BLOOMSBURY PUBLISHING Plc
("Bloomsbury" or "the Group")
Unaudited Interim Results for the six months ended 31 August 2012

Bloomsbury Publishing Plc today announces six month results for the period ended 31 August 2012.

Financial highlights

- Turnover £43.5 million (2011: £42.4 million) +2%
- Profit before taxation and highlighted items* £2.1 million (2011: £3.3 million) -37%
- Profit before taxation £0.9 million (2011: £1.5 million)
- Interim dividend 0.94 pence per share (2011: 0.89 pence) +6%
- Basic earnings per share before highlighted items* 2.20 pence (2011: 3.27 pence)
- Basic earnings per share of 0.87 pence (2011: 1.45 pence)

Note: All the above highlights are stated on a Continuing basis ie they exclude the results of our German subsidiary, Bloomsbury Verlag, which was treated as discontinued in our accounts last year, following its sale in February 2012.

Operating highlights

- **Further growth in ebook sales**
  - ebook sales in the six months to 31 August 2012 increased by 89% to £4.5 million (2011: £2.4m)
  - New e-reader devices expected to have a positive impact on Q4 ebook sales
- **Strategic progress in Academic & Professional division**
  - Academic division now represents 28% of Group continuing sales (2011: 20%)
  - Acquisition of Fairchild Books for $6.1 million (£3.8 million)
  - Acquisition of Applied Visual Arts Publishing for CHF 2.6 million (£1.7 million)
  - Launch of The Churchill Archive, www.churchillarchive.com, with strong demand
- **Major prize wins and shortlists include:**
  - Winner Orange Prize for Fiction 2012
  - Winner International IMPAC Dublin Award 2012
  - 2 shortlists for Man Booker Prize 2012
  - Shortlist for Financial Times and Goldman Sachs Business Book of the Year Award 2012
- **Strong list for the second half**
  - Hugh's Three Good Things – Hugh Fearnley-Whittingstall
  - How to Bake – Paul Hollywood
  - Hogwarts Library Boxed Set – J. K. Rowling
  - Umbrella – Will Self
  - The first ever Wisden India Cricketers Almanac 2012

* Highlighted items comprise amortisation of intangible assets, acquisition costs, restructuring, relocation costs and Bloomsbury India set up costs.

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

"The Group continues to make good progress. We have acquired two new businesses further boosting our presence in the academic market, particularly in the USA, and have launched our own sales and publishing operation in India, a market which has the potential to become one of the largest English language book markets in the world.

Higher ebook sales and academic turnover continue to increase the weighting of our sales to the second half. In addition we have a strong second half list, including potential best sellers, and are targeting a significant number of rights and services contracts. We remain well positioned for the future and results continue to show a positive trend over the longer term."

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Chief Executive's Review

Overview

Bloomsbury continues to make good progress on its strategy with two further acquisitions of academic publishers and the launch of a selling and publishing operation in India. Continuing profit before tax and highlighted items for the six months ended 31 August 2012 was £2.1 million in a soft market compared to £3.3 million in what was an exceptionally strong period last year, with profits continuing to show a positive trend over the longer term. Higher margin digital and rights & services turnover contributed a greater proportion of total turnover than in the prior period. Greater ebook and academic turnover continue to increase the weighting of our sales to the second half of our financial year. Our record of winning major literary prizes continues.

Summary of results

Continuing profit before tax and highlighted items for the six months ended 31 August 2012 was £2.1 million (2011: £3.3 million). Continuing profit before tax was £0.9 million (2011: £1.5 million). These results exclude our German subsidiary, Bloomsbury Verlag GmbH, which we contracted to sell on 28 February 2012, and which was treated as discontinued in our financial statements last year.

Continuing turnover increased by 2.5% to £43.5 million. Within this digital sales increased 95% to £4.8 million, rights & services sales increased by 12% to £3.8 million and print sales were £34.9 million (2011: £36.5 million).

In line with our strategy, over the last 16 months we have acquired three academic publishers, with the most significant addition being that of The Continuum International Publishing Group Limited in July 2011. These acquisitions contributed £6.9 million of mainly print sales in the six months ended 31 August 2012 (2011: £1.7 million). Bloomsbury's print sales this period have also been affected by the Olympics, during which many people stayed away from the high street, and a market dominated by the best selling *Fifty Shades of Grey* and more specifically by a reduction in sales of Harry Potter titles year on year, following the release of the last film in that series in the summer of 2011.

Digital sales mainly comprise ebook sales, which are up by 89% year on year to £4.5 million (2011: £2.4 million). Ebook sales now represent 10% of total Group continuing turnover (2011: 6%) and 15% of the Adult division continuing turnover (2011: 9%).

Ebook sales peak in January and February following the sale of e-reader devices at Christmas and academic sales peak at the beginning of the academic year, in September and October. As these two revenue streams form a higher proportion of total turnover, the proportion of our results accruing in the second half of the financial year increases.

The Group's continuing gross margin has improved to 57% for the six months ended 31 August 2012 from 53% in the prior period, reflecting the increasing proportion of higher margin ebook and rights and services sales. The significant weighting of sales from our recent acquisitions into the second half of the year and the decrease in sales excluding those acquisitions have meant that the operating profit margin before highlighted items has reduced from 8% to 5% in the period.

