BLOOMSBURY PUBLISHING Plc

("Bloomsbury" or "the Group")

Unaudited Interim Results for the six months ended 31 August 2015

Bloomsbury Publishing Plc today announces results for the six months ended 31 August 2015.

Financial highlights

- Turnover: £52.7 million (2014: £46.6 million)
- Adjusted profit before taxation: £1.9 million (2014: £1.7 million)
- Profit before taxation: £0.3 million (2014: £0.5 million)
- Interim dividend per share: 1.06 pence (2014: 1.02 pence)
- Adjusted diluted earnings per share: 2.06 pence (2014: 1.97 pence)
- Diluted earnings per share: 0.36 pence (2014: 0.56 pence)

Operating highlights

- **Children's & Educational**
  - Revenue for the period increased by 45% to £16.3 million (2014: £11.2 million)
  - Star performers were Paper Towns by John Green, A Court of Thorns and Roses by Sarah J. Maas, Fuzzy Mud by Louis Sachar and the new children's editions of J. K. Rowling's Harry Potter novels
  - Harry Potter and the Philosopher's Stone Illustrated Edition by J.K.Rowling and Jim Kay published on 6 October 2015, with rights now sold in the illustrations to 27 foreign language publishers

- **Adult**
  - Revenue increased by 6% to £20.4 million (2014: £19.3 million) including a £3.2 million contribution from Osprey Publishing, which was acquired in December 2014
  - Key titles included Miss Carter's War by Sheila Hancock, Not Quite Nice by Celia Imrie, Chasing the Scream by Johann Hari, Killers of the King by Charles Spencer and The Valley by Richard Benson
  - Cookery list continues to thrive – Spuntino by Russell Norman, Quinntessential Baking by Frances Quinn and Hymns from the Soil: A Vegetarian Saga by Vikas Khanna. In October 2015, Bloomsbury won the Gourmand Award for Best Big Cookbook Publisher in the World for the past 20 years.

- **Academic & Professional**
  - Revenue increased by 3% to £14.4 million (2014: £14.0 million)

- Digital revenues were up by 21% to £2.5 million and now represent 17% of total revenues in the division (2014: 15%)
- Shortlisted for Academic, Educational and Professional Publisher of the Year at the Bookseller Industry Awards, for the third year in a row

- **Strong list for the second half**
  - Harry Potter and the Philosopher's Stone Illustrated Edition by J. K. Rowling
  - Sweet Caress by William Boyd
  - Tom's Table by Tom Kerridge
  - River Cottage: Love Your Leftovers by Hugh Fearnley-Whittingstall
  - Queen of Shadows, the fourth book in the Throne of Glass series by Sarah J. Maas
  - John Le Carré: The Biography by Adam Sisman

Commenting on the results, Nigel Newton, Chief Executive, said:

"This has been a good period for Bloomsbury in both print and digital.

Our Children's and Educational division has delivered an exceptional performance, generating sales that were up 45% on the prior year. Key titles underpinning this growth were the Harry Potter Box Set and Harry Potter and the Philosopher's Stone: Illustrated Edition by J. K. Rowling, Paper Towns by John Green and several titles by Sarah J. Maas.

We have started the second half with a strong publishing list. There is tremendous interest in the illustrated edition of Harry Potter and the Philosopher's Stone and our list also includes Sweet Caress by William Boyd, Tom's Table by Tom Kerridge, River Cottage: Love Your Leftovers by Hugh Fearnley-Whittingstall, the fourth book in the Throne of Glass series by Sarah J. Maas, Queen of Shadows and the long-awaited John Le Carré: The Biography by Adam Sisman.

Traditionally, sales of trade titles peak for Christmas and sales of academic titles peak in the autumn at the beginning of the academic year. We therefore expect our sales to be significantly second-half weighted, as in the past."

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Overview

For the six months ended 31 August 2015, revenues were up 13% year on year to £52.7 million and adjusted profit before taxation was up 9% to £1.9 million. The Children's & Educational division was a significant contributor in the period, generating sales that were up 45% on the previous period from several key titles including the Harry Potter Box Set and Harry Potter and the Philosopher's Stone Illustrated Edition by J. K. Rowling, Paper Towns by John Green and several titles by Sarah J. Maas.

We are proud to have launched Harry Potter and the Philosopher's Stone Illustrated Edition on 6 October, which contains Jim Kay's spectacular illustrations. There is strong interest from the market for this, the first title in the illustrated Harry Potter series.

We expect our results to continue to be significantly second-half weighted, as in the past. October is the peak for academic book sales and Christmas is the peak season for the sale of general books, which this year includes cookery titles such as Tom's Table by Tom Kerridge and River Cottage: Love Your Leftovers by Hugh Fearnley-Whittingstall.

