

01 June 2011

## Annual Meeting Statement

Quarto (Full List: QRT.L), one of the largest international co-edition book publishers based in London, will today hold its Annual Meeting at 2pm at which Chairman and CEO Laurence Orbach will make the following statement :

"On a trailing twelve months basis to April 30, 2011, revenues are up 4% at \$178.5 million (2010: \$171.6 million), and profit before tax, amortization of non-current intangibles and exceptional items, rose 3% to \$11.5 million (2010: \$11.2 million). Revenues in the UK remained weak, particularly in April, and profits were badly hit at Image Factory, our marketing support services business.

Although very few of our titles are really suited for adaptation as e-books, revenues are on track to meet our expectations that they will constitute at least 2% of our US publishing units' sales. There is talk of new standards being developed for highly illustrated books, and we are poised to launch new editions when this happens.

It is becoming increasingly clear that certain genres of publishing will predominate as e-books but, particularly in our strongholds of illustrated how-to, and illustrated reference, it remains likely that readers will prefer printed copies to e-books. With a few exceptions, enhanced e-books appear to have run out of steam, fulfilling our earlier expectations. Anecdotal evidence from our printing suppliers in the Far East suggests that book printing is up over last year.

In digital books, the pricing arguments of last year seem to have evaporated. Although many publishers continue to experiment with pricing options, on the whole, commodity pricing is disappearing, suggesting that purchasers are accepting that one price does not fit all. If this continues it would be a welcome sign of sanity. At the same time, there have been encouraging moves, in the UK with Waterstones, in New Zealand with that country's major retailer, Whitcoulls, and in the US with Liberty Media's exploration of a bid to take over Barnes & Noble, that promise stability and that the major book retailers will be focused on their core businesses."

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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.