1984336

Contents

Report

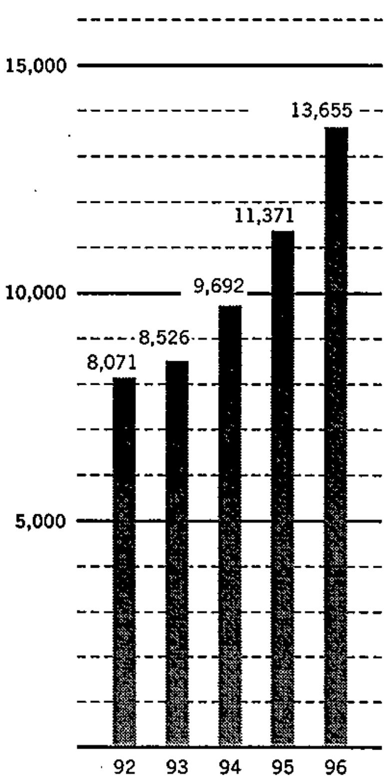
Accounts

Bloomsbury's new office at 38 Soho Square

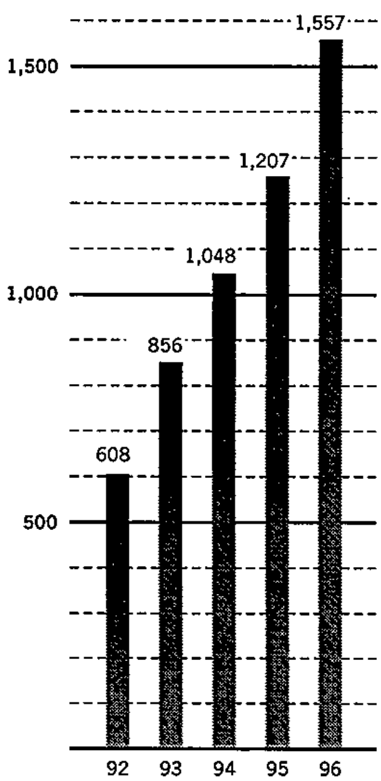
Five Year Financial Summary

	1992 £'000	1993 £'000	1994 £'000	1995 £'000	**1996 £'000**
Turnover	8,071	8,526	9,692	11,371	**13,655**
Operating profit	608	856	1,048	1,207	**1,557**
Profit on ordinary activities before taxation	187	455	849	1,012	**1,202**
Earnings per share (p)	5.4	12.7	11.5	7.8	**9.5**

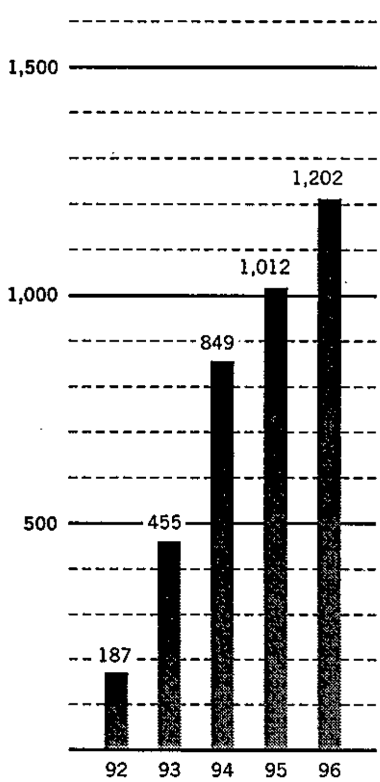
Turnover £'000



Operating profit £'000



Profit before tax £'000



Chairman's Statement

Results

1996 was a good year for Bloomsbury. Turnover was up 20.1% to £13.655m (1995 - £11.371m). Pre-tax profits increased 18.8% to £1.202m (1995 - £1.012m). 1996 was a year of change for the Company with additional investment in the Company's sales, marketing and production departments to process the increased title output from the three divisions started in 1994. The expenditure required for the editorial programmes of six divisions for 1997 and 1998, combined with the growth in overseas sales with longer terms of credit and some extended credit terms to UK customers, has increased borrowings, which has resulted in a higher interest charge of £0.355m (1995, £0.195m). Earnings per share increased by 21.4% to 9.5 pence (1995 - 7.8 pence).

Dividend

The Company has a dividend policy to pay an interim dividend of twenty per cent of its total expected dividend, and the remaining eighty per cent forms the final dividend. The directors recommend a final dividend on the Ordinary Shares of 2.8 pence (net) per Ordinary Share (1995 - 2.72 pence), making a total of 3.5 pence (net) per Ordinary Share (1995 - 3.4 pence).

Review

The UK market has proved difficult with major customers de-stocking in order keep their stock holding to a minimum and seeking better terms from book publishers in the form of extra discounts since the collapse of the Net Book Agreement and increased credit terms. Independent booksellers, who need to take advantage of economies of scale to remain competitive have shown a trend to buy from wholesalers to whom we give bigger discounts. Despite these conditions, the success of all our divisions, through bestsellers and increased business with supermarkets and other retail outlets, has increased sales in the UK by 16.6% to £8.263m (1995 - £7.086m). Rights and sponsorship sales form an increasing part of our business in spite of our no longer selling paperback rights due to having our own paperback division, particularly because of the growth in demand for content for electronic applications by software publishers. Overseas sales increased 25.8% to £5.392m (1995 - £4.285m). The success of titles in our paperback division has enabled us to make considerable inroads into all territories, in particular Australasia and the Far East.

The Company has implemented more stringent controls to maximise margins generated through book sales. These range from tighter controls on the expenses of the origination process, through to shorter initial print runs with quicker reprint turnaround times brought about by improved print technology to minimise overstocks. These controls were implemented in the latter part of 1996 and the full effect will flow through in 1997.

Management

I would like to welcome Kathy Rooney to the board. Kathy joined the board on 1 May 1996 but has headed the reference division since the founding of the Company ten years ago. Kathy has a wealth of experience in reference and electronic publishing and will be of great value to the board.

In April 1996, Alan Wherry moved from being Marketing and Paperback Director, to Publishing Director of the general division. Alan's considerable sales and marketing knowledge has already had an impact on the style of books being published within the division.

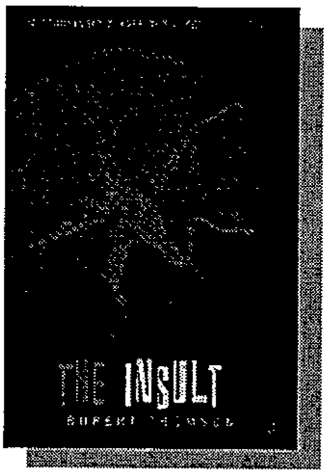
Sarah Odedina took over as Publishing Director of the children's division on January 1, 1997. Sarah brings a wealth of experience and has already started implementing new ideas to take the division into its next phase of growth.