Continuing highlighted items of £1.3 million (2011: £1.9 million) include £1.1 million (2011: £0.7 million) of recurring amortisation of intangible assets. Last year's charge also included costs for the relocation of our Group headquarters and restructuring costs relating to the strategic global reorganisation of the Group.

The continuing effective rate of tax for the period was 26% (2011: 28%) largely reflecting the reduction in the rate of corporation tax. Adjusted basic continuing earnings per share, which exclude highlighted items, were 2.20 pence (2011: 3.27 pence). Basic continuing earnings per share for the period were 0.87 pence (2011: 1.45 pence).

The business has £10.6 million of cash as at 31 August 2012 (31 August 2011: £9.4 million).

Divisional review

Academic & Professional

The Academic & Professional division generated 28% of Group continuing revenue this period (2011: 20%). This increase is in line with our strategy of securing more predictable, global revenue streams. Continuing revenue was up 41% year on year by £3.6 million to £12.3 million. Underlying revenue, excluding the contribution from the acquisitions made in 2011 and 2012, was down 8% year on year reflecting the trend in the academic book market generally and a few of our contracts being delayed into the second half of the year. Operating profit before highlighted items reduced by £0.3 million to £0.6 million as a result of the reduction in underlying turnover and the second half weighting of the sales of recent acquisitions.

In 2012, Bloomsbury has continued its strategy of acquiring high quality assets in areas which complement its existing academic and professional lists, with the purchase of Fairchild Books and Applied Visual Arts Publishing. These applied visual arts lists, when combined with our existing lists in this field make Bloomsbury the leading global publisher in applied visual arts. Our academic list in the Visual Arts was previously bolstered by the acquisition of Berg Publishers in 2008, the launch of the award-winning Berg Fashion Library www.bergfashionlibrary.com in 2010 and the acquisition of a major fashion photography archive in 2011 with in excess of 600,000 images. Bloomsbury has now established a US based academic sales force serving the college and institutional market.

Our acquisition of Fairchild Books completed in April 2012. The consideration of US $6.1 million (£3.8 million) is being paid in cash in three equal annual installments, commencing at completion. For the year ended 31 December 2011, Fairchild Books generated net profit before tax of $0.7 million (£0.5 million). Fairchild Books, based in New York, is the market-leading publisher of textbooks and educational resources for students of fashion, merchandising, retailing and interior design. It has a revered history dating back to the nineteenth century and a world-class reputation for producing the very best student materials for the growing fashion and design industries. Through its Berg imprint, Bloomsbury has been the distributor for Fairchild Books outside of North America since 2006. Growth has been particularly strong in the Indian market, where Bloomsbury recently announced it has established a new publishing operation.

With this acquisition, Bloomsbury has significantly expanded its US presence and raised its profile through an association with a leading brand in a market niche where it is already well established. Fairchild is renowned as a textbook publisher which creates synergies with complementary products published under the Berg imprint that are aimed at more advanced students and researchers, but are sold to the same institutions.

In July 2012 we announced the acquisition of Applied Visual Arts Publishing ("AVA"), creative publishers for the applied digital arts for CHF 2.6 million (£1.7 million). The consideration is being paid in cash in three equal annual installments, commencing at completion. For the year ended 31 December 2011, AVA generated turnover of £1.8 million. AVA publishes between 20 and 30 books per annum for students and professionals in the applied visual arts. The books are written by leading academic authorities, and have been adopted by many hundreds of universities, colleges and higher education bodies around the world. AVA has a strong following within the design community. Their books are renowned for being design-led and have a particular appeal for visual learners.

The Churchill Archive, http:/www.churchillarchive.com, was launched online in October. We have seen a good level of sales already from this remarkable collection of Churchill's writings, including commitments from several large universities in the UK, US and Canada.

Bloomsbury Professional had a strong first half with a number of important titles published in the UK and Ireland, including: *Lewis and Buchan: Clinical Negligence, 7th edition*; our increasingly popular *Bloomsbury's Tax Rates and Tables*; and, on our Scottish list, *Studying Scots Law, 4th edition*. We also launched our new Financial Reporting Online service in April for the accounting profession, which has received a very favourable response.

Bloomsbury Professional now has five key online services for the legal, tax and accountancy markets in the UK and Ireland, with plans to launch a further two in the second half of 2012. Digital revenues are growing quickly and renewal rates to-date have been 100%.

Highlights of a busy publishing programme in the second half of 2012 include two key Irish legal titles: *Law of Torts, 4th edition* and *The Law of Companies, 3rd edition*.

Adult

The Adult division generated 46% of Group continuing revenue in the six months ended 31 August 2012 (2011: 47%). Continuing revenue for the period was flat at £20.1 million. Continuing operating profit before highlighted items reduced by £0.3 million to £0.6 million, consisting of a reduction in underlying turnover before acquisitions of 5% and a small contribution from acquisitions, reflecting their second half sales weighting.

