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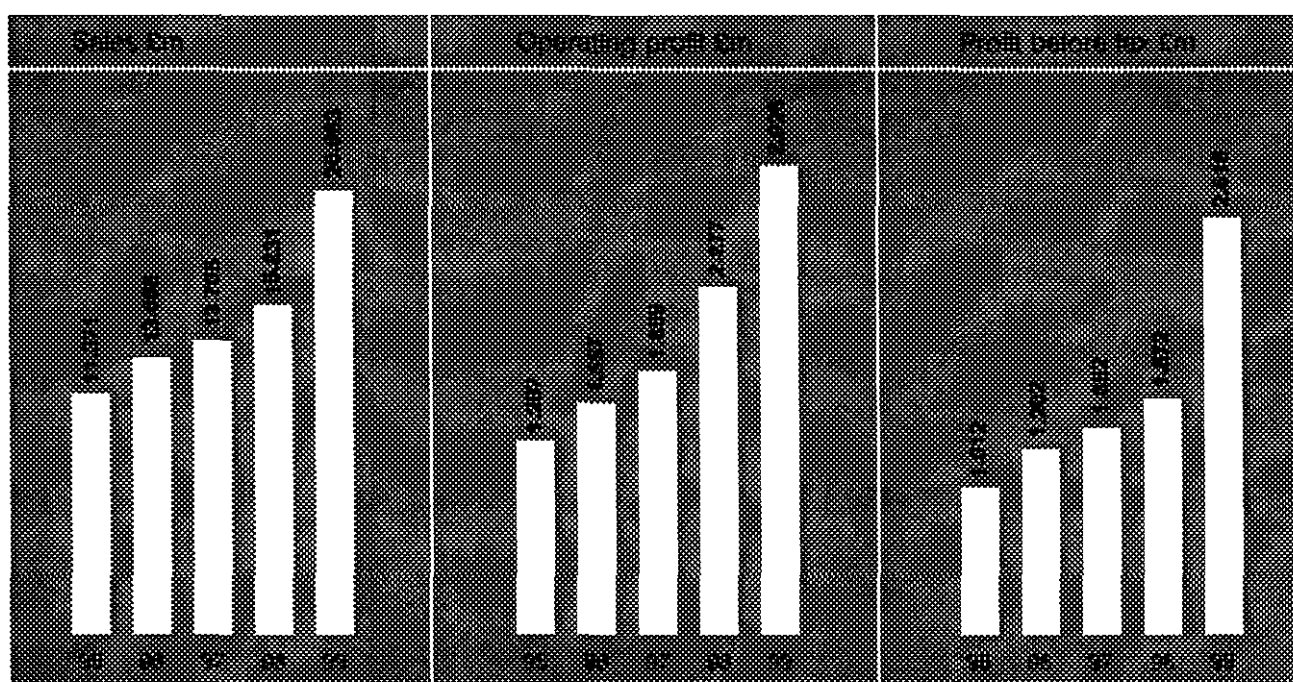
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Five year financial summary

	1995 £m	1996 £m	1997 £m	1998 £m	1999 £m
Turnover	11.371	13.655	13.705	15.231	20.863
Operating profit	1.207	1.557	1.859	2.277	2.926
Profit on ordinary activities before taxation	1.012	1.202	1.352	1.572	2.616
Basic earnings per share (p)	7.71	9.36	10.90	12.00	13.56

Highlights

- Pre-tax profits increased by 66.4% to £2.616m (1998: £1.572)
- Turnover increased by 37% to £20.863m (1998: £15.231m)
- Gross margin improved to 51.7% (1998: 50.1%)
- Bloomsbury voted publisher of the year at the British Book Awards
- Worldwide success of launch of Encarta World English Dictionary® database in print and electronic form
- Bloomsbury USA achieves bestseller in first year
- Harry Potter series dominates book world



Overview

1999 was a vintage year for Bloomsbury Publishing with pre-tax profits up 66.4% to £2.616m (1998: £1.572m) on a turnover that increased by 37% to £20.863m (1998: £15.231m). The drivers of this growth were a combination of a very strong list of books led by the extraordinary success of Harry Potter, increasing repeat revenue from our back-list catalogue, the first full year's turnover from Bloomsbury's new American operation, and the ground-breaking publication of the **Encarta® World English Dictionary**, which positions Bloomsbury as a leader in electronic reference publishing. The publishing industry recognised the achievements of the company by awarding Bloomsbury Publisher of the Year at the British Book Awards. Side by side with these achievements has been the continued championing of exciting new novelists and the nurturing of our established authors.

Review of Operations

Reference & Electronic Media Division

For the Reference and Electronic Media Division, 1999 was a year both of fruition and of broadening the scope of the business. **The Encarta® World English Dictionary**, an ambitious three-year project worked on by a global team of more than 350 experts, was published to tremendous acclaim in August 1999. It was the first dictionary to be published worldwide on the same day and the first to be published simultaneously in print and electronic formats. *The Observer* called the work "a milestone in the history of our language". *The Times Educational Supplement* wrote, "Bill Gates' and Bloomsbury's nimble Encarta® dictionary beats an Oxford classic". To date, it has sold over 100,000 copies in the UK alone in its print edition, rapidly establishing itself as a leading dictionary and guaranteeing itself a place on book shelves and computer screens for decades to come. Following its success, we are now expanding the dictionary by a further 10,000 words.

The launch of the **Encarta® World English Dictionary** generated much interest in Bloomsbury's electronic reference expertise. We have formed a partnership with Macmillan, a global publishing company, to create a second major dictionary database. This is aimed at over 750 million learners of English worldwide, an enormous and rapidly growing market. We estimate that by the year 2050, over 50% of the world's population will have some competence in English, compared to 29% today. The English language is probably now the most important communications tool in the world, representing as

significant a commercial opportunity as the internet itself or new developments in telephony. Bloomsbury's strategic goal for the Reference and Electronic Media Division is to be one of the world's leading providers of reference content for print and electronic publication for this global market. The demand for content on the internet is insatiable, and with the advent of new channels for the dissemination of information, such as WAP technology, the demand for content generated from our databases is set to continue.

