BLOOMSBURY PUBLISHING PLC
(“Bloomsbury” or the “Group”)
Audited Preliminary Results for the year ended 28 February 2017

Bloomsbury today announces audited results for the year ended 28 February 2017.

Financial Highlights

- Revenues grew by 15% to £142.6 million (2016: £123.7 million)
- Profit before taxation and highlighted items* of £12.0 million (2016: £13.0 million), above market expectations
- Final dividend of 5.6p per share making a total dividend of 6.7p per share for the year (2016: 6.4p per share)
- Diluted earnings per share, excluding highlighted items, were 12.63p (2016: 15.24p)
- Strong cash generation with net cash of £15.5m at 28 February 2017 (2016: £5.2m)

Operational Highlights

Consumer division

- The Consumer division, consisting of Adult and Children’s trade publishing, had an exceptional year, due primarily to an excellent Children’s performance. Revenue increased 28% to £85.4m (2016: £66.4m) and operating profit before highlighted items increased by 33% to £7.9m (2016: £6.0m)

- **Children’s**
    - Revenue for the year increased by 48% to £55.9m (2016: £37.7m)
    - Sales of the Harry Potter series in the year grew by 88%, including *Harry Potter and the Chamber of Secrets* Illustrated Edition.
    - Sales of Sarah J. Maas grew by 87% globally, including *A Court of Mist and Fury*, which was number one on the *New York Times* Young Adult bestseller list
    - Neil Gaiman reached number one in *The Sunday Times* fiction bestseller list with *Norse Mythology*

- **Adult division**
    - Revenue increased by 3% year on year to £29.5m (2016: £28.7m)
    - Highlights include William Boyd’s *Sweet Caress*, Celia Imrie’s *Nice Work if You Can Get It*, Hannah Rothschild’s *Improbability of Love* and Natasha Pulley’s *The Watchmaker of Filigree Street*
    - The cookery list continues to perform well, notably Tom Kerridge’s *Dopamine Diet* which reached number one on T*he Sunday Times* non-fiction bestseller list, and *Le Manoir Aux Quat’ Saisons* by Raymond Blanc

Non-Consumer division

- The Non-Consumer division, consisting of Academic & Professional, Special Interest and Content Services, generated revenues of £57.2m (2016: £57.3m) and operating profit before highlighted items of £4.1m (2016: £7.1m). Profits were affected by the end of the term of the Qatar contract and investment in the *Bloomsbury 2020* digital resources growth strategy

- **Progress on *Bloomsbury 2020* digital resources growth strategy**
    - As planned, four new digital resources were launched: Fairchild Books Library, The Fashion Photography Archive, Arcadian Library and Bloomsbury Popular Music
    - Digital resources revenues grew by 50% to £3.9 million (2016: £2.6 million)
    - Strong pipeline with three new resources to be launched over the next year: The Bloomsbury Design Library, The Bloomsbury Food Library and Bloomsbury Cultural History

- **Strong list for the year ahead**
    - Illustrated Edition of *Harry Potter and the Prisoner of Azkaban* and the Illustrated Edition of *Fantastic Beasts and Where to Find Them*
    - *A Court of Wings and Ruin* by Sarah J Mass
    - *The Strange Death of Europe* by Douglas Murray
    - *Breaking Mad* by Anna Williamson

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

"This has been a very strong year for Bloomsbury with excellent revenue growth in all our territories. Our children's publishing, in particular, had an exceptional year, delivering double digit revenue growth for the fourth year in a row.

We are very pleased also at the impact of our trade publishing, having had two simultaneous number one bestsellers in February– Tom Kerridge's *Dopamine Diet* topping *The Sunday Times* non-fiction bestseller list and Neil Gaiman's *Norse Mythology* the fiction list. This was followed by George Saunders' extraordinary and brilliant novel, *Lincoln in the Bardo*, going to Number 1 on the *Evening Standard* bestseller list in March. The way we publish all three books reflects the significant success of our trade publishing

We have also made substantial progress in delivery of our *Bloomsbury 2020* digital resource strategy. We completed a new platform to host our digital resources and launched four new major resources during the year. It was particularly encouraging to see digital resource revenues exceeding expectations, increasing 50% year-on-year.

We are well-placed for the coming year. We are launching three further major digital resources, as planned, and have an exciting publishing list from new and existing authors."

** Highlighted items comprise amortisation of acquired intangible assets and other one-off significant non-cash charges and major one-off initiatives including legal and other professional costs relating to acquisitions and restructuring costs.*

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Bloomsbury has had a year of strong progress - with excellent revenue growth and good strategic development through investment in the *Bloomsbury 2020* digital resources growth strategy. Book sales, and print in particular, continue to be resilient in spite of political and economic uncertainty.

