BLOOMSBURY PUBLISHING PLC
("Bloomsbury" or the "Group")
Unaudited Preliminary Results for the year ended 29 February 2016
Launch of Bloomsbury 2020

Bloomsbury today announces unaudited results for the year ended 29 February 2016.

Financial highlights

- Revenue grew by 11% to £123.7 million (2015: £111.1 million)
- Profit before taxation and highlighted items increased by 8% to £13.0 million (2015: £12.1 million)
- Both revenue and profit benefited from the successful integration of Osprey Publishing acquired in December 2014
- Final dividend per share of 5.34 pence (2015: 5.08 pence) making a total dividend of 6.4 pence for the year (2015: 6.1 pence)
- Diluted earnings per share, excluding highlighted items, were 15.24 pence (2015: 14.73 pence)

Strategic developments

- Bloomsbury 2020 launched today, moving Bloomsbury further in to the area of B2B digital publishing; a significant growth plan for Bloomsbury Digital Resources Publishing, a new range of scholarly digital resources aimed at academic libraries worldwide whose collective budgets are approximately $5 billion
- Announcement today of reorganisation of Bloomsbury from four to two divisions: Consumer and Non-Consumer, to reflect the increasing emphasis on our Non-Consumer businesses

Operating Highlights

- **Children's & Educational**
    - Revenue for the year increased by 57% to £41.8m (2015: £26.6m)
    - Sales of Harry Potter in the year grew by 133%, including Harry Potter and the Philosopher's Stone Illustrated Edition by J. K. Rowling and Jim Kay being published to great acclaim
    - A Court of Mist and Fury by Sarah J. Maas has just hit number one on the New York Times bestseller list. Sales of Sarah J. Maas titles, which included A Court of Thorns and Roses, grew by 184%.

- **Adult division**
    - Revenue increased by 3% year on year to £46.0 million (2015: £44.7 million)
    - Osprey Publishing, which was acquired in December 2014, generated revenue of £7.2 million (2015: £1.5 million)
    - Focus on special interest niches paying off, representing 14% of total Bloomsbury sales (2015: 10%)

- **Academic & Professional**
    - Revenue for the year was £32.7 million (2015: £36.0 million), slightly lower as expected due to a strong rights and services comparator last year

- Digital revenues grew by 24% year on year to £5.3 million, more than treble the industry growth rate (Source: Publishing Association: Digital Sales Monitor)
- Digital now represents 16% of total revenues in the division (2015: 12%)
- Acquisition of the definitive family law list for net consideration of £0.5m

- **Bloomsbury Information**
  - Revenue for the year was £3.2 million (2015: £3.9 million)
  - Operating profit before highlighted items was up 9% to £1.2 million (2015: £1.1 million)
  - From 2016, Bloomsbury is providing publishing services to the Arcadian Library, one of the finest collections of books about relations between the West and the Arab and Islamic worlds

- **Strong list for the year ahead**
  - Harry Potter and the Chamber of Secrets Illustrated Edition by J. K. Rowling and Jim Kay
  - Two front list Sarah J. Maas titles
  - New cookery titles from Tom Kerridge and Hugh Fearnley-Whittingstall
  - New content from J. K. Rowling for the new edition of Fantastic Beasts & Where to Find Them

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

"Bloomsbury has had a very good year with strong revenue and book sales growth, including a significant increase in digital sales. In particular, our Children's & Educational division delivered an exceptional performance, with its third year of double digit revenue growth.

Bloomsbury continues its strategy of growing academic, professional, special interest and educational revenues. There are significant market opportunities to accelerate the growth of our digital revenues and today we have set out the Bloomsbury 2020 strategy. This focuses on growing revenues from academic and professional digital resources for academic libraries worldwide, whose budget is estimated to be $5 billion. This will lead our repositioning in the market from a primarily consumer publisher to a digital B2B publisher, whilst continuing our long track record of huge bestsellers in the adult and children's markets which remain a very important part of Bloomsbury's mission.

We have started the year in line with our expectations and look forward to publishing our strong list in the year ahead."

<u>For further information, please contact:</u>

Daniel de Belder/Charles Stewart, Bell Pottinger	+44 (0) 20 3772 2500
Nigel Newton, Chief Executive, Bloomsbury Publishing Plc	+44 (0) 20 7494 6015

Forward-looking statements: Statements contained in this Annual Results Announcement are based on the knowledge and information available to the Company's directors at the date it was prepared and therefore the facts stated and views expressed may change after that date. By their nature, the statements concerning the risks and uncertainties facing the Company in this Annual Results Announcement involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. To the extent that this Annual Results Announcement contains any statement dealing with any time after the date of its preparation such statement is merely predictive and speculative as it relates to events and circumstances which are yet to occur. The Company undertakes no obligation to update these forward-looking statements.

It has been a very good year for Bloomsbury, with revenues growing by 11% year on year to £123.7 million and profit before tax and highlighted items increasing by 8% to £13.0 million.

Book sales grew by 17% year on year to £113.1 million, with digital sales, within this total, increasing by 28% to £15.0 million. Digital sales make up 13% of book sales (2015: 12%). Rights and services revenues were £10.6 million (2015: £14.1 million), being 9% of total Group revenues compared to 13% in the previous year. The operating profit margin before highlighted items for the Group was maintained year on year at 11%. Operating profit before highlighted items grew year on year in all territories except India, where we saw significant sales growth but where we continue to invest for that growth.