Summary of results

Adjusted profit before tax for the six months ended 31 August 2015 was £1.9 million (2014: £1.7 million). Profit before tax was £0.3 million (2014: £0.5 million). Revenue was £52.7 million (2014: £46.6 million). Within this, print sales were £41.5 million (2014: £36.6 million) and digital sales were £7.1 million (2014: £5.6 million). Digital sales grew by 57% year on year in the Children's & Educational division, and in the Academic & Professional division they now represent 17% of total sales (2014: 15%). Rights and services sales were £4.1 million (2014: £4.3 million).

An excellent sales performance in the Children's & Educational division meant the division's adjusted operating profit increased to £1.6 million from £1.0 million last year. Strong digital and rights sales in the Academic & Professional division contributed to a growth in profits. Profits were down in the Adult division which had fewer best sellers in the period.

Highlighted items of £1.5 million (2014: £1.2 million) include £0.9 million (2014: £0.9 million) of amortisation of acquired intangible assets. Other highlighted items in this period include restructuring costs (relating to acquisitions and the restructuring of the Bloomsbury Information division) of £0.6 million. The effective rate of tax for the period was 20% (2014: 19%). Adjusted diluted earnings per share were 2.06 pence (2014: 1.97 pence). Diluted earnings per share for the period were 0.36 pence (2014: 0.56 pence).

The business had £0.9 million of cash net of borrowings at 31 August 2015 (31 August 2014: £2.8 million), after an outflow of £3.5 million in cash as part payment for the acquisition of Osprey Publishing in December 2014.

Academic & Professional

Total revenues in the division were up by 3% to £14.4 million (2014: £14.0 million). Adjusted operating profit was £0.4 million (2014: £0.2 million). Digital revenues showed strong growth of 21% to £2.5 million, boosted by continuing good growth in e-book sales. Digital revenues now represent 17% of total revenues in the division (2014: 15%). Export revenues are up by 9% year-on-year in the first half, reflecting an enhanced direct Bloomsbury presence in export territories, and in line with Group strategy to reduce reliance on the UK domestic market.

In March 2015, the division was shortlisted for Academic, Educational and Professional Publisher of the Year at the Bookseller Industry Awards, for the third year in a row, having won the award in the two previous years.

Bloomsbury's law and tax business has seen multiple awards won in this period both in the UK and Ireland including Book of the Year from the Dublin Solicitors Bar Association and Practical Law Book of the Year. In the UK, Hart was awarded both first and second prize at the Society of Legal Scholars Annual Conference. Online revenues at Bloomsbury Professional continue to grow at significant double-digit levels and in mid-August we achieved the four millionth document view on Bloomsbury Professional since launch in 2011. We launched our Scottish Law Online Service in conjunction with the Law Society of Scotland in June 2015.

We continue to rapidly expand our award-winning Drama Online platform with content from leading global brands and are now introducing streaming media. In July we launched a major new content collection of 350 audio plays from L. A. Theatre Works and in September we launched 350 play texts from Nick Hern Books. At the end of October we launch our first video content for the site. Shakespeare's Globe on Screen Collection is filmed live on stage. Twenty Shakespeare plays plus The Duchess of Malfi are available for viewing in an exclusive worldwide partnership with Shakespeare's Globe Theatre.

In October, the Booksellers Association announced that the Arden Shakespeare Complete Works has been chosen as one of the final 20 Academic Books that Changed the World – a celebration of the "greatest Academic books in history".

Adult

Revenue for the period was £20.4 million (2014: £19.3 million), including £3.2 million contribution from Osprey Publishing which was acquired in December 2014. Excluding the results of Osprey, revenues in the division were down by 11% to £17.2 million, reflecting a period with fewer bestsellers than last year. Additionally our key cookery titles are being published in the second half of our financial year in 2015/16, but last year were published in the first half. The operating loss increased from £0.2 million to £0.4 million, including a £0.3 million operating profit contribution from Osprey Publishing.

Our key titles in this period were bestselling novels from two of Britain's favourite actresses – Sheila Hancock's Miss Carter's War and Celia Imrie's Not Quite Nice. Sales of James Runcie's Grantchester series, now a major TV serial in both the USA and the UK on ITV, are well over a quarter of a million and continuing to grow. In addition we continued to invest in new bestselling novelists with Hannah Rothschild's excellent The Improbability of Love being selected as a Radio 2 Book Club choice, Natasha Pulley's The Watchmaker of Filigree Street and Rebecca Dinerstein's The Sunlit Night and many others.

