BLOOMSBURY PUBLISHING Plc

("Bloomsbury" or the "Group")

Unaudited Interim Results for the six months ended 31 August 2017

The Group saw strong growth in the first half and is trading in line with the Board's expectations for the full year. Traditionally, sales of trade titles peak for Christmas and sales of academic titles at the beginning of the academic year in the autumn. We therefore expect our sales to be second-half weighted, as in past years.

Group financial highlights

- Total revenues up 15% to £72.1 million (2016: £62.7 million)
- Digital revenues up 15% to £8.9 million (2016: £7.7 million)
- Print revenues up 16% to £60.1 million (2016: £51.7 million)
- Adjusted* profit before tax up 74% to £2.5 million (2016: £1.5 million)
- Profit before tax £1.7 million (2016: £0.1 million)
- Net cash up 85% to £16.9 million (2016: £9.1 million)
- Interim dividend up 5% to 1.15 pence per share (2016: 1.10 pence per share)
- Adjusted* diluted earnings per share up 70% to 2.81 pence (2016: 1.65 pence)
- Diluted earnings per share 1.87 pence (2016: 0.15 pence)

Consumer division

- Revenues increased 20% to £44.7 million (2016: £37.3 million), driven by Children's Trade where revenues increased 33% to £31.7 million
- J.K. Rowling's Harry Potter titles continue to sell strongly, including the Harry Potter Box Set and the new House Editions of *Harry Potter and the Philosopher's Stone*, which celebrate the 20th anniversary of the title first being published
- Sarah J. Maas title revenues grew 47% including the publication of *A Court of Wings and Ruin*
- *Lincoln in the Bardo* by George Saunders won the Man Booker prize last Tuesday. *Tom Kerridge's Dopamine Diet* reached number one on the *Sunday Times* Original Non-Fiction list simultaneously with Neil Gaiman's *Norse Mythology* being number one on the *Sunday Times* Original Fiction list. *Kid Normal* by Greg James and Chris Smith, published in the UK in July, went to number one in the total consumer market chart for children's books in the UK (source: Nielsen BookScan)

Non-Consumer division

- Revenues up 8% to £27.4 million (2016: £25.4 million)
- Academic & Professional digital resources revenues grew 10% to £2.2 million (2016: £2 million) including 17% growth in Bloomsbury Professional Online
- *Bloomsbury 2020* digital resources growth strategy on track with launch of Bloomsbury Design Library and Bloomsbury Cultural History
- Bestselling titles from the Non-Consumer division include *Wisden Cricketers' Almanack 2017* and Douglas Murray's *The Strange Death of Europe*

- Creation of new imprint, Bloomsbury China, to publish, in English, works about China and for China, by Chinese, Western and other writers

*Note: *Adjusted results are calculated before deducting highlighted items. Highlighted items comprise amortisation of acquired intangible assets and, in the prior year, costs relating to acquisitions and major restructuring.*

Commenting on the results, Nigel Newton, Chief Executive of Bloomsbury Publishing, said:

‘It has been a very strong six months for Bloomsbury. Revenues are up 15%, with good growth in each of our territories. The Children’s Trade division delivered another outstanding performance, increasing revenues by 33%.

The Group is trading in line with the Board’s expectations for the full year. We have a strong second half list including the Illustrated Edition of *Harry Potter and the Prisoner of Azkaban*, the Illustrated Edition of *Fantastic Beasts and Where to Find Them* and two major books to accompany the British Library’s Harry Potter exhibition, which was launched last Thursday to huge public acclaim. Our cookery list for the second half includes *A Baker’s Life* by Paul Hollywood, *Lose Weight for Good* by Tom Kerridge and *River Cottage Much More Veg* by Hugh Fearnley-Whittingstall. October is the peak period for academic book sales and Christmas for the sales of consumer books. We therefore expect our results to continue to be second-half weighted, as in past years.

We have successfully launched two new major digital resources this period and are on track to launch a further two new resources this year, one more than originally planned in the *Bloomsbury 2020* growth plan.’

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Overview

It has been a very strong six months for Bloomsbury. Revenues for the period to 31 August 2017 were up 15% to £72.1 million, with good growth in each of our territories. Adjusted profit before taxation was up 74% to £2.5 million (2016: £1.5 million). Reported profit before tax was £1.7 million (2016: £0.1 million).

The Children's Trade division was a major contributor to this growth, with revenues up 33% on the previous period driven by several key titles including the Harry Potter Box Set, the new House Editions of *Harry Potter and the Philosopher's Stone*, which celebrate the 20th anniversary of the title first being published, and *A Court of Wings and Ruin* by Sarah J. Maas.

