	(6,755)	(3,335)	(295)	–	(22,324)
Gross profit	10,190	5,877	5,316	1,213	–	22,596
Marketing and distribution costs	(4,127)	(1,975)	(1,334)	(42)	–	(7,478)
Contribution before administrative expenses	6,063	3,902	3,982	1,171	–	15,118
Administrative expenses	(6,026)	(3,269)	(3,097)	(689)	(1,838)	(14,919)
Divisional result	**37**	**633**	**885**	**482**	**(1,838)**	**199**
Investment income	–	–	–	–	133	133
Finance costs	–	–	–	–	(15)	(15)
Profit before taxation	37	633	885	482	(1,720)	317
Income tax expense	–	–	–	–	(103)	(103)
Profit after taxation	**37**	**633**	**885**	**482**	**(1,823)**	**214**

Six months ended 31 August 2010	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
Revenue	**20,030**	**10,630**	**6,869**	**1,095**	**–**	**38,624**
Cost of sales	(9,975)	(5,312)	(3,113)	(177)	–	(18,577)
Gross profit	10,055	5,318	3,756	918	–	20,047
Marketing and distribution costs	(3,528)	(1,758)	(1,399)	(41)	–	(6,726)
Contribution before administrative expenses	6,527	3,560	2,357	877	–	13,321
Administrative expenses	(6,159)	(3,388)	(1,903)	(576)	(600)	(12,626)
Divisional result	**368**	**172**	**454**	**301**	**(600)**	**695**
Investment income	–	–	–	–	161	161
Finance costs	–	–	–	–	(38)	(38)
Profit before taxation	368	172	454	301	(477)	818
Income tax expense	–	–	–	–	(256)	(256)
Profit after taxation	**368**	**172**	**454**	**301**	**(733)**	**562**

Fourteen months ended 28 February 2011	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
Revenue	**56,938**	**27,407**	**16,226**	**2,827**	**–**	**103,398**
Cost of sales	(29,080)	(13,976)	(6,847)	(413)	–	(50,316)
Gross profit	27,858	13,431	9,379	2,414	–	53,082
Marketing and distribution costs	(10,116)	(4,290)	(3,038)	(95)	–	(17,539)
Contribution before administrative expenses	17,742	9,141	6,341	2,319	–	35,543
Administrative expenses	(14,115)	(8,282)	(4,625)	(1,206)	(3,449)	(31,677)
Divisional result	**3,627**	**859**	**1,716**	**1,113**	**(3,449)**	**3,866**
Investment income	–	–	–	–	403	403
Finance costs	–	–	–	–	(49)	(49)
Profit before taxation	3,627	859	1,716	1,113	(3,095)	4,220
Income tax expense	–	–	–	–	(1,991)	(1,991)
Profit after taxation	**3,627**	**859**	**1,716**	**1,113**	**(5,086)**	**2,229**

Non-current assets

	31 August 2011 £'000	28 February 2011 £'000
Adult	**1,867**	1,884
Children's & Educational	**4,687**	4,700
Academic & Professional	**44,497**	29,904
Information	**51**	2
Unallocated	**4,225**	1,716
Total non-current assets (excluding deferred tax assets)	**55,327**	38,206

Due to the seasonality of the business, the Group's sales and divisional result are weighted towards the second half of the year.

Notes to the Condensed Consolidated Interim Financial Statements

The Group's geographical segments are organised into four areas: United Kingdom, North America, Continental Europe and Australia. The analysis of geographical segment is shown below:

Six months ended 31 August 2011	United Kingdom £'000	North America £'000	Continental Europe £'000	Australia £'000	Eliminations and unallocated costs £'000	Total £'000
Revenue						
External sales	28,824	10,672	2,502	2,922	–	44,920
Inter-segment sales*	1,959	–	74	–	(2,033)	–
Total revenue	**30,783**	**10,672**	**2,576**	**2,922**	**(2,033)**	**44,920**
Result						
Segment result before central costs and highlighted items	2,228	1,107	(1,111)	(187)	–	2,037
Highlighted items	(1,820)	(66)	48	–	–	(1,838)
Central cost recharges	156	(83)	(73)	–	–	–
Segment result	**564**	**958**	**(1,136)**	**(187)**	**–**	**199**
Investment income	129	4	–	–	–	133
Finance costs	(15)	–	–	–	–	(15)
Profit/(loss) before taxation	678	962	(1,136)	(187)	–	317
Income tax expense	–	–	–	–	(103)	(103)
Profit/(loss) after taxation	**678**	**962**	**(1,136)**	**(187)**	**(103)**	**214**

Six months ended 31 August 2010	United Kingdom £'000	North America £'000	Continental Europe £'000	Eliminations and unallocated costs £'000	Total £'000
Revenue					
External sales	26,710	8,450	3,464	–	38,624
Inter-segment sales*	534	–	64	(598)	–
Total revenue	**27,244**	**8,450**	**3,528**	**(598)**	**38,624**
Result					
Segment result before central costs and highlighted items	1,711	(17)	(399)	–	1,295
Highlighted items	(600)	–	–	–	(600)
Central cost recharges	152	(77)	(75)	–	–
Segment result	**1,263**	**(94)**	**(474)**	**–**	**695**
Investment income	159	2	–	–	161
Finance costs	(38)	–	–	–	(38)
Profit/(loss) before taxation	1,384	(92)	(474)	–	818
Income tax expense	–	–	–	(256)	(256)
Profit/(loss) after taxation	**1,384**	**(92)**	**(474)**	**(256)**	**562**

