BLOOMSBURY PUBLISHING PLC

(“Bloomsbury” or the “Group”)

Unaudited Interim Results for the six months ended 31 August 2018

Strong strategic progress and growth across the business

Bloomsbury today announces unaudited results for the six months ended 31 August 2018.

The Group delivered a strong first half performance and trading is on track to achieve 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 previous years.

Financial Highlights

- Total revenues grew by 4% to £75.3 million (2017: £72.1 million)
- Profit before taxation and highlighted items* grew by 13% to £2.9 million (2017: £2.5 million)
- Profit before taxation of £1.6 million (2017: £1.7 million)
- Diluted earnings per share, excluding highlighted items*, grew by 12% to 3.14 pence (2017: 2.81p)
- Robust cash conversion of 172% (2017: 197%), excluding the acquisition, with net cash of £16.9 million at 31 August 2018 (2017: £16.9 million)
- Interim dividend up 5% to 1.21 pence per share (2017: 1.15 pence per share)
- The acquisition of I. B. Tauris (“IBT”) is expected to deliver £3.5 million of revenue and £0.3 million of profit for the full year, as previously notified

Operational Highlights

Consumer division

- Strong first half results, driven by an excellent Adult Trade performance, with revenue up 22%
- In Children’s Trade, sales of the Harry Potter series in the first half grew by 5%, building on the momentum of last year’s Harry Potter twentieth anniversary. Sarah J. Maas titles continued their bestselling performance, with lower sales due two front list titles compared to four for the same period last year

Non Consumer division

- Strong Academic & Professional performance, with revenue growth of 9%
- Bloomsbury Digital Resources 2020 (“BDR 2020”) Academic & Professional revenues up 13% on a like for like basis, excluding the impact of IFRS15
- Two new digital resources launched in the first half, Screen Studies and Bloomsbury Early Years, with a further three new launches for the second half, as planned
- Acquisition of IBT completed for £5.8 million, strengthening our digital resources with its quality academic IP

- New partnerships with Spotify, announced May 2018, and Yoox Net-A-Porter Group, announced July 2018, demonstrate our ability to develop innovative ways to market our digital offering
- Announced today, our substantial new five-year digital subscription contract with the Institute of Chartered Accountants of England & Wales ("ICAEW") for Bloomsbury Professional Tax Online, recognition of our digital content with a new B2B partner

Bigger Bloomsbury

Bigger Bloomsbury represents our seven key growth initiatives, announced in May. In the first half, we delivered very good progress on all seven of these strategic initiatives, with notable highlights including growth in Adult and Academic & Professional profitability, growth in overseas sales and continued working capital improvement.

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

"I am very pleased with the performance of our business over the last six months. Adjusted profit before tax is up 13%, driven by revenue growth of 4% and improved profitability in both segments of our business. Each of our territories achieved growth, and the Adult trade division delivered an outstanding performance, increasing revenues by 22%, as part of the turnaround we have been working towards in that division.

These strong results, following our excellent results for the interim and full year last year, demonstrates the underlying strength, resilience and further potential of our strategy.

In Consumer, we saw revenue growth of 5%, driven by success in the Adult division's great frontlist and backlist titles. New strong titles for the second half include *Fresh Start* by Tom Kerridge, *Kingdom of Ash* by Sarah J. Maas, the illustrated version of *The Tales of Beedle the Bard* by J.K Rowling and two new books from Peter Frankopan, *The Illustrated Silk Roads* and *The New Silk Roads*.

In Non Consumer, our Academic & Professional division continues to benefit from the Bloomsbury Digital Resources 2020 strategic growth initiative as we accelerate digital revenues and become a leading publisher in the B2B academic and professional market. Announced today, our new five-year subscription deal with the ICAEW, the very prestigious worldwide accountancy body, demonstrates strong ongoing demand for our online tax services.

We have made very good progress in all seven of our Bigger Bloomsbury initiatives focusing on our key growth drivers with targeted strategies across the Group to help grow our revenues and improve our margins over the next five years.

The Group is trading in line with the Board's expectations for the full year."

Notes
** Highlighted items comprise amortisation of acquired intangible and major one-off initiatives including professional and restructuring costs relating to the acquisition of IBT.*

For further information, please contact:
Bloomsbury Publishing Plc +44 (0) 20 7631 5630
Nigel Newton, Chief Executive
Penny Scott-Bayfield, Group Finance Director
FTI Consulting +44 (0) 203 727 1000
Charles Palmer / Dwight Burden / Leah Dudley SCBloomsbury@fticonsulting.com

Chief Executive's statement

Overview

It has been a strong six months for Bloomsbury. The Consumer and Non Consumer divisions both grew revenues, resulting in total Group revenues being 4% ahead of last year at £75.3 million (2017: £72.1 million). This growth came from Adult titles and Academic & Professional content. Group profit before tax and highlighted items increased 13% to £2.9 million (2017: £2.5 million).

