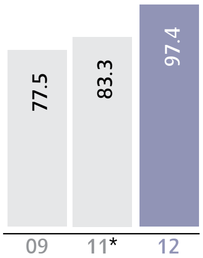
Bloomsbury Publishing Plc
Annual Report and Accounts 2012

B L O O M S B U R Y

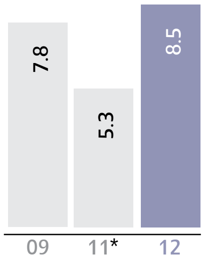
Bloomsbury Publishing Plc is an independent publisher listed on the London Stock Exchange with publishing offices in London, New York, New Delhi and Sydney. Over its 25 year history, Bloomsbury has built a reputation for publishing works of excellence and originality. Bloomsbury has a valuable portfolio of content and rights based intellectual property assets.

2012 RESULTS

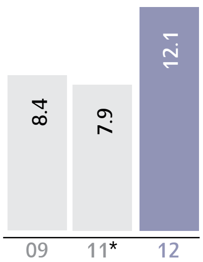
Continuing revenue
£m



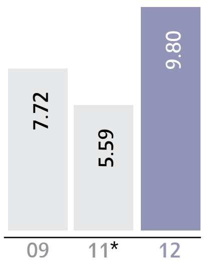
Continuing profit before tax
£m



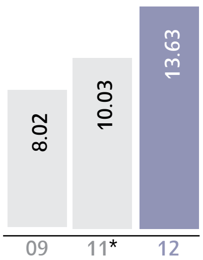
Continuing adjusted profit†
£m



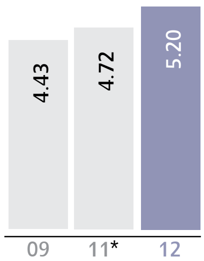
Continuing basic EPS
pence



Continuing adjusted EPS‡
pence



Dividend per share
pence



Notes
* 2011 is in respect of the unaudited 12 month period ended 28 February 2011. 2009 is in respect of the 12 months ended 31 December 2009. 2012 is in respect of the year ended 29 February 12.

† Continuing adjusted profit is continuing profit before taxation, amortisation of intangible assets, impairment of goodwill and other highlighted items.

‡ Continuing adjusted basic EPS is calculated from continuing adjusted profit with normalised tax.

HIGHLIGHTS

"We have enjoyed an extremely successful year, with strong performances across the Group.

2011/12 has been a transformational year for the Group as we continue to see the benefit of our One Global Bloomsbury strategy. The acquisition of Continuum has significantly enhanced our academic business as we continue to focus on robust renewable revenue streams. This area will be a key driver of future growth. We have built a uniquely balanced business between trade and academic publishing.

There is also a fundamental shift happening from print to digital and from the high street to the internet. The decision to digitise our backlist several years ago continues to reap benefits and as a result we have seen significant ebook sales, up 159% year on year.

The business has exciting opportunities for 2012 and beyond as our positioning, platform and industry insights coupled with our strong titles in the UK and US put us in a very healthy position for this dynamic market place. At a time when the traditional books industry is undergoing a revolution, we have built a robust and balanced business with more predictable income streams. Added to this, our highly innovative and entrepreneurial team, strong balance sheet and focused global strategy mean that we can continue to evolve and prosper in this market place."

Nigel Newton Chief Executive

Financial Highlights

The highlights for the year ended 29 February 2012 include:

* Total turnover# up 11.5% to £103.2 million (2011*: £92.6 million)
* Total continuing turnover up 16.9% to £97.4 million (2011*: £83.3 million)
* Continuing pre-tax profit before highlighted items** up 53% to £12.1 million (2011*: £7.9 million)
* Pre-tax profit before highlighted items** up 25.2% to £9.4 million (2011*: £7.5 million)
* Pre-tax profit up 13.6% to £4.8 million (2011*: £4.2 million)
* Total dividend increased by 10.2% to 5.2 pence per share (year to 31 December 2010: 4.72 pence per share)
* Continuing basic earnings per share, before highlighted items** up 36% to 13.63 pence (2011*: 10.03 pence)
* Continuing basic earnings per share up 75% to 9.80 pence (2011*: 5.59 pence)

Operating Highlights

A transformational year

* Acquisition of leading academic publisher Continuum for net £19.2 million
* Strong development of intellectual property – Continuing Rights & Services revenue up 88% to £12.6 million (2011*: £6.7 million) demonstrating quality of content, includes partnership with IZA in Germany
* Sale of loss-making German subsidiary for €2.6 million

Development of Academic & Professional business

* Now generates 24% of Continuing Group sales (2011*:17%)
* Acquisitions of Continuum July 2011 and Fairchild Books April 2012
* Awarded Supplier of the Year by the British and Irish Association of Law Librarians
* The Churchill Archive and Drama Online – two major digital publishing initiatives to be launched later this year

Well placed to benefit from growth of digital sales

* Huge ebook growth with sales increasing by 159% to £5.7 million (2011*: £2.2 million)
* A diversified portfolio of best sellers across the Group

* The audited statutory results last year were for the fourteen months ended 28 February 2011, following a change in the Company's year-end. All 2011 results referenced here are pro forma unaudited results for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.
** Highlighted items comprise amortisation of intangible assets, acquisition costs, restructuring, relocation costs and the loss on disposal of Bloomsbury Verlag.
# Total turnover is turnover for the entire Group i.e. continuing and discontinued operations together.

CHAIRMAN'S STATEMENT

"Even in a steady state economy, challenges and innovation are key to survival. When the macro-economic, political and technological environments all change so fast – and at the same time – a business must move with equal speed and steady nerves in the service of its customers, its shareholders, its employees, and the societies within which it operates."

Jeremy Wilson Chairman

This Chairman's Statement marks the end of another year of growth at Bloomsbury. The company operates in a rapidly evolving environment. The business of publishers is the communication of culture in its broadest sense so when cultures change, good publishers thrive. Bloomsbury continues to ready itself for the new order now becoming visible.

At the global level, the developed but indebted economic blocs of the world are sharing their authority and influence with emerging cash-rich regions. The new global Growth Axis which reaches from Asia to South America and includes India, Africa and the Gulf has a GDP growth rate three times that of Europe and the United States of America and it is home to 85% of the world's population. Throughout the history of man such shifts in the planet's power profile have given rise to tension and crisis. It is no different today and the process has barely begun. At the same time, a technological revolution is spanning the globe with indiscriminate speed. Bloomsbury's future is touched by it all.

Even in a steady state economy, challenges and innovation are key to survival. When the macro-economic, political and technological environments all change so fast - and at the same time - a business must move with equal speed and steady nerves in the service of its customers, its shareholders, its employees, and the societies within which it operates.

The Chief Executive's Report gives a detailed impression of how Bloomsbury is moving to take full advantage of the opportunity which this change offers. It is doing it through the acquisition of companies which have the potential for technological versatility and are known for the specialisms of their authors, particularly in its academic and professional business. It has expanded its business further in countries along the Growth Axis. It has focused on the stabilisation and diversification of its revenue streams. It is profitably sharing its expertise, experience and ethos with partners around the world who value the power and integrity of Bloomsbury. It has done it by keeping ahead of the digital wave breaking over business models across industry and commerce around the world. And, through the entrepreneurialism which is part of the DNA of the company and of its Founder and Chief Executive, it is developing new business lines.

All these developments are interlinked. The success of one contributes to the success of the other.

It is worth a few more words here on the development of the new and transformational digital delivery channel. That channel is now so broad and deep that it has had a fundamental – and profitable – impact on the balance of sales across the company and on the shape of the company. There will be more to come. It is a common misconception that the e-reader is the central pillar of the digital channel. It is not. It is one of the vehicles. The digital revolution is a phenomenon so fundamental it is changing the workflows, platforms and buying behaviours of all stakeholders in industry across the planet from the buyer to the supplier, from the customer to the shareholder. Old business models are dying; new ones are being developed. In some cases the latter have already become so powerful they threaten the existence of free market competition (with the longer term implications on ethical behaviour central to all democratic societies). Bloomsbury will play its part in ensuring that the industry's integrity is not called into question. And it is, with the support and commitment of its stakeholder community, changing its business model to reflect the new dynamics of the publishing industry.

As these changes happen across the company, they call on all the resources of a fit and agile corporate enterprise. That demands a sense of common purpose and direction. To help achieve that the company has moved its businesses from sites around the country and from its birth place in Soho Square to a single site in Bedford Square. It has re-organised its business lines. And it continues to hire new talent and to develop those who work within the company.

None of this will happen without leadership. The Board of Bloomsbury is substantially a new one. In this new mix it has the benefit of skills well suited to steer and support the transformation now being executed by the Founder and Chief Executive and his team. Debate within the Non-Executive Committees, Executive Committee and Board is robust and constructive. It does not deliver all the answers. But it helps drive the company to take steps which, whilst many will work and some may not, keeps alive the determination to stay ahead of the breaking wave.

CHAIRMAN'S STATEMENT

It also helps inform another critical dynamic in times like this – the evolution of new skills in the company. The need for a new vision and the opportunity that presents is clear to those at the top. And the new and rapidly developing digital architecture is exciting, motivating and inspiring new generations making their way up. But it is not always easy for those between the two to understand how to make the change happen. And that community is as central to success as the other two. Bloomsbury, from top to bottom, comprises people striving, with increasing success, to meet these challenges.

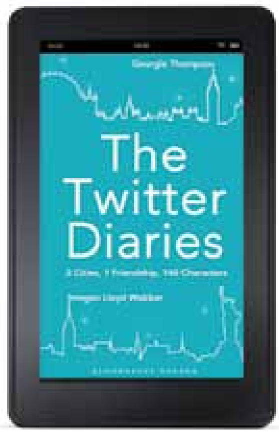
In this regard, the Remuneration Committee has had its work cut out this year. The subject is topical anyway. But, in adhering to the basic principle that remuneration must be tied to performance, in recognising shareholder concern last year that this principle had been observed, and, above all, in seeking appropriate reward for change on this scale, the Remuneration Committee went back to basics. You will see further comment in the Chief Executive's Review and in the Directors' Remuneration Report, but, in summary, recognition has been given to those who have, by their actions, brought about the vital short and long term changes – the cost of some of them in the Highlighted items in the accounts - which position Bloomsbury for the future whilst building the value and returns for all those who have invested in the company, financially or otherwise. The adjustment process is not over yet, however, and the Remuneration Committee will be looking further to support the Board and the company in the review of parameters which reflect properly the need to reward success and not failure.

Finally, at the heart of the company's success are the authors whose work, subject matter, loyalty and commitment serve so well the readers for whom they write. It is Bloomsbury's role to connect the two for the benefit of both. In times of such significant change in the environment in which it operates, the company must adapt and develop to ensure that it provides for the needs of those communities.

And that comes down to its people. The team at Bloomsbury is committed, professional, expert and experienced. Upon each of those making up that team rests the success of the authors, readers, shareholders, retailers, suppliers and all other stakeholders who take advantage of Bloomsbury's publishing services. On behalf of the Board and all those stakeholders I would like to take this opportunity in the Chairman's Statement to convey our sincere thanks and appreciation to them for their dedication, hard work and unremitting endeavour in a year of so much change outside and within this remarkable company.

Jeremy Wilson
Independent Non-Executive Chairman
15 June 2012

Signs of change



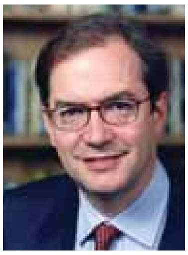
Digital – Ebooks are substituting for traditional print. The Twitter Diaries is an example of a Bloomsbury book published just as an ebook. Bloomsbury has produced ebooks since 2005.

One Global Bloomsbury – The organisation has undergone a transformational restructuring.

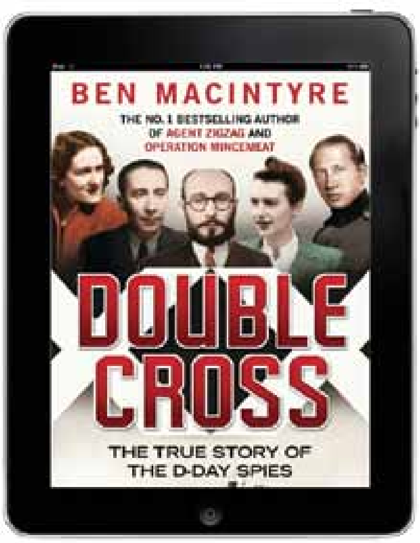
Bringing 300 colleagues together in the **new head office** improves efficiency, encourages strong processes and supports the focus on accelerating innovation.

CHIEF EXECUTIVE'S REVIEW

"The traditional books business is undergoing a revolution . . . the business has exciting opportunities for 2012 and beyond as our positioning, platform and industry insights coupled with our strong titles in the UK and US put us in a very healthy position for this dynamic market place."



Nigel Newton
Chief Executive



Overview

The Group has had a successful year with total profit before tax and highlighted items of £9.4 million, up 25% on the year ended 28 February 2011 of £7.5 million (fourteen months ended 28 February 2011: £7.7 million). Profit before tax was £4.8 million, up 14% on the year ended 28 February 2011 of £4.2 million (fourteen months ended 28 February 2011: £4.2 million).

The results of our German subsidiary, Bloomsbury Verlag GmbH, which we contracted to sell on 28 February 2012, have been treated as discontinued in our accounts. Continuing profit before tax and highlighted items was £12.1 million, up 53% on the year ended 28 February 2011 of £7.9 million (fourteen months ended 28 February 2011: £8.3 million). Continuing profit before tax was £8.5 million, up 60% on the year ended 28 February 2011 of £5.3 million (fourteen months ended 28 February 2011: £5.5 million).

We have enjoyed a dynamic year of innovation and acquisitions. Our acquisition of Continuum International Publishing Group ("Continuum") in July 2011 for a net cash outflow of £19.2 million significantly enhanced our academic publishing business, giving us momentum in the US, the largest academic publishing market in the world, and scale throughout the world, particularly in Asia. This represented a major step forward in our core strategic objective to increase the proportion of academic and professional publishing revenues within the business. During the course of the year we have also acquired a number of other smaller lists including the National Archives Publishing programme backlist and the Absolute Press cookery list. In October 2011 we announced the licensing of the Wisden brand in India and legal content online with Practical Law Company. In line with our strategy of focusing on publishing books worldwide in the English language, we announced the formation of a new publishing business in India which is due to begin trading in June 2012. On 28 February 2012 we contracted to sell our loss-making German subsidiary and simultaneously announced a strategic partnership for the licensing of our brands in Germany and an option to the sale of German language rights to our UK trade publications. Since the year end we have acquired Fairchild Books, a US based fashion publisher for US$6.1 million, further strengthening our US and international academic business.

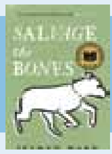
CHIEF EXECUTIVE'S REVIEW

Worldwide Trade Ebooks Best Sellers 2011/2

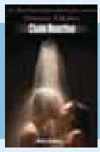
1. My Horizontal Life
by Chelsea Handler

2. Kitchen Confidential
by Anthony Bourdain

3. Salvage the Bones
by Jesmyn Ward



4. Chain Reaction
by Simone Elkeles



5. Waiting for Sunrise
by William Boyd

6. The Finkler Question
by Howard Jacobson

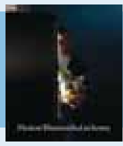
7. Rules of Attraction
by Simone Elkeles

Worldwide Trade (All books) Best Sellers 2011/2

1. River Cottage Veg Every Day!
by Hugh Fearnley-Whittingstall

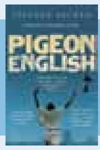
2. Harry Potter box sets
by J.K. Rowling

3. Heston at Home
by Heston Blumenthal



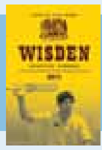
4. My Horizontal Life
by Chelsea Handler

5. Pigeon English
by Stephen Kelman



6. The Finkler Question
by Howard Jacobson

7. Wisden Cricketers Almanack 2011
by Scyld Berry



Our publishing services contracts this year included a partnership with Forschungsinstitut zur Zukunft der Arbeit (IZA) in Germany which will generate £4.3m of revenue over five years. We continue to embrace online initiatives, which enable our content to reach wider communities. This year we announced Drama Online, Irish Law & Tax, UK Tax Online, Reed's Nautical Online, the Bloomsbury Reader, Wisden Extra online magazine and the Churchill Archive Online.

There has been an acceleration of technological change in our industry and it is clear that, while print has a long and secure future, many readers have opted for digital formats for reasons of convenience, storage and retrieval, searchability, portability and cost. Our preparations over the last five years have allowed us to respond rapidly to the hugely increased demand for ebooks and for aggregated information for libraries. There will be further changes but our core assets of intellectual property, protected by copyright, allow us to maintain and build sales through whatever new media develop. We are confident that any downturn in the traditional High Street market will be compensated if not increased by new routes to market.

Ebook sales were £5.7 million, up by £3.5 million, 159% compared to the year ended 28 February 2011. They now represent 6% of continuing sales (year ended 28 February 2011: 3%). In the US, ebook sales were 23% of continuing sales compared to the UK where they were 3% of continuing sales. We anticipate most markets will reach the US level of ebook sales in the near to medium term future.

Financial results

Following a change in the Company's year end, prior period audited statutory results were for the 14 months ended 28 February 2011. However, to provide a more meaningful year on year comparison of business performance, we are also disclosing unaudited numbers for the year ended 28 February 2011. During the year we have completed on a number of earnings enhancing acquisitions, the most significant of which is that of Continuum. Underlying numbers disclosed below are Continuing numbers, which also exclude the results of Continuum. The disposal of Bloomsbury Verlag, the acquisition of Continuum and various other strategic initiatives have resulted in a numbers of costs which have been highlighted separately in these accounts. Adjusted numbers below exclude these highlighted items. Group financial results are summarised in the table below.

Continuing print sales were up by 6% year on year to £78.9 million and continuing digital sales (which comprise ebook and digital subscription sales) were up 170% year on year to £5.9 million. Continuing Rights & Services revenue increased by £5.9 million year on year to £12.6 million largely due to increased licensing and rights activity demonstrating the value inherent in our content. Almost half of this income related to digital products. It included £1.5 million received for the brand licensing and rights agreements which were signed on 28 February 2012 with Bonnier AB in Germany.

The continuing operating profit margin before highlighted items increased from 9.1% to 12.4% year on year (fourteen months ended 28 February 2011: 8.5%), partly due to the increased proportion of higher margin Rights & Services income.

The Academic & Professional division grew the most year on year with a £2.9 million increase in continuing adjusted operating profit, due to both the acquisition of Continuum and a significant increase in income from content licensing deals.

	Year ended 29.2.12 £m	Unaudited Year ended 28.2.11 £m	% increase year on year	14 months ended 28.2.11 £m
Adjusted profit before tax	**9.4**	7.5	25%	7.7
Adjusted continuing profit before tax	**12.1**	7.9	53%	8.3
Profit before tax	**4.8**	4.2	14%	4.2
Continuing turnover	**97.4**	83.3	17%	93.1
Underlying turnover[1]	**90.3**	83.3	8%	93.1
Total turnover[2]	**103.2**	92.6	12%	103.4

1 Underlying turnover is continuing turnover for the Group excluding Continuum.
2 Total turnover is turnover for the entire Group, i.e. continuing and discontinued operations together.

CHIEF EXECUTIVE'S REVIEW

Continuum International Publishing Group was a transformational acquisition made in July 2011 and is a cornerstone for the global development of Bloomsbury's academic publishing business.

Highlighted items of £4.6 million include £1.6 million for the recurring amortisation of intangible assets and £3.0 million of non-recurring costs which have been invested in order for the Group to achieve its strategic aims. These costs have been highlighted to provide a fair representation of the underlying results for the Group. They comprise £0.4 million for the establishment of a Group head office to bring together our many acquisitions, £0.3 million of acquisition costs, £1.3 million of restructuring costs following the acquisition of Continuum and for the elimination of duplicate roles following the strategic global reorganisation of the Group and a £1.0 million loss on the disposal of Bloomsbury Verlag, our subsidiary in Germany.

Adjusted continuing basic earnings per share, which exclude highlighted items, were up by 36% year on year to 13.63 pence (fourteen months ended 28 February 2011: 8.93 pence, year ended 28 February 2011: 10.03 pence). Continuing basic earnings per share for the year were 9.80 pence (fourteen months ended 28 February 2011: 5.68 pence, year ended 28 February 2011: 5.59 pence).

At 29 February 2012 the Group had net cash of £12.6 million (28 February 2011: £36.9 million).

Divisional Review

Academic & Professional

Bloomsbury took the decision in 2008 to build a new academic and professional business that was not reliant on the UK retail sector and with a significant and growing proportion of revenues from digital, subscription-based services. In the year ended 29 February 2012 this division has grown substantially through the integration of a number of high quality, complementary acquisitions; substantial organic growth in print and digital publishing and innovative licensing deals with publishing partners.

The Academic & Professional division generated 24% of Group continuing sales this year (year ended 28 February 2011: 17%) and 34% of Group adjusted continuing operating profit (year ended 28 February 2011: 15%). The division's excellent financial results are summarised below.

	Year ended 29.2.12 £m	Unaudited Year ended 28.2.11 £m	% increase year on year	14 months ended 28.2.11 £m
Adjusted continuing operating profit	**4.2**	1.2	242%	1.7
Adjusted underlying operating profit	**3.3**	1.2	173%	1.7
Continuing turnover	**23.1**	14.3	61%	16.2
Underlying turnover[1]	**17.5**	14.3	22%	16.2

[1] Underlying turnover is continuing turnover for the Group excluding Continuum.

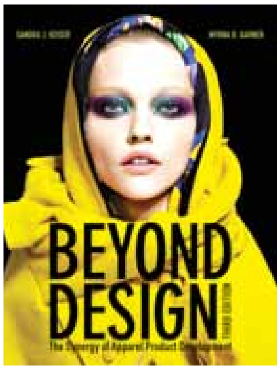
A large part of the increase in underlying turnover was a £2.3 million, 133% year on year rise in continuing Rights & Services revenue to £4.1 million, largely as a result of content licensing deals, which are reflected in the high profit margin for the year.

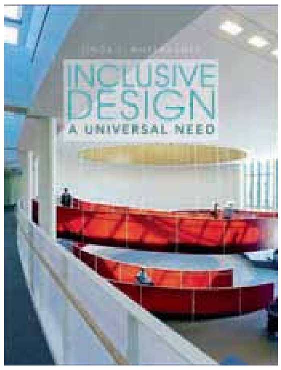
We have built up a significant holding in humanities and social sciences publishing, with a vibrant and growing tax and law business. This comprises Methuen Drama, Berg Publishers, Tottel Publishing (now Bloomsbury Professional), Arden Shakespeare, Bristol Classical Press and Continuum International. On 2 April 2012, Bloomsbury announced it had purchased Fairchild Books, the market-leading publisher of textbooks and educational resources for students of fashion, merchandising, retailing and interior design. The Fairchild list is highly complementary to Bloomsbury's existing academic list in the Visual Arts, which was bolstered by the acquisition of Berg Publishers in 2008, the launch of the award-winning Berg Fashion Library www.bergfashionlibrary.com in 2010 and the acquisition of a fashion photography archive in 2011 with more than 600,000 images.

With this acquisition, Bloomsbury will enhance its US presence and raise its profile through association with a leading brand in a market niche where it is already well established. Fairchild's renown as a textbook publisher will create synergies with complementary products published under the Berg imprint that are aimed at more advanced students and researchers, but are sold to the same institutions. The combined businesses provide significant opportunities for new digital initiatives and significant growth in the burgeoning markets in Asia.

Our first digital subscription service, Berg Fashion Library, which launched in September 2010, received five library and scholarly awards in 2011 including the Dartmouth Medal in 2011, the prize awarded by US librarians for the best reference work of the year. When we purchased Berg in 2008, we did so largely on the basis of growing its digital resource in fashion studies. It has considerably exceeded our budget this year for subscription revenue.

The Berg Fashion Library provides customers with a substantial searchable database of images.

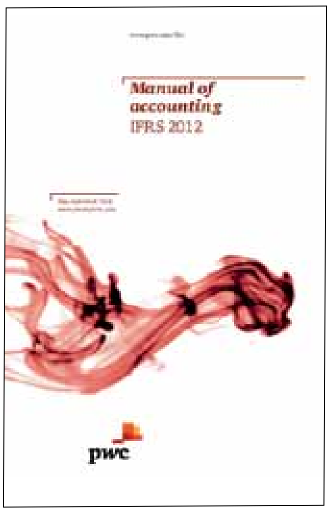




The acquisition of the Fairchild Books list in April 2012 is highly complementary to Bloomsbury's existing academic list in the Visual Arts

CHIEF EXECUTIVE'S REVIEW

The Churchill Archive and Drama Online are major digital projects that leverage existing content and build communities.



Bloomsbury Professional launched its first online services in Irish Law and Tax, and UK Tax Online in June and October 2011. This has been a particularly exciting development for Bloomsbury Professional, as we compete against much larger entrenched companies in the market. With more focused resources we have been able to turn this to our advantage with UK Tax Online, with a direct-to-user pricing model that severely undercuts competitors whilst offering content packages that are much more suited to the high street practitioner.

We were particularly pleased therefore to be awarded Supplier of the Year by the British and Irish Association of Law Librarians (BIALL). This is the first time BIALL has awarded the prize to a book publisher. In autumn 2011 Bloomsbury Professional won a three year contract to publish PricewaterhouseCooper's Manuals of Accounting in print and online. These are the standard works of regulatory commentary for company accountants and finance directors worldwide.

We also concluded a large multi-year licensing deal in August 2011 with Practical Law Company, who are integrating some of our legal content into their corporate software service.

Within the division, the integration of Continuum International, purchased in July 2011, has been successfully managed and its UK staff have moved into Bedford Square in May 2012 as we have been fortunate to secure a lease for two floors in the building next door to our Head Office. The Continuum lists accounted for approximately 24% of the full financial year turnover of the Academic & Professional division over the eight-month period under Bloomsbury management and are performing to expectations. Delivery of synergies is on track. Continuum systems were robust and scalable and there have been clear management benefits from this acquisition across the division. A project to exploit intellectual property from this backlist is underway, and product lines that have enjoyed considerable success are being rolled out across the division. Continuum lists will be rebranded as Bloomsbury later this year.

Bloomsbury Academic & Professional division is embracing digital publishing. We are collaborating with developers and other publishers to add value to our existing content by creating new platforms which build communities and enhance revenues. The Churchill Archive http://www.churchillarchive.com and Drama Online http://www.dramaonlinelibrary.com are two major digital initiatives being launched later this year. The sales campaign for both has begun and the response from the marketplace is encouraging.

Adult

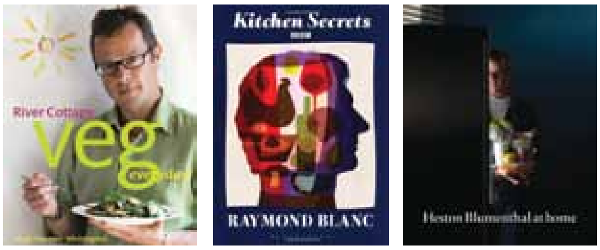
The Adult division generated 46% of Group continuing sales this year (year ended 28 February 2011: 52%). The division's financial results are summarised below.

	Year ended 29.2.12 £m	Unaudited Year ended 28.2.11 £m	% increase year on year	14 months ended 28.2.11 £m
Adjusted continuing operating profit	**4.8**	3.8	26%	3.6
Adjusted underlying operating profit	**4.8**	3.8	26%	3.6
Continuing turnover	**45.1**	43.1	5%	48.0
Underlying turnover	**43.6**	43.1	1%	48.0

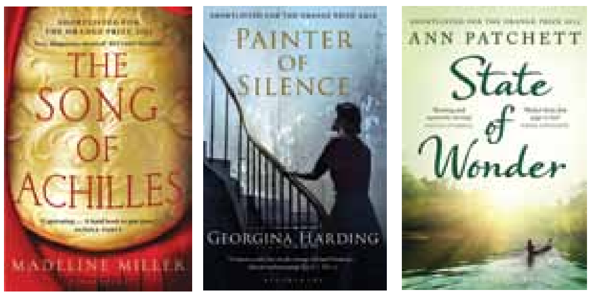
During the year our German subsidiary made losses of £2.7 million, of which £1.9 million was within the Adult division. Ebook sales in the division rose 169% year on year to £4.2 million. This represents 9% of the division's total continuing sales (year ended 28 February 2011: 4%). In the US ebook sales were 23% of continuing sales and in the UK they were 5% of continuing sales. We anticipate most markets reaching the US level in the near to medium future. Rights & Services revenue rose by 153% to £3.8 million (year ending 28 February 2011: £1.5 million) and included a share of income from Bonnier for the sale of Bloomsbury Verlag and the licensing of Wisden in India which will generate US$3.2 million of revenue over five years, plus a royalty share.

The fastest year-on-year growth in our Adult division came from the US where our global publishing and marketing strategy is bearing fruit not least with our first National Book Award winner, *Salvage the Bones* by Jesmyn Ward.

In the UK we saw significant sales increases in our exceptional cookery list with Hugh Fearnley-Whittingstall, Heston Blumenthal, Raymond Blanc, the Galvin brothers, and many others being market leaders. *River Cottage Veg Every Day!* is still in the bestseller lists six months after publication and is Hugh Fearnley-Whittingstall's fastest and bestselling cookbook ever. His new cookbook *Three Good Things*, which will be published this year, is accompanied by a 50 part Channel 4 TV series in autumn 2012. In May 2012 Bloomsbury won the 2012 Orange Prize for Fiction with *The Song of Achilles* by Madeline Miller. Bloomsbury had three novels on the shortlist of six, including *Painter of Silence* by Georgina Harding and *State of Wonder* by Ann Patchett. This is the first time in the history of the prize that one publisher had half the shortlist and is a remarkable testimony to our editorial team. We also have two novels shortlisted for the 2012 International IMPAC DUBLIN Literary Award: *The Memory of Love* by Aminatta Forna and *Even the Dogs* by Jon McGregor. *Pao* by Kerry Young is on the shortlist for the Commonwealth Book Prize and we have some strong candidates for the Man Booker prize.



Bloomsbury has a strong portfolio of best selling cookery books.



Three talented original authors for whom Bloomsbury is the publisher were shortlisted for the 2012 Orange Prize including the winner of the prize, Madeline Miller for *The Song for Achilles*.

CHIEF EXECUTIVE'S REVIEW

Public Library Online is an online subscription service provided by Bloomsbury generating additional sales for backlist titles.

The Wombles are an enduring children's favourite for the next generation

Sales growth in Australia was hindered by Redgroup Retail going out of business plus the growing trend of Australian readers buying their books from overseas internet retailers. Our focus is to ensure our books are marketed as effectively as possible in Australia and we are rapidly gaining a reputation for being the most innovative and author-supportive operation in the country.

The key driver of our strategy is significantly to increase the proportion of sustainable, annuity-type income from the monetization of our strong backlist and through innovative business models such as Public Library Online digital subscriptions and direct debit direct-to-consumer marketing for our annual reference volumes.

Children's & Educational

The division generated 26% of Group continuing sales this year (year ended 28 February 2011: 28%). Continuing turnover in the Children's & Educational division was £25.6 million, up 9.9% on £23.3 million for the year ended 28 February 2011 (fourteen months ended 28 February 2011: £26.1 million). Continuing operating profit before highlighted items was £2.3 million, up 58.7% on £1.4 million for the year ended 28 February 2011 (fourteen months ended 28 February 2011: £1.5 million). This division had no contribution from the results of Continuum.

Ebook sales in the division rose 303% year on year to £1.1 million, representing 4% of total continuing sales (year ended 28 February 2011: 1%). In June we announced our ebook partnership with JK Rowling. Bloomsbury will receive a share of the revenues from the sale of ebooks from Pottermore.com, which has just commenced. This website builds an exciting online experience around the reading of JK Rowling's hugely successful Harry Potter books.

The sales increase in the UK included the effect of the release of the final Harry Potter movie in July and new Harry Potter Box sets at Christmas. Strong sales also came from Elizabeth Beresford, Angie Sage, Mark Walden, Neil Gaiman and Louis Sachar. Educational sales of £4.2 million were at last year's levels with slightly higher operating profits of £1.9 million before the allocation of central costs. Although sales from the US were down slightly year on year, the increase in sales from Australia, which began trading in January 2011, more than compensated for the US shortfall. We have won several prizes for children's books during the year including Winner of the Blue Peter Award for Best Children's Book - *The Considine Curse* by Gareth Jones.

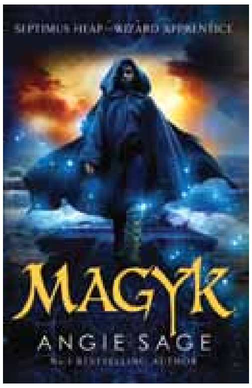
We appointed a new Global Children's Managing Director in 2011 and more recently have new Children's Publishing Directors in the UK and the US. We have strengthened our international relationships and global strategy is now at the forefront of our acquisition process. Cost management systems are working well and processes are audited and improved regularly.

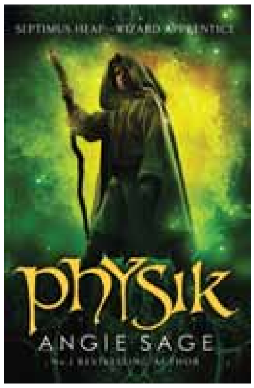
In 2012 we have a much improved children's frontlist across all divisions and a strong frontlist pipeline going forward. We also have improved integrated sales and marketing plans driving frontlist sales. A new communities marketing team will increase our ability to market effectively into schools and a newly increased export team gives us good opportunities across all territories – especially in India with the creation of Bloomsbury India.

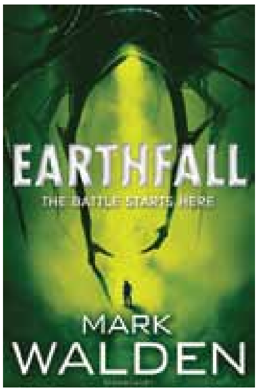
We are celebrating the 15th anniversary of *Harry Potter and the Philosopher's Stone* on June 26th 2012 with a large consumer competition to drive people into bookshops and libraries - giving us strong promotional activity for JK Rowling over the summer months. We are publishing illustrated editions of Harry Potter from 2013 and this year we will be publishing *Hogwarts Library*, a three book box set. During the first few months of 2012 the children's UK and US trade markets have picked up considerably due to the success of *Hunger Games*. There is now a new trend for dystopian Young Adult books and this new genre should lead to the growth we have seen for paranormal writing in past years. Our key divisional priorities are our digital development and enriching our acquisition of high quality and commercial titles from a growing number of talented authors and illustrators. We intend to increase our children's illustrated publishing and have put a team of five new staff in place in the UK to drive this. We will continue to invest in digital innovation across the children's and educational lists. The UK market, which generates 62% of the division's continuing sales, is robust.

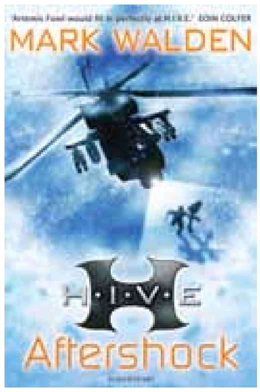
Information

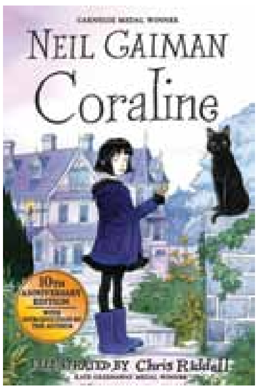
The division generated 4% of Group continuing sales this year (year ended 28 February 2011: 3%) and 7% of Group continuing operating profit before highlighted items (year ended 28 February 2011: 15%). Continuing turnover in the Bloomsbury Information division was £3.6 million, up 40% on £2.6 million for the year ended 28 February 2011 (fourteen months ended 28 February 2011: £2.8 million). Continuing operating profit before highlighted items was £0.9 million, down 26% compared to £1.2 million in the year ended 28 February 2011 (fourteen months ended 28 February 2011: £1.1 million) following an allocation of central overhead costs of £0.9 million (2011: 0.5 million). Rights & Services revenue of £3.4 million made up 92%

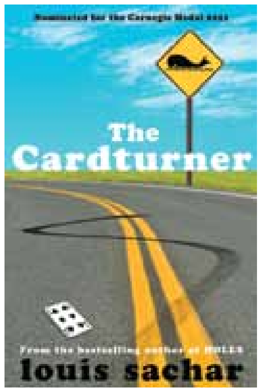


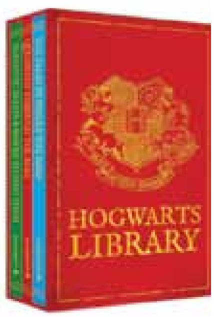












Exciting publishing initiatives in the pipeline for Harry Potter include illustrated editions and the Hogwarts Library.