Bloomsbury achieved excellent revenue growth of 15% for the year ending 28 February 2017 (9% at constant currencies) resulting in total revenues of £142.6 million (2016: £123.7 million). Profit before tax and highlighted items was £12.0 million (2016: £13.0 million), £1.0 million below the prior year in line with the guidance we gave in May 2016 to reflect our £0.6 million investment in the *Bloomsbury 2020* digital resources growth strategy and also the end of the seven year term of the Qatar Foundation contract in December 2015.

During the year revenues generated by each of Bloomsbury's four territorial offices grew. The Group's ambitious plans to grow in Australia, announced in July 2016, saw Bloomsbury Australia grow revenues by 50% (26% at constant currencies) from £7.0 million to £10.5 million. Revenues in Bloomsbury India grew 46% (30% at constant currencies) and the business made an operating profit for the first time. 61% of Bloomsbury's sales now originate from customers outside the UK (2016: 54%).

Book sales grew by 18% year on year to £133.3 million, with digital sales, included in this total, increasing by 7% to £16.0 million. Digital growth was driven by strong sales of digital resources. Rights and services revenues were £9.3 million (2016: £10.6 million), being 7% of total Group revenues compared to 9% in the previous year.

The Consumer division and Children's publishing in particular delivered an excellent performance, with its fourth year in a row of double digit revenue growth. The Illustrated Edition of *Harry Potter and the Chamber of Secrets* by J. K. Rowling and illustrated by Jim Kay was a major international seller. Book sales in the Non-Consumer division grew by 5% but, as expected, the division saw a reduction in rights and services revenues following the end of the term of the Qatar contract and last year's strong rights performance.

A key strategic focus in 2016/17 was the *Bloomsbury 2020* digital resources growth strategy. During the year we built a new platform to host our digital resources. Our programme is on schedule, with two resources launched onto the new platform. We are encouraged that digital resources revenues exceeded our expectation, growing by 50% year on year to £3.9 million. Our guidance on future investment and returns for this growth strategy is unchanged.

Due to the strong trading in the year, the Group was able to make a bonus provision of £1.0 million (2016: Nil).

Highlighted items of £2.6 million (2016: £2.7 million) include £1.7 million (2016: £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 strategic restructuring of the US operation.

The effective rate of tax for the year was 22% compared to 6% for the year ended 29 February 2016. The rate last year was low as it included the utilisation of previously unrecognised tax losses and a double tax relief benefit.

Diluted earnings per share, excluding highlighted items, were 12.63 pence (2016: 15.24 pence). Total diluted earnings per share for the year were 9.81 pence compared to 12.93 pence in 2016.

Cash generation was strong with cash and cash equivalents net of bank overdraft of £15.5 million at 28 February 2017 (2016: £5.2 million). Our focus on working capital continues - stock has reduced by 5% or £1.3 million year on year, using constant currencies. We are working to achieve a similar stock reduction in the new financial year. Our strategic priority for cash is organic investment to grow and enhance our existing business. Including capital expenditure, during the year we invested an additional £1.5 million of cash in *Bloomsbury 2020*.

Another strategic priority for cash is the growth of our dividend. The Group has a progressive dividend policy while aiming to keep dividend earnings cover in excess of two. Investment in *Bloomsbury 2020* is leading to earnings cover falling below that level in the short-term, but the dividend is underpinned by strong cash cover. The Board has committed during this period of investment to maintain its progressive dividend policy on the basis that earnings cover will improve as the return on *Bloomsbury 2020* accrues. The Directors are therefore recommending a final dividend of 5.6 pence per share, which subject to shareholder approval at our AGM on 18 July 2017, will be paid on 20 September 2017 to shareholders on the register at the close of business on 25 August 2017. Together with the interim dividend, this makes a total dividend for the year ended 28 February 2017 of 6.7 pence per share, a 5% increase on the 6.4 pence dividend for the year ended 29 February 2016. Including the full year dividend increase, over the past twelve years the dividend has increased steadily at a compound annual growth rate of 7%.

Consumer division

The Consumer division, which consists of Adult and Children's trade publishing, has had an exceptional year, significantly due to an excellent Children's performance. Revenue for the division increased by 28% to £85.4 million (2016: £66.4 million). Operating profit before highlighted items increased by 33% to £7.9 million (2016: £6.0 million). There was good revenue growth in all territories; 23% in Australia, 17% in the US, 55% in India and 21% in the UK (all at constant currencies).