Group print revenues grew 16% to £60.1 million (2016: £51.7 million) and made up 87% of the Group's total book revenues in the period, demonstrating an on-going demand for books in print format. Group e-book revenues grew 16% to £6.6 million. We are making good progress with our strategic growth initiative to significantly accelerate the growth of digital revenues with an accelerated digital publishing plan to strengthen our position as a non-consumer publisher in the B2B academic and professional information market. Digital resources revenues in the period grew 14% to £2.3 million. Rights and services revenues were £3.1 million (2016: £3.3 million). Revenues from digital services within *Bloomsbury* 2020 grew by 16%. Foreign exchange movements in the period have increased revenues by 3% or £2.2 million, and reduced profits by £0.1 million. Using constant exchange rates, total revenues increased by 12% to £69.9 million, with print revenues increasing by 12% and total digital revenues up by 13%.

The highlighted item in the period of £0.8 million is the amortisation of acquired intangible assets. The effective rate of tax reduced to 19% (2016: 25%), it includes the benefit of a £0.4m tax refund following the resolution of a tax loss claim from 2006. The adjusted effective rate of tax was 16% (2016:15%). Adjusted diluted earnings per share were up 70% to 2.81 pence (2016: 1.65 pence). Diluted earnings per share for the period were 1.87 pence (2016: 0.15 pence). The business continues to have a strong balance sheet with £16.9 million of net cash at 31 August 2017 (31 August 2016: £9.1 million), following excellent results and good working capital inflows.

The Directors have declared an interim dividend of 1.15 pence per share which is a 5% increase on the dividend paid for the six months ended 31 August 2016 of 1.10 pence per share. The dividend will be paid on 30 November 2017 to shareholders on the register at close of business on 3 November 2017.

Consumer division

Revenues in Consumer publishing increased 20% to £44.7 million in the six months ended 31 August 2017 (2016: £37.3 million). This excellent performance meant that the Consumer division's adjusted operating profit increased to £2.9 million from £1.8 million. Prior year divisional results have been restated to reflect a change in how Group shared service costs are allocated. This restatement has no effect on overall Group results, but provides a better understanding of divisional performance. This change saw a reallocation of £0.5 million of costs out of the Consumer division into the Non-Consumer division.

<u>Children's</u>

The growth in profit in the division came from Children's Trade, where revenues were up by 33% to £31.7 million. J.K. Rowling's Harry Potter titles continue to sell strongly, with revenues growing 40% in the period. *Harry Potter and the Philosopher's Stone* celebrated its 20th anniversary in June 2017 with the publication of four House Editions of the title – Gryffindor, Slytherin, Hufflepuff and Ravenclaw – the hardback of which had sprayed striped edges.

Other top selling titles in the period included two by Sarah J. Maas; *A Court of Wings and Ruin*, the third book in the A Court of Thorns and Roses series which went to number one on the *New York Times* Children's Series Best Sellers list and stayed on the list for five weeks, and *Tower of Dawn*, a companion novel to the Throne of Glass series which went to number two in that list. Sarah J. Maas revenues grew 47% in this period. We currently have seven more titles contracted with Sarah J. Maas.

Kid Normal by Greg James and Chris Smith published in the UK in July and went to number one in the total consumer market chart for children's books in the UK (source: Nielsen BookScan). This strong debut in the UK has seen sales of over 45,000 books since July. The book launches in the US early next year. *Fantastically Great Women Who Changed the World* by Kate Pankhurst is the strongest selling UK non-fiction children's title this year so far (source: Nielsen BookScan), with over 50,000 copies sold year to date. Neil Gaiman's *Norse Mythology* reached number one on the *Sunday Times* Original Fiction list.

During the period the children's division was shortlisted for the Independent Publisher's Guild Children's Publisher of the Year and the British Book Award Children's Publisher of the Year.

<u>Adult</u>

Adult revenues were £13 million (2016: £13.4 million), with flat print book sales and a 10% reduction in higher margin e-book sales. According to statistics from the Publishers Association's Annual Yearbook, UK sales of trade e-books fell by 17% in 2016. Although our Children's division e-book sales continue to outperform due to the strength of Young Adult authors like Sarah J. Mass, our Adult division is showing the effects of the general industry-wide weakness. This change in sales mix, together with a £0.1 million incremental overhead investment following the strategic changes made recently in the division, have adversely impacted the result in the period.

The US list performed well. Successes in the US include *Dreamland: The True Tale of America's Opiate Epidemic* by Sam Quinones and *White Rage: The Unspoken Truth of Our Racial Divide* by Carol Anderson, which was the winner of the National Book Critics Award for Criticism and reached number seven on the *New York Times* Non-fiction paperback bestseller list.

In the UK *Tom Kerridge's Dopamine Diet* reached number one on the *Sunday Times* Original Non-Fiction list. *Lincoln in the Bardo* by George Saunders won the Man Booker Prize last Tuesday. *Home Fire* by Kamila Shamsie was longlisted for the Man Booker Prize. *Why I'm No Longer Talking to White People about Race* by Reni Eddo Lodge was longlisted for the Baillie Gifford Prize. It has also been shortlisted in the Best Cover/Jacket Design category of the British Book Design and Production Awards 2017.