Literary prizes are playing an ever more important role in overall book marketing and our commitment to quality and originality has always ensured a high level of success. 2012 has been an exceptional year for Bloomsbury for awards. Three of six shortlisted titles for the Orange prize for Fiction led to Madeline Miller's *The Song of Achilles* winning outright. Additionally, Will Self's *Umbrella* and Deborah Levy's *Swimming Home* were shortlisted for this year's Man Booker prize. Other awards include the International IMPAC Dublin Award for Jon McGregor's *Even the Dogs*; best cookbook at the Observer Food Monthly Awards for Hugh Fearnley-Whittingstall's *River Cottage Veg Every Day!;* Rugby Book of the Year for Alistair Hignell's *Higgy;* the Constantin Cavafis and Blue Metropolis Literary Prize for Ahdaf Soueif's *Cairo*; the James Beard award for Paula Wolfert's *The Food of Morocco*; the Christopher award for Izzeldin Abuelaish's *I Shall not Hate*; and the American Library Association Alex Award for Jesmyn Ward's *Salvage the Bones*, following her National Book Award last year. The shortlist for the Financial Times and Goldman Sachs Business Book of the Year Award has the six most influential business books in 2012 which includes *Volcker: The Triumph of Persistence* by William L. Silber.

Our top three sellers in the period across the Group, which were all within our Adult division, were *Hugh's Three Good Things*, *How to Bake* and *River Cottage Veg Every Day!* This demonstrates Bloomsbury's significant continuing strength in the cookery market, which follows our strategic decision to enter this market several years ago.

We have concluded an arrangement with Rouleur to publish the excellent series of books for the booming cycling market from http://www.rouleur.cc/. In addition we have renewed our partnership arrangement with the RSPB, http://www.bloomsbury.com/uk/special-interest/natural-history/rspb/.

We have launched several new and enhanced digital services including http://www.writersandartists.co.uk/, http://www.wisdenindia.com/, www.wisden.com, https://www.facebook.com/BloomsburyCooks/app_206124406168754, http://www.reedsnauticalalmanac.co.uk/, http://bloomsburywildlife.com/.

Public Library Online continues to grow and we are delighted that Random House UK has now joined the service, with titles from best-selling authors such as Jacqeline Wilson, Joanna Trollope, Katie Fforde, Lee Child, and P.G.Wodehouse.

Children's & Educational

The Children's & Educational division generated 22% of Group continuing revenue in the six months ended 31 August 2012 (2011: 29%). Continuing revenue for the period was down £2.8 million year on year at £9.3 million and continuing operating profit before highlighted items reduced by £0.9 million to nil reflecting the reduction in Harry Potter sales compared to last year, which was boosted by the final movie in 2011.

The children's UK and US markets have been buoyed considerably by *The Hunger Games* trilogy by Susannah Collins (published by Scholastic) which has sold millions of copies worldwide. We have recruited a Children's Sales Director to start in early 2013 to ensure a robust sales strategy for an improved list going forward. This year we celebrated 15 Years of Harry Potter Magic, the 15th anniversary of *Harry Potter and the Philosopher's Stone*, with a competition to find the biggest Harry Potter fan run through bookshops and libraries. www.Pottermore.com launched the sale of ebooks of all seven titles and the two Comic Relief titles *Quidditch Through the Ages* and *Fantastical Beasts*.

We have acquired many strong picture book texts and signed up illustrators to pursue our business plan to grow our illustrated list – launching in 2013. We also launched a new imprint Bloomsbury Activity Books at the Bologna bookfair – a range of sticker books for children of 3+.

In the US, *Princess Academy: Palace of Stone* by Shannon Hale was on the New York Times bestseller list with excellent sales coming also from *Throne of Glass* by Sarah J Maas which published globally in August.

In October 2012, *The Wombles* is the iBookstore Starbucks Pick of the Week. In 700 stores across the UK and Ireland customers can claim a free download of this wonderful family classic, at the same time as we launch the new Wombles picture book adventure, *The Snow Womble.*

Progress was made in the acquisition of world rights and publishing globally in all appropriate formats – print, ebooks and audio digital download. We continued to focus efforts on digital strategy, developing key partnerships to provide digital content in both standard 4-colour ebooks, enhanced 4-colour ebooks and apps.

We are focusing our global marketing efforts on our big global publications; and we have been building digital communities to enhance sales of our education and music list in the UK. In June we signed up our first publication with The Science Museum *A Bee in the Cathedral* by Joel Levy.

Information

The division generated 4% of Group continuing sales in the six months ended 31 August 2012 (2011: 4%) and 41% of Group continuing operating profit before highlighted items (2011: 15%). Continuing turnover in the Information division increased by 21% year on year to £1.8 million (2011: £1.5 million). Rights & services turnover of £1.7 million made up 91% of the division's total turnover. Continuing operating profit before highlighted items increased by £0.4 million year on year to £0.8 million.