During the year, we have been developing a further strategy for successfully exploiting online and other electronic opportunities, which will be implemented over the next five years. We plan to unveil some of these plans in the months ahead.

Book Division

1999 was another highly successful year for the Book Division, with Bloomsbury once again demonstrating its ability to develop both bestselling and first time authors. The year began spectacularly with the publication of Anna Pavord's magnificent work, **The Tulip**, which became an international bestseller and won the British Book Award for Design and Production. Other highlights during the year included Lesley Glaister's **Sheer Blue Bliss**, a new work from one of Britain's finest young novelists. In the spring we published **Shadow Box**, a first novel by the Irish writer Antonia Logue, the rights to which we had

Chairman's statement

secured in a hotly contested auction; *Holy Smoke* by Jane and Anna Campion (the former is the author and director of *The Piano*), the film of which was released in March this year starring Kate Winslett. *East of the Mountains*, by David Guterson, author of the international best-seller, *Snow Falling on Cedars* was also an immediate success. Summer highlights included Ahdaf Soueif's *The Map of Love* which was shortlisted for the Booker Prize. Three major biographies were published: *Gore Vidal* by Fred Kaplan, *Secrets of the Flesh, a biography of Collette*, by Judith Thurman, and *Václav Havel* by John Keane.

During the year we celebrated the fifth anniversary of our paperback list, five years in which the list has carved itself a niche as one of the most innovative and imaginative in the UK. Highlights of the year included the bestselling *Easy Riders, Raging Bulls*, an account of Hollywood in the Sixties and Seventies, one of the most talked about non-fiction books of the year. Two established authors, whom we had only previously published in hardback, have now joined our paperback list, both having seen significant increases in sales: Nadine Gordimer with *The House Gun* and Jay McInerney with *Model Behaviour*. This underlines the increasing strength of our paperback list with backlist income growing substantially, based on the huge success of lead titles and our specialist categories of film, music and American fiction. 2000 looks like being an excellent paperback year with a marvellous array of bestsellers coming through, including *East of the Mountains* and *The Tulip* in paperback.

Harry Potter led the success of the children's list. While these books reached new heights of popularity, our other children's fiction and picture books also increased in strength. 1999 opened with the launch of the paperback edition of *Harry Potter and the Chamber of Secrets*. UK paperback sales of the books now total over 1.3 million. Later in the year the hard cover of the third in the series of seven books, *Harry Potter and the Prisoner of Azkaban*, was launched, selling 1.25 million to date. The books topped the best-seller list for the whole year. Our early prophecy that Harry Potter would become a classic of children's literature is rapidly being realised. In a recent poll, JK Rowling's books were voted second after Roald Dahl's output of 40 years, as the greatest children's books of all time.

Equally pleasing has been the strong performance of our other children's titles. *No Matter What* by Debi Glori, lived up to its promise with publication in 13 countries and sales figures topping 275,000. Other highlights included *Face* by Benjamin Zephaniah selling 25,000 copies in the UK and *The Selfish Crocodile* which has been a paperback success with over 40,000 UK sales. Looking forward we can say with confidence that the children's list is building up a catalogue of high quality long term properties.

Bloomsbury USA continued to develop its American list with the additions of young American authors such as Alyson Richman, author of *The Mask Carver's Son*, and James Gunn, author of *The Toy Collector*. UK originated titles such as *The Tulip* also greatly benefited from having a dedicated marketing team in the US to drive sales. In 2000, highlights include *Kitchen Confidential* by Anthony Bourdain. A serialisation is appearing in the New Yorker, with the book selected as a "hot tip" on Amazon.com.

Management

Alexandra Pringle, who joined us in May 1999, was appointed Editor-in-Chief of the Book Division on February 11th 2000. She has many years experience in publishing, as well as having been a literary agent. Liz Calder is Publishing Director at Bloomsbury, building on the successes of her many established and bestselling authors.

David Reynolds left the Company during the year to pursue a career as an author. He played a vital role as a co-founder of the Company, and in building Bloomsbury into what it is today. We thank him for everything and wish him well.

Dividend

The Directors recommend a final dividend of 3.0 pence per ordinary share (1998: 2.9 pence), making a total of 3.8 pence per ordinary share (1998: 3.7 pence) for the year.

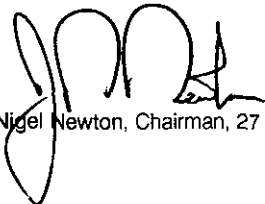
Prospects

The future trading prospects for Bloomsbury are excellent. The increased profile of the Company on the back of its successes in the Book Division is attracting more talented new and established authors than ever before. New initiatives to expand the base from which we exploit intellectual property rights have been put in place. We recently announced a partnership with Creative Artists Agency, the leading Hollywood agency, to sell film rights in selected Bloomsbury books to Hollywood studios and television producers. Such deals could generate significant new royalty revenue streams for us in years to come.

The success of the Encarta® World English Dictionary has led to the establishment of a new partnership with an international company to develop a third major reference database, the details of which will be announced in the coming weeks.

Bloomsbury.com, our book sales and marketing site, has been in operation since September 1997, and has provided us with a sound basis of knowledge from which to move into our next phase of internet operation. We believe that there is considerable scope for Bloomsbury to generate a significant part of its future operations from online sales. The dotcom market is currently being flooded with new start-ups, but *we feel that the successful online operations of the future will come from companies such as ours, with a considerable amount of content stored in our archives, and a proven, profitable track record.* Further developments on our internet operation will be announced in the coming months.