Non-Consumer division

Total revenues in the division were up 8% to £27.4 million (2016: £25.4 million) and the adjusted operating loss was £0.4 million (2016: Loss of £0.4 million), where the prior year has been restated for a change in allocation of Group shared service costs as noted above. The result in the non-consumer division is weighted to the second half of the year, given the autumn sales of academic titles at the beginning of the academic year.

Academic & Professional

Academic & Professional revenues make up 61% of total division revenues. Core Academic & Professional revenues were up by 2% in the period, reflecting the growth in its digital portfolio. Including the Children's Educational sub-division, divisional sales were flat at £16.6 million on the back of strong education rights sales in the previous period.

Academic & Professional digital resources revenues grew 10% to £2.2 million (2016: £2 million). Digital revenues, including e-books, now represent 24% of total book revenues in the division (2016: 21%). The net investment in the income statement for digital resources in the period to 31 August 2017 was £0.6 million (2016: £0.3 million profit). We are on track to deliver four major new digital resources this year, one more than originally planned. Bloomsbury Design Library launched in July 2017 with our highest number of new product trials to date. Three new Drama Online modules have also gone live in this period: Aurora Metro, Playwrights Canada Press, and Bloomsbury Scholarly Collection: Critical Studies and Performance Practice. The Bloomsbury Food Library launched in September, and Bloomsbury Cultural History and Bloomsbury Encyclopaedia of Philosophers launch later this year. Following on from the FutureBook win for Platform of the Year last year, Bloomsbury Fashion Central won the IPG Ingram Content Group Digital Publishing Award. There is now a full global team in place to support Bloomsbury Digital Resources, with customer numbers and trials both seeing significant growth. We have a strong programme of products in development, our guidance on future investment levels is unchanged and we continue to target revenues rising to £15 million and profits of £5m from our digital resource publishing by financial year 2021/22.

Hart, Bloomsbury's academic law business, continues to show steady growth reflecting its increased publishing output and growing digital sales. Bloomsbury Professional's online subscription revenue increased by 17% following the launch of a number of new services this year. In the period Methuen Drama playwright David Ireland won the prestigious James Tait Black Prize for Drama for his play *Cyprus Avenue* and *Rotterdam* by Jon Brittain won the Olivier Award for Outstanding Achievement in an Affiliate Theatre. Carolyn Cocca's *Superwomen: Gender, Power, and Representation* won the Will Eisner Award for Best Academic/Scholarly Work. *Animated Landscapes*, edited by Chris Pallant, won the prestigious McLaren-Lambart award for Best Book on the Subject of Animation.

Special Interest

There was particular strength in the period from the special interest list where revenues grew 25% to £10.1 million (2016: £8.1 million). Key titles included Douglas Murray's *The Strange Death of Europe* which sold over 78,000 copies in five months and *Wisden Cricketers' Almanack 2017*. Green Tree, our new Health and Wellbeing list got off to a great start, its successes include *Sod Sitting, Get Moving!* by Diana Moran and Muir Gray and Jeannette Hyde's *The Gut Makeover*.

This month we announced the creation of a new imprint, Bloomsbury China, to publish, in English, works about China and for China, by Chinese, Western and other writers. In partnership with Chinese publishers and with Western and Chinese universities, Bloomsbury aims to develop sophisticated digital products to supplement and enhance print editions and will use the latest digital marketing and sales tools to maximise discovery, readership and sales. Bloomsbury China will launch in February 2018 with the publication of *The Complete Dramatic Works of Tang Xianzu*, who is known as the 'Shakespeare of the East' and China's greatest playwright. This is the first time his complete collected works have been translated into English and made available outside of China. They will subsequently be made available on Bloomsbury's award-winning Drama Online digital platform.

Content Services

Having secured new clients at the end of the last fiscal year, including Freshfields Bruckhaus Deringer, Royal Bank of Canada and ICAEW, Bloomsbury Content Services successfully delivered associated content services projects this first half. The largest managed service project, the IZA World of Labor, continues to grow with hundreds of peer-reviewed papers focused on labour economics reaching an expanding audience of policy makers, advisors and the media. Bloomsbury's Business list continues on its growth trajectory, with strong sales of titles such as *Leading Organisations* and *The 100 Year Life*, and the launch of new titles *Fully Connected* and *Dear CEO*.

Outlook

A very strong autumn Harry Potter list features the Illustrated Edition of *Harry Potter and the Prisoner of Azkaban*, the Illustrated Edition of *Fantastic Beasts and Where to Find Them* and two colour titles to accompany the British Library's Harry Potter exhibition; *Harry Potter – A History of Magic: The Book of The Exhibition* and *Harry Potter – A Journey Through A History of Magic*. Other key titles being published in the second half of the year include *A Baker's Life* by Paul Hollywood, *Lose Weight for Good* by Tom Kerridge and *River Cottage Much More Veg* by Hugh Fearnley-Whittingstall. Our new crime imprint, Raven Books, launches its second title *The Silent Companions* by Laura Purcell in October.