Bloomsbury Information focuses on the provision of publishing and management services to third parties, the provision of digital products as well as general publishing. During this period the division has been active in an intensive set-up phase for Bloomsbury's new strategic relationship with the IZA, the highly respected German research institute for the study of labour economics, which was announced last year. Other notable activities in the period include Bloomsbury Qatar Foundation Publishing's number one bestseller in Egypt, the satirical novel *Mowlana* by the famous Egyptian TV personality and writer, Ibrahim Essa, which attracted excellent review and media coverage. Harvard University chose the Open Access journals portal - www.qscience.com, which Bloomsbury also manages for the Qatar Foundation as one of the handful of Open Access publishers it recommends to its faculty, which was a great acknowledgement of the editorial quality of QScience. As part of our continuing business development activities, there are significant new deals under discussion for the second half which have not yet been contracted.

Dividend

The Directors have declared an interim dividend of 0.94 pence per share which is a 6% increase on the dividend paid for the six months ended 31 August 2011 of 0.89 pence per share. The dividend will be paid on 30 November 2012 to shareholders on the register at close of business on 2 November 2012.

Outlook

Bloomsbury has a strong second half list which includes *Hugh's Three Good Things* by Hugh Fearnley-Whittingstall, *How to Bake* by Paul Hollywood, *Umbrella* by Will Self, *Hogwarts Library Boxed Set* by J.K. Rowling, *Unaccountable: What Hospitals Won't Tell You and How Transparency Can Revolutionize Health Care* by Marty Makary, *Unbored: The Essential Field*

Guide to Serious Fun by Joshua Glenn and Elizabeth Larsen, *Dance of Shadows* by Yelena Black and *Throne of Glass* by Sarah J. Maas. In India in November 2012, we will publish the first *Wisden India Cricketer's Almanack 2012*, followed in December by the *Return of a King: The Battle for Afghanistan* by William Dalrymple, whose previous books have been number one bestsellers in India. Our outcome for the second half of the financial year depends on the success of these books.

Over the next few months there are many new and improved e-reading devices being competitively marketed, which we expect to drive ebook sales during the second half.

As usual the Group is targeting a number of contracts from which we expect to deliver Rights & Services income in the second half of our financial year. Rights & Services budgeted income for the remainder of the year includes £3 million which is not yet contracted.

With our Academic acquisitions over the last 16 months, our global restructuring in 2011, our ongoing innovation in digital and our continuing strong balance sheet, the Group continues to progress with its strategy and is well positioned for the future.

Condensed Consolidated Interim Income Statement

For the six months ended 31 August 2012

	Notes	**6 months ended 31 August 2012 £'000**	6 months ended 31 August 2011 (Restated)* £'000
Continuing operations			
Revenue	3	**43,463**	42,418
Cost of sales		**(18,882)**	(19,816)
Gross profit		**24,581**	22,602
Marketing and distribution costs		**(6,295)**	(6,194)
Administrative expenses		**(17,498)**	(15,073)
Operating profit before highlighted items		**2,052**	3,221
Amortisation	4	**(1,069)**	(662)
Other highlighted items	4	**(195)**	(1,224)
Operating profit		**788**	1,335
Finance income		**76**	133
Finance costs		**(14)**	(15)
Profit before taxation and highlighted items		**2,114**	3,339
Amortisation	4	**(1,069)**	(662)
Other highlighted items	4	**(195)**	(1,224)
Profit before taxation	3	**850**	1,453
Taxation		**(221)**	(403)
Profit for the period from continuing operations		**629**	1,050
Discontinued operation			
Loss for the period from discontinued operation		**-**	(836)
Profit for the period attributable to owners of the Company		**629**	214
Earnings per share attributable to owners of the Company – continuing operations			
Basic earnings per share	6	**0.87p**	1.45p
Diluted earnings per share	6	**0.84p**	1.45p

*See note 2a

The notes on pages 14 to 23 are an integral part of this condensed consolidated interim financial report.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 August 2012

	6 months ended 31 August 2012	6 months ended 31 August 2011 (Restated)*
	£'000	£'000
Profit for the period	**629**	214
Other comprehensive income:		
Currency translation differences on foreign operations	**268**	125
Deferred tax on share-based payments	**109**	(12)
Other comprehensive income for the period net of tax	**377**	113
Total comprehensive income for the period attributable to owners of the Company	**1,006**	327
Arising from:		
Continuing operations	**1,006**	915
Discontinued operation	**-**	(588)
Total comprehensive income for the period attributable to owners of the Company	**1,006**	327

Items in the statement above are disclosed net of tax.

*See note 2a

Condensed Consolidated Interim Statement of Financial Position

At 31 August 2012

	Notes	31 August 2012 £'000	29 February 2012 £'000
Assets			
Goodwill		**35,397**	34,610
Other intangible assets		**19,886**	18,153
Property, plant and equipment		**3,152**	3,020
Deferred tax assets		**2,394**	2,336
Total non-current assets		**60,829**	58,119
Inventories		**23,348**	20,184
Trade and other receivables	9	**49,867**	55,431
Cash and cash equivalents		**10,633**	12,639
Total current assets		**83,848**	88,254
Total assets		**144,677**	146,373
Liabilities			
Retirement benefit obligations		**160**	157
Deferred tax liabilities		**3,425**	3,737
Other payables		**2,391**	341
Provisions		**507**	507
Total non-current liabilities		**6,483**	4,742
Trade and other payables		**26,783**	32,101
Current tax liabilities		**862**	193
Provisions		**98**	157
Total current liabilities		**27,743**	32,451
Total liabilities		**34,226**	37,193
Net assets		**110,451**	109,180
Equity attributable to owners of the parent			
Share capital		**924**	924
Share premium		**39,388**	39,388
Translation reserve		**3,884**	3,616
Other reserves		**1,583**	1,318
Retained earnings		**64,672**	63,934
Total equity		**110,451**	109,180