In summary, our divisions are firing on all cylinders with the successes of the past encouraging us to drive forward with even greater enthusiasm. We have much to look forward to and remain confident that Bloomsbury will continue to build on its current value in the months and years ahead.



Nigel Newton, Chairman, 27 April 2000

Financial review

Turnover for 1999 increased by 37% to £20.863m (1998, £15.231m) on the back of a very strong publishing list, a full year's publishing programme from our Bloomsbury USA operation, and continued growth in the strength of our backlist. The increase in backlist revenues and the economies of scale derived from the large print runs on the Harry Potter series increased gross profit margins by 1.6% to 51.7% (1998, 50.1%). Gross profit increased by 41.2% to £10.783m (1998, £7.637m).

Marketing and distribution costs increased by 87.9% to £3.197m (1998, £1.701m). Key contributors to the increase in marketing costs include the first full year's operation of Bloomsbury USA, the launch and ongoing marketing of the Encarta® Dictionary, and promotion of the Harry Potter series. Distribution costs increased as a result of the growth of trade and export turnover and the first full year's sales from Bloomsbury USA. Administrative costs increased by 27.4% to £4.660m (1998, £3.659m). New personnel have been appointed for our next phase of organic growth. These include a full time commissioning editor for Bloomsbury USA, and a new Publishing Director. There is also a variable element to our administrative expenses, which have increased as a result of the increase in turnover. Operating profits increased by 28.5% to £2.926m (1998, £2.277m).

The interest charge for the year decreased by 56% to £0.310m (1998, £0.705m) as a result of the funds received from the rights issue in 1998 and the 5% placing which took place in November 1999. 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. The effective tax rate for

the year is 31% per cent which takes account of the adjustment to the deferred tax provision and the reduction in the corporation tax rate from 31 per cent to 30 per cent. Profit after tax increased by 60.7% to £1.805m (1998, £1.123m).

Basic earnings per share increased by 13.0% to 13.56 pence (1998, 12.00 pence). Fully diluted earnings per share increased by 10.4% to 13.18 pence (1998, 11.94 pence).

Bloomsbury has three major databases; the first, the *Encarta® World English Dictionary*, was completed and launched in 1999. The other two, including the English Language Teaching database, are currently under development. All development costs of the databases are capitalised in work in progress which accounts for the bulk of the increase to £5.710m (1998, £3.770m). The capitalised costs of the Encarta Dictionary database are being amortised over ten years. Finished stocks increased by 32.5% to £3.750m (1998, £2.830m), which reflects the increased stockholding on high stock turn books, the stockholding for a full year's trading of Bloomsbury USA and the stockholding of the dictionary. The stock turn of Harry Potter has been high, and to ensure that the series does not go out of stock, large print runs are commissioned. The year end stock holding reflects a high proportion of the last print run before the year end, all of which were rapidly sold early in the New Year.

Trade debtors increased by 100.5% to £7.580m (1998, £3.781m) due to very strong second half year trading. Export sales increased 150.1% to £8.306m (1998, £3.321m), and as they are on longer credit terms than UK customers, a greater proportion of those sales is reflected in trade debtors. The full year's trading of Bloomsbury USA is also included in the trade debtors at the year-end. Increasing backlist revenues and sub-licence income reduced prepayments and accrued income by 16.3% to £11.958m (1998, £14.280m).

The cash generated by sub-licence rights sales and the sale of books continues to grow, and is reducing the requirement to fund our working capital requirements from borrowings. We believe, however, that acquiring intellectual property rights through our book division for publication and developing intellectual property rights in the form of reference databases, for electronic as well as hard copy publication in the Media and Electronic Reference Division, is the key to our future growth. The investment in these two areas, particularly the development of electronic reference databases, contributed to a net cash outflow from operating activities of £0.807m (1998, cash inflow £0.203m). Through a combination of the proceeds from the placing, which took place on 26th November 1999, and the retained profits for the year, gearing has been reduced to 2.5% (1998, 14.1%).

Placing

On 26th November 1999, approximately 5% of the company's share capital was placed with institutions, raising £3.263m net of expenses. The proceeds will be used to fund the development of reference databases and internet activity.

Shareholders' funds

At 31 December 1999, shareholders' funds stood at £18.424m (1998, £13.765m), the increase due to the retained earnings of £1.276m, net receipts from the 5% placing of £3.263m, and the proceeds from the exercise of share options of £0.120m.

Strategy

Acquiring and developing rights in house for exploitation in electronic or print form has been a primary profit driver of the company. We are always seeking to identify new rights to exploit, and the agreement with the Creative Artists Agency in Hollywood to sell film rights highlights our strength in identifying opportunities for future long term

growth. Growing organically requires long term investment, but our track record does show that previous years' investments are now generating significant returns. We are continuing to acquire rights for worldwide publication through Bloomsbury USA as well as in the UK. Our balance sheet is strong, with gearing at an all time low. The list of authors we have built up has already produced a very strong list for 2000. I am confident that with the funds received from the placing in November 1999, and cash being generated from operations, Bloomsbury will continue to establish itself as a market leader in both the Reference and Electronic Media Division and the Book Division.

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, 27 April 2000

Executive

Nigel Newton (44), 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.

Liz Calder (62), is a Publishing Director of the Book Division of Bloomsbury, 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 (57), is Director of Bloomsbury USA 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 (39), 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 (49) is a Publishing Director with responsibility for the Reference and Electronic Media Division. Before joining Bloomsbury in 1987 she was at Collins and Longman, both leading reference publishers.

Matthew Hamilton (32) joined Bloomsbury in 1993. He set up the Bloomsbury paperback division in 1994, and has been responsible for its success to date.