Our Bloomsbury Digital Resources 2020 ('BDR 2020') digital growth strategy is delivering well, with a 13% increase year on year in Academic & Professional digital resource revenues on a like for like basis. The new five-year contract with the ICAEW, announced today, demonstrates the opportunities to further leverage our professional content on new digital platforms. Group profit includes £0.8 million of net investment in BDR 2020, which comprises £0.5 million on a like for like basis (2017: £0.8 million) and £0.3 million adverse impact of adopting IFRS 15 in the period.

We are focused on making the best use of our capital and to this end, as well as investing in our digital resources, in April 2018 we acquired the academic publisher IBT for £5.8 million. Of this, £4.7 million was consideration to former shareholders for equity, and the remainder was payment for pre-existing loans. Additionally, with Bloomsbury's strong balance sheet, we have been able to declare a 5% increase in the interim dividend.

The highlighted items in the period of £1.3 million (2017: £0.8 million) are the one-off restructuring costs related to acquisitions (£0.4 million) and amortisation of acquired intangible assets (£0.9 million). The effective rate of tax for the period increased to 21% (2017: 19%); the comparative included the benefit of a £0.4 million tax refund following the resolution of a tax loss claim from 2006. The adjusted effective rate of tax was 16% (2017: 16%). Diluted earnings per share for the period, excluding exceptional items, grew 12% to 3.14 pence (2017: 2.81 pence). Including highlighted items, profit before tax was £1.6 million (2017: £1.7 million) and diluted earnings per share was 1.62 pence (2017: 1.87 pence).

Cash

Cash generation continued to be robust with cash at period end of £16.9 million (2017: £16.9 million) and cash conversion of 172% (2017: 197%), excluding the IBT acquisition. This reflects the earlier payment of the 2017/18 final dividend; last year the final dividend was paid in the second half. Our focus on working capital continues – inventories have reduced by 3% or £0.7 million year on year, on a like-for-like basis, despite the revenue growth. We are on track to achieve a 5% reduction in inventory, using constant currencies, in 2018/19, excluding additions from acquisitions. Our strategic priority for cash is organic investment to grow and enhance our existing business. Of the £5.8 million paid for the acquisition of IBT, £5.0 million was paid in cash in the period and the balance will be paid subject to working capital and other adjustments over up to two years. We continue to assess potential acquisitions actively.

Dividend

The Group has a progressive dividend policy while aiming to keep dividend earnings cover in excess of two times. Investment in BDR is leading to earnings cover falling slightly below that level in the short-term, but the dividend is underpinned by strong cash cover. The Board has committed during this period of investment to maintain its progressive dividend policy on the basis that earnings cover will improve as the return on our investment accrues. The Board has declared an interim dividend of 1.21 pence per share, a 5% increase on the 1.15 pence interim dividend for the six months ended 31 August 2017. The dividend will be paid on 29 November 2018 to shareholders on the register at close of business on 2 November 2018.

Consumer Division

The Consumer division consists of Adult and Children's trade publishing. The Consumer division has had a good period with revenue for the division growing by 5% to £47.0 million (2017: £44.7 million), driven by an excellent performance from the Adult division. Operating profit before highlighted items increased by 8% to £3.1 million (2017: £2.9 million).

Adult Trade

The Adult team achieved 22% growth with revenue of £15.9 million (2017: £13.0 million), from success in front and backlist titles, including the paperback edition of *Why I'm No Longer Talking To White People About Race* by Reni Eddo-Lodge, *Home Fire* by Kamila Shamsie, *Kitchen Confidential* by Anthony Bourdain, *Sea Prayer* by Khaled Hosseini and the film tie-in edition of *The Guernsey Literary and Potato Peel Pie Society*. Our crime and thriller imprint Raven Books, which opens a new fiction market to Bloomsbury, is performing well with successful titles including *The Silent Companions* by Laura Purcell and the Sunday Times bestseller *The Seven Deaths of Evelyn Hardcastle* by Stuart Turton.

Our authors won the most important literary awards, notably the Golden Man Booker Prize with *The English Patient* by Michael Ondaatje, the Women's Prize for Fiction with *Home Fire* by Kamila Shamsie and the WHSmith Thumping Good Read Award with *The Silent Companions* by Laura Purcell. Carol Andersen's *One Person No Vote* is longlisted for the National Book Award 2018. We were also selected by GCHQ to publish the authorised history of its first 100 years.

Children's Trade

Children's sales were £31.1 million, in line with the same period in 2017. Sales of the Harry Potter series in the first half grew by 5%. Last year's Harry Potter twentieth anniversary generated one of the highest levels of revenue since the initial publications, and we've been pleased to build on this momentum in the first half. The standard edition of *Harry Potter and the Philosopher's Stone* was the number six bestselling children's book of the year to date on UK Nielsen Bookscan, 21 years after it was first published – every year these classics reach a new generation of readers.

Excluding Harry Potter, Children's sales were 9% lower year on year, due to the timing of Sarah J. Maas releases, with two new titles in the period compared to four last year. The reduction in profit in the first half was due to the timing of Sarah J. Maas releases and the mix of Harry Potter sales.