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 August 2012

	Attributable to owners of the Company							
	Share capital £'000	Share premium £'000	Translation 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 2011	924	39,388	4,236	22	3,197	-	64,077	111,844
Profit for the period	-	-	-	-	-	-	214	214
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	125	-	-	-	-	125
Deferred tax on share-based payment transactions	-	-	-	-	-	-	(12)	(12)
Total comprehensive income for the period	**-**	**-**	**125**	**-**	**-**	**-**	**202**	**327**
Transactions with owners								
Reclassification*	-	-	-	-	-	(134)	134	-
Own shares purchased by EBT	-	-	-	-	-	(2,000)	-	(2,000)
Dividends to equity holders of the Company	-	-	-	-	-	-	(2,825)	(2,825)
Share-based payment transactions	-	-	-	-	70	-	-	70
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**70**	**(2,134)**	**(2,691)**	**(4,755)**
At 31 August 2011	**924**	**39,388**	**4,361**	**22**	**3,267**	**(2,134)**	**61,588**	**107,416**
At 1 March 2012	924	39,388	3,616	22	3,438	(2,142)	63,934	109,180
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**629**	**629**
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	268	-	-	-	-	268
Deferred tax on share-based payment transactions	-	-	-	-	-	-	109	109
Total comprehensive income for the period	**-**	**-**	**268**	**-**	**-**	**-**	**738**	**1,006**
Transactions with owners								
Dividends to equity holders of the Company	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	265	-	-	265
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**265**	**-**	**-**	**265**
At 31 August 2012	**924**	**39,388**	**3,884**	**22**	**3,703**	**(2,142)**	**64,672**	**110,451**

* Own shares held by the Employee Benefit Trust ("EBT") were reclassified from retained earnings to a separate component of equity in the prior period as the balance held at 31 August 2011 was material.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 31 August 2012

	6 months ended 31 August 2012	6 months ended 31 August 2011 (Restated)*
	£'000	£'000
Cash flows from operating activities		
Continuing operations		
Profit before tax	**850**	**1,453**
Adjustments for:		
Depreciation of property, plant and equipment	**277**	**128**
Amortisation of intangible assets	**1,069**	**662**
Share-based payment charges	**265**	**64**
Finance income	**(76)**	**(133)**
Finance costs	**14**	**15**
	2,399	**2,189**
Increase in inventories	**(68)**	**(123)**
Decrease/(increase) in trade and other receivables	**5,206**	**(3,266)**
(Decrease)/increase in trade and other payables	**(6,831)**	**212**
Cash generated from / (used in) continuing operations	**706**	**(988)**
Discontinued operation	**-**	**(187)**
Cash generated from / (used in) from operating activities	**706**	**(1,175)**
Income taxes refunded	**196**	**309**
Net cash generated from / (used in) operating activities	**902**	**(866)**
Cash flows from investing activities		
Purchase of property, plant and equipment	**(411)**	**(1,822)**
Purchase of businesses, net of cash acquired	**(1,687)**	**(19,151)**
Purchases of intangible assets	**(921)**	**(930)**
Interest received	**74**	**179**
Net cash used in investing activities	**(2,945)**	**(21,724)**
Cash flows from financing activities		
Purchase of shares by the Employee Benefit Trust	**-**	**(2,000)**
Equity dividends paid	**-**	**(2,825)**
Interest paid	**(11)**	**(18)**
Net cash used in financing activities	**(11)**	**(4,843)**
Net decrease in cash and cash equivalents	**(2,054)**	**(27,433)**
Cash and cash equivalents at beginning of period	**12,639**	**36,876**
Exchange gain on cash and cash equivalents	**48**	**4**
Cash and cash equivalents at end of period	**10,633**	**9,447**

*Restated to reflect the classification of Bloomsbury Verlag GmbH as a discontinued operation (see note 2 a)

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 2012 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the publication of books and other related services.

2. Significant accounting policies

a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' as adopted by the European Union ("EU") and under the historic cost convention. 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 29 February 2012.

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. These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. They are unaudited and have been prepared on a consistent basis with the financial statements for the year ended 29 February 2012 and should be read in conjunction with the Annual Report 2012.

The financial information for the year ended 29 February 2012 does not constitute statutory accounts, as defined in section 434 of the Companies Act, for that financial year. This information was extracted from the statutory accounts for the year ended 29 February 2012, 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.

Certain comparative amounts in the condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated statement of cash flows and associated notes have been restated to reflect the classification of Bloomsbury Verlag GmbH as a discontinued operation for the year ended 29 February 2012. The comparative statements have been re-presented as if the operation had been discontinued from the start of the comparative period (see note 7).