Alexandra Pringle (47) joined Bloomsbury on 1 May 1999 and was appointed to the board as Editor-in-Chief of the Book Division on 11 February 2000. She has worked in publishing for twenty-two years. In 1978 she joined Virago Press where she edited the famous Virago Modern Classics series. In 1984 she was made Editorial Director, later becoming part of the management team to steer Virago through their *management buyout from Cape, Chatto & Bodley Head*. In 1990 she joined Hamish Hamilton as Editorial Director and four years later left publishing to become a literary agent with Toby Eady Associates. Her stable of authors included Barbara Trapido, Esther Freud and the prize-winning biographer Amanda Foreman.

Non-executive **John Dare** (61), is a US citizen resident in the UK. A director of a number of companies within the Barings Group since the early 70's, he is currently Chairman of Baring Private Equity Partners Limited, the international private equity arm of ING Asset Management, part of the ING Group. He joined the Board of Bloomsbury in 1993.

Paul Scherer (66), 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 has a wealth of publishing knowledge gained from working in the industry for over forty years.

The Company's policy is to manage the affairs of the Company in accordance with the Principles of Good Governance and Code of Best Practice prepared by the Committee on Corporate Governance and published in June 1998 and appended to, but not forming part of, the listing rules of the London Stock Exchange ("the Combined Code").

Application of the Principles of Good Governance

The names of the directors and their respective responsibilities are shown on pages 8 and 9. (The Board meets regularly and receives appropriate information from management in advance of its meetings. Proposals to re-elect directors are set out in the Directors' Report on page 16 and in the Notice of the Annual General Meeting on pages 41 and 42.

The composition of the Remuneration Committee is shown on page 12 and the statement of the remuneration policy developed by the Committee and details of each director's remuneration are given on pages 12 and 14 respectively.

The Board's assessment of the Company's position and prospects are set out in the Chairman's statement on pages 3, 4 and 5, and the financial review on pages 6 and 7. The composition of the Audit Committee is shown on page 11. The Audit Committee operates under terms of reference agreed by the whole Board and meets with the auditors to consider the Company's financial reporting in advance of its publication.

Compliance with the Code of Best Practice

The directors have reviewed the governance arrangements of the Company in the context of the Combined Code and are pleased to report that the Company has complied with the Code of Best Practice throughout the year ended 31 December 1999 save that:

- (a) In view of the relatively small size of the Board, a Nominations Committee has not been appointed and new Board appointments during the period under review were decided on by the whole Board.
- (b) The Remuneration Committee consists of three members, comprising the two non-executive directors and Nigel Newton, the Chairman and Chief Executive of the Board of the Company.
- (c) The Audit Committee only consists of the two non-executive directors.
- (d) Nigel Newton is both the Chairman and Chief Executive Officer of the Company. The Directors believe that, despite this, the two non-executive directors represent a strong and independent element on the Board.
- (e) The Board includes two non-executive directors. The Combined Code recommends a minimum of three, but the City Group for Smaller Companies (CISCO) considers two acceptable. Although there are only two non-executive directors, the Board believes that they are of sufficient calibre and number for their views to carry significant weight in the Board's decisions, and that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. One of the non-executive directors, Paul Scherer, is 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.
- (f) As referred to on page 13, in recognition of the pivotal role played by Nigel Newton in the continuing development of the business, which he founded, the Remuneration Committee considered that the Company's interests would be best served if his service contract had an initial fixed term of three years.
- (g) The Annual Report and Accounts were sent out less than 28 days before the Annual General Meeting.
- (h) The Turnbull Committee's guidance on internal control was issued in draft form in April 1999 and in final form in September 1999. The company has not complied with this guidance during 1999, but the directors support these recommendations. They intend to implement these recommendations by 31 December 2000 in so far as they are appropriate to a company of this size.

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.
- Detailed budgeting and monitoring of costs incurred on the development of reference databases.
- 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 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 provisions set out in Section B, annexed to the Listing Rules, in determining the remuneration packages for the executive directors for 1999 and 2000.

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 their private pension scheme. Liz Calder receives a contribution of 18% of her basic salary to her 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, with the exception of Nigel Newton, have service contracts which are terminable by either party giving to the other not less than twelve months written notice. Nigel Newton has a service contract which is terminable by either party giving to the other not less than twelve months written notice, such notice to expire on or after the date falling three years after the commencement date of 24 June 1997. In recognition of the pivotal role played by Mr Newton in the continuing development of the business, which he founded, the Remuneration Committee considered that the Company's interests would be best served if Mr Newton's service contract had an initial fixed term of three years. 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

	1999 £'000	1998 £'000
Salaries	516	480
Pension contributions	65	54
Fees	23	23
Profit related bonus	163	123
Non – profit related bonus	2	66
Compensation for loss of office	83	–
Benefit on exercise of share options	379	3
Other emoluments	37	39
	1,268	788

Directors' emoluments (continued)

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

		Basic salary or fees 1999 £'000	Bonus - profit related 1999 £'000	Compensation		Benefits ⁽¹⁾ 1999 £'000	Total (excluding pension contributions)		Pension contributions	
				Bonus - non profit related 1999 £'000	for loss of office 1999 £'000		1999	1998	1999	1998
							£'000	£'000	£'000	£'000
Chairman	J N Newton	102	33	1	–	168	304	147	10	9
Executive Directors	D A C Reynolds	57	20	–	83	5	165	104	13	7
	A V Wherry	72	23	–	–	5	100	97	7	7
	E N Calder	79	25	–	–	139	243	103	14	14
	C R Adams	77	25	–	–	6	108	117	8	7
	K M Rooney	74	23	–	–	7	104	100	7	7
	M W Hamilton	55	14	1	–	86	156	43	6	3
Non-executive directors	J A Dare	8	–	–	–	–	8	8	–	–
	P J Scherer	15	–	–	–	–	15	15	–	–
		539	163	2	83	416	1,203	734	65	54

⁽¹⁾Benefits – the Company provides a motor vehicle and medical insurance cover for all executive directors. In addition the benefits for JN Newton, EN Calder and MW Hamilton include the exercise of share options during the year.