CHIEF EXECUTIVE'S REVIEW

QFinance.com is attracting approaching 300,000 unique visitors per month.

BQFP has developed a robust digital platform for research publishing which is gaining favour in the global research community.

of total continuing sales. This comprised £1.8 million of management services fees for the businesses we manage in Qatar and £1.6 million for other publishing services. This year these other publishing services included revenue of £0.9 million from the partnership with IZA in Germany for the development and provision of a reference and information resource in labour economics, which will generate £4.3 million of revenue over five years.

The businesses we manage for the Qatar Foundation have continued to progress well, and in particular Bloomsbury Qatar Foundation Publishing (BQFP) is ahead of its budget having published over 70 titles since its launch in April 2010, which is also ahead of its title target, more than half of which are in Arabic. The children's list in particular is gaining recognition in the Middle East as a publisher of high-quality Arabic-language titles for younger age groups. International recognition is also increasing with two groups of BQFP authors completing successful reading tours of the UK. The venture's business in Egypt is strong with several BQFP titles reaching the bestseller lists there, and elsewhere in the region. BQFP took over sales of Bloomsbury Group titles in the Middle East in July 2011 which has resulted in increased awareness as the books are now sold to a wider range of customers than previously. Bloomsbury Qatar Foundation Journals (BQFJ) is in its start-up phase with key successes including the development of a robust digital platform (www.qscience.com) using the Open Access model for research publishing which is currently gaining favour among the global research community, as seen by the recent announcement from The Welcome Foundation. Visitor numbers and article downloads continue to increase in particular through the newly launched mega-journal *Qscienceconnect*.

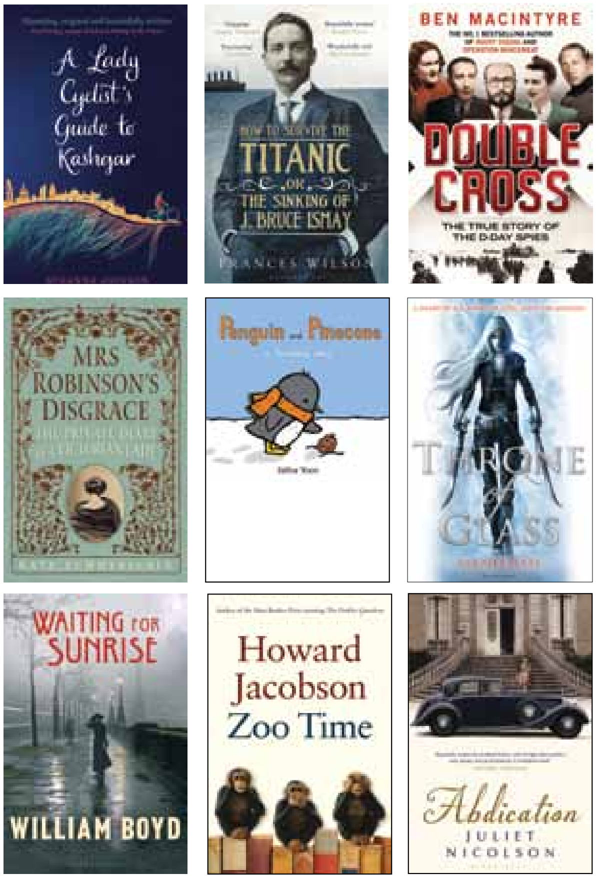
Information's business development unit which was established during the year is performing well with several deals completed or under negotiation. QFinance.com, the Group's first Middle East project which was launched in 2009, continues to progress well with average unique visitors to the free to user financial best practice and thought-leadership website now almost 300,000 per month.

Outlook

The growth of Internet retailing in both print and digital formats is allowing publishers to maintain their reach. Academic markets are holding up well throughout the university and professional sectors. For 2012 Bloomsbury has strong titles both in the UK and US. These include *Three Good Things* by Hugh Fearnley-Whittingstall, *A Lady Cyclist's Guide to Kashgar* by Suzanne Joinson, *Double Cross: The True Story of the D-Day Spies* by Ben Macintyre, *Mrs Robinson's Disgrace: The Private Diary of a Victorian Lady* by Kate Summerscale, *Waiting for Sunrise* by William Boyd, *Zoo Time* by Howard Jacobson, *How to Survive The Titanic or The Sinking of J. Bruce Ismay* by Frances Wilson, *Throne of Glass* by Sarah Maas and *Penguin and Pinecone* by Selina Yoon.

The traditional books business is undergoing a revolution and some new trends are becoming clear. Digital workflows can accelerate publication, simplify output files and generate internal efficiencies. Global marketing opens up significant new markets for both digital and print products. Ebook reader usage is still at an early stage in many of our markets and new and improved reading devices are being competitively marketed, including colour tablets and mobile phone applications. The business has exciting opportunities for 2012 and beyond as our positioning, platform and industry insights coupled with our strong titles in the UK and US put us in a very healthy position for this dynamic market place. We have built a robust and balanced business with more predictable income streams. Added to this, our highly innovative and entrepreneurial team, strong balance sheet and focused global strategy mean that we can continue to evolve and prosper in this market place.

Nigel Newton
Chief Executive
15 June 2012



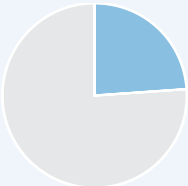
A strong pipeline of titles is in place.

GROUP AT A GLANCE

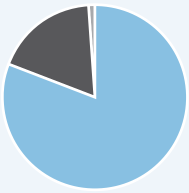
Revenue[1]

£23.1m
(2011: £14.3m)

- Academic & Professional 24%
- Rest of Bloomsbury 76%



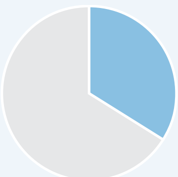
- UK 81%
- US 18%
- Australia 1%



Adjusted operating profit[2]

£4.2m
(2011: £1.2m)

- Academic & Professional 34%
- Rest of Bloomsbury 66%



Adjusted operating profit margin[2]

18%
(2011: 9%)

Academic & Professional

Bloomsbury Academic & Professional division has grown rapidly since its inception in 2008, and specialises in the humanities, social sciences, law and tax. Output of titles is over 1,100 per year. The division includes Bloomsbury Academic, Berg Publishers, Methuen Drama, Arden Shakespeare, Bristol Classical Press, Continuum and Bloomsbury Professional. From 2 April 2012 the division will also include Fairchild Books.

Within the division, we publish many world-leading writers, Nobel laureates and researchers in their fields, and actively seek out the emerging generation of authors. Our authors include Karl Barth, Joseph Ratzinger, Rowan Williams, George Bernard Shaw, Jonathan Sacks, Slavoj Žižek, Theodor Adorno, Martin Heidegger, Alain Badiou, Bertolt Brecht, Arthur Miller, Michael Frayn, Paulo Freire, M A K Halliday, Noel Coward, Cardinal Newman, Willy Russell, Winston Churchill, Jean Anouilh, Edward Bond, Dario Fo, Tennessee Williams, Wole Soyinka, Jean Baudrillard, Roland Barthes and Paul Virilio.

A focus for the division is expanding its digital revenues. In addition to several thousand ebooks, we publish a range of digital services, including the award-winning Berg Fashion Library, and Bloomsbury Professional Online. In 2012, it will be publishing online the digitalised edition of the Winston Churchill Archive and Drama Online.

Managing Director: Jonathan Glasspool

Jonathan joined Bloomsbury in 1999 overseeing the development of Bloomsbury's Academic & Professional publishing business. Previous roles include being a Publisher at Reed Elsevier in Singapore, Melbourne and Oxford. He started his career at Cambridge University Press. He has an MBA with Distinction from Warwick Business School.

Divisional facts

Divisional team members	66
Backlist titles	>6,000

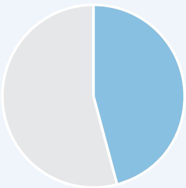
1 Revenue represents that generated by continuing operations. 2011 revenues are pro forma unaudited revenue for continuing operations for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.

2 Adjusted operating profit is continuing operating profit before amortisation of intangible assets, impairment of goodwill and other highlighted items. 2011 results are pro forma unaudited results for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.

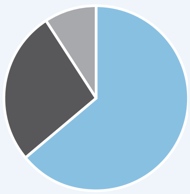
Revenue[1]

£45.1m
(2011: £43.1m)

- Adult 46%
- Rest of Bloomsbury 54%



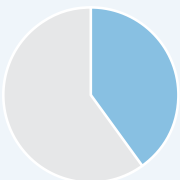
- UK 64%
- US 27%
- Australia 9%



Adjusted operating profit[2]

£4.8m
(2011: £3.8m)

- Adult 40%
- Rest of Bloomsbury 60%



Adjusted operating profit margin[2]

11%
(2011: 9%)

Adult

The Adult division publishes globally in English for readers of fiction, biography, sport, food and drink, general reference and special interests such as yachting and ornithology. The main publishing operations are based in New York and London and coordinated by experienced editorial and publishing managers so that authors and their works are supported throughout the world.

Apart from household names such as Howard Jacobson, Khaled Hosseini, Elizabeth Gilbert and Margaret Atwood we are also proud to be the publishers of the Aberdeen Asset Management Reed's Nautical , Wisden Cricketers' and Whitaker's Almanacks as well as the great institution which is Who's Who.

Our objectives are to be the publisher of choice for the very best authors and the very best books in both digital and print formats. We pay particular attention to editorial support for authors both during the publication process and thereafter; the highest standards of production and presentation; and creative and innovative marketing.

Our editorial and marketing teams work together so that we can genuinely offer global publishing reflecting the changing nature of our markets and the media which alert readers to books.

Managing Director: Richard Charkin

Richard is responsible for the Adult general/specialist publishing which includes a number of significant innovative digital and publishing services projects and for Bloomsbury's overseas offices. He joined the Bloomsbury Board as an Executive Director in October 2007 following ten years as Chief Executive Officer of Macmillian Publishers Limited. See "Board of Directors" within the Governance section for a more in depth biography.

Divisional facts

Divisional team members	99
Backlist titles	>8,000

1 Revenue represents that generated by continuing operations. 2011 revenues are pro forma unaudited revenue for continuing operations for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.

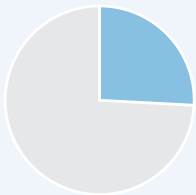
2 Adjusted operating profit is continuing operating profit before amortisation of intangible assets, impairment of goodwill and other highlighted items. 2011 results are pro forma unaudited results for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.

GROUP AT A GLANCE

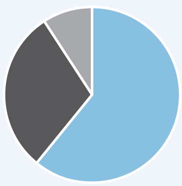
Revenue[1]

£25.6m
(2011: £23.3m)

- Children's & Educational 26%
- Rest of Bloomsbury 74%



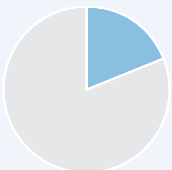
- UK 61%
- US 30%
- Australia 9%



Adjusted operating profit[2]

£2.3m
(2011: £1.4m)

- Children's & Educational 19%
- Rest of Bloomsbury 81%



Adjusted operating profit margin[2]

9%
(2011: 6%)

Children's & Educational

Bloomsbury Children's & Educational Publishing division includes the Bloomsbury Children's Books trade lists in both UK and US; the Walker Books for Young Readers imprint in the US and the A&C Black, Featherstone and Andrew Brodie imprints in the UK education market. In October this year we are launching an imprint called Bloomsbury Activity Books.

The Children's division sells and markets titles to the global trade, education and mass market sectors. Our strategy is to grow the list by more focused and global acquisition, better exploitation of the backlist, building brands, strategic sales and marketing planning and attracting talent to the list.

Managing Director: Emma Hopkin

Emma Hopkin joined Bloomsbury in March 2011 as Managing Director of the Children's & Educational publishing division. Previously she was Managing Director of Macmillan Children's Books where she led the acquisition of Kingfisher and drove revenue growth in print and digital. Prior to being Managing Director she was Sales and Marketing Director having worked her way up from Children's Product Manager. She has also held marketing roles at Pan Macmillan, Routledge and Houghton Mifflin.

Divisional facts

Divisional team members	33
Backlist titles	>1,000

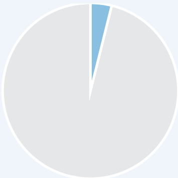
1 Revenue represents that generated by continuing operations. 2011 revenues are pro forma unaudited revenue for continuing operations for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.

2 Adjusted operating profit is continuing operating profit before amortisation of intangible assets, impairment of goodwill and other highlighted items. 2011 results are pro forma unaudited results for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.

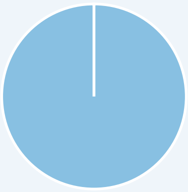
Revenue[1]

£3.6m
(2011: £2.6m)

- Information 4%
- Rest of Bloomsbury 96%



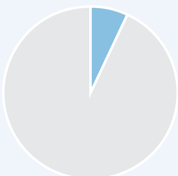
- UK 100%



Adjusted operating profit[2]

£0.9m
(2011: £1.2m)

- Information 7%
- Rest of Bloomsbury 93%



Adjusted operating profit margin[2]

24%
(2011: 45%)

Information

Information's focus is on the provision of publishing management services and the development of digital knowledge hubs for third-party partners. Building on the successes of Bloomsbury's relationships and content development projects for example with Microsoft (Encarta World English Dictionary), Perseus/The Economist/London Business School (Business – The Ultimate Resource) and Macmillan (Macmillan English Dictionary for learners of English), Information is responsible for the financial best practice and thought-leadership website, www.qfinance.com, in partnership with the Qatar Financial Centre Authority.

The division provides publishing management services to the Qatar Foundation for which it manages two publishing ventures, Bloomsbury Qatar Foundation Publishing which publishes books in English and Arabic, and Bloomsbury Qatar Foundation Journals, which publishes online Open Access, peer-reviewed research journals. We also work with the prestigious German research institute, the Institute for the Future of Labor (IZA) and other international organisations.

Managing Director: Kathy Rooney

Kathy leads the Business Information and Business Development publishing division which has a growing list of titles and is particularly focused on delivering innovative publishing services projects. She has been a Publishing Director of Bloomsbury since 1987. In 2009 was awarded the prestigious Kim Scott Walwyn Prize for professional achievements of women in publishing.

Divisional facts

Divisional team members	7
Titles published since 2010	>70

1 Revenue represents that generated by continuing operations. 2011 revenues are pro forma unaudited revenue for continuing operations for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.
2 Adjusted operating profit is continuing operating profit before amortisation of intangible assets, impairment of goodwill and other highlighted items. 2011 results are pro forma unaudited results for the year ended 28 February 2011 and are provided to show a more meaningful comparison of business performance.

GROUP AT A GLANCE

RECENT CORPORATE DEVELOPMENT LANDMARKS FOR BLOOMSBURY

	Date	Publishing Division most affected	Description
Acquisition of Fairchild Books	April 2012	Academic & Professional	Acquisition of a list of visual arts titles which augments Bloomsbury's Berg visual arts imprint.
Sale of Bloomsbury Verlag	February 2012	Adult, Children's & Educational	Sale of loss making German subsidiary to a leading German publisher.
Set up of Bloomsbury India	February 2012	Adult, Academic & Professional	Set up of Bloomsbury's India publishing business begins.
Acquisition of Absolute Press	September 2011	Adult	Acquisition of a specialist cookery list
UK office move	August 2011	All	Relocated employees from various offices in London and Oxford into a single London office. This enables teams to work efficiently together under the One Global Bloomsbury structure.
Acquisition of Continuum International Publishing Group	July 2011	Academic & Professional	Acquisition of substantial UK and US academic publisher which extends Bloomsbury's UK academic publishing activities and provides a critical mass in the US from which to grow US sales.
One Global Bloomsbury	March 2011	All	Implementation of a group structure consisting of 4 worldwide publishing divisions supported by global functions.

RECENT PRIZES AND AWARDS FOR BLOOMSBURY

Title of book/Author	Year	Prizes
The Song of Achilles/Madeline Miller	2012	Orange Prize For Fiction
Even the Dogs/Jon McGregor	2012	International IMPAC Dublin Award
Salvage the Bones/Jesmyn Ward	2012	Ala Alex Award (USA)
Higgy/Alastair Hignell	2012	British Sports Book Awards: Rugby Book of the Year
Cairo/Ahdaf Soueif	2012 2012	Blue Metropolis Literary Prize (Montreal) Constantin Cavafis Award (Cairo/Athens)
I Shall Not Hate/Izzeldin Abuelaish	2012	Christopher Awards (USA): Books for Adults
The Rise and Fall of Ancient Egypt/Toby Wilkinson	2011	Hessell-Tiltman Prize
The Flavour Thesaurus/Niki Segnit	2011 2011	André Simon Food And Drink Book Awards: Food Book Guild Of Food Writers': Jeremy Round Award for Best First Book
The Memory of Love/Aminatta Forna	2011	Commonwealth Writers' Prize: Overall winner, best book
Let the Great World Spin/Colum McCann	2011	International IMPAC Dublin Award
Other People's Money/Justin Cartwright	2011	Spear's Book Awards: Novel
Mao's Great Famine/Frank Dikotter	2011	Samuel Johnson Prize
Major Pettigrew's Last Stand/Helen Simonson	2011 2011	Waverton Good Read Award Melissa Nathan Award For Comedy Romance
The Wavewatcher's Companion/Gavin Pretor-Pinney	2011	Royal Society Winton Prize For Science Books
River Cottage Handbook No. 9: Fruit/Mark Diacono	2011	Garden Media Awards: Book Photographer of the Year
	2011	Gourmand World Cookbook Awards: UK:
River Cottage Veg Every Day/Hugh Fearnley-Whittingstall		– Best Vegetarian Cookbook:
A Cook's Year in a Welsh Farmhouse/Elisabeth Luard		– UK, Best Local Cuisine
Bocca/Jacob Kennedy		– UK, Italian
Salvage the Bones/Jesmyn Ward	2011	National Book Award for fiction (US)
The Killer is Dying/James Sallis	2011	Hammett Prize (US)
I Shall Not Hate/Dr Izzeldin Abuelaish	2011	Christopher Award for adult books (US)

GROUP AT A GLANCE

RECENT SHORTLISTED BLOOMSBURY AUTHORS AND BOOKS

Title of book/Author	Year	Nominations for prizes
Once You Break a Knuckle/D.W. Wilson	2012	CBC Short Story Prize (Canada)
Salvage the Bones/Jesmyn Ward	2012	American Booksellers' Association Indies' Choice Awards (US) Fiction
	2012	New York Public Library Young Lions Fiction Award
The Food of Morocco/Paula Wolfert	2012	James Beard Award (US) Cookbooks, International Cooking
Pigeon English/Stephen Kelman	2012	Skyarts South Bank Show Breakthrough Award Literature
The Memory of Love/Aminatta Forna	2012	International IMPAC Dublin award
State of Wonder/Ann Patchett Painter of Silence/Georgina Harding	2012	Orange Prize For Fiction
Pao/Kerry Young	2012	Commonwealth Book Prize
Nightmare Movies/Kim Newman	2012	British Fantasy Awards Non Fiction
The Secret Life of Pronouns/James Pennebaker	2012	Books for a Better Life Award for Psychology (US)

During 2011, books published by Bloomsbury, in addition to prize winners, were shortlisted for over 20 prizes and awards such as Stephen Kelman with Pigeon English which was shortlisted for the Man Booker Prize.

FINANCIAL REVIEW

Introduction

Following a change in the Company's year end, prior period audited statutory results are for the 14 months ended 28 February 2011. However, to provide a more meaningful year on year review of business performance this Financial Review also includes unaudited comparative financial information for the year ended 28 February 2011.

On 28 February 2012 the Company contracted to sell Bloomsbury Verlag, its subsidiary in Germany, following a strategic decision to concentrate on English language publishing. Continuing figures exclude the results of this subsidiary.

During the year we have completed on a number of acquisitions. The most significant of these is that of The Continuum International Publishing Group Limited, which was acquired on 9 July 2011. Underlying numbers disclosed below are continuing numbers, which also exclude the results of Continuum.

The disposal of Bloomsbury Verlag, the acquisition of Continuum and various other strategic initiatives have resulted in a number of costs which have been highlighted separately in these financial statements. Adjusted numbers below exclude these highlighted items.

Prior period results in the statutory financial statements have been adjusted to move staff salary costs of £2.5 million from cost of sales and £1.0 million from marketing and distribution costs into administrative expenses, reflecting the new One Global Bloomsbury structure and in order to have a consistent approach to the disclosure of salary costs.

There have been no changes in accounting policies in the year.

Summary of total results

	Year ended 29 February 2012 £'m	Unaudited year ended 28 February 2011 £'m	Year on year change %	14 months ended 28 February 2011 £'m
Revenue	**103.2**	92.6	12%	103.4
Operating profit	**4.7**	3.9	21%	3.9
Adjusted operating profit	**9.4**	7.2	30%	7.3
Profit before tax	**4.8**	4.2	14%	4.2
Adjusted profit before tax	**9.4**	7.5	25%	7.7
Basic EPS (p)	**4.66p**	3.22p	45%	3.02p

Summary of continuing results

	Year ended 29 February 2012 £'m	Unaudited year ended 28 February 2011 £'m	Year on year change %	14 months ended 28 February 2011 £'m
Revenue	**97.4**	83.3	17%	93.1
Operating profit	**8.4**	5.0	69%	5.2
Adjusted operating profit	**12.1**	7.6	59%	7.9
Profit before tax	**8.5**	5.3	60%	5.5
Adjusted profit before tax	**12.1**	7.9	53%	8.3
Basic EPS (p)	**9.80p**	5.59p	75%	5.68p
Adjusted basic EPS (p)	**13.63p**	10.03p	36%	8.93p

FINANCIAL REVIEW

Summary of underlying results

	Year ended 29 February 2012 £'m	Unaudited year ended 28 February 2011 £'m	Year on year change %	14 months ended 28 February 2011 £'m
Revenue	**90.3**	83.3	8%	93.1
Operating profit	**8.2**	5.0	65%	5.2
Adjusted operating profit	**11.2**	7.6	48%	7.9
Profit before tax	**8.3**	5.3	56%	5.5
Adjusted profit before tax	**11.3**	7.9	43%	8.3
Basic EPS (p)	**8.67p**	5.59p	55%	5.68p
Adjusted basic EPS (p)	**12.36p**	10.03p	23%	8.93p

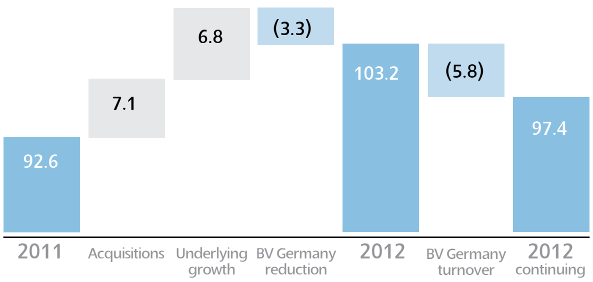
Revenue

The Group's revenues arise from publishing services and related income. Publishing services principally comprise editing, marketing, selling and distribution of titles either in print or digital formats. Related revenue is disclosed in the Rights & Services table on page 25.

The revenue bridge below shows the constituent parts of the Group's revenue movements between the year ended 28 February 2011 and the year ended 29 February 2012:

Revenue bridge

£m



As well as the revenue growth generated from the acquisition of Continuum, the Group had significant underlying revenue growth of £6.8 million year on year.

Group continuing revenue for the year was £97.4 million, up 17% on the year ended 28 February 2011 of £83.3 million. Each of the Group's four divisions grew its revenues year on year, both on a continuing and an underlying basis. In particular there was growth of 61% year on year in the Academic & Professional division, which benefited from an exceptional year for Rights & Services revenue.

Excluding the impact of the acquisition of Continuum and the result of Bloomsbury Verlag in Germany, the Group's continuing underlying revenue in the year ended 29 February 2012 of £90.3 million was up on a like-for-like basis by 8% compared to £83.3 million in the year ended 28 February 2011.

Continuing Revenue Analysis: year ended 29 February 2012

	Total continuing sales £'000	Proportion of total continuing sales %	Annual underlying sales movement %
Print	78,878	81%	-3%
Digital	5,872	6%	168%
Rights & Services	12,649	13%	83%
	97,399	100%	8%

Print sales were 81% of total continuing sales. They were up £4.5 million, 6%, year on year, although down 3% on an underlying basis. This decline reflects the changes in the market place with the move from print towards ebooks.

Digital sales mainly comprise ebook sales together with a small but growing element of digital subscriptions revenues. Continuing ebook sales were up 159% year on year to £5.7 million, and now are 6% of Group continuing revenues (year ended 28 February 2011: 3%).Given the nature of ebooks, most of this growth was in the Adult division, where 9% of continuing sales were ebooks (year ended 28 February 2011: 4%), with slower growth in the Children's & Educational division and fewer ebook sales in the Academic & Professional division. Overall 23% of continuing sales in the US were of ebooks and 3% in the UK, indicating the significant potential still remaining in the UK for ebook sales.

Rights & Services revenue streams, which are analysed below, have had a particularly successful year.

Rights & Services Revenue Analysis

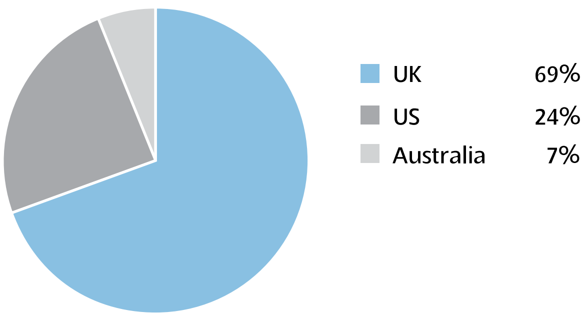
£m	**Year ended 29 February 2012**	Unaudited year ended 28 February 2011	Increase
Copyright licences	**6.3**	3.6	+75%
Trademark licences	**1.2**	–	–
Management contracts	**3.4**	2.1	+62%
Publishing services income	**1.4**	0.8	+75%
Advertising	**0.3**	0.2	+50%
Total continuing	**12.6**	6.7	+89%
Discontinued – Bloomsbury Verlag	**0.5**	0.5	0%
Total	**13.1**	7.2	+82%

Part of our strategy is to grow the revenue potential from our intellectual property, particularly through entrepreneurial online initiatives. Almost half of continuing Rights & Services revenue in the year ended 29 February 2012 were for online projects.

Significant Rights & Services deals this year were the brand licensing and rights agreements for £1.5 million with Bonnier AB in Germany, the licensing deal for £2 million with Practical Law Company, who are integrating some of our legal content into their corporate software service, and the licensing of Wisden in India which will generate US$3.2 million of revenue over five years plus a royalty share. The increased licensing and rights activity demonstrates the value inherent in our content. Our strategy is to be innovators in the creation and licensing of information databases to support major world institutions and corporations. In the year ended 29 February 2012 we accrued revenue of £0.9 million from our partnership with Forschungsinstitut zur Zukunft der Arbeit (IZA) in Germany for the development and provision of a reference and information resource in labour economics, which will generate £4.3 million of revenue over five years.

The Group sales by region are shown below. The acquisition of Continuum, and since the year end Fairchild Books, gives us increased presence in the US, the largest academic publishing market in the world. This chart shows where Group continuing revenues were generated for the year ended 29 February 2012:

Group Continuing Sales by Region



FINANCIAL REVIEW

Highlighted items

The acquisition of Continuum, the disposal of Bloomsbury Verlag and the global reorganisation of the Group have resulted in costs which, together with intangible amortisation, have been highlighted separately in the financial statements.

£m	Charge
Costs of acquisition – Continuum	0.2
Restructuring costs – One Global Bloomsbury/Continuum	1.3
Relocation of headquarters	0.4
Costs of aborted acquisition	0.1
Intangible asset amortisation	1.6
Total continuing	3.6
Discontinued – Loss on disposal of Bloomsbury Verlag	1.0
Total	4.6

Gross margin and underlying operating profit

Overall the continuing gross margin increased to 57% (year ended 28 February 2011: 55%) with gross profit of £55.2 million (year ended 28 February 2011: £45.6 million). The rise in the continuing gross profit margin was due to the increasing proportion of higher margin Academic & Professional and Rights & Services revenues and reduced provisions for stock and returns.

Author costs, consisting of royalties and advances, increased from £13.1 million to £15.5 million year on year but remained consistent as a percentage of revenue; year ended 29 February 2012 16% (year ended 28 February 2011 16%). The stock provision charged to the income statement in respect of obsolescence (excluding write downs for items such as wastage) reduced to £2.1 million (year ended 28 February 2011: £2.4 million) and represented 2.2% of revenues compared to 2.9% in the previous year. Books returned by customers are credited to the returns provision. There was a reduction in the returns provision from 7% to 4% of revenues year on year. This is a general trend due to the increasing proportion of ebooks, which are not returned, and lower returns due to increasing online sales.

Group continuing adjusted operating profit for the year was £12.1 million, 59% ahead of the £7.6 million for the year ended 28 February 2011. The adjusted operating profit margin for the Group was 12%, compared to 9% for the year ended 28 February 2011.

Divisional Performance

The table below shows underlying adjusted performance by division. 2010/11 numbers are pro forma unaudited results for the year ended 28 February 2011.

	Revenue		Gross margin %		Adjusted operating profit	
	Year ended 29 February 2012 £'m	Year ended 28 February 2011 £'m	**Year ended 29 February 2012 %**	Year ended 28 February 2011 %	**Year ended 29 February 2012 £'m**	Year ended 28 February 2011 £'m
Academic & Professional	**17.5**	14.3	**74%**	61%	**3.3**	1.2
Adult	**43.6**	43.1	**52%**	52%	**4.7**	3.8
Children's & Educational	**25.6**	23.3	**49%**	52%	**2.3**	1.4
Information	**3.6**	2.6	**75%**	85%	**0.9**	1.2
Total	**90.3**	83.3	**56%**	55%	**11.2**	7.6

Divisional financial highlights are noted below and further information by division is given in the Divisional Review section of the Chief Executive's Review.

The Academic & Professional division has grown significantly during 2012 through acquisitions, organic growth in digital subscription-based publishing and innovative deals with publishing partners. The Group's strategy to build the academic and professional business is borne out by the division's increased share of the Group revenue and profit against last year and by its high gross margins. This division now makes up 24% of Group turnover (year ended 28 February 2011: 17%) and 34% of Group adjusted operating profits (year ended 28 February 2011: 15%). A large part of the increase in the division's underlying turnover was a £2.3 million, 133% year on year rise in continuing Rights & Services revenue to £4.1 million, largely as a result of content licensing deals including one with Practical Law Company.

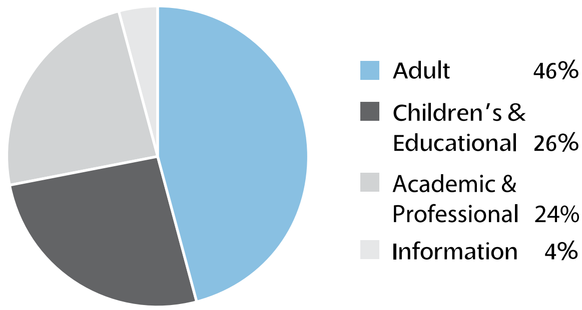
In the Adult division ebook sales rose 169% year on year to £4.2 million, which represented 9% of the division's total continuing sales compared to 4% in the previous year. Rights & Services revenue rose by 153% to £3.8 million and included a share of the income from Bonnier for the sale of Bloomsbury Verlag and the licensing of Wisden in India. This division makes up 40% of Group continuing adjusted operating profits. The UK sales saw significant increases in the cookery list, including Hugh Fearnley-Whittingstall, Heston Blumenthal and Raymond Blanc, and we had three novels on the shortlist of six for the 2012 Orange Prize for Fiction: *Painter of Silence*, *The Song of Achilles* and *State of Wonder*.

The Children's sales increase in the UK included the effect of the release of the final Harry Potter movie in July and new Harry Potter Box sets at Christmas. Ebook sales in the division rose 303% year on year to £1.1 million. Through the ebook partnership with JK Rowling announced last June, Bloomsbury will receive a share of the revenues from Pottermore.com, which has just commenced. We have five new Children's staff in the UK following our new investment in illustrated publishing.

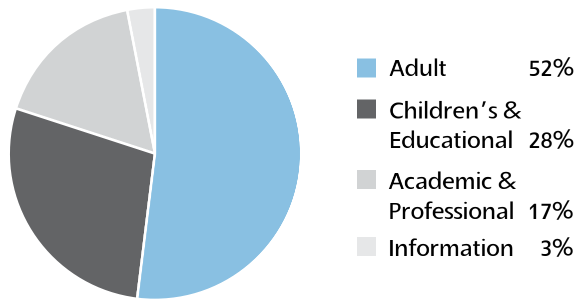
The Information division generated 92% or £3.4 million of its continuing revenue from Rights & Services. This was mainly management services fees and included fees for the businesses we manage in Qatar and revenue of £0.9 million from the partnership with IZA in Germany that will generate £4.3 million of revenue over five years. The division's continuing operating profit before highlighted items was £0.9 million (year ended 28 February 2011: £1.2 million) following an allocation of central overhead costs of £0.9 million (year ended 28 February 2011: £0.5 million), before which continuing operating profit was £1.8 million, up 6% on £1.7 million for the year ended 28 February 2011.

The charts below show the proportion of Group continuing revenues that each division generates, and in particular reflect the growth in the Academic & Professional division

Continuing Revenues by division
Year ended 29 February 2012



Continuing Revenues by division
Year ended 28 February 2011



Acquisitions

On 9 July 2011 the Group acquired 100% of the share capital of Continuum for a cash consideration of £19.2 million, net of £0.9m of cash acquired with the business. The acquisition reflected Bloomsbury's strategy to increase its proportion of academic and professional revenues compared to trade revenues. Around 60% of Continuum's sales were outside the UK thereby increasing Bloomsbury's presence to the global book market. The purchase price stated in the financial statements of £18.0 million excludes £2.0 million of costs that the vendor requested that Bloomsbury pay in relation to staff bonuses and the redemption of a Continuum loan note. Goodwill of £8.3 million arose on the acquisition and intangible assets of £6.4 million were identified for publishing rights and imprints acquired.

FINANCIAL REVIEW

Disposal
On 28 February 2012, the Group contracted with Bonnier AB to sell its subsidiary Bloomsbury Verlag in Germany for a cash consideration of €2.6 million. The disposal was subject to the approval of the German competition authorities. The risks and rewards of ownership passed to Bonnier AB as at 28 February 2012 as approval was virtually certain to be given by the German competition authorities given the size and nature of the business sold. This is supported by approval being granted in March 2012. Given that the chances of not receiving approval were considered to be remote, the sale has been treated in the financial statements as completing on 28 February 2012. The loss on disposal of £1.0 million and the operating loss for the year for Bloomsbury Verlag of £2.6 million, make up the discontinued line in the income statement.

Interest
The net interest income for the Group for the year was £0.05 million compared with £0.3 million for the year ended 28 February 2011 due to lower net cash levels resulting primarily from the purchase of Continuum.

Taxation
Taxation on continuing operations was £1.4 million for the year, compared to £1.3 million for the 14 months ended 28 February 2011. The effective tax rate was 16.2% (14 months ended 28 February 2011: 23.8%). The rate this year was reduced by 8.2% from 24.4% as a result of the offset of the losses of Bloomsbury Verlag against UK generated profits. Excluding the effect of highlighted and other non-recurring items, the continuing effective tax rate for the Group was 23.4% (14 months ended 28 February 2011: 24.1%).