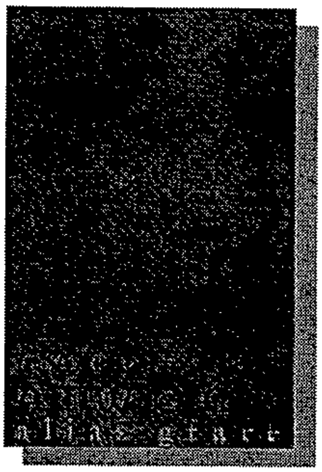
Office

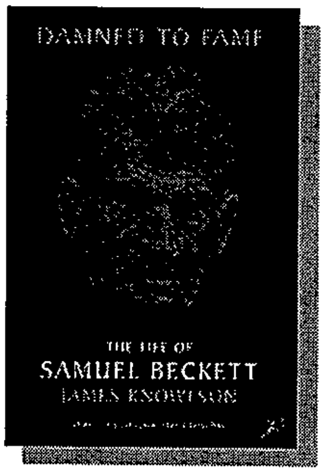
In October 1996 the Company moved from its two offices at 2, and 31 Soho Square, into 38 Soho Square. The new building satisfies all of the requirements of a company of our size and the Company is now operating more effectively as a result.

Awards

Margaret Atwood's novel ***Alias Grace*** was nominated for the Booker Prize. Rupert Thomson's new book, ***The Insult***, was nominated for the Guardian Fiction Prize. ***Damned to Fame: The Life of Samuel Beckett*** by James Knowlson was shortlisted for the Whitbread biography prize.







Outlook

1997 is set to be a good year for the Company. Sales in the first three months are already ahead of budget. Will Self's dazzling new novel, ***Great Apes,*** is published this week. The new Colin Harrison novel ***Manhattan Nocturne*** is set for paperback publication in June. The sales and distribution relationship with the relaunched Granta Books started in January of this year with considerable sales. The sales and distribution relationship with Carlton Books is growing vigorously. Both companies pay Bloomsbury a commission on sales achieved.

Publishers' sales for the whole industry during 1996 increased by 7.3%, of which 3.7% was home and 16.2% was overseas, but we continue to grow above both figures with turnover up 20.1% overall. The planned further expansion of our paperback list will continue to fuel our growth in the home and overseas markets in 1997. Having now sold over 500,000 copies of ***Snow Falling On Cedars*** in paperback has shown us the potential of major paperbacks.

The strength of a publisher's own offering is more important than market trends to a company of our size and we are fortunate to have an excellent list for 1997, which started well with the winning of nine Oscars by the film of our 1992 Booker Prize winner by Michael Ondaatje, ***The English Patient.***

Nigel Newton
Chairman
30 April 1997

Financial Review

1996 was a significant year for the Company. The final overhead structure was put in place to service all six divisions, and the three divisions set up in 1994 had their first full year of trading. The contribution from these divisions, and a strong 1996 publishing list, increased turnover by 20.1% to £13.655m (1995, £11.371m). Turnover in the UK trade increased by 16.6% to £8.263m (1995, £7.086m). Export sales continue to show significant growth across the board.

Gross profit increased to £6.513m (1995, £5.157m).The gross profit margin for 1996 was 46.7% (1995, 45.3%) which reflects the higher margins achieved on the sale of paperback and rights sales.

Marketing and distribution costs increased by 25.4% to £1.740m (1995, £1.388m). The increase comes from the distribution costs arising from higher UK trade and export turnover and the full year's marketing costs for all six divisions. Administrative expenses increased by 25.5% to £3.216m (1995, £2.562m) reflecting the full cost of the employee overhead structure to service all six divisions, which was put in place at the beginning of 1996. The Company also moved premises in October, from two separate sites in Soho Square, to 38 Soho Square. The costs of the move have been expensed in 1996. Operating profit increased 29.0% to £1.557m (1995, £1.207m). Bloomsbury has had a low actual tax charge because of timing differences arising from the different treatment for tax and accounts purposes of amounts which are deductible for tax purposes when paid. The directors have taken the view that some of the timing differences could reverse in the foreseeable future and therefore, a provision has been made for deferred tax. Profit on ordinary activities after taxation was £0.813m (1995, £0.670m) giving rise to an earnings per share of 9.47p (1995, 7.80p).

Gearing

The Company is now commissioning books substantially further ahead in order to establish a more predictable growth pattern for all its divisions. This requires greater initial investment as the rate of commissioning gears up to its new level. The growth in export sales and rights with typically long terms of credit and extended credit terms to some UK customers has increased the working capital requirement. The combined effect of these two factors has increased net borrowings from £2.084m to £4.624m. Interest cover was 4.4 times (1995, 6.2 times). Net interest payable was £0.355m (1995, £0.195m).

Shareholders' funds

At 31 December 1996, shareholders' funds stood at £6.656m (1995, £6.143m), the increase being the retained earnings of £0.513m (1995, £0.378m).

The Company has now put in place the infrastructure to ensure that all the divisions operate with maximum efficiency. With tighter controls to preserve margins and more long term planning for commissioning of books, the Company is in an excellent position to achieve its objectives in 1997 and beyond.

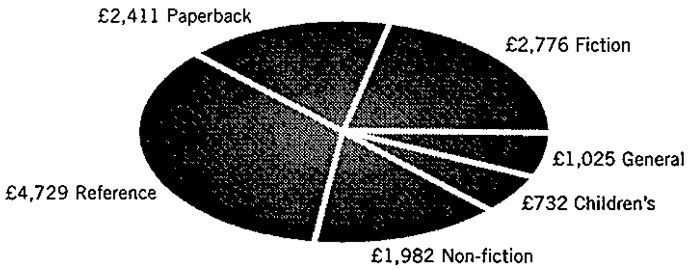
Going concern

Having made enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

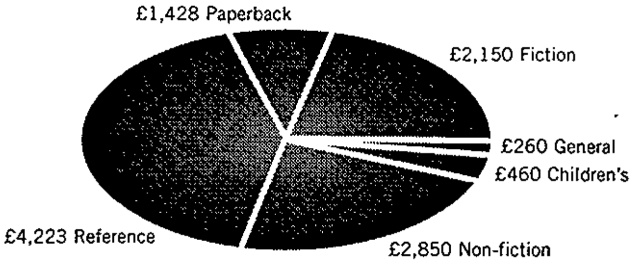
Colin Adams ACA
Finance Director
30 April 1997