A new Illustrated Edition of *The Tales of Beedle the Bard* by J.K. Rowling will be published in October 2018. Chris Riddell, who has won the Kate Greenaway Medal three times, most recently for his illustrations in Neil Gaiman's *The Sleeper and the Spindle*, has been chosen as the illustrator.

Following the successful launch of two new major digital resources so far this year, we are on track to exceed the original plan of three major launches, with two further launches scheduled for the second half of the year; Bloomsbury Cultural History and Bloomsbury Encyclopaedia of Philosophers.

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 period for academic book sales and Christmas for sales of consumer books. We therefore expect our results to continue to be second-half weighted, as in previous years. Since the period end the Group continues to trade in line with the Board's expectations for the full year.

Condensed Consolidated Interim Income Statement
For the six months ended 31 August 2017

	Notes	**6 months ended 31 August 2017 £'000**	6 months ended 31 August 2016 £'000	Year ended 28 February 2017 £'000
Revenue	3	**72,113**	62,672	142,564
Cost of sales		**(35,417)**	(31,259)	(67,686)
Gross profit		**36,696**	31,413	74,878
Marketing and distribution costs		**(11,029)**	(9,798)	(20,977)
Administrative expenses		**(23,987)**	(21,562)	(44,499)
Operating profit before highlighted items		**2,474**	1,362	11,997
Highlighted items	4	**(794)**	(1,309)	(2,595)
Operating profit		**1,680**	53	9,402
Finance income		**55**	111	138
Finance costs		**-**	(17)	(96)
Profit before taxation and highlighted items		**2,529**	1,456	12,039
Highlighted items	4	**(794)**	(1,309)	(2,595)
Profit before taxation	3	**1,735**	147	9,444
Taxation		**(332)**	(37)	(2,091)
Profit for the period attributable to owners of the Company		**1,403**	110	7,353
Earnings per share attributable to owners of the Company				
Basic earnings per share	6	**1.88p**	0.15p	9.83p
Diluted earnings per share	6	**1.87p**	0.15p	9.81p

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 2017

	6 months ended 31 August 2017 £'000	6 months ended 31 August 2016 £'000	Year ended 28 February 2017 £'000
Profit for the period	**1,403**	110	7,353
Other comprehensive income			
Items that may be reclassified to the income statement:			
Exchange differences on translating foreign operations	**(1,387)**	2,288	4,587
Items that may not be reclassified to the income statement:			
Remeasurements on the defined benefit pension scheme	**3**	(174)	(58)
Other comprehensive income for the period net of tax	**(1,384)**	2,114	4,529
Total comprehensive income for the period attributable to owners of the Company	**19**	2,224	11,882

Items in the statement above are disclosed net of tax.

Condensed Consolidated Interim Statement of Financial Position
At 31 August 2017

	Notes	**31 August 2017 £'000**	31 August 2016 £'000	28 February 2017 £'000
Assets				
Goodwill		**42,385**	42,321	42,548
Other intangible assets		**20,402**	21,934	21,214
Investments		**300**	-	-
Property, plant and equipment		**2,134**	2,254	2,248
Deferred tax assets		**4,707**	3,151	4,808
Trade and other receivables	7	**1,692**	1,119	1,951
Total non-current assets		**71,620**	70,779	72,769
Inventories		**28,034**	28,929	28,611
Trade and other receivables	7	**75,865**	73,010	75,808
Cash and cash equivalents		**16,853**	9,092	15,478
Total current assets		**120,752**	111,031	119,897
Total assets		**192,372**	181,810	192,666
Liabilities				
Retirement benefit obligations		**251**	442	255
Deferred tax liabilities		**2,197**	2,674	2,225
Other payables		**947**	942	2,191
Provisions		**43**	43	43
Total non-current liabilities		**3,438**	4,101	4,714
Trade and other payables		**48,945**	42,635	47,365
Current tax liabilities		**631**	-	1,265
Provisions		**22**	22	23
Total current liabilities		**49,598**	42,657	48,653
Total liabilities		**53,036**	46,758	53,367
Net assets		**139,336**	135,052	139,299
Equity				
Share capital		**942**	942	942
Share premium		**39,388**	39,388	39,388
Translation reserve		**10,243**	9,331	11,630
Other reserves		**6,323**	6,698	6,274
Retained earnings		**82,440**	78,693	81,065
Total equity attributable to owners of the Company		**139,336**	135,052	139,299