Additionally, the condensed consolidated income statement and associated notes have been restated to change the classification of certain staff costs as administration expenses that were previously included in cost of sales and marketing and distribution costs. This occurred as a result of the Group being restructured on a global divisional basis as opposed to a geographical basis. £1,028,000 and £597,000 have been reclassified in the comparative amounts from cost of sales and marketing and distribution costs respectively to administration expenses.

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 25 October 2012.

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, the limited impact of the economic downturn on book sales and continuing sources of revenue. The Group's bank facilities consist of a one year £2m overdraft facility repayable on demand and a £10m revolving committed loan facility which expires in July 2016.

c) Uses of estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets liabilities, income and expenses. Actual results may differ from these estimates. Critical judgments and areas where the use of estimates is significant are set out in the 2012 Annual Report.

d) Principal risks and uncertainties

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

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

Evolution of the market
The book market place is midway through a period of restructuring where bricks and mortar bookshops have seen some sales of printed books move to online retailers. Further, ebooks are substituting for printed books. There is uncertainty over whether the migration to ebooks will result in consumers buying more books overall.

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

Market
The general economy could affect the volumes and types of books purchased by consumers. Publishers buy stocks of books which are held on sale and return by retailers and hence carry the risk that stocks of books may not sell at the planned price and volumes.

Business Continuity
The security and robustness of our systems, in particular our IT systems, are important in many aspects of our business such as in respect of the editorial and production processes, publicity, marketing and sales, or in respect of stock monitoring and order fulfilment. The Group IT function maintains business continuity procedures for systems.

These risks, together with the financial risks are set out on pages 31 to 34 of the 2012 Annual Report. These risks have not significantly changed in the period since the Annual Report was published and are not expected to change materially in the remainder of the year.

3. Segmental analysis

The Group reports its primary segment information on the four worldwide publishing divisions: Adult; Children's & Educational; Academic & Professional; and Information. Segments derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services.

The analysis by segment for continuing operations is shown below:

Six months ended 31 August 2012	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
External revenue	20,073	9,332	12,237	1,821	-	43,463
Cost of sales	(10,165)	(4,291)	(4,429)	3	-	(18,882)
Gross profit	9,908	5,041	7,808	1,824	-	24,581
Marketing and distribution costs	(2,857)	(1,710)	(1,692)	(36)	-	(6,295)
Contribution before administrative expenses	7,051	3,331	6,116	1,788	-	18,286
Administrative expenses excluding highlighted items	(6,402)	(3,329)	(5,557)	(946)	-	(16,234)
Operating profit before highlighted items	649	2	559	842	-	2,052
Intangible asset amortisation	(42)	(100)	(749)	(3)	(175)	(1,069)
Other highlighted items	-	-	-	-	(195)	(195)
Operating profit	607	(98)	(190)	839	(370)	788
Finance income	-	-	-	-	76	76
Finance costs	-	-	-	-	(14)	(14)
Profit before taxation – continuing operations	607	(98)	(190)	839	(308)	850
Taxation	-	-	-	-	(221)	(221)
Profit for the period – continuing operations	607	(98)	(190)	839	(529)	629

Six months ended 31 August 2011 (Restated*)	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
External revenue	20,119	12,140	8,651	1,508	-	42,418
Cost of sales	(10,277)	(6,088)	(3,171)	(280)	-	(19,816)
Gross profit	9,842	6,052	5,480	1,228	-	22,602
Marketing and distribution costs	(3,254)	(1,686)	(1,216)	(38)	-	(6,194)
Contribution before administrative expenses	6,588	4,366	4,264	1,190	-	16,408
Administrative expenses excluding highlighted items	(5,678)	(3,422)	(3,379)	(708)	-	(13,187)
Operating profit before highlighted items	910	944	885	482	-	3,221
Intangible asset amortisation	(33)	(89)	(487)	(1)	(52)	(662)
Other highlighted items	-	-	-	-	(1,224)	(1,224)
Operating profit	877	855	398	481	(1,276)	1,335
Finance income	-	-	-	-	133	133
Finance costs	-	-	-	-	(15)	(15)
Profit before taxation – continuing operations	877	855	398	481	(1,158)	1,453
Taxation	-	-	-	-	(403)	(403)
Profit for the period – continuing operations	877	855	398	481	(1,561)	1,050

*Restated to reflect the classification of Bloomsbury Verlag GmbH as a discontinued operation and the change in classification of certain staff costs as administrative expenses (see note 2 a)

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

Total assets

	31 August 2012 £'000	29 February 2012 £'000
Adult	**10,967**	8,611
Children's & Educational	**8,732**	9,670
Academic & Professional	**51,849**	46,968
Information	**236**	61
Unallocated	**72,893**	81,063
Total assets	**144,677**	146,373

4. Highlighted items

	Six months ended 31 August 2012 £'000	6 months ended 31 August 2011 *(Restated)** £'000
Amortisation of intangible assets	**1,069**	662
Other highlighted items:		
Professional fees on acquisitions	**66**	270
Relocation of headquarters	**-**	442
Aborted acquisition costs	**-**	76
Restructuring costs	**-**	388
Bloomsbury India set up costs	**129**	-
	1,264	1,838
Highlighted items attributable to continuing operations	**1,264**	1,886
Highlighted items attributable to discontinued operation	**-**	(48)
Total highlighted items	**1,264**	1,838

*Restated to reflect the classification of Bloomsbury Verlag GmbH as a discontinued operation (see note 2 a)

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

Legal and other costs of £66,000 arose on the acquisition of Fairchild Books and Applied Visual Arts Publishing (six months to 31 August 2011: £270,000 relate to the acquisition of Continuum International Publishing Group Limited).