Our strong Consumer list for the second-half includes *Fresh Start* by Tom Kerridge, *Kingdom of Ash* by Sarah J. Maas, the illustrated version of *The Tales of Beedle the Bard* by J.K Rowling and illustrated by Chris Riddell, and two new books from Peter Frankopan, *The Illustrated Silk Roads* and *The New Silk Roads*.

Non Consumer Division

The Non Consumer division consists of Academic & Professional, Special Interest and Content Services. Revenues in the division increased by 3% to £28.3 million (2017: £27.4 million). Academic & Professional revenues grew 9% to £18.0 million (2017: £16.6 million). The Non Consumer division Adjusted operating loss was £0.3 million (2017: loss of £0.4 million). The result reflects improved Academic & Professional profitability, the ongoing investment in the BDR 2020 initiative of £0.8 million (2017: £0.8 million), which included a £0.3 million charge generated by the adoption of IFRS 15, and lower Special Interest profit following the strong comparative with *The Strange Death of Europe* by Douglas Murray last year.

The strategic growth initiative BDR 2020 will make Bloomsbury a leading non-consumer publisher in the B2B academic and professional information market and significantly accelerate the growth of digital revenues.

We launched two new digital resources during the period, Screen Studies and Bloomsbury Early Years, and our pipeline is strong, with a further three new digital resources launching in the second half, as originally planned. We have also launched new, more flexible ways for our customers to buy from us in the form of "Title by Title" acquisition and the Evidence Based Acquisition models. "Title by Title" makes available for the first time some 4,000 backlist Bloomsbury Academic titles as part of the digital resource programme.

Today we also announced our five-year contract with the ICAEW, to provide their members with access to our online UK tax and financial reporting content. This subscription deal demonstrates the opportunities to market other services to the practice market and further leverage our professional content on new digital platforms.

Bigger Bloomsbury Initiative

Bloomsbury continues to focus on quality revenues and building upon the strong momentum achieved last year. Our Bigger Bloomsbury initiative, announced in May 2018, focusing on our key growth drivers with targeted strategies across the Group to help grow our revenues and improve our margins over the next five years. Good progress made on all seven of these initiatives during the period included:

1. Growing the profits of the Adult division:
    - Adult operating profit up 121% to £0.4 million

2. Growing the profits of the Academic & Professional division:
    - Academic & Professional profit up 107% to £0.1 million

3. Reducing our finished goods stock further by continuing to roll out globally efficiencies already made in the UK business:
    - Inventories down 3% on a like for like basis

4. Increasing the focus on Bloomsbury's nine biggest assets, starting with Harry Potter, Sarah J. Mass and Tom Kerridge:
    - Strong first half performance on front and back list for key assets

5. Maximising the success of Bloomsbury Digital Resources 2020:
    - Our new five-year contract with the ICAEW, leveraging our professional content, and good first half performance with 13% growth in Academic & Professional digital resource revenue on a like for like basis

6. Accelerating the growth of Bloomsbury's sales in the USA, Australia and India;
    - US revenues up 3%, Australia revenues up 5% and India revenues up 33% (in local currency)

7. Developing Bloomsbury China:
    - China Global Publishing – Following signing the Memorandum of Understanding with our Chinese partner China Youth Press International in May 2018, Bloomsbury has developed opportunities with interest from a number of leading Chinese publishers, with the aim of bringing Chinese publishing to Western audiences.

IFRS 15

During the period *IFRS 15, Revenue from Contracts with Customers* ('IFRS 15'), was introduced. Adoption of this standard has not had a material impact on the Group's results.

In the Non Consumer division, adopting IFRS 15 has impacted the timing of recognition of certain non subscription Perpetual Access ("PA") digital resource sales. Previously, revenue from sales of these products were recognised when the customer was granted access; under IFRS 15 a proportion of these revenues are recognised over 5 years. The impact of this is to defer revenue and profit from certain PA sales compared to the previous treatment. For the six months ended 31 August 2018, the net impact has been to reduce Bloomsbury Digital Resources revenue by £0.3 million and PBTA by £0.3 million.

Outlook

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 significantly second-half weighted, as in the past.

Our strong Consumer book list for the second half includes the latest from Sarah J. Maas, *Kingdom of Ash*, the illustrated version of *The Tales of Beedle the Bard* by J.K. Rowling, illustrated by Chris Riddell, *The Restless Girls* by Jessie Burton and *To Obama* by Jeanne Marie Laskas. In addition, Bloomsbury is publishing Tom Kerridge's *Fresh Start*, a major new cookery book to accompany his new BBC TV series, and two further books from Peter Frankopan, *The Silk Roads Illustrated Edition* and *The New Silk Roads*.

Following the successful launch of the 'Title by Title' and Evidence Based Acquisition new sales models as well as two major digital resources so far this year, we are on track to launch three further major digital resources in the second half as planned. Our new partnership with the ICAEW, and previously announced publishing partnerships with the Spotify, Yoox Net-A-Porter and the BFI will also deliver value this year.