Condensed Consolidated Interim Statement of Changes in Equity
At 31 August 2017

	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 2017	**942**	**39,388**	**11,630**	**1,803**	**22**	**5,492**	**(1,043)**	**81,065**	**139,299**
Profit for the period	-	-	-	-	-	-	-	1,403	1,403
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	(1,387)	-	-	-	-	-	(1,387)
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	3	3
Total comprehensive income for the period	**-**	**-**	**(1,387)**	**-**	-	**-**	**-**	**1,406**	**19**
Transactions with owners									
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(31)	(31)
Share-based payment transactions	-	-	-	-	-	49	-	-	49
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	-	**49**	**-**	**(31)**	**18**
At 31 August 2017	**942**	**39,388**	**10,243**	**1,803**	**22**	**5,541**	**(1,043)**	**82,440**	**139,336**

	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 2016	**939**	**39,388**	**7,043**	**1,386**	**22**	**5,428**	**(7)**	**78,768**	**132,967**
Profit for the period	-	-	-	-	-	-	-	110	110
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	2,288	-	-	-	-	-	2,288
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	(174)	(174)
Total comprehensive income for the period	**-**	**-**	**2,288**	**-**	-	**-**	**-**	**(64)**	**2,224**
Transactions with owners									
Issue of shares	3	-	-	417	-	-	-	-	420
Purchase of Shares by the Employee Benefit Trust	-	-	-	-	-	-	(570)	-	(570)
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(11)	(11)
Share-based payment transactions	-	-	-	-	-	22	-	-	22
Total transactions with owners of the Company	**3**	**-**	**-**	**417**	-	**22**	**(570)**	**(11)**	**(139)**
At 31 August 2016	**942**	**39,388**	**9,331**	**1,803**	**22**	**5,450**	**(577)**	**78,693**	**135,052**

	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 2016	**939**	**39,388**	**7,043**	**1,386**	**22**	**5,428**	**(7)**	**78,768**	**132,967**
Profit for the year	-	-	-	-	-	-	-	7,353	7,353
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	4,587	-	-	-	-	-	4,587
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	(58)	(58)
Total comprehensive income for the year	**-**	**-**	**4,587**	**-**	-	**-**	**-**	**7,295**	**11,882**
Transactions with owners									
Issue of shares	3	-	-	417	-	-	-	-	420
Purchase of Shares by the Employee Benefit Trust	-	-	-	-	-	-	(1,196)	-	(1,196)
Dividend to equity holders of the Company	-	-	-	-	-	-	-	(4,819)	(4,819)
Share options exercised	-	-	-	-	-	-	160	(160)	-
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(19)	(19)
Share-based payment transactions	-	-	-	-	-	64	-	-	64
Total transactions with owners of the Company	**3**	**-**	**-**	**417**	-	**64**	**(1,036)**	**(4,998)**	**(5,550)**
At 28 February 2017	**942**	**39,388**	**11,630**	**1,803**	**22**	**5,492**	**(1,043)**	**81,065**	**139,299**

Condensed Consolidated Interim Statement of Cash Flows
For the six months ended 31 August 2017

	6 months ended 31 August 2017 £'000	6 months ended 31 August 2016 £'000	Year ended 28 February 2017 £'000
Cash flows from operating activities			
Profit before taxation	**1,735**	147	9,444
Finance income	**(55)**	(111)	(138)
Finance costs	**-**	17	96
Operating profit	**1,680**	53	9,402
Adjustments for:			
Depreciation of property, plant and equipment	**220**	314	541
Amortisation of intangible assets	**1,995**	1,978	3,988
Share-based payment charges	**49**	29	73
	3,944	2,374	14,004
(Increase)/decrease in inventories	**(43)**	(292)	1,334
(Increase)/decrease in trade and other receivables	**(180)**	958	(2,873)
Increase in trade and other payables	**1,256**	2,563	7,318
Cash generated from operating activities	**4,977**	5,603	19,783
Income taxes (paid)/received	**(1,776)**	10	(1,009)
Net cash generated from operating activities	**3,201**	5,613	18,774
Cash flows from investing activities			
Purchase of property, plant and equipment	**(122)**	(98)	(267)
Purchases of intangible assets	**(1,239)**	(1,666)	(2,628)
Purchase of other investments	**(300)**	-	-
Interest received	**55**	111	120
Net cash used in investing activities	**(1,606)**	(1,653)	(2,775)
Cash flows from financing activities			
Purchase of shares by the Employee Benefit Trust	**-**	(570)	(1,196)
Equity dividends paid	**-**	-	(4,819)
Interest paid	**-**	(17)	(72)
Net cash used in financing activities	**-**	(587)	(6,087)
Net increase in cash and cash equivalents	**1,595**	3,373	9,912
Cash and cash equivalents at beginning of period	**15,478**	5,166	5,166
Exchange (loss)/gain on cash and cash equivalents	**(220)**	553	400
Cash and cash equivalents at end of period	**16,853**	9,092	15,478

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 2017 comprise 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 2017.