Earnings per share
Adjusted continuing earnings per share, which exclude highlighted items, were up by 36% year on year to 13.63 pence (fourteen months ended 28 February 2011: 8.93 pence, year ended 28 February 2011: 10.03 pence). Basic earnings per share for the year were 4.66 pence (fourteen months ended 28 February 2011: 3.02 pence, year ended 28 February 2011: 3.22 pence). Diluted earnings per share for the year were 4.53 pence (fourteen months ended 28 February 2011: 3.02 pence, year ended 28 February 2011: 3.22 pence).

Dividend and dividend policy
The Group has a progressive dividend policy. In line with this policy the Directors are recommending a final dividend of 4.31 pence per share, which subject to shareholder approval at our Annual General Meeting on 23 July 2012, will be paid on 25 September 2012 to shareholders on the register at the close of business on 31 August 2012. This dividend is a 10.2% increase on the dividend paid for the six months ended 31 December 2010. Together with the interim dividend, this makes a total dividend for the year ended 29 February 2012 of 5.20p per share, a 10.2% increase on the 4.72p dividend for the year ended 31 December 2010 and an increase on the 5.00p dividend which was paid for the 14 months ended 28 February 2011.

Capital structure
Our statement of financial position at 29 February 2012 can be summarised as set out in the table below:

	Assets £'m	Liabilities £'m	Net assets/ (liabilities) £'m
Property, plant and equipment	3.0	–	3.0
Goodwill and intangible assets	52.8	–	52.8
Current assets and liabilities	75.7	32.5	43.2
Other non-current assets and liabilities	–	0.8	(0.8)
Post-retirement obligations	–	0.2	(0.2)
Deferred tax	2.3	3.7	(1.4)
Total before net cash	133.8	37.2	96.6
Net cash	12.6	–	12.6
Total as at 29 February 2012	**146.4**	**37.2**	**109.2**
Total as at 28 February 2011	143.7	31.9	111.8
Increase/(decrease)	2.7	(5.3)	(2.6)

The Group's key assets were goodwill and intangible assets, net trade receivables, advances and inventories.

Net assets decreased by 2% to £109.2 million (28 February 2011: £111.8 million) and net assets per share by 2% to 148 pence (28 February 2011: 151 pence). The main movements in the balance sheet are explained below.

Assets

Goodwill and intangible assets increased by £15.6 million to £52.8 million (28 February 2011: £37.2 million) due to:

- the acquisition of Continuum, an adjustment for the deferred consideration on the acquisition of Berg Fashion Library and the acquisition of publishing lists of Absolute Press and the National Archives, which increased goodwill by £8.9 million and other intangibles by £6.6 million,
- product and systems development of £1.6 million (including Academic & Professional online websites); less
- £1.6 million of amortisation.

Inventories increased 10% to £20.2 million (28 February 2011: £18.3 million) driven mainly by £3.1 million of stock acquired as part of the Continuum acquisition, offset by stock disposed of in the sale of Bloomsbury Verlag of £1.6 million.

Trade and other receivables increased 14% to £55.4 million (28 February 2011: £48.7 million). Continuum was £3.4 million of this increase, offset by the disposal of £2.9 million of receivables with Bloomsbury Verlag. After a full year of trading the Australian subsidiary's receivables increased by £1.3 million compared to 28 February 2011, when it had only been trading for two months. Included within other receivables was £3.7 million of accrued income due from Bonnier AB in respect of the sale proceeds from the disposal of Bloomsbury Verlag and the rights and licence agreements signed at the time of that disposal.

Since books sold are generally returnable by customers, the Group makes a provision for returns against books sold in the accounting period. The unused provision at the period end is then carried forward and offset against trade receivables in the statement of financial position, in anticipation of further book returns subsequent to the period end. A provision for the Group of £4.7 million (28 February 2011: £6.5 million) for future returns relating to current year and prior period sales has been carried forward in trade receivables at the reporting date. Within trade and other receivables, prepayments and accrued income increased 11% to £30.2 million (28 February 2011: £27.2 million) mainly due to the accrued income of £3.7 million in respect of the disposal of Bloomsbury Verlag.

As at 29 February 2012 the Group had 2,493 titles (28 February 2011: 1,157) under contract for future publication, with a gross investment of £21.7 million (28 February 2011: £21.5 million). The increase in titles arises from the acquisition of Continuum. After payment of the initial tranches of advances to authors, our commitment for future cash payments on these contracted titles was £12.7 million (28 February 2011: £12.3 million). The comparatives exclude Bloomsbury Verlag. The average total investment per title fell in 2012 to £8,700 compared to £18,600 as at 28 February 2011, reflecting the fact that advances are not paid for Academic & Professional titles.

Equity and Liabilities

At 29 February 2012 total equity was £109.2 million (2011: £111.8 million). The reduction of £2.6 million was mainly due to £2.0 million being paid to acquire Bloomsbury Publishing shares for the Employee Benefit Trust; a reduction of £1.0 million from the recycling of cumulative currency translations to the income statement on the disposal of Bloomsbury Verlag; dividends of £3.7 million (14 months ended 28 February 2011: £3.3 million) and the profit for the year of £3.4 million (14 months ended 28 February 2011: £2.2 million) after both highlighted items of £3.6 million and £3.7 million of loss from the discontinued operations of Bloomsbury Verlag.

Current liabilities increased 11.4% to £32.5 million (28 February 2011: £29.1 million). Within this, trade payables increased to £11.3 million (28 February 2011: £9.2 million) largely due to the acquisition of Continuum, offset by the disposal of Bloomsbury Verlag and an increase in Australian trade payables due to there being a full year of trading compared to two months in the prior period. Accruals and deferred income, which is included in trade and other payables, increased slightly to £18.8 million (28 February 2011: £18.7 million). This includes deferred income on database contracts, subscription revenues, accrued work in progress and royalty payments due to authors, which vary year on year depending on revenue and authors' royalty rates, which typically escalate on triggered thresholds as sales increase.

Non-current liabilities increased 73% to £4.7 million (28 February 2011: £2.7 million) mainly due to £1.7 million of deferred tax liability on the intangible assets recognised on the acquisition of Continuum. This will reduce as the relevant intangibles are amortised.

FINANCIAL REVIEW

Net cash

The Group had net cash of £12.6 million at the year end (28 February 2011: £36.9 million). During the year we acquired Continuum for net cash of £19.2 million. Since the year end we have acquired Fairchild Books for $6.1 million (net of a $0.4 million working capital adjustment), this is being financed in cash in three equal annual instalments with no interest being paid on the deferred cash payments. In March we received £3.7 million in cash from Bonnier AB in respect of the disposal of Bloomsbury Verlag and the rights and licence deals contracted at the time of that disposal.

Cash flow

Cash and cash equivalents reduced by £24.3 million over the year to £12.6 million. The net cash inflow from operating activities, including the effect of highlighted items, for the year ended 29 February 2012 was £5.0 million, £3.2 million below that for the 14 months ended 28 February 2011, with a higher profit before tax being offset by a £4.2 million increase in working capital. This increase included the £3.7 million of cash that was received after the year end from Bonnier AB. Investing activities for the year ended 29 February 2012 resulted in an outflow of £23.6 million (14 months ended 28 February 2011: £2.7 million) from the acquisition of Continuum and refurbishment of the Group's new Head Office in Bedford Square. The £2.0 million purchase of shares for the Employee Benefit Trust and a dividend of £3.7 million made up the majority of the £5.7 million net cash used in financing activities (14 months ended 28 February 2011: £3.5 million).

Liquidity

During the year the Group negotiated an unsecured credit facility with Lloyds Bank. At 29 February 2012 the Group had £10 million of undrawn committed loan facility (28 February 2011: nil) and £2 million of undrawn overdraft facility. The overdraft facility is available until September 2012 and the loan facility matures in July 2016. The facility is subject to two covenants being a maximum net debt to EBITDA ratio and a minimum interest cover covenant. At the reporting date the Group had significant headroom on its covenants.

The Group's net cash position changes over the course of the year as a result of the seasonality of the business with the most significant expenses being the payment of royalties in March and September and the most significant sale receipts being in February and March from the Christmas sales.

Wendy Pallot ACA
Finance Director

RISK FACTORS

Outlined in the table overleaf is a description of risk factors that management considers are relevant to the Group's business. Not all the factors are within management's control and other factors besides those listed below could also affect the Group. Actions being taken by management to mitigate risk factors should be considered in conjunction with the cautioning note to shareholders in the Directors' Report on page 48 with regards to forward looking statements. Details on financial risk management are given in note 23.

Our strategy

The Group's Mission is to grow a high quality global publishing business delivering high value to its contributors, readers and shareholders.

We achieve this Mission through our strategy which is to:

- Publish authors and works of excellence and originality.
- Deliver professional services to those seeking publication.
- Combine tradition and technology to achieve excellence.
- Establish solid profit streams.

Key objectives include:

- Grow Academic & Professional revenues so that they match or exceed our trade revenues (where trade revenues are all book sales other than Academic & Professional). This is because these revenues have higher margins, are generally a more predictable revenue stream, are less reliant on the retail bookshop environment and have more digital opportunities.
- Continue acquisition of rights to publish outstanding works by undiscovered and established authors.
- Expand internationally in English language markets. This reduces the Group's reliance on the UK market and, in particular, takes advantage of the biggest academic market worldwide in the US and the significant growth being experienced in India.
- Create and exploit copyright and IP including by licensing of information databases to support major world institutions and corporations.
- Benefit from the digital opportunity, both in cost saving and market expansion.

Information of how we take account of social and environmental matters when implementing our strategy is included in Corporate Responsibility on pages 35 to 40.

Overview of Bloomsbury's processes

Bloomsbury is an independent worldwide publisher and has been listed on the Main Market of the London Stock Exchange since 1994. Over a period of more than 25 years the business has built up a substantial body of publishing rights.

The Group is structured as four worldwide publishing divisions – Adult, Children's, Academic and Information – under a global brand supported by centralised sales, marketing, production and head office functions. Each publishing division reports to the Chief Executive. The Group encourages each publishing division to develop and grow diversified income streams. Each division has the capability to publish books in all formats but may also produce other products such as online content accessable through subscription. Each division may also use its expertise to provide publishing related services to clients.

Book publishing

Publishing ebooks and printed books is the main activity of Bloomsbury. Publishing teams acquire the intellectual property rights to publish the works of authors. Bloomsbury sells its own books typically through online retailers such as Amazon, through bookshops, through supermarkets and direct to customers.

Bloomsbury's global production function produces books in all formats. Bloomsbury has produced ebooks since 2005 and as an early adopter has benefited from the worldwide growth in ebook sales. Printed books that are sold through retail outlets are normally sold on a sale-or-return basis. The Group subcontracts the printing, warehouse storage and distribution of printed books to a number of long-term global partners.

RISK FACTORS

Group strategic actions to mitigate the risks

The Group focuses on improving its processes in order to address the identified risks and has implemented a number of key initiatives including:

Repositioning the business towards academic publishing

Bloomsbury is a cash generative business and has enjoyed the benefit of publishing a number of bestselling titles over a prolonged period. Bloomsbury has balanced its core general trade publishing business with academic and professional publishing. This addresses a number of risks:

- ***Long-term growth potential, less sales volatility and higher margins:*** The demand for academic & professional books is more regular which reduces the volatility of book sales compared to general trade publishing.
- ***Barriers to entry:*** Since acquiring Methuen Drama in 2006, Bloomsbury has continuously invested in growing its academic publishing business through organic growth and acquisitions of publishing businesses, lists of academic books and online databases. The acquisition of Continuum in July 2011 with its strong US footprint has enabled Bloomsbury to consolidate the academic publishing division into a substantial unified worldwide publisher with a number of market leading subject areas.
- Bloomsbury is successfully establishing its position in the professional publishing market.
- ***Exploiting intellectual property:*** Bloomsbury is developing innovative academic online products which are sold under annual subscriptions by exploiting the Group's content assets and expertise.
- ***Lower risk:*** Academic publishing acquisitions require lower advances.

One Global Bloomsbury

From 1 March 2011 the Group implemented One Global Bloomsbury which is the approach of four worldwide publishing divisions under a global brand supported by centralised sales, marketing, production and head office functions.

One Global Bloomsbury addresses a number areas:

- ***Extended territorial reach of the sales and marketing teams:*** Sales and marketing teams have been unified into a single global function to meet the needs of a worldwide market.
- ***Editorial economies of scale:*** Editorial teams have an increased focus on acquiring the world rights.
- ***Functional economies of scale:*** The book production function (which takes finalised scripts from editorial teams and converts them into ebooks and/or printed books), finance and IT teams have been unified into global functions to support Bloomsbury's teams based in different territories worldwide.

Growth in emerging markets

During the year the Board took the strategic decision to reallocate Group resources from Germany into India which has greater long-term potential for growth. India has one of the world's largest English speaking populations and an increasing number of highly educated readers of English.

Bloomsbury has sold books into India through partner arrangements with other publishers such as Penguin but establishing its own publishing business in India will enable Bloomsbury to publish the works of local authors and develop its publishing services.

UK head office consolidation

The Group has relocated most of the UK workforce into a single London head office which consolidates the various acquisitions and enables economies of scale to be realised more easily.

Worldwide systems and processes

The Group has implemented centralised publishing and finance systems worldwide across the business allowing teams to work more closely together.

The table below provides a description of risk factors that management considers relevant to the Group's business. Other factors besides those listed could also affect the Group.

Key Area	Risk	Description	Mitigation
Market	*Volatility of general trade book sales*	* Sales of general trade books for both children and adults focus on bestsellers and can be both seasonal and volatile	* Develop Academic & Professional publishing where revenues are less volatile * Develop other revenue streams including Rights and Services
	Decline in high-street bookshops	* Numbers of bookshops (both independent and chains) have declined	* Grow relationships with other retailers including internet and supermarkets * Develop other revenue streams eg Rights and Services
	Increase in sales through supermarkets and other non-traditional outlets	* Many non-traditional retailers focus on bestsellers rather than range of titles	* Reduce dependence on bestsellers by developing other revenue streams eg Academic & Professional
	Increased importance of internet retailing	* As bricks and mortar bookshops reduce in number and range, e-tailing increases in importance	* Increase focus on developing other revenue streams eg Rights and Services * Grow ebook sales
	Reduction in number of customers	* Number of UK and US bookshops is reducing	* Ensure sales in the huge international market are maximised to reduce dependence on domestic sales in UK and US
Move to digital	*Shift from print*	* Ebooks are increasing as a percentage of Group turnover	* Position Group publishing to ensure titles can be sold in digital format(s) * Broaden range of revenue streams eg subscription, Rights and Services
	Ebook sales plateau	* Steep rise in ebook sales in US and UK may plateau	* Ensure Group is positioned to take advantage of ebook emergence in international markets * Use social media and other digital marketing to encourage direct sales to consumers

RISK FACTORS

Key Area	Risk	Description	Mitigation
Title acquisition	*Retention of authors*	* Authors (especially in general trade) are usually commissioned on a book by book basis	* Broaden publishing portfolio to reduce dependence of business on bestselling authors
	High advances sought by agents	* Agents seek high advances for some authors	* Publish more non-general trade books eg Academic & Professional
	World rights not acquired	* Agents prefer to split territorial rights for English language publishing between US and UK	* Focus acquisition on titles where world English rights are available * Concentrate on academic publishing where world rights are the norm
IP and copyright	*Piracy*	* Piracy of titles in print or digital form	* Adopt robust anti-piracy policies * Ensure good digital rights management protection of ebooks and digital formats * Participate in key industry anti-piracy initiatives
	Erosion of copyright	* Erosion of copyright through government or other action	* Continue policy of support for copyright and Intellectual Property rights as a fundamental facet of publishing

CORPORATE RESPONSIBILITY

Bloomsbury's core business is the worldwide promotion of high quality literature and literacy for readers of all ages which in itself has a high social value. We focus on integrity in all of our activities, consider our impact on society and the environment and maintain high ethical standards. The Company continues to be included in the FTSE4Good Index.

The Board recognises that the achievements of the Group have depended upon the high standards of social responsibility demonstrated by the Directors and employees for more than twenty five years. The Board takes account of the relevant social, environmental and ethical issues and associated risks and opportunities to the Group's short-term and long-term value.

Community

We encourage the involvement of staff worldwide in volunteer work and Bloomsbury is involved in a number of community based activities. Our publishing teams share a common passion for promoting the enjoyment of high quality literature which is often cutting edge and provides new authors with opportunities to establish themselves. We have a substantial Children's & Educational division focused on promoting literacy for young readers of all abilities and ages including specialist ranges for 'Hi-Low' pupils (High age, Low attainment) which provide parents and teachers with the tools needed to engage their children in reading.

✶ *Support by Bloomsbury*

With a focus mainly on promoting literacy, we actively support numerous organisations including schools and libraries and other good causes such as Booktrust, Barnados, Oxfam and other charities. We are a sponsor and partner of World Book Day which was established in 1995 by UNESCO with the objective of promoting and celebrating books and reading amongst children and adults. We donate, or provide at a substantial discount, over 100,000 books annually which includes donations by our overseas and UK offices of mainstream titles. For example we donated books by some of Bloomsbury's leading female authors to charities supporting education as part of International Women's Day. We donate signed copies of books by leading authors for charity auctions and have supported the Booktrust who give every child starting secondary school a free book.

We make minor cash donations to charities and not for profit organisations that support literary art, education and literacy which has included Book Aid International, The Charleston Trust, the Independent Publishers Guild and other charities that meet our specific criteria. We made a minor cash donation in support of Bloomsbury's project to digitise the Churchill Archive which has significant educational value. In respect of the year we made a number of targeted donations totalling £15,000 (2011: £10,000).

✶ *Support by Employees of Bloomsbury*

Our business has a strong team of employees who are passionate about literacy and literature with a relatively high proportion of women. A number of our employees, both privately and through a Bloomsbury coordinator of a reading in schools project, are involved in formal volunteer reading schemes and regularly attend state schools. These schemes provide lunchtime supervised reading support to young readers often from backgrounds where their opportunities to develop reading skills may be hindered.

Other employees are involved with a number of formal voluntary activities promoting literacy such as in voluntary associations for editors promoting the publication of children's books; in workshops in schools for young aspiring journalists and magazine editors and writers; in supporting associations for dyslexic children; in supporting the updating of a number of school libraries; or in arranging visits by authors to talk at schools. Other employees voluntarily assist schools with numerous activities such as with interview practice, presentations on working in publishing and writing and producing musicals for primary schools.

CORPORATE RESPONSIBILITY

Groups of employees around the business regularly participate in a wide range of fund raising events for good causes and charities such as sponsored runs, cycling challenges for Book Aid, bake sales and other employee inspired activities. Privately Bloomsbury people actively give their time and support to a wide range of good causes.

Employees

We recognise that people are our greatest asset and employment policies are directed at creating a workplace that attracts, motivates, develops and retains high calibre employees. We have a diverse workforce and management team lead by a diverse Board, of which one third of the members are women.

Supported by regional heads of human resources the managing directors of the four publishing divisions, the heads of each Group function and managing directors of regional offices have responsibility for the employment matters of their teams. These people report to the Chief Executive who has overall Board level responsibility for employment matters and issues. For example, where employment matters have a group wide impact or cannot be resolved at a lower level in the business then they may be referred to the Chief Executive.

The senior management team monitors joiners, leavers, headcount, pay rates and other KPIs but the Group does not disclose these for commercial reasons that are in the interest of the shareholders.

Key features of the Group's employment policies and practices are:

- *Openness:* Bloomsbury provides a high degree of openness and transparency on its activities and performance through information provided to employees. Employees are kept updated daily, weekly and monthly on sales, book releases, project achievements, corporate news and feedback from external media and other sources. The Bloomsbury Institute arranges regular events which enable staff to meet socially. Weekly and other regular team meetings and internal annual conferences bring employees together from across the Group's worldwide sites allowing team members to formally and informally share information about the business and develop strong working relationships. An intranet is used to provide employees with access to relevant corporate information and employees regularly arrange social events.
- *Engagement:* We promote a friendly collegiate culture in which employees are encouraged to discuss their concerns and issues with their line managers and senior colleagues. The senior management team meets frequently to discuss employee matters and is supported by regular operational meetings attended by managers covering all the Group's worldwide sites.
- *Ethical Behaviour:* We expect employees, Directors, subcontractors and others to exercise high ethical standards at all times in respect of the relationships and dealings Bloomsbury has with its customers, authors and agents, suppliers and other third parties. Bloomsbury has whistleblower procedures enabling employees to have their concerns confidentially addressed and has a formal policy on ethical behaviour which is included within employment terms.
- *Employee development:* Bloomsbury is acquisitive and has benefited from an intake of high calibre entrepreneurs who support the Group's capacity to innovate. The Group develops its management structure to serve the changing needs of customers and authors. This creates opportunities for suitably high calibre individuals to progress to increasing levels of seniority as they gain capabilities and expertise. External recruitment is supported by a centralised Human Resources function enabling vacancies across sites worldwide to be filled internally where employees of an appropriately high calibre seek new opportunities.
- *Performance and merit:* Senior employees agree personal objectives and are rewarded based on performance determined by business results and appraisals. Senior managers are accountable for the performance of their teams and determine the most appropriate approach to performance management for each team. Promotions and external recruitment are based on merit and ensure that the most suitable person is selected for positions.
- *Employee participation:* The Group offers UK employees the opportunity to participate in an all employee HM Revenue and Customs approved Sharesave scheme to encourage employee participation in the performance and growth of the Group. High performing senior employees may also be eligible to participate in the Company's Performance Share Plan (PSP).
- *Flexible working:* We encourage family friendly working practices such as flexible working hours and recognise that experienced employees returning to work following maternity, paternity or other career breaks are an asset.

- *Equality of opportunity:* Bloomsbury has a diverse workforce and follows a policy that no employee or other person receives more or less favourable treatment on the grounds of gender, sexual orientation, colour, race and ethnic origin, nationality, religion, disability or age. This extends to any person known to be HIV positive. The Human Resources function monitors compliance with the policy and with applicable legislative requirements to ensure the equality of opportunity in the recruitment, selection and promotion of employees. Grievance and disciplinary procedures protect employees from discriminatory behaviours and attitudes.
- *Disabled persons:* Group policy is to offer equal treatment in respect of the recruitment, training, career development and promotion of disabled persons. Where people become disabled during the course of their employment, the Group will seek to retain their services and to provide retraining where necessary.
- *Health and safety:* The Company Secretary reporting to the Chief Executive in respect of Health and Safety ('H&S') heads an H&S team that ensures Group-wide compliance with H&S policy. H&S incident reports are reviewed by the Board and at senior team meetings. The H&S team works closely with management and employees to ensure that the H&S policy is effectively communicated, implemented and maintained across the business. Managers of the worldwide sites are accountable for ensuring their areas of the business are in compliance with H&S policy.

Health and Safety

The Group maintains risk assessments and an accident book and staff are encouraged to report all accidents or near misses. The Board reviews Health and Safety annually. During the year there were no fatalities or serious injuries. Accidents reported have typically included infrequent bumps and scalds associated with the office environment.

Environment

The Board recognises that a responsible approach to the environment is attractive to its existing and prospective customers and authors. Customers can require Bloomsbury to demonstrate that the Group is a good corporate citizen during the tender process for new and existing contracts.

The executive committee (which consists of the executive directors and the managing directors of the publishing divisions) have responsibility for environmental matters of their teams. These people report to the Chief Executive who has overall Board level responsibility for environmental matters and issues.

The impact on the environment of our business predominantly arises from the activities we subcontract to our suppliers including the printing, production, distribution, recycling and disposal of printed books. The Company also has office based information product development, editorial, sales and administrative activities which operate through an employee workforce based at offices in the UK, US (mainly in New York) and Australia (Sydney).

Our policy is to reduce both the financial cost to the business and the impact of the business on the environment. We employ specialist independent external advisors, Trucost, to monitor our impact on the environment. Key areas where we are active in reducing the direct and indirect environmental impact of the business include:

- *Online print:* We are increasingly moving to electronic ebooks and online products that will save on using natural resources and have very little environmental impact. Our strategy embraces digital publishing and the potential benefits this may bring to the environment.
- *Book Printing:* We monitor the impact of our major suppliers and engage with them to reduce the environmental impact where possible. We stipulate that the pulp used to produce the papers for our books comes from well-managed forests and encourage our suppliers to obtain Forest Stewardship Council (FSC) accreditation and use FSC certified papers. The majority of our UK and European suppliers are FSC Chain of Custody certified as are several of our main Far Eastern colour printers.
- *Building and office facilities:* Most of our employees travel to work by public transport and we support part time and home-working. For most employees we have implemented separate recycling bins for different waste materials so that a significant proportion of our office waste is recycled. Most lights are fitted with motion detectors and our office policy is to turn off lights out of hours when not in use.

We have previously taken advice from the Carbon Trust and implemented their recommendations to reduce our carbon footprint. For example, we use point of use instead of bottled water coolers, fit energy efficient lamps, ensure heating systems are regularly maintained and programmed efficiently and turn off unnecessary electrical equipment out of hours amongst other measures.

CORPORATE RESPONSIBILITY

Environmental Results and Targets

Our direct operations are predominately office-based and have been independently assessed as having a low impact on the environment. We monitor the normalised long term average greenhouse gas and waste production for our office based employees and our target is to reduce this average per employee over the long-term. The Group's consumption of natural resources, although relatively minor, is significantly impacted by ambient weather conditions beyond our control and by the buildings we lease.

Greenhouse Gases

Our independent external advisor, Trucost, has calculated the tables below based on the data we have provided to them. Following the change of accounting reference date at the previous year end, the figures are reported for the 12 months to 31 December for 2010 and for the 12 months to 29 February 2012.

We report on our waste production and greenhouse gas emissions aligning with the 2006 Government Guidelines, *Environmental Key Performance Indicators, Reporting Guidelines for UK Businesses*. In respect of greenhouse gases, we report consumption of natural gas, vehicle fuel and electricity in kWh, converted to CO_2-e following the protocols provided by the Department for Environment Food, and Rural Affairs (Defra). Emissions have been categorised against the Greenhouse Gas Protocol scopes of reporting. This information is unaudited.

One-time factors impacting on our carbon foot print

In August 2011 we relocated our main London office to 50 Bedford Square, London WC1B 3DP. As part of this move we consolidated staff from Oxford and several sites in London into a single location. We have disposed of most of the old premises. Over future periods we expect the consolidating of staff into a single London site should help us to minimise our impact on the environment.

Prior to August 2011 during the period that 50 Bedford Square was being refitted, we maintained this building together with our other buildings and consequently our electricity usage, and production of carbon dioxide, has been higher for the year to 29 February 2012 than is expected for future periods.

In July 2011 we acquired The Continuum International Publishing Group Limited bringing a significant increase of head count and several additional premises in the US and UK. The staff based at these premises have or are being consolidated into Bloomsbury premises and whilst this process is being completed we will maintain two office places for the staff involved.

Scope 1 Direct Impacts

Greenhouse Gases	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Tonnes CO_2-e		Normalised Tonnes CO_2-e Per £m Turnover	
			12 months to		12 months to	
			31 Dec 2010	**29 Feb 2012**	31 Dec 2010	**29 Feb 2012**
Building Operations	Emissions from natural gas consumption in utility boilers	Yearly consumption in kWh collected from fuel bills, converted according to Defra Guidelines for the London office. Data scaled up by number of employees to estimate emissions for operations in the rest of the UK, US, and Germany.	89	**69**	0.99	**0.66**
Company Cars	Emissions from petrol consumption	Yearly consumption in litres calculated from fuel bills. Converted according to Defra Guidelines. Estimated for Australia based on last year's figure. Scaled up Germany's fuel use to a year.	42	**45**	0.46	**0.42**
Total Scope 1			131	**113**	1.45	**1.08**

Scope 2 Supply Chain Impacts (Purchased Electricity)

Greenhouse Gases	Definition	Data Source and Calculation Methods	Quantity: Absolute Tonnes CO_2-e, 12 months to 31 Dec 2010	Quantity: Absolute Tonnes CO_2-e, 12 months to 29 Feb 2012	Quantity: Normalised Tonnes CO_2-e Per £m Turnover, 12 months to 31 Dec 2010	Quantity: Normalised Tonnes CO_2-e Per £m Turnover, 12 months to 29 Feb 2012
Electricity Use	Directly purchased electricity, which generates Greenhouse Gases including CO_2-e emissions	Yearly consumption of directly purchased electricity in kWh collected for the London office and German offices. Data scaled up by number of employees to estimate emissions for operations in the rest of the UK and US. KWhs converted according to Defra and national emission factor values.	255	**687**	2.81	**6.55**

Waste

Below we report our waste disposal by method of disposal in metric tonnes per annum and normalised to turnover.

Waste	Definition	Data Source and Calculation Methods	Quantity: Absolute Tonnes, 12 months to 31 Dec 2010	Quantity: Absolute Tonnes, 12 months to 29 Feb 2012	Quantity: Normalised Tonnes Per £m Turnover, 12 months to 31 Dec 2010	Quantity: Normalised Tonnes Per £m Turnover, 12 months to 29 Feb 2012
Landfill	General office waste (which includes a mixture of paper, card, wood, plastics and metals) sent to landfill sites	Volume of waste generated per annum in Australia and the London offices. Data scaled to estimate volume for operations in the rest of the UK, US, and Germany.	54.4	**71.6**	0.60	**0.68**
Recycled	General office waste sent to recycling facilities	Volume of waste generated per annum as calculated by waste hauler from Australia and the London office. Data scaled to estimate volume for operations in the rest of the UK, US and Germany.	38.0	**55.8**	0.42	**0.53**

CORPORATE RESPONSIBILITY

Water consumption

Water	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Cubic Metres		Normalised Cubic Metres Per £m Turnover	
			12 months to		12 months to	
			31 Dec 2010	**29 Feb 2012**	31 Dec 2010	**29 Feb 2012**
Water consumption	Directly purchased water	Yearly volume of water purchased, calculated from Germany and partial dataset of London office bills. Data scaled up by number of employees to estimate consumption for operations in the rest of the UK, US and Australia.	4,040	**4,035**	44.60	**38.43**

BOARD OF DIRECTORS

Executive Directors

Nigel Newton
Founder and Chief Executive

Nigel Newton was born and raised in San Francisco and is a dual citizen of the US and UK. He read English at Cambridge. After working at Macmillan Publishers, he joined Sidgwick & Jackson. He left Sidgwick in 1986 to start Bloomsbury. Bloomsbury floated on The London Stock Exchange in 1994 and has grown organically and through strategic acquisitions and partnerships. Bloomsbury publishes over 1,000 books a year from its offices in the UK, USA and Australia. Bloomsbury authors include JK Rowling, David Guterson, Margaret Atwood, Daniel Goleman, Ben McIntyre, Kate Summerscale, Elizabeth Gilbert, Heston Blumenthal, Hugh Fearnley Whittingstall, Howard Jacobson, Madeline Miller and Khaled Hosseini.

Nigel Newton serves as Chairman of the British Library Trust, President of Book Aid International, Chairman of the Charleston Trust, Member of the Man Booker Prize Advisory Committee, Trustee of the International Institute for Strategic Studies, past Chair of World Book Day (2006), past member of the Publishers Association Council, Board Member of the Churchill Centre, Member of the Visiting Committees of Cambridge University Library and Qatar University Library, and Chairman of Rescue The Cuckmere Valley.

Wendy Pallot
Finance Director

Wendy Pallot is a graduate Chartered Accountant who qualified with Coopers & Lybrand with whom she spent eight years. She was Group Finance Director for GCap Media plc, the UK's leading commercial radio operator which was listed on the UK Main Market, from 2005 until its sale in 2008. She was Group Finance Director of GWR Group plc, a leading UK listed radio operator, from 2001 until its merger with Capital Radio plc in 2005 to form GCap Media plc. Wendy Pallot is the Chairman and one of the co-founding Directors of a company operating a number of local radio stations. She is also a Governor of the Central School of Ballet.

Richard Charkin
Executive Director

Richard Charkin joined the Bloomsbury Board as an Executive Director in October 2007. He read Science at Cambridge and began his career in 1972 as Science Editor of Harrap & Co. He has since held senior roles at Pergamon Press, Oxford University Press, Reed International/Reed Elsevier, Current Science Group and has been Chief Executive Officer of Macmillan Publishers Limited and Executive Director of Verlagsgruppe Georg von Holtzbrinck. His other publishing interests include being Chairman of the International Advisory Board of Bloomsbury Qatar Foundation Journals in Doha, Non-Executive Director of the Institute of Physics Publishing, a member of the UK Literary Heritage Committee, Visiting Professor at the University of the Arts London, Director of the Federation of European Publishers and the International Publishers Association. He was President of the Publishers Association and a non-executive director of Melbourne University Publishing. He has an MA in Natural Sciences from Trinity College, Cambridge; was a Supernumerary Fellow of Green College, Oxford; and attended the Advanced Management Program at the Harvard Business School.

Non-Executive Directors

Jeremy Wilson
Independent Non-Executive Chairman

Jeremy Wilson joined the Bloomsbury Board as a Non-Executive Director in November 2005 and was appointed Non-Executive Chairman on 27 September 2007. He is also Vice Chairman of Barclays Corporate, Barclays Bank PLC. He joined Barclays in 1972. During his career at Barclays, Mr Wilson has held a variety of senior management positions, both in the UK and abroad, and has been responsible for major corporate and institutional client business. He is Chairman of CHAPS Co, Chairman of BAFT-IFSA, the global commercial banking industry body, Chairman of the Banking Environment Initiative, a Director of TheCityUK, and is responsible for a number of other Financial Service and industry initiatives within the UK and globally.

Ian Cormack
Independent Non-Executive Director
Senior Independent Director
Chair of the Audit Committee

Ian Cormack joined the Bloomsbury Board on 1 January 2011, is the Senior Independent Director and is Chair of the Audit Committee and member with recent and relevant financial experience. He has had a successful City career in leading international and UK roles at AIG, Citigroup and Citibank, where he spent over thirty years. A former member of the Chancellor's City Advisory Panel, he has served on committees for the London Stock Exchange, CHAPS, APACS, the European Securities Forum, Cedel and the Bank of England and has been an independent non-executive director of the board of the Qatar Financial Centre. He is currently Chairman of Maven Income & Company VCT4 plc and a Director of several other organisations including Phoenix Group Holdings, Aspen Bermuda, and National Angels Ltd. Ian Cormack is also an active member of the Development Council for the National Theatre and the Campaign Committee of Pembroke College, Oxford.

Sarah Jane Thomson
Independent Non-Executive Director
Chair of the Remuneration Committee

Sarah Jane Thomson joined the Bloomsbury Board in May 2010. She founded Ebiquity Plc in 1997 (formerly Thomson Intermedia Plc), a media information business using internet and technology to capture and deliver real-time advertising creatives and expenditure data for businesses. The company was floated on AIM in 2000 and she remains on the Board. In 2006, she founded First News, the weekly newspaper for children which has become the most widely read children's publication in the UK and she continues to be actively involved in driving the business forward. Her other roles include: founder of Priority One, an IT outsourcing business serving medium size businesses in Central London, and joint CEO of AddictivePoints, a newly launching social reward and loyalty solution for brands. Her previous roles include: Head of Information at Valin Pollen (Public Relations Consultancy) and Sales & Marketing Director at Mintel (Global Consumer, Product and Market Research).

BOARD OF DIRECTORS

Membership of Board Subcommittees

Committee	Members		Date appointed	Date resigned
Board	Jeremy Wilson	Chairman of the Board	24 November 2005	–
	Nigel Newton	Chief Executive	31 January 1986	–
	Ian Cormack	Senior Independent Director	1 January 2011	–
	Sarah Jane Thomson	Independent Director	28 May 2010	–
	Richard Charkin	Executive Director	1 October 2007	–
	Wendy Pallot	Finance Director	8 April 2011	–
	Colin Adams	–	29 April 1994	8 April 2011
Audit Committee	Ian Cormack	Chair of the Committee	1 January 2011	
	Sarah Jane Thomson			
Remuneration Committee	Sarah Jane Thomson	Chair of the Committee	28 May 2010	
	Jeremy Wilson			
	Ian Cormack			
Nomination Committee	Nigel Newton	Chair of the Committee	20 September 2004	
	Jeremy Wilson			
	Ian Cormack			
	Sarah Jane Thomson			

Group Company Secretary

Michael Daykin is a graduate Chartered Company Secretary (FCIS) and Chartered Accountant (FCA) and joined as company secretary in February 2011. He has held Group Company Secretary and senior roles in a number of UK Main Market listed companies.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the Group for the year ended 29 February 2012. Bloomsbury Publishing Plc is a company incorporated in England and Wales, company number 01984336, with its principal place of business and registered office at 50 Bedford Square, London WC1B 3DP. Bloomsbury Publishing Plc is a listed company subject to the Listing Rules and Disclosure and Transparency Rules of the Financial Services Authority.