The Children's & Educational division delivered an excellent performance, with its third consecutive year of strong double digit revenue growth. The Illustrated Edition of Harry Potter and the Philosopher's Stone by J. K. Rowling and Jim Kay, which was published in October, was a major international seller. The Academic & Professional division had strong digital revenues contributing to a growth in book sales but, as expected, did not match last year with its exceptional rights sales. In the Adult division revenues were higher and included a full year of Osprey Publishing, which was acquired in December 2014, but profits reflected a change in revenue mix and a tough comparator that included the paperback release of Khaled Hosseini's exceptionally successful And the Mountains Echoed. Bloomsbury Information division profits grew year on year. The strength of our overall result, despite the variations in individual divisional performance, again demonstrates the virtues of our portfolio approach encompassing four different publishing genres.

Planned synergies following the acquisition of Osprey Publishing in December 2014 have been achieved. Osprey contributed £7.2 million of revenue and £1.1 million of operating profit before highlighted items to Bloomsbury in 2016. Excluding the results of Osprey in both years, Group like for like revenues grew by 6% and profit before tax and highlighted items was flat year on year.

We continue to keep costs closely under review and this year re-negotiated our US mono print contracts with little or no movement on cost in a highly competitive marketplace (previous contracts having expired in 2015). Planned savings on freight from Far East printers were achieved through consolidation with other publishers using the same UK warehouse and distribution service provider.

Highlighted items of £2.7 million (2015: £2.5 million) include £1.8 million (2015: £1.8 million) of amortisation of acquired intangible assets. Other highlighted items in this period of £0.9 million, are primarily as a result of the Group's acquisition activities and the restructuring of Bloomsbury Information division.

The effective rate of tax for the year was 6.3% compared to 8.9% for the year ended 28 February 2015. The rates in both years are low, but are expected to increase to a more normal level of approximately 25% in 2016/17. In 2016 the rate includes £0.5 million benefit from the utilisation of previously unrecognised tax losses arising as a result of the resolution of an HMRC tribunal over the use of Bloomsbury Verlag losses dating to 2003 and 2004. In addition there is a £0.6 million double tax relief benefit arising in 2016 following the filing of prior year US tax computations. The 2015 rate includes the recognition of additional deferred tax assets.

Diluted earnings per share, excluding highlighted items, were 15.24 pence, up 3% from 14.73 pence in 2015. Total diluted earnings per share for the year were 12.93 pence compared to 11.90 pence in 2015.

The Group's net cash balance was £5.2 million at 29 February 2016 (2015: £7.5 million). Cash from higher profits was offset by a higher working capital outflow due to the timing of receipts from rights and services revenues.

The Group has a progressive dividend policy while aiming to keep dividend cover in excess of two. In line with this policy the Directors are recommending a final dividend of 5.34 pence per share, which subject to shareholder approval at our Annual General Meeting on 19 July 2016 will be paid on 21 September 2016 to shareholders on the register at the close of business on 26 August 2016. Together with the interim dividend, this makes a total dividend for the year ended 29 February 2016 of 6.40 pence per share, a 5% increase on the 6.10 pence dividend for the year ended 28 February 2015. Over the past eleven years the dividend has increased at a compound annual growth rate of 7%.

Academic & Professional

Total revenues for the division were £32.7 million (2015: £36.0 million). As expected, rights and services revenues reduced year on year following the inclusion last year of several key contracts. Book revenues, which make up 92% of total revenues, grew by 2% year on year to £30.1 million. Within this, digital revenues grew by 24% year on year to £5.3 million, more than treble the overall industry growth rate in calendar 2015. In particular we had very good revenues from home-grown digital institutional products such as Bloomsbury Collections and Drama Online. Digital now represents 16% of total revenues in the division (2015: 12%), with digital growth offsetting continuing print revenue weakness. We were successful in our two key targets for growth in the year which were digital revenues and revenues in the US – where there was 5% growth in total revenues. Operating profit before highlighted items was £3.2 million (2015: £5.1 million) in total and £0.8 million (2015: £0.4 million) excluding the effect of the higher margin rights and services contracts.

In December 2015 we announced the acquisition from RELX Group of the publishing rights to six must-have family law titles including Duckworth's Matrimonial Property & Finance and Hershman and McFarlane: Children Law and Practice. The consideration was £0.5 million in cash (after adjusting for deferred income). These are some of the most authoritative family law products in the UK and they provide Bloomsbury Professional with a high quality foundation for a new digital family law service. Bloomsbury Publishing is now the largest independent legal publisher in the UK. During the year its UK tax business delivered some strong titles including Tax Advisers Guide to Trusts, Principles of International Taxation, Revenue Law and Tax Planning for Family and Owner-Managed Companies. It also expanded its Tax Online service and, in its second full year of ownership, the Hart list delivered very significant revenues from its digital collections.

The Academic division had particular success in its performing arts lists. We had notable successes with student edition play text publishing following the launch of the new GCSE English Literature exam resulting in increased sales of bestselling set texts, Simon Stephen's adaptation of The Curious Incident of the Dog in the Night Time and Willy Russell's Blood Brothers.

The 400th anniversary of Shakespeare's death in 1616 was marked with a range of publications in print and online, notably with a volume featuring leading contemporary poets and their responses to the Sonnets. The Arden Shakespeare's On Shakespeare's Sonnets is published in collaboration with the Royal Society of Literature and the British Council and has been nominated as one of the Telegraph's Top Ten New Books on Shakespeare. New editions of the major set texts Hamlet and Othello will also be published this year.