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 2017 and should be read in conjunction with the Annual Report 2017. 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 2017 Annual Report refers to other new standards effective from 1 March 2017. None of these standards have had a material impact in these financial statements.

The comparative financial information for the year ended 28 February 2017 does not constitute statutory accounts for that financial year. This information was extracted from the statutory accounts for the year ended 28 February 2017, 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 24 October 2017.

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, continuing sources of revenue and principal risks including the impact of Brexit. The Group's bank facilities consist of a £10 million to £14 million committed revolving loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle) which expires in May 2021, an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility renewable annually.

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 2017 Annual Report.

3. Segmental analysis

The Group is comprised of two worldwide publishing divisions: Consumer and Non-Consumer, reflecting the core customers for our different operations. The Consumer division is further split out into two operating segments; Children's Trade and Adult Trade, and Non-Consumer is split between four operating segments; Academic & Professional, Educational, Special Interest and Content Services. Educational has been aggregated with Academic & Professional to create one reportable segment. Both operating segments share very similar products, customers and sales behaviours.

Each reportable segment represents a cash-generating unit for the purpose of impairment testing. We have reallocated goodwill between reportable segments.

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:

* The results for the six months ended 31 August 2016 and year ended 28 February 2017 have been restated to reflect a change in the allocation of central administration costs, in order to provide a better understanding of underlying divisional results. This change has not affected the consolidated Group result.

Six months ended 31 August 2017	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	**31,687**	**13,008**	**44,695**	**16,608**	**10,093**	**717**	**27,418**	**-**	**72,113**
Cost of sales	(15,666)	(7,699)	(23,365)	(6,774)	(5,047)	(231)	(12,052)	-	(35,417)
Gross profit	**16,021**	**5,309**	**21,330**	**9,834**	**5,046**	**486**	**15,366**	**-**	**36,696**
Marketing and distribution costs	(5,070)	(2,389)	(7,459)	(2,008)	(1,505)	(57)	(3,570)	-	(11,029)
Contribution before administrative expenses	**10,951**	**2,920**	**13,871**	**7,826**	**3,541**	**429**	**11,796**	**-**	**25,667**
Administrative expenses excluding highlighted items	(6,243)	(4,712)	(10,955)	(8,572)	(3,177)	(489)	(12,238)	-	(23,193)
Operating profit/(loss) before highlighted items/ segment results	**4,708**	**(1,792)**	**2,916**	**(746)**	**364**	**(60)**	**(442)**	**-**	**2,474**
Amortisation of acquired intangible assets	-	(9)	(9)	(691)	(91)	(3)	(785)	-	(794)
Other highlighted items	-	-	-	-	-	-	-	-	-
Operating profit /(loss)	**4,708**	**(1,801)**	**2,907**	**(1,437)**	**273**	**(63)**	**(1,227)**	**-**	**1,680**
Finance income	-	-	-	-	-	-	-	55	55
Finance costs	-	-	-	-	-	-	-	-	-
Profit/(loss) before taxation	**4,708**	**(1,801)**	**2,907**	**(1,437)**	**273**	**(63)**	**(1,227)**	**55**	**1,735**
Taxation	-	-	-	-	-	-	-	(332)	(332)
Profit/(loss) for the period	**4,708**	**(1,801)**	**2,907**	**(1,437)**	**273**	**(63)**	**(1,227)**	**(277)**	**1,403**
Operating profit / (loss) before highlighted items/ segment results	**4,708**	**(1,792)**	**2,916**	**(746)**	**364**	**(60)**	**(442)**	**-**	**2,474**
Depreciation	76	45	121	61	34	4	99	-	220
Amortisation of internally generated intangibles	135	97	232	836	121	12	969	-	1,201
EBITDA before highlighted items	**4,919**	**(1,650)**	**3,269**	**151**	**519**	**(44)**	**626**	**-**	**3,895**