Operational Review

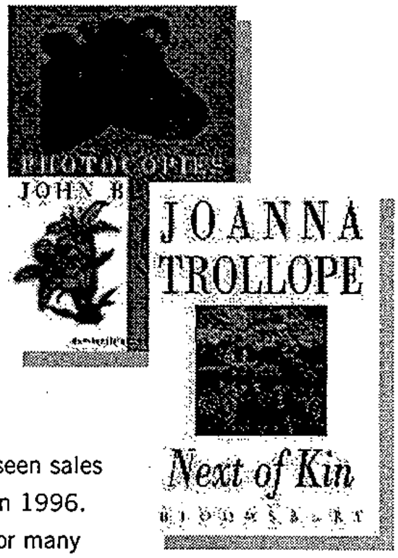
1996 £'000



1995 £'000

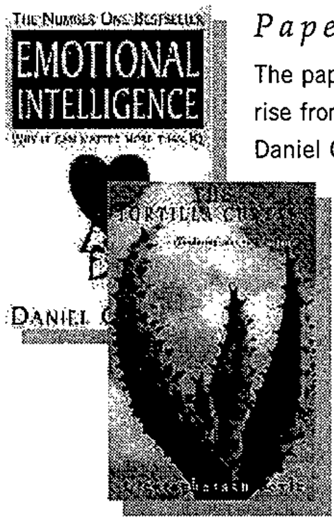


Fiction



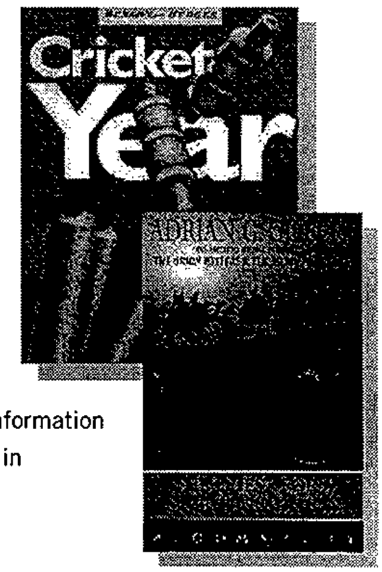
Sales in the fiction division increased by 29.1% from £2.150m in 1995, to £2.776m in 1996. In May we published Joanna Trollope's ***Next of Kin*** which was a major bestseller. Margaret Atwood's latest novel, ***Alias Grace*** was nominated for the 1996 Booker Prize. There are many exciting new authors to be published in 1997 with Anne Michael's stunning debut novel ***Fugitive Pieces*** and Pauline Melville's, ***The Ventriloquist's Tale***. The film of ***The English Patient***, which was published by Bloomsbury in 1992, and won the Booker Prize in that year, won nine Oscars at the 1997 award ceremony. The book has been re-issued to coincide with the film.

Paperback

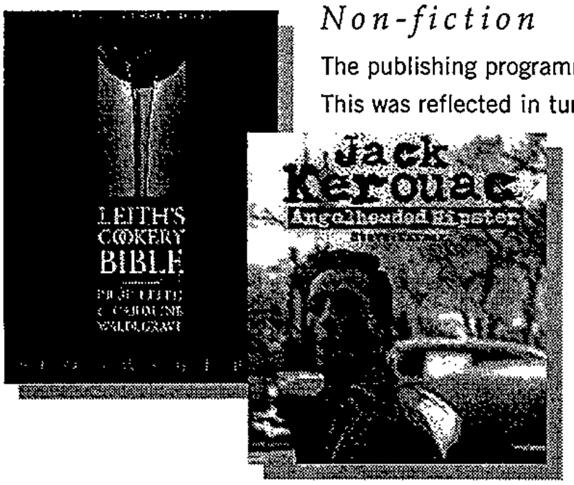


The paperback division was set up following the flotation and has seen sales rise from £1.428m in 1995 (the year of its launch), to £2.411m in 1996. Daniel Goleman's ***Emotional Intelligence*** was on the Bestseller list for many weeks. Rupert Thomson's, ***The Insult*** was short listed for the Guardian Fiction Prize. The division continues its success with film tie-in editions such as ***Shine*** which won an Oscar.

Reference



Turnover increased by 12.0% to £4.729m (1995 - £4.223m). The division sells a combination of books and rights in mainstream reference titles such as quotations, thesaurus, dictionaries and idioms along with biographies and general non-fiction titles. Electronic rights are particularly in demand from third parties for reference titles. ***Damned to Fame: The Life of Samuel Beckett*** by James Knowlson was published to great acclaim, and was shortlisted for the Whitbread biography prize. ***Magi: The Quest for a Secret Tradition*** by Adrian G. Gilbert was also published which sold over 26,000 copies in hardback. 1997 sees the launch of ***The UBS Guide to The Emerging Markets***, which is the first book of its kind that includes all data and information a corporate or individual investor might require when considering an investment in countries as wide ranging as China, Malaysia or Russia.



Non-fiction

The publishing programme for 1996 did not have as many bestselling titles as 1995. This was reflected in turnover being down 30.5% on 1995 at £1.982m (1995 - £2.850m). ***Leith's Cookery Bible 2nd Edition*** was published during the year and will add even more strength to our backlist sales for years to come. The first photo-biography of Jack Kerouac, ***Angelheaded Hipster*** ,was published. 1997 is turning out to be an exciting year for the division with ***Hitler and Geli***, soon to be serialised in the Sunday Times; ***The Princessa***, a major business book for women, and ***Jagged***, the first biography of Alanis Morrisette, one of the most successful recording artists of 1996.

Children's

The children's division was set up following the flotation and has seen sales rise from £0.46m in 1995 (the year of its launch), to £0.732m in 1996. The growth of the children's division was planned on a more gradual basis than the other two new divisions. The emphasis here is to build up a valuable backlist of titles which sell for many years to come. 1996 saw several successes including ***It's a Shoelace*** and ***My Day As A Bridesmaid***. Miramax, a subsidiary of Disney, has acquired the film rights to ***Toots and the Upside Down House*** which was published during the year. The film will be directed by Henry Selick who produced James and the Giant Peach. The division has also acquired the rights to publish twenty five titles of Enid Blyton. Eighteen of these will be published during 1997 and will add substantially to future backlist sales. A relationship has now been started to publish books on behalf of Tim Waterstone's new retail venture, ***Daisy and Tom***.

General

The general division was set up following the flotation and has seen sales rise from £0.260m in 1995 (the year of its launch) to £1.025m in 1996. The division was set up with the objective of building up a substantial backlist which will earn the Company repeat revenues in future years. ***The Royal Society of Medicine Encyclopedia of Children's Health, The Royal Society of Medicine: Symptoms*** and ***The Flower Arranging Bible*** are some of the backlist titles published during the year. The division has been very successful in developing a health and lifestyle list and this trend follows through into 1997 with the launch of such titles as ***The Heart Of Parenting***, a book on how to raise an emotionally intelligent child, and ***Practical Homeopathy***.

Directors

Back row, left to right:
Paul Scherer, Nigel Newton, John Dare.

Front row, left to right:
Colin Adams, Liz Calder, David Reynolds, Alan Wherry.

Inset right:
Kathy Rooney

Executive

Nigel Newton (41), is Chairman and Managing Director. After two years at Macmillan London, as assistant to the sales director, he joined Sidgwick & Jackson in 1977 where during the next nine years, he became sales director and deputy managing director, before leaving to found Bloomsbury in 1986.

David Reynolds (48), is Deputy Managing Director and Publishing Director with responsibility for non-fiction. From 1973 to 1975 he was an editor at Readers Digest. In 1975 he joined the newly formed Dorling Kindersley and in 1978 he left to set up Shuckburgh Reynolds with Julian Shuckburgh where he worked until 1986 when he left to co-found Bloomsbury.