The success of our institutional products to date, such as Drama Online, Berg Fashion Library, Bloomsbury Collections, and Bloomsbury Professional Online, led to 24% growth in the last financial year, and we are projecting higher growth in this financial year. In 2016 we will be launching a new collection of drama films from the BBC which will significantly increase the video presence of Drama Online in schools and universities worldwide. The collection includes the film adaptation of the Royal Shakespeare Company's critically acclaimed Hamlet starring Patrick Stewart alongside David Tennant in the title role; an award-winning National Theatre production of King Lear; core curriculum plays by Henrik Ibsen, Anton Chekhov and Sophocles as well as the recent film adaptation of major GCSE set text, An Inspector Calls by J. B. Priestley. In addition, Bloomsbury together with Faber & Faber, are pleased to announce a new digital content platform for libraries, educators, students and researchers to be sold via subscription and perpetual access to academic institutions. Building on the success of the award-winning Drama Online initiative, Screen Studies, launching in Jan 2018, will combine iconic and contemporary screenplays, works by leading directors, critical and contextual works covering theory and history, as well as practical instruction on screenwriting, film and TV production, documentary film-making and animation techniques.

The division was shortlisted for the IPG Independent Publishers Awards – Academic & Professional Publisher of the Year and for the Bookseller Academic & Professional Publisher of the Year, in both cases for the fourth year in a row.

Children's & Educational

Children's & Educational division revenue for the year increased by 57% to £41.8 million (2015: £26.6 million). Operating profit before highlighted items increased by 111% to £6.0 million (2015: £2.9 million). There was revenue growth across all territories in local currency, 42% in Australia, 31% in the US, 62% in India and a stand out growth of 70% in the UK. This excellent result in the division reflects the success of our five year strategy focussing on commercial title acquisitions, targeted and strategic marketing and brand management of our major authors. Continued success with the picture book list and activity list has led to growth in our illustrated publishing in which we hold world rights. This financial year saw the creation of a children's non-fiction publishing team which will lead to further trade growth in the future. Our UK Nielsen BookScan value increased by 60% in a market up by 7%, and our market share increased from 2.3% to 3.4%.

Our sales of Harry Potter in the year grew by 133%. Harry Potter and the Philosopher's Stone Illustrated Edition by J. K. Rowling and Jim Kay was published to great acclaim. Reviews were consistently good with the Telegraph saying the book was: "a triumph – a book so alive it seems to jump, explode and slither out of your hands as you read." We sold rights in Jim Kay's illustrations in 28 languages. Our re-jacketed Jonny Duddle editions of the seven Harry Potter novels continued to perform strongly in all territories.

Sales of Sarah J. Maas titles grew by 184%. The launch of her new trilogy, A Court of Thorns and Roses, sold in 13 languages and hit the New York Times Young Adult bestseller list for eight weeks. A Court of Mist and Fury, the second book in this trilogy has just hit number one on the New York Times Young Adult bestseller list. Her new Throne of Glass novel – Queen of Shadows – has sold in 24 languages and was on the New York Times Series bestseller list for four weeks and hit number five on the Bookseller UK children's chart. It was also voted Goodreads, Winner: Best YA Fantasy and Science Fiction of 2015.

We capitalized on a film adaption of John Green's Paper Towns starring Cara Delevingne with two new editions of this evergreen young adult novel. The film tie-in edition was a Bookseller children's number one remaining there for five weeks and we have sold more than 1 million copies.

Our two best performers on the Bloomsbury Picture Book list were You Can't Take an Elephant on the Bus by Patricia Cleveland-Peck, illustrated by David Tazzyman, selling 33,000 copies through the UK BookScan (Nielsen TCM), and Never Tickle a Tiger by Pamela Butchart, illustrated by Marc Boutavant, selling 20,000 copies through UK BookScan and translation rights in 9 territories. I Love You Night and Day by Smriti Prasadam Halls and Alison Brown continued to sell strongly in the US following a month in the Barnes & Noble Valentine's Day promotion.

The Wolf Wilder by Katherine Rundell was the most reviewed children's book in the UK in the run-up to Christmas and sales have been strong for the beautiful, illustrated hardback package.

We achieved the Overall Winner and Children's Trade Category Winner at the British Printing Industries Federation's Book Design and Production Awards for The Imaginary by A. F. Harrold and Emily Gravett. The judges said: "It is a delight to see publishers willingly upping their game in terms of print and production." It was also awarded Kirkus Reviews, Best Middle Grade Books of 2015 in the US.

Andy Seed's Silly Book of Side Splitting Stuff was named the winner of the Blue Peter Award for a Book with Facts.

In the education division we had two Education Resource Award winners – Early Years Non ICT – for Time to Communicate by Trudi Fitzhenry and Karen Murphy and Secondary Non ICT for 100 Ideas – Outstanding Science Lessons by Ian McDaid. The A&C Black Music list moved to Collins Learning in the year. This leaves our list focused on generalist primary teachers and secondary school teachers. Our strategy is to publish titles that support today's teachers and today's curriculum and to exploit our content through digital innovation.

E-book sales in the US rose to 18% of book sales from 15% last year – due to strong sales of Sarah J. Maas titles. In the UK sales of Paper Towns and Sarah J. Maas titles contributed to e-book sales rising to 11% of book sales for the trade list up from 9% last year (excluding Harry Potter sales where we don't hold digital rights). Bloomsbury Spark, our e-first list, continued to publish titles for the young adult and new adult market.

We were shortlisted for the IPG Independent Publishers Awards – Children's Publisher of the Year and are shortlisted for the Bookseller Children's Publisher of the Year.

Adult

Revenue increased by 3% year on year to £46.0 million (2015: £44.7 million). Osprey Publishing, which was acquired in December 2014, generated revenue of £7.2 million in the year (2015: £1.5 million). On a like for like basis, excluding the results of this acquisition, Adult revenues were down by 10% year on year. Operating profit before highlighted items was £2.7 million (2015: £3.0 million). Results last year included the success of two major cookery titles as well as the release of the paperback of And the Mountains Echoed by Khaled Hosseini.