The Group is trading in line with the Board's expectations for the full year.

Condensed Consolidated Interim Income Statement
For the six months ended 31 August 2018

	Notes	**6 months ended 31 August 2018 £'000**	6 months ended 31 August 2017 £'000	Year ended 28 February 2018 £'000
Revenue	3	**75,324**	72,113	161,510
Cost of sales		**(38,436)**	(35,417)	(77,155)
Gross profit		**36,888**	36,696	84,355
Marketing and distribution costs		**(10,513)**	(11,029)	(22,814)
Administrative expenses		**(24,832)**	(23,987)	(50,000)
Operating profit before highlighted items		**2,842**	2,474	13,114
Highlighted items	4	**(1,299)**	(794)	(1,573)
Operating profit		**1,543**	1,680	11,541
Finance income		**40**	55	151
Finance costs		**(28)**	-	(48)
Profit before taxation and highlighted items		**2,854**	2,529	13,217
Highlighted items	4	**(1,299)**	(794)	(1,573)
Profit before taxation	3	**1,555**	1,735	11,644
Taxation		**(326)**	(332)	(2,574)
Profit for the period attributable to owners of the Company		**1,229**	1,403	9,070
Earnings per share attributable to owners of the Company				
Basic earnings per share	6	**1.65p**	1.88p	12.15p
Diluted earnings per share	6	**1.62p**	1.87p	12.06p

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 2018

	6 months ended 31 August 2018 £'000	6 months ended 31 August 2017 £'000	Year ended 28 February 2018 £'000
Profit for the period	**1,229**	1,403	9,070
Other comprehensive income			
Items that may be reclassified to the income statement:			
Exchange differences on translating foreign operations	**1.931**	(1,387)	(3,943)
Items that may not be reclassified to the income statement:			
Remeasurements on the defined benefit pension scheme	**(11)**	3	27
Other comprehensive income for the period net of tax	**1,920**	(1,384)	(3,916)
Total comprehensive income for the period attributable to owners of the Company	**3,149**	19	5,154

Items in the statement above are disclosed net of tax.

Condensed Consolidated Interim Statement of Financial Position
At 31 August 2018

	Notes	31 August 2018 £'000	31 August 2017 £'000	28 February 2018 £'000
Assets				
Goodwill		**44,753**	42,385	42,139
Other intangible assets		**22,848**	20,402	19,885
Investments		**300**	300	300
Property, plant and equipment		**2,006**	2,134	2,083
Deferred tax assets		**3,087**	4,707	2,092
Trade and other receivables	8	**1,486**	1,692	1,530
Total non-current assets		**74,480**	71,620	68,029
Inventories		**30,372**	28,034	26,677
Trade and other receivables	8	**77,257**	75,865	76,857
Cash and cash equivalents		**16,944**	16,853	25,428
Total current assets		**124,573**	120,752	128,962
Total assets		**199,053**	192,372	196,991
Liabilities				
Retirement benefit obligations		**153**	251	170
Deferred tax liabilities		**2,621**	2,197	1,993
Other payables		**-**	947	-
Provisions		**57**	43	57
Total non-current liabilities		**2,831**	3,438	2,220
Trade and other payables		**58,837**	48,945	55,185
Current tax liabilities		**-**	631	-
Provisions		**205**	22	23
Total current liabilities		**59,042**	49,598	55,208
Total liabilities		**61,873**	53,036	57,428
Net assets		**137,180**	139,336	139,563
Equity				
Share capital		**942**	942	942
Share premium		**39,388**	39,388	39,388
Translation reserve		**9,618**	10,243	7,687
Other reserves		**6,711**	6,323	6,455
Retained earnings		**80,521**	82,440	85,091
Total equity attributable to owners of the Company		**137,180**	139,336	139,563

Condensed Consolidated Interim Statement of Changes in Equity
At 31 August 2018

	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 2018	**942**	**39,388**	**7,687**	**1,803**	**22**	**5,673**	**(1,043)**	**85,091**	**139,563**
Adjustment on initial application of IFRS 15 net of tax (see note 2b)	-	-	-	-	-	-	-	(857)	(857)
Adjustment on initial application of IFRS 9 net of tax (see note 2c)	-	-	-	-	-	-	-	(200)	(200)
At 1 March 2018 (adjusted)	**942**	**39,388**	**7,687**	**1,803**	**22**	**5,673**	**(1,043)**	**84,034**	**138,506**
Profit for the period	-	-	-	-	-	-	-	1,229	1,229
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	1,931	-	-	-	-	-	1,931
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	(11)	(11)
Total comprehensive income for the period	**-**	**-**	**1,931**	**-**	-	**-**	**-**	**1,218**	**3,149**
Transactions with owners									
Dividends to equity holders of the Company	-	-	-	-	-	-	-	(4,749)	(4,749)
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	18	18
Share-based payment transactions	-	-	-	-	-	256	-	-	256
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	-	**256**	**-**	**(4,731)**	**(4,475)**
At 31 August 2018	**942**	**39,388**	**9,618**	**1,803**	**22**	**5,929**	**(1,043)**	**80,521**	**137,180**