Liz Calder (59), is Publishing Director with responsibility for fiction, and a co-founder of Bloomsbury. She started her publishing career at Victor Gollancz in 1970 where she was publicity manager then editorial director. In 1978 she moved to Jonathan Cape as editorial director where she was responsible for the publishing of two Booker Prize Winners. She is a founding director of the Groucho Club and has served on the Literature Panel of the Arts Council.

Alan Wherry (54), is Publishing Director of the general division, and a co-founder of Bloomsbury. He spent 12 years at Procter and Gamble before joining Transworld Publishers Limited as UK sales manager and became a director within six months. In 1979 he joined Penguin as sales director where he was part of the team that turned that company round to profit.

Colin Adams ACA (36), is Finance Director and Company Secretary. He qualified as a chartered accountant with KPMG before joining CAM Galaxy Holdings Limited as financial controller in 1989. In 1991 he joined Larousse PLC, the UK subsidiary of Groupe de la Cite SA, a large French publisher, as financial controller, before joining Bloomsbury in April 1994.

Kathy Rooney (46) is Publishing Director with responsibility for the reference division. Before joining Bloomsbury in 1987 she was at Collins and Longman, both leading reference publishers.

Non-executive

John Dare (58), is a US citizen resident in the UK. He has been with ING Barings, a major UK investment banking firm, since 1977 and is currently a director of ING Baring Holdings Limited. He is also Chairman of Baring Private Equity Partners Limited, one of the original institutional investors in Bloomsbury, and he joined the Board of Bloomsbury in 1993.

Paul Scherer (63), who joined the Board of Bloomsbury in 1993, was chief executive, and latterly chairman of, a major UK publisher, from 1982 to his retirement at the end of 1995. He is now senior vice president emeritus of Bantam Doubleday Dell Inc, the parent company of Transworld Publishers Limited. He has a wealth of publishing knowledge gained from working in the industry for over forty years.

Corporate Governance

The Board has reviewed the requirements of the Code of Best Practice, as set out by the Committee on the Financial Aspects of Corporate Governance. The Directors consider that they have complied throughout the year ending 31 December 1996 with the Code of Best Practice except for the following matters;

- The Chairman is also the Managing Director of the Company but the presence of non-executive Directors and the Deputy Managing Director ensures a balance of power and authority on the Board.

- One of the non-executive Directors, Paul Scherer, was a non-executive director of a publishing company until 1 January 1997, with which the Company has an ongoing trading relationship. He was appointed senior vice president emeritus of the parent company of that publishing company on 1 January 1997. He is also non-executive chairman of a literary agency, with which the Company has an ongoing trading relationship. In the opinion of the Board his independence is not materially impaired.

- The Board includes two non-executive Directors. The Code recommends a minimum of three but the City Group for Smaller Companies (CISCO) considers two acceptable.

Corporate Governance
Internal Financial Control

The Board has overall responsibility for the Company's system of internal financial control and for monitoring its effectiveness.

On behalf of the Board, the Audit Committee has examined the effectiveness of the system for the period covered by the accounts. The examination comprised a detailed review of internal financial controls with any significant findings or identified risks being closely examined so that appropriate action can be taken.

The annual budget and forecasts are reviewed by the Board prior to approval being given. This includes the identification and assessment of the business risks inherent in the Company and the publishing sector as a whole along with associated financial risks.

The Board maintains full control and direction over appropriate strategic financial, organisational and compliance issues, and has put in place an organisational structure with defined lines of responsibility and delegation of authority.

The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material mis-statement or loss. The key procedures include:

- Detailed budgeting programme with an annual budget approved by the Board.
- Monthly review by the Board of actual results compared with budget and forecasts.
- Regular reviews by the Board of year end forecasts.
- Established procedures for acquisition of books for future publication, capital expenditure and expenditure incurred in the ordinary course of business.
- Established procedures for credit evaluation of new and existing customers with credit insurance on material customer accounts.
- Reporting to, and review by, the Board of changes in legislation and practices within the publishing sector and accounting and legal developments pertinent to the Company.

Audit Committee

The Audit Committee meets at least twice each year and is responsible for ensuring that the financial performance of the Company is properly monitored and reported on, for meeting the auditors and for reviewing reports from the auditors relating to accounts and internal control systems. The Audit Committee comprises the two non-executive Directors, John Dare (its Chairman) and Paul Scherer.

The Remuneration Committee comprises Nigel Newton (its Chairman) and the two non-executive directors, John Dare and Paul Scherer.

Compliance

The constitution and operation of the Committee is in compliance with the principles which are now incorporated in Section A of the best practice provisions derived from the Code of Best Practice, as annexed to the Stock Exchange Listing Rules, except that Nigel Newton is a member of the Committee. The Committee also confirms that full consideration has been given to the best practice provision set out in Section B, annexed to the Listing Rules, in determining the remuneration packages for the executive directors for 1996 and 1997.

Policy on remuneration of executive directors

The Remuneration Committee reviews the performance of executive directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. In determining that remuneration the Remuneration Committee seeks to maintain a competitive programme to maintain the highest calibre of its executive board.

The main components of the executive directors remuneration are:

1) Basic salary

Basic salary for each director is determined by the Remuneration Committee taking into account the performance of the individual and external market data.

2) Annual bonus

The Company operates a profit-related bonus scheme for its executive directors. The amount payable to directors is based on the increase in fully diluted earnings per share over the highest fully diluted earnings per share result achieved in the three years preceding that in respect of which the bonus is to be calculated and is adjusted for any change in the retail price index. The bonus, which is not pensionable, is limited to 25% of the basic salary.

3) Pension contributions

The Company does not operate a pension scheme, but the directors receive a contribution of 10% of their basic salary to a private pension scheme. Liz Calder receives a contribution of 15% of her basic salary to a private pension scheme.

4) Share options

The Company believes that share ownership by executive directors strengthens the link between their personal interests and those of the shareholders.

Contracts of service

All the executive directors have service contracts which are terminable by either party giving to the other not less than twelve months written notice. The non-executive directors, John Dare and Paul Scherer, do not have service contracts.

Policy on remuneration of non-executive directors

The remuneration of non-executive directors is set by the board as a whole.