In the period to 31 August 2012 £129,000 was incurred on the set-up of Bloomsbury India prior to the entity commencing trading.

In the period to 31 August 2011 the Group incurred costs of £442,000 relating to the relocation of its Head Office to Bedford Square in August 2011 and aborted acquisition costs of £76,000 related to professional fees in connection with a transaction which did not go ahead following the due diligence process. Restructuring costs in the period to 31 August 2011 of £388,000 were incurred as a result of the strategic global reorganisation of the Bloomsbury Group.

In the period to 31 August 2011 highlighted items attributable to discontinued operations of £48,000 relates to a write back of an over provision for restructuring costs.

5. Dividends

	Six months ended 31 August 2012 £'000	Six months ended 31 August 2011 £'000
Amounts paid in the period		
2011: second interim dividend of 3.91p	**-**	2,825
Amounts arising in respect of the period		
Proposed interim dividend of 0.94p per share for the period (2011: 0.89p)	**679**	643

The proposed interim dividend of 0.94p per ordinary share will be paid to the equity shareholders on 30 November 2012 to shareholders registered on 2 November 2012.

The prior period second interim dividend paid in the six months to 31 August 2011 was payable due to the 14 month extended period ending 28 February 2011.

6. Earnings per share

The basic earnings per share for the six months ended 31 August 2012 is based on a weighted average number of Ordinary Shares in issue of 72,244,114 (2011: 72,523,255) after deducting 1,600,610 (2011: 1,321,469) shares held by the Employee Benefit Trust.

	Six months ended 31 August 2012 £'000	Six months ended 31 August 2011 *(Restated)** £'000
Profit after tax for the period from continuing operations	**629**	1,050
Loss after tax for the period from discontinued operations	**-**	(836)
Profit after tax attributable to equity holders of the parent	**629**	214
	Number	Number
Weighted average shares in issue	**72,244,114**	72,523,255
Dilution[1]	**2,257,017**	2,548
Diluted weighted average shares in issue	**74,501,131**	72,525,803
Basic earnings per share	**0.87p**	0.30p
From continuing operations	**0.87p**	1.45p
From discontinued operation	**-**	(1.15p)
Diluted earnings per share	**0.84p**	0.30p
From continuing operations	**0.84p**	1.45p
From discontinued operation	**-**	(1.15p)
Adjusted profit attributable to equity holders of the parent[2] (£'000)	**1,588**	2,374
Adjusted basic earnings per share	**2.20p**	3.27p
Adjusted diluted earnings per share	**2.13p**	3.27p

*Restated to reflect the classification of Berlin Verlag GmbH as a discontinued operation (see note 2 a)

[1]The dilution is in respect of unexercised share options and the performance share plan
[2]Adjusted profit is post-tax earnings generated by continuing operations before taking account of highlighted items

7. Discontinued Operation

On 28 February 2012 the Group contracted to sell its German subsidiary Bloomsbury Verlag GmbH to Pendo Betilligungsgesellschaft mbH, a subsidiary of Bonnier AB, subject to the approval of the German competition authorities which was granted in March 2012. Full disclosure relating to the disposal is set out in the 2012 Annual Report.

The subsidiary was not a discontinued operation or classified as held for sale at 31 August 2011. The comparative information in these condensed consolidated interim financial statements has been re-presented as if the operation had been discontinued from the start of the comparative period.

8. Acquisition

Fairchild Books
On 2 April 2012 the Group acquired the trade and assets of Fairchild Books from Fairchild Fashion Media, a unit of Advance Magazine Publishers Inc, for a cash consideration of £3,823,000 ($6,117,000). This is net of a working capital adjustment of £239,000 ($383,000) because the closing working capital was less than the target closing working capital anticipated at the point of acquisition. The consideration is being paid in cash in three equal annual instalments, commencing at the acquisition date. Fairchild Books is a market-leading publisher of textbooks and educational resources for students of fashion, merchandising, retailing and interior design.

The table below summarises the book values of the major categories of assets and liabilities of Fairchild Books at the date of acquisition by the Group and their fair values included in the consolidated financial statements at that date. The fair values remain provisional but will be finalised within 12 months of acquisition.

Net assets acquired	Book value £'000	Alignment of accounting policy £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Identifiable intangible assets	-	-	1,188	1,188
Inventories	4,020	(1,241)	-	2,779
Payables and provisions	(424)	-	-	(424)
	3,596	(1,241)	1,188	3,543
Goodwill				280
Cash consideration				3,823

Identifiable intangible assets of £1,188,000 consist of publishing rights of £940,000 and customer relationships of £248,000. The publishing rights have a useful life of 15 years and customer relationships 9 years. The goodwill arising of £280,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

Transaction costs of £39,000 have been expensed in the period within administration expenses.