In non-fiction Johann Hari's Chasing the Scream has won international acclaim and generated strong sales, as have Charles Spencer's Killers of the King and Richard Benson's The Valley, which also won the James Tait Black Memorial Prize. Tim Bell's Right or Wrong was serialised in the Daily Mail, as was Muir Gray's Sod Seventy, which is the ultimate guide to living well in older age. And in religion we are proud to have published Paul Vallely's authoritative and insightful Pope Francis: Untying the Knots and our annual Lent book, this year written by Archbishop Desmond Tutu, and the biography of Swami Ramdev, an Indian bestseller.

Our new popular science imprint continued to impress and p53: The Gene that Cracked the Cancer Code was shortlisted for the BMA medical book award. Our sports list continued to grow, in particular in cycling, following the success of British cyclists and the growing popularity of the sport.

Our cookery list continues to thrive with Russell Norman's Spuntino, the follow-up to the enormously successful Polpo, Frances Quinn's Quinntessential Baking and Vikas Khanna's wonderful Hymns from the Soil: A Vegetarian Saga. In October 2015, Bloomsbury won the Gourmand Award for Best Big Cookbook Publisher in the World for the past 20 years.

The second half list includes William Boyd's Sweet Caress and Peter Frankopan's Silk Roads, both of which have entered the Sunday Times bestseller lists. Margaret Atwood's The Heart Goes Last is her first stand-alone novel since the Booker Prize-winning The Blind Assassin. Other notable forthcoming publications include Elizabeth Gilbert's Big Magic, Patti Smith's M Train, the follow-up to her bestselling Just Kids, and a major biography of John le Carré by Adam Sisman. Our dark horse for the autumn is the Guinea Pig Pride and Prejudice, already acclaimed by Salman Rushdie and Bear Grylls.

Children's & Educational

The division continues its impressive growth trend with an excellent first half result. Revenue is up 45% to £16.3 million (2014: £11.2 million). Digital sales are up by 57% to £1.3 million. Adjusted operating profit is up from £1.0 million to £1.6 million.

In the six months to 31 August 2015, John Green's Paper Towns and J. K. Rowling's Harry Potter novels performed strongly alongside fiction launches from Louis Sachar, Sarah J. Maas, Sarah Crossan and Sibeal Pounder.

Picture book stars have been Never Tickle a Tiger by Pamela Butchart and Marc Boutavant, You Can't Take an Elephant on the Bus by Patricia Cleveland-Peck and David Tazzyman and continued strong sales of I Love you Night and Day by Smriti Prasadam-Halls and Alison Brown.

The new children's editions of J. K. Rowling's Harry Potter novels, published in August 2014, continue to show exceptional growth. Year on year sales are up 180% when compared with sales of the two previous editions. Harry Potter Book Night, an annual celebration of the books, launched last February with over 10,000 events being held worldwide. A mix of bookshops, libraries, schools and community groups took the opportunity to celebrate their love of the books. During the school summer holidays, through Nielsen bookscan UK, all seven titles showed over 100% growth on the previous two editions.

Harry Potter and the Philosopher's Stone Illustrated Edition by J. K. Rowling and Jim Kay was published on 6 October 2015. We have sold rights in the illustrations to 27 foreign language publishers making the publication a truly global event.

Paper Towns by John Green has had a strong first half due to the release of a Fox movie starring Cara Delevingne on 24 July 2015. Both the film tie-in edition (published in May 2015) and the standard edition have been in the Bookseller Top 10, with the film tie-in hitting Number 1 in the children's lists.

We published Sarah J. Maas's new series debut, A Court of Thorns and Roses, in May and it went to Number 2 in the series bestseller list of the New York Times and remained in the top ten for three weeks. We have sold rights for this new series in 12 languages.

Fuzzy Mud by Louis Sachar and One by Sarah Crossan were published in August to great critical acclaim. Witch Wars by Sibeal Pounder, illustrated by Laura Ellen Anderson, is the second bestselling debut novel in Nielsen Bookscan UK this year.

When Mr Dog Bites by Brian Conaghan and Apple and Rain by Sarah Crossan were shortlisted for the Carnegie Medal.

Bloomsbury Information

Revenue for the Information division this period was £1.5 million (2014: £2.0 million) reflecting the revenue profile on key contracts. Operating profit was £0.3 million compared to £0.6 million in 2014.

This period saw the start of the division's content marketing pilot programme with Stephens Inc. in the USA and the growth of content and users on the IZA World of Labor Knowledge Hub, a multi-year project Bloomsbury manages on behalf of the Institute for the Study of Labor, based in Bonn, Germany. We also continued to increase our business list publishing and partnerships with titles such as The Success Formula, Managing for Success and The Neuroscience of Leadership Coaching, and our partnership with Ashridge Business School resulted in the publication of Capitalism's Toxic Assumptions.

We are working with the Qatar Foundation to extend our management services agreement with them from 2016.