Our global publishing strategy continues for both our general and special interest markets and was strengthened by the acquisition of global publishing rights and by investment in the US market for our niche publishing activities, in particular in Osprey military history and popular science through our Bloomsbury Sigma imprint.

The market for print books throughout the English-speaking world was robust with many bookshop chains showing improved performance in spite of intense competition from Internet retailers and e-books. Some of this improvement has been driven by the extraordinary performance of a number of adult colouring books but there is an underlying confidence in the future of traditional bookselling and traditional books for pleasure, leisure, enlightenment and giving.

Our focus on special interest niches is paying off with that part of the business representing 14% of total Bloomsbury sales (2015: 10%). The value of this strategy is the ability to pinpoint market sectors and promote and sell direct to a community of shared interest. Our chosen niches are military history (through Osprey), natural history (through Helm and Poyser), sport (through Nautical, Reed's, and Wisden), popular science (through Sigma) and reference (through Who's Who, Whitaker's, and www.writersandartists.co.uk). In each of these areas we have strengthened our editorial positioning, invested in digital marketing, new products and portfolio widening. The results have been impressive and there is much opportunity still to be uncovered.

On the general trade side our key authors continue to grow. Celia Imrie's Not Quite Nice hit the bestseller lists as did William Boyd's Sweet Caress while both James Runcie's Grantchester series (with six million viewers for each TV episode) and Hannah Rothschild's debut novel, The Improbability of Love (which has been shortlisted for the Bailey's Prize), have garnered extraordinary attention and sales. In addition we had new books from our established authors such as Margaret Atwood, T. C. Boyle, Esther Freud, and Colum McCann. In non-fiction we had great success with Adam Sisman's superb biography of John le Carré, Elizabeth Gilbert's Big Magic, Peter Frankopan's Silk Roads, Patti Smith's M Train, and our Christmas special, A Guinea Pig Pride and Prejudice, which introduced a whole new generation to Jane Austen. Other highlights included the film tie-in edition of Carol by Patricia Highsmith and Kamila Shamsie's A God in Every Stone being shortlisted for last year's Bailey's Prize; Sheila Hancock's Miss Carter's War being selected for the Richard and Judy book club; Roz Chast's Can't we Talk about Something More Pleasant? remaining on the New York Times bestseller list for the entire year; and publishing Nobel Prize winner Patrick Modiano's Occupation Trilogy.

Among the many literary prizes our authors and books were awarded are: The Sheridan Morley Prize for Tennessee Williams by John Lahr, the Pulitzer Prize for The Sixth Extinction by Elizabeth Kolbert; the James Tait Black Prize for The Valley by Richard Benson; the National Book Critics Circle Award for Dreamland by Sam Quinones; Victoria's Premier's Award for World Without Us by Mireille Juchau; the Ramnath Goenka Award for Excellence in Journalism for Mecca: The Sacred City by Ziauddin Sardar; and for Bloomsbury itself the Gourmand Award for Best Big Cookery Publisher in the World for the last twenty years.

Our digital-first list, Bloomsbury Reader, has now generated over £1.0 million of revenue since launching in September 2011 with the aim of bringing literary backlists into circulation alongside new titles as e-books and, based on consumer demand, print editions. Bestsellers include The White Cottage Mystery by Margery Allingham, first serialised in 1927 and Bloomsbury's Outsider, first published in 2015 and shortlisted for the James Tait Black Award for Best Biography.

Bloomsbury Information

Bloomsbury Information provides innovative content marketing and publishing services to external partners. This includes the development of IP-rich knowledge hubs; large-scale, multi-year digital content and community platforms provided as a full service for other organizations; publishing, management and consultancy services; content creation and licensing, customized for other organizations. Bloomsbury Information also publishes the Bloomsbury Business list.

Revenue in the year was £3.2 million (2015: £3.9 million), with much of this change due to the end of the seven year term of contracts with Qatar Foundation (QF). Operating profit before highlighted items was £1.2 million (2015: £1.1 million).

The contracts for Bloomsbury to provide QF with publishing services reached the end of their term in December 2015. The original objective of the QF relationship was to achieve knowledge transfer to QF to enable it to run its own self-sufficient publishing company. We have handed over to the strong local team we developed having completed this mission. QF now has the tools, knowledge and experience to take the reins and run its own publishing house. Bloomsbury Qatar Foundation Publishing published more than 200 titles in Arabic and English, winning awards and having bestselling titles over its first seven years. In April we reached an agreement with Kalimat, a publisher in Sharjah, to translate Arabic books into English for the global market and to translate English-language books into Arabic.

The IZA World of Labor knowledge hub had a strong year of global engagement with policy makers and the media. It now contains more than 230 peer-reviewed articles written by leading labour economists, and achieved more than 250 global media mentions in 2015, including articles in the Washington Post, The Times, the Economist and the Financial Times. The knowledge hub covers important and timely topics such as asylum policy in Europe and the impact of robots on employment, and its content helped inform the B20 Employment Taskforce Report. We continue to grow key partnerships with leading organisations like the World Bank, OECD and UCL.

From 2016, Bloomsbury is pleased to be providing publishing services to the Arcadian Library to digitise it and sell access to a new digital platform containing images of its unique collection of rare books and manuscripts. The Arcadian Library is one of the best collections of books about relations between the West and the Arab and Islamic worlds, including travel, medicine and science. The Library was assembled over decades and always held as a private collection. Bloomsbury will be digitising these books for the first time and making them available to universities, libraries and individuals around the world as a subscription product.