Directors' emoluments

	1996 £'000	**1995** £'000
Salaries	**400**	324
Pension contributions	**39**	34
Fees	**23**	16
Profit related bonus	**-**	-
Other emoluments	**29**	25
	491	399

Directors' remuneration

Remuneration of the directors (excluding pension contributions) fell in the following ranges:

	1996	1995
£5,001 - £10,000	1	2
£10,001 - £15,000	1	-
£35,001 - £40,000	1	-
£50,001 - £55,000	-	1
£65,001 - £70,000	2	2
£70,001 - £75,000	-	1
£75,001 - £80,000	2	-
£85,001 - £90,000	-	1
£100,001 - £105,000	1	-

Directors' remuneration (continued)

Directors' emoluments including benefits in kind and pension contributions are as follows:

	Basic salary or fees	Benefits[1]	Total (excluding pension contributions)		Pension contributions	
	1996 £'000	1996 £'000	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Chairman						
J N Newton	95	7	102	88	9	8
Executive Directors						
D A C Reynolds	70	6	76	72	7	7
A V Wherry	66	4	70	66	6	6
E N Calder	70	5	75	68	10	8
C R Adams	61	6	67	55	6	5
K M Rooney	38	1	39	-	1	-
Non-executive directors						
J A Dare	8	-	8	7	-	-
P J Scherer	15	-	15	7	-	-
	423	29	452	365	39	34

[1]Benefits - the Company provides a motor vehicle and medical insurance cover for all executive directors.

Directors' interests

a) Interests in shares and options

The directors who held office during the year had the following interests in the share capital of the Company. All shareholdings are beneficial.

	Ordinary Shares of 5 pence each	
	31 December 1996 Number	31 December 1995 Number (or date of appointment if later)
J N Newton	**829,402**	829,402
D A C Reynolds	**269,463**	269,463
A V Wherry	**10,000**	10,000
E N Calder	**14,286**	14,286
K M Rooney	**6,490**	6,490
C R Adams	**1,905**	1,905
P J Scherer	**5,000**	5,000
J A Dare	**1,000**	1,000

The following options have been granted over Ordinary Shares:

	At 1 January 1996 (or date of appointment if later)	Granted during the year	At 31 December 1996	Exercise price	Date from which exercisable	Expiry date
J N Newton	28,570	-	28,570	105p	24 June 1997	24 June 2004
J N Newton	-	12,000	12,000	102p	13 May 1999	13 May 2006
D A C Reynolds	23,810	-	23,810	105p	24 June 1997	24 June 2004
D A C Reynolds	-	10,000	10,000	102p	13 May 1999	13 May 2006
E N Calder	23,810	-	23,810	105p	24 June 1997	24 June 2004
E N Calder	-	10,000	10,000	102p	13 May 1999	13 May 2006
A V Wherry	23,810	-	23,810	105p	24 June 1997	24 June 2004
A V Wherry	-	10,000	10,000	102p	13 May 1999	13 May 2006
C R Adams	14,285	-	14,285	105p	24 June 1997	24 June 2004
C R Adams	9,375	-	9,375	40p	31 May 1999	31 May 2004
C R Adams	-	10,000	10,000	102p	13 May 1999	13 May 2006
K M Rooney	2,340	-	2,340	5p	1 December 1993	1 December 1998
K M Rooney	7,145	-	7,145	105p	24 June 1997	24 June 2004
K M Rooney	-	10,000	10,000	102p	13 May 1999	13 May 2006

Interests in shares and options (continued)

The market price of the shares at 31 December 1996 was 93p (1995 - 90p) and the range from 1 January 1996 to the end of the year was 82p to 110p (1995 - 85p to 103p).

Between 31 December 1996 and 24 April 1997 there have been no changes in the interests of the Directors in the Ordinary Shares of the Company.

b) Other interests

Paul Scherer is senior vice president emeritus of Bantam Doubleday Dell Inc, the parent company of Transworld Publishers Limited, a major UK publisher, and non-executive chairman of the Curtis Brown Group Limited, a literary agency, both of which the Company has an ongoing trading relationship.

John Dare is a director of ING Baring Holdings Limited and various companies within the ING Baring Group. Baring Trust Company Limited, a company within the same group, of which John Dare is not a director, holds 720,083 Ordinary Shares in the Company.

Save for the aforesaid, no director has or has had any interest direct or indirect in any transaction, contract or arrangement (excluding service agreements), which is or was unusual in its nature or conditions or significant to the business of the Company during the current or immediately preceding financial year.

Report by the Auditors to the Directors of Bloomsbury Publishing Plc on Corporate Governance Matters

In addition to our audit of the financial statements we have reviewed your statements on pages 7,12 and 13 concerning the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange and the adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v), if not otherwise disclosed.

Basis of Opinion

We carried out our review having regard to guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Company's system of internal control or corporate governance procedures nor on the ability of the Company to continue in operational existence.

Opinion

In our opinion, your statements on internal financial control on page 13, and on going concern on page 7 have provided the disclosures required by the Listing Rules referred to above and are consistent with the information which came to our attention as a result of our audit work on the financial statements.

In our opinion, based on enquiry of certain directors and officers of the Company and examination of relevant documents, your statement on page 12 appropriately reflects the Company's compliance with the other aspects of the Code specified for our review by Listing Rule 12.43(j).

Price Waterhouse

Price Waterhouse

Price Waterhouse
Chartered Accountants
London
30 April 1997

Principal activity

The principal activity of the Company is the publication of books.

Review of developments

The Chairman's Statement, Financial Review and Operational Review contain a review of the Company's business and activities during the year, its financial position at the end of the year and the likely future developments.

Results and dividends

The results of the Company for the year are set out on pages 25 to 41. The Company has a dividend policy to pay an interim dividend of twenty per cent of its total expected dividend, the remaining eighty per cent being the final dividend. On 29 November 1996, an interim dividend of 0.7 pence (net) per Ordinary Share was paid. The directors recommend the payment of a final dividend of 2.8 pence (net) per Ordinary Share payable on 27 June 1997 to Ordinary Shareholders on the register at the close of business on 12 May 1997. After accounting for this proposed dividend, retained profits of £513,000 (1995, £378,000) have been transferred to reserves.

Directors

The directors who served during the year were:

J N Newton	Executive Chairman and Managing Director
D A C Reynolds	Deputy Managing Director and Publishing Director
E N Calder	Publishing Director
A V Wherry	Publishing Director
C R Adams ACA	Finance Director
K M Rooney	Publishing Director (appointed 1 May 1996)
J A Dare	Non-executive Director
P J Scherer	Non-executive Director

The directors' interests are set out in the Remuneration Committee Report on pages 14 to 18.

At the Annual General Meeting, Colin Adams and Nigel Newton will retire by rotation in accordance with the articles of association of the Company, and being eligible, offer themselves for re-election. As referred to on page 15, each has a service contract with the Company terminable by either party on not less than twelve months notice.

Substantial shareholdings

The directors have been notified of the following holdings of Ordinary Shares in excess of 3% of the issued Ordinary Share capital at 24 April 1997.