Dividend

The Directors have declared an interim dividend of 1.06 pence per share which is a 4% increase on the dividend paid for the six months ended 31 August 2014 of 1.02 pence per share. The dividend will be paid on 30 November 2015 to shareholders on the register at close of business on 6 November 2015.

Outlook

As well as Harry Potter and the Philosopher's Stone: Illustrated Edition by J. K. Rowling, Bloomsbury's strong second-half list includes Sweet Caress by William Boyd, Tom's Table by Tom Kerridge, River Cottage: Love Your Leftovers by Hugh Fearnley-Whittingstall, the fourth book in the Throne of Glass series by Sarah J. Maas, Queen of Shadows and Adam Sisman's long-awaited biography of John Le Carré.

As in previous years, the Group is targeting a number of new contracts from which we expect to deliver rights and services income in the second half of our financial year.

October is the peak for academic book sales and Christmas is the peak season for the sales of general books. We therefore expect our results to continue to be significantly second-half weighted, as in the past.

Bloomsbury's digital product launches continue with further services within Bloomsbury Fashion Central being launched later this financial year. This includes the Fashion Photography Archive, an updated Berg Fashion Library and a new digital service for Fairchild Books. The Group has a very strong digital service pipeline for the next three years, following significant commissioning activity in the period.

Note: Adjusted results are calculated before deducting highlighted items. Highlighted items comprise amortisation of acquired intangible assets, legal and other professional costs relating to acquisitions and restructuring costs.

Condensed Consolidated Interim Income Statement
For the six months ended 31 August 2015

	Notes	**6 months ended 31 August 2015 £'000**	6 months ended 31 August 2014 £'000	Year ended 28 February 2015 £'000
Revenue	3	**52,678**	46,580	111,125
Cost of sales		**(24,000)**	(20,499)	(47,800)
Gross profit		**28,678**	26,081	63,325
Marketing and distribution costs		**(7,808)**	(6,896)	(15,519)
Administrative expenses		**(20,521)**	(18,696)	(38,154)
Operating profit before highlighted items		**1,868**	1,689	12,127
Highlighted items	4	**(1,519)**	(1,200)	(2,475)
Operating profit		**349**	489	9,652
Finance income		**5**	21	46
Finance costs		**(12)**	(1)	(94)
Profit before taxation and highlighted items		**1,861**	1,709	12,079
Highlighted items	4	**(1,519)**	(1,200)	(2,475)
Profit before taxation	3	**342**	509	9,604
Taxation		**(69)**	(97)	(856)
Profit for the period attributable to owners of the Company		**273**	412	8,748
Earnings per share attributable to owners of the Company				
Basic earnings per share	6	**0.37p**	0.56p	11.94p
Diluted earnings per share	6	**0.36p**	0.56p	11.90p

The accompanying notes form an integral part of this condensed consolidated interim financial report.

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 31 August 2015

	6 months ended 31 August 2015 £'000	6 months ended 31 August 2014 £'000	Year ended 28 February 2015 £'000
Profit for the period	**273**	412	8,748
Other comprehensive income			
Items that may be reclassified to the income statement:			
Currency translation differences on foreign operations	**41**	228	1,954
Items that may not be reclassified to the income statement:			
Remeasurements on the defined benefit pension scheme	**57**	(55)	(106)
Other comprehensive income for the period	**98**	173	1,848
Total comprehensive income for the period attributable to owners of the Company	**371**	585	10,596

Condensed Consolidated Interim Statement of Financial Position
At 31 August 2015

	Notes	31 August 2015 £'000	31 August 2014 £'000	28 February 2015 £'000
Assets				
Goodwill		**41,717**	39,537	41,508
Other intangible assets		**22,016**	21,290	22,578
Property, plant and equipment		**2,654**	3,029	2,833
Deferred tax assets		**3,547**	2,053	3,607
Total non-current assets		**69,934**	65,909	70,526
Inventories		**30,575**	29,510	29,235
Trade and other receivables	7	**60,888**	54,376	61,700
Cash and cash equivalents		**3,516**	2,752	10,021
Total current assets		**94,979**	86,638	100,956
Total assets		**164,913**	152,547	171,482
Liabilities				
Retirement benefit obligations		**159**	179	227
Deferred tax liabilities		**3,108**	3,165	3,119
Other payables		**1,135**	311	886
Provisions		**43**	420	482
Total non-current liabilities		**4,445**	4,075	4,714
Trade and other payables		**32,078**	31,015	37,250
Loans and borrowing		**2,600**	-	2,500
Current tax liabilities		**613**	554	2,841
Provisions		**434**	23	23
Total current liabilities		**35,725**	31,592	42,614
Total liabilities		**40,170**	35,667	47,328
Net assets		**124,743**	116,880	124,154
Equity				
Share capital		**938**	924	938
Share premium		**39,388**	39,388	39,388
Translation reserve		**3,870**	2,103	3,829
Other reserves		**6,298**	3,708	6,056
Retained earnings		**74,249**	70,757	73,943
Total equity attributable to owners of the Company		**124,743**	116,880	124,154