Bloomsbury provided Lloyds Bank with business content aimed at their SME business customers during the year, including a new business glossary that went live on the Lloyds Business Resource Centre. Lloyds will continue to launch more Bloomsbury content in the coming year, which will provide business thought leadership, insight and best practice to its business customers.
The Bloomsbury Business list continued to grow this year, as did our partnership with Ashridge/Hult Business School. Titles published from this partnership included Capitalism's Toxic Assumptions by Eve Poole and Creating Financial Value by Malcolm Allitt. Other titles in the list were well received, including Rewire: A Radical Approach to Tackling Diversity and Difference by Chris Yates and Pooja Sachdev and Managing for Success: Spotting Danger Signals and Fixing Problems Before They Happen by Morgen Witzel, both of which were covered by the Financial Times.

Outlook

Today we are pleased to announce a major new strategic growth initiative called Bloomsbury 2020, and the creation of Bloomsbury Digital Resource Publishing. We plan significantly to accelerate the growth of digital revenues by implementing a new digital publishing plan in our move to become primarily a non-consumer publisher in the B2B academic and professional information market. The increased range of digital products will include reversioning and updating content from Bloomsbury's extensive and deep backlists, as well as licensing in high quality 3rd party intellectual property, and primary resource material from a wide range of international content providers.   Bloomsbury aims to become the go-to scholarly partner for copyright holders looking to reach HE institutions around the world, but who lack the expertise and infrastructure to do so effectively.

The budget for academic libraries worldwide is estimated to be worth $5 billion. Academic & Professional digital output to date has been highly successful in terms of profit margins (mature digital resources often yield an operating profit margin of 25% to 40%) and in terms of growth (24% total revenue growth in the last financial year). Bloomsbury 2020 will build rapidly on this success, by increasing the output and speed to market of a range of new products, providing a robust scalable set of platforms and improving the strength, depth and geographical spread of our institutional digital sales team. Existing services like the award-winning Berg Fashion Library, Drama Online and Bloomsbury Professional Online are proof that Bloomsbury can deliver high value, repeat-income digital resources: it is this capability that Bloomsbury 2020 seeks to grow dramatically. We are targeting revenues rising to £15 million and profits of £5m from Bloomsbury Digital Resource Publishing by financial year 2021/22. The peak effect on our income statement is expected to be an extra £2 million of net cost in 2017/18 and on our cash flow an extra £1.7 million of outflow is expected in 2017/18. Cash payback on the investment is expected to be in the fourth full year, 2020/21.

We are also announcing today a reorganisation of the business into two divisions: Consumer and Non-Consumer, reflecting the core customers for our different operations. The Consumer division will be created by merging the Children's trade and Adult trade businesses and from 1 June will be managed by Emma Hopkin, who is currently the Managing Director of our Children's & Educational division. All other operations will be in the Non-Consumer division which will be managed by Jonathan Glasspool, who is currently Managing Director of our Academic & Professional division, reporting to Richard Charkin. Richard will remain on the Board, in addition to the Non-Consumer division he will focus on strategic growth areas including special interest and the Bloomsbury India business. He will continue full time until 28 February 2017, after which he will change to two days a week. This reorganisation will simplify our business, lead to system and structural efficiencies as well as increase our customer focus and facilitate our digital expansion.

Since the year end, Group revenues have been in line with our expectations, with the Children's & Educational division very strong.

In the current year our publishing programme includes Harry Potter and the Chamber of Secrets Illustrated Edition by J. K. Rowling and Jim Kay, two front list Sarah J. Maas titles, new cookery titles from Tom Kerridge with Tom's Table and Hugh Fearnley-Whittingstall with River Cottage A to Z, and the new edition of Fantastic Beasts & Where to Find Them with new content from J. K. Rowling.

Bloomsbury continues its strategy of growing academic, professional, special interest and educational revenues. Bloomsbury has shown that its Academic & Professional intellectual property, in particular, is capable of creating significant value when sold in a digital format. Our exclusive content can be monetised as an individual title, in collections, as a subscription or through perpetual access. We will be accelerating growth in this area, leveraging content across both Bloomsbury and third parties, providing significant opportunities to create more value from these assets. The Bloomsbury 2020 strategy to grow revenues from academic and professional digital resources for academic libraries worldwide, will lead our repositioning in the market from a primarily consumer publisher to a digital B2B publisher, whilst continuing our long track record of huge bestsellers in the adult and children's markets which remain a very important part of Bloomsbury's mission.

Unaudited Consolidated Income Statement

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Notes	**Year ended 29 February 2016 £'000**	Year ended 28 February 2015 £'000
Revenue	2	**123,725**	111,125
Cost of sales		**(55,198)**	(47,800)
Gross profit		**68,527**	63,325
Marketing and distribution costs		**(17,065)**	(15,519)
Administrative expenses		**(41,016)**	(38,154)
Operating profit before highlighted items		**13,115**	12,127
Highlighted items	3	**(2,669)**	(2,475)
Operating profit		**10,446**	9,652
Finance income		**27**	46
Finance costs		**(114)**	(94)
Profit before taxation and highlighted items		**13,028**	12,079
Highlighted items	3	**(2,669)**	(2,475)
Profit before taxation		**10,359**	9,604
Taxation	4	**(652)**	(856)
Profit for the year attributable to owners of the Company		**9,707**	8,748

Earnings per share attributable to owners of the Company			
Basic earnings per share	6	**12.98p**	11.94p
Diluted earnings per share	6	**12.93p**	11.90p