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 1999 Number	31 December 1998 Number
J N Newton	780,646	860,651
C R Adams	16,494	21,494
E N Calder	16,354	16,354
K M Rooney	12,150	12,150
A V Wherry	12,068	12,068
M W Hamilton	2,428	2,428
P J Scherer	7,333	7,333
J A Dare	1,466	1,466

a) Interests in shares and options (continued)

The following options have been granted over Ordinary Shares:

	At 1 January 1999	Granted during the year	Exercised during the year	At 31 December 1999	Exercise price	Date from which exercisable	Expiry Date
J N Newton	28,906	–	(28,906)	–	103.8p	24 June 1997	23 June 2001
J N Newton	12,141	–	(12,141)	–	100.8p	13 May 1999	12 May 2003
J N Newton	19,729	–	–	19,729	83p	7 May 2001	6 May 2005
J N Newton	–	200,000	–	200,000	265p	6 July 2002	5 July 2006
E N Calder	24,090	–	(24,090)	–	103.8p	24 June 1997	23 June 2004
E N Calder	3,777	–	(3,777)	–	100.8p	13 May 1999	12 May 2006
E N Calder	6,339	–	(6,339)	–	100.8p	13 May 1999	12 May 2003
E N Calder	19,729	–	–	19,729	83p	7 May 2001	6 May 2005
E N Calder	–	150,000	–	150,000	265p	6 July 2002	5 July 2006
A V Wherry	24,090	–	–	24,090	103.8p	24 June 1997	23 June 2004
A V Wherry	3,777	–	–	3,777	100.8p	13 May 1999	12 May 2006
A V Wherry	6,339	–	–	6,339	100.8p	13 May 1999	12 May 2003
A V Wherry	5,058	–	–	5,058	83p	7 May 2001	6 May 2005
A V Wherry	–	50,000	–	50,000	265p	6 July 2002	5 July 2006
C R Adams	14,453	–	–	14,453	103.8p	24 June 1997	23 June 2004
C R Adams	9,485	–	–	9,485	39.5p	31 May 1999	30 May 2004
C R Adams	10,117	–	–	10,117	100.8p	13 May 1999	12 May 2006
C R Adams	404	–	–	404	83p	7 May 2001	6 May 2008
C R Adams	19,324	–	–	19,324	83p	7 May 2001	6 May 2005
C R Adams	–	100,000	–	100,000	265p	6 July 2002	5 July 2006
K M Rooney	7,229	–	–	7,229	103.8p	24 June 1997	23 June 2004
K M Rooney	10,117	–	–	10,117	102p	13 May 1999	12 May 2006
K M Rooney	14,453	–	–	14,453	83p	7 May 2001	6 May 2008
K M Rooney	6,500	–	–	6,500	83p	7 May 2001	6 May 2005
K M Rooney	–	100,000	–	100,000	265p	6 July 2002	5 July 2006
MW Hamilton	20,235	–	(20,235)	–	100.8p	13 May 1999	12 May 2006
MW Hamilton	11,562	–	–	11,562	83p	7 May 2001	6 May 2008
MW Hamilton	5,637	–	–	5,637	83p	7 May 2001	6 May 2005
MW Hamilton	–	50,000	–	50,000	265p	6 July 2002	5 July 2006

The options at 1 January 1999 have been adjusted following the rights issue in 1998.

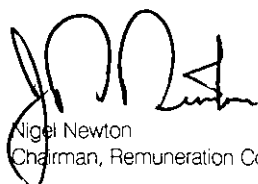
The market price of the shares at 31 December 1999 was 814.5 p (1998 - 163p) and the range from 1 January 1999 to the end of the year was 146.5p to 814.5p (1998 – 67p to 170.5p).

Between 31 December 1999 and 27 April 2000 Colin Adams exercised 9,485 shares under the 1986 Approved Executive Share Option Scheme and 24,570 options under the 1994 Approved Executive Share Option Scheme. He subsequently sold 10,000 shares. His holding following these transactions was 40,549 shares. Alan Wherry sold 2,250 shares.

b) Other interests

Paul Scherer is non-executive chairman of Curtis Brown Group Limited, a literary agency with which the Company has an ongoing trading relationship.

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.



Nigel Newton
Chairman, Remuneration Committee, 27 April 2000

Directors' report

Principal activity

The principal activities of the Company are the publication of books and the development of electronic reference databases.

Review of developments

The Chairman's Statement and Financial 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 21 to 37. 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 15 December 1999, an interim dividend of 0.80 pence (net) per Ordinary Share was paid. The directors recommend the payment of a final dividend of 3.0 pence (net) per Ordinary Share payable on 4 July 2000 to Ordinary Shareholders on the register at the close of business on 19 May 2000. After accounting for this proposed dividend, retained profits of £1,276,000 (1998, £667,000) 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 (resigned 8 October 1999)
E N Calder	Publishing Director
A V Wherry	Director – Bloomsbury USA
C R Adams ACA	Finance Director
K M Rooney	Publishing Director
M W Hamilton	Publishing Director
J A Dare	Non-executive Director
P J Scherer	Non-executive Director

AJR Pringle, who did not serve as a director during the year, was appointed to the board as Editor-in-Chief and Publishing Director on 11 February 2000.

The directors' interests are set out in the Remuneration Report on pages 12 to 15.

At the Annual General Meeting, Alexandra Pringle, having been appointed during the year, retires in accordance with the terms of the articles of association, and being eligible, offers herself for re-election. John Dare and Paul Scherer 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 13, Alexandra Pringle has a service contract with the Company terminable by either party on not less than twelve months notice. John Dare and Paul Scherer, who are non-executive directors, do not have service contracts.

Directors' Remuneration

The Remuneration Report is set out on pages 12 to 15.

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 27 April 2000.