The division won many important awards, notably the *Financial Times* and McKinsey Business Book of the Year Award for *The Man Who Knew,* a biography of Alan Greenspan by Sebastian Mallaby; and Bloomsbury Children's Books became the first publisher in 50 years to win both the Carnegie and Greenaway Medals for *One* by Sarah Crossan and Chris Riddell for illustrating *The Sleeper and the Spindle* by Neil Gaiman. The Children's team were shortlisted for the Independent Publishers Guild Children's Publisher of the Year and the British Book Awards Children's Publisher of the Year. These awards recognise the high standard and quality of our authors and illustrators and support our strategy to focus on acquiring global commercial rights, targeted and strategic marketing and brand management of our major authors.

Children's revenues increased by 48% to £55.9 million (2016: £37.7 million). Operating profit before highlighted items increased by 44% to £7.6 million (2016: £5.3 million). Sales of Harry Potter titles grew by 88% in the year. *Harry Potter and the Chamber of Secrets* Illustrated Edition was published to great acclaim in October 2016. We sold rights to Jim Kay's Harry Potter illustrations, in which we control world rights, in 30 languages. The film tie-in *Fantastic Beasts and Where to Find Them – Newt Scamander: A Movie Scrapbook* sold well following the release of the film, the first of five, in November 2016. Sales of Sarah J. Maas titles grew by 87% year on year. *A Court of Mist and Fury*, the second book in the *A Court of Thorns and Roses* series, was number one on the *New York Times* Young Adult bestseller list. Her new Throne of Glass novel – *Empire of Storms* – was on the *New York Times* Series bestseller list for nine weeks reaching number two and was also number two on the Bookseller UK children's chart. The success of Sarah J. Maas and other Young Adult publishing contributed significantly to Children's e-book sales increasing by 19% to £3.4 million. Neil Gaiman reached number one in the Nielsen BookScan original fiction chart with *Norse Mythology.* Bloomsbury Children's UK market share value grew by 21% year on year to 4% (source: Nielsen BookScan). During the year we created a Children's Non-Fiction team to enhance focus and growth in that part of the division.

Adult revenues increased by 3% to £29.5 million (2016: £28.7 million). Operating profit before highlighted items of £0.3 million (2016: £0.7 million) was affected by a reduction in higher margin e-book revenues and increased advance provisions. William Boyd's *Sweet Caress*, Ann Patchett's *Commonwealth,* Hannah Rothschild's *Improbability of Love* and Natasha Pulley's *The Watchmaker of Filigree Street* all sold strongly. In cookery, Tom Kerridge's *Dopamine Diet* sold over 140,000 copies and went to number one in the overall Nielsen BookScan chart in the UK on publication. *Le Manoir Aux Quat' Saisons* by Raymond Blanc also sold well. Peter Frankopan's *The Silk Roads* was in the *Sunday Times* paperback non-fiction chart for 31 weeks and in the US, *Dreamland* by Sam Quinones won the National Book Critics Circle non-fiction award. Bloomsbury Adult in the UK grew market share by value by 2% year on year (source: Nielsen BookScan).

During the year a new Publishing Director joined the Adult team in London and we launched a new crime imprint, Raven Books, run by a new Editorial Director. Crime is a constantly growing segment of the market. Bloomsbury's first book in this imprint, *The River at Night* by Erica Ferencik was published in January 2017. It is nominated as *The Bookseller's* Book of the Month for June. The US Consumer division has been restructured and a new Editorial Director for Fiction was appointed in January 2017.

Non-Consumer division

The Non-Consumer division consists of Academic & Professional, Special Interest and Content Services. Both revenues in the division of £57.2 million (2016: £57.3 million) and adjusted operating profits of £4.1 million (2016: £7.1 million) were affected by the end of the term of the Qatar Foundation contract in December 2015, our £0.6 million net incremental investment in *Bloomsbury 2020* and the benefit of a full year of results from certain Family Law titles, which were acquired in January 2016. Academic & Professional revenues make up 65% of total division revenues and were up 1%. Within this, Education has revenue of £2.5 million (2016: £3.9 million) and operating profit before highlighted items of £0.3 million (2016: £0.7 million) in the year ended 28 February 2017. The £1.4 million reduction in revenues year on year is due to a strong year for rights sales last year. Excluding Education, Academic & Professional revenues grew by 5%.