In accordance with the requirements of the Companies Act, the Company is required to produce a fair view of the business, including a description of the principal risks and uncertainties facing the Company. This is set out in the Overview, the Business Review and the Governance sections on pages 1 to 70, which provide information about the Group, all of which are incorporated into this Directors' Report by reference.

Corporate Responsibility

A summary of the Group's corporate responsibility activities is contained on pages 35 to 40, which forms part of the Directors' Report.

Corporate Governance

The Group's report relating to the UK Corporate Governance Code disclosures is contained on pages 50 to 56 and forms part of the Directors' Report.

Principal activities

The principal activities of the Group are the publication of books, the development of electronic information products and reference databases, the provision of managed services and related activities.

Overseas activities

The Group has overseas subsidiaries that are based and operate in Australia and North America. During the year the Group also had an overseas subsidiary based and operated in Germany which was disposed of on 28 February 2012. These subsidiaries generally allow locally employed teams to deliver services locally to authors and customers. The Group has UK based sales, marketing and editorial people who are involved in business development and travel to various countries worldwide.

Results

The Key Performance Indicators for the Group include Adjusted Profit, Revenue and Profit Before Tax which are set out in the Financial Review on pages 23 to 30. Profit after tax for the Group's continuing and discontinued operations for the year was £3.4m (14 months ended 28 February 2011: £2.2m).

Dividends

The Directors recommend a final dividend of 4.31p (2011: 0.28p) per share payable on 25 September 2012 to shareholders on the register at the close of business on 31 August 2012. The dividends paid and proposed by the Company for the year ended 29 February 2012 and for the 14 month period ended 28 February 2011 are as follows:

Dividend	Dividend per share	Total dividend	Record date	Paid/ payable date
2012 Final (proposed)	4.31p	£3.1m	31 August 2012	25 September 2012
2012 Interim	0.89p	£0.7m	4 November 2011	30 November 2011
Total	**5.20p**	**£3.8m**		
2011 Final	0.28	£0.2m	26 August 2011	27 September 2011
2011 2nd Interim	3.91	£2.8m	3 May 2011	1 June 2011
2011 1st Interim	0.81	£0.6m	22 October 2010	19 November 2010
Total	**5.00p**	**£3.6m**		

DIRECTORS' REPORT

Directors

The names of the Directors as at the date of this report, together with biographical details, are set out on pages 41 and 42, which forms part of the Directors' Report. The Directors serving on the Board of the Company during the year were as follows:

	Date appointed	Date resigned
Executive Directors		
Nigel Newton	–	–
Richard Charkin	–	–
Wendy Pallot	8 April 2011	–
Colin Adams	–	8 April 2011
Chairman and Independent Non-Executive Directors		
Jeremy Wilson	–	–
Ian Cormack	–	–
Sarah Jane Thomson	–	–

Details of Directors' service contracts and Directors' interests in shares and options are shown in the Directors' Remuneration Report on pages 57 to 70. Other than as disclosed in the Directors' Remuneration Report, none of the Directors held any interest, either during or at the end of the financial year ending 29 February 2012, in any material contract or arrangement with the Company or any subsidiary undertaking.

Company policy is to appoint Directors to the Board on the recommendation of the Nomination Committee. This may be as part of the progressive refreshing of the Board, to reappoint a Director retiring by rotation, to fill a vacancy arising as a result of a retiring Director or as part of measures taken to enhance the skills, experience, capability and balance of the Board.

The effect of the Company's Articles of Association is to require that at least approximately one third of Directors who have remained in office for the longest period since being elected or re-elected and any Director who did not stand for re-election in either of the two proceeding AGMs must retire by rotation. The Articles also require that new Directors appointed by the Board must offer themselves for re-election at the next AGM. Accordingly, Richard Charkin and Sarah Jane Thomson retire by rotation at the forthcoming Annual General Meeting. Both these Directors, being eligible, offer themselves for re-election. The Chairman on behalf of the Board confirms that each of the Directors proposed for re-election at the AGM continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and any other duties).

The terms of termination of the Directors' contracts are described in the Directors' Remuneration Report set out in pages 57 to 70 which includes details of any agreements by which the Company would pay compensation to its Directors for loss of office, for loss of employment or would make payments in respect of a change of control of the Company.

Directors' indemnities and insurance

In accordance with the Company's Articles of Association, Directors are granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of their office. The Group 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 Group.

Charitable and political donations

The Group made charitable donations of £15,000 in respect of the year (14 months ended 28 February 2011: £10, 000). Details of the non-cash support given by the charitable and voluntary activities of the Company are as set out in the Corporate Responsibility section on pages 35 to 40.

No political donations were made by the Group during the year or in the previous period.

Payment policy for suppliers

It is the Company's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with. The same policy is adopted for the subsidiaries of the Company.

At 29 February 2012 the number of days' credit taken for purchases by the Group was 82 days (28 February 2011: 55 days). The year on year difference is due to the timing of the purchase of inventory to set up the Australian business during the previous period.

Financial instruments

Treasury activities are controlled and monitored by the Finance Director and are carried out in accordance with policies approved by the Board. The Finance Director has delegated authority to approve financial transactions within agreed frames of reference and levels of authority.

The Group's principal financial instruments, other than derivatives, comprise trade receivables, rights income receivables, trade payables, royalties payable, leases, cash and short term deposits. The purpose of the policies summarised below is to ensure that adequate cost effective funding is available to the Group and exposure to financial risk – interest rate, credit, liquidity and currency risk – is minimised. Group policy permits the use of derivative instruments but only for reducing exposures arising from underlying business activity and not for speculative purposes.

Derivatives including foreign exchange forward contracts have not been used during the year. Derivatives and financial instruments are only entered into when there is a commercial justification and with counterparties which fulfil predetermined credit criteria.

a) Interest rate risk

The Group policy is to continuously monitor the rates of interest available on cash deposits and to place deposits at the best available rate using only low risk high grade bank deposit facilities.

b) Credit risk

Authorised credit limits are set for new corporate customers based on an assessment of credit worthiness and on reports from third party credit checking agencies where appropriate.

c) Liquidity risks

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its own resources, cash balances, an overdraft and revolving credit facility and leases. The policy is to ensure that the Group has adequate committed bank facilities available.

d) Currency risks

The receipts and payments of overseas trading operations are largely in their local currency and therefore only material transactions would be hedged. The Group is subject to currency exposure on the translation of the profits and net assets of overseas subsidiaries. It is policy not to hedge exposures arising from profit and net asset translation on consolidating overseas subsidiaries as these are not material to the Group; the Board keeps this policy under review. The main foreign currencies in which the Group operates are the Euro, the US Dollar and Australian Dollar.

Share capital and rights attaching to the Company's shares

The share capital of the Company comprises a single class of ordinary 1.25p shares ("ordinary shares"). As at the date of this Directors' Report, there were 73,844,724 fully paid issued shares, all listed on the London Stock Exchange, with a further 24,614,880 ordinary shares that the Directors are authorised to issue. Details of the issued share capital of the Company can be found in note 20 together with details of the shares issued and cancelled during the year.

No ordinary shares carry special rights with regard to control of the Company. At a general meeting of the Company every member has one vote on a show of hands and on a poll one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

Under the Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).

No shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other rights conferred by being a shareholder if he or she or any person with an interest in shares has been sent a notice under Section 793 of the Companies Act 2006 (which confers upon public companies the power to require information with respect to interests in their voting shares) and he or she or any interested person failed to supply the Company with the information requested within 14 days after delivery of that notice. The Board may also decide to apply to the court for an order under section 794 of the Companies Act 2006 so that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant Section 793 notice, whichever is earlier.

DIRECTORS' REPORT

The Directors may refuse to register any transfer which is not a fully-paid share, although such discretion may not be exercised in a way which the Financial Services Authority regards as preventing dealing in the shares of that class from taking place on an open proper basis. The Directors may likewise refuse any transfer of a share in favour of more than four persons jointly.

The Company is not aware of any other restrictions in the transfer of ordinary shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws); and pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Group require approval of the Company to deal in the Company's shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of the securities or voting rights.

Share dilution

The Company adheres to "ABI Principles of Remuneration" issued 29 September 2011 by the Association Of British Insurers in respect of dilution limits. In particular:

- The rules of the Company's LTIP scheme ensure that commitments to issue new shares or re-issue treasury shares, when aggregated with awards under all of the Company's other schemes, do not exceed 10% of the issued ordinary share capital (adjusted for share issuance and cancellation) in any rolling 10 year period.
- The Remuneration Committee ensures that appropriate policies regarding flow-rates exist in order to spread the potential issue of new shares over the life of relevant schemes so that the limit is not breached.
- Commitments to issue new shares or re-issue treasury shares under executive (discretionary) schemes do not exceed 5% of the issued ordinary share capital of the Company (adjusted for share issuance and cancellation) in any rolling 10 year period. The implicit dilution commitment is provided for at point of grant even where, as in the case of share-settled share appreciation rights, it is recognised that only a proportion of shares may in practice be used.

As set out below in this report, the Bloomsbury Employee Benefit Trust purchases shares in the market to be used for satisfying LTIP awards and other employee share options that vest.

Authorities to purchase shares, to allot shares and pre-emption rights

Notice of the 2012 Annual General Meeting and explanatory foreword to the meeting on pages 138 to 144 form part of the Directors' Report and set out:

- an ordinary resolution renewing the authority for the Directors to allot shares under Section 551 of the Companies Act;
- a special resolution renewing the authority given to the Directors to disapply statutory pre-emption rights under Section 571 of that Act to allow shares to be issued for cash or treasury shares to be sold for cash on a non-pre-emptive basis; and
- a special resolution renewing the authority given to the Directors to purchase the Company's own shares on the stock market.

Employee Benefit Trust

Throughout the year to 29 February 2012, Ogier Employee Benefit Trustee Limited ("Trustee") acted as the trustee of the Bloomsbury Employee Benefit Trust ("EBT"). As at 29 February 2012 the EBT held 1,600,610 ordinary shares of 1.25 pence in the Company being approximately 2.2% of the issued ordinary share capital. The EBT did not make any purchases of shares in the Company between 29 February 2012 and the signing of this report. The Trustee may vote on shares held by the EBT at its discretion, but waives its right to a dividend.

The Trust made the following share purchases during year:

Date of transaction	Number of Ordinary shares of 1.25 pence each purchased	Price per share
28-Mar-11	35,000	£1.27
31-Mar-11	615,000	£1.31
04-Apr-11	10,000	£1.31
05-Apr-11	185,000	£1.32
06-Apr-11	27,500	£1.31
07-Apr-11	639,350	£1.32

Share purchases

During the year the Company made no purchases of its own shares.

Substantial Shareholdings

As at 15 June 2012, substantial shareholdings of 3% or more of the shares in the Company notified to the Company prior to signing of this report or per the share register as at 31 May 2012 (being the latest practical dates) are set out below:

	Ordinary shares Number	% issued share[1]
Managed funds		
Schroder Investment Management	10,453,482	14
BlackRock, Inc	8,813,137	12
Capital Research & Management	5,405,000	7
Liontrust Asset Management	5,211,561	7
Aberdeen Asset Management	5,208,940	7
Standard Life Investments	3,793,837	5
Charles Stanley, stockbrokers	2,783,008	4
Legal & General Investment Management	2,778,325	4

[1] Based on 73,844,724 issued shares.

Changes of control

The Group has established close relationships over a long period within the publishing markets in which it operates. It relies heavily on its goodwill and reputation and in particular on its reputation as an autonomous independent publisher with authors, customers and key employees that could be affected by a change of control.

The Company's share incentive schemes contain provisions relating to a change of control of the Company following a takeover bid (see note 21 for further details of the share incentive schemes). Under these provisions, a change of control of the Company would normally be a vesting event, facilitating the exercise of awards, typically subject to the discretion of the Remuneration Committee.

Contracts and arrangements essential to the business

The Group has a diverse base of authors, customers and general suppliers so that its dependency on any one individual author, customer or supplier is reduced. Primarily for printed books, the Group develops longer term relationships with a reduced number of business partners, printers and distributors to maximise process efficiencies and economies of scale. Failure of a main supplier could disrupt the supply of books to market or result in increased cost of working whilst alternative arrangements are made.

The Group depends on its reputation as there is a tendency for its authors and customers to behave collectively in the selection of their publishing service provider.

Future developments

The Group intends to continue to develop its range of publishing businesses and other services. Although the primary focus of the Group is on organic growth, acquisitions in these areas of business will be considered.

Going Concern

After making enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Consolidated and Company financial statements in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009, published by the Financial Reporting Council in October 2009. Further going concern disclosure is given in the financial statements as noted in the Basis of Preparation section of the Accounting Policies on page 78.

DIRECTORS' REPORT

Cautionary Statement

Under s417 of the Companies Act 2006, a company's Directors' Report is required, among other matters, to contain a fair review by the Directors of the Group's business through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the period end, consistent with the size and complexity of the business. The Directors' Report together with all sections incorporated into it by reference has been prepared only for the shareholders of the Company. Its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its Directors and employees are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the sectors, countries and business divisions in which the Group operates. These factors include, but are not limited to, those discussed under Risk Factors on pages 31 to 34. These and other factors could adversely affect the Group's results, strategy and prospects. Forward looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward looking statements, whether as a result of new information, future events or otherwise.

Auditor

a) Reappointment of the Auditor

A resolution to reappoint Baker Tilly UK Audit LLP as auditor will be proposed at the forthcoming Annual General Meeting.

b) Statement as to Disclosure of Information to the Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration Report, the separate Corporate Governance statement and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial period. The Directors are required under the Listing Rules of the Financial Services Authority to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' Report confirms that, to the best of their knowledge:

a. the financial statements, prepared in accordance with IFRS as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

b. the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.bloomsbury-ir.co.uk.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting

The Notice of the 2012 Annual General Meeting of Bloomsbury Publishing Plc is set in pages 141 to 144. An explanation of the resolutions to be put to shareholders at the Annual General Meeting on 23 July 2012 is set out on pages 138 to 140 which forms part of this Directors Report.

By order of the Board

Michael Daykin
Company Secretary
15 June 2012

CORPORATE GOVERNANCE

The Company's compliance throughout the year with the main principles of The UK Corporate Governance Code 2010 in addition to the Listing Rules of the Financial Services Authority is set out below. The UK Corporate Governance Code 2010 is also published on the Financial Reporting Council's website (www.frc.org.uk).

Confirmation of Compliance with the Code

The Board confirms that it has applied the principles and complied fully with all provisions of the Code in respect of the year ended 29 February 2012 except for provisions:

- B.2.1 which requires that the Chairman of the Board or an independent non-executive Director should chair the Nomination Committee. The Nomination Committee is formed of two independent non-executive directors, the Chairman of the Board, and the Chief Executive who continued to chair the Committee. The Board considers that provision B.2.1 is complied with fully in all other respects and that the principle B.2 is applied effectively in that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The Company has a balanced board of independent and executive directors. The Committee engages external recruitment consultants and two independent non-executive Directors were appointed during the period ended 28 February 2011. Directors are appointed to the Board on merit and one third of the Board are women.
- B.2.3 which requires that non-executive directors should be appointed for a specified period. The current letter of appointment of Jeremy Wilson dated 31 October 2007 does not specify a fixed date before requiring the renewal of his appointment and instead specifies a fixed notice period of 3 months by either party. The Board considers that provision B.2.3 has been complied with fully in all other respects and that principle B.2 is applied effectively in that all Directors are submitted for re-election at regular intervals, subject to continued satisfactory performance. Further, the Board ensures there is planned and progressive refreshing of the Board.

Board

The Directors are responsible to the shareholders for ensuring that the Company is appropriately managed and that it achieves its objectives. The Board comprises the independent non-executive Chairman, Senior Independent Director, a further independent non-executive director, the Chief Executive, the Finance Director and a further executive director. The biographies of the Directors appears on pages 41 and 42.

The Board met for seven main Board meetings during the year with an additional three meetings called during the year for the Board to consider specific matters. Board meetings included reviewing the Company's strategic direction, operating and financial performance and overseeing that the Company is adequately resourced and effectively controlled.

The Board has approved the matters specifically reserved for consideration by the Board. The Board determines the responsibilities and authority of its sub-committees, individual Directors and the level of authorities delegated to the management of the business.

The Audit Committee, Nomination Committee and Remuneration Committee have terms of reference approved by the Board that can be found on the Company's website, www.bloomsbury-ir.co.uk. Matters considered at Board meetings during the year have typically included:

- Review and setting of strategy for the Company's operations.
- Review of the management accounts, key performance indicators and full year forecasts produced quarterly.
- Approval of the annual and interim results and Interim Management Statements.
- Review and approval of annual budgets.
- Regular reports by the Chief Executive, proposals and updates on developing business operations, significant investments, major initiatives, other organisational changes and health and safety.
- Reports of the Chairs of sub-committees and minutes following sub-committee meetings.
- Review and approval of decisions, transactions and sensitive policies that are significant to the Company such as dividends, the organisational, legal and capital structure of the Company, acquisitions of literary titles, businesses and companies, and major contracts.
- Risk management and review of the risks of the Company.
- Evaluation of the effectiveness of the Board including the appropriateness of the terms of reference of sub-committees.

There is a clear division of responsibilities at the head of the Company, with the Chairman responsible for the effective operation of the Board, encouraging the active participation of all Directors, and the Chief Executive responsible for the strategic running of the Company's businesses. The Board has approved formal statements describing the role and remit of both the Chairman and Chief Executive, which further emphasise this division of responsibilities. The executive directors regularly hold formal meetings with senior managers as a management team to assist the Chief Executive in fulfilling his operational objectives. This management team makes recommendations to the Board and seeks approval from the Board where required. The non-executive directors constructively challenge and help develop proposals on strategy at meetings specifically set up for the purpose, which are attended by all Board members.

All Directors and Board sub-committees have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and advising the Board, through the Chairman, on governance matters. They also have access to independent professional advice, if required, at the Company's expense.

The Chairman has held meetings with the non-executive Directors without the executives present to discuss relevant matters.

Director independence

The Board considers each of the three non-executive directors, including the non-executive Chairman, to be independent in character and judgement and does not consider that there are any relationships or circumstances which affect, or could appear to affect, their independent judgement.

During the year Ian Cormack was an independent non-executive director of the Authority Board of Qatar Financial Centre (QFC) to whom Bloomsbury's Information publishing division supplies publishing support services which provides a minor source of revenue to the Bloomsbury Group. He does not have any executive responsibilities for the management of either the Qatar Financial Centre or Bloomsbury. The Bloomsbury Board and the QFC Board have satisfied themselves that this relationship does not affect Mr Cormack's independent judgement in either his role with Bloomsbury or with QFC. Following the Company's financial year end Ian Cormack's period as an independent non executive director to the QFC Authority Board was completed and he stepped down from the QFC Board through rotation.

The Remuneration Committee

The Remuneration Committee comprises the two independent non-executive directors and Chairman of the Board and is chaired by Sarah Jane Thomson. The Committee met five times during the year.

The Committee formulates and recommends to the Board the policy for the remuneration of the executive directors including the Chief Executive, Chairman of the Board and senior executives designated by the Board. It approves the design of, and determines the targets for, reward schemes for the executive directors. The remuneration of the non-executive directors is determined jointly by the Chairman and the executive directors and the remuneration of the Chairman is determined by the Directors excluding the Chairman. The Committee is supported by remuneration consultants New Bridge Street who work exclusively for the Committee and have no other commercial connection with the Company. A statement to this effect is included on the Company's website, www.bloomsbury-ir.co.uk.

The Committee ensures that the contractual terms and payments upon the termination of Directors' services are fair and do not reward failure, and that the duty to mitigate loss is fully recognised. It approves the design of employee share incentive plans, the grant of share incentive awards and options to employees and determines whether the performance criteria have been met for the vesting of awards and options. The Committee monitors the remuneration trends for employees generally across the Company and oversees major changes in employee benefits structures.

During the year there were no new long-term incentive schemes (as defined in the Listing Rules) or significant changes to existing schemes. However, the Board would invite shareholders to specially approve new long term incentive schemes and significant changes to existing schemes.

The Audit Committee

The Audit Committee comprises two independent non-executive directors, namely Ian Cormack and Sarah Jane Thomson. The Chair of the Committee is Ian Cormack. The Committee met on three occasions during the year. The Board is satisfied that the experience of Ian Cormack is sufficient for him to meet the experience and qualification requirements to be a member of the Audit Committee with recent and relevant financial experience under the Code and the UK Listing Authority Listing Rules.

CORPORATE GOVERNANCE

The terms of reference of the Committee can be found on the Company's website, www.bloomsbury-ir.co.uk, and set out the role and authority of the Committee. Duties and matters reserved for the Committee include oversight of the relationship and process with the external auditor; review of significant financial information, including assumptions, judgements of management and critical accounting policies, to be published externally; reviewing the effectiveness of the Company's systems of internal control and risk management; and recommending to the Board changes to the Committee's terms of reference.

During the year, the Committee has reviewed the interim and annual results and Interim Management Statements to ensure that they present a fair assessment of the Company's position and prospects before approval by the Board. The Committee approves all significant changes in accounting policies. It has reviewed the Company's statement on internal control systems prior to endorsement by the Board and has reviewed the policies and processes for identifying, assessing and managing business risks.

The Committee evaluates the effectiveness of the external auditor and oversees their appointment, reappointment and fees, ensuring these are adequate for the work they are required to undertake. The Committee monitors the independence and objectivity of the external auditor, ensuring that key audit partners are rotated at appropriate intervals. The Committee reviews the level of non-audit fees relative to audit fees and has approved a formal policy on the provision of non-audit services to safeguard the independence and objectivity of the external auditors. The policy prohibits the external auditor from being engaged on work where their independence could be threatened and requires the pre-approval by the Committee of other non-audit services where the fees of the external auditor would exceed £5,000. Further safeguards are employed such as audit and non-audit work being performed by different teams from the external auditor.

The Committee reviews the plans, findings and recommendations of the internal auditor, and management's responses to internal audit recommendations. It ensures that the internal audit function is adequately resourced in light of the system of risk management and has appropriate standing within the Company. The Committee evaluates the effectiveness of the internal auditor and approves the appointment and removal of the Head of Internal Audit.

The Committee typically invites the external auditor, internal auditor, Chairman of the Board, Chief Executive, Finance Director and Executive Director to attend meetings. It meets at least once in respect of each reporting period and a standard item on the agenda for every meeting is a meeting with the external auditor alone without management present.

The Committee formally reviews the whistle-blowing arrangements of the Company by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters at least annually. The Committee's objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Nomination Committee

The Nomination Committee comprises three independent Directors, including the Chairman of the Board, and the Chief Executive who chairs the Committee. The Committee met once during the year.

The Committee operates under terms of reference agreed by the whole Board, and which are available on the Company's website. Its role is to review the composition of the Board, consider succession planning and nominate to the Board, for approval, candidates to fill Board vacancies. The Committee determines the Directors who should stand for re-election at the AGM in accordance with the Articles of Association of the Company.

The Board formally approves the appointment of all new Directors on the recommendation of the Nomination Committee.

Board appointment process

The Board adopts a formal and rigorous approach to the appointment of Directors. The following outlines the typical board appointment process:

- the need to appoint a new Director is identified by an existing Board member's intention to retire or by the monitoring by the Committee of the Board's structure, balance, succession planning and need for progressive refreshing which takes account of the findings of the Board's evaluation of the skills and capabilities of Board members;
- the Committee determines the recruitment process;

- the Committee considers the strengths and weaknesses of the Board, the management team and the business to define the experience and capabilities required for the new appointment;
- external recruitment consultants are appointed and briefed with the requirements for candidates; filtering selects a long list of the highest calibre candidates; standard interviews are conducted on the long list by two Directors sitting together supported by the external recruitment consultant; and a short list of candidates is recommended to the Committee. The recommended candidates are supported by further detailed background research to confirm their suitability which includes detailed references taken up by the Company;
- the Committee considers whether a suitable high calibre candidate can be selected and, if so, recommends a single candidate to the Board.

The Chairman ensures that new Directors receive a full, formal and tailored induction on joining the Board. Newly appointed Directors are provided with the opportunity to meet major shareholders as part of the investor relations programme of the Company.

Re-election of Directors

All Directors are subject to appointment by the shareholders at the first Annual General Meeting after their appointment, and reappointment thereafter at intervals of no more than three years. Non-executive directors are appointed for an initial period of three years, subject to reappointment and a notice period by the Company or the Director (notice periods are set out in the directors' Remuneration Report on pages 57 to 70). A policy is followed of progressive refreshing of the Board and the independent non-executive directors can be expected to retire from the Board no later than during the third three year period or earlier if appropriate.

Board and Committee attendance

The table below shows the attendance at Board and sub-committee meetings during the year ended 29 February 2012. Further meetings of the Directors in addition to the figures included in the table below were convened during the year to consider specific issues:

	Board	Remuneration	Audit	Nomination
Total number of meetings during the year	7	5	3	1
Executive Directors				
Nigel Newton (Chief Executive)	6	2[1]	2[1]	1
Richard Charkin	7	–	3[1]	–
Wendy Pallot	7	1[1]	3[1]	–
Non-Executive Directors				
Jeremy Wilson (Chairman of the Board)	7	5	3[1]	1
Sarah Jane Thomson	7	5	3	1
Ian Cormack	7	5	3	1

[1] Not a member of the subcommittee. Attended subcommittee meetings as a guest of the Chair of the committee.

CORPORATE GOVERNANCE

Performance evaluation

The performance of the Board, and of each individual Director, is evaluated annually through assessment questionnaires completed anonymously by Directors and one-to-one interviews with the Chairman. Upon completing interviews, the Chairman makes a formal report to the Board on the findings with recommendations for actions to be implemented by the Board, individual Directors, the Company Secretary and senior management in the business. Where needed the Chairman holds confidential follow up meetings with individual Directors to address concerns they have raised or to address concerns raised about them by other Directors .

The performance evaluation of the Chairman is performed by the other non-executive directors and is led by the Senior Independent Director. The evaluation is undertaken using assessment questionnaires and one-to-one interview with the Senior Independent Director who takes into account the confidential views of the other Directors.

The Chairman and Senior Independent Director update the Board on their findings, conclusions and recommendations for approval and implementation by the Board.

The performance of the Board sub-committees is evaluated annually using detailed assessment questionnaires which review the performance of the committees against best practice. The questionnaires are completed as appropriate by the non-executive and executive directors, the external auditor and Company Secretary. The Company Secretary collates a report of anonymous responses to questionnaires from which recommended improvements to committee processes are agreed by the committees and the Board. Each sub-committee considers its own terms of reference at least annually and, if considered necessary, recommends changes for the Board to approve.

The conclusions of the Board evaluations are considered by the Nomination Committee when reviewing the structure and composition of the Board and succession planning. As a result of the review of performance, the Chairman on behalf of the Board confirms that each of the Directors proposed for re-election at the AGM continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and any other duties).

Training and development of the Directors

Evaluation of the Board performance reviews whether the Directors have refreshed their skills and knowledge sufficiently and provides an opportunity for Directors to identify where training and development can assist them in the performance of their duties. Development may include, for example, meetings with senior managers to gain an improved understanding of processes and issues specific to the business. Directors are provided with relevant technical reports and updates by the external auditor, Finance Director and Company Secretary as part of the Board's information process.

The Board is progressively refreshed. Three Directors have recently retired and been replaced by new appointments bringing new skills and experience to the Board.

Shareholder Communications

The Annual Report, Interim Reports, Interim Management Statements, AGM and post results announcement presentations are the principal means through which the Company communicates its strategy and performance to its shareholders. All shareholders are welcome to attend the AGM and private investors are encouraged to take advantage of the opportunity given to ask questions. The Chairmen of the Audit, Remuneration and Nomination Committees attend the meeting and are available to answer questions, as appropriate.

The Company maintains an active dialogue with its institutional shareholders and City analysts through a planned programme of investor relations. The programme includes formal presentations of results and post results meetings with the major shareholders and other investors who request meetings. The presentations are made available on the website www.bloomsbury-ir.co.uk. The meetings and presentations provide an opportunity for shareholders to ask questions and to meet the executive directors including the Chief Executive and non-executive directors including the Senior Independent Director. The outcome of regular meetings with the main shareholders, presentations and post results meetings is reported to the Board. This includes both feedback from individual Directors and feedback collated from discussions by the Company's corporate broker with the main shareholders. The Company's corporate broker provides regular shareholder analysis to the Board. Feedback from shareholders and other members of the shareholder corporate governance community is used to help review and develop Bloomsbury's procedures.

At least annually, the Chairman writes to the major shareholders inviting them to meet to discuss governance and strategy and to review with them the Company's performance. The Chairman has met with a number of shareholders during the year.

Meetings on Corporate Governance with Significant Shareholders

In respect of the year the Chairman of the Board met with three significant shareholders of the Company as part of the Company's ongoing Investor Relations communication approach. The Senior Independent Director accompanied the Chairman for two of the three meetings. The meetings provided shareholders with the opportunity to openly discuss Corporate Governance matters including remuneration and raise any concerns. Following the meetings the Chairman reported to the Board on the discussions held including any feedback from the shareholders.

Internal Control and Risk Management

The Code requires the Directors to assess at least annually the effectiveness of the Group's systems of internal control which include financial, operational and compliance controls, and risk management. This review has been carried out by the Audit Committee on behalf of the Board.

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, for setting policy on internal control, and for reviewing the effectiveness of internal control. The role of management is to implement Board policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material financial misstatement or loss.

The Board operates both formally, through Board and Committee meetings, and informally, through regular contact amongst Directors. High level decisions on such matters as strategy, financial performance and reporting, dividends, risk management, major capital expenditure, acquisitions and disposals are reserved for the Board or Board Committees. For its regular formal meetings, the Board receives appropriate information in advance from management. Other decisions outside of these areas are delegated to the Company's management, which reports to the executive directors.

The Board has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the guidance of the Turnbull Committee on internal control. This process has been in place for the year under review and up to the date of approval of this Annual Report. The process is regularly reviewed by the Audit Committee on behalf of the Board to ensure that the procedures implemented continue to be effective and where appropriate recommendations are made to management to improve the procedures. The Company's system of internal financial control aims to safeguard the Company's assets, ensure that proper accounting records are maintained, that the financial information used within the business and for publication is reliable, that business risks are identified and managed and that compliance with appropriate legislation and regulation is maintained.

Internal Control and Risk Management Framework

The preparation of the consolidated financial statements of the Company is the responsibility of the Finance Director and is overseen by the Audit Committee and the Board. This includes responsibility for ensuring appropriate internal controls are in place over financial reporting processes and related IT systems. The Audit Committee monitors the risks and associated controls over financial reporting processes, including the consolidation process.

Relevant features of the Company's system of internal controls and risk management in relation to the financial reporting process and preparation of the Group financial statements include:

Organisational culture: The Company has a highly skilled, professional and committed workforce. The Board is committed to developing a culture of openness, integrity, competence and responsibility. The Board concentrates mainly on strategic and significant organisational issues, approving objectives and monitoring, at a high level, the financial and operational performance against objectives.

Risk and control review: The Company maintains risk logs and a risk matrix supported by risk reviews by management and the internal auditor. The Executive Committee (which comprises the senior management team and executive directors) and Board have reviewed the significant risks and ensures appropriate action is being taken to address the risks. The Audit Committee has reviewed the Company's financial risk matrix of areas that could impact on reporting and the Company's financial and non-financial risk matrix when considering the financial statements.

CORPORATE GOVERNANCE

Financial internal control and risk review: The Finance Director formally reviews the internal financial controls taking account of the risks within the financial information systems and reports the findings of this review to the Audit Committee. Analytical review of operating results and detailed control questionnaires completed for the publishing divisions and overseas offices supplement management's knowledge of the business for the evaluation of the risks and assessment of the internal financial controls. The Audit Committee also receives reports on the internal controls and risks provided by the internal auditor. The Audit Committee receives other reports from management relevant to the internal financial controls such as reports on the progress of key projects including the implementation of a new accounting and management information system.

Authority levels: The Board sets the level of authority required, before Board approval is needed, to commit the Company or to undertake transactions. It also approves budgets and other performance targets. Business publishing divisions and business functions operate within these authority levels and budgets and determine the authority to be delegated to individual managers.

Financial management reporting: The Board approves annual budgets. Sales are reported daily, weekly and monthly. Financial results of the business operations are reported monthly and compared to budgets. Detailed forecasts for the Company are updated regularly and reviewed by the Board. The Finance Director approves author advances in the balance sheet.

Book title acquisition procedures: Established procedures, such as the review and approval by an executive director of acquisition proposals of rights to new books, are operated within set authority limits and used for transactions in the ordinary course of business such as for acquisition of books for future publication. Acquisitions exceeding delegated authority limits require approval by the Board. Significant acquisition of companies and businesses are approved by the Board.

Accountability: The Company has clearly defined lines of responsibility headed by the Chief Executive and Executive Committee to control the publishing divisions and business functions. Each overseas office has a local manager who is responsible for operational effectiveness and the local internal controls. Detailed operational and financial performance data are monitored by supervisory management to ensure the performance of operations is in line with targets. The reasons for variances and under performance are established by supervisory line management.

Internal audit: An internal audit function conducts risk based audits of the processes agreed with the Audit Committee to review the internal controls. Its conclusions are communicated to senior management and the Audit Committee. The Audit Committee considers reports from external and internal audit to ensure that adequate measures are being taken by management to address risk and control issues. The internal audit function reports to the Chairman of the Audit Committee.

By order of the Board

Michael Daykin
Company Secretary
15 June 2012

DIRECTORS' REMUNERATION REPORT

This Directors' Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee (the "Committee") and has been approved by the Bloomsbury Board. As required by the Companies Act 2006 (the "Act"), a resolution to approve the report will be proposed at the 2012 Annual General Meeting.

The Committee has adopted the principles of good governance relating to Directors' remuneration as set out in the UK Corporate Governance Code (the "Code"). The report complies with the Act and the Listing Rules of the Financial Services Authority. The Company has complied with the provisions of the Code relating to Directors' remuneration throughout the year.

The Act requires the external auditor to state whether, in their opinion, certain parts of this report have been properly prepared in accordance with the applicable regulations. Part A below, which is not subject to audit, sets out the Company's remuneration policy. Part B, which has been audited, provides details of the remuneration and share incentives of the Directors.

PART A – UNAUDITED INFORMATION

Remuneration committee

Membership

Throughout the year ended 29 February 2012 and up until signing this report the Committee has comprised three independent non-executive directors, namely Sarah Jane Thomson, Ian Cormack and Jeremy Wilson. Sarah Jane Thomson has chaired the Committee since 28 May 2010. The Company Secretary acts as secretary to the Committee.

Assistance to the Committee

During the year the Committee took advice from external remuneration consultants, principally New Bridge Street, who do not perform other services for the Company. The Committee received assistance from the Company Secretary and, where specifically requested by the Committee, the Chief Executive and Finance Director. Meetings were held with major shareholders during the year as part of Bloomsbury's ongoing investor relations programme to discuss corporate governance matters including remuneration. The conclusions of these meetings have been discussed by the Committee. The Committee also considers the reports and recommendations of shareholder representative bodies and corporate governance analysts.

Terms of Reference

During the year the Committee reviewed its terms of reference as part of the Board evaluation process and recommended to the Board that these should be updated in line with model terms of reference published by the Institute of Chartered Secretaries and Administrators. The Committee's terms of reference are available on the Company's investor relations website www.bloomsbury-ir.co.uk.

Responsibilities and activities of the Committee

The Committee determines the remuneration policy for the executive directors for approval by the Board. In particular, the Committee approves for each executive director the basic salaries, pensions, other benefits, bonus awards and the awards made under Bloomsbury's Long Term Incentive Plan (see below). The Committee approves all payments of bonus for each executive director and the vesting of all LTIP awards before payments are made.