Condensed Consolidated Interim Statement of Changes in Equity
At 31 August 2015

	Share capital £'000	Share premium £'000	Translation reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by the EBT £'000	Retained earnings £'000	Total equity £'000
At 1 March 2015	**938**	**39,388**	**3,829**	**1,386**	**22**	**4,986**	**(338)**	**73,943**	**124,154**
Profit for the period	-	-	-	-	-	-	-	273	273
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	41	-	-	-	-	-	41
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	57	57
Total comprehensive income for the period	**-**	**-**	**41**	**-**	-	**-**	**-**	**330**	**371**
Transactions with owners									
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(24)	(24)
Share-based payment transactions	-	-	-	-	-	242	-	-	242
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	-	**242**	**-**	**(24)**	**218**
At 31 August 2015	**938**	**39,388**	**3,870**	**1,386**	**22**	**5,228**	**(338)**	**74,249**	**124,743**
At 1 March 2014	**924**	**39,388**	**1,875**	**-**	**22**	**4,582**	**(1,202)**	**70,447**	**116,036**
Profit for the period	-	-	-	-	-	-	-	412	412
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	228	-	-	-	-	-	228
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	(55)	(55)
Total comprehensive income for the period	**-**	**-**	**228**	**-**	-	**-**	**-**	**357**	**585**
Transactions with owners									
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(47)	(47)
Share-based payment transactions	-	-	-	-	-	306	-	-	306
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	-	**306**	**-**	**(47)**	**259**
At 31 August 2014	**924**	**39,388**	**2,103**	**-**	**22**	**4,888**	**(1,202)**	**70,757**	**116,880**

	Share capital £'000	Share premium £'000	Translation reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by the EBT £'000	Retained earnings £'000	Total equity £'000
At 1 March 2014	**924**	**39,388**	**1,875**	**-**	**22**	**4,582**	**(1,202)**	**70,447**	**116,036**
Profit for the year	-	-	-	-	-	-	-	8,748	8,748
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	1,954	-	-	-	-	-	1,954
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	(106)	(106)
Total comprehensive income for the year	**-**	**-**	**1,954**	**-**	-	**-**	**-**	**8,642**	**10,596**
Transactions with owners									
Issue of shares	14	-	-	1,386	-	-	-	(3)	1,397
Dividend to equity holders of the Company	-	-	-	-	-	-	-	(4,276)	(4,276)
Share options exercised	-	-	-	-	-	-	864	(749)	115
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(118)	(118)
Share-based payment transactions	-	-	-	-	-	404	-	-	404
Total transactions with owners of the Company	**14**	**-**	**-**	**1,386**	-	**404**	**864**	**(5,146)**	**(2,478)**
At 28 February 2015	**938**	**39,388**	**3,829**	**1,386**	**22**	**4,986**	**(338)**	**73,943**	**124,154**

Condensed Consolidated Interim Statement of Cash Flows
For the six months ended 31 August 2015

	6 months ended 31 August 2015 £'000	6 months ended 31 August 2014 £'000	Year ended 28 February 2015 £'000
Cash flows from operating activities			
Profit before taxation	**342**	509	9,604
Finance income	**(5)**	(21)	(46)
Finance costs	**12**	1	94
Operating profit	**349**	489	9,652
Adjustments for:			
Depreciation of property, plant and equipment	**333**	329	660
Amortisation of intangible assets	**1,931**	1,526	3,259
Loss on sale of property, plant and equipment	**-**	4	8
Share-based payment charges	**281**	344	496
	2,894	2,692	14,075
Increase in inventories	**(1,620)**	(4,141)	(2,443)
Decrease in trade and other receivables	**1,207**	2,113	272
Decrease in trade and other payables	**(5,124)**	(2,916)	(246)
Cash (used in)/generated from operating activities	**(2,643)**	(2,252)	11,658
Income taxes paid	**(2,261)**	(983)	(1,410)
Net cash (used in)/generated from operating activities	**(4,904)**	(3,235)	10,248
Cash flows from investing activities			
Purchase of property, plant and equipment	**(159)**	(225)	(274)
Purchase of businesses, net of cash acquired	**(30)**	(2,384)	(5,325)
Purchases of intangible assets	**(1,389)**	(1,487)	(3,562)
Proceeds from sale of property, plant and equipment	**-**	7	6
Interest received	**5**	21	26
Net cash used in investing activities	**(1,573)**	(4,068)	(9,129)
Cash flows from financing activities			
Equity dividends paid	**-**	-	(4,276)
Proceeds from exercise of share options	**-**	-	115
Drawdown of borrowing	**100**	-	2,500
Interest paid	**(12)**	(1)	(68)
Net cash generated from/(used in) financing activities	**88**	(1)	(1,729)
Net decrease in cash and cash equivalents	**(6,389)**	(7,304)	(610)
Cash and cash equivalents at beginning of period	**10,021**	10,037	10,037
Exchange (loss)/gain on cash and cash equivalents	**(116)**	19	594
Cash and cash equivalents at end of period	**3,516**	2,752	10,021