The *Bloomsbury 2020* digital resources growth strategy, announced in May 2016, will make Bloomsbury a leading non-consumer publisher in the B2B academic and professional information market and significantly accelerate the growth of digital revenues. The plan is to increase the output and speed to market of a range of new digital products, provide a robust scalable set of platforms, and improve the strength, depth and geographical spread of our institutional digital sales team. Bloomsbury Digital Resources, a separate team within Non-Consumer, has been set up under its own Managing Director and Sales Director to bring this to fruition more quickly. During the year ended 28 February 2017, the focus of this plan was to deliver the digital platform upon which to host the new services and hire the new content acquisition, sales and marketing teams as well as launch two new resources on the new platform. All this was achieved as planned during the year. Academic & Professional digital resources revenues grew by 58% to £3.7 million (2016: £2.4 million), well above our expectations. Over 40% of digital resources revenues originated from outside the UK, with the largest single territory being North America at 33% (2016: 18%) which had 194% revenue growth year on year. Bloomsbury now has over 1,700 active institutional customers worldwide for its digital resources (2016: 1,009), a growth of 68%. All our existing major digital resources saw revenue growth. In the year, as planned, we launched four new major digital resources: Fairchild Books Library, The Fashion Photography Archive, Arcadian Library and Bloomsbury Popular Music - the latter two hosted on our new platform. In addition there were a number of modules added to existing products including BBC Drama and Hollow Crown added to Drama Online, which now reaches over one million students worldwide. The pipeline of new resources is strong - over the next year we will be launching three new resources: The Bloomsbury Design Library, The Bloomsbury Food Library and Bloomsbury Cultural History, as well as three new modules to Drama Online.

Including e-book revenues, Academic & Professional digital revenues in total grew by 25% year on year to £6.9 million, more than four times the industry growth rate of 6% for academic and professional digital revenues (Source: Publishing Association Yearbook 2016).

The Academic division generally had a good year, with a sizeable increase in output of titles, a third Dartmouth prize in seven years and a new strategic partnership for the Classics list with leading exam board Oxford Cambridge and RSA, making Bloomsbury the largest publisher in UK secondary schools classics. Bloomsbury's expanding digital resources sales mitigated the ongoing flat US print library budgets. The effect of retailer text book rental and used book programmes on higher education text book sales in North America, while structurally significant for the market, is restricted within Bloomsbury to the Fairchild Books list. Fairchild comprises 7% of Non-Consumer revenues and less than 3% of Group turnover. Through *Bloomsbury 2020*, we are able to exploit the Fairchild content digitally on Bloomsbury Fashion Central, with direct institutional sales.

The integration of the Family Law titles, acquired in January 2016, into Bloomsbury's Professional division was completed during the year. Family Law contributed £0.9 million of revenue (2016: £0.3 million) and £0.5 million of profit (2016: £0.3 million), in excess of our expectations. Excluding these results in both years, Group revenues grew by 15% (9% at constant currencies).

In the year, Bloomsbury was shortlisted for Academic, Educational and Professional Publisher of the Year at the Bookseller Industry Awards, for the fourth year in a row.

Our focus on special interest niches is succeeding, with revenues up by 5% to £18.4 million (2016: £17.5 million). The value of our 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, and invested in digital marketing, new products and widening our portfolio. In particular *Wisden* has seen one of its highest sales for many years. The division launched the Green Tree imprint in February 2017 with the goal of publishing the best in health and wellness books – a natural extension from our expertise in sport and fitness publishing.

Bloomsbury Content Services had revenue growth of 9% to £1.9 million (excluding the loss of £1.5 million revenue year on year from the end of the term of the Qatar contract). This organic growth was in content marketing and publishing services, with new customers including the Royal Bank of Canada and the Institute of Chartered Accountants in England and Wales. The agreement with the Institute of Labor Economics for the provision of publishing, marketing and digital services for the IZA World of Labor knowledge hub was extended for a further 18 months from January 2017. A new and enhanced version of the website was launched in February 2017.

Outlook

In 2017/18 we will continue to expand *Bloomsbury 2020* digital growth resources by launching three further digital services.

June 2017 is the 20th anniversary since *Harry Potter and the Philosopher's Stone* was first published. To celebrate, there will be new editions of this title and a series of events. There is a new edition of *Fantastic Beasts and Where to Find Them* with a foreword by J.K.Rowling and six new beasts. There are also two new illustrated Harry Potter editions, the Illustrated Edition of *Harry Potter and the Prisoner of Azkaban*, and the Illustrated Edition of *Fantastic Beasts and Where to Find Them.* In addition our strong publishing list for the new year includes *Utopia for Realists* by Rutger Bregman, *Lincoln in the Bardo* by George Saunders, *A Court of Wings and Ruin* by Sarah J. Maas, *The Strange Death of Europe* by Douglas Murray and *Breaking Mad* by Anna Williamson.

Trading in the new financial year is in line with our expectations.