Fourteen months ended 28 February 2011	United Kingdom £'000	North America £'000	Continental Europe £'000	Australia £'000	Eliminations and unallocated costs £'000	Total £'000
Revenue						
External sales	70,647	21,734	10,052	965	–	103,398
Inter-segment sales*	1,813	–	202	–	(2,015)	–
Total revenue	**72,460**	**21,734**	**10,254**	**965**	**(2,015)**	**103,398**
Result						
Segment result before central costs and highlighted items	6,666	1,191	(451)	(91)	–	7,315
Highlighted items	(1,791)	–	(1,658)	–	–	(3,449)
Central cost recharges	329	(183)	(146)	–	–	–
Segment result	**5,204**	**1,008**	**(2,255)**	**(91)**	**–**	**3,866**
Investment income	398	5	–	–	–	403
Finance costs	(49)	–	–	–	–	(49)
Profit/(loss) before taxation	5,553	1,013	(2,255)	(91)	–	4,220
Income tax expense	–	–	–	–	(1,991)	(1,991)
Profit/(loss) after taxation	**5,553**	**1,013**	**(2,255)**	**(91)**	**(1,991)**	**2,229**

* Inter-segment sales are charged at prevailing market rates.

Non-current assets

	31 August 2011 £'000	28 February 2011 £'000
United Kingdom (country of domicile)	**45,149**	34,528
North America	**10,077**	3,575
Continental Europe	**92**	101
Australia	**9**	2
Overseas countries	**10,178**	3,678
Total non-current assets (excluding deferred tax assets)	**55,327**	38,206

Notes to the Condensed Consolidated Interim Financial Statements

3. Earnings per share

The basic earnings per share for the six months to 31 August 2011 is based on the profit of £214,000 (2010: profit £562,000) and on a weighted average number of Ordinary Shares in issue of 72,523,255 (2010: 73,759,419) after deducting 1,321,469 (2010: 88,760) shares held by the Employee Benefit Trust. The earnings per share for the fourteen months to 28 February 2011 is based on the earnings of £2,229,000 and on a weighted average number of Ordinary Shares in issue of 73,735,046 after deducting 88,760 shares held by the Employee Benefit Trust. The diluted earnings per share for the six months to 31 August 11 has been calculated by reference to a weighted average number of Ordinary Shares of 72,525,803 (six months to 31 August 2010: 73,761,935, 14 months ended 28 February 2011: 73,735,046) which takes account of share options and awards.

The reconciliation between the weighted average number of shares for the basic earnings per share and the diluted earnings per share is as follows:

	6 months ended 31 August 2011 Number	6 months ended 31 August 2010 Number	14 months ended 28 February 2011 Number
Weighted average number of shares for basic earnings per share	**72,523,255**	73,759,419	73,735,046
Dilutive effect of share options and awards	**2,548**	2,516	–
Weighted average number of shares for diluted earnings per share	**72,525,803**	73,761,935	73,735,046

The earnings per share are shown below:

	6 months ended 31 August 2011	6 months ended 31 August 2010	14 months ended 28 February 2011
Basic earnings per share	**0.30p**	0.76p	3.02p
Diluted earnings per share	**0.30p**	0.76p	3.02p

The adjusted earnings per share before amortisation of intangible assets and other highlighted items in note 8 are shown below:

	6 months ended 31 August 2011	6 months ended 31 August 2010	14 months ended 28 February 2011
Adjusted basic earnings per share	**2.07p**	1.58p	7.70p
Adjusted diluted earnings per share	**2.07p**	1.58p	7.70p

4. Trade and other receivables

	31 August 2011 £'000	28 February 2011 £'000
Recoverable within 12 months:		
Trade receivables	**23,801**	21,378
Other receivables	**1,318**	191
Prepayments and accrued income	**28,629**	25,083
	53,748	46,652
Recoverable after 12 months:		
Prepayments and accrued income	**1,062**	2,067
	54,810	48,719

As books are returnable by customers, the Group makes a provision against books sold in the accounting period which is then carried forward in trade receivables in the statement of financial position in anticipation of book returns received subsequent to the period end. A provision for the Group of £4.9m (28 February 2011: £6.5m) at margin for future returns relating to current period and prior period sales has been offset against trade receivables in the statement of financial position.

The Group makes a provision against advances made for published titles which may not be covered by anticipated future sales or contracts for subsidiary rights receivable. At the end of each financial period a review is carried out on all advances made for published titles. If it is unlikely that royalties from future sales, paperback sales or subsidiary rights will fully earn down the advance, a provision is made in the income statement for the difference between the carrying value and the anticipated recoverable amount from future earnings (the advance provision). The net advance is included within prepayments and accrued income.