	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 2017	**942**	**39,388**	**11,630**	**1,803**	**22**	**5,492**	**(1,043)**	**81,065**	**139,299**
Profit for the year	-	-	-	-	-	-	-	9,070	9,070
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	(3,943)	-	-	-	-	-	(3,943)
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	27	27
Total comprehensive income for the year	**-**	**-**	**(3,943)**	**-**	-	**-**	**-**	**9,097**	**5,154**
Transactions with owners									
Dividend to equity holders of the Company	-	-	-	-	-	-	-	(5,041)	(5,041)
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(30)	(30)
Share-based payment transactions	-	-	-	-	-	181	-	-	181
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	-	**181**	**-**	**(5,071)**	**(4,890)**
At 28 February 2018	**942**	**39,388**	**7,687**	**1,803**	**22**	**5,673**	**(1,043)**	**85,091**	**139,563**

Condensed Consolidated Interim Statement of Cash Flows
For the six months ended 31 August 2018

	6 months ended 31 August 2018 £'000	6 months ended 31 August 2017 £'000	Year ended 28 February 2018 £'000
Cash flows from operating activities			
Profit for the period	**1,229**	1,403	9,070
Adjustments for:			
Depreciation of property, plant and equipment	**234**	220	434
Amortisation of intangible assets	**2,030**	1,995	4,002
Finance income	**(40)**	(55)	(151)
Finance costs	**28**	-	48
Share-based payment charges	**316**	49	202
Tax expense	**326**	332	2,574
	4,123	3,944	16,179
(Increase)/decrease in inventories	**(1,349)**	(43)	1,399
Decrease/(increase) in trade and other receivables	**2,170**	(180)	(2,529)
(Decrease)/increase in trade and other payables	**(2,029)**	1,256	6,969
Cash generated from operating activities	**2,915**	4,977	22,018
Income taxes paid	**(1,521)**	(1,776)	(3,049)
Net cash generated from operating activities	**1,394**	3,201	18,969
Cash flows from investing activities			
Purchase of property, plant and equipment	**(112)**	(122)	(314)
Purchases of intangible assets	**(1,151)**	(1,239)	(2,808)
Purchase of business, net of cash acquired	**(3,898)**	-	-
Purchase of other investments	**-**	(300)	(300)
Interest received	**40**	55	139
Net cash used in investing activities	**(5,121)**	(1,606)	(3,283)
Cash flows from financing activities			
Equity dividends paid	**(4,749)**	-	(5,041)
Repayment of overdraft	**(201)**	-	-
Interest paid	**(28)**	-	(31)
Net cash used in financing activities	**(4,978)**	-	(5,072)
Net (decrease)/increase in cash and cash equivalents	**(8,705)**	1,595	10,614
Cash and cash equivalents at beginning of period	**25,428**	15,478	15,478
Exchange gain/(loss) on cash and cash equivalents	**221**	(220)	(664)
Cash and cash equivalents at end of period	**16,944**	16,853	25,428

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 2018 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 2018.

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 2018 and should be read in conjunction with the Annual Report 2018. 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 2018 Annual Report refers to other new standards effective from 1 March 2018. None of these standards have had a material impact in these financial statements.

The comparative financial information for the year ended 28 February 2018 does not constitute statutory accounts for that financial year. This information was extracted from the statutory accounts for the year ended 28 February 2018, 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 23 October 2018.

b) Change of accounting policy: IFRS 15

The Group has adopted *IFRS 15 Revenue from Contracts with Customers* from 1 March 2018 and applied the cumulative effect method. Comparatives for 2018 have not been restated and the cumulative impact of adoption has been recognised as a decrease to opening retained earnings as follows:

Retained earnings	£'000
Print	(608)
Subscription Income (part of digital)	(387)
Licence income (part of rights and services)	(76)
Impact on profit before tax	(1,071)
Taxation	214
Total impact at 1 March 2018	**(857)**

	£’000
Non-current assets	
Deferred tax assets	214
Current assets	
Inventories	438
Trade and other receivables	(1,051)
Current liabilities	
Trade and other payables	(458)
Total impact at 1 March 2018	**(857)**

These areas of the business have been impacted by adoption of IFRS 15:

Subscription income: Adopting IFRS 15 has impacted the timing of recognition of certain non-subscription Perpetual Access (“PA”) digital platform sales. Previously, revenue from sales of these products was recognised when the customer was granted access; under IFRS 15 as the platform is updated or enhanced over time a proportion of these revenues are recognised over 5 years. The impact of this is to defer revenue and profit from certain PA sales compared to the previous treatment.

Licence income (part of rights and services): Previously, revenue from the licence of brands was recognised at a point in time. Under IFRS 15, as the customer’s benefit from the brand is dependent upon our ongoing activities that support or maintain the value of the intellectual property, the licence income is treated as a right to access and revenue recognised over time.

Print: Where our distributors bear the bad debt risk, revenues were previously recognised when the invoice was raised by the distributor. Under IFRS 15, revenue is recognized when the customer receives the stock.