The Committee considers it is appropriate for the executive directors to determine the remuneration of senior management. In respect of employees below the level of the Board, the Committee approves the bonus pool from which bonuses are paid and approves the grant/vesting of all LTIP awards before payments are made.

The Committee met formally on five occasions during the year including two occasions without the executive directors present and on three occasions with the executive directors attending part of meetings for specific items on agendas at the invitation of the Committee. During the year the Committee:

- approved a below-inflation annual increase in basic salaries for executive directors of 2.8% being the budgeted increase for the basic salaries of all Bloomsbury employees;
- implemented performance targets for the annual bonus that proved to be stretching and which brought about vital short and long term changes to the business. Based on the results for the year ended 29 February 2012, the Committee has approved bonus payments for executive directors of 54% of salary (see below for further details). The level of bonus payments approved by the Committee has been substantially reduced compared to the previous period whilst Adjusted Profit (see below for details of the treatment of highlighted items) and Profit Before Tax have increased and key initiatives have been implemented;

DIRECTORS' REMUNERATION REPORT

- implemented new procedures for setting performance targets for LTIP that ensure stretching performance is required for vesting to start and that the highest levels of performance are required for full vesting. Applying these procedures the Committee approved the granting of LTIP awards for the year;
- determined that LTIP awards granted in 2008 should not vest; and
- reviewed the structure of executive director remuneration and concluded that the:
  - annual cash bonus, subject to minor refinements to make the scheme more stretching and more focussed on achieving vital strategic objectives, remains appropriate, providing a strong incentive to motivate the Directors and align their short-term interests with those of the shareholders; and
  - the structure of the existing LTIP remains appropriate, providing a strong incentive to attract, retain and motivate the Directors to achieve the highest levels of performance and align their long-term interests with those of the shareholders.

Remuneration policy

In determining remuneration policy the Committee applies the key principles that remuneration:

- should attract and retain suitably high calibre executive directors and ensure that they are motivated to achieve the highest levels of performance including delivering strategic initiatives and objectives; and
- should align the interests of the executive directors with those of the shareholders.

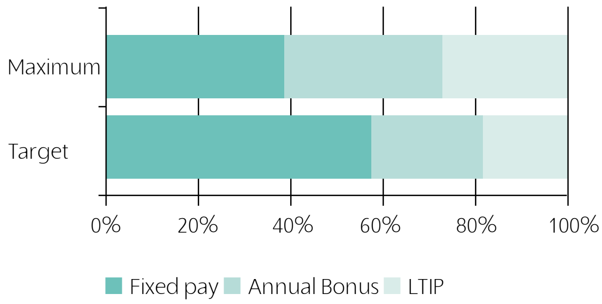
A significant proportion of the remuneration of each executive director is expected to accrue through variable elements (see below) which are dependent on the performance of the business and the personal performance of the Director both over the course of the year and over the longer term. Remuneration of the executive directors is reviewed annually.

In order to illustrate the impact of different levels of performance on the composition of total remuneration in terms of the proportion of fixed (salary, pension and benefits) and variable (annual bonuses and long term incentives) remuneration, two notional levels of Company share price, Company and personal performance have been defined. The assumptions made for the charts are as follows:

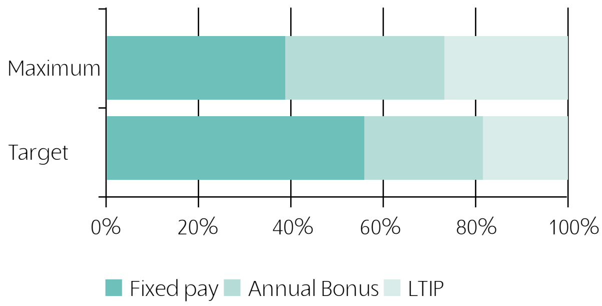
Performance level	Target performance	Maximum performance
Annual bonus	50% of basic salary	100% of basic salary
LTIP	50% of the value of the shares at the date of grant	100% of the value of the shares at the date of grant

The charts below assume that future LTIP is awarded at a level of 75% of basic salary for Nigel Newton and 66% of basic salary for Richard Charkin and Wendy Pallot until such time as the Committee changes policy. The charts exclude the relatively minor value of options granted under Bloomsbury's Sharesave scheme in which executive directors may voluntarily participate.

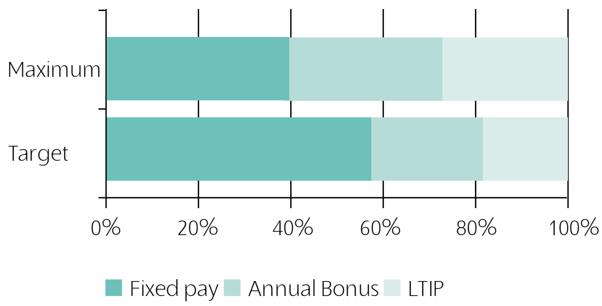
Chief Executive – Nigel Newton



Executive Director – Richard Charkin



Executive Director – Wendy Pallot



The fixed and variable components of the executive directors' remuneration are as follows.

1) Basic salary

Basic salaries for the executive directors are reviewed annually and are set at levels that take account of the performance, experience and responsibilities of each individual concerned having regard to the prevailing market conditions and the budgeted annual increase in basic salaries used for Bloomsbury employees generally. On appointment, the basic salaries for executive directors take account of appropriate market competitive ranges from companies of a similar size and complexity. The Committee determines as a proportion of basic salary, the level of opportunity to earn a performance related annual bonus and the level of opportunity to earn long term incentive awards.

The salaries for the executive directors are as follows:

Executive director	**From 1 March 2012 £'000**	From 1 March 2011† £'000	From 1 Jan 2010 £'000
Nigel Newton	**395**	384	*341
Richard Charkin	**323**	314	*279
Wendy Pallot‡	**226**	220	N/A

* For the 12 months from 1 January 2010, Nigel Newton and Richard Charkin voluntarily took a 10% reduction in basic salary which was restored effective from 1 January 2011.

† Or date of appointment if later in the period

‡ Wendy Pallot was appointed on 8 April 2011 on an initial salary of £220,000

2) Pension contributions

Executive directors may receive contributions from the Company to their contributory pensions schemes based on a percentage, determined by the Committee, of their basic salary. On his appointment, the basic salary of Richard Charkin included an allowance in lieu of pension at a level of 10% of basic salary excluding pension. No further pension contributions have been made by the Company. During the year ended 29 February 2012 the other executive directors received contributions to their contributory private pensions which ranged from 10% to 15% of basic salary. Further details are presented within the Directors' Emoluments table.

3) Other benefits

The Company offers executive directors a car or a cash alternative and benefits including life assurance, permanent health cover, private medical cover and other minor benefits. Wendy Pallot receives a cash alternative of £10,000 to a car allowance. On his appointment in 2007, Richard Charkin received an uplift in basic salary of £10,000 in lieu of a car allowance.

4) Performance related annual bonus

The Committee determines the policy on an annual cash bonus scheme for the executive directors and the eligibility of executive directors to participate in the scheme.

For the year ended 29 February 2012 the Committee reviewed the annual cash bonus to ensure that it strongly aligns the short term interests of executive directors with those of the shareholders. The conclusion of this review was that subject to minor refinements, the majority of the annual cash bonus provides the executive directors with a strong incentive for the highest levels of performance over the coming financial year. The Committee refined the bonus scheme to ensure that:

- basic profit related bonus and personal/strategic objectives bonus (see below) require stretching Adjusted Profit performance in order for any bonus to begin to accrue and requires exceptional Adjusted Profit performance to be achieved in order for full bonus to be earned; and
- there is an increased emphasis on each executive director achieving strategic objectives that realise benefits to the Group both in the present and future years.

Following the introduction of the new scheme, annual cash bonus payments to the executive directors for the year ended 29 February 2012 have fallen compared to the previous period both in absolute terms and as a proportion of basic salary whilst Adjusted Profit and Profit Before Tax have both increased. Further, the executive directors have also achieved a wider range of strategic objectives vital to the business.

As a percentage of basic salary, the opportunity for the executive directors to earn bonus is as follows:

Period end:	**29 February 2012**	28 February 2011*
Profit Related bonus	**70%**	80%
Personal Objectives bonus	**10%**	10%
Strategic Objectives bonus	**20%**	10%
Maximum bonus opportunity	**100%**	100%

* Bonus in respect of the 14 months ended 28 February 2011 was restricted to 12 months.

DIRECTORS' REMUNERATION REPORT

Strategic and personal objectives

The majority of the strategic and personal objectives set by the Committee for the year ended 29 February 2012 directly relate to vital initiatives underpinning the highlighted items set out below. A summary of the strategic and personal objectives for the executive directors is as follows:

Highlighted item	Description of targeted strategic and personal objectives set by the Committee for the executive directors		
	Nigel Newton	Richard Charkin	Wendy Pallot
Strategic global reorganisation of the Group	Implement the One Global Bloomsbury plan (achieved by restructuring the organisation).	Improve digital understanding throughout the Group.	Align the finance team with the One Global Bloomsbury structure. Complete the implementation of the new finance system in the UK.
Establishing and relocating the Group's head office	Implement the One Global Bloomsbury plan (achieved by consolidating teams into a single head office building).		
Acquisitions	Deliver the acquisition of Continuum International Publishing Group Limited.		Project manage the Continuum acquisition, set up the ongoing monitoring of milestones and synergies and integrate the UK and US finance teams.
Disposal		Solve the lack of German profitability (achieved by supporting the Chief Executive in the disposal of the German subsidiary).	
Other targeted objectives not relating directly to highlighted items	Implement a long term digital growth strategy. Deliver long term growth in BRIC countries.	Improve the profitability of certain trade publishing areas. Deliver annuity income streams to compensate for potential retail decline.	Improve the quality of financial reporting, in particular at Board and management level. Improve analyst and shareholder communications with the Group. Complete the restructuring of the finance team to improve business support and efficiency.

Operation of the bonus pool

Bonuses paid to the executive directors and other managers in the business are paid from a bonus pool approved by the Committee. The bonus pool is calculated by applying formulae based on Adjusted Profit and targets set by the Committee. If there is a short fall in the bonus pool such that the pool is not sufficient to fund full bonuses then the bonuses for the executive directors and other managers are scaled back in proportion to the shortfall.

The Committee sets a minimum target for Adjusted Profit below which no bonuses are paid. The minimum target is in line with City analysts' key indices, namely Adjusted Profit, prevailing at the time bonus plans are set by the Committee.

Profit measurement for annual cash bonus

Consistent with other UK listed companies in the media sector, the Committee considers that audited Adjusted Profit to be an appropriate financial measure for the performance targets for profit related bonus. This measure of performance is consistent with the profit forecasts that City analysts publish and ensures that the majority of the annual cash bonus and the short term financial achievement of the executive directors are aligned with the interests of the shareholders.

The Committee may use its independent discretion to adjust bonus payments in order to ensure they are aligned with the interests of shareholders. The Committee considers each highlighted item that is excluded from Adjusted Profit and determines whether, in the opinion of the Committee, the treatment with respect to bonus is in the interests of shareholders.

Highlighted items for the financial year

Adjusted Profit, on which profit related bonus is calculated, is before highlighted items. The Committee considered in detail the highlighted items set out in the Chief Executive's review on pages 5 to 15. The Committee sets bonus targets before amortisation of intangible assets consistent with the accounting treatment for Adjusted Profit and City analysts' key indices and is satisfied that the amortisation charge for the year is not exceptional. In determining whether other highlighted items may be excluded from Adjusted Profit for the purposes of calculating the bonus the Committee has applied the following criteria:

- the highlighted items relate to important strategic steps instructed by the Board that have been taken to strengthen the business;
- future profits should benefit from the investment value of the highlighted items;
- failure to implement the strategic steps and incur the highlighted items would have been detrimental to the interests of the shareholders;
- management has mitigated the quantum of the highlighted items; and
- the highlighted items are measureable, properly accounted for and audited.

The Committee also takes account of whether highlighted items have arisen as a result of the executive directors achieving their personal and strategic bonus objectives approved by the Committee.

DIRECTORS' REMUNERATION REPORT

Highlighted item	£m	Commentary
Recurring amortisation of intangible assets.	1.6	To be consistent with Adjusted Profit, City analysts' indices and market practice in the listed media sector, bonus targets are calculated before the annually recurring charge for the amortisation of intangibles. The level of the charge is not exceptional for the year given the recent acquisition of Continuum International Publishing Group Limited. The Remuneration Committee is comfortable that this approach remains appropriate and, by measuring and rewarding performance which is directly influenced by the executive directors, is aligned to shareholder interests.
Restructuring costs relating to the strategic global reorganisation of the Group including restructuring following the acquisition of Continuum International Publishing Group Limited.	1.3	Business operations have been transformed by the successful implementation of One Global Bloomsbury - the consolidation of the Group's various acquisitions, fragmented local publishing activities and local support functions into four worldwide unified publishing divisions supported by global production, sales and marketing, finance and other support functions. This strategic move was deemed critical to the Company's future brought about by the digital revolution and its global impact. One Global Bloomsbury has opened up the Group's intellectual property assets to the sales and marketing function and extended the global reach of the function. This will help drive future revenue growth as the business develops its digital content assets.
Costs for establishing and relocating the Group's head office to bring together many acquisitions.	0.4	In line with One global Bloomsbury, the consolidation of most of the UK employees into a single head office building will yield efficiencies and productivity improvements. It will help the business to grow whilst enabling better control of operating costs thus protecting margins. Bringing talented multi-disciplinary teams and people into close proximity will help the business develop new ideas into products more efficiently.
Acquisition costs.	0.3	During the year the Board approved the acquisition of significant lists of titles and the acquisition of Continuum International Publishing Group Limited aligned with Bloomsbury's long term group strategy of an increased focus on academic publishing to capitalise on the robust nature of these income streams. Investing in these acquisitions is needed to develop the business and should increase future profits.
Disposal of Bloomsbury Verlag, Bloomsbury's former German subsidiary.	1.0	During the year the Board reviewed its international footprint strategy to ensure investment and time was being allocated to the areas of greatest growth potential and least risk. The conclusion of this review has been the disposal of the German subsidiary whilst retaining the opportunity to partner with the acquirer and the development of a wholly owned start up in India.

Bonuses paid

Bonus payments to the current executive directors approved by the Committee are as follows:

	Year ended 29 February 2012				14 months ended 28 February 2011[1]			
	Personal/ Strategic Objectives % achieved	Profit Related Bonus % achieved	Total bonus paid £'000	Total bonus paid % Basic Salary	Personal/ Strategic Objectives % achieved	Profit Related Bonus % achieved	Total bonus paid £'000	Total bonus paid % Basic Salary
Nigel Newton	100%	35%	208	54%	100%	100%	341	84%
Richard Charkin	100%	35%	170	54%	95%	100%	265	81%
Wendy Pallot	100%	35%	107	54%	–	–	–	–
			485				606	

[1] For the 14 months to 28 February 2011 the bonus was restricted to 12 months and the maximum bonus was calculated based on the basic salary after the executive directors had elected to accept a 10% cut in basic salary during 2010.

The recent history of total executive director bonus compared to the dividend paid to shareholders is as follows:

Period	Total dividend declared in respect of the period £'m	Total executive director bonus £'m	Ratio: Dividend to executive director bonus	Ratio: Dividend to total bonus[1]
Year ended 29 February 2012	3.8	0.50	7.6:1	4:1
14 months 28 February 2011	3.6	0.80	4.5:1	2.2:1

[1] Total bonus includes bonus paid to the executive directors and to managers below the level of executive director.

5) Long term incentive plans

The Company's primary long term incentive plan (LTIP) is the Bloomsbury Publishing Plc 2005 Performance Share Plan which was approved by shareholders at the Annual General Meeting held on 27 September 2005. LTIP awards are made by the Committee to the executive directors and managers below board level.

Details of the Directors' outstanding LTIP awards are shown in Part B of this report.

Level of LTIP awards

The policy of the Committee is to apply a maximum award level of 75% of basic salary for the Chief Executive, 66% for the other executive directors and lower levels for individuals below the level of the Board. The Committee may use its discretion to approve a one-time enhanced award to an executive director upon their appointment to the Board: Wendy Pallot who was appointed to the Board on 8 April 2011 has been made an initial award of 100% of basic salary. The terms of the LTIP permit awards to be granted to executive directors and senior individuals up to a maximum level of 150% of base salary per annum.

The level of LTIP awards granted to the executive directors as a percentage of basic salaries are as follows:

Year of award	2011	2010	2009
Nigel Newton	75%	75%	75%
Richard Charkin	66%	66%	66%
Wendy Pallot	100%	–	–
Colin Adams	–	66%	66%

DIRECTORS' REMUNERATION REPORT

Performance conditions for LTIP awards

LTIP awards are subject to two non-concurrent performance conditions, namely 50% of the awards are subject to Normalised Earnings Per Share ("EPS") targets and 50% of the awards are subject to Total Shareholder Return ("TSR") targets at the end of a three year period. LTIP awards lapse in the event that the conditions are not met at the end of the three year performance period.

The Committee has reviewed the LTIP and concluded that non-concurrent rather than concurrent EPS and TSR performance conditions provide the most effective incentive to align the long-term interests of LTIP participants with the long-term interests of the shareholders.

The Committee determines performance conditions for each LTIP award at the time of making an award.

EPS targets

In respect of the 2011 LTIP awards, the following approach was taken for setting the EPS performance targets:

- The Lower Vesting threshold (see below) for Normalised EPS was set with reference to City analysts' indices for Adjusted EPS prevailing at the time the awards were granted.
- The Mid Vesting threshold was determined so as to align the expected value of the awards with the expected value of similar awards granted by other listed companies to executive directors. The expected value of 2011 LTIP awards was estimated from long term projections for the Bloomsbury Group under a number of scenarios taking account of risks and probabilities.
- The Upper Vesting Threshold is an achievable but highly stretching target based on long term Group projections.

Based on the above, therefore, the EPS targets attached to the 2011 awards were as follows:

Lower Vesting threshold	
— Level of vesting	**30%**
— Target for Normalised EPS	**10.7 pence**
Mid Vesting threshold	
— Level of vesting	**66%**
— Target for Normalised EPS	**11.5 pence**
Upper Vesting threshold	
— Level of vesting	**100%**
— Target for Normalised EPS	**14 pence**

Vesting is on a straight line basis between the Lower to Mid Vesting thresholds and between the Mid to Upper Vesting thresholds. There is no vesting below the Lower Vesting threshold. The maximum level of vesting is 100%.

The Committee intends to follow a substantially similar approach to that applied to the 2011 LTIP for setting stretching EPS performance targets for LTIP awards in subsequent years.

During the year the Committee has reviewed the measurement of EPS used for LTIP awards and concluded that audited Adjusted EPS remains an appropriate measure for Normalised EPS performance targets for the LTIP. This measure of EPS is consistent with the forecasts published by City analysts and ensures the performance required for LTIP awards to vest is both clear to management and aligned with the interests of the shareholders. The Committee considers that stretching absolute targets for EPS provide the greatest clarity to management to motivate them to achieve the long term performance required in order for LTIP awards to vest.

TSR targets

Comparator group	FTSE Mid 250 excluding investment trusts
Lower Vesting threshold	
Level of vesting	35%*
Target	Ranking at or above the median (top 50%)
Upper Vesting threshold	
Level of vesting	100%
Target	Ranking at or above the median (top 25%)

* In respect of LTIP awards from 2012 and onwards the Committee intends to reduce threshold vesting in accordance with best practice.

Vesting is on a straight line basis between the Lower to Upper Vesting thresholds based on ranking within the comparator group. There is no vesting below the Lower Vesting threshold. The maximum level of vesting is 100%.

The terms of the LTIP awards permit the Committee to restrict vesting in circumstances where the Committee considers that the Company's TSR rank in the comparator group is not reflective of the underlying performance of the Company.

Vesting of awards

The vesting of LTIP awards is subject to the approval of the Committee and to which the Committee will apply its Intervention Policy. Under this policy the Committee may apply its independent discretion to modify the measurement of EPS to ensure that the interests of management are aligned with those of the shareholders. For example, the Committee may review the appropriateness of treatment of highlighted items with regards to the calculation of EPS used for determining the level of vesting.

The Committee will consider the impact of share buy-backs over the relevant performance periods for the purposes of determining the level of vesting of share incentive awards.

Savings Related Share Option Scheme ("Sharesave")

Subject to the approval of the Committee each executive director is eligible to voluntarily participate in the Company's all-employee HM Revenue and Customs approved Sharesave scheme. The Company intends to run a new Sharesave scheme annually. A Sharesave scheme allows participants to make 36 equal monthly instalments under a building society savings contract. On maturity of the savings contract, participants may use the savings plus interest to purchase shares under share options granted at a discount of 15% to the market price at the start of the savings contract. Company policy is to limit the monthly savings into any Sharesave scheme to £100 per participant and to limit the total monthly savings into all Sharesave schemes to £250.

Details of the Directors' outstanding Sharesave options are shown in Part B of this report.

Change of control provisions for share incentive schemes

On a change of control, LTIP awards vest to the extent that the performance conditions, as adjusted for the reduced vesting period due to the change of control, have been achieved subject to settlement of taxes arising on vesting. The Committee determines a reasonable basis for measuring the extent to which the performance conditions have been achieved. Sharesave options become exercisable on a change of control, however the treatment for tax would be subject to HM Revenue & Customs regulations that apply at the time.

Remuneration earned by the executive directors from outside appointments

Significant external appointments of the Directors are given in the bibliographic details on pages 41 and 42. The Committee considers that the external appointments of the executive directors have no detrimental impact on the performance of their duties. The Committee has approved that each executive director may retain his or her remuneration earned from external appointments up to £15,000 per year.

Contracts of service

The Company's policy is for executive directors to have contracts of employment with notice periods of up to 12 months. The Company will not enter into service contracts of more than two years duration without obtaining prior shareholder approval. Contracts with notice periods in excess of 12 months will only be considered at the time of recruitment and would normally be structured so that the notice period reduces to a period up to 12 months over a specified time of service.

DIRECTORS' REMUNERATION REPORT

Details of the service contracts of the Directors who served during the year are set out below:

Executive Directors	Date of agreement	Date of expiry	Notice period
Nigel Newton	24 June 2003	–	12 months
Richard Charkin	10 October 2007	–	12 months
Wendy Pallot	10 March 2011	–	12 months
Colin Adams[1]	24 September 2004		12 months

[1] Colin Adams resigned from the Board on 8 April 2011.

Termination of executive director appointments

The service agreements of Richard Charkin and Wendy Pallot include terms such that there would be no claim for loss of office as a Director resulting from termination of their service agreement. The agreement for Wendy Pallot includes that the Company may make a payment of basic salary in lieu of notice. There are no further specific provisions for compensation on early termination of service contracts for the executive directors including Nigel Newton and no automatic right to payments.

The payment of bonus and the vesting of LTIP awards on termination are subject to the discretion of the Committee.

In the event of early termination, the Committee would seek to take such steps as necessary to mitigate the loss to the Company and to ensure that the executive director observed his or her duty to mitigate loss. The Committee considers the termination terms of the executive directors to be appropriate to avoid rewarding failure on termination.

Non-executive directors

The annual fees of non-executive directors ("NEDs") upon appointment are determined by the Chairman and the executive directors. The annual fee of the Chairman upon appointment is determined by the other NEDs and the executive directors. NEDs receive a basic annual fee plus an extra annual amount for additional responsibilities such as chairing sub-committees. The fees of the NEDs and Chairman are reviewed regularly against benchmark data provided by external remuneration consultants New Bridge Street. Where NEDs and the Chairman receive an increase in annual fee this is normally limited to the budgeted annual increase in salaries for Bloomsbury employees. During 2010 the NEDs and Chairman elected to take a cut of 10% in their annual fees which was restored from 1 January 2011.

NED fees for the upcoming financial year are:

Non-executive directors	Fee for year to 28 February 2013	Roles
Jeremy Wilson	£100,609	Chairman of the Board
Sarah Jane Thomson	£38,272	Chair of the Remuneration Committee
Ian Cormack	£38,550	Chair of the Audit Committee and Senior Independent Director

The continuance of service of each non-executive director is reviewed annually by the Chairman.

The non-executive directors and Chairman do not participate in the Company's annual bonus or share incentive schemes including Sharesave.

Details of the NED agreements are as follows:

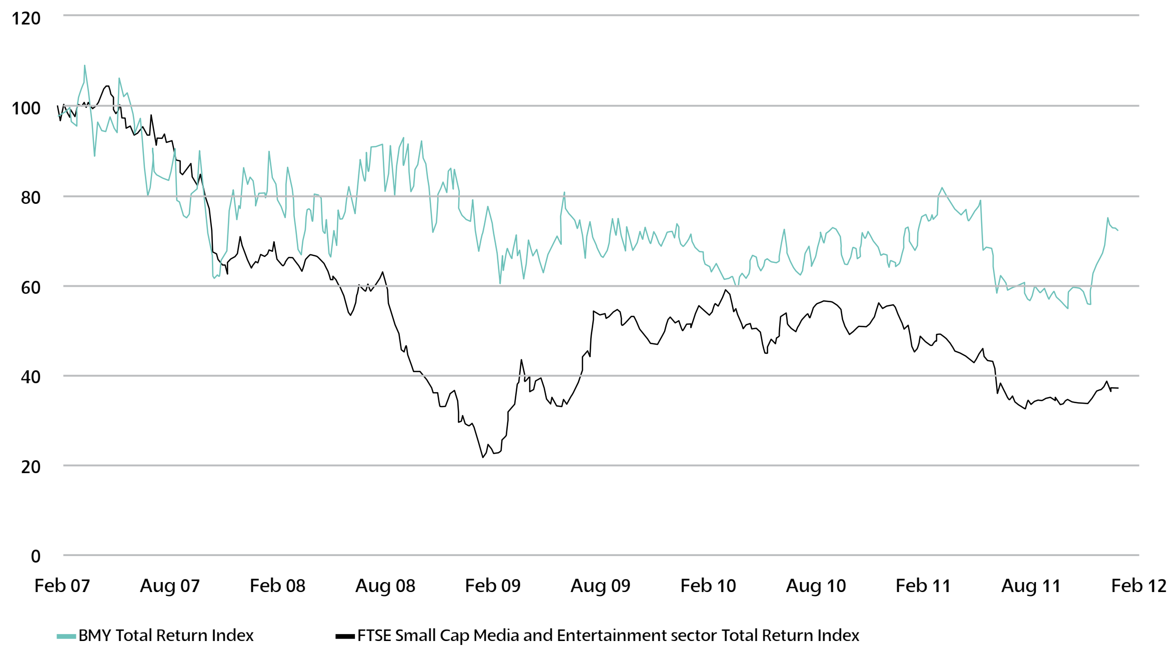
Non-Executive Directors	Date of appointment	Date of agreement	Date of expiry	Notice period
Jeremy Wilson	24 November 2005	31 October 2007	–	3 months
Ian Cormack	1 January 2011	12 October 2011	31 December 2014	3 months
Sarah Jane Thomson	28 May 2010	12 October 2011	28 May 2013	3 months

The letter of appointment of the Chairman, Jeremy Wilson, does not include a fixed term of expiry but instead includes a fixed notice period of 3 months. There are no specific provisions for compensation on early termination. In the event of early termination, the Board would seek to take such steps as necessary to mitigate the loss to the Company and to ensure that the director observed his or her duty to mitigate loss.

During the year Ian Cormack and Sarah Jane Thomson entered into updated agreements, the general terms for which can be found on Bloomsbury's investor relations website at www.bloomsbury-ir.co.uk. The agreements provide for 3 months notice by the Director or by the Company with the options for the Company to terminate an appointment at any time on payment of 3 months fees in lieu of notice. Termination of the agreements is without compensation.

Performance graph

The chart below shows the Company's Total Shareholder Return for the year ended 29 February 2012 and for the four prior years together with the FTSE Small Cap Media sector index. The index has been selected as it represents a broad equity market index of which the Company is a constituent member.



DIRECTORS' REMUNERATION REPORT

PART B – AUDITED INFORMATION

Directors' Emoluments

	Basic salary or fees 2012 £'000	Performance related bonus 2012 £'000	Other benefits[4] 2012 £'000	Total 2012 £'000	Gain on share incentives exercised 2012 £'000	Pension contributions[3] 2012 £'000	Total 2012 £'000	Total (14 months) 2011 £'000
Executive Directors								
Nigel Newton	385	208	9	602	–	58	660	974
Richard Charkin	314	170	6	490	–	–	490	599
Wendy Pallot[1]	197	107	12	316	–	9	325	n/a
Colin Adams[2]	28	9	1	38	–	3	41	493
Non–Executive Directors								
Jeremy Wilson	98	–	–	98	–	–	98	102
Sarah Jane Thomson	37	–	–	37	–	–	37	26
Ian Cormack	38	–	–	38	–	–	38	6
	1,097	494	28	1,619	–	70	1,689	2,200

[1] Wendy Pallot was appointed to the Board on 8 April 2011.

[2] Colin Adams retired from the Board from 8 April 2011. No compensation for loss of office was payable by the Company. The numbers presented above, which include a prorated bonus calculated on a similar basis to the other executive directors, reflect the period of time served on the Board in the year ended 29 February 2012. No compensation for loss of office was payable by the Company

[3] Nigel Newton, Wendy Pallot and Colin Adams accrued benefits under defined contribution pension arrangements during the year.

[4] A description of the other benefits received by Directors is given in Part A above.

Share Based Incentives

LTIP awards

LTIPs are granted for nil consideration over Ordinary Shares of 1.25 pence in the Company under the Bloomsbury 2005 Performance Share Plan. The number of LTIPs awarded is calculated based on the mid-market share price prevailing at the date of grant or the average share price during the five dealing days immediately preceding the date of grant. The performance conditions for the LTIP awards are given in Part A above. The following LTIPs awarded to the executive directors were outstanding during the period:

	Date of award	Date of exercise/expiry	Grant price	At 1 March 2011	Awarded during the period	Exercised during the period	Lapsed during the period	Share price on date of exercise	At 28 February 2012
Nigel Newton	12 May 2008	12 May 2011	144.50p	194,706	–	–	(194,706)	n/a	–
	25 Sep 2009	25 Sep 2012	120.50p	235,820	–	–	–	n/a	235,820
	6 May 2010	6 May 2013	110.00p	258,331		–	–	n/a	258,331
	8 Dec 2011	8 Dec 2014	98.75p	–	292,077	–	–	n/a	292,077
Richard Charkin	12 May 2008	12 May 2011	144.50p	295,848	–	–	(295,848)	n/a	–
	25 Sep 2009	25 Sep 2012	120.50p	169,510	–	–	–	n/a	169,510
	6 May 2010	6 May 2013	110.00p	185,691	–	–	–	n/a	185,691
	8 Dec 2011	8 Dec 2014	98.75p	–	209,947	–	–	n/a	209,947
Wendy Pallot	8 Dec 2011	8 Dec 2014	98.75p	–	222,785	–	–	n/a	222,785
Colin Adams*	12 May 2008	12 May 2011	144.50p	83,563	–	–	(83,563)	n/a	–
	25 Sep 2009	25 Sep 2012	120.50p	117,189	–	–	(117,189)	n/a	–
	6 May 2010	6 May 2013	110.00p	128,375	–	–	(128,375)	n/a	–

* All the outstanding LTIP awards of Colin Adams lapsed following his departure from the Company on 8 April 2012.

The following EPS based performance conditions, which took account of consensus broker forecasts and the need to set challenging performance targets to motivate a high level of performance of the executive directors in the light of deteriorating economic conditions at the respective grant dates, apply to the 2009 and 2010 LTIP awards:

Award reference	2010 LTIP	2009 LTIP
Date of grant	6 May 2010	25 September 2009
Date of vesting	6 May 2013	25 September 2012
Lower Vesting threshold		
Level of vesting	33%	33%
Target for Normalised EPS	8.25 pence	8.25 pence
Mid Vesting threshold		
Level of vesting	66%	66%
Target for Normalised EPS	8.75 pence	8.75 pence
Upper Vesting threshold		
Level of vesting	100%	100%
Target for Normalised EPS	9.25 pence	9.25 pence

Vesting is on a straight line basis between the Lower to Mid Vesting thresholds and between the Mid to Upper Vesting thresholds. There is no vesting below the Lower threshold. The maximum level of vesting is 100%.

The following TSR performance conditions apply to the 2009 and 2010 LTIP:

Award reference	2010 LTIP	2009 LTIP
Date of grant	6 May 2010	25 September 2009
Date of vesting	6 May 2013	25 September 2012
Comparator group	FTSE Mid 250 excluding investment trusts	
Lower Vesting threshold		
Level of vesting	35%	
Target	Ranking at or above the median (top 50%)	
Upper Vesting threshold		
Level of vesting	100%	
Target	Ranking at or above the median (top 25%)	

Vesting is on a straight line basis between the Lower to Upper Vesting thresholds based on ranking within the comparator group. There is no vesting below the Lower Vesting threshold. The maximum level of vesting is 100%.

DIRECTORS' REMUNERATION REPORT

Sharesave options

Bloomsbury operates an HMRC approved Sharesave Scheme for which all UK employees are eligible to participate. The following Sharesave options granted to the executive directors were outstanding during the period end.

	At 1 March 2011	Granted during the year	Lapsed during the year	At 28 February 2012	Exercise Price	Date of grant	Date from which exercisable	Expiry Date
Nigel Newton	8,131	–	(8,131)	–	115.60p	5 June 2008	1 July 2011	1 Jan 2012
Richard Charkin	8,131	–	(8,131)	–	115.60p	5 June 2008	1 July 2011	1 Jan 2012
	–	3,676	–	3,676	98.18p	12 Aug 2011	1 Oct 2014	1 April 2015
Wendy Pallot	–	3,676	–	3,676	98.18p	12 Aug 2011	1 Oct 2014	1 April 2015
Colin Adams	8,131	–	(8,131)	–	115.60p	5 June 2008	1 July 2011	1 Jan 2012

Directors' interests

a) Interests in shares

The direct and indirect interests of the Directors at the period end in the share capital of the Company are shown below. All interests are beneficial.

Director	**Ordinary Shares 29 February 2012 Number**	Ordinary Shares 28 February 2011 Number
Nigel Newton	**1,470,376**	1,470,376
Richard Charkin	**22,000**	12,000
Ian Cormack	**11,975**	11,975
Jeremy Wilson	**4,026**	4,026

The closing market price of an Ordinary Share at 29 February 2012 was 121.25p (2011: 119.75p) and the range of market prices from 1 March 2011 to 29 February 2012 was 90.00p to 139.46p (2011: 106.5p to 134.25p).

b) Other interests

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 Group during the current or immediately preceding financial year.