	Number	Percentage
Prudential Portfolio Managers UK Limited	1,519,485	10.79%
Mercury Asset Management Limited	1,488,397	10.57%
Edinburgh Fund Managers	1,060,800	7.54%
Morgan Grenfell UK Smaller Company Exempt Fund	905,380	6.43%
Legal and General Investment Management Limited	706,412	5.02%
Capel Cure Myers Investment Management Limited	450,000	3.20%

Share capital

On 24th June 1999, an ordinary resolution was 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 2000 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 7, 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 7 is approved by shareholders the directors will have authority to allot up to 3,923,068 Ordinary Shares, representing 27.9% of the Ordinary Shares in issue at 27 April 2000, of which 1,159,311 (8.2% of the Ordinary Shares currently in issue) are reserved for issue under the Company's share option schemes. The balance available for allotment is therefore 2,763,757 Ordinary Shares, representing 19.6% 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 schemes.

In addition, on 24 June 1999 a special resolution was passed giving the directors authority under Section 95 of the Companies Act 1985, until the earlier of the date fifteen months from the passing of the resolution and the conclusion of the 2000 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 £33,074 being equal to 5% of the then issued Ordinary Share capital. The directors recommend by Resolution 8, to be proposed at the forthcoming Annual General Meeting, that this authority should be renewed and that they be authorised to allot equity securities for cash, other than to existing shareholders in proportion to their holding, up to an aggregate nominal amount of £35,192 being equal to 5% of the issued Ordinary Share capital until the conclusion of the 2001 annual general meeting or the date fifteen months from the date of passing of this resolution, whichever is the earlier.

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 (1998, £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. At 31 December 1999, the number of days' credit taken for purchases by the Company was 72 days (1998, 68 days).

Auditors

HLB Kidsons have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.



On behalf of the board
C R Adams ACA, Secretary, 27 April 2000

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 21 to 37, 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.



On behalf of the board
C R Adams ACA, Secretary, 27 April 2000

Report of the auditors to the shareholders of Bloomsbury Publishing Plc

We have audited the financial statements on pages 21 to 37, which have been prepared under the historical cost convention and the accounting policies set out on page 25. We have also examined the amounts disclosed relating to the emoluments of the directors, set out in the Remuneration Report on pages 12 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including, as described on page 19, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statement on page 10 reflects the company's compliance with those provisions of the Combined Code specified for our review by the London Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons, Chartered Accountants and Registered Auditors
London, 27 April 2000

Profit and loss account
for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Turnover	1	20,863	15,231
Cost of sales		(10,080)	(7,594)
Gross profit		10,783	7,637
Marketing and distribution costs		(3,197)	(1,701)
Administrative expenses		(4,660)	(3,659)
Operating profit	2	2,926	2,277
Net interest payable	3	(310)	(705)
Profit on ordinary activities before taxation		2,616	1,572
Taxation on profit on ordinary activities	5	(811)	(449)
Profit on ordinary activities after taxation		1,805	1,123
Dividends	6	(529)	(456)
<i>Profit for the financial year transferred to reserves</i>	15	1,276	667
Basic earnings per share	7	13.56p	12.00p
Diluted earnings per share	7	13.18p	11.94p

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 1999

	Notes	1999 £'000	1998 £'000
Fixed assets:			
Tangible assets	8	371	284
Current assets:			
Stocks	9	9,507	6,694
Debtors due within one year	10	15,750	12,173
Debtors due after more than one year	10	3,882	5,907
Cash at bank and in hand		554	–
		29,693	24,774
Creditors: amounts falling due within one year	11	9,052	7,853
Net current assets		20,641	16,921
Total assets less current liabilities		21,012	17,205
Creditors: amounts falling due after more than one year	12	1,926	2,370
Provisions for liabilities and charges	13	662	1,070
		18,424	13,765
Equity capital and reserves:			
Called up share capital	14	700	661
Share premium account	15	13,520	10,176
Capital redemption reserve	15	9	9
Profit and loss account	15	4,195	2,919
Total shareholders' funds		18,424	13,765

The financial statements were approved by the Board of Directors on 27 April 2000.


J N Newton Director


C R Adams Director

Reconciliation of movements
in shareholders' funds
for the year ended 31 December 1999

	1999	1998
	£'000	£'000
Profit on ordinary activities after taxation	1,805	1,123
Dividends	(529)	(456)
Share options exercised	120	–
New shares placed net of expenses	3,263	5,437
Net addition to shareholders' funds	4,659	6,104
Opening shareholders' funds	13,765	7,661
Closing shareholders' funds	18,424	13,765

Cash flow statement
for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Net cash outflow/(inflow) from operating activities	17 (a)	(807)	203
Returns on investments and servicing of finance			
Interest paid		(323)	(737)
Interest received		4	7
Net cash outflow from returns on investments and servicing of finance		(319)	(730)
Taxation			
Tax paid		(116)	(83)
Capital expenditure			
Purchase of fixed assets		(178)	(79)
Equity dividends paid		(491)	(333)
Financing			
Repayment of loans		(413)	(2,383)
Share options exercised		120	-
Shares placed (net of expenses)		3,263	5,437
Net cash inflow		2,970	3,054
Increase in cash	17 (b)	1,059	2,032

(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, 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. 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
Motor vehicles	–	25% 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.