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Unaudited Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Profit for the year	**9,707**	8,748
Other comprehensive income		
Items that may be reclassified to the income statement:		
Currency translation differences on foreign operations	**3,214**	1,954
Items that may not be reclassified to the income statement:		
Remeasurements on the defined benefit pension scheme	**(24)**	(106)
Other comprehensive income for the year net of tax	**3,190**	1,848
Total comprehensive income for the year attributable to the owners of the Company	**12,897**	10,596

Unaudited Consolidated Statement of Financial Position

AS AT 29 FEBRUARY 2016

	Notes	**29 February 2016 £'000**	28 February 2015 £'000
Assets			
Goodwill		**42,092**	41,508
Other intangible assets		**22,465**	22,578
Property, plant and equipment		**2,463**	2,833
Deferred tax assets		**2,988**	3,607
Trade and other receivables	7	**1,011**	–
Total non-current assets		**71,019**	70,526
Inventories		**27,598**	29,235
Trade and other receivables	7	**71,461**	61,700
Cash and cash equivalents		**6,556**	10,021
Total current assets		**105,615**	100,956
Total assets		**176,634**	171,482
Liabilities			
Retirement benefit obligations		**230**	227
Deferred tax liabilities		**2,675**	3,119
Other payables		**871**	886
Provisions		**43**	482
Total non-current liabilities		**3,819**	4,714
Trade and other payables		**38,435**	37,250
Bank overdraft		**1,390**	–
Loans and borrowing		–	2,500
Current tax liabilities		–	2,841
Provisions		**23**	23
Total current liabilities		**39,848**	42,614
Total liabilities		**43,667**	47,328
Net assets		**132,967**	124,154
Equity			
Share capital		**939**	938
Share premium		**39,388**	39,388
Translation reserve		**7,043**	3,829
Other reserves		**6,829**	6,056
Retained earnings		**78,768**	73,943
Total equity attributable to owners of the Company		**132,967**	124,154

Unaudited Consolidated Statement of Changes in Equity

AS AT 29 FEBRUARY 2016

	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 EBT £'000	Retained earnings £'000	Total equity £'000
At 28 February 2014	**924**	**39,388**	**1,875**	**–**	**22**	**4,582**	**(1,202)**	**70,447**	**116,036**
Profit for the year	–	–	–	–	–	–	–	8,748	8,748
Other comprehensive income									
Exchange differences on translating foreign operations	–	–	1,954	–	–	–	–	–	1,954
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	(106)	(106)
Total comprehensive income for the year	**–**	**–**	**1,954**	**–**	**–**	**–**	**–**	**8,642**	**10,596**
Transactions with owners									
Issue of shares	14	–	–	1,386	–	–	–	(3)	1,397
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(4,276)	(4,276)
Share options exercised	–	–	–	–	–	–	864	(749)	115
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	(118)	(118)
Share-based payment transactions	–	–	–	–	–	404	–	–	404
Total transactions with owners of the Company	14	–	–	1,386	–	404	864	(5,146)	(2,478)
At 28 February 2015	**938**	**39,388**	**3,829**	**1,386**	**22**	**4,986**	**(338)**	**73,943**	**124,154**
Profit for the year	–	–	–	–	–	–	–	9,707	9,707
Other comprehensive income									
Exchange differences on translating foreign operations	–	–	3,214	–	–	–	–	–	3,214
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	(24)	(24)
Total comprehensive income for the year	**–**	**–**	**3,214**	**–**	**–**	**–**	**–**	**9,683**	**12,897**
Transactions with owners									
Issue of shares	1	–	–	–	–	–	–	(1)	–
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(4,590)	(4,590)
Share options exercised	–	–	–	–	–	–	331	(243)	88
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	(24)	(24)
Share-based payment transactions	–	–	–	–	–	442	–	–	442
Total transactions with owners of the Company	1	–	–	–	–	442	331	(4,858)	(4,084)
At 29 February 2016	**939**	**39,388**	**7,043**	**1,386**	**22**	**5,428**	**(7)**	**78,768**	**132,967**

Unaudited Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Cash flows from operating activities		
Profit before taxation	**10,359**	9,604
Finance income	**(27)**	(46)
Finance costs	**114**	94
Operating profit	**10,446**	9,652
Adjustments for:		
Depreciation of property, plant and equipment	**666**	660
Amortisation of intangible assets	**3,857**	3,259
Loss on sale of property, plant and equipment	**1**	8
Share-based payment charges	**487**	496
	15,457	14,075
Decrease/(increase) in inventories	**3,133**	(2,443)
(Increase)/decrease in trade and other receivables	**(8,212)**	272
Decrease in trade and other payables	**(1,476)**	(246)
Cash generated from operating activities	**8,902**	11,658
Income taxes paid	**(3,870)**	(1,410)
Net cash generated from operating activities	**5,032**	10,248
Cash flows from investing activities		
Purchase of property, plant and equipment	**(249)**	(274)
Purchase of businesses, net of cash acquired	**(60)**	(5,325)
Purchases of intangible assets	**(2,846)**	(3,562)
Proceeds from sale of property, plant and equipment	–	6
Interest received	**9**	26
Net cash used in investing activities	**(3,146)**	(9,129)
Cash flows from financing activities		
Equity dividends paid	**(4,590)**	(4,276)
Proceeds from exercise of share options	**88**	115
(Repayment) /drawdown of borrowings	**(2,500)**	2,500
Interest paid	**(90)**	(68)
Net cash used in financing activities	**(7,092)**	(1,729)
Net decrease in cash and cash equivalents	**(5,206)**	(610)
Cash and cash equivalents at beginning of year	**10,021**	10,037
Exchange gain on cash and cash equivalents	**351**	594
Cash and cash equivalents at end of year	**5,166**	10,021

NOTES

1. Accounting policies

The above unaudited financial information does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The above figures for the year ended 29 February 2016 are an abridged version of the Group's financial statements which will be reported on by the Group's auditors before dispatch to the shareholders and filing with the Registrar of Companies and as such do not contain full disclosures under International Financial Reporting Standards ("IFRS"). The preliminary announcement was approved by the Board and authorised for issue on 19 May 2016.