Returns provision: Previously, the provision for returns and associated inventory recovery and royalty recovery assets provision was included on a net basis within trade receivables. Under IFRS 15, the relevant balances are included within trade and other receivables, inventory and trade and other liabilities.

The impact of adopting IFRS 15 on the results for the period to 31 August 2018 is shown below:

	Amounts pre IFRS 15 £'000	Transition adjustment £'000	In period adjustment £'000	Amounts as reported £'000
Revenue	75,730	-	(406)	75,324
Gross profit	37,130	-	(242)	36,888
Operating profit	1,759	-	(216)	1,543
Taxation	(369)	-	43	(326)
Profit for the period	**1,392**	**-**	**(163)**	**1,229**
Non-current assets				
Deferred tax assets	2,873	214	-	3,087
Current assets				
Inventories	29,806	438	128	30,372
Trade and other receivables	78,279	(1,051)	29	77,257
Current liabilities				
Trade and other payables	(58,059)	(458)	(320)	(58,837)
Net assets	**138,200**	**(857)**	**(163)**	**137,180**

c) Change of accounting policy: IFRS 9

The Group has adopted IFRS 9 *Financial Instruments* from 1 March 2018 and applied the cumulative effect method. Comparatives for 2018 have not been restated and the cumulative impact of adoption has been recognised as a decrease to opening retained earnings as follows:

Retained earnings	£'000
Provision for impairment of trade receivables	(254)
Taxation	54
Total impact at 1 March 2018	**(200)**
Non-current assets	
Deferred tax assets	54
Current assets	
Trade and other receivables	(254)
Total impact at 1 March 2018	**(200)**

The adjustment above arises from the adoption of the forward-looking expected loss impairment model under IFRS 9, which replaces the incurred loss model of IAS 39, when recognising provisions for impairment of trade receivables. Although there is a transition impact from adoption of the new model there was no material impact on profit before tax for the period to 31 August 2018.

d) 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.

e) 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 2018 Annual Report with the exception of IFRS 9 and IFRS 15.

Due to the adoption of IFRS 9, the Group determines its loss allowance for financial assets by making assumptions and using judgment about the risk of default and expected loss rates, using the group's past history, existing market conditions as well as forward-looking information at the end of each reporting period. Furthermore, as a result of the adoption of IFRS 15, we make judgments on the timing of satisfaction of performance obligation, (un)bundling of multi-element arrangements, the fair value of a performance obligation, variable considerations such as provisions for returns, determination whether the revenue should be recognized over time or at a point in time, and the product and contract life.

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:

Six months ended 31 August 2018	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	**31,112**	**15,932**	**47,044**	**18,037**	**9,889**	**354**	**28,280**	**-**	**75,324**
Cost of sales	(17,269)	(8,486)	(25,755)	(7,299)	(5,222)	(160)	(12,681)	-	(38,436)
Gross profit	**13,843**	**7,446**	**21,289**	**10,738**	**4,667**	**194**	**15,599**	**-**	**36,888**
Marketing and distribution costs	(4,532)	(2,550)	(7,082)	(2,017)	(1,392)	(22)	(3,431)	-	(10,513)
Contribution before administrative expenses	**9,311**	**4,896**	**14,207**	**8,721**	**3,275**	**172**	**12,168**	**-**	**26,375**
Administrative expenses excluding highlighted items	(6,538)	(4,527)	(11,065)	(8,666)	(3,352)	(450)	(12,468)	-	(23,533)
Operating profit/(loss) before highlighted items/ segment results	**2,773**	**369**	**3,142**	**55**	**(77)**	**(278)**	**(300)**	**-**	**2,842**
Amortisation of acquired intangible assets	-	(9)	(9)	(758)	(110)	(3)	(871)	-	(880)
Other highlighted items	-	-	-	-	-	-	-	(419)	(419)
Operating profit /(loss)	**2,773**	**360**	**3,133**	**(703)**	**(187)**	**(281)**	**(1,171)**	**(419)**	**1,543**
Finance income	-	-	-	-	-	-	-	40	40
Finance costs	-	-	-	-	-	-	-	(28)	(28)
Profit/(loss) before taxation	**2,773**	**360**	**3,133**	**(703)**	**(187)**	**(281)**	**(1,171)**	**(407)**	**1,555**
Taxation	-	-	-	-	-	-	-	(326)	(326)
Profit/(loss) for the period	**2,773**	**360**	**3,133**	**(703)**	**(187)**	**(281)**	**(1,171)**	**(733)**	**1,229**
Operating profit / (loss) before highlighted items/ segment results	**2,773**	**369**	**3,133**	**55**	**(77)**	**(278)**	**(300)**	**-**	**2,842**
Depreciation	89	43	132	68	31	3	102	-	234
Amortisation of internally generated intangibles	179	87	266	771	101	12	884	-	1,150
EBITDA before highlighted items	**3,041**	**499**	**3,540**	**894**	**55**	**(263)**	**686**	**-**	**4,226**