Approved by the Board of Directors and signed on its behalf

Sarah Jane Thomson
Chair of the Remuneration Committee
15 June 2012

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLOOMSBURY PUBLISHING PLC

We have audited the group and parent company financial statements ("the financial statements") on pages 73 to 135. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 48 to 49, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 29 February 2012 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 50 to 56 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structure) is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 47, in relation to going concern;
- the part of the Corporate Governance Statement on pages 50 to 56 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Mark Harwood (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB
15 June 2012

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2012

Continuing operations	Notes	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 (Restated)* £'000
Revenue	3	97,399	93,144
Cost of sales		(42,201)	(42,548)
Gross profit		55,198	50,596
Marketing and distribution costs		(14,157)	(14,449)
Administrative expenses		(32,629)	(30,995)
Operating profit before highlighted items		12,057	7,912
Highlighted items	4	(3,645)	(2,760)
Operating profit	4	8,412	5,152
Finance income	5	160	403
Finance costs	5	(108)	(49)
Profit before taxation and highlighted items		12,109	8,266
Highlighted items	4	(3,645)	(2,760)
Profit before taxation		8,464	5,506
Taxation	7	(1,367)	(1,311)
Profit for the period from continuing operations		7,097	4,195
Discontinued operation			
Loss for the period from discontinued operation	10	(3,724)	(1,966)
Profit for the period attributable to owners of the Company		3,373	2,229
Earnings per share attributable to owners of the Company – continuing operations			
Basic earnings per share	11	9.80p	5.68p
Diluted earnings per share	11	9.54p	5.68p

* See note 2 b)

The notes on pages 78 to 122 form part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Profit for the period	3,373	2,229
Other comprehensive income:		
Currency translation differences on foreign operations	365	(368)
Reclassification of translation reserve on disposal of foreign operation	(985)	–
Deferred tax on share based payment transactions	11	(26)
Other comprehensive income for the period net of tax	(609)	(394)
Total comprehensive income for the period attributable to the owners of the Company	2,764	1,835
Arises from:		
Continuing operations	7,473	3,801
Discontinued operation	(4,709)	(1,966)
Total comprehensive income for the period attributable to the owners of the Company	2,764	1,835

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 29 FEBRUARY 2012

COMPANY NUMBER 1984336

	Notes	29 February 2012 £'000	28 February 2011 £'000
Assets			
Goodwill	12	**34,610**	25,664
Other intangible assets	13	**18,153**	11,577
Property, plant and equipment	14	**3,020**	965
Deferred tax assets	15	**2,336**	1,583
Total non-current assets		**58,119**	39,789
Inventories	16	**20,184**	18,334
Trade and other receivables	17	**55,431**	48,719
Cash and cash equivalents		**12,639**	36,876
Total current assets		**88,254**	103,929
Total assets		**146,373**	143,718
Liabilities			
Retirement benefit obligations	22	**157**	95
Deferred tax liabilities	15	**3,737**	2,176
Other payables	18	**341**	467
Provisions	19	**507**	–
Total non-current liabilities		**4,742**	2,738
Trade and other payables	18	**32,101**	29,120
Current tax liabilities		**193**	16
Provisions	19	**157**	–
Total current liabilities		**32,451**	29,136
Total liabilities		**37,193**	31,874
Net assets		**109,180**	111,844
Equity			
Share capital	20	**924**	924
Share premium	20	**39,388**	39,388
Translation reserve	20	**3,616**	4,236
Other reserves	20	**1,318**	3,219
Retained earnings	20	**63,934**	64,077
Total equity attributable to owners of the Company		**109,180**	111,844

The financial statements were approved by the Board of Directors and authorised for issue on 15 June 2012.

Nigel Newton
Director

Wendy Pallot
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Translation reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
At 1 January 2010	922	39,388	4,604	20	2,393	–	65,357	112,684
Profit for the period	–	–	–	–	–	–	2,229	2,229
Other comprehensive income								
Exchange differences on translating foreign operations	–	–	(368)	–	–	–	–	(368)
Deferred tax on share-based payment transactions	–	–	–	–	–	–	(26)	(26)
Total comprehensive income for the period	**–**	**–**	**(368)**	**–**	**–**	**–**	**2,203**	**1,835**
Transactions with owners								
Share buy back and cancellation	(2)	–	–	2	–	–	(187)	(187)
Share options exercised	4	–	–	–	–	–	–	4
Dividends to equity holders of the Company	–	–	–	–	–	–	(3,296)	(3,296)
Share-based payment transactions	–	–	–	–	804	–	–	804
Total transactions with owners of the Company	**2**	**–**	**–**	**2**	**804**	**–**	**(3,483)**	**(2,675)**
Balance at 28 February 2011	**924**	**39,388**	**4,236**	**22**	**3,197**	**–**	**64,077**	**111,844**
Profit for the year	–	–	–	–	–	–	3,373	3,373
Other comprehensive income								
Exchange differences on translating foreign operations	–	–	365	–	–	–	–	365
Deferred tax on share-based payment transactions	–	–	–	–	–	–	11	11
Recycling of cumulative currency translation reserve on disposal	–	–	(985)	–	–	–	–	(985)
Total comprehensive income for the year	**–**	**–**	**(620)**	**–**	**–**	**–**	**3,384**	**2,764**
Transactions with owners								
Reclassification*	–	–	–	–	–	(134)	134	–
Share buy back	–	–	–	–	–	(2,008)	–	(2,008)
Dividends to equity holders of the Company	–	–	–	–	–	–	(3,661)	(3,661)
Share-based payment transactions	–	–	–	–	255	–	–	255
Share options cancelled	–	–	–	–	(14)	–	–	(14)
Total transactions with owners of the Company	**–**	**–**	**–**	**–**	**241**	**(2,142)**	**(3,527)**	**(5,428)**
Balance at 29 February 2012	**924**	**39,388**	**3,616**	**22**	**3,438**	**(2,142)**	**63,934**	**109,180**

* Own shares held by the Employee Benefit Trust ("EBT") have been reclassified from retained earnings to a separate component of equity in the year as the balance held at 29 February 2012 is material.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 (Restated)* £'000
Continuing operations		
Profit before tax	8,464	5,506
Adjustments for:		
Depreciation of property, plant and equipment	411	615
Amortisation of intangible assets	1,599	1,136
Impairment of goodwill	–	969
Loss on sale of property, plant and equipment	11	–
Share-based payment charges	255	804
Finance income	(160)	(403)
Finance costs	108	49
	10,688	8,676
Increase in inventories	(342)	(1,277)
Increase in trade and other receivables	(5,690)	(391)
Increase in trade and other payables	1,860	6,087
Cash generated from continuing operations	6,516	13,095
Discontinued operation	(404)	(2,097)
Cash generated from operating activities	6,112	10,998
Income taxes paid	(1,116)	(2,792)
Net cash generated from operating activities	4,996	8,206
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,553)	(563)
Proceeds from sale of property, plant and equipment	6	–
Purchase of businesses, net of cash acquired	(19,654)	(1,100)
Purchases of intangible assets	(1,595)	(1,437)
Sale of discontinued operation	(10)	–
Interest received	213	385
Net cash used in investing activities	(23,593)	(2,715)
Cash flows from financing activities		
Share options exercised	–	4
Share buy back	–	(187)
Purchase of shares by the Employee Benefit Trust	(2,008)	–
Equity dividends paid	(3,661)	(3,296)
Interest paid	(49)	(33)
Net cash used in financing activities	(5,718)	(3,512)
Net (decrease)/increase in cash and cash equivalents	(24,315)	1,979
Cash and cash equivalents at beginning of period	36,876	35,036
Exchange gain/(loss) on cash and cash equivalents	78	(139)
Cash and cash equivalents at end of period	12,639	36,876

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

ACCOUNTING POLICIES

1. Reporting entity

Bloomsbury Publishing Plc (the 'Company') is a Company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 136. The consolidated financial statements of the Company as at and for the year ended 29 February 2012 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the publication of books and other related services.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") at the time of preparing these financial statements and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

Certain comparative amounts in the consolidated income statement, consolidated statement of comprehensive income and associated notes have been restated to reflect:

i) the classification of Bloomsbury Verlag GmbH as a discontinued operation for the year ended 29 February 2012. The comparative statements have been re-presented as if the operation had been discontinued from the start of the comparative period (see note 10).
ii) the change in classification of certain staff costs as administration expenses that were previously included in cost of sales and marketing and distribution costs. This occurred as a result of the Group being restructured on a global division basis as opposed to a geographic basis. £2,489,000 and £975,000 have been reclassified in the comparative amounts from cost of sales and marketing and distribution costs respectively to administration expenses.

The reporting period was changed in the prior year to a February year end to allow for improved access to shareholders and analysts during the interim and final reporting season. As a result of this change the comparative amounts presented in the financial statements are for a fourteen month period ended 28 February 2011 and are not directly comparable to the current twelve month financial year.

c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 5 to 40. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 23 to 30. In addition, note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

The Directors believe that the Group's diversification of product and geographical spread together with its monitoring and forecasting processes place the Group well in managing its business risks. The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, indicate that the Group is able to operate within the level of its current available facilities including compliance with the bank facility covenants. Details of the facility and bank facility covenants are shown in Note 23 c).

After making enquiries of senior management and reviewing cash flow forecasts, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d) Use of estimates and judgments
The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgments and areas where the use of estimates is significant are disclosed in note 2.v).

e) Application of new and amended standards and interpretations
The following amendments to existing standards have been adopted by the Group for the year ended 29 February 2012 and have not had a material impact on the Group.

- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 July 2010). The IFRIC addresses the accounting for issues of equity instruments in order to settle, in full or in part, a financial liability.
- IFRIC 14 (amended) 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective 1 January 2011) – Amendment; Prepayments of a Minimum Funding Requirement. The amendment permits the benefit of early payment of contributions paid to cover minimum funding requirements to be treated as an asset.
- IAS 24 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January 2011). The revised standard simplifies the disclosure requirements for government-related entities, requires commitments outstanding at the reporting date to be disclosed and clarifies the definition of a related party.
- Amendments to various IFRSs and IASs arising from the IASB's annual improvements projects.

The Directors have considered the impact of new and revised accounting standards, interpretations or amendments on the Group that are currently endorsed but not yet effective. They have not been adopted early by the Group nor are they expected to have a material impact on the Group's financial statements.

f) Basis of consolidation
I. Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- the fair value of consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Where the excess is negative, a bargain purchase gain is recognised immediately in the profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as incurred.

ACCOUNTING POLICIES

Any contingent consideration payable is measured at fair value at the acquisition date. Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill. Other changes in contingent consideration are recognised through profit or loss, unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity.

For acquisitions before 1 January 2010, the Group applies IFRS 3 Business Combinations (2004) in accounting for business combinations. All changes to contingent consideration in respect of these acquisitions are recognised as an adjustment to goodwill.

II. Subsidiaries
The consolidated financial statements comprise the financial information of the Company and its subsidiaries.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit for the Group. The financial information of subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Accounting policies of subsidiaries are aligned with accounting policies adopted by the Group to ensure consistency.

III. Loss of control
On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

IV. Transactions eliminated on consolidation
All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

g) Revenue

Revenue represents the amount derived from the provision of goods, services and rights falling within the Group's ordinary activities, after deduction of trade discounts, value added tax and anticipated returns.

- Revenue from book publishing is recognised on delivery to retailers.
- Revenue from the sale of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights and sponsorship, is recognised on the delivery of the related content.
- Revenue from database contracts is recognised in accordance with the stages of completion of contractual services provided. The degree of completion is calculated as a proportion of the content generated against the contractually agreed milestone, for example the number of words generated. Where the degree of completion of milestones cannot be reliably measured, revenue is only recognised in full on completion.
- Revenue from management services contracts is recognised at the contractually agreed rate.
- Revenue from e-book sales is recognised when content is delivered.

h) Foreign currencies

I. Functional and presentation currency
Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These consolidated financial statements are presented in sterling (£) as this is the most representative currency of the Group's operations. All financial information presented in sterling has been rounded to the nearest thousand except where otherwise stated.

II. Transactions and balances
Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Assets and liabilities in foreign currencies are translated into sterling at closing rates of exchange at the statement of financial position date.

Exchange differences are charged or credited to the income statement within administration expenses.

III. Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
– Income and expenses for each income statement are translated at the average exchange rates; and
– All resulting exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity. On disposal of a foreign entity these exchange differences are recycled to the profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

i) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

I. Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

II. Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be generated to allow all or part of the asset to be recovered.

ACCOUNTING POLICIES

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantially enacted by the end of the reporting period.

III. Current and deferred tax for the year
Current and deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity respectively.

j) Goodwill and other intangible assets

I. Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2f) above) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

II. Other intangible assets
Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Except for goodwill, intangible assets are amortised on a straight-line basis in profit and loss over their expected useful lives by equal annual instalments at the following rates:

Publishing relationships	– 5%–20% per annum
Imprints	– 3%–5% per annum
Subscriber and customer relationships	– 6%–17% per annum
Order backlog	– 33% per annum
Product and systems development	– 20% per annum

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

The separately acquired trademark for the name Bloomsbury Publishing Plc in the US is shown at historical cost and is subject to annual impairment reviews. The trademark is deemed to have an indefinite life due to the underlying stability of the industry in which it operates.

III. Product and Systems Development
Costs that are directly associated with the purchase and implementation of systems, such as software products, are recognised as intangible assets. Likewise costs incurred in developing a product, typically an online platform, are recognised as intangible assets.

Expenditure is only capitalised if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete development and use the asset.

k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Property, plant and equipment are depreciated in order to write down their cost less residual value using the straight-line method over their expected useful lives at the following rates:

Short leasehold improvements	– over the remaining life of the lease
Furniture and fittings	– 10% per annum
Computer and other office equipment -	– 20% per annum
Motor vehicles	– 25% per annum

Depreciation is pro-rated in the years of acquisition and disposal of an asset. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

l) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher value of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

ACCOUNTING POLICIES

m) Inventories
Inventories include paper, sheets and bound stock. The cost of work in progress and finished stock represents the amounts invoiced to the Group for paper, origination, printing and binding. Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

n) Royalty advances to authors
Advances to authors are included within prepayments and accrued income and are written off to the extent that they are not covered by anticipated future sales or firm contracts for subsidiary rights receivable.

o) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

p) Financial instruments
Financial assets and financial liabilities are recognised when the Group has become a party to the contractual provisions of the instrument. The Group's financial assets and liabilities are as below:

Trade receivables
Trade receivables do not carry any interest and are initially recognised at fair value and subsequently at amortised cost using the effective interest method less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the contractual arrangement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and changes to debtor payment patterns are considered indicators that the trade receivable may be impaired.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Group, repayable on demand.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade payables
Trade payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

q) Operating leases
Operating leases are leases where substantially all the risks and rewards incidental to ownership of the related asset are not transferred to the Group. Operating lease rentals are charged to the income statement as they fall due. Stamp duty is capitalised in leasehold improvements and depreciated over the life of the lease.

r) Employee benefits

I. Defined contribution plans
Pension costs relating to defined contribution pension schemes are recognised in the income statement in the period for which related services are rendered by the employee.

II. Defined benefit plans
Until 1997 a subsidiary company operated a defined benefit pension scheme. The liability in respect of the defined benefit pension scheme is the present value of the defined benefit obligations, calculated using the projected unit credit method at each balance sheet date by the scheme actuary, less the fair value of the scheme's assets.

The current service cost, interest on scheme liabilities and all actuarial gains and losses are recognised in the income statement.

III. Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

IV. Share-based payment transactions
The Group issues equity-settled share-based payment instruments to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is charged to the income statement on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Options granted under the Group's share option schemes, Sharesave scheme and share appreciation rights scheme are equity settled. The fair values of such options have been calculated using the Black-Scholes model or a modified version of the same, based on publicly available market data.

Awards granted under the Group's performance share plan are equity settled. Due to the Total Shareholder Return performance condition that applies to half of any award granted under the plan, the fair value of awards has been calculated using the Monte-Carlo style stochastic model.

s) Employee share ownership plans

The Company operates an employee benefit trust and has de facto control of shares held by the trust and bears their benefits and risks. The Group records certain assets and liabilities of the trust as its own. Finance costs and administrative expenses are charged as they accrue.

t) Segmental reporting

Operating segments, which have not been aggregated, are reported in a manner that is consistent with the internal reporting provided to the Chief Executive Officer ("CEO"), regarded as the Chief Operating Decision Maker.

The CEO views the Group primarily from a nature of business basis. This reflects the divisional performance of Adult, Children's & Educational, Academic & Professional and Information down to the operating profit level. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

ACCOUNTING POLICIES

u) Dividends

Dividend payments are recognised as liabilities once they are appropriately authorised and no longer at the discretion of the Company.

v) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The resultant estimates will, by definition, not necessarily equal the related actual results and may require adjustment in subsequent accounting periods. The estimates and assumptions that may cause a material adjustment to the carrying amount of assets and liabilities in the next financial year are:

Book returns

As books are returnable by customers, the Group makes a provision against books sold in the accounting period which is then carried forward and offset against trade receivables in the statement of financial position in anticipation of book returns received subsequent to the reporting period end. The provision is calculated by reference to historical returns rates and expected future returns.

Author advances

A provision is made by the Group against published title advances which may not be covered by anticipated future sales, paperback editions or contracts for subsidiary rights receivable. At the end of each financial year a review is carried out on all published titles advances. If it is unlikely that royalties from future sales, ebook sales, paperback sales or subsidiary rights will fully earn down the advance, a provision is made to the income statement for the difference between the carrying value and the anticipated recoverable amount from future earnings.

Inventory

At the end of each reporting period a review is carried out on all published titles where inventory is held. A provision is made by the Group against unsold inventory on a title by title basis, with regard to historical net sales and expected future net sales, to value the inventories at the lower of cost and net realisable value.

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group currently undertakes an annual impairment test covering goodwill and other indefinite life assets and also reviews finite life assets to consider whether a full impairment review is required.

Intangible assets recoverability is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made. Note 12 details the assumptions used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Segmental analysis

On 1 March 2011, the Group reorganised its structure into four worldwide publishing divisions: Adult, Children's & Educational, Academic & Professional and Information. These changes were made in order to align the Group's structure with the increasing globalisation of the publishing business and the growing demand for digital content. These divisions are the basis on which the Group reports its primary segment information and the results for the period ended 28 February 2011 have been restated accordingly. Segments derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services.

The analysis by segment for continuing operations is shown below:

Year ended 29 February 2012

	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
External revenue	**45,112**	**25,591**	**23,053**	**3,643**	**–**	**97,399**
Cost of sales	(21,920)	(13,132)	(6,250)	(899)	–	(42,201)
Gross profit	**23,192**	**12,459**	**16,803**	**2,744**	**–**	**55,198**
Marketing and distribution costs	(6,583)	(4,104)	(3,401)	(69)	–	(14,157)
Contribution before administrative expenses	**16,609**	**8,355**	**13,402**	**2,675**	**–**	**41,041**
Administrative expenses excluding highlighted items	(11,845)	(6,073)	(9,250)	(1,816)	–	(28,984)
Operating profit before highlighted items	**4,764**	**2,282**	**4,152**	**859**	**–**	**12,057**
Intangible asset amortisation	(60)	(181)	(1,142)	(5)	(211)	(1,599)
Other highlighted items	–	–	–	–	(2,046)	(2,046)
Operating profit/(loss)	**4,704**	**2,101**	**3,010**	**854**	**(2,257)**	**8,412**
Finance income	–	–	–	–	160	160
Finance costs	–	–	–	–	(108)	(108)
Profit/(loss) before taxation – continuing operations	**4,704**	**2,101**	**3,010**	**854**	**(2,205)**	**8,464**
Taxation	–	–	–	–	(1,367)	(1,367)
Profit/(loss) for the year – continuing operations	**4,704**	**2,101**	**3,010**	**854**	**(3,572)**	**7,097**
Depreciation	243	138	29	1	–	411
Capital expenditure	–	–	–	–	4,130	4,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 28 February 2011 – Restated [1, 2, 3]

	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
External revenue	**47,995**	**26,096**	**16,226**	**2,827**	**–**	**93,144**
Cost of sales	(23,555)	(12,615)	(6,005)	(373)	–	(42,548)
Gross profit	**24,440**	**13,481**	**10,221**	**2,454**	**–**	**50,596**
Marketing and distribution costs	(7,836)	(3,807)	(2,722)	(84)	–	(14,449)
Contribution before administrative expenses	**16,604**	**9,674**	**7,499**	**2,370**	**–**	**36,147**
Administrative expenses excluding highlighted items	(13,033)	(8,162)	(5,783)	(1,257)	–	(28,235)
Operating profit before highlighted items	**3,571**	**1,512**	**1,716**	**1,113**	**–**	**7,912**
Intangible asset amortisation	(60)	(101)	(905)	–	(70)	(1,136)
Impairment of non-current assets	–	–	–	–	(969)	(969)
Other highlighted items	–	–	–	–	(655)	(655)
Operating profit/(loss)	**3,511**	**1,411**	**811**	**1,113**	**(1,694)**	**5,152**
Finance income	–	–	–	–	403	403
Finance costs	–	–	–	–	(49)	(49)
Profit/(loss) before taxation – continuing operations	**3,511**	**1,411**	**811**	**1,113**	**(1,340)**	**5,506**
Taxation	–	–	–	–	(1,311)	(1,311)
Profit/(loss) for the period – continuing operations	**3,511**	**1,411**	**811**	**1,113**	**(2,651)**	**4,195**
Depreciation	364	206	43	2	–	615
Capital expenditure	–	–	–	–	1,219	1,219

[1] Restated following the change of the Group's internal reporting structure from geographic to divisional.
[2] Restated to reflect the classification of Bloomsbury Verlag GmbH as a discontinued operation (see note 2 b))
[3] Restated to reflect the change in classification of certain staff costs as administrative expenses (see note 2 b))

Total Assets

	29 February 2012 £'000	28 February 2011 £'000
Adult	**8,611**	13,775
Children's & Educational	**9,670**	7,280
Academic & Professional	**46,968**	32,674
Information	**61**	124
Unallocated	**81,063**	89,865
Total assets	**146,373**	143,718

External sales by destination – continuing operations

	Source United Kingdom £'000	North America £'000	Australia £'000	Total £'000
Destination				
Year ended 29 February 2012				
United Kingdom (country of domicile)	52,509	–	–	52,509
North America	2,581	23,487	–	26,068
Continental Europe	5,906	–	–	5,906
Australasia	210	–	6,312	6,522
Far and Middle East	4,966	–	–	4,966
Rest of the World	1,428	–	–	1,428
Overseas countries	15,091	23,487	6,312	44,890
	67,600	**23,487**	**6,312**	**97,399**
Fourteen months ended 28 February 2011 (Restated)*				
United Kingdom (country of domicile)	49,114	–	–	49,114
North America	1,179	21,734	–	22,913
Continental Europe	7,522	–	–	7,522
Australasia	4,332	–	965	5,297
Far and Middle East	5,066	–	–	5,066
Rest of the World	3,232	–	–	3,232
Overseas countries	21,331	21,734	965	44,030
	70,445	**21,734**	**965**	**93,144**

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

During the period sales to one customer exceeded 10% of Group revenue (2011: one). The value of these sales was £13,638,000 (2011: £11,953,000).

External continuing revenue by product and services:

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 (Restated)[1] £'000
Print	**78,878**	83,030
Digital	**5,872**	2,600
Rights & Services[2]	**12,649**	7,514
Total Revenue	**97,399**	93,144

[1] Restated to reflect the classification of Bloomsbury Verlag GmbH as a discontinued operation (see note 2 b)).
[2] Rights & Services revenue includes income from copyright and trademark licences, management contracts, advertising and publishing services income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	29 February 2012 £'000	28 February 2011 £'000
United Kingdom (country of domicile)	51,838	34,528
North America	3,934	3,575
Continental Europe	–	101
Australia	11	2
Total	55,783	38,206

4. Operating profit

Operating profit for continuing operations is stated after charging/(crediting) the following amounts:

	Notes	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 (Restated)* £'000
Purchase of goods and changes in inventories		26,656	27,736
Auditor's remuneration (see below)		389	475
Depreciation of property, plant and equipment		411	615
Operating leases		991	1,402
Loss on disposal of property, plant and equipment		11	–
Highlighted items (see below)		3,645	2,760
Advance provisions	17	5,191	3,668
Exchange loss/(gain)		181	(112)
Employee costs	6	20,518	20,013

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

Highlighted items

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 (Restated)* £'000
Amortisation of intangible assets	1,599	1,136
Impairment of goodwill	–	969
Professional fees on acquisitions	237	25
Relocation of headquarters	447	196
Aborted acquisition costs	76	313
Restructuring costs	1,286	121
Highlighted items attributable to continuing operations	3,645	2,760
Highlighted items attributable to discontinued operation	980	689
Total highlighted items	4,625	3,449

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

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

All continuing highlighted items are included in administrative expenses in the Income Statement.

Highlighted items attributable to discontinued operations of £980,000 relate to the loss on disposal of Bloomsbury Verlag GmbH of £1,023,000 and a write back of an over provision for restructuring costs of £43,000. The 2011 charge related to goodwill impairment and restructuring costs.

Legal and other costs of £237,000 were incurred primarily in relation to the acquisition of Continuum International Publishing Group Limited, see note 9 (2011: £25,000 incurred in relation to the acquisition of Duckworth Academic).

The Group incurred costs of £447,000 (2011: £196,000) relating to the relocation of its Head Office to Bedford Square in August 2011, including professional fees and additional rental expense while the new premises were refurbished.

Aborted acquisition costs of £76,000 (2011: £313,000) related to professional fees in connection with acquisition of a business which did not go ahead following the due diligence process.

Restructuring costs of £1,286,000 (2011: £121,000) have been incurred as a result of the strategic global reorganisation of the Bloomsbury Group and the acquisition of Continuum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cost of sales, marketing and distribution costs and administrative expenses for continuing operations are analysed below:

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 (Restated)* £'000
Cost of sales:		
Cost of goods and rights sold	**23,607**	23,856
Inventory provision and write down	**3,049**	3,880
Royalty costs	**15,545**	14,812
	42,201	42,548
Marketing and distribution costs:		
Marketing expenses	**4,404**	6,045
Distribution fees and commission	**9,753**	8,404
	14,157	14,449
Administrative expenses:		
Staff costs	**20,294**	19,248
Other staff related expenses	**977**	799
Share-based payment charge	**224**	765
Depreciation	**411**	615
Premises costs	**2,884**	2,743
Professional fees	**1,506**	1,870
Editorial expenses	**1,493**	1,495
Insurance	**483**	487
Bad debt provision and write off	**300**	114
Exchange loss/(gain)	**181**	(112)
Other	**231**	211
	28,984	28,235
Highlighted items:		
Amortisation of intangible assets	**1,599**	1,136
Impairment of goodwill	**–**	969
Other highlighted items	**2,046**	655
	3,645	2,760
Total administration expenses	**32,629**	30,995

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

Amounts payable to Baker Tilly UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	Year ended 29 February 2012			14 months ended 28 February 2011		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements	75	59	134	96	29	125
Fees payable to the Company's auditor and its associates for other services:						
Audit of the Company's subsidiaries pursuant to legislation	111	10	121	93	13	106
Other services pursuant to legislation:						
Interim review	43	–	43	100	–	100
Tax services						
Compliance	41	–	41	50	–	50
Advisory	18	–	18	16	–	16
Other Services						
Relating to corporate finance transactions*	29	–	29	75	–	75
	317	69	386	430	42	472
Fees in respect of the defined benefit pension scheme						
Audit	3	–	3	3	–	3

* Costs in relation to the acquisition of Continuum of £27,000 are included under highlighted items (2011: £25,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Finance income and finance costs

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Finance income		
Interest on bank deposits	**117**	380
Other interest receivable	**23**	–
Expected return on pension plan assets (see note 22)	**20**	23
	160	403
Finance costs		
Interest cost on pension obligations (see note 22)	**27**	32
Interest on bank overdraft and loans	**7**	–
Other interest payable	**–**	1
Actuarial losses on defined benefit pension plan (see note 22)	**74**	16
	108	49

6. Staff Costs

Staff costs for continuing operations during the period were:

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 (Restated)* £'000
Salaries	**17,570**	16,382
Social security costs	**2,020**	2,042
Pension costs (see note 22)	**704**	824
Share-based payment charge (see note 21)	**224**	765
	20,518	20,013

The average monthly number of employees during the period was:

	Year ended 29 February 2012 Number	14 months ended 28 February 2011 (Restated)* Number
Editorial, production and selling	**339**	229
Finance and administration	**62**	76
	401	305

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

Staff costs are charged to administrative expenses.

The Group considers key management personnel as defined under IAS 24 'Related Party Disclosures' to be the Directors of the Company and those Directors of the major geographic regions and departments who are actively involved in strategic decision making.

Full details concerning Directors' remuneration are set out in the Directors' Remuneration Report on pages 57 to 70. Total emoluments for Directors and other key management personnel were:

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Short-term employee benefits	**4,165**	3,568
Post-employment benefits	**154**	245
Share-based payments	**177**	552
	4,496	4,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation

a) Tax charge for the period

Year ended 29 February 2012	Notes	Continuing operations £'000	Discontinued operation £'000	Total £'000
Current taxation				
UK corporation tax				
Current year		788	–	788
Adjustment in respect of prior years		(293)	–	(293)
Overseas taxation				
Current year		202	52	254
Adjustment in respect of prior years		118	–	118
		815	52	867
Deferred tax	15			
UK				
Origination and reversal of temporary differences		317	–	317
Tax rate adjustment		(96)	–	(96)
Overseas				
Origination and reversal of temporary differences		331	–	331
		552	–	552
Total taxation expense		1,367	52	1,419
14 months ended 28 February 2011 (Restated)*				
Current taxation				
UK corporation tax				
Current period		1,757	–	1,757
Adjustment in respect of prior years		(55)	–	(55)
Overseas taxation				
Current period		33	–	33
		1,735	–	1,735
Deferred tax	15			
UK				
Origination and reversal of temporary differences		4	–	4
Overseas				
Origination and reversal of temporary differences		(428)	680	252
		(424)	680	256
Total taxation expense		1,311	680	1,991

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

b) Factors affecting tax charge for the period

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the United Kingdom of 26.17% (2011: 28%). The reasons for this are explained below:

	Year ended 29 February 2012		14 months ended 28 February 2011 (Restated)*	
	£'000	%	£'000	%
Profit before taxation	8,464	100.00	5,506	100.00
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.17% (2011: 28%)	2,215	26.17	1,542	28.00
Effects of:				
Non-deductible revenue expenditure	18	0.21	(27)	(0.49)
Non-qualifying depreciation	17	0.20	34	0.62
Share-based payment transactions	73	0.86	150	2.73
Movement in unrecognised temporary differences	(223)	(2.63)	–	–
Different rates of tax in foreign jurisdictions	232	2.74	(13)	(0.24)
Tax losses utilised	–	–	(207)	(3.75)
Movement in deferred tax rate (note 15(a))	(96)	(1.13)	(95)	(1.73)
Adjustment to tax charge in respect of prior periods				
Current tax	(175)	(2.07)	(55)	(1.00)
Deferred tax	(83)	(0.98)	(5)	(0.09)
Tax charge for the period before highlighted and other non-recurring items	1,978	23.37	1,324	24.05
Highlighted and other non-recurring items:				
Disallowable costs incurred on acquisitions, abortive acquisitions and moving head office	82	0.97	143	2.60
Impairment of goodwill	–	–	271	4.92
Recognition of deferred tax asset on US tax losses not previously recognised	–	–	(427)	(7.76)
Utilisation of overseas losses in the UK	(693)	(8.19)	–	–
Tax charge for the period	1,367	16.15	1,311	23.81

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

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c) Factors affecting tax charge for future years

The UK current tax rate will be reduced from 26% to 25% with effect from 1 April 2012, in line with previously substantively enacted legislation. The rate applying to UK deferred tax assets and liabilities has also been reduced to 25%, creating a rate adjustment, which is partly reflected in the consolidated income statement and partly in the consolidated statement of comprehensive income.

The proposed reduction of 1% per annum that will result in a standard rate of 24% at 1 April 2012 has not yet been substantively enacted. If these reductions had been enacted by 29 February 2012 the effect would have been to reduce the net deferred tax liability as at 29 February 2012 from £1,401,000 to £1,297,000. Of this reduction it is estimated that £114,000 would be credited to the consolidated income statement and £10,000 charged to the consolidated statement of comprehensive income.

d) Tax effects of components of other comprehensive income

	Before tax 2012 £'000	Tax charge 2012 £'000	After tax 2012 £'000	Before tax 2011 £'000	Tax charge 2011 £'000	After tax 2011 £'000
Exchange differences on translating foreign operations	365	–	365	(353)	–	(353)
Deferred tax on share based payments	–	11	11	–	(26)	(26)
Recycling of cumulative currency translation reserve on disposal	(985)	–	(985)	–	–	–
Other comprehensive income	(620)	11	(609)	(353)	(26)	(379)

8. Dividends

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Amounts paid in the period		
Prior period second interim 3.91p dividend per share paid in the period (2011: nil)	2,825	–
Prior period final 0.28p dividend per share paid in the period (2011: 3.65p)	202	2,698
Interim 0.89p dividend per share paid in the period (2011: 0.81p)	643	598
	3,670	3,296
Amounts arising in respect of the period		
Interim 0.89p dividend per share for the period (2011: 0.81p)	643	598
Second interim of nil dividend per share for the period (2011: 3.91p)	–	2,825
Proposed 4.31p final dividend per share for the period (2011: 0.28p)	3,114	202
	3,757	3,625

The proposed final dividend of 4.31p per ordinary share will be paid to the equity shareholders on 25 September 2012 to shareholders registered on 31 August 2012. It is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements. The ex-dividend date is 29 August 2012.

The second interim dividend in the prior year was payable due to a 14 month extended period.

9. Acquisitions

The Continuum International Publishing Group Limited

On 9 July 2011 the Group acquired 100% of the share capital of The Continuum International Publishing Group Limited ("Continuum") for a cash consideration of £18,048,000. The acquisition has been accounted for by the acquisition method of accounting. Bloomsbury's strategy has been to increase its proportion of academic and professional revenues compared to trade revenues through retail channels. Academic revenues are more predictable and have a lower related cost of sale resulting in higher margins. Around 60% of Continuum's sales are outside the UK thereby increasing Bloomsbury's presence to the global book market.

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

Net assets acquired	Book value £'000	Alignment of accounting policy £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Identifiable intangible assets	–	–	6,352	6,352
Property, plant and equipment	68	–	–	68
Inventories	3,276	(200)	–	3,076
Trade and other receivables	4,048	(209)	–	3,839
Cash and cash equivalents	916	–	–	916
Net deferred tax liability	–	–	(286)	(286)
Payables and provisions	(2,677)	–	(1,550)	(4,227)
	5,631	**(409)**	**4,516**	**9,738**
Goodwill				8,310
Cash consideration				**18,048**

Cash consideration above excludes the settlement of management bonuses (which are included in the fair value adjustments for payables and provisions above) and loan notes held by Continuum, which were paid by the Group as part of the transaction on behalf of the vendor. Including these outflows, total cash outlay in relation to the acquisition was £20,070,000. The table below summarises the net outlay in respect of the acquisition:

	£'000
Purchase of shares	18,048
Management bonus and loan notes	2,022
Cash acquired	(916)
Net cash outlay	**19,154**

Identifiable intangible assets of £6,352,000 consist of publishing rights of £5,720,000 and imprints of £632,000. The publishing rights have a useful life of 15 years and imprints 20 years. The goodwill arising of £8,310,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

Transaction costs of £235,000 have been expensed in the period within highlighted items (see note 4).

From 9 July 2011 revenue of £7,113,000 and profit attributable to equity shareholders of £825,000 has been included in the consolidated income statement in relation to Continuum.

If the acquisition had occurred on 1 March 2011 the revenue and profit attributable to shareholders of the combined entity from continuing operations for the current reporting period would have been £101,149,000 and £7,126,000 respectively. These amounts do not include any possible synergies from the acquisition. The information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

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Absolute Press

On 1 September 2011 the Group acquired the trade and assets of Absolute Press Limited for a cash consideration of £450,000. Goodwill of £80,000 and publishing rights of £173,000 were recognised on acquisition in the consolidated statement of financial position.

10. Discontinued Operation

On 28 February 2012 the Group contracted to sell its German subsidiary Bloomsbury Verlag GmbH to Pendo Betilligungsgesellschaft mbH, a subsidiary of Bonnier AB, for a cash consideration of €2,600,000 (£2,158,000). The disposal was subject to the approval of the German competition authorities. The risks and rewards of ownership passed to Bonnier AB as at 28 February 2012 and approval was virtually certain to be given by the German competition authorities given the size and nature of the business sold. This is supported by approval being granted in March 2012. Given that the chances of not receiving approval were considered to be remote, the sale has been treated in the financial statements as completing on 28 February 2012.

The sale of this segment was accompanied by the sale for €1,800,000 (£1,500,000) of German language rights in relation to Bloomsbury trade publications and the use of the Bloomsbury Berlin and associated brands for a period of three years to Piper Verlag, another subsidiary of Bonnier AB, and this sale has been included within continued operations. The decision to sell this segment followed a strategic decision to focus on English language publishing.