Audited Consolidated Income Statement

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	**Year ended 28 February 2017 £'000**	Year ended 29 February 2016 £'000
Revenue	2	**142,564**	123,725
Cost of sales		**(67,686)**	(55,198)
Gross profit		**74,878**	68,527
Marketing and distribution costs		**(20,977)**	(17,065)
Administrative expenses		**(44,499)**	(41,016)
Operating profit before highlighted items		**11,997**	13,115
Highlighted items	3	**(2,595)**	(2,669)
Operating profit		**9,402**	10,446
Finance income		**138**	27
Finance costs		**(96)**	(114)
Profit before taxation and highlighted items		**12,039**	13,028
Highlighted items	3	**(2,595)**	(2,669)
Profit before taxation		**9,444**	10,359
Taxation	4	**(2,091)**	(652)
Profit for the year attributable to owners of the Company		**7,353**	9,707

Earnings per share attributable to owners of the Company			
Basic earnings per share	6	**9.83p**	12.98p
Diluted earnings per share	6	**9.81p**	12.93p

Audited Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
Profit for the year	**7,353**	9,707
Other comprehensive income		
Items that may be reclassified to the income statement:		
Currency translation differences on foreign operations	**4,587**	3,214
Items that may not be reclassified to the income statement:		
Remeasurements on the defined benefit pension scheme	**(58)**	(24)
Other comprehensive income for the year net of tax	**4,529**	3,190
Total comprehensive income for the year attributable to the owners of the Company	**11,882**	12,897

Audited Consolidated Statement of Financial Position

AS AT 28 FEBRUARY 2017

	Notes	**28 February 2017 £'000**	29 February 2016 £'000
Assets			
Goodwill		**42,548**	42,092
Other intangible assets		**21,214**	22,465
Property, plant and equipment		**2,248**	2,463
Deferred tax assets		**4,808**	2,988
Trade and other receivables	7	**1,951**	1,011
Total non-current assets		**72,769**	71,019
Inventories		**28,611**	27,598
Trade and other receivables	7	**75,808**	71,461
Cash and cash equivalents		**15,478**	6,556
Total current assets		**119,897**	105,615
Total assets		**192,666**	176,634
Liabilities			
Retirement benefit obligations		**255**	230
Deferred tax liabilities		**2,225**	2,675
Other payables		**2,191**	871
Provisions		**43**	43
Total non-current liabilities		**4,714**	3,819
Trade and other payables		**47,365**	38,435
Bank overdraft		–	1,390
Current tax liabilities		**1,265**	–
Provisions		**23**	23
Total current liabilities		**48,653**	39,848
Total liabilities		**53,367**	43,667
Net assets		**139,299**	132,967
Equity			
Share capital		**942**	939
Share premium		**39,388**	39,388
Translation reserve		**11,630**	7,043
Other reserves		**6,274**	6,829
Retained earnings		**81,065**	78,768
Total equity attributable to owners of the Company		**139,299**	132,967

Audited Consolidated Statement of Changes in Equity

AS AT 28 FEBRUARY 2017

	Share capital £'000	Share premium £'000	Translation reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
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**
Profit for the year	–	–	–	–	–	–	–	7,353	7,353
Other comprehensive income									
Exchange differences on translating foreign operations	–	–	4,587	–	–	–	–	–	4,587
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	(58)	(58)
Total comprehensive income for the year	**–**	**–**	**4,587**	**–**	**–**	**–**	**–**	**7,295**	**11,882**
Transactions with owners									
Issue of shares	3	–	–	417	–	–	–	–	420
Purchase of shares by the Employee Benefit Trust	–	–	–	–	–	–	(1,196)	–	(1,196)
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(4,819)	(4,819)
Share options exercised	–	–	–	–	–	–	160	(160)	–
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	(19)	(19)
Share-based payment transactions	–	–	–	–	–	64	–	–	64
Total transactions with owners of the Company	3	–	–	417	–	64	(1,036)	(4,998)	(5,550)
At 28 February 2017	**942**	**39,388**	**11,630**	**1,803**	**22**	**5,492**	**(1,043)**	**81,065**	**139,299**

