

26 April 2012

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 which includes unaudited revenues and profits for the 3 months ended March 31, 2012. The Group is on track to meet expectations.

The first quarter of the year typically accounts for no more than about one sixth of annual revenues. The performance for the period continued to be solid. Overall, the operating profit was ahead by 35% at \$666,000 (2011: \$494,000). Bank debt was successfully refinanced, giving rise to a 5% increase in interest costs. EBITDA increased by 6% to \$5.6 million.

The Book Publishing segment, based entirely in the English-language markets, helped by improved results in the US, and the UK, increased operating profit by 9%. Digital revenues increased threefold during the period, accounting for almost 3.5% of the segments revenue. The International Co-Edition segment continues to encounter some softness in major markets. Revenues grew by 1% and the normal seasonal operating loss was trimmed by 7%.

For the Trailing Twelve Months to March 31, 2012, revenues rose by 5% to \$187.4 million and pretax profit was up by 4.6% at \$12.2 million.

As part of its succession planning, the board welcomes Mr Marcus Leaver, 42, who joins the group in the second quarter as Chief Operating Officer. He is expected to take over as Chief Executive Officer next year, when Mr Laurence Orbach will relinquish the role. Mr Leaver, a British native, has extensive book publishing experience on both sides of the Atlantic, and was President of Sterling Publishing, in New York, the publishing arm of Barnes & Noble. He has relocated, with his family, to London.

A summarized trading statement to March 31, 2012 (before amortization of non-current intangibles and exceptional items) is set out below

	Three months ended March 31		12 months ended March 31		Year ended December 31
	2012	2011	2012	2011	2011
	\$000	\$000	\$000	\$000	\$000
Revenue	<u>33,932</u>	<u>32,618</u>	<u>187,440</u>	<u>178,015</u>	<u>186,126</u>
Gross profit	12,047	11,128	64,184	59,077	63,265

Overheads	(11,381)	(10,634)	(47,277)	(42,655)	(46,530)
Operating Profit	666	494	16,907	16,422	16,735
Interest	(1,181)	(1,120)	(4,690)	(4,745)	(4,629)
Pre-tax result	(515)	(626)	12,217	11,677	12,106
EBITDA	5,588	5,284	37,620	36,259	37,316

There has been no material change in the financial position of the Group since December 31, 2011.

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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.