Notes to the accounts

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 the majority of its assets are located. The table below analyses turnover by destination:

	1999 £'000	1998 £'000
United Kingdom	12,557	11,910
North America	4,975	1,952
Continental Europe	1,338	610
Australasia	1,286	523
Others	707	236
	20,863	15,231

In the directors' opinion, disclosure of the 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 / (crediting) the following amounts:

	1999 £'000	1998 £'000
Current auditors' remuneration:		
Statutory audit	26	25
Other services	3	3
Previous auditors' remuneration:		
Other services	6	–
Depreciation	91	72
Loss on disposal of tangible fixed assets	–	7
Operating lease costs:		
Hire of plant and machinery	8	22
Other operating leases	338	281
Exchange (gain) / loss	(33)	21

3. Net interest payable

	1999 £'000	1998 £'000
Bank overdraft	116	243
Bank loans	190	434
Other interest payable	8	35
	314	712
Interest receivable	(4)	(7)
	310	705

4. Directors and employees

Staff costs during the year were:

	1999 £'000	1998 £'000
Salaries	2,324	1,955
Social security costs	246	193
Other pension costs	70	57
	2,640	2,205
The average number of employees during the year was:	73	65

Full details concerning Directors' emoluments, shareholdings, options and other interests are shown in the Remuneration Report on pages 12 to 15.

5. Taxation

	1999 £'000	1998 £'000
Based on the profit for the year:		
Corporation tax at 30.25% (1998, 31% less marginal relief)	1,330	195
Less double tax relief	(3)	(2)
	1,327	193
Over provision in respect of prior year	(54)	(11)
Overseas taxation	3	2
	1,276	184
Deferred tax (note 13)	(465)	265
	811	449

6. Dividends

	1999 £'000	1998 £'000
Interim, paid 15 December 1999	107	72
Final proposed 3.0p per share	422	384
	529	456

7. Earnings per share

Basic earnings per share has been calculated by reference to earnings of £1,805,000 (1998, £1,123,000) and a weighted average number of Ordinary Shares in issue of 13,314,273 (1998, 9,358,242). The diluted earnings per share has been calculated by reference to a weighted average number of Ordinary Shares in issue of 13,699,566 (1998, 9,404,376).

8. Tangible fixed assets

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 January 1999	20	184	326	4	534
Additions	2	9	167	–	178
At 31 December 1999	22	193	493	4	712
Depreciation:					
At 1 January 1999	8	86	156	–	250
Charge	4	14	72	1	91
At 31 December 1999	12	100	228	1	341
Net book value:					
At 31 December 1999	10	93	265	3	371
At 1 January 1999	12	98	170	4	284

Notes to the accounts

9. Stocks

	1999 £'000	1998 £'000
Raw materials	47	94
Work in progress	5,710	3,770
Finished goods for resale	3,750	2,830
	9,507	6,694

10. Debtors

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Trade debtors	7,580	3,781
Other debtors	94	19
Prepayments and accrued income	8,076	8,373
	15,750	12,173
Amounts falling due after more than one year:		
Prepayments and accrued income	3,882	5,907

11. Creditors: amounts falling due within one year

	1999	1998
	£'000	£'000
Secured bank loans (note 12)	413	413
Overdraft	–	505
Trade creditors	4,628	3,601
Other creditors	661	1,012
Corporation tax	1,244	62
Advance corporation tax	–	83
Other taxation and social security	65	123
Accruals and deferred income	1,619	1,670
Proposed dividend	422	384
	9,052	7,853

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

	1999	1998
	£'000	£'000
Secured bank loans	612	1,025
Other creditors	1,314	1,345
	1,926	2,370

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

The bank loans are secured by fixed and floating charges over the assets of the Company. Interest is charged at a commercial rate linked to the Inter Bank Rate.

Analysis of bank loans by year of repayment:

	1999 £'000	1998 £'000
Within one year (note 11)	413	413
One to two years	612	413
Two to five years	-	612
	1,025	1,438

13. Provisions for liabilities and charges

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

	1999 £'000
At 1 January 1999	1,070
Profit and loss account	
Current year	(465)
ACT	57
At 31 December 1999	662

The provision is made at a corporation tax rate of 30%.

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	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Accelerated capital allowances	18	16	–	–
Short term timing differences	644	1,111	415	415
	662	1,127	415	415
ACT recoverable	–	(57)	–	–
	662	1,070	415	415

14. Equity share capital

	1999 £'000	1998 £'000
Authorised shares of 5p each:		
18,000,000 Ordinary Shares (1998, 18,000,000 Ordinary Shares)	900	900
Allotted, called up and fully paid:		
14,008,671 Ordinary Shares (1998, 13,229,805 Ordinary Shares)	700	661

In addition to the share options exercised during the year as set out below the company issued 661,480 Ordinary Shares at £5 per share by means of a placing.

Bloomsbury.com Limited is a subsidiary of the Company, but it is not necessary to prepare consolidated accounts as the subsidiary does not trade, and its inclusion is not material for the purpose of giving a true and fair view of the group.

14. Equity share capital (continued)

As at 31 December 1999 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	9,485	39.5p	1999 – 2004
1994 Approved Executive Share Option Scheme	79,013	103.8p	1997 – 2004
1994 Approved Executive Share Option Scheme	32,845	100.8p	1999 – 2006
1994 Approved Executive Share Option Scheme	80,834	83p	2001 – 2008
1994 Approved Executive Share Option Scheme	175,474	235p	2002 – 2009
1994 Approved Executive Share Option Scheme	32,582	417p	2002 – 2009
1994 Unapproved Executive Share Option Scheme	12,678	100.8p	1999 – 2003
1994 Unapproved Executive Share Option Scheme	75,977	83p	2001 – 2005
1994 Unapproved Executive Share Option Scheme	41,776	235p	2002 – 2006
1994 Unapproved Executive Share Option Scheme	661,490	265p	2002 – 2006
1994 Unapproved Executive Share Option Scheme	28,418	417p	2002 – 2006

During the year the following share options were exercised under the 1994 Approved Executive Share Option Scheme and the 1994 Unapproved Executive Share Option Scheme.