	Number	Percentage
Caledonia General Investments Limited	1,100,000	12.81%
Baring Trust Company Limited	720,083	8.39%
Black Horse Life Assurance Company Limited	458,000	5.33%
Legal and General Nominees No 1 Limited	435,832	5.08%
Herald Investment Trust Plc	350,000	4.08%
Ivory and Sime UK Discovery Trust Plc	273,700	3.19%

Share capital

On 6 June 1996 resolutions were passed by the Company's shareholders whereby the directors were given authority, under Section 80 of the Companies Act 1985, until the conclusion of the 1997 annual general meeting to allot shares up to a maximum of the authorised but unissued share capital of the Company. The directors recommend by Resolution 6 to be proposed at the forthcoming annual general meeting that this authority should be extended so that it applies until the conclusion of the next annual general meeting of the Company. If Resolution 6 is approved by shareholders the directors will have authority to allot up to 5,413,686 Ordinary Shares, representing 63.1% of the Ordinary Shares currently in issue, of which 304,901 (3.6% of the Ordinary Shares currently in issue) are reserved for issue under the Company's share option scheme. The balance available for allotment is therefore 5,108,785 Ordinary Shares, representing 59.5% of the Ordinary Shares currently in issue. The directors have no present intention of exercising the authority except in connection with the issue of shares under the Company's share option scheme.

In addition, the directors were given authority under Section 95 of the Companies Act 1985, until the conclusion of the 1997 annual general meeting, to allot equity securities for cash, other than to existing shareholders in proportion to their holding, up to an aggregate nominal amount of £21,466 being equal to 5% of the issued Ordinary Share capital. The directors recommend by Resolution 7 to be proposed at the forthcoming Annual General Meeting, that this authority should be renewed until the conclusion of the 1998 annual general meeting or the date fifteen months from the date of passing of this resolution, whichever is the earlier.

Fixed assets

Information relating to changes in tangible fixed assets is shown in note 8 to the accounts.

Insurance of Company officers

The Company has maintained insurance throughout the year for its directors and officers against the consequences of actions brought against them in relation to their duties for the Company.

Charitable and political donations

No charitable or political donations were made during the year (1995, £nil).

Policy on supplier payments

The Company aims to pay all its suppliers within a reasonable period of their invoices being received and approved, provided that the supplier has performed in accordance with the relevant terms and conditions.

On behalf of the board
C R Adams ACA
Secretary
30 April 1997

Statement of Directors' Responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

The directors consider that in preparing the financial statements on pages 25 to 41, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Report of the Auditors to the Shareholders of Bloomsbury Publishing Plc

We have audited the financial statements on pages 25 to 41 (including the additional disclosures on pages 14 to 18 relating to the remuneration of directors specified for our review by the London Stock Exchange), which have been prepared under the historical cost convention and the accounting policies set out on pages 29 and 30.

Respective responsibilities of directors and auditors

As described on page 23 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
London
30 April 1997

Profit and Loss Account

for the year ended 31 December 1996

	Notes	1996 £'000	1995 £'000
Turnover	1	**13,655**	11,371
Cost of sales		**(7,142)**	(6,214)
Gross profit		**6,513**	5,157
Marketing and distribution costs		**(1,740)**	(1,388)
Administrative expenses		**(3,216)**	(2,562)
Operating profit	2	**1,557**	1,207
Net interest payable	3	**(355)**	(195)
Profit on ordinary activities before taxation		**1,202**	1,012
Taxation on profit on ordinary activities	5	**(389)**	(342)
Profit on ordinary activities after taxation		**813**	670
Dividends	6	**(300)**	(292)
Profit for the financial year transferred to reserves		**513**	378
Earnings per share	7	**9.5p**	7.8p

Notes

All turnover and results arose from continuing operations.

There were no recognised gains or losses in either year other than the profit for the year and on this basis a statement of recognised gains and losses has not been prepared.

Balance Sheet
at 31 December 1996

	Notes	1996 £'000	1995 £'000
Fixed assets:			
Tangible assets	8	**270**	129
Current assets:			
Stocks	9	**3,779**	3,072
Debtors due within one year	10	**10,365**	8,272
Debtors due after one year	10	**4,819**	3,341
		18,963	14,685
Creditors: amounts falling due within one year	11	**8,762**	7,608
Net current assets		**10,201**	7,077
Total assets less current liabilities		**10,471**	7,206
Creditors: amounts falling due after more than one year	12	**3,351**	925
Provisions for liabilities and charges	13	**464**	138
		6,656	6,143
Equity capital and reserves:			
Called up share capital	14	**429**	429
Share premium account	15	**4,606**	4,606
Capital redemption reserve	15	**9**	9
Profit and loss account	15	**1,612**	1,099
Total shareholders' funds		**6,656**	6,143

The financial statements were approved by the Board of Directors on 30 April 1997.

J N Newton Chairman

C R Adams Director

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 1996

	1996 £'000	1995 £'000
Profit on ordinary activities after taxation	**813**	670
Dividends	**(300)**	(292)
Net addition to shareholders' funds	**513**	378
Opening shareholders' funds	**6,143**	5,765
Closing shareholders' funds	**6,656**	6,143

Cash Flow Statement

for the year ended 31 December 1996

	Notes	1996 £'000	1995 £'000
Net cash outflow from operating activities	17 (a)	**(1,612)**	(1,267)
Returns on investment and servicing of finance			
Interest paid		**(338)**	(188)
Interest received		**-**	1
Net cash outflow from returns on investment and servicing of finance		**(338)**	(187)
Taxation			
Tax paid		**(86)**	(57)
Capital expenditure			
Purchase of fixed assets		**(199)**	(35)
Acquisition and disposals			
Proceeds from sale of investment		**-**	50
Equity dividends paid		**(294)**	(285)
Financing			
New loans/(repayment of loans)		**2,452**	(126)
Decrease in cash	17 (b)	**(77)**	(1,907)

Accounting Policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents the amount derived from the provision of goods, services and rights falling within the Company's ordinary activities, after deduction of trade discounts, value added tax and anticipated returns. Income from book publishing is recognised from the date of distribution. Income from the sale of publishing and distribution rights, including film, paperback, electronic and overseas publishing rights, and sponsorship, is recognised net of associated costs at the time such sales are achieved.

(c) Stock and work in progress

Stock and work in progress comprises paper, sheets and bound stock. Cost represents the amounts invoiced to the Company for paper, origination, printing and binding and attributable editorial set up costs of the books of the three new divisions. Unsold stock is written down in order to reduce stock to the lower of cost and net realisable value.

(d) Depreciation

Fixed assets are depreciated in order to write down their cost by equal annual instalments over their expected useful lives at the following rates:

Leasehold improvements	-	7 - 17% per annum
Computer equipment	-	20% per annum
Furniture and fittings	-	10% per annum
Other office equipment	-	20% per annum

(e) Royalty advances to authors

Advances to authors are written off to the extent that, in the directors' view, they are not covered by anticipated future sales or firm contracts for subsidiary rights receivable.

(f) Deferred taxation

Provision for deferred taxation is made where, in the directors' opinion, there is a reasonable probability that a liability to tax will crystallise in the foreseeable future.

(g) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the actual rate applicable at the transaction date. Exchange differences on such transactions are dealt with through the profit and loss account.

(h) Operating leases

Operating lease rentals are charged to the profit and loss account as they fall due.

(i) Pension costs

Pension costs relate to defined contribution pension schemes and are charged to the profit and loss account in the period for which contributions are payable.