Profit is stated after charging the following amounts in respect of the advance provision:

	6 months ended 31 August 2011 £'000	6 months ended 31 August 2010 £'000	14 months ended 28 February 2011 £'000
Advance provision	**1,556**	1,653	3,668

5. Dividends

The Directors have proposed an interim dividend of 0.89 pence per share (2010: 0.81 pence per share), which will be paid on 30 November 2011 to shareholders on the register at close of business on 4 November 2011. Based on the number of shares in issue at 31 August 2011, the interim dividend will be £643,000 (2010: £598,000).

The Directors declared a second interim dividend of 3.91 pence per share (with a total cost of £2,825,000), which was paid on 1 June 2011 to shareholders on the register at close of business on 3 May 2011. A final dividend of 0.28 pence per share (2009: 3.65 pence per share) was paid to the equity shareholders on 27 September 2011 to Ordinary Shareholders on the register at close of business on 26 August 2011.

6. Own shares

Own shares are shares held by the Employee Benefit Trust for the purpose of satisfying certain equity-based awards where such shares have not vested unconditionally in employees of the Group. At 31 August 2011 the number of own shares held were 1,575,404 ordinary shares (28 February 2011: 88,760). During the period the Trust made six share purchase transactions for a total of 1,511,580 shares costing a total of £2m. The investment in the Group's own shares is shown as a deduction from equity.

Notes to the Condensed Consolidated Interim Financial Statements

7. Acquisition

On 9 July 2011 the Group acquired 100% of the share capital of Continuum International Publishing Group Limited ("Continuum") for a cash consideration of £18,048,000. The acquisition has been accounted for by the acquisition method of accounting. Bloomsbury's strategy has been to increase its proportion of academic and professional revenues compared to trade revenues through retail channels. Academic revenues are more predictable and have a lower related cost of sale resulting in higher margins. Around 60% of Continuum's sales are outside the UK thereby increasing Bloomsbury's exposure to the global book market.

The table below summarises the book values of the major categories of assets and liabilities of Continuum at the date of acquisition by the Group and their fair values included in the consolidated financial statements at that date.

Net assets acquired	Book value £'000	Alignment of accounting policy £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Identifiable intangible assets	–	–	6,352	6,352
Property, plant and equipment	68	–	–	68
Inventories	3,276	(200)	–	3,076
Trade and other receivables	4,048	(209)	–	3,839
Cash and cash equivalents	916	–	–	916
Net deferred tax liability	–	–	(286)	(286)
Payables and provisions	(2,677)	–	(1,500)	(4,177)
	5,631	**(409)**	**4,566**	**9,788**
Goodwill				8,260
Cash consideration				**18,048**

Identifiable intangible assets of £6,352,000 consist of publishing rights of £5,720,000 and imprints of £632,000. The publishing rights have a useful life of 15 years and imprints 20 years. The goodwill arising of £8,260,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

Cash consideration above excludes the settlement of management bonuses and loan notes held by Continuum which were paid by the Group as part of the transaction on behalf of the vendor. Including these outflows, total cash outlay in relation to the acquisition was £20.1 million.

Transaction costs of £270,000 have been expensed in the period within highlighted items (see note 8).

From 9 July 2011 revenue of £1,716,000 and profit attributable to equity shareholders of £59,000 has been included in the consolidated income statement in relation to Continuum.

If the acquisition had occurred on 1 March 2011 the revenue and profit attributable to shareholders of the combined entity for the current reporting period would have been £48,671,000 and £381,000 respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

8. Highlighted items

	6 months ended 31 August 2011 £'000	6 months ended 31 August 2010 £'000	14 months ended 28 February 2011 £'000
Amortisation of intangible assets	**662**	600	1,136
Impairment of goodwill	**–**	–	1,532
Professional fees on acquisitions	**270**	–	25
Relocation of headquarters	**442**	–	196
Aborted acquisition costs	**76**	–	313
Restructuring costs	**388**	–	247
	1,838	600	3,449

The goodwill impairment charge at 28 February 2011 relates to goodwill attributable to Bloomsbury Verlag. This was a result of an impairment review assessing the carrying value, which took account of economic factors in Germany and forecasts not supporting the carrying value.

In the period to 31 August 2011 the Group has incurred costs of £442,000 (14 months to 28 February 2011: £196,000) relating to the relocation of its Head Office to Bedford Square in August 2011, including professional fees and additional rental expense while the new premises were being refurbished.

Aborted acquisition costs of £76,000 (14 months to 28 February 2011: £313,000) related to professional fees in connection with a transaction which did not go ahead following the due diligence process.

Restructuring costs of £388,000 (14 months to 28 February 2011: £247,000) have been incurred as a result of the strategic global reorganisation of the Bloomsbury Group.

Independent Review Report to Bloomsbury Publishing plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 31 August 2011 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement, and related explanatory notes set out on pages 6 to 21. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board and for the purpose of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim financial report, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing and presenting the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the period ended 31 August 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

27 October 2011

Shareholder Notes

Shareholder Notes

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