* Restated

Six months ended 31 August 2016	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	**23,897**	**13,381**	**37,278**	**16,651**	**8,069**	**674**	**25,394**	**-**	**62,672**
Cost of sales	(12,025)	(7,594)	(19,619)	(6,858)	(4,427)	(355)	(11,640)	-	(31,259)
Gross profit	**11,872**	**5,787**	**17,659**	**9,793**	**3,642**	**319**	**13,754**	**-**	**31,413**
Marketing and distribution costs	(3,882)	(2,652)	(6,534)	(2,085)	(1,106)	(73)	(3,264)	-	(9,798)
Contribution before administrative expenses	**7,990**	**3,135**	**11,125**	**7,708**	**2,536**	**246**	**10,490**	**-**	**21,615**
Administrative expenses excluding highlighted items	(4,772)	(4,593)	(9,365)	(7,418)	(3,017)	(453)	(10,888)	-	(20,253)
Operating profit/(loss) before highlighted items/ segment results	**3,218**	**(1,458)**	**1,760**	**290**	**(481)**	**(207)**	**(398)**	**-**	**1,362**
Amortisation of acquired intangible assets	-	(9)	(9)	(778)	(91)	(3)	(872)	-	(881)
Other highlighted items	-	-	-	-	-	-	-	(428)	(428)
Operating profit /(loss)	**3,218**	**(1,467)**	**1,751**	**(488)**	**(572)**	**(210)**	**(1,270)**	**(428)**	**53**
Finance income	-	-	-	-	-	-	-	111	111
Finance costs	-	-	-	-	-	-	-	(17)	(17)
Profit/(loss) before taxation	**3,218**	**(1,467)**	**1,751**	**(488)**	**(572)**	**(210)**	**(1,270)**	**(334)**	**147**
Taxation	-	-	-	-	-	-	-	(37)	(37)
Profit/(loss) for the period	**3,218**	**(1,467)**	**1,751**	**(488)**	**(572)**	**(210)**	**(1,270)**	**(371)**	**110**
Operating profit / (loss) before highlighted items/ segment results	**3,218**	**(1,458)**	**1,760**	**290**	**(481)**	**(207)**	**(398)**	**-**	**1,362**
Depreciation	94	61	155	97	56	6	159	-	314
Amortisation of internally generated intangibles	132	95	227	637	222	11	870	-	1,097
EBITDA before highlighted items	**3,444**	**(1,302)**	**2,142**	**1,024**	**(203)**	**(190)**	**631**	**-**	**2,773**

*Restated

Year ended 28 February 2017	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	**55,915**	**29,459**	**85,374**	**36,915**	**18,404**	**1,871**	**57,190**	**-**	**142,564**
Cost of sales	(26,838)	(15,688)	(42,526)	(15,474)	(9,076)	(610)	(25,160)	-	(67,686)
Gross profit	**29,077**	**13,771**	**42,848**	**21,441**	**9,328**	**1,261**	**32,030**	**-**	**74,878**
Marketing and distribution costs	(8,751)	(5,034)	(13,785)	(4,600)	(2,455)	(137)	(7,192)	-	(20,977)
Contribution before administrative expenses	**20,326**	**8,737**	**29,063**	**16,841**	**6,873**	**1,124**	**24,838**	**-**	**53,901**
Administrative expenses excluding highlighted items	(10,447)	(9,201)	(19,648)	(15,142)	(6,195)	(919)	(22,256)	-	(41,904)
Operating profit/(loss) before highlighted items/ segment results	**9,879**	**(464)**	**9,415**	**1,699**	**678**	**205**	**2,582**	**-**	**11,997**
Amortisation of acquired intangible assets	-	(18)	(18)	(1,478)	(182)	(5)	(1,665)	-	(1,683)
Other highlighted items	-	-	-	-	-	-	-	(912)	(912)
Operating profit /(loss)	**9,879**	**(482)**	**9,397**	**221**	**496**	**200**	**917**	**(912)**	**9,402**
Finance income	-	-	-	-	-	-	-	138	138
Finance costs	-	-	-	-	-	-	-	(96)	(96)
Profit/(loss) before taxation	**9,879**	**(482)**	**9,397**	**221**	**496**	**200**	**917**	**(870)**	**9,444**
Taxation	-	-	-	-	-	-	-	(2,091)	(2,091)
Profit/(loss) for the year	**9,879**	**(482)**	**9,397**	**221**	**496**	**200**	**917**	**(2,961)**	**7,353**
Operating profit before highlighted items/ segment results	**9,879**	**(464)**	**9,415**	**1,699**	**678**	**205**	**2,582**	**-**	**11,997**
Depreciation	162	109	271	162	98	10	270	-	541
Amortisation of internally generated intangibles	268	194	462	1,454	365	24	1,843	-	2,305
EBITDA before highlighted items	**10,309**	**(161)**	**10,148**	**3,315**	**1,141**	**239**	**4,695**	**-**	**14,843**

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

External revenue by product type

	Six months ended 31 August 2017 £'000	Six months ended 31 August 2016 £'000	Year ended 28 February 2017 £'000
Print	**60,122**	51,719	117,261
Digital	**8,876**	7,695	16,036
Rights and services	**3,115**	3,258	9,267
Total	**72,113**	62,672	142,564

Rights and services revenue includes revenue from copyright and trademark licences, management contracts, advertising and publishing services.