The subsidiary was not a discontinued operation or classified as held for sale at 28 February 2011. The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Results of discontinued operation

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Revenue	5,818	10,254
Expenses excluding highlighted items	(8,510)	(10,851)
Results from operating activities before highlighted items	(2,692)	(597)
Highlighted items	43	(689)
Results from operating activities	(2,649)	(1,286)
Taxation	–	(680)
Results from operating activities net of tax	(2,649)	(1,966)
Loss on sale of discontinued operation	(1,023)	–
Taxation on sale of discontinued operation	(52)	–
Loss for the period	(3,724)	(1,966)
Loss per share – discontinued operation		
Basic loss per share	(5.14)p	(2.66)p
Diluted loss per share	(5.01)p	(2.66)p

The effect of the disposal on the financial position of the Group is as follows:

	Year ended 29 February 2012 £'000
Property, plant and equipment	(102)
Inventories	(1,600)
Trade and other receivables	(2,933)
Cash and cash equivalents	(10)
Trade and other payables	815
Net assets and liabilities	**(3,830)**
Total consideration	2,158
Net assets disposed	(3,830)
Foreign exchange recycled to the income statement on disposal	985
Transaction expenses	(336)
Net loss on disposal	**(1,023)**
Consideration receivable, to be satisfied in cash	2,158
Cash and cash equivalents disposed of	(10)
Net cash inflow	**2,148**

The cash consideration was received in March 2012.

Cash flows used in the discontinued operation

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Net cash used in operating activities	(404)	(2,097)
Net cash from investing activities	(39)	(27)
Net cash flows for the period	**(443)**	(2,124)

11. Earnings per share

The basic earnings per share for the year ended 29 February 2012 is based on a weighted average number of Ordinary Shares in issue of 72,387,195 (2011: 73,844,724) after deducting 1,457,529 (2011: 88,760) shares held by the Employee Benefit Trust.

	Year ended 29 February 2012 £'000	14 months ended 28 February (Restated)* 2011 £'000
Profit for the period from continuing operations[1]	7,097	4,195
Loss for the period from discontinued operation[1]	(3,724)	(1,966)
Profit attributable to equity holders of the parent[1]	**3,373**	2,229

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	Year ended 29 February 2012 Number	14 months ended 28 February 2012 (Restated)* Number
Weighted average shares in issue	72,387,195	73,844,724
Dilution[2]	2,003,022	–
Diluted weighted average shares in issue	74,390,217	73,844,724
Basic earnings per share	4.66p	3.02p
From continuing operations	9.80p	5.68p
From discontinued operation	(5.14)p	(2.66)p
Diluted earnings per share	4.53p	3.02p
From continuing operations	9.54p	5.68p
From discontinued operation	(5.01)p	(2.66)p
Adjusted profit attributable to equity holders of the parent[3] (£'000)	9,870	6,596
Adjusted basic earnings per share	13.63p	8.93p
Adjusted diluted earnings per share	13.27p	8.93p

* Restated to reflect the classification of Bloomsbury Verlag GmbH as a discontinued operation (see note 2 b))
[1] Profit and earnings per share values are stated after tax
[2] The dilution is in respect of unexercised share options and the performance share plan
[3] Adjusted profit is post-tax earnings generated by continuing operations before taking account of highlighted items

12. Goodwill

	29 February 2012 £'000	28 February 2011 £'000
Cost		
At start of period	31,465	31,517
Acquisitions	8,897	28
Revision of cost*	–	(33)
Disposals	(1,531)	–
Exchange differences	37	(47)
At end of period	38,868	31,465
Impairment		
At start of period	5,801	4,264
Impairment	–	1,532
Disposals	(1,531)	–
Exchange differences	(12)	5
At end of period	4,258	5,801
Net book value		
At end of period	34,610	25,664
At start of period	25,664	27,253

* This represents the cancellation of a consultancy invoice on the 2004 acquisition of Walker Publishing.

Goodwill is not amortised, but instead is subject to annual impairment reviews. Any impairment losses are recognised immediately in the income statement.

Impairment testing

The recoverable amount of the Group's goodwill has been considered with regard to value in use calculations. These calculations use pre-tax future cash flow projections of each cash generating unit ("CGU") based on the Board's approved budgets for the year ended 28 February 2013, extrapolated forecasts for subsequent years up to 2017 and include a terminal value based on the projections for the final year of that forecast with a long term growth rate applied.

Goodwill is allocated for impairment testing purposes to the following CGUs:

	29 February 2012 £'000	28 February 2011 £'000
A&C Black	14,164	14,164
Continuum	8,310	–
Bloomsbury Professional	5,579	5,579
Other	6,557	5,921
Total	**34,610**	25,664

The remaining goodwill balance of £6,557,000 (2011: £5,921,000) is allocated across multiple CGUs with no individual CGU exceeding 10% of the Group's goodwill balance. Each CGU represents a separate business operation acquired.

The key assumptions for calculating value in use are:

	Discount rates		Revenue Growth		Long term growth rate	
	2012 %	2011 %	2012 %	2011 %	2012 %	2011 %
A&C Black	9.6	10.5	4.2	3.5	2.0	3.5
Continuum	9.6	–	4.4	–	2.0	–
Bloomsbury Professional	9.1	9.5	4.5	4.0	2.0	4.0
Other UK business units	8.6–9.6	9.5–10.5	4.0–5.0	4.0	2.0	4.0
Other US business units	10.1–10.6	10.3–11.3	4.0	5.0	2.0	5.0–5.5

Discount rates

The discount rates applied to the cash flows are calculated using a pre-tax rate based on the weighted average cost of capital "WACC" for the Group. This is adjusted for risks specific to the market in which the CGU operates. The Group has considered the impact of the current economic climate in determining appropriate discount rates.

Growth Rates

Growth rates have been calculated on those applied to the one year Board approved budget and incorporate future expectations of growth in backlist revenues and identified new revenue streams. The Directors feel the growth rates, although higher than long term industry averages, are justifiable on the basis of past performance and the history of growth in the Group.

Long term growth rates

The five year forecasts are extrapolated to perpetuity on the basis that the relevant CGUs are long established business units and the useful lives of these CGUs were assessed at acquisition as twenty years or greater.

Gross margin

Gross margins have been based on historic performance and expected changes to the sales mix in future periods.

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Sensitivity

For the John Wisden CGU the recoverable amount calculated as value in use exceeded the carrying value by £227,000. A 0.5% worsening of all the key assumptions would cause the value in use to fall below the carrying value.

The Group has not identified any reasonably possible changes to key assumptions that would cause the carrying value of goodwill of any other CGU to exceed its recoverable amount.

13. Other intangible assets

	Publishing relationships £'000	Trademarks £'000	Imprints £'000	Subscriber and customer relationships £'000	Order backlog £'000	Product and systems development £'000	Total £'000
Cost							
At 1 January 2010	4,846	111	2,413	3,626	141	–	11,137
Acquisitions	849	–	81	–	–	–	930
Additions	693	–	60	–	–	684	1,437
Exchange differences	1	–	–	–	–	–	1
At 28 February 2011	6,389	111	2,554	3,626	141	684	13,505
Acquisitions	5,943	–	632	–	–	–	6,575
Additions	–	–	–	–	–	1,595	1,595
Exchange differences	6	2	–	–	–	–	8
At 29 February 2012	**12,338**	**113**	**3,186**	**3,626**	**141**	**2,279**	**21,683**
Amortisation							
At 1 January 2010	471	–	110	152	59	–	792
Charge for the period	594	–	108	350	55	29	1,136
At 28 February 2011	1,065	–	218	502	114	29	1,928
Charge for the year	925	–	114	300	27	233	1,599
Exchange differences	3	–	–	–	–	–	3
At 29 February 2012	**1,993**	**–**	**332**	**802**	**141**	**262**	**3,530**
Net book value							
At 29 February 2012	**10,345**	**113**	**2,854**	**2,824**	**–**	**2,017**	**18,153**
At 28 February 2011	5,324	111	2,336	3,124	27	655	11,577

14. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2010	1,664	466	2,018	179	4,327
Additions	176	2	383	–	561
Disposals	–	–	(1)	(22)	(23)
Exchange differences	–	–	(11)	–	(11)
At 28 February 2011	1,840	468	2,389	157	4,854
Additions	2,202	108	268	–	2,578
Acquired through business combinations	–	1	67	–	68
Disposals	(1,651)	(192)	(1,305)	(31)	(3,179)
Exchange differences	–	–	(1)	–	(1)
At 29 February 2012	**2,391**	**385**	**1,418**	**126**	**4,320**
Depreciation					
At 1 January 2010	1,397	315	1,413	141	3,266
Charge for the period	264	40	314	37	655
Disposals	–	–	(1)	(22)	(23)
Exchange differences	–	–	(9)	–	(9)
At 28 February 2011	1,661	355	1,717	156	3,889
Charge for the period	120	34	282	12	448
Disposals	(1,649)	(190)	(1,155)	(42)	(3,036)
Exchange differences	–	–	(1)	–	(1)
At 29 February 2012	**132**	**199**	**843**	**126**	**1,300**
Net book value					
At 29 February 2012	**2,259**	**186**	**575**	**–**	**3,020**
At 28 February 2011	179	113	672	1	965

£37,000 (2011: £40,000) of the depreciation charge is attributable to discontinued operations. The continuing operations depreciation charge of £411,000 (2011: £615,000) was charged in administrative expenses.

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15. Deferred tax

a) Recognised deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset or liability arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled.

Movement in temporary differences during the period:

	Tax losses £'000	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share-based payments £'000	Intangible assets £'000	Other £'000	Total £'000
At 1 January 2010	881	73	18	335	(1,933)	357	(269)
(Charge)/credit to the income statement	(310)	(40)	(1)	–	(337)	432	(256)
Charge to other comprehensive income	–	–	–	(26)	–	–	(26)
Exchange differences	(42)	–	–	–	–	–	(42)
Reallocation	809	–	(1)	(19)	–	(789)	–
At 28 February 2011	**1,338**	**33**	**16**	**290**	**(2,270)**	**–**	**(593)**
Recognised on acquisition	1,298	62	–	–	(1,651)	6	(285)
(Charge)/credit to the income statement	(1,292)	(112)	40	(31)	313	530	(552)
Credit to other comprehensive income	–	–	–	11	–	–	11
Exchange differences	14	–	–	–	–	4	18
Reallocation	118	–	–	–	–	(118)	–
At 29 February 2012	**1,476**	**(17)**	**56**	**270**	**(3,608)**	**422**	**(1,401)**

Due to changes in the statutory tax rate in the UK, deferred tax is provided at 25% (2011: 27%) which is the rate that has been substantively enacted to apply from 1 April 2012. The impact of the change in tax rate is a credit of £92,000 (2011: £96,000), of which a credit of £96,000 has been recognised in the deferred tax charge in the income statement and the remainder recognised in other comprehensive income.

Deferred tax assets in respect of losses are only recognised to the extent that it is anticipated they will be utilised in the foreseeable future.

b) The analysis for financial reporting purposes is as follows:

	29 February 2012 £'000	28 February 2011 £'000
Deferred tax assets	2,336	1,583
Deferred tax liabilities	(3,737)	(2,176)
	(1,401)	(593)

c) Unrecognised deferred tax assets

The Group had deferred tax assets not recognised in the financial statements as follows:

	29 February 2012 £'000	28 February 2011 £'000
Unused tax losses	1,677	1,443
Non trading losses	600	–
	2,277	1,443

These deferred tax assets are recoverable against available taxable profits of the same type or from the same trades in future years. They have not been recognised in the financial statements as it is not sufficiently certain that future taxable profits will be available against which the Group can utilise the losses.

The gross tax losses on which no deferred asset has been recognised were £6,708,000 (2011: £4,745,484). This relates to tax losses for certain subsidiaries in the UK. These losses can be carried forward indefinitely.

At 29 February 2012 the Group has non-trading losses of approximately £2,400,000 (2011: nil). A deferred tax asset has not been recognised in respect of non-trading losses carried forward as it is not clear whether non-trading income against which the losses may be offset will arise in the Group in the foreseeable future.

Deferred tax is not provided on unremitted earnings of subsidiaries where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future.

16. Inventories

	29 February 2012 £'000	28 February 2011 £'000
Raw materials	160	370
Work in progress	5,636	4,940
Finished goods for resale	14,388	13,024
	20,184	18,334

The cost of inventories recognised as cost of sales amounted to £23,607,000 (2011: £24,942,000).

The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £3,049,000 (2011: £4,796,000).

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17. Trade and other receivables

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Gross trade receivables	28,897	28,635
Less: provision for impairment of receivables	(655)	(745)
Less: provision for returns	(4,704)	(6,512)
Net trade receivables	23,538	21,378
Income tax recoverable	437	–
Other receivables	1,238	191
Prepayments and accrued income	30,218	27,150
Total trade and other receivables	55,431	48,719

As at 29 February 2012 £2,510,000 (2011: £2,067,000) of prepayments and accrued income are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The Group's exposure to credit and currency risks is disclosed in note 23. Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The average number of days' credit taken for sales of books by the Group was 102 (2011: 96 days).

The majority of trade debtors are secured by credit insurance, third party distributors and letters of credit.

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

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
At start of period	745	1,044
Amounts utilised	(167)	(470)
Assumed in a business combination	69	–
Removed through disposal	(37)	–
Amounts created	45	171
At period end	655	745

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

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
At period start	6,512	6,505
Amounts utilised	(6,703)	(11,053)
Amounts released	(1,624)	–
Assumed in a business combination	487	–
Removed through disposal	(389)	–
Exchange adjustments	47	(19)
Amounts created	6,374	11,079
At period end	4,704	6,512

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

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Amounts utilised	(5)	(1,682)
Assumed in a business combination	1,383	–
Removed through disposals	(7,440)	–
Exchange adjustments	(70)	(273)
Amounts created	5,191	3,668
Net movement in provision	(941)	1,713

18. Trade and other payables

	29 February 2012 £'000	28 February 2011 £'000
Non-current		
Other payables	341	467
Current		
Trade payables	11,259	9,156
Taxation and social security	407	353
Other payables	1,598	961
Accruals	16,602	16,068
Deferred income	2,235	2,582
Total current payables	32,101	29,120
Total trade and other payables	32,442	29,587

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Non-current other payables represent the authors' share of rights receivable falling due after more than one year.

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19. Provisions

	Property £'000	Contingent consideration £'000	Total £'000
At 1 March 2011	–	–	–
Assumed in a business combination	120	–	120
Created in the year	55	507	562
Utilised in the year	(18)	–	(18)
At 29 February 2012	157	507	664
Non-current	–	507	507
Current	157	–	157

The properties provision includes amounts provided for onerous lease commitments and dilapidations. The timing of cash flows for onerous leases commitments are dependent on the terms of the remaining leases.

The Group acquired Oxford International Publishers Limited (t/a Berg Publishers) in 2008. The contingent consideration arrangement is based on average revenues for the Berg Fashion element of the business and is payable based on results for 2014 and 2015. The maximum potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is £1,000,000, of which £507,000 has been recognised at 29 February 2012.

20. Share capital and other reserves

Share Capital

	29 February 2012 £'000	28 February 2011 £'000
Authorised: 98,459,604 Ordinary Shares of 1.25p each (2011: 91,688,948 Ordinary Shares of 1.25p each)	**1,231**	1,146
Allotted, called up and fully paid: 73,844,724 Ordinary Shares of 1.25p each (2011: 73,844,724 Ordinary Shares of 1.25p each)	**924**	924

The Company has one class of ordinary shares which carries equal voting rights and no contractual right to receive payment. No shares are held by the Company as Treasury shares. Directors and other employees of the Group have been granted options to purchase 2,713,519 ordinary shares with an aggregate nominal value of £33,919 (note 21).

Capital redemption reserve

The capital redemption reserve arose on the purchase by the Company of its own shares and comprises the amount by which the distributable profits were reduced on these transactions.

Share-based payment reserve

The share based payment reserve comprises cumulative amounts charged in respect of employee share-based payment arrangements which have not yet been settled by means of an award of shares to an individual.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial information of foreign operations.

Retained earnings

The retained earnings reserve comprises profit for the year attributable to owners of the Company and other items recognised directly through equity as presented on the consolidated statement of changes in equity.

Own shares held by Employee Benefit Trust

The Employee Benefit Trust ("EBT") is an independent discretionary trust established to acquire issued shares of the Company to satisfy any of the share based incentive schemes (see note 21) and plans of the Company. All employees of the Group are potential beneficiaries of the EBT. The results and net assets of the EBT are included in the financial statements of the Group.

The market value of the 1,600,610 shares of the Company held at 29 February 2012 (2011: 88,760) in the EBT was £1,948,000 (2011: £106,000). Whilst the trustee has power to subscribe for Ordinary Shares and to acquire Ordinary shares in the market or from treasury, it is not permitted to hold more than five per cent of the issued share capital without prior approval of the shareholders.

As at the date of signing this Annual Report, the Trust held 1,600,610 ordinary shares of 1.25 pence being approximately 2.2% of the issued ordinary share capital. The Trust made the following purchases of the Company's shares during the year:

Date of transaction	Shares purchased Number	Price per share
28 March 2011	35,000	£1.27
31 March 2011	615,000	£1.31
4 April 2011	10,000	£1.31
5 April 2011	185,000	£1.32
6 April 2011	27,500	£1.31
7 April 2011	639,350	£1.32
Total share purchases	**1,511,850**	

21. Share-based payments

Options over shares of the ultimate parent undertaking, Bloomsbury Publishing Plc, have been granted to employees of the Group under various schemes.

The total share based payment charge for the year is £255,000 (2011: £804,000), of which £31,000 (2011: £39,000) relates to the discontinued operation Bloomsbury Verlag GmbH.

a) The 1994 Approved Executive Share Option Schemes ("*Approved 1994 ESOS*")

All Approved 1994 ESOS options outstanding at 29 February 2012 and 28 February 2011 have vested. No options have been granted under the scheme since 1994.

Grants under the Approved 1994 ESOS were made on an annual basis to selected employees, with the exercise price of options being not less than the higher of the nominal value of an Ordinary Share and the average middle market quotation of an Ordinary Share for the three dealing days immediately preceding the offer of options under the Scheme. If options remain unexercised after a period of ten years from the date of the grant or if (except in certain circumstances) the employee leaves the Group, the options lapse.

	Scheme options 2012 Number	**Weighted average exercise price 2012 Pence**	Scheme options 2011 Number	Weighted average exercise price 2011 Pence
Outstanding at period start	**165,000**	**200**	659,398	207
Lapsed	**(127,440)**	**204**	(494,398)	209
Outstanding at period end	**37,560**	**186**	165,000	200
Exercisable at period end	**37,560**	**186**	165,000	200

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	2012	2011
Range of exercise price of outstanding options (pence)	178.7–249.5	143.5–249.5
Weighted average remaining contracted life (months)	15	9
Expense recognised for the period (£'000)	–	–

b) The Bloomsbury Performance Share Plan 2005 ("the PSP")

The Group operates the PSP for Directors and senior employees. Awards under the scheme are granted as a nil-priced option. The number of Ordinary Shares comprised in an award is calculated using a share value equal to either the average middle-market price of the Ordinary Share for the five dealing days immediately preceding the award date or the middle-market price on the dealing day before the award date.

The vesting period is three years and the level of vesting is subject to the achievement of Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") performance conditions approved by the Remuneration Committee. For details of the performance conditions see the Directors' Remuneration Report on pages 57 to 70. Awards are not exercisable after the vesting date and awards that vest on the vesting date are automatically exercised. Except in certain circumstances awards lapse if the employee leaves the Group.

	2012 Number	2011 Number
Outstanding at period start	2,545,981	2,374,644
Granted during the period	1,136,758	961,299
Exercised	–	(307,723)
Lapsed	(1,261,971)	(482,239)
Outstanding at period end	2,420,768	2,545,981
Exercisable at period end	–	–

	2012	2011
Range of exercise price of outstanding options (pence)	–	–
Weighted average remaining contracted life (months)	22	16
Expense recognised for the period (£'000)	249	760

The share options granted in the year to 29 February 2012 have been measured by New Bridge Street Consultants using the Monte-Carlo style stochastic model:

Performance condition	Increase in EPS over RPI	Total Shareholder Return
Share price	97.25 pence	97.25 pence
Exercise Price	–	–
Expected term	3 years	3 years
Expected volatility	n/a	28.20%
Performance condition discount	n/a	n/a
Risk Free Interest Rate	n/a	0.40%
Fair Value charge per award	97.25 pence	63.78 pence

The expected volatility was based on Bloomsbury's share price volatility over the period prior to grant equal in length to the expected three year life. Half of each award is subject to an EPS performance condition (which is not factored into the valuation). Half of each award is subject to a Total Shareholder Return condition whereby performance is compared to the FTSE Mid 250 companies (excluding Investment Trusts) over a three year period from the date of grant. A median ranking results in 35% of shares subject to this performance condition vesting, rising to 100% for an upper quartile ranking. The discount for this TSR condition is calculated at the date of grant using the "Monte-Carlo" model.

c) Bloomsbury Sharesave Plan 2005

The Group operates an HM Revenue and Customs approved savings related share option scheme under which employees are granted options to purchase Ordinary Shares in the Company in three, five or seven years' time, dependent upon their entering into a contract to make monthly contributions to a savings account over the period of the savings term. The Sharesave Plan is open to all UK employees.

	Sharesave options 2012 Number	Weighted average exercise price 2012 Pence	Sharesave options 2011 Number	Weighted average exercise price 2011 Pence
Outstanding at period start	76,191	116	113,282	125
Granted	177,948	98	–	–
Lapsed	(78,948)	115	(37,091)	143
Outstanding at period end	175,191	98	76,191	116
Exercisable at period end	–	–	1,096	148

	2012	2011
Range of exercise price of outstanding options (pence)	98.18	115.6–148.2
Weighted average remaining contracted life (months)	32	10
Expense recognised for the period (£'000)	6	45

d) 2006 Share Appreciation Rights Scheme ("SAR Scheme")

SAR Scheme awards provide participants the right to buy a number of Company shares at their nominal value. The awards have an exercise price which is set at the time of granting the awards. The number of shares that can be acquired is equal to the excess of the market price of the Company's shares at date of exercise over the exercise price for the award. SAR awards are exercisable for four years after the vesting date subject to satisfying an Earnings per Share condition at the date of exercise.

	SAR Scheme Awards 2012 Number	Weighted average exercise price 2012 Pence	SAR Scheme Awards 2011 Number	Weighted average exercise price 2011 Pence
Outstanding at period start	120,000	301	146,792	278
Lapsed	(40,000)	250	(26,792)	174
Outstanding at period end	80,000	327	120,000	301
Exercisable at period end	80,000	327	120,000	301

	2012	2011
Range of exercise price of outstanding options (pence)	315.25–337.8	249.5–337.9
Weighted average remaining contracted life (months)	14	18
Expense recognised for the period (£'000)	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

e) 2007 Unapproved Employee Share Option Scheme ("2007 ESOS")

Awards under the 2007 ESOS were granted as options to be exercised up to 3 years from the date of grant subject to the achievement of performance conditions set by the Remuneration Committee.

	Scheme Awards 2012 Number	Weighted average exercise price 2012 Pence	Scheme Awards 2011 Number	Weighted average exercise price 2011 Pence
Outstanding at period start	16,000	176	88,760	212
Lapsed	(16,000)	176	(72,760)	220
Outstanding at period end	–	–	16,000	176
Exercisable at period end	–	–	16,000	176

	2012	2011
Range of exercise price of outstanding options (pence)	–	175.5
Weighted average remaining contracted life (months)	–	2
Expense recognised for the period (£'000)	–	–

22. Post-employment benefits

Pension costs

The pension costs charged to the income statement of £704,000 (2011: £824,000) relate to the Group's defined contribution and defined benefit pension arrangements.

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees.

The total cost charged to income of £684,800 (2011: £802,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 29 February 2012 there were no prepaid contributions (28 February 2011: £12,000).

Defined benefit plan

A subsidiary company operates a defined benefit scheme for some staff which is accounted for in accordance with IAS 19. Accrual of benefits ceased in 1997, with the scheme now operated as a closed fund. There is no obligation in respect of medical costs. A full actuarial valuation was carried out as at 1 January 2010 and updated to 29 February 2012 by a qualified independent actuary.

At the date of the last completed independent actuarial valuation, which was 1 January 2010, the market value of the assets of the scheme was £388,000. The actuary advised that at that date the actuarial valuation of the assets of the scheme was sufficient to cover 76% of the benefits that had accrued to members. The scheme is actuarially valued every three years. The next valuation of the scheme will be as at 1 January 2013.

Contributions are paid by the employer at the rate of £1,600 per month, plus expenses as and when required. Contributions paid to the scheme during the year were £19,200 (fourteen months to 28 February 2011: £22,000). The Directors' best estimate of the contribution to be paid for in the year ending 28 February 2013 is £19,200.

The Group's policy is to fund the deficit in the scheme by additional contributions to meet the scheme's commitment to members.

The financial assumptions used by the actuary for the update were as follows:

	29 February 2012	28 February 2011	31 December 2009	31 December 2008	31 December 2007
Rate of increase in salaries	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Rate of increase in pensions in payment (LPI)	0.00%	0.00%	0.00%	0.00%	0.00%
Discount rate	4.50%	5.50%	5.70%	6.30%	5.90%
Inflation assumption	3.10%	3.50%	3.50%	2.90%	3.20%
Expected return on plan assets *	5.00%	5.00%	5.00%	5.00%	5.80%

* The expected return on plan assets has been determined by reference to the scheme's current investment strategy.

The scheme is closed and there are no active paying members, therefore no increases in payments have been applied. The assumptions used are estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily occur in practice.

Mortality rate assumptions follow the PnxA00 table with long cohort improvements subject to a minimum 1.0% per annum improvement. The mortality assumptions adopted at the end of the reporting period imply the following remaining life expectancies at age 65:

	29 February 2012 Life expectancy at age 65	28 February 2011 Life expectancy at age 65
Male currently aged 45	25.3	25.2
Female currently aged 45	27.7	27.6
Male currently aged 65	23.3	23.2
Female currently aged 65	25.8	25.7

The amounts recognised in income in respect of the defined benefit scheme are as follows:

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Interest cost	(27)	(32)
Expected return on scheme assets	20	23
Actuarial losses	(74)	(16)
	(81)	(25)

Of the total charge, £101,000 (2011: £48,000) and £20,000 (2011: £23,000) were included in finance costs and finance income respectively.

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The amount included in the statement of financial position arising from the Group's obligation in respect of the defined benefit pension scheme is as follows:

	29 February 2012 £'000	28 February 2011 £'000
Fair value of assets (with profit policy)	411	421
Present value of funded scheme liabilities	(568)	(516)
Retirement benefit obligations (net liability)	(157)	(95)
Deferred taxation	39	17
	(118)	(78)
Analysis for reporting purposes		
Non-current liabilities	(157)	(95)
Deferred tax assets	39	17

Movements in the present value of defined benefit scheme liabilities in the period were as follows:

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
At period start	(516)	(480)
Interest cost	(27)	(32)
Benefits paid	50	16
Actuarial losses	(75)	(20)
At period end	(568)	(516)

Movements in the present value of scheme assets in the period were as follows:

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
At period start	421	389
Expected return on scheme assets	20	22
Actuarial gains	1	4
Employer contributions	19	22
Benefits paid	(50)	(16)
At period end	411	421

The actual return on scheme assets was £21,000 (2011: gain of £27,000).

The history of experience adjustments is as follows:

	29 February 2012 £'000	28 February 2011 £'000	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000
Present value of defined benefit obligations	**(568)**	(516)	(480)	(514)	(548)
Fair value of scheme assets	**411**	421	389	496	471
Deficit in scheme	**(157)**	(95)	(91)	(18)	(77)
Experience gains/(losses) on scheme assets					
Amount (£'000)	**1**	4	(28)	(9)	4
Percentage of scheme assets	**0.2%**	1.0%	(7.0)%	(2.0)%	1.0%
Experience gains/(losses) on scheme liabilities					
Amount (£'000)	**(4)**	6	1	(4)	9
Percentage of the scheme liabilities	**(0.8)%**	1.0%	–	(1.0)%	2.0%

23. Financial instruments and risk management

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and issue new shares. The Group's overall strategy remains unchanged from 2011.

The capital structure of the Group comprises equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and note 20.

Categories of financial instruments

	Note	29 February 2012 £'000	28 February 2011 £'000
Loans and receivables			
Cash and cash equivalents		**12,639**	36,876
Trade receivables	17	**23,538**	21,378
Accrued Income		**5,985**	-
Rights income receivable		**795**	1,167
Total loans and receivables		**42,957**	59,421
Financial liabilities			
Trade payables	18	**11,259**	9,156
Other payables		**2,005**	961
Other payables due in more than one year	18	**341**	467
Accruals	18	**16,602**	16,068
Total financial liabilities measured at amortised cost *		**30,207**	26,652
Net financial instruments		**12,750**	32,769

* These amounts also represent the contractual cash payments due.

There is no material difference between the fair value and book value of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance from the key risks of market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board has approved the Group Treasury policies and procedures by which the Group Treasury function is to be managed, headed by the Group Finance Director and part of Bloomsbury's Finance Department, it operates under a delegated authority from the Board.

The treasury management policies and procedures focus on the investment of surplus operating cash likely to be needed in order to support Bloomsbury's on-going operations, foreign currency requirements and interest rate risk management. The Group does not use derivative contracts for speculative purposes. The policies are reviewed at least on an annual basis by the Group Finance Director and any amendments approved by the Board. The Board is assisted in its oversight role by Internal Audit, who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group incurs costs in the same currencies as it earns revenue creating some degree of natural hedging.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by Group Treasury under policies approved by the Board of Directors. Group Treasury monitors the distribution of its cash assets so as to control exposure to the relative performance of any particular territory, currency or institution.

The Board provides written principles for overall risk managements, as well as policies covering specific areas, such as funding, foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(i) Interest rate risk

The Group has significant interest bearing assets in the form of cash and cash equivalents; as such cash flows are dependent on changes in market interest rates.

The Group maintains a low risk stance to investing surplus cash balances and does not allow speculative trading or investment and invests surplus funds only in investments that meet certain criteria which include the following:

- Invest utilising permitted instruments as authorised by the Board
- Are held at a permitted institution
- Have a defined maximum maturity date which is no longer than twelve months unless a UK Government bond
- Are denominated in sterling, euro, US dollars or AUS dollars
- Pay interest at a fixed, floating or discount rate

Interest rate profile of financial assets

	29 February 2012 £'000	28 February 2011 £'000
Variable rate instruments	12,639	12,300
Fixed rate instruments	–	24,576
	12,639	36,876

Fixed rate instruments are short-term bank deposits with a maturity date range of one day to one month. Variable rate instruments are cash at bank. The average rate of interest during the year was 0.9% (2011: 1.08%). The Group had no interest-bearing financial liabilities at 29 February 2012 or 28 February 2011.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore a change in interest rates at 29 February 2012 would not affect profit or loss.

Interest rate sensitivity analysis

The Group derived the following sensitivities to assess the impact of changes in interest rates, based on the effect of the market volatility in the current climate and the previous 12 months. The analysis assumes all other variables remain constant.

	29 February 2012 £'000	28 February 2011 £'000
Impact on profit or loss		
1% increase in base rate of interest (2011: 1%)	126	369
0.5% decrease in base rate of interest (2011: 0.5%)	(117)	(184)

There would be no equity impact.

(ii) Currency risk

The Company believes in its current circumstances that the Group's risk from foreign currency exposure is limited and no active currency risk management by hedging is considered necessary, as a significant proportion of revenues are matched by expenditure in the same local currency creating some degree of natural hedging.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	Loans and receivables		Financial Liabilities	
	29 February 2012 £'000	28 February 2011 £'000	29 February 2012 £'000	28 February 2011 £'000
GBP	26,438	48,584	24,377	19,480
USD	9,705	6,775	3,061	2,479
€	3,927	3,010	–	2,715
AUD	2,887	1,052	2,769	1,978
Total	42,957	59,421	30,207	26,652

No significant amounts of loans and receivables or financial liabilities are denominated in currencies other than sterling, US dollars, Euros and Australian dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Foreign currency sensitivity analysis

The Group derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the period end. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous period end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity.

	29 February 2012 £'000	28 February 2011 £'000
Impact on equity		
10% increase in US dollar fx rate against pound sterling (2011: 10%)	(581)	(386)
10% decrease in US dollar fx rate against pound sterling (2011: 10%)	706	471
10% increase in Euro fx rate against pound sterling (2011: 10%)	(351)	(27)
10% decrease in Euro fx rate against pound sterling (2011: 10%)	451	33
10% increase in AUS dollar fx rate against pound sterling (2011: 10%)	(11)	85
10% decrease in AUS dollar fx rate against pound sterling (2011: 10%)	13	(104)
Impact on profit or loss		
10% increase in US dollar fx rate against pound sterling (2011: 10%)	(29)	(46)
10% decrease in US dollar fx rate against pound sterling (2011: 10%)	35	55
10% increase in Euro fx rate against pound sterling (2011: 10%)	(22)	(29)
10% decrease in Euro fx rate against pound sterling (2011: 10%)	29	36
10% increase in AUS dollar fx rate against pound sterling (2011: 10%)	–	–
10% decrease in AUS dollar fx rate against pound sterling (2011: 10%)	–	–

The Group's sensitivity has increased in the current period due to the disposal of Bloomsbury Verlag GmbH (functional currency €) and the acquisition of The Continuum Publishing Group Inc (functional currency USD).

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and rights income receivables.

The carrying amount of financial assets represents the maximum credit exposure. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on the trading experience and the current economic environment. An analysis of the relevant provisions is set out in note 17.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings as assigned by international credit-rating agencies.

The Group determines its concentration of credit risk based on the individual characteristics of its customers and publicly available knowledge of specific circumstances affecting those customers. The Group defines counterparties as having similar characteristics if they are related entities.

The Group has a significant concentration of credit risk due to its use of third party distributors. Credit limits for the final customers are set by the distributors for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Group's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance and letters of credit.

c) Liquidity risk

The Directors do not consider that the Group currently has an exposure to liquidity risk, as the Group has no borrowing and has sufficient cash deposits to meet its debts as they fall due for the foreseeable future.

Cash flow budgets and forecasts are prepared by the operating entities of the Group, aggregated for the Group and regularly reviewed by the Board, and the actual cash position of the Group and each entity is compared monthly against budget. This allows management to ensure that each operating entity and the Group have sufficient cash to meet operational needs. Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest bearing accounts and money market deposits.

During the year the Group negotiated a banking facility with Lloyds Bank. It includes an unsecured revolving credit facility repayable on demand. At 29 February 2012 the Group had at its disposal £12 million of undrawn borrowing facilities (2011: nil) comprising a £10m committed revolving credit facility and a £2m overdraft. The overdraft facility is due for review in September 2012 and the loan facility matures in July 2016. The facility is subject to two covenants being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

The Group's financial liabilities are trade payables, accruals and other payables, as shown above. Apart from the identified other payables due after one year, all financial liabilities are due within one year.

24. Operating leases

At 29 February 2012 the Group had the following outstanding commitments under non-cancellable operating leases:

	29 February 2012 £'000	28 February 2011 £'000
Within one year	**1,165**	949
Later than one year and less than five years	**2,905**	2,731
After more than five years	**2,274**	3,050
	6,344	6,730

The operating leases represent rentals payable by the Group for certain office properties, vehicles and equipment. The lease terms over properties are for an average of eleven years. The lease at the headquarters in Bedford Square is for a period of twenty years with an option to break the lease at the tenth year. The operating leases over vehicles are in respect of company cars driven by certain employees. The lease terms are for an average of three years. The operating leases over equipment are in respect of office equipment. The lease terms are for an average of three years.

25. Commitments and contingent liabilities

a) Capital commitments

	29 February 2012 £'000	28 February 2011 £'000
Property, plant and equipment	**214**	1,285
Intangible assets	**125**	250
	339	1,535

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b) Other commitments
The Group is committed to paying royalty advances to authors under publishing contracts during subsequent financial years. At 29 February 2012 this commitment amounted to £15,360,000 (2011: £15,115,000).

c) Guarantees
The Company and certain of its subsidiaries have guarantees in place relating to the Group's borrowing facilities, see note 23c). The Group entered into a promissory note and guarantee for the acquisition of Fairchild Book; see note 27.

26. Related party transactions
The Group has no related party transactions other than key management remuneration as disclosed in note 6.