Notes to the Condensed Consolidated Interim Financial Statements

1. Reporting entity

Bloomsbury Publishing Plc (the "Company") is a Company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 August 2015 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the publication of books and other related services.

2. Significant accounting policies

a) Basis of preparation

These 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 are unaudited and do not constitute statutory accounts. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 28 February 2015.

Except as described below, the condensed set of financial statements have been prepared on a consistent basis with the financial statements for the year ended 28 February 2015 and should be read in conjunction with the Annual Report 2015. The annual consolidated 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 2015 Annual Report refers to other new standards effective from 1 March 2015. None of these standards have had a material impact in these financial statements.

The comparative financial information for the year ended 28 February 2015 does not constitute statutory accounts for that financial year. This information was extracted from the statutory accounts for the year ended 28 February 2015, 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.

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 27 October 2015.

b) Going concern

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, and 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 £2 million overdraft facility repayable on demand and a £13.5 million revolving committed loan facility which expires in July 2016.

c) Uses of estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets liabilities, income and expenses. Actual results may differ from these estimates. Critical judgments and areas where the use of estimates is significant are set out in the 2015 Annual Report.

3. **Segmental analysis**

The Group is comprised of four worldwide publishing divisions: Adult, Children's & Educational, Academic & Professional and Information. These divisions are the basis on which the Group primarily reports its segment information. Segments derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services. The analysis by segment is shown below:

Six months ended 31 August 2015	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
External revenue	**20,442**	**16,277**	**14,431**	**1,528**	**-**	**52,678**
Cost of sales	(10,345)	(7,358)	(5,961)	(336)	-	(24,000)
Gross profit	**10,097**	**8,919**	**8,470**	**1,192**	**-**	**28,678**
Marketing and distribution costs	(3,364)	(2,568)	(1,841)	(35)	-	(7,808)
Contribution before administrative expenses	**6,733**	**6,351**	**6,629**	**1,157**	**-**	**20,870**
Administrative expenses excluding highlighted items	(7,140)	(4,717)	(6,271)	(874)	-	(19,002)
Operating (loss)/profit before highlighted items/ segment results	**(407)**	**1,634**	**358**	**283**	**-**	**1,868**
Amortisation of acquired intangible assets	(103)	(90)	(696)	(2)	-	(891)
Other highlighted items	-	-	-	-	(628)	(628)
Operating (loss)/profit	**(510)**	**1,544**	**(338)**	**281**	**(628)**	**349**
Finance income	-	-	-	-	5	5
Finance costs	-	-	-	-	(12)	(12)
(Loss)/profit before taxation	**(510)**	**1,544**	**(338)**	**281**	**(635)**	**342**
Taxation	-	-	-	-	(69)	(69)
(Loss)/profit for the period	**(510)**	**1,544**	**(338)**	**281**	**(704)**	**273**
Operating (loss)/profit before highlighted items/ segment results	**(407)**	**1,634**	**358**	**283**	**-**	**1,868**
Depreciation	132	82	103	15	-	332
Amortisation of internally generated intangibles	264	130	623	23	-	1,040
EBITDA before highlighted items	**(11)**	**1,846**	**1,084**	**321**	**-**	**3,240**
Six months ended 31 August 2014						
External revenue	**19,326**	**11,226**	**14,006**	**2,022**	**-**	**46,580**
Cost of sales	(9,457)	(4,728)	(5,866)	(448)	-	(20,499)
Gross profit	**9,869**	**6,498**	**8,140**	**1,574**	**-**	**26,081**
Marketing and distribution costs	(2,960)	(1,783)	(2,105)	(48)	-	(6,896)
Contribution before administrative expenses	**6,909**	**4,715**	**6,035**	**1,526**	**-**	**19,185**
Administrative expenses excluding highlighted items	(7,066)	(3,678)	(5,864)	(888)	-	(17,496)
Operating (loss)/profit before highlighted items/ segment result	**(157)**	**1,037**	**171**	**638**	**-**	**1,689**
Amortisation of acquired intangible assets	(42)	(112)	(759)	(3)	-	(916)
Other highlighted items	-	-	-	-	(284)	(284)
Operating (loss)/profit	**(199)**	**925**	**(588)**	**635**	**(284)**	**489**
Finance income	-	-	-	-	21	21
Finance costs	-	-	-	-	(1)	(1)
(Loss)/profit before taxation	**(199)**	**925**	**(588)**	**635**	**(264)**	**509**
Taxation	-	-	-	-	(97)	(97)
(Loss)/profit for the period	**(199)**	**925**	**(588)**	**635**	**(361)**	**412**
Operating (loss)/profit before highlighted items/ segment results	**(157)**	**1,037**	**171**	**638**	**-**	**1,689**
Depreciation	134	78	106	11	-	329
Amortisation of internally generated intangibles	201	47	349	13	-	610
EBITDA before highlighted items	**178**	**1,162**	**626**	**662**	**-**	**2,628**