1. Geographical analysis of turnover

The directors regard the Company's business as a single segment. Its profit and turnover arises principally in the United Kingdom where its assets are located. The table below analyses turnover by destination:

	1996 £'000	1995 £'000
United Kingdom	**8,263**	7,086
North America	**3,319**	2,958
Continental Europe	**705**	515
Australasia	**825**	591
Others	**543**	221
	13,655	11,371

In the directors' opinion, analysis of the profit before tax by geographical segment would be seriously prejudicial to the Company.

2. Operating profit

Operating profit is stated after charging the following amounts:

	1996 £'000	1995 £'000
Auditors' remuneration:		
Statutory audit	**49**	38
Other services	**18**	25
Depreciation	**45**	35
Operating lease costs:		
Hire of plant and machinery	**22**	15
Other operating leases	**60**	64
Exchange loss	**35**	6

3. Net interest payable

	1996 £'000	1995 £'000
Bank loans, overdrafts and other loans wholly repayable within five years	308	119
Bank loans, overdrafts and other loans not wholly repayable within five years	47	77
	355	196
Interest receivable	-	(1)
	355	195

4. Directors and employees

Staff costs charged to the profit and loss account during the year were:

	1996 £'000	1995 £'000
Salaries	1,455	1,206
Social security costs	135	116
Other pension costs	40	36
	1,630	1,358
The average number of employees during the year was:	60	48

Full details concerning Directors' emoluments, shareholdings, options and other interests are shown in the Remuneration Committee Report on pages 14 to 18.

5. Taxation

	1996 £'000	1995 £'000
Based on the profit for the year:		
Corporation tax @ 25%	2	44
Less double tax relief	(2)	(21)
	-	23
Over provision in respect of prior year	(23)	-
Overseas taxation	3	21
	(20)	44
Deferred tax (note 13)	409	298
	389	342

6. Dividends

	1996 £'000	1995 £'000
Interim, paid 29 November 1996	60	58
Final proposed 2.8p per share	240	234
	300	292

7. Earnings per share

Earnings per share has been calculated by reference to earnings of £813,000 (1995, £670,000) and a weighted average number of Ordinary Shares in issue of 8,586,314 (1995, 8,586,314).

8. Tangible fixed assets

	Leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Total £'000
Cost:				
At 1 January 1996	42	79	134	255
Additions	11	97	91	199
Disposals	(33)	-	-	(33)
At 31 December 1996	**20**	**176**	**225**	**421**
Depreciation:				
At 1 January 1996	20	45	61	126
Charge	4	10	31	45
Disposals	(20)	-	-	(20)
At 31 December 1996	**4**	**55**	**92**	**151**
Net book value:				
At 31 December 1996	**16**	**121**	**133**	**270**
At 1 January 1996	22	34	73	129

9. Stocks

	1996 £'000	1995 £'000
Raw materials	**74**	99
Work in progress	**1,245**	913
Finished goods for resale	**2,460**	2,060
	3,779	3,072

10. Debtors

	1996 £'000	1995 £'000
Amounts falling due within one year:		
Trade debtors	**3,778**	2,635
Other debtors	**94**	217
Prepayments and accrued income	**6,493**	5,420
	10,365	8,272

	1996 £'000	1995 £'000
Amounts falling due after one year:		
Other debtors	**-**	579
Prepayments and accrued income	**4,819**	2,762
	4,819	3,341

11. Creditors: amounts falling due within one year

	1996 £'000	1995 £'000
Secured bank loans (note 12)	**950**	168
Overdraft	**1,413**	1,336
Trade creditors	**3,598**	2,931
Other creditors	**1,258**	1,977
Advance corporation tax	**75**	73
Other taxation and social security	**47**	41
Accruals and deferred income	**1,181**	849
Proposed dividend	**240**	233
	8,762	7,608

12. Creditors: amounts falling due after more than one year

	1996 £'000	1995 £'000
Secured bank loans	2,250	580
Other creditors	878	223
Accruals and deferred income	223	122
	3,351	925

12. Creditors: amounts falling due after more than one year (continued)

There are two bank loans secured by fixed and floating charges over the assets of the Company. One bank loan bears interest at a commercial rate linked to the bank's base rate and is repayable in quarterly instalments of £87,500 until the final payment of £87,500 which is due on 31 October 2001. The second bank loan bears interest at a commercial rate linked to the Inter Bank Rate and is repayable in monthly instalments of £50,000 until the final payment of £50,000 which is due on 30 April 1999.

Analysis of bank loans by year of repayment:

	1996 £'000	1995 £'000
Within one year (note 11)	950	168
One to two years	950	168
Two to five years	1,300	412
	3,200	748

13. Provisions for liabilities and charges

Movement in the deferred tax provision during the year is as follows:

	1996 £'000
At 1 January 1996	138
Profit and loss account	409
ACT set off	(83)
At 31 December 1996	464

13. Provisions for liabilities and charges (continued)

The amount provided for deferred tax and the full potential liability that could arise are as follows:

	Provided		Unprovided	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Accelerated capital allowances	**14**	5	**-**	-
Short term timing differences	**683**	293	**456**	456
	697	298	**456**	456
ACT recoverable				
	(233)	(160)	**-**	-
	464	138	**456**	456

14. Share capital

	1996	1995
	£'000	£'000
Authorised shares of 5p each:		
14,000,000 Ordinary Shares	**700**	700
Allotted, called up and fully paid:		
8,586,314 Ordinary Shares	**429**	429

14. Share capital (continued)

As at 31 December 1996 options had been granted and were still outstanding in respect of Ordinary Shares under the following Approved and Unapproved Share Option Schemes:

	Number of Shares	Subscription price	Exercisable
1986 Approved Executive Share Option Scheme	2,340	5p	1993 - 1998
1986 Approved Executive Share Option Scheme	4,690	5p	1998 - 2003
1986 Approved Executive Share Option Scheme	11,720	40p	1999 - 2004
1994 Approved Executive Share Option Scheme	148,575	105p	1997 - 2004
1994 Approved Executive Share Option Scheme	78,208	102p	1999 - 2006
1994 Unapproved Executive Share Option Scheme	28,570	105p	1997 - 2004
1994 Unapproved Executive Share Option Scheme	30,798	102p	1999 - 2004

15. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 1996	4,606	9	1,099
Retained profit for the year	-	-	513
At 31 December 1996	4,606	9	1,612

16. Lease obligations

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	1996 £'000	1995 £'000	**1996** £'000	1995 £'000
Operating leases expiring within:				
One year	**-**	-	**9**	19
Two to five years	**50**	50	**111**	71
After five years	**175**	83	**-**	-
	225	133	**120**	90

17. Cash flow statement

(a) Reconciliation of operating profit to net cash flow from operating activities

	1996 £'000	1995 £'000
Operating profit	**1,557**	1,207
Depreciation of tangible fixed assets	**45**	35
Loss on disposal of fixed assets	**13**	4
(Increase) in stocks	**(707)**	(215)
(Increase) in debtors	**(3,588)**	(3,160)
Increase in creditors	**1,068**	862
Net cash outflow from operating activities	**(1,612)**	(1,267)

(b) Reconciliation to net debt

	1996 £'000	1995 £'000
Decrease in cash in the period	**77**	1,907
Increase/(decrease) in debt	**2,452**	(126)
Movements in net debt in period	**2,529**	1,781
Net debt at 1 January	**2,084**	303
Net debt at 31 December	**4,613**	2,084

17. Cash flow statement (continued)

(c) Analysis of net debt

	1 January 1996	Cashflow	31 December 1996
Overdraft	**(1,336)**	(77)	(1,413)
Debt due after 1 year	**(580)**	(1,670)	(2,250)
Debt due within 1 year	**(168)**	(782)	(950)
Total	**(2,084)**	(2,529)	(4,613)

18. Commitments and contingent liabilities

The Company is committed to paying significant royalty advances to authors under signed publishing contracts during subsequent financial years.