Audited Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
Cash flows from operating activities		
Profit before taxation	**9,444**	10,359
Finance income	**(138)**	(27)
Finance costs	**96**	114
Operating profit	**9,402**	10,446
Adjustments for:		
Depreciation of property, plant and equipment	**541**	666
Amortisation of intangible assets	**3,988**	3,857
Loss on sale of property, plant and equipment	–	1
Share-based payment charges	**73**	487
	14,004	15,457
Decrease in inventories	**1,334**	3,133
Increase in trade and other receivables	**(2,873)**	(8,212)
Increase/(decrease) in trade and other payables	**7,318**	(1,476)
Cash generated from operating activities	**19,783**	8,902
Income taxes paid	**(1,009)**	(3,870)
Net cash generated from operating activities	**18,774**	5,032
Cash flows from investing activities		
Purchase of property, plant and equipment	**(267)**	(249)
Purchase of businesses, net of cash acquired	–	(60)
Purchases of intangible assets	**(2,628)**	(2,846)
Interest received	**120**	9
Net cash used in investing activities	**(2,775)**	(3,146)
Cash flows from financing activities		
Equity dividends paid	**(4,819)**	(4,590)
Purchase of shares by the Employee Benefit Trust	**(1,196)**	–
Proceeds from exercise of share options	–	88
Repayment of borrowings	–	(2,500)
Interest paid	**(72)**	(90)
Net cash used in financing activities	**(6,087)**	(7,092)
Net increase/(decrease) in cash and cash equivalents	**9,912**	(5,206)
Cash and cash equivalents at beginning of year	**5,166**	10,021
Exchange gain on cash and cash equivalents	**400**	351
Cash and cash equivalents at end of year	**15,478**	5,166

NOTES

1. Accounting policies

The above Audited 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 28 February 2017 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 18 May 2017.

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 28 February 2017 are consistent with those applied in the financial statements for year ended 29 February 2016 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 29 February 2016 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

We announced in May 2016 a reorganisation of the business into two divisions: Consumer and Non-Consumer, reflecting the core customers for our different operations. The Consumer division is further split out into two operating segments; Children's Trade and Adult Trade and Non-Consumer split between four operating segments; Academic & Professional, Education, Special Interest and Content Services. Education has been aggregated with Academic & Professional to create one reportable segment. Both operating segments share very similar products, customers and sales behaviours.

These divisions are the basis on which the Group primarily reports its segment information. Segments derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services. The analysis by segment is shown below:
The analysis by segment is shown below:

Year ended 28 February 2017	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	**55,915**	**29,459**	**85,374**	**36,915**	**18,404**	**1,871**	**57,190**	**-**	**142,564**
Cost of sales	(26,838)	(15,688)	(42,526)	(15,474)	(9,076)	(610)	(25,160)	-	(67,686)
Gross profit	**29,077**	**13,771**	**42,848**	**21,441**	**9,328**	**1,261**	**32,030**	**-**	**74,878**
Marketing and distribution costs	(8,751)	(5,034)	(13,785)	(4,600)	(2,455)	(137)	(7,192)	-	(20,977)
Contribution before administrative expenses	**20,326**	**8,737**	**29,063**	**16,841**	**6,873**	**1,124**	**24,838**	**-**	**53,901**
Administrative expenses excluding highlighted items	(12,716)	(8,407)	(21,123)	(14,084)	(5,648)	(1,049)	(20,781)	-	(41,904)
Operating profit before highlighted items/ segment results	**7,610**	**330**	**7,940**	**2,757**	**1,225**	**75**	**4,057**	**-**	**11,997**
Amortisation of acquired intangible assets	-	(18)	(18)	(1,478)	(182)	(5)	(1,665)	-	(1,683)
Other highlighted items	-	-	-	-	-	-	-	(912)	(912)
Operating profit /(loss)	**7,610**	**312**	**7,922**	**1,279**	**1,043**	**70**	**2,392**	**(912)**	**9,402**
Finance income	-	-	-	-	-	-	-	138	138
Finance costs	-	-	-	-	-	-	-	(96)	(96)
Profit/(loss) before taxation	**7,610**	**312**	**7,922**	**1,279**	**1,043**	**70**	**2,392**	**(870)**	**9,444**
Taxation	-	-	-	-	-	-	-	(2,091)	(2,091)
Profit/(loss) for the year	**7,610**	**312**	**7,922**	**1,279**	**1,043**	**70**	**2,392**	**(2,961)**	**7,353**
Operating profit before highlighted items/ segment results	**7,610**	**330**	**7,940**	**2,757**	**1,225**	**75**	**4,057**	**-**	**11,997**
Depreciation	162	109	271	162	98	10	270	-	541
Amortisation of internally generated intangibles	268	194	462	1,454	365	24	1,843	-	2,305
EBITDA before highlighted items	**8,040**	**633**	**8,673**	**4,373**	**1,688**	**109**	**6,170**	**-**	**14,843**