The Group's financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") at the time of preparing the Group's financial statements and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies applied in the year ended 29 February 2016 are consistent with those applied in the financial statements for year ended 28 February 2015 with the exception of a number of new accounting standards which have not had a material impact on the Group's results.

The Group's statutory financial statements for the year ended 28 February 2015 have been lodged with the Registrar of Companies. These financial statements received an audit report which was unqualified and did not include any reference to matters to which the auditors drew attention by way of emphasis without qualifying their report or a statement under section 498(2) or section 498(3) of the Companies Act 2006.

2. Segmental analysis

The Group is comprised of four worldwide publishing divisions: Adult, Children's & Educational, Academic & Professional and Information. These divisions are the basis on which the Group reports its primary 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:

Year ended 29 February 2016	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
External revenue	45,994	41,840	32,669	3,222	–	123,725
Cost of sales	(22,101)	(18,667)	(13,844)	(586)	–	(55,198)
Gross profit	**23,893**	**23,173**	**18,825**	**2,636**	**–**	**68,527**
Marketing and distribution costs	(7,118)	(5,942)	(3,922)	(83)	–	(17,065)
Contribution before administrative expenses	**16,775**	**17,231**	**14,903**	**2,553**	**–**	**51,462**
Administrative expenses excluding highlighted items	(14,108)	(11,194)	(11,720)	(1,325)	–	(38,347)
Operating profit before highlighted items / segment result	**2,667**	**6,037**	**3,183**	**1,228**	**–**	**13,115**
Amortisation of acquired intangible assets	(206)	(138)	(1,437)	(5)	–	(1,786)
Other highlighted items	–	–	–	–	(883)	(883)
Operating profit / (loss)	**2,461**	**5,899**	**1,746**	**1,223**	**(883)**	**10,446**
Finance income	–	–	–	–	27	27
Finance costs	–	–	–	–	(114)	(114)
Profit / (loss) before taxation	**2,461**	**5,899**	**1,746**	**1,223**	**(970)**	**10,359**
Taxation	–	–	–	–	(652)	(652)
Profit / (loss) for the year	**2,461**	**5,899**	**1,746**	**1,223**	**(1,622)**	**9,707**

Operating profit before highlighted items / segment results	**2,667**	**6,037**	**3,183**	**1,228**	**–**	**13,115**
Depreciation	260	169	207	30	–	666
Amortisation of internally generated intangibles	538	273	1,214	46	–	2,071
EBITDA before highlighted items	**3,465**	**6,479**	**4,604**	**1,304**	**–**	**15,852**

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

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

Total assets

	29 February 2016 £'000	28 February 2015 £'000
Adult	**21,250**	22,402
Children's & Educational	**12,280**	11,473
Academic & Professional	**55,939**	56,756
Information	**203**	384
Unallocated	**86,962**	80,467
Total assets	**176,634**	171,482

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

External revenue by destination

	Source				
	United Kingdom £'000	North America £'000	Australia £'000	India £'000	Total £'000
Destination					
Year ended 29 February 2016					
United Kingdom (country of domicile)	56,943	3	–	–	56,946
North America	3,373	32,762	–	–	36,135
Continental Europe	9,254	332	–	–	9,586
Australasia	741	1,302	7,038	–	9,081
Middle East and Asia	4,935	188	–	1,917	7,040
Rest of the world	4,737	200	–	–	4,937
Overseas countries	23,040	34,784	7,038	1,917	66,779
Total	**79,983**	**34,787**	**7,038**	**1,917**	**123,725**
Year ended 28 February 2015					
United Kingdom (country of domicile)	53,815	–	–	–	53,815
North America	4,438	29,038	–	–	33,476
Continental Europe	8,897	1	–	–	8,898
Australasia	444	–	6,025	–	6,469
Middle East and Asia	3,555	–	–	1,589	5,144
Rest of the world	3,206	117	–	–	3,323
Overseas countries	20,540	29,156	6,025	1,589	57,310
Total	**74,355**	**29,156**	**6,025**	**1,589**	**111,125**

During the year sales to one customer exceeded 10% of Group revenue (2015: one customer). The value of these sales was £23,426,000 (2015: £21,111,000).

External revenue by product type

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Print	**98,111**	85,301
Digital	**15,022**	11,748
Rights and services[1]	**10,592**	14,076
Total	**123,725**	111,125

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

Analysis of non-current assets (excluding deferred tax assets) by geographic location

	29 February 2016 £'000	28 February 2015 £'000
United Kingdom (country of domicile)	**62,877**	61,837
North America	**5,094**	5,027
Other	**60**	55
Total	**68,031**	66,919

3. Highlighted items

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Legal and other professional fees	**16**	215
Restructuring costs	**915**	435
Other	**(48)**	–
Other highlighted items	**883**	650
Amortisation of acquired intangible assets	**1,786**	1,825
Total highlighted items	**2,669**	2,475

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

All highlighted items are included in administrative expenses in the income statement.

In 2015 legal and other professional costs of £215,000 were incurred primarily in relation to the acquisition of the Osprey Publishing group.

Restructuring costs of £915,000 have been incurred as a result of the Group's acquisition activities and the restructuring of the Bloomsbury Information division (2015: £435,000 have been incurred as a result of the Group's acquisition activities and the One Global Bloomsbury strategic reorganisation).

The other credit of £48,000 is primarily the release of penalties and interest relating to a historic tax enquiry with HMRC.