Year ended 28 February 2015	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
External revenue	**44,669**	**26,635**	**35,959**	**3,862**	**-**	**111,125**
Cost of sales	(21,556)	(11,844)	(13,489)	(911)	-	(47,800)
Gross profit	**23,113**	**14,791**	**22,470**	**2,951**	**-**	**63,325**
Marketing and distribution costs	(6,393)	(4,422)	(4,605)	(99)	-	(15,519)
Contribution before administrative expenses	**16,720**	**10,369**	**17,865**	**2,852**	**-**	**47,806**
Administrative expenses excluding highlighted items	(13,672)	(7,510)	(12,774)	(1,723)	-	(35,679)
Operating profit before highlighted items/ segment result	**3,048**	**2,859**	**5,091**	**1,129**	**-**	**12,127**
Amortisation of acquired intangible assets	(109)	(214)	(1,497)	(5)	-	(1,825)
Other highlighted items	-	-	-	-	(650)	(650)
Operating (loss)/profit	**2,939**	**2,645**	**3,594**	**1,124**	**(650)**	**9,652**
Finance income	-	-	-	-	46	46
Finance costs	-	-	-	-	(94)	(94)
(Loss)/profit before taxation	**2,939**	**2,645**	**3,594**	**1,124**	**(698)**	**9,604**
Taxation	-	-	-	-	(856)	(856)
(Loss)/profit for the year	**2,939**	**2,645**	**3,594**	**1,124**	**(1,554)**	**8,748**

Operating profit before highlighted items / segment results	**3,048**	**2,859**	**5,091**	**1,129**	**-**	**12,127**
Depreciation	266	156	212	26	-	660
Amortisation of internally generated intangibles	419	172	822	21	-	1,434
EBITDA before highlighted items	**3,733**	**3,187**	**6,125**	**1,176**	**-**	**14,221**

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

Total assets	**31 August 2015 £'000**	31 August 2014 £'000	28 February 2015 £'000
Adult	**23,011**	16,962	22,402
Children's & Educational	**12,403**	11,902	11,473
Academic & Professional	**56,255**	59,108	56,756
Information	**322**	307	384
Unallocated	**72,922**	64,268	80,467
Total assets	**164,913**	152,547	171,482

Unallocated primarily represents centrally held assets including system development, property, plant and equipment, receivables and cash.

4. Highlighted items

	Six months ended 31 August 2015 £'000	Six months ended 31 August 2014 £'000	Year ended 28 February 2015 £'000
Other highlighted items:			
Legal and other professional fees	**-**	4	215
Restructuring costs	**628**	280	435
Other highlighted items	**628**	284	650
Amortisation of acquired intangible assets	**891**	916	1,825
Total highlighted items	**1,519**	1,200	2,475

Highlighted items charged to operating profit comprise significant non-cash charges and non-recurring items which are highlighted in the income statement because, in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance of the business.

Restructuring costs of £628,000 were incurred as a result of the Group's acquisition activities and the restructuring of the Bloomsbury Information division (six months ended 31 August 2014: £280,000 and year ended 28 February 2015: £435,000).

5. Dividends

	Six months ended 31 August 2015 £'000	Six months ended 31 August 2014 £'000	Year ended 28 February 2015 £'000
Amounts arising in respect of the period			
Interim dividend for the period	**793**	745	745
Final dividend for the year	**-**	-	3,797
Total dividend for the period	**793**	745	4,542

The proposed interim dividend of 1.06 pence per ordinary share will be paid to the equity shareholders on 30 November 2015 to shareholders registered at close of business on 6 November 2015. The final dividend for 28 February 2015 was paid on 23 September 2015.

6. Earnings per share

The basic earnings per share for the six months ended 31 August 2015 is calculated using a weighted average number of Ordinary Shares in issue of 74,739,877 (31 August 2014: 72,946,480 and 28 February 2015: 73,250,139) after deducting shares held by the Employee Benefit Trust.

The diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares to take account of all dilutive potential Ordinary Shares, which are in respect of unexercised share options and the performance share plan.

	6 months ended 31 August 2015 Number	6 months ended 31 August 2014 Number	Year ended 28 February 2015 Number
Weighted average shares in issue	**74,739,877**	72,946,480	73,250,139
Dilution	**247,531**	1,058,764	262,644
Diluted weighted average shares in issue	**74,987,408**	74,005,244	73,512,783

	£'000	£'000	£'000
Profit after tax attributable to owners of the Company	**273**	412	8,748
Basic earnings per share	**0.37p**	0.56p	11.94p
Diluted earnings per share	**0.36p**	0.56p	11.90p

	6 months ended 31 August 2015 £'000	6 months ended 31 August 2014 £'000	Year ended 28 February 2015 £'000
Adjusted profit attributable to owners of the Company	**1,545**	1,460	10,826
Adjusted basic earnings per share	**2.07p**	2.00p	14.78p
Adjusted diluted earnings per share	**2.06p**	1.97p	14.73p

Adjusted profit is derived as follows:

	6 months ended 31 August 2015 £'000	6 months ended 31 August 2014 £'000	Year ended 28 February 2015 £'000
Profit before tax	**342**	509	9,604
Amortisation of acquired intangible assets	**891**	916	1,825
Other highlighted items	**628**	284	650
Adjusted profit before tax	**1,861**	1,709	12,079
Tax expense	**(69)**	(97)	(856)
Deferred tax movements on goodwill and acquired intangible assets	**(121)**	(93)	(305)
Tax expense on other highlighted items	**(126)**	(59)	(92)
Adjusted tax	**(316)**	(249)	(1,253)
Adjusted profit	**1,545**	1,460	10,826

The Group includes the benefit of tax amortisation of intangible assets as this benefit more accurately aligns the adjusted tax charge with the expected cash tax payments.

7. Trade and other receivables

	31 August 2015 £'000	31 August 2014 £'000	28 February 2015 £'000
Gross trade receivables	**35,582**	31,057	38,489
Less: provision for impairment of receivables	**(558)**	(430)	(627)
Less: provision for returns	**(4,827)**	(4,330)	(6,057)
Net trade receivables	**30,197**	26,297	31,805
Income tax recoverable	**34**	11	4
Other receivables	**1,966**	1,649	2,637
Prepayments and accrued income	**28,691**	26,419	27,254
Total trade and other receivables	**60,888**	54,376	61,700

Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The majority of trade debtors are secured by credit insurance and in certain territories by third party distributors.

A provision for the return of books by customers is made with reference to the historic rate of returns.

Prepayments and accrued income include net advances. A provision is held against gross advances payable in respect of published titles advances which may not be fully earned down by anticipated future sales.

As at 31 August 2014 £5,444,000 (31 August 2014: £4,655,000 and 28 February 2015: £5,154,000) of prepayments and accrued income are expected to be recovered after more than 12 months.

Responsibility Statement of the Directors in Respect of the Interim Financial Statements

Directors	
Sir Anthony Salz	Independent Non-Executive Chairman
Nigel Newton	Chief Executive
John Warren	Independent Non-Executive Director Senior Independent Director Chair of the Audit Committee
Jill Jones	Independent Non-Executive Director Chair of the Remuneration Committee
Stephen Page	Independent Non-Executive Director
Richard Charkin	Executive Director
Jonathan Glasspool	Executive Director
Wendy Pallot	Finance Director

Each of the directors confirms 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 European Union;

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial period and their impact on the condensed interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial period; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial period and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Nigel Newton Wendy Pallot

27 October 2015

Principal risks and uncertainties

Bloomsbury has a systematic and embedded risk management process for identifying and addressing the short to long-term risks and uncertainties for its operations worldwide. The strategy implemented by the Board aims to mitigate the main risks and exploit opportunities to create sustainable returns for shareholders. A summary of the principal risks and uncertainties to the business for the remaining six months of the financial year are as follows:

- The profit from trade publishing depends significantly on the unpredictable sales of a small number of front-list titles.
- The timing for completing rights and services deals depends on third parties.
- Government cutbacks or constraints on institutional library budgets and student spending could affect academic sales.
- The increasing importance of digital publishing places demands on the Group’s technology systems. A risk is that systems could fail to keep pace.

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 half-yearly financial report for the six months ended 31 August 2015 which comprises condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of financial position, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly 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 the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the half-yearly 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 UK. 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.

Review 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 half-yearly financial report for the six months ended 31 August 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

John Bennett
For and on behalf of KPMG LLP
Chartered Accountants
27 October 2015
15 Canada Square
London
E14 5GL