Total assets	**31 August 2017 £'000**	31 August 2016 £'000	28 February 2017 £'000
Children's Trade	**9,890**	8,724	9,057
Adult Trade	**7,893**	8,052	8,282
Academic & Professional	**56,559**	59,739	58,709
Special Interest	**13,481**	13,813	13,416
Content Services	**196**	190	198
Unallocated	**104,353**	91,292	103,004
Total assets	**192,372**	181,810	192,666

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

4. Highlighted items

	Six months ended 31 August 2017 £'000	Six months ended 31 August 2016 £'000	Year ended 28 February 2017 £'000
Legal and other professional fees	**-**	-	-
Restructuring costs	**-**	428	881
Other	**-**	-	31
Other highlighted items	**-**	428	912
Amortisation of acquired intangible assets	**794**	881	1,683
Total highlighted items	**794**	1,309	2,595

Highlighted items charged to operating profit comprise significant non-cash charges and the cost of major one-off initiatives 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 and future profitability of the business.

For the six months ended 31 August 2016 and year ended 28 February 2017 restructuring costs of £428,000 and £881,000 were primarily incurred as a result of strategic restructuring of the Bloomsbury US business.

5. Dividends

	Six months ended 31 August 2017 £'000	Six months ended 31 August 2016 £'000	Year ended 28 February 2017 £'000
Amounts arising in respect of the period			
Interim dividend for the period	**859**	823	823
Final dividend for the year	**-**	-	4,182
Total dividend for the period	**859**	823	5,005

The proposed interim dividend of 1.15 pence per ordinary share will be paid to the equity shareholders on 30 November 2017 to shareholders registered at close of business on 3 November 2017. The final dividend for 28 February 2017 was paid on 20 September 2017.

6. Earnings per share

The basic earnings per share for the six months ended 31 August 2017 is calculated using a weighted average number of Ordinary Shares in issue of 74,677,559 (31 August 2016: 74,834,869 and 28 February 2017: 74,820,311) 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 2017 Number	6 months ended 31 August 2016 Number	Year ended 28 February 2017 Number
Weighted average shares in issue	**74,677,559**	74,834,869	74,820,311
Dilution	**410,787**	112,842	111,762
Diluted weighted average shares in issue	**75,088,346**	74,947,711	74,932,073
	£'000	£'000	£'000
Profit after tax attributable to owners of the Company	**1,403**	110	7,353
Basic earnings per share	**1.88p**	0.15p	9.83p
Diluted earnings per share	**1.87p**	0.15p	9.81p
Adjusted profit attributable to owners of the Company	**2,112**	1,236	9,465
Adjusted basic earnings per share	**2.83p**	1.65p	12.65p
Adjusted diluted earnings per share	**2.81p**	1.65p	12.63p
Adjusted profit is derived as follows:			
Profit before tax	**1,735**	147	9,444
Amortisation of acquired intangible assets	**794**	881	1,683
Other highlighted items	**-**	428	912
Adjusted profit before tax	**2,529**	1,456	12,039
Tax expense	**332**	37	2,091
Deferred tax movements on goodwill and acquired intangible assets	**85**	97	321
Tax expense on other highlighted items	**-**	86	162
Adjusted tax	**417**	220	2,574
Adjusted profit	**2,112**	1,236	9,465

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

7. Trade and other receivables

Non-current	**31 August 2017 £'000**	31 August 2016 £'000	28 February 2017 £'000
Prepayments and accrued income	**1,692**	1,119	1,951
Non-current trade and other receivables	**1,692**	1,119	1,951
Current			
Gross trade receivables	**51,682**	46,780	50,326
Less: provision for impairment of receivables	**(683)**	(534)	(621)
Less: provision for returns	**(6,143)**	(5,629)	(6,536)
Net trade receivables	**44,856**	40,617	43,169
Income tax recoverable	**811**	840	401
Other receivables	**2,547**	1,852	1,961
Prepayments and accrued income	**4,172**	6,927	5,472
Royalty advances	**23,479**	22,774	24,805
Current trade and other receivables	**75,865**	73,010	75,808
Total trade and other receivables	**77,557**	74,129	77,759

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.

Royalty advances have been separated out from prepayments and accrued income to enable a user to get a better understanding of the business. 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 2017 £5,781,000 (31 August 2016 £5,651,000 and 28 February 2017 £6,371,000) of royalty advances relate to titles expected to publish after more than 12 months.

8. Related parties

The Group has no related party transactions in the period other than key management remuneration.

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

Directors	
Sir Richard Lambert	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
Steven Hall	Independent Non-Executive Director
Richard Charkin	Executive Director
Jonathan Glasspool	Executive Director
Wendy Pallot	Group Finance Director

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

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

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

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity 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

24 October 2017

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 especially around the Christmas period.
- The timing for completing rights and services deals depends on third parties.
- Group results are affected by changing exchange rates, although print costs are largely under fixed long term contracts.

A full list of risks and uncertainties is included in the 2017 Annual Report and Accounts.

INDEPENDENT REVIEW REPORT TO BLOOMSBURY PUBLISHING PLC

Conclusion

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 2017 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 interim statement of cash flows and the related explanatory notes.

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 2017 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

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 International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

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 DTR of 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.

John Bennett
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

24 October 2017