Directors, Secretary and Advisors

Directors:	J N Newton (Chairman) D A C Reynolds E N Calder A V Wherry C R Adams ACA K M Rooney J A Dare (Non-executive) P J Scherer (Non-executive)
Secretary:	C R Adams ACA
Registered Office:	38 Soho Square London W1V 5DF 0171 - 494 2111
Registered number:	1984336
Auditors:	Price Waterhouse Southwark Towers 32 London Bridge Street London SE1 9SY
Bankers:	Barclays Bank Plc 8/9 Hanover Square London W1A 4ZW
Financial Advisers and Stockbrokers:	Beeson Gregory Limited The Registry Royal Mint Court London EC3N 4EY
Solicitors:	Titmuss Sainer Dechert 2 Serjeants' Inn London EC4Y 1LT
Registrars:	Connaught St Michael's Limited PO Box 30 CSM House Victoria Street Luton Bedfordshire LU1 2PZ

Financial Calandar

Annual General Meeting	26 June 1997

Results

Announcement of half year results to 30 June 1997	September 1997
Announcement of annual results to 31 December 1997	April 1998

Dividend

Final dividend	-	1996	27 June 1997
Interim dividend	-	1997	November 1997
Final dividend	-	1997	June 1998

Share Price

Bloomsbury's share price is quoted in the Financial Times, and is also available on the Financial Times Cityline telephone service (0891 434444) charged at premium call rates.

Analysis of shareholdings at 7 April 1997.

Size of shareholding	Number of shareholders	Percentage of total number of shareholders	Number of Ordinary Shares	Percentage of Ordinary Shares
Over 1,000,000	1	0.6	1,100,000	12.8
500,001 - 1,000,000	6	3.4	4,184,410	48.7
200,001 - 500,000	6	3.4	1,876,279	21.9
100,001 - 200,000	4	2.3	515,067	6.0
50,001 - 100,000	3	1.7	225,178	2.6
10,001 - 50,000	15	8.5	395,909	4.6
1,001 - 10,000	64	36.1	252,997	3.0
1 - 1,000	78	44.0	36,474	0.4
	177	100.0	8,586,314	100.0

Analysis by number of shareholders at 7 April 1997.

Shareholder	Number of shareholders	Percentage of total number of shareholders	Number of Ordinary Shares	Percentage of Ordinary Shares
Institutional shareholders	32	18.1	7,064,294	82.2
Directors	8	4.5	1,137,546	13.3
Employees	12	6.8	24,799	0.3
Private shareholders	125	70.6	359,675	4.2
	177	100.0	8,586,314	100.0

Notice of Annual General Meeting
Bloomsbury Publishing Plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 38 Soho Square, London, W1V 5DF on 26 June 1997 at 12.00 noon for the following purposes:-

Routine Business

1 To receive the report of the directors and the audited accounts for the year ended 31 December 1996.

2 To declare a final dividend on the Ordinary Shares of the Company.

3 To re-elect C R Adams as a director of the Company.

4 To re-elect J N Newton as a director of the Company.

5 To appoint Kidsons Impey as auditors and to authorise the directors to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolution 7 will be proposed as a special resolution.

6 **THAT:-**

(a) the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to allot, to such persons and on such terms as they think proper, any relevant securities (as defined in section 80(2) of the Act) of the Company up to a maximum aggregate nominal amount of £304,901 during the period from the date of passing of this resolution until the conclusion of the Annual General Meeting of the Company held to receive the report and accounts of the Company for the year ending 31 December 1997 unless previously varied, revoked or renewed by the Company in general meeting and provided that the Company shall be entitled to make, before the expiry of such authority, any offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot any relevant securities pursuant to such offer or agreement as if such authority had not expired; and

(b) the authority to allot given to the directors by resolution of the Company passed on 6 June 1996 be revoked provided that such revocation shall not have retrospective effect.

7. **THAT**, subject to the passing of resolution 6 above:-

(a) the directors be granted power pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority conferred on them by resolution 6 above as if section 89(1) of the Act did not apply to any such allotment during the period from the date of passing of this resolution until the earlier of the date fifteen months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company held to receive the report and accounts of the Company for the year ending 31 December 1997 unless previously varied, revoked or renewed by the Company in general meeting and provided that the Company shall be entitled to make, before the expiry of such power, any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired and provided further that this power shall be limited to:-

Notice of Annual General Meeting
Bloomsbury Publishing Plc

(i) the allotment of equity securities, in connection with a rights issue, open offer or otherwise, in favour of holders of Ordinary Shares in the Company (ìOrdinary Sharesî) where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of and/or rights attaching to Ordinary Shares held by them subject to such exceptions, exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange or otherwise in any territory;

(ii) the allotment of equity securities pursuant to the terms of the Company's existing employees' share scheme or any other employees' share scheme approved by the members of the Company in general meeting;

(iii) the allotment (otherwise than pursuant to paragraph (i) or (ii) above) of equity securities having a nominal amount not exceeding in aggregate £21,466;

(b) the authority conferred under section 95 of the Act by resolution of the Company passed on 6 June 1996 be revoked provided that such revocation shall not have retrospective effect.

changed [illegible] at AB3/

Dated 30 April 1997

BY ORDER OF THE BOARD

Secretary

Registered Office:
38 Soho Square
London
W1V 5DF

Notes:

1 A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.

2 To be effective, a form of proxy must be completed, signed and (together with the original or a notarially certified copy of any power of attorney or other authority under which it is executed) lodged at the office of the Company's registrars not later than 48 hours before the time of the meeting. Depositing a completed form of proxy will not preclude a member from attending the meeting and voting in person.

3 Copies of the following documents will be available for inspection at the Company's registered office, 38 Soho Square, W1V 5DF, between 9.30 am and 4.30 pm on any weekday, Saturdays and public holidays excepted, from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:

(a) the register of directors' interests in shares of the Company kept in accordance with section 325 of the Companies Act 1985; and

(b) service agreements between the Company and each of the executive directors.