Year ended 29 February 2016*	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	**37,722**	**28,726**	**66,448**	**36,601**	**17,454**	**3,222**	**57,277**	**-**	**123,725**
Cost of sales	(17,010)	(14,452)	(31,462)	(15,422)	(7,728)	(586)	(23,736)	-	(55,198)
Gross profit	**20,712**	**14,274**	**34,986**	**21,179**	**9,726**	**2,636**	**33,541**	**-**	**68,527**
Marketing and distribution costs	(5,469)	(4,989)	(10,458)	(4,369)	(2,155)	(83)	(6,607)	-	(17,065)
Contribution before administrative expenses	**15,243**	**9,285**	**24,528**	**16,810**	**7,571**	**2,553**	**26,934**	**-**	**51,462**
Administrative expenses excluding highlighted items	(9,954)	(8,594)	(18,548)	(12,903)	(5,571)	(1,325)	(19,799)	-	(38,347)
Operating profit before highlighted items/ segment results	**5,289**	**691**	**5,980**	**3,907**	**2,000**	**1,228**	**7,135**	**-**	**13,115**
Amortisation of acquired intangible assets	(88)	(17)	(105)	(1,487)	(189)	(5)	(1,681)	-	(1,786)
Other highlighted items	-	-	-	-	-	-	-	(883)	(883)
Operating profit /(loss)	**5,201**	**674**	**5,875**	**2,420**	**1,811**	**1,223**	**5,454**	**(883)**	**10,446**
Finance income	-	-	-	-	-	-	-	27	27
Finance costs	-	-	-	-	-	-	-	(114)	(114)
Profit/(loss) before taxation	**5,201**	**674**	**5,875**	**2,420**	**1,811**	**1,223**	**5,454**	**(970)**	**10,359**
Taxation	-	-	-	-	-	-	-	(652)	(652)
Profit/(loss) for the year	**5,201**	**674**	**5,875**	**2,420**	**1,811**	**1,223**	**5,454**	**(1,622)**	**9,707**
Operating profit before highlighted items/ segment results	**5,289**	**691**	**5,980**	**3,907**	**2,000**	**1,228**	**7,135**	**-**	**13,115**
Depreciation	138	160	298	239	99	30	368	-	666
Amortisation of internally generated intangibles	162	203	365	1,329	331	46	1,706	-	2,071
EBITDA before highlighted items	**5,589**	**1,054**	**6,643**	**5,475**	**2,430**	**1,304**	**9,209**	**-**	**15,852**

* The year ended 29 February 2016 has been restated to reflect the new divisional structure. The total result has not changed.

Total assets

	28 February 2017 £'000	29 February 2016 £'000
Children's Trade	**9,057**	9,068
Adult Trade	**8,282**	5,932
Academic & Professional	**58,709**	61,569
Special Interest	**13,416**	12,900
Content Services	**198**	203
Unallocated	**103,004**	86,962
Total assets	**192,666**	176,634

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 28 February 2017					
United Kingdom (country of domicile)	55,249	30	–	–	55,279
North America	7,999	38,314	–	–	46,313
Continental Europe	11,397	52	–	–	11,449
Australasia	521	431	10,530	–	11,482
Middle East and Asia	5,700	1,625	–	2,802	10,127
Rest of the world	7,819	95	–	–	7,914
Overseas countries	33,436	40,517	10,530	2,802	87,285
Total	**88,685**	**40,547**	**10,530**	**2,802**	**142,564**
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**

During the year sales to one customer exceeded 10% of Group revenue (2016: one customer). The value of these sales was £24,757,000 (2016: £23,426,000).

External revenue by product type

	Year ended 28 February 2017 £'000	Year ended 29 February 2016* £'000
Print	**117,261**	98,111
Digital	**16,036**	15,022
Rights and services[1]	**9,267**	10,592
Total	**142,564**	123,725

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

	28 February 2017 £'000	29 February 2016 £'000
United Kingdom (country of domicile)	**62,652**	62,877
North America	**5,168**	5,094
Other	**141**	60
Total	**67,961**	68,031

3. Highlighted items

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
Legal and other professional fees	–	16
Restructuring costs	**881**	915
Other	**31**	(48)
Other highlighted items	**912**	883
Amortisation of acquired intangible assets	**1,683**	1,786
Total highlighted items	**2,595**	2,669

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

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

Restructuring costs of £881,000 have been incurred primarily as a result of strategic restructuring of the Bloomsbury US business (2016: £915,000 incurred as a result of the Group's acquisition activities and the restructuring of the Bloomsbury Content Services division).