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**

Year ended 28 February 2018	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	**69,150**	**33,071**	**102,221**	**36,517**	**21,308**	**1,464**	**59,289**	**-**	**161,510**
Cost of sales	(34,128)	(18,264)	(52,392)	(14,834)	(9,491)	(438)	(24,763)	-	(77,155)
Gross profit	**35,022**	**14,807**	**49,829**	**21,683**	**11,817**	**1,026**	**34,526**	**-**	**84,355**
Marketing and distribution costs	(10,076)	(5,258)	(15,334)	(4,378)	(2,978)	(124)	(7,480)	-	(22,814)
Contribution before administrative expenses	**24,946**	**9,549**	**34,495**	**17,305**	**8,839**	**902**	**27,046**	**-**	**61,541**
Administrative expenses excluding highlighted items	(13,323)	(9,777)	(23,100)	(17,666)	(6,614)	(1,047)	(25,327)	-	(48,427)
Operating profit/(loss) before highlighted items/ segment results	**11,623**	**(228)**	**11,395**	**(361)**	**2,225**	**(145)**	**1,719**	**-**	**13,114**
Amortisation of acquired intangible assets	-	(18)	(18)	(1,368)	(182)	(5)	(1,555)	-	(1,573)
Operating profit /(loss)	**11,623**	**(246)**	**11,377**	**(1,729)**	**2,043**	**(150)**	**164**	**-**	**11,541**
Finance income	-	-	-	-	-	-	-	151	151
Finance costs	-	-	-	-	-	-	-	(48)	(48)
Profit/(loss) before taxation	**11,623**	**(246)**	**11,377**	**(1,729)**	**2,043**	**(150)**	**164**	**103**	**11,644**
Taxation	-	-	-	-	-	-	-	(2,574)	(2,574)
Profit/(loss) for the year	**11,623**	**(246)**	**11,377**	**(1,729)**	**2,043**	**(150)**	**164**	**(2,471)**	**9,070**
Operating profit before highlighted items/ segment results	**11,623**	**(228)**	**11,395**	**(361)**	**2,225**	**(145)**	**1,719**	**-**	**13,114**
Depreciation	146	89	235	126	66	7	199	-	434
Amortisation of internally generated intangibles	272	198	470	1,693	241	25	1,959	-	2,429
EBITDA before highlighted items	**12,041**	**59**	**12,100**	**1,458**	**2,532**	**(113)**	**3,877**	**-**	**15,977**

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 2018 £'000	Six months ended 31 August 2017 £'000	Year ended 28 February 2018 £'000
Print	**62,244**	60,122	134,808
Digital	**9,567**	8,876	18,048
Rights and services	**3,513**	3,115	8,654
Total	**75,324**	72,113	161,510

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

Total assets	**31 August 2018 £'000**	31 August 2017 £'000	28 February 2018 £'000
Children's Trade	**11,737**	9,890	9,163
Adult Trade	**8,442**	7,893	7,788
Academic & Professional	**60,887**	56,559	55,302
Special Interest	**13,880**	13,481	13,349
Content Services	**176**	196	162
Unallocated	**103,931**	104,353	111,227
Total assets	**199,053**	192,372	196,991

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

4. Highlighted items

	Six months ended 31 August 2018 £'000	Six months ended 31 August 2017 £'000	Year ended 28 February 2018 £'000
Legal and other professional fees	**160**	-	-
Restructuring costs	**259**	-	-
Other highlighted items	**419**	-	-
Amortisation of acquired intangible assets	**880**	794	1,573
Total highlighted items	**1,299**	794	1,573

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 2018 restructuring costs of £259,000 and legal and other professional fees of £160,000 were incurred as a result of the acquisition of I.B. Tauris Limited (see note 7).

5. Dividends

	Six months ended 31 August 2018 £'000	Six months ended 31 August 2017 £'000	Year ended 28 February 2018 £'000
Amounts paid in the period			
Prior period final dividend	**4,749**	-	**4,182**
Interim dividend	**-**	-	**859**
Total dividend payments in the period	**4,749**	-	**5,041**
Amounts arising in respect of the period			
Interim dividend for the period	**904**	859	859
Final dividend for the year	**-**	-	4,749
Total dividend for the period	**904**	859	5,608

The proposed interim dividend of 1.21 pence per ordinary share will be paid to the equity shareholders on 29 November 2018 to shareholders registered at close of business on 2 November 2018. The final dividend for the year ended 28 February 2018 was paid on 24 August 2018.