From 2 April 2012 revenue of £2,155,000 and profit attributable to equity shareholders of £541,000 has been included in the consolidated income statement in relation to Fairchild Books.

If the acquisition had occurred on 1 March 2012 the revenue and profit attributable to shareholders of the combined entity from continuing operations for the current reporting period would have been £43,704,000 and £570,000 respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

As part of the acquisition, Bloomsbury Publishing Inc. entered into a promissory note and guarantee to pay to Advance Magazine Publishers Inc. $4,333,334 in two annual instalments to satisfy the outstanding consideration on this acquisition. Bloomsbury Publishing Plc guaranteed the payment of this amount on behalf of its subsidiary.

Applied Visual Arts
On 2 July 2012 the Group acquired the trade and assets of Applied Visual Arts Publishing ("AVA") from Applied Visual Arts Publishing SA and AVA Publishing (UK) Limited for £1,755,000 (CHF 2,579,000). The consideration is being paid in three equal annual instalments from the date of acquisition. AVA is a publisher of textbooks and educational resources for students and professionals in the applied visual arts and has a strong following in the design community.

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

Net assets acquired	Book value £'000	Alignment of accounting policy £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Identifiable intangible assets	-	-	683	683
Inventories	1,092	(518)	-	574
Trade and other receivables	14	-	-	14
	1,106	(518)	683	1,271
Goodwill				484
Cash consideration				1,755

Identifiable intangible assets of £683,000 consist of publishing rights of £683,000. The publishing rights have a useful life of 10 years. The goodwill arising of £484,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

Transaction costs of £27,000 have been expensed in the period within administration expenses.

From 2 July 2012 revenue of £63,000 and loss attributable to equity shareholders of £55,000 has been included in the consolidated income statement in relation to AVA.

If the acquisition had occurred on 1 March 2012 the revenue and profit attributable to shareholders of the combined entity from continuing operations for the current reporting period would have been £43,834,000 and £643,000 respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

9. Trade and other receivables

	31 August 2012 £'000	29 February 2012 £'000
Gross trade receivables	**28,059**	28,897
Less: provision for impairment of receivables	**(942)**	(655)
Less: provision for returns	**(5,931)**	(4,704)
Net trade receivables	**21,186**	23,538
Income tax recoverable	**439**	437
Other receivables	**1,309**	1,238
Prepayments and accrued income	**26,933**	30,218
Total trade and other receivables	**49,867**	55,431

As at 31 August £1,687,000 (29 February 2012: £2,510,000) of prepayments and accrued income are expected to be recovered after more than 12 months.

Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The majority of trade debtors are secured by credit invoices, third party distributors and letters of credit.

A provision for impairment of trade receivables is made with reference to specific debts, past default experience, trading history and the current economic environment. Movements on the group provision for impairment of trade receivables are as follows:

	31 August 2012 £'000	29 February 2012 £'000
At start of period	**655**	745
Amounts utilised	**(52)**	(167)
Assumed in a business combination	**206**	69
Removed through disposals	**-**	(37)
Exchange adjustments	**(1)**	-
Amounts created	**134**	45
At period end	**942**	655

A provision for the return of books by customers is made with reference to the historic rate of returns. Movements on the group provision for returns are as follows:

Notes to the Condensed Consolidated Interim Financial Statements

	31 August 2012 £'000	29 February 2012 £'000
At period start	**4,704**	6,512
Amounts utilised	**(2,430)**	(6,703)
Amounts released	**(749)**	(1,624)
Assumed in a business combination	**755**	487
Removed through disposals	**-**	(389)
Exchange adjustments	**11**	47
Amounts created	**3,640**	6,374
At period end	**5,931**	4,704

Prepayments and accrued income includes net advances. A provision is held against gross advances payable in respect of published titles advances which may not be fully earned down by anticipated future sales, paperback editions or contracts for subsidiary rights receivable. Movements on the group provision for advances are as follows:

	31 August 2012 £'000	29 February 2012 £'000
Amounts utilised	**(2)**	(5)
Assumed in a business combination	**-**	1,383
Removed through disposals	**-**	(7,440)
Exchange adjustments	**12**	(70)
Amounts created	**1,911**	5,191
Net movement in provision	**1,921**	(941)

10. Related parties

The Group has no related party transactions other than the remuneration of key management for the period ended 31 August 2012.

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

Directors	
Jeremy Wilson	Independent Non-Executive Chairman
Nigel Newton	Chief Executive
Ian Cormack	Independent Non-Executive Director Senior Independent Director Chair of the Audit Committee
Sarah Jane Thomson	Independent Non-Executive Director Chair of the Remuneration Committee
Richard Charkin	Executive Director
Wendy Pallot	Finance Director

Each of the directors confirms that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union;

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

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

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

By order of the Board

Nigel Newton Wendy Pallot

25 October 2012

Independent review report to Bloomsbury Publishing Plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 31 August 2012 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and related explanatory notes set out on pages 9 to 23. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the period ended 31 August 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Baker Tilly UK Audit LLP
Chartered Accountants
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London EC4A 4AB