	Number of Shares	Exercise price
1994 Approved Executive Share Option Scheme	39,509	103.8p
1994 Approved Executive Share Option Scheme	30,491	100.8p
1994 Unapproved Executive Share Option Scheme	28,906	103.8p
1994 Unapproved Executive Share Option Scheme	18,480	100.8p

15. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit & loss account £'000
At 1 January 1999	10,176	9	2,919
Retained profit for the year	–	–	1,276
Issue of share capital	3,344	–	–
At 31 December 1999	13,520	9	4,195

16. Lease obligations

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

	Land and buildings		Other	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Operating leases expiring within:				
One year	50	–	12	48
Two to five years	42	50	67	31
After five years	175	175	–	–
	267	225	79	79

17. Cash flow statement

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

	1999 £'000	1998 £'000
Operating profit	2,926	2,277
Depreciation of tangible fixed assets	91	72
Loss on disposal of tangible fixed assets	–	7
Increase in stocks	(2,813)	(2,045)
Increase in debtors	(1,556)	(77)
(Decrease)/increase in creditors	545	(31)
Net cash inflow/(outflow) from operating activities	(807)	203

(b) Reconciliation to net debt

	1999 £'000	1998 £'000
Increase in cash in the period	1,059	2,032
Decrease in debt	413	2,383
Movements in net debt in period	1,472	4,415
Net debt at 1 January	(1,943)	(6,358)
Net debt at 31 December	(471)	(1,943)

17. Cash flow statement (continued)**(c) Analysis of net debt**

	1 January 1999 £'000	Cash flow £'000	Other movements £'000	31 December 1999 £'000
Cash at bank	–	554	–	554
Overdraft	(505)	505	–	–
	(505)	1,059	–	554
Debt due after more than 1 year	(1,025)	–	413	(612)
Debt due within 1 year	(413)	413	(413)	(413)
Total	(1,943)	1,472	–	(471)

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 advisers

Directors: J N Newton (Chairman)
E N Calder
A V Wherry
C R Adams ACA
K M Rooney
M W Hamilton
A J R Pringle
J A Dare (Non-executive)
P J Scherer (Non-executive)

Secretary: C R Adams ACA

Registered Office: 38 Soho Square
London W1V 5DF
020 – 7494 2111

Registered number: 1984336

Auditors: HLB Kidsons
Spectrum House
20 – 26 Cursitor Street
London EC4A 1HY

Bankers: The Royal Bank of Scotland plc
62 – 63 Threadneedle Street
London EC2R 8LA

**Financial Advisers
and Stockbrokers:** Beeson Gregory Limited
The Registry
Royal Mint Court
London EC3N 4EY

Merchant bankers: Investec Henderson Crosthwaite
2 Gresham Street
London EC2V 7QP

Solicitors: Titmuss Sainer Dechert
2 Serjeants' Inn
London EC4Y 1LT

Registrars: Connaught St Michael's Limited
PO Box 30, Cresta House
Alma Street
Luton
Bedfordshire LU1 2PU

Annual General Meeting 22 June 2000

Results

Announcement of half year results to 30 June 2000 October 2000

Announcement of annual results to 31 December 2000 April 2001

Dividend

Final dividend – 1999 4 July 2000

Interim dividend – 2000 November 2000

Final dividend – 2000 July 2001

Share Price

Bloomsbury's share price is quoted in the Financial Times, and is also available on the Financial Times Cityline telephone service (0906 843444) charged at premium call rates.

Shareholder information

Analysis of Shareholdings at 7 April 2000

Size of shareholding			Number of shareholders	Percentage of total number of shareholders	Number of Ordinary Shares	Percentage of Ordinary Shares
Over		1,000,000	2	0.17	2,483,664	17.64
500,001	–	1,000,000	5	0.42	3,692,457	26.23
200,001	–	500,000	9	0.75	2,538,296	18.03
100,001	–	200,000	14	1.16	1,994,356	14.17
50,001	–	100,000	11	0.91	777,087	5.52
10,001	–	50,000	52	4.32	1,238,023	8.79
1,001	–	10,000	318	26.43	1,014,395	7.21
1	–	1,000	792	65.84	338,654	2.41
			1,203	100.0	14,076,932	100.0

Analysis by number of shareholders at 7 April 2000

Shareholder	Number of shareholders	Percentage of total number of shareholders	Number of Ordinary Shares	Percentage of Ordinary Shares	
Institutional shareholders	33	2.74	9,807,401	69.67	
Directors	8	0.66	870,744	6.19	
Employees	5	0.42	22,926	0.16	
Private shareholders	1,157	96.18	3,375,861	23.98	
		1,203	100.0	14,076,932	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 Twentieth Century House, 31/32 Soho Square, London, W1V 6AP on 22 June 2000 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 1999.
2. To declare a final dividend on the Ordinary Shares of the Company.
3. To re-elect AJR Pringle as a director of the Company.
4. To re-elect JA Dare as a director of the Company.
5. To re-elect PJ Scherer as a director of the Company.
6. To re-appoint HLB Kidsons 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 7 will be proposed as an ordinary resolution and resolution 8 will be proposed as a special resolution.

7. 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 £199,566 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 2000 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 24 June 1999 be revoked provided that such revocation shall not have retrospective effect.

8. THAT

- (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) wholly for cash pursuant to the authority conferred on them by resolution 7 contained in the notice of meeting of the Company of which this resolution forms part 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 15 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 2000 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:-
 - (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 ("Ordinary Shares") 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;

Notice of Annual General Meeting
Picomsbury Publishing Plc

- (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 £35,192;
- (b) the authority conferred under section 95 of the Act by resolution of the Company passed on 24 June 1999 be revoked provided that such revocation shall not have retrospective effect.

27 April 2000

BY ORDER OF THE BOARD

Registered Office:
38 Soho Square
London
W1V 5DF



C R Adams ACA
Secretary

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 Pursuant to regulation 34 of the Uncertificated Securities Regulations 1995, to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 12.00 noon on 20 June 2000.
- 4 Copies of the following documents will be available for inspection at the Company's registered office, 38 Soho Square, London, 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.