27. Post balance sheet events
On 2 April 2012 the Group acquired the trade and assets of Fairchild Books, a business unit of Advance Magazine Publishers Inc, for a cash consideration of $6,500,000 (£4,063,000) payable in three equal annual instalments commencing at completion. Fairchild Books, based in New York, is a market-leading publisher of textbooks and educational resources for students of fashion, merchandising, retailing and interior design and will become part of Bloomsbury Publishing Plc's Academic & Professional division.

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

28. Investments in subsidiary companies
The principal subsidiary companies at 29 February 2012 are:

	Country of incorporation	Proportion of equity capital held	Nature of business during the year
Subsidiary undertakings held directly by Bloomsbury Publishing Plc:			
A.& C. Black Plc	England	100%	Intermediate holding company
Bloomsbury Publishing Inc	USA	100%	Publishing
Bloomsbury Information Limited	England	100%	Publishing
Bloomsbury Professional Limited	England	100%	Publishing
Bloomsbury Australia PTY Limited	Australia	100%	Publishing
The Continuum International Publishing Group Limited	England	100%	Publishing
Subsidiary undertakings held through a subsidiary company:			
A & C Black Publishers Limited	England	100%	Publishing
Christopher Helm (Publishers) Limited	England	100%	Publishing
Oxford International Publishers Limited t/a Berg Publishers	England	100%	Publishing
Berg Fashion Library Limited	England	100%	Publishing
John Wisden & Co Limited	England	100%	Publishing
The Continuum International Publishing Group Inc	USA	100%	Publishing

All subsidiary undertakings are included in the consolidation.

A full list of subsidiary undertakings at 29 February 2012 will be annexed to the Company's next annual return filed at Companies House in accordance with section 410 of the Companies Act 2006.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2012

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	Notes	29 February 2012 £'000	28 February 2011 £'000
Assets			
Intangible assets	31	**1,857**	1,271
Property, plant and equipment	32	**2,771**	546
Investments in subsidiary companies	33	**54,237**	36,189
Deferred tax assets	34	**286**	280
Trade and other receivables	36	**11,211**	12,128
Total non-current assets		**70,362**	50,414
Inventories	35	**4,389**	3,029
Trade and other receivables	36	**39,594**	23,863
Cash and cash equivalents		**7,755**	29,010
Total current assets		**51,738**	55,902
Total assets		**122,100**	106,316
Liabilities			
Deferred tax liabilities	34	**109**	–
Other payables	37	**341**	465
Total non-current liabilities		**450**	465
Trade and other payables	37	**34,711**	19,954
Current tax liabilities		**618**	148
Total current liabilities		**35,329**	20,102
Total liabilities		**35,779**	20,567
Net assets		**86,321**	85,749
Equity			
Share capital	38	**924**	924
Share premium	38	**39,388**	39,388
Other reserves	38	**3,460**	3,219
Retained earnings	38	**42,549**	42,218
Total equity attributable to owners of the Company		**86,321**	85,749

The Company financial statements on pages 123 to 135 were approved by the Board of Directors and authorised for issue on 15 June 2012.

Nigel Newton
Director

Wendy Pallot
Director

COMPANY STATEMENT OF CHANGES IN EQUITY
ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2010	922	39,388	20	2,393	51,915	94,638
Loss for the period	–	–	–	–	(6,188)	(6,188)
Other comprehensive income						
Deferred tax on share-based payment transactions	–	–	–	–	(26)	(26)
Total comprehensive income for the period	–	–	–	–	(6,214)	(6,214)
Transactions with owners						
Share buy back and cancellation	(2)	–	2	–	(187)	(187)
Share options exercised	4	–	–	–	–	4
Dividends to equity holders of the Company	–	–	–	–	(3,296)	(3,296)
Share-based payment transactions	–	–	–	804	–	804
Total transactions with owners of the Company	2	–	2	804	(3,483)	(2,675)
Balance at 28 February 2011	**924**	**39,388**	**22**	**3,197**	**42,218**	**85,749**
Profit for the year	–	–	–	–	3,981	3,981
Other comprehensive income						
Deferred tax on share-based payment transactions	–	–	–	–	11	11
Total comprehensive income for the year	–	–	–	–	3,992	3,992
Transactions with owners						
Dividends to equity holders of the Company	–	–	–	–	(3,661)	(3,661)
Share-based payment transactions	–	–	–	255	–	255
Share options cancelled	–	–	–	(14)	–	(14)
Total transactions with owners of the Company	–	–	–	241	(3,661)	(3,420)
Balance at 29 February 2012	**924**	**39,388**	**22**	**3,438**	**42,549**	**86,321**

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Year ended 29 February 2012 £'000	14 months ended 28 February 2011 £'000
Cash flows from operating activities		
Profit/(loss) before tax	4,224	(4,700)
Adjustments for:		
Depreciation of property, plant and equipment	257	418
Amortisation of intangible assets	309	73
Investment impairment	–	7,452
Share-based payment charges	122	348
Finance income	(376)	(605)
Finance costs	1	–
	4,537	2,986
Increase in inventories	(1,360)	(817)
Increase in trade and other receivables	(12,726)	(2,052)
Increase in trade and other payables	14,807	4,481
Cash generated from operations	5,258	4,598
Income taxes received/(paid)	156	(2,076)
Net cash generated from operating activities	5,414	2,522
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,482)	(372)
Purchase of businesses	(18,048)	-
Purchases of intangible assets	(895)	(1,344)
Interest received	429	599
Net cash used in investing activities	(20,996)	(1,117)
Cash flows from financing activities		
Share options exercised	–	4
Share buy back	–	(187)
Purchase of Shares by the Employee Benefit Trust	(2,008)	–
Equity dividends paid	(3,661)	(3,296)
Interest paid	(4)	–
Net cash used in financing activities	(5,673)	(3,479)
Net decrease in cash and cash equivalents	(21,255)	(2,074)
Cash and cash equivalents at beginning of period	29,010	31,084
Cash and cash equivalents at end of period	7,755	29,010

COMPANY ACCOUNTING POLICIES

29. Reporting entity

Bloomsbury Publishing PLC (the 'Company') is a Company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 136. The Company is primarily involved in the publication of books and other related services.

30. Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") at the time of preparing these financial statements and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The reporting period was changed in the prior year to a February year end to allow for improved access to shareholders and analysts during the interim and final reporting season. As a result of this change the comparative amounts presented in the financial statements are for a fourteen month period to 28 February 2011 and are not directly comparable to the current twelve month financial year.

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company accounting policies are consistent with the Group policies set out in note 2 of the consolidated financial statements. Key additional policies are stated below.

b) Parent company result

The Company has taken advantage of the exemption available under Section 408 of the Companies Act 2006 not to present the Company income statement or statement of comprehensive income. The Company's profit for the year was £3,981,000 (2011: loss of £6,188,000 for the 14 month period).

c) Use of estimates and judgments

The preparation of the Company financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgments and areas where the use of estimates is significant are disclosed in note 2 v) for the Group and are applicable for the Company.

d) Application of new and amended standards and interpretations

The following amendments to existing standards have been adopted by the Company for the year ended 29 February 2012 and have not had a material impact on the Company.

- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 July 2010). The IFRIC addresses the accounting for issues of equity instruments in order to settle, in full or in part, a financial liability.
- IFRIC 14 (amended) 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective 1 January 2011) – Amendment; Prepayments of a Minimum Funding Requirement. The amendment permits the benefit of early payment of contributions paid to cover minimum funding requirements to be treated as an asset.
- IAS 24 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January 2011). The revised standard simplifies the disclosure requirements for government-related entities, requires commitments outstanding at the balance sheet date to be disclosed and clarifies the definition of a related party.
- Amendments to various IFRSs and IASs arising from the IASB's annual improvements projects

The Directors have considered the impact of new and revised accounting standards, interpretations or amendments on the Company that are currently endorsed but not yet effective. They have not been adopted early by the Company nor are they expected to have a material impact on the Company's financial statements.

e) Investment in subsidiaries
Investments in subsidiaries are recorded at cost less accumulated impairment in the statement of financial position. Investments are reviewed at each reporting date to assess whether there are any indicators of impairment. Any impairment losses are recognised in the income statement in the period they occur.

f) Share based payments
The Company issues equity-settled share-based payment instruments to certain employees of the Group. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is charged to the income statement on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Options granted under the Company's share option schemes, sharesave scheme and share appreciation rights scheme are equity settled. The fair values of such options have been calculated using the Black-Scholes model or a modified version of the same, based on publicly available market data.

Awards granted under the Company's performance share plan are equity settled. Due to the Total Shareholder Return performance condition that applies to half of any award granted under the plan, the fair value of awards has been calculated using the Monte-Carlo style stochastic model.

The Company recharges a share of the share based payment charge to subsidiaries. This recharge is made via intercompany.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31. Intangible assets

	Publishing relationships £'000	Systems development £'000	Total £'000
Cost			
At 1 January 2010	–	–	–
Additions	660	684	1,344
At 28 February 2011	660	684	1,344
Additions	–	895	895
At 29 February 2012	**660**	**1,579**	**2,239**
Amortisation			
At 1 January 2010	–	–	–
Charge for the period	44	29	73
At 28 February 2011	44	29	73
Charge for the year	132	177	309
At 29 February 2012	**176**	**206**	**382**
Net book value			
At 29 February 2012	**484**	**1,373**	**1,857**
At 28 February 2011	616	655	1,271

The amortisation charge of £309,000 (2011: £73,000) is included in administration expenses in the period.

32. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Total £'000
Cost				
At 1 January 2010	1,634	452	1,115	3,201
Additions	176	1	195	372
At 28 February 2011	1,810	453	1,310	3,573
Additions	2,202	106	174	2,482
Disposals	(1,634)	(195)	(885)	(2,714)
At 29 February 2012	**2,378**	**364**	**599**	**3,341**
Depreciation				
At 1 January 2010	1,372	312	925	2,609
Charge for the period	262	37	119	418
At 28 February 2011	1,634	349	1,044	3,027
Charge for the year	119	31	107	257
Disposals	(1,634)	(195)	(885)	(2,714)
At 29 February 2012	**119**	**185**	**266**	**570**
Net book value				
At 29 February 2012	**2,259**	**179**	**333**	**2,771**
At 28 February 2011	176	104	266	546

The depreciation charge of £257,000 (2011: £418,000) is included in administrative expenses in the period.

33. Investment in subsidiary companies

	£'000
Cost	
At 1 January 2010	53,116
Revisions of cost*	(33)
At 28 February 2011	53,083
Additions	18,048
Disposals	(7,452)
At 29 February 2012	**63,679**
Impairment	
At 1 January 2010	9,442
Charge for the period	7,452
At 28 February 2011	16,894
Disposals	(7,452)
At 29 February 2012	**9,442**
Net book value	
At 29 February 2012	**54,237**
At 28 February 2011	36,189

* Revisions of cost represent the cancellation of a consultancy invoice on the 2004 acquisition of Walker Publishing.

The additions in the financial year ending 29 February 2012 represent the investment in The Continuum International Publishing Group Limited. A list of subsidiaries is set out in note 28.

34. Deferred tax

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset or liability arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled.

Movement in temporary differences during the period:

	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share based payments £'000	Other £'000	Total £'000
At 1 January 2010	22	–	322	22	366
Charge to the income statement	(40)	–	(19)	(1)	(60)
Charge to other comprehensive income	–	–	(26)	–	(26)
At 28 February 2011	(18)	–	277	21	280
(Charge)/credit to the income statement	(90)	7	(31)	–	(114)
Credit to other comprehensive income	–	–	11	–	11
Reallocation	(1)	9	13	(21)	–
At 29 February 2012	**(109)**	**16**	**270**	**–**	**177**

Due to changes in the statutory tax rate in the UK, deferred tax is provided at 25% (2011: 27%) which is the rate that has been substantively enacted to apply from 1 April 2012. The impact of the change in tax rate is a charge of £14,000 (2011: £10,000), of which £17,000 has been recognised in the deferred tax charge in the income statement and the remainder recognised in other comprehensive income.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

The analysis for financial reporting purposes is as follows:

	29 February 2012 £'000	28 February 2011 £'000
Deferred tax assets	286	280
Deferred tax liabilities	(109)	–
	177	280

Deferred tax is not provided on unremitted earnings of subsidiaries where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future.

35. Inventories

	29 February 2012 £'000	28 February 2011 £'000
Raw materials	10	9
Work in progress	1,910	1,043
Finished goods for resale	2,469	1,977
	4,389	3,029

The cost of inventories recognised as cost of sales amounted to £8,984,000 (2011: £9,642,000).

The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £863,000 (2011: £1,051,000).

36. Trade and other receivables

	29 February 2012 £'000	28 February 2011 £'000
Non-current		
Amounts owed by group undertakings	11,211	12,128
Current		
Gross trade receivables	17,716	10,605
Less: provision for impairment of receivables	(576)	(219)
Less: provision for returns	(2,121)	(2,211)
Net trade receivables	15,019	8,175
Amounts owed by group undertakings	6,472	4,764
Other receivables	3,197	309
Prepayments and accrued income	14,906	10,615
Total current receivables	39,594	23,863
Total trade and other receivables	50,805	35,991

Non-current amounts owed by group undertakings represent loan balances due from subsidiary companies. These loans are technically repayable on demand; however there is no intention to demand repayment of the loans within the next twelve months. As at 29 February 2012, £2,511,000 (2011: £2,067,000) of prepayments and accrued income are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates their fair values. The Company's exposure to credit and currency risks is disclosed in note 40. Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The average number of days' credit taken for sales of books by the Company was 167 days (2011: 92 days). The reason for the increase is due to the streamlining of the business whereby all UK trade debtors are being recorded in one sales ledger in the Company.

Movements on the Company provision for impairment of trade receivables are as follows:

	29 February 2012 £'000	28 February 2011 £'000
At start of period	219	388
Amounts utilised	(167)	(268)
Transferred from subsidiaries	364	–
Amounts created	160	99
At period end	576	219

Movements on the Company provision for book returns are as follows:

	29 February 2012 £'000	28 February 2011 £'000
At start of period	2,211	2,143
Amounts utilised	(2,324)	(2,499)
Transferred from subsidiaries	570	–
Amounts created	1,664	2,567
At period end	2,121	2,211

Prepayments and accrued income includes net advances of £9,495,000 (2011: £9,101,000). A provision is held against gross advances payable in respect of published titles advances which may not be fully earned down by anticipated future sales, paperback editions or contracts for subsidiary rights receivable. The net advance is included within prepayments and accrued income. Movements on the Company provision for advances are as follows:

	29 February 2012 £'000	28 February 2011 £'000
Amounts utilised	–	(2)
Amounts created	2,425	876
Net movement in advances	2,425	874

NOTES TO THE COMPANY FINANCIAL STATEMENTS

37. Trade and other payables

	29 February 2012 £'000	28 February 2011 £'000
Non-current		
Other payables	341	465
Current		
Trade payables	5,621	4,391
Amounts owed to group undertakings	17,304	5,050
Taxation and social security	411	199
Other payables	1,280	663
Accruals	10,095	9,651
Total current trade and other payables	34,711	19,954
Total trade and other payables	35,052	20,419

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Non-current other payables represent the authors' share of rights receivable falling due after more than one year.

38. Share capital and other reserves

For details of share capital, share premium, capital redemption reserve, share-based payment reserve and retained earnings see note 20. For details on the Company profit for the year see note 30 b).

For details of dividends see note 8.

39. Share based payments

Options over shares of the Company have been granted to employees of the Company and Group under various schemes. The full share based payment disclosures can be found in note 21. The Company incurred a charge of £255,000 (2011: £804,000) in the year in relation to share based payments. Of this amount £133,000 (2011: £456,000) was recharged to subsidiaries of the Company.

40. Financial instruments and risk management

Full disclosures relating to the Group's financial risk management strategies and other financial assets and liabilities are given in the Financial Instruments section of the Directors' report and note 23 to the consolidated financial statements.

Categories of financial instruments

	Note	29 February 2012 £'000	28 February 2011 £'000
Loans and receivables			
Cash and cash equivalents		7,755	29,010
Amounts owed by group undertakings	36	17,683	16,892
Trade receivables	36	15,019	8,175
Accrued Income		3,847	–
Rights income receivable		779	882
Total loans and receivables		45,083	54,959
Financial liabilities			
Trade payables	37	5,621	4,391
Accruals	37	10,095	9,651
Other payables		1,691	663
Amounts owed to group undertakings	37	17,304	5,050
Other payables due in more than one year	37	341	465
Total financial liabilities measured at amortised cost *		35,052	20,220
Net financial instruments		10,031	34,739

* These amounts represent the contractual cash payments due.

a) Market risk

(i) Interest rate risk

Interest rate profile of financial assets

	29 February 2012 £'000	28 February 2011 £'000
Variable rate instruments	7,755	4,434
Fixed rate instruments	–	24,576
	7,755	29,010

Interest rate sensitivity analysis

The Company derived the following sensitivities to assess the impact of changes in interest rates, based on the effect of the market volatility in the current climate and the previous 12 months. The analysis assumes all other variables remain constant.

	29 February 2012 £'000	28 February 2011 £'000
Impact on profit or loss		
1% increase in base rate of interest (2011: 1%)	78	369
0.5% decrease in base rate of interest (2011: 0.5%)	(39)	(184)

There would be no impact on equity.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

(ii) Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	Loans and receivables		Financial Liabilities	
	29 February 2012 £'000	28 February 2011 £'000	29 February 2012 £'000	28 February 2011 £'000
GBP	40,737	54,136	35,052	20,218
USD	415	506	–	2
€	3,927	314	–	–
AUD	4	3	–	–
Total	45,083	54,959	35,052	20,220

Foreign currency sensitivity analysis

The Company derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the period end.

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous period end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity.

	29 February 2012 £'000	28 February 2011 £'000
Impact on profit or loss		
10% increase in US dollar fx rate against pound sterling (2011: 10%)	(29)	(46)
10% decrease in US dollar fx rate against pound sterling (2011: 10%)	35	55
10% increase in Euro fx rate against pound sterling (2011: 10%)	(22)	(29)
10% decrease in Euro fx rate against pound sterling (2011: 10%)	29	36
10% increase in AUS dollar fx rate against pound sterling (2011: 10%)	–	–
10% decrease in AUS dollar fx rate against pound sterling (2011: 10%)	–	–

There would be no impact on equity.

b) Credit risk

The Company has a significant concentration of credit risk due to its use of third party distributors. Credit limits for the final customers are set by the distributors for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Company's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance and letters of credit.

c) Liquidity risk

During the year the Group negotiated a banking facility with Lloyds Bank. At 29 February 2012 the Group had at its disposal £12 million of undrawn borrowing facilities (2011: nil) comprised of a £10m revolving credit facility and a £2m overdraft. The overdraft facility will be reviewed in September 2012 and the loan facility matures in July 2016. The facility is subject to two covenants being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

41. Operating leases

At 29 February 2012 the Company had the following outstanding commitments under non-cancellable operating leases:

	29 February 2012 £'000	28 February 2011 £'000
Within one year	692	516
Later than one year and less than five years	2,520	1,922
After more than five years	2,274	3,050
	5,486	5,488

The operating leases represent rentals payable by the Company for certain office properties, vehicles and equipment, see note 24 for further details.

42. Commitments and contingent liabilities

a) Capital commitments

	29 February 2012 £'000	28 February 2011 £'000
Property, plant and equipment	214	1,285
Intangible assets	125	250
	339	1,535

b) Other commitments

The Company is committed to paying royalty advances to authors under publishing contracts during subsequent financial years. At 29 February 2012 this commitment amounted to £10,031,000 (2011: £8,678,000).

c) Guarantees

The Company and certain of its subsidiaries have guarantees in place relating to the Group's borrowing facilities, see note 40 c).

43. Related Parties

Trading transactions

During the period the Company entered into the following transactions and had the following balances with its subsidiaries:

	29 February 2012 £'000	28 February 2011 £'000
Sale of goods to subsidiaries	4,449	750
Management recharges	1,074	1,659
Commission payable from subsidiaries	249	204
Finance income from subsidiaries	289	293
Amounts owed by subsidiaries at period end	17,683	16,892
Amounts owed to subsidiaries at period end	17,304	5,050

Commission payable was based on the Group's usual list prices. All amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

Key management remuneration is disclosed in note 6.

COMPANY INFORMATION

Directors

Executive Directors

Nigel Newton – Founder and Chief Executive
Richard Charkin – Executive Director
Wendy Pallot – Finance Director

Independent Non-executive Directors

Jeremy Wilson – Independent Non-Executive Chairman
Ian Cormack – Senior Independent Director
Sarah Jane Thomson – Independent Non-Executive Director

Company Secretary

Michael Daykin FCIS, FCA

Registered Office

50 Bedford Square
London WC1B 3DP
020 7631 5600

Registered number

01984336 (England & Wales)

Auditor

Baker Tilly UK Audit LLP
25 Farringdon Street
London EC4A 4AB

Bankers

Lloyds Bank
25 Gresham Street,
London
EC2V 7HN

Stockbrokers and Financial Advisers

Investec Investment Banking
2 Gresham Street
London
EC2V 7QP

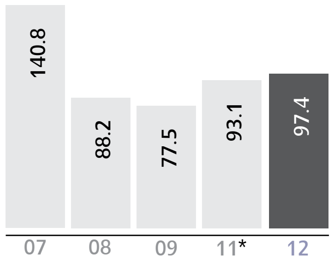
Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

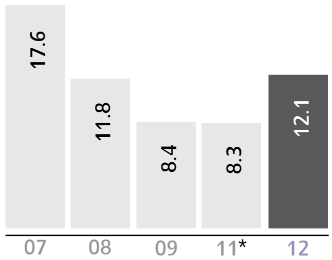
FIVE YEAR FINANCIAL SUMMARY

	2007 £'000	2008 £'000	2009 £'000	2011* £'000	**2012 £'000**
Revenue					
Continuing	140,771	88,166	77,531	93,144	**97,399**
Discontinued	9,440	11,782	9,686	10,254	**5,818**
Total	150,211	99,948	87,217	103,398	**103,217**
Adjusted profit†					
Continuing	17,608	11,826	8,410	8,266	**12,109**
Discontinued	283	20	(699)	(597)	**(2,692)**
Total	17,891	11,846	7,711	7,669	**9,417**
Continuing adjusted basic EPS‡	15.82p	10.85p	8.02p	8.93p	**13.63p**
Dividend per share	4.00p	4.22p	4.43p	5.00p	**5.20p**
Net assets	100,069	113,672	112,684	111,844	**109,180**
Net cash	47,558	51,908	35,036	36,876	**12,639**

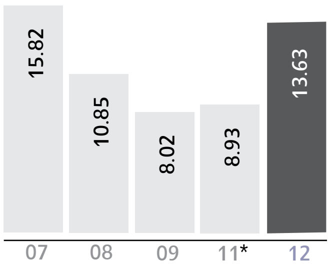
Continuing revenue
£m



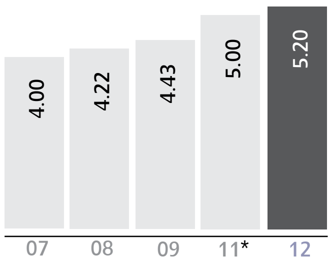
Continuing adjusted profit† £m



Continuing adjusted basic EPS‡ Pence



Dividend per share
Pence



* 2011 is in respect of the 14 month period ended 28 February 2011. Prior years are in respect of the 12 months ended 31 December. The current year is in respect of the year ended 29 February 2012.

† Adjusted profit is profit before taxation, amortisation of intangible assets, impairment of goodwill and other highlighted items.

‡ Continuing adjusted basic EPS is calculated from continuing adjusted profit with tax normalised. The comparatives have been restated for the classification of Bloomsbury Verlag GmbH as a discontinued operation.

EXPLANATION OF THE ANNUAL GENERAL MEETING

To Bloomsbury Shareholders and, for information only, to the holders of share options and awards under the Company's share incentive schemes

This document is important and requires your immediate attention.

1. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000.

2. If you sell or have sold or otherwise transferred all of your shares, you should send this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee.

Dear Shareholder
The 2012 Annual General Meeting ("AGM") of Bloomsbury Publishing PLC (the "**Company**") is to be held at 50 Bedford Square, London WC1B 3DP on Monday 23 July 2012 at 12 noon. The formal notice convening the AGM is set out on pages 141 to 144 below.

Information regarding the AGM, including the information required by section 311A of the Companies Act 2006 (the "**Act**"), is available from www.bloomsbury-ir.co.uk.

The AGM is an important opportunity for the Directors to listen to the Shareholders and respond to their questions. It is also when Shareholders are asked to vote in favour of various resolutions related to the running and management of the Company. Therefore below are explanatory notes relating to the resolutions that you will be asked to consider and vote on at the AGM. Resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 to 10 will be proposed as special resolutions.

As at 12 noon on the date of this notice, the Company's issued share capital comprised 73,844,724 Ordinary Shares of 1.25 pence each (subject to any changes which will be notified to you at the beginning of the AGM). Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on the date of this notice is 73,844,724.

As a Shareholder, you are entitled to attend and vote but, if you are not able to attend, then you may appoint one or more proxies to attend, speak and vote on your behalf.

As your vote is important to us, whether or not you intend to come to the AGM, you are asked to return the form of proxy enclosed with this document. Completing the form of proxy will not prohibit Shareholders from attending, and voting at, the AGM in person.

The Ordinary Business to be proposed at the 2012 Annual General Meeting

Resolutions 1 to 3 (ordinary resolutions): The audited report and accounts of Bloomsbury Publishing Plc and a final dividend of 4.31 pence per Ordinary Share for the year ended 29 February 2012 are recommended by the Board for approval.

The Directors' Remuneration Report, which includes details of the remuneration earned by, and paid to, the Directors in respect of the year ended 29 February 2012, is also recommended to the Shareholders for approval.

Resolutions 4 and 5 (ordinary resolutions): In accordance with Article 78.1 of the Articles of Association of the Company, one-third of the Directors who are subject to retirement by rotation are required to retire at the AGM. Richard Charkin (who was last re-appointed as a Director at the annual general meeting of the Company held in 2010) and Sarah Jane Thomason (who was last re-appointed as a Director at the annual general meeting of the Company held in 2011) will retire at the AGM and, being eligible, offer themselves for re-appointment. The Board has appraised the performance of each director falling due to retire by rotation and recommends the reappointment of Richard Charkin and Sarah Jane Thomason.

Resolutions 6 (ordinary resolution): The Board recommends that the incumbent external auditor, Baker Tilly UK Audit LLP, is re-appointed for a further year so that they are able to audit the Company's report and accounts for the year ending 28 February 2013 and the Board proposes that it be authorised to determine the level of the auditors' remuneration.

The Special Business to be proposed at the 2012 Annual General Meeting

Resolution 7 – authority to allot Ordinary Shares (ordinary resolution): This replaces the general authority, last given at the Company's annual general meeting held on 11 August 2011, for the Directors to allot Ordinary Shares. This resolution, if passed, would give the Directors the authority to allot up to 24,614,880 Ordinary Shares of 1.25 pence with a nominal value of £307,686, representing approximately 33.33% of the issued ordinary share capital of the Company at the date of this notice.

This authority, if granted, will expire on the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of passing this resolution. The Board has no present intention of exercising this authority granted by this resolution and intends to seek its renewal at subsequent annual general meetings of the Company.

As at the date of signing the Directors Report for the 2012 Annual Report, the Directors have beneficial holdings of Ordinary Shares in the Company which in aggregate amount to approximately 2.0% of the Ordinary Shares in issue. The Directors have been granted conditional share awards under the Bloomsbury Publishing Plc Performance Share Plan 2005 and options granted under the Bloomsbury Sharesave Plan 2005 that if they were to fully vest would entitle the Directors to further Ordinary Shares which in aggregate would amount to approximately 2.1% of the Ordinary Shares in issue.

Resolution 8 – disapplication of statutory pre-emption provisions (special resolution): This resolution, which will be proposed as a special resolution, authorises the Directors to allot Ordinary Shares for cash without first offering them, pro rata, to existing Shareholders.

The maximum nominal value of new Ordinary Shares which may be so allotted under this authority is £46,152 or 3,692,160 Shares of 1.25 pence being equivalent to approximately 5% of the entire issued ordinary share capital of the Company at date of this notice. This authority would expire on the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of passing this resolution.

Resolution 9 – authority for the Company to purchase Ordinary Shares (special resolution): With the authority of Shareholders in general meeting, the Company is empowered by the Articles of Association to purchase Ordinary Shares subject to the provisions of the Act. The Directors believe it is prudent to seek general authority from Shareholders to be able to act if circumstances arose in which they considered such purchases to be desirable. The Directors have no current intention to exercise the authority granted by this resolution and it will only be exercised if and when, in the light of market conditions prevailing at that time, the Directors believe that such purchases would increase earnings per share and would be for the benefit of Shareholders generally.

This resolution, which will be proposed as a special resolution, authorises the Company to purchase its own Ordinary Shares and either, depending on the circumstances at the time and subject to the provisions of the Act, to hold these as treasury shares or to cancel them. This authority would, if granted, expire on the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of passing this resolution.

EXPLANATION OF THE ANNUAL GENERAL MEETING

The Company would be authorised to make market purchases of up to 7,384,472 Ordinary Shares of 1.25 pence with a nominal value of £923,059, being equivalent to approximately 10% of the issued ordinary share capital (excluding treasury shares) of the Company at the date of this notice. The maximum price (exclusive of expenses) shall be not more than 5% above the average market value of the Company's equity shares for the 5 business days prior to the day the purchase is made. The minimum price (exclusive of expenses) that may be paid shall be the nominal value of an Ordinary Share (1.25 pence).

Resolution 10 – Approval that a general meeting may be called on not less than 14 clear days notice (special resolution): In terms of the Act, the notice period for general meetings (other than an AGM) is 21 clear days' notice unless the Company (i) has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and (ii) offers the facility for all shareholders to vote by electronic means. The Company would like to preserve its ability to call general meetings (other than an AGM) on less than 21 clear days' notice. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. Resolution 10 seeks such approval. Should this resolution be approved it will be valid until the end of the next AGM. This is the same authority that was sought and granted at last year's AGM.

Action to be taken

As outlined above, information regarding the AGM is available from www.bloomsbury-ir.co.uk

Enclosed with this Notice, you will find a reply-paid form of proxy for use at the AGM. Whether or not you are able to attend the AGM, you are advised to complete and return the form of proxy in accordance with the instructions printed on it.

If you wish to attend the AGM in person then the proxy appointment will not preclude you from doing so.

The form of proxy should be completed and returned as soon as possible to Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR and, in any event, so as to reach such address no later than 48 hours before the appointed commencement time of the AGM (for which a prepaid business reply service has been provided). You may also deliver it by hand to Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU during usual business hours, by such time.

Recommendations

The Board considers that the passing of Resolutions 1 to 10 is in the best interests of the Company and of the Shareholders as a whole, and are most likely to promote the success of the Company. The Board unanimously recommends that you vote in favour of all the resolutions, as each of the Directors intends to do in respect of his or her own beneficial holdings of shares in the Company.

Yours faithfully

Michael Daykin
Company Secretary
Bloomsbury Publishing Plc
15 June 2012

NOTICE OF ANNUAL GENERAL MEETING BLOOMSBURY PUBLISHING PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 50 Bedford Square, London, WC1B 3DP on 23 July 2012 at 12.00 noon for the following purposes:-

Ordinary Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:-

1. To receive the audited accounts of the Company for the year ended 29 February 2012, together with the Report of the Directors and the Report of the Auditors thereon.

2. To approve the Directors' Remuneration Report for the year ended 29 February 2012.

3. A final dividend for the year ended 29 February 2012 of 4.31 pence per ordinary share in the capital of the Company, be declared payable on 25 September 2012 to shareholders registered at the close of business on 31 August 2012.

4. To re-elect Sarah Jane Thomson as a Director of the Company.

5. To re-elect Richard Charkin as a Director of the Company.

6. To resolve that Baker Tilly UK Audit LLP be and are hereby reappointed auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which financial statements for the Company are laid before the Company and to authorise the Directors to determine the remuneration of the auditors on behalf of the Company.

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 resolutions 8, 9 and 10 will be proposed as special resolutions.

7. TO RESOLVE THAT:
   (a) the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company to such persons and on such terms as they think proper up to a maximum aggregate nominal amount of £307,686 provided that:

   (i) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting; and

   (ii) the Company shall be entitled to make, before the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares in the Company to be granted after the expiry of such authority and the Directors may allot any shares pursuant to such offer or agreement as if such authority had not expired; and

   (b) all prior authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company given to the Directors by resolution of the Company be revoked but without prejudice to the allotment of any shares already made or to be made pursuant to such authorities.

8. THAT, subject to the passing of resolution 7 referred to in the notice of the Annual General Meeting ("the Notice") at which this resolution is being proposed:-

   (a) the Directors be granted power pursuant to section 570 and section 571 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) wholly for cash pursuant to the authority conferred on them by resolution 7 in the Notice as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:-

NOTICE OF ANNUAL GENERAL MEETING BLOOMSBURY PUBLISHING PLC

(i) in connection with a rights issue, open offer or other pre-emptive offer 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;

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

(iii) (other than pursuant to paragraphs (i) or (ii) above) up to a nominal value not exceeding in aggregate £46,152;

and shall expire at the conclusion of the next Annual General Meeting of the Company after passing this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting, and provided that the Company may, before such expiry, make 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

b) all prior powers granted under section 571 of the Act be revoked provided that such revocation shall not have retrospective effect.

9. THAT the Company is authorised, pursuant to section 701 of the Companies Act 2006 ("the Act"), to make market purchases (as defined in section 693 (4) of the Act) of any of its Ordinary Shares of 1.25p each ("Ordinary Shares") in such manner and on such terms as the Directors may from time to time determine provided that:-

(a) the maximum number of Ordinary Shares authorised to be purchased is 7,384,472 shares being approximately 10% of the issued Ordinary Shares of the Company;

(b) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased and the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 1.25 pence;

(c) the authority hereby conferred shall, unless previously varied, revoked or renewed, expire at the conclusion of the next Annual General Meeting of the Company to be held after passing this resolution or 15 months from the date of passing of this resolution, whichever shall be the earlier; and

(d) the Company shall be entitled under such authority to make at any time before its expiry or termination any contract to purchase its own shares which will or might be concluded wholly or partly after the expiry or termination of such authority and may purchase its own shares pursuant to such contract.

10. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days notice.

Dated 15 June 2012

By order of the Board

Michael Daykin
Company Secretary
Bloomsbury Publishing Plc

Registered Office:
50 Bedford Square
London
WC1B 3DP

Notes:

1. Only the holders of ordinary shares are entitled to attend the meeting and vote. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his behalf. A proxy need not be a member of the Company. A form of proxy is enclosed for your use. Further copies of the form of proxy may be obtained from the registered office of the Company or from www.bloomsbury-ir.co.uk.

2. If a member wishes his proxy to speak on his behalf at the Meeting, he or she will need to appoint his own choice of proxy (who is not the Chairman) and give instructions directly to the proxy. The completion and return of a form of proxy will enable a shareholder to vote at the General Meeting without having to be present at the General Meeting, but will not preclude him or her from attending the General Meeting and voting in person if he or she should subsequently decide to do so.

3. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the form of proxy and attach a schedule listing the names and addresses (in block letters) of all your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, insert "Chairman of the Meeting" in the box which is used to identify the name of the proxy on the relevant proxy card.

4. To be valid, the enclosed form of proxy must be lodged with the Company's Registrars, Capita Registrars, not later than 48 hours before the time appointed for the holding of the Annual General Meeting.

5. Shareholders included on the register of members (in relation to ordinary shares held in CREST, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001) at 6 pm on 19 July 2012 will be entitled to attend and vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated ("Relevant Member"), have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she, under any such agreement, may have a right to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

7. The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons. The rights described in this regard can only be exercised by shareholders of the Company.

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8. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 to 531 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website

9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

10. In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand on the register of members in respect of the relevant joint holding.

11. Copies of the following documents will be available for inspection at the Company's registered office, 50 Bedford Square, London WC1B 3DP, during usual business hours 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:

    - Copies of the service agreements under which Directors of the Company are employed by the Company or its subsidiaries
    - Copies of letters of appointment of the Non-Executive Directors
    - A copy of the Articles of Association of the Company.
    - The terms of reference of the Audit Committee, the Remuneration Committee and Nominations Committee of the Board.

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