

11 May 2011

Q1 Interim Management Statement

Quarto (Full List: QRT.L), one of the largest international co-edition book publishers based in London, announces its Q1 Interim Management Statement (before amortization of non-current intangibles and exceptional items) which includes unaudited revenues and profits for the 3 months ended March 31 2011.

Financial Highlights:

	Three months ended March 31		12 months ended March 31		Year ended December 31
	2011	2010	2011	2010	2010
	\$000	\$000	\$000	\$000	\$000
Revenue	<u>32,618</u>	<u>31,011</u>	<u>178,016</u>	<u>169,955</u>	<u>176,409</u>
Gross profit	<u>11,128</u>	<u>10,143</u>	<u>59,077</u>	<u>57,652</u>	<u>58,092</u>
Overheads	<u>(10,634)</u>	<u>(9,694)</u>	<u>(42,655)</u>	<u>(41,566)</u>	<u>(41,715)</u>
Operating Profit	<u>494</u>	<u>449</u>	<u>16,422</u>	<u>16,086</u>	<u>16,377</u>
Interest	<u>(1,120)</u>	<u>(1,246)</u>	<u>(4,745)</u>	<u>(5,140)</u>	<u>(4,871)</u>
Pre-tax result	<u>(626)</u>	<u>(797)</u>	<u>11,677</u>	<u>10,946</u>	<u>11,506</u>
EBITDA	<u>5,284</u>	<u>5,281</u>	<u>36,259</u>	<u>36,121</u>	<u>36,256</u>

There has been no material change in the financial position of the Group since December 31, 2010.

Operational Review:

We are delighted that Quarto has made a good start to the year with revenue up by 5% to \$32.6 million (2010: \$31.0 million), and operating profit ahead by 10% at \$0.5 million (2010: \$0.4 million), for the first quarter, ended March 31, 2011. The first quarter is, typically, a very quiet period, and 2011 was no exception.

For the trailing 12 months, ended March 31, 2011 and 2010, respectively, revenues increased by 5% to \$178 million (2010: \$170 million), and operating profit by 2% to

\$16.4 million (2010: \$16.1 million). Pretax profit increased by 6.7% to \$11.7 million (2010: \$10.9 million)

Chairman and CEO Laurence Orbach commented:

"Following our 2010 preliminary results announcement in February, we are making good progress on our growth strategy, which is based upon making selective additions to our portfolio of businesses. Cool Springs Press, a small, specialist publisher of practical gardening books in the US, was acquired in late February. We continue actively to assess other opportunities for growth.

The growth of ebooks continues but the popularity is largely limited to bestselling fiction and non-fiction, and romance titles. Quarto does not publish widely in these categories and the current generation of software is not advanced enough for us to turn out illustrated how-to and reference titles into satisfying ebooks for the reader. Revenues from ebooks remain modest, and growing. We expect that that will climb to around two percent of our US publishing revenues by year's end.

This is the first time that we are reporting in US dollars, Quarto's principal trading currency. The impact of currency is now much reduced, and we shall continue to report in dollars."

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About Quarto:

Quarto is one of the largest international co-edition book publishers with two principal strands of activity: its Publishing segment publishes books, under imprints owned by the Group; and its Co-Edition Publishing segment creates books that are licensed to third party publishers for publication under their own imprints in many languages around the world.