4. Taxation

Factors affecting tax charge for the year
The tax on the Group's profit before tax differs from the standard rate of corporation tax in the United Kingdom of 20.08% (2015: 21.17%). The reasons for this are explained below:

	Year ended 29 February 2016		Year ended 28 February 2015	
	£'000	**%**	£'000	%
Profit before taxation	**10,359**	**100.00**	9,604	100.00
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.08% (2015: 21.17%)	**2,080**	**20.08**	2,033	21.17
Effects of:				
Non-deductible revenue expenditure	**279**	**2.69**	23	0.24
Non-qualifying depreciation	**15**	**0.14**	18	0.19
Movement in unrecognised temporary differences	**99**	**0.96**	38	0.40
Different rates of tax in foreign jurisdictions	**519**	**5.01**	71	0.74
Tax losses utilised	**(216)**	**(2.09)**	(583)	(6.08)
Movement in deferred tax rate	**(209)**	**(2.02)**	–	–
Adjustment to tax charge in respect of prior years				
Current tax – utilisation of previously unrecognised Bloomsbury Verlag losses in the UK	**(543)**	**(5.24)**	–	–
Current tax - other	**(1,070)**	**(10.32)**	5	0.05
Deferred tax	**(70)**	**(0.68)**	(795)	(8.27)
Tax charge for the year before disallowable costs on highlighted items	**884**	**8.53**	810	8.44
Highlighted items:				
Disallowable costs incurred on acquisitions	**5**	**0.05**	46	0.48
Disallowable credits	**(24)**	**(0.23)**	–	–
Release of Bloomsbury Verlag tax provision	**(213)**	**(2.06)**	–	–
Tax charge for the year	**652**	**6.29**	856	8.92

In 2016 the £1,070,000 current tax adjustment in respect of prior years relates to the carry back of double taxation relief to prior years and an adjustment to align the prior year Group tax charge with recently submitted tax returns particularly for the US entities.

In 2015 the £795,000 deferred tax adjustment in respect of prior years relates to increased certainty over the recoverability of temporary differences in the US.

Subsequent to the successful First-Tier Tribunal decision on Bloomsbury Verlag, a prior year adjustment of £543,000 has been recognised for the utilisation of previously unrecognised losses.

5. Dividends

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Amounts paid in the year		
Prior period final 5.08p dividend per share (2015: 4.84p)	**3,797**	3,531
Interim 1.06p dividend per share (2015: 1.02p)	**793**	745
Total dividend payments in the year	**4,590**	4,276
Amounts arising in respect of the year		
Interim 1.06p dividend per share for the year (2015: 1.02p)	**793**	745
Proposed 5.34p final dividend per share for the year (2015: 5.08p)	**4,009**	3,797
Total dividend 6.40p per share for the year (2015: 6.10p)	**4,802**	4,542

The Directors are recommending a final dividend of 5.34 pence per share, which, subject to shareholder approval at the Annual General Meeting, will be paid on 21 September 2016 to shareholders on the register at close of business on 26 August 2016.

6. Earnings per share

The basic earnings per share for the year ended 29 February 2016 is calculated using a weighted average number of Ordinary shares in issue of 74,807,436 (2015: 73,250,139) after deducting shares held by the Employee Benefit Trust.

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

	Year ended 29 February 2016 Number	Year ended 28 February 2015 Number
Weighted average shares in issue	**74,807,436**	73,250,139
Dilution	**245,115**	262,644
Diluted weighted average shares in issue	**75,052,551**	73,512,783
	£'000	£'000
Profit after tax attributable to owners of the Company	**9,707**	8,748
Basic earnings per share	**12.98p**	11.94p
Diluted earnings per share	**12.93p**	11.90p
	£'000	£'000
Adjusted profit attributable to owners of the Company	**11,440**	**10,826**
Adjusted basic earnings per share	**15.29p**	**14.78p**
Adjusted diluted earnings per share	**15.24p**	**14.73p**

Adjusted profit is derived as follows:

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Profit before taxation	**10,359**	9,604
Amortisation of acquired intangible assets	**1,786**	1,825
Other highlighted items	**883**	650
Adjusted profit before tax	**13,028**	12,079
Tax expense	**652**	856
Deferred tax movements on goodwill and acquired intangible assets	**527**	305
Tax expense on other highlighted items	**409**	92
Adjusted tax	**1,588**	1,253
Adjusted profit	**11,440**	10,826

7. Trade and other receivables

	29 February 2016 £'000	28 February 2015 £'000
Non-current		
Prepayments and accrued income	**1,011**	–
Current		
Gross trade receivables	**45,476**	38,489
Less: provision for impairment of receivables	**(432)**	(627)
Less: provision for returns	**(5,800)**	(6,057)
Net trade receivables	**39,244**	31,805
Income tax recoverable	**850**	4
Other receivables	**1,354**	2,637
Prepayments and accrued income	**7,784**	5,905
Royalty advances	**22,229**	21,349
Total current trade and other receivables	**71,461**	61,700
Total trade and other receivables	**72,472**	61,700

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

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

Royalty advances have been separated out from prepayments and accrued income to enable a user to get a better understanding of the business. A provision is held against gross advances payable in respect of published titles advances which may not be fully earned down by anticipated future sales. As at 29 February 2016 £5,530,000 (2015: £5,154,000) of royalty advances relate to titles expected to be published in greater than 12 months.

8. Annual General Meeting

The Annual General Meeting will be held on 19 July 2016.

9. Report and Accounts

Copies of the Annual Report and Financial Statements will be circulated to shareholders in July and can be viewed after the posting date on the Bloomsbury website.