The other cost of £31,000 relate to final costs on the historic tax enquiry with HMRC (2016: 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 20.00% (2016: 20.08%). The reasons for this are explained below:

	Year ended 28 February 2017		Year ended 29 February 2016	
	£'000	**%**	£'000	%
Profit before taxation	**9,444**	**100.00**	10,359	100.00
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.00% (2016: 20.08%)	**1,889**	**20.00**	2,080	20.08
Effects of:				
Non-deductible revenue expenditure	**432**	**4.57**	279	2.69
Non-qualifying depreciation	**(32)**	**(0.34)**	15	0.14
Movement in unrecognised temporary differences	**(71)**	**(0.75)**	99	0.96
Different rates of tax in foreign jurisdictions	**693**	**7.34**	519	5.01
Tax losses utilised	**(104)**	**(1.10)**	(216)	(2.09)
Movement in deferred tax rate	**(149)**	**(1.57)**	(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	**(238)**	**(2.52)**	(1,070)	(10.32)
Deferred tax	**(349)**	**(3.70)**	(70)	(0.68)
Tax charge for the year before disallowable costs on highlighted items	**2,071**	**21.93**	884	8.53
Highlighted items:				
Disallowable costs	**20**	**0.21**	5	0.05
Disallowable credits	–	–	(24)	(0.23)
Release of Bloomsbury Verlag tax provision	–	–	(213)	(2.06)
Tax charge for the year	**2,091**	**22.14**	652	6.29

In 2017 the £349,000 deferred tax prior year adjustment relates to improvements in timing differences on Intangible assets. 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 2016 subsequent to the successful First-Tier Tribunal decision on Bloomsbury Verlag, a prior year adjustment of £543,000 was recognised for the utilisation of previously unrecognised losses. Linked to this successful decision there was a release of a £213,000 tax provision in respect of prior years. This went through highlighted items in prior years and thus has been released in the same place.

5. Dividends

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
Amounts paid in the year		
Prior period final 5.34p dividend per share (2016: 5.08p)	**3,996**	3,797
Interim 1.10p dividend per share (2016: 1.06p)	**823**	793
Total dividend payments in the year	**4,819**	4,590
Amounts arising in respect of the year		
Interim 1.10p dividend per share for the year (2016: 1.06p)	**823**	793
Proposed 5.60p final dividend per share for the year (2016: 5.34p)	**4,182**	4,009
Total dividend 6.70p per share for the year (2016: 6.40p)	**5,005**	4,802

The Directors are recommending a final dividend of 5.60 pence per share, which, subject to Shareholder approval at the Annual General Meeting, will be paid on 20 September 2017 to Shareholders on the register at close of business on 25 August 2017.

6. Earnings per share

The basic earnings per share for the year ended 28 February 2017 is calculated using a weighted average number of Ordinary shares in issue of 74,820,311 (2016: 74,807,436) 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 28 February 2017 Number	Year ended 29 February 2016 Number
Weighted average shares in issue	**74,820,311**	74,807,436
Dilution	**111,762**	245,115
Diluted weighted average shares in issue	**74,932,073**	75,052,551
	£'000	£'000
Profit after tax attributable to owners of the Company	**7,353**	9,707
Basic earnings per share	**9.83p**	12.98p
Diluted earnings per share	**9.81p**	12.93p
	£'000	£'000
Adjusted profit attributable to owners of the Company	**9,465**	11,440
Adjusted basic earnings per share	**12.65p**	15.29p
Adjusted diluted earnings per share	**12.63p**	15.24p

Adjusted profit is derived as follows:

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
Profit before taxation	**9,444**	10,359
Amortisation of acquired intangible assets	**1,683**	1,786
Other highlighted items	**912**	883
Adjusted profit before tax	**12,039**	13,028
Tax expense	**2,091**	652
Deferred tax movements on goodwill and acquired intangible assets	**321**	527
Tax expense on other highlighted items	**162**	409
Adjusted tax	**2,574**	1,588
Adjusted profit	**9,465**	11,440

7. Trade and other receivables

	28 February 2017 £'000	29 February 2016 £'000
Non-current		
Prepayments and accrued income	**1,951**	1,011
Current		
Gross trade receivables	**50,326**	45,476
Less: provision for impairment of receivables	**(621)**	(432)
Less: provision for returns	**(6,536)**	(5,800)
Net trade receivables	**43,169**	39,244
Income tax recoverable	**401**	850
Other receivables	**1,961**	1,354
Prepayments and accrued income	**5,472**	7,784
Royalty advances	**24,805**	22,229
Total current trade and other receivables	**75,808**	71,461
Total trade and other receivables	**77,759**	72,472

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 28 February 2017 £6,371,000 (2016: £5,530,000) of royalty advances are expected to be recovered after more than 12 months.

8. Annual General Meeting

The Annual General Meeting will be held on 18 July 2017.

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.