6. Earnings per share

The basic earnings per share for the six months ended 31 August 2018 is calculated using a weighted average number of Ordinary Shares in issue of 74,677,559 (31 August 2017: 74,677,559 and 28 February 2018: 74,677,559) 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 2018 Number	6 months ended 31 August 2017 Number	Year ended 28 February 2018 Number
Weighted average shares in issue	**74,677,559**	74,677,559	74,677,559
Dilution	**1,157,184**	410,787	538,096
Diluted weighted average shares in issue	**75,834,743**	75,088,346	75,215,655
	£'000	£'000	£'000
Profit after tax attributable to owners of the Company	**1,229**	1,403	9,070
Basic earnings per share	**1.65p**	1.88p	12.15p
Diluted earnings per share	**1.62p**	1.87p	12.06p
Adjusted profit attributable to owners of the Company	**2,384**	2,112	10,472
Adjusted basic earnings per share	**3.19p**	2.83p	14.02p
Adjusted diluted earnings per share	**3.14p**	2.81p	13.92p

Adjusted profit is derived as follows:			
Profit before tax	**1,555**	1,735	11,644
Amortisation of acquired intangible assets	**880**	794	1,573
Other highlighted items	**419**	-	-
Adjusted profit before tax	**2,854**	2,529	13,217
Tax expense	**326**	332	2,574
Deferred tax movements on goodwill and acquired intangible assets	**93**	85	171
Tax expense on other highlighted items	**51**	-	-
Adjusted tax	**470**	417	2,745
Adjusted profit	**2,384**	2,112	10,472

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. Acquisitions

On 30 April 2018 the Group acquired the issued share capital of I. B. Tauris Limited (‘IBT’), the academic publisher. The consideration of £4.8 million was satisfied by the payment of £4.0 million in cash on completion and up to £0.8 million is to be paid out post completion subject to working capital and other adjustments. The previously disclosed £5.8 million consideration includes the payment of preexisting IBT obligation including loans to shareholders and the current loans.

IBT has a world-leading list in Middle East Studies, History, Politics and International Relations. Other subject areas in which it has a sizeable presence are Visual Culture, Classics, Ancient History and Religion. Around 90% of sales are in print, so there is significant potential to grow digital revenues. IBT titles will be included within Bloomsbury's digital resources. The business will operate within Bloomsbury's Academic & Professional division.

The table below summarises the provisional fair values to the Group included in the consolidated financial statements of the major categories of assets and liabilities of IBT at the date of acquisition.

Net assets acquired	Provisional fair value to the Group £’000
Identifiable intangible assets	3,783
Property, plant and equipment	30
Deferred tax assets	625
Inventories	1,260
Trade and other receivables	1,376
Cash and cash equivalents	93
Deferred tax liabilities	(643)
Overdraft and current loans	(201)
Payables and provisions	(4,076)
Total net assets acquired	**2,247**
Goodwill	2,397
Total	4,644
Satisfied by:	
Cash consideration	3,991
Deferred consideration	653
Total consideration	**4,644**

Provisional identifiable intangible assets of £3,783,000 consist of publishing rights and imprints. The publishing rights have a useful life of 11 years and imprints have a useful life of 20 years. The goodwill arising of £2,397,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

The gross contractual trade receivable at acquisition is £1,434,000 of which £217,000 is the best estimate of the contractual cash flows that are not expected to be collected.

Transaction costs of £160,000 have been expensed in the period within administrative expenses.

From 1 May 2018, revenue of £868,000 and loss before tax attributable to owners of the Company of £255,000 have been included in the consolidated income statement for the period ended 31 August 2018 in relation to IBT.

If the acquisition had occurred on 1 March 2018 the revenue and profit attributable to shareholders of the combined entity for the current period would have been £75.9 million and £1.1 million respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

8. Trade and other receivables

Non-current	**31 August 2018 £'000**	31 August 2017 £'000	28 February 2018 £'000
Prepayments and accrued income	**1,486**	1,692	1,530
Non-current trade and other receivables	**1,486**	1,692	1,530
Current			
Gross trade receivables	**55,815**	51,682	56,419
Less: provision for impairment of trade receivables	**(1,577)**	(683)	(931)
Less: provision for returns	**(7,830)**	(6,143)	(7,922)
Net trade receivables	**46,408**	44,856	47,566
Income tax recoverable	**1,965**	811	823
Other receivables	**1,295**	2,547	1,311
Prepayments and accrued income	**4,559**	4,172	4,840
Royalty advances	**23,030**	23,479	22,317
Current trade and other receivables	**77,257**	75,865	76,857
Total trade and other receivables	**78,743**	77,557	78,387

Trade receivables principally comprise amounts receivable from the sale of books due from distributors. Most 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. At 28 February 2018 we changed the presentation of the royalty and inventory recovery asset in respect of the expected print titles returns for the Group. If 31 August 2017 were to be restated an inventory recovery asset of £0.6 million would be recognised within inventory and a royalty recovery asset of £0.3 million would be recognised within trade and other payables with a corresponding decrease of £0.9 million recognised as a provision for returns within trade and other receivables.

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 2018 £6,595,000 (31 August 2017 £5,781,000 and 28 February 2018 £5,640,000) of royalty advances relate to titles expected to publish after more than 12 months.

9. 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
Jonathan Glasspool	Executive Director
Penny Scott-Bayfield	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 Penny Scott-Bayfield

23 October 2018

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 2018 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 2018 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of changes in equity, the condensed consolidate 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 2018 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.

As disclosed in note 2, 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.

Sarah Styant

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

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