

01 November 2012

## Q3 Interim Management Statement

Quarto (Full List: QRT.L), one of the largest international co-edition book publishers based in London, announces its Q3 Interim Management Statement for the period ended 30 September 2012.

### Trading update

Quarto's performance for the 9 months and 12 months to September 30, 2012 continues to be in line with expectations.

Subdued trading continued in Q3, with some improvement in September. In general, both in the co-edition and the book publishing segments, a level of stability seems to have been reached. Following the response to our products at the Frankfurt Book Fair in October, we noted that licensees and distributors around the world are largely adjusting to a world in which online retailing and digital books have challenged long-entrenched business models.

2012 digital sales have climbed to 1.7% of total revenues at \$2.225 million (2011: \$1.455 million). In all English-language markets, traditional bookstore revenues are under pressure. By and large, all the major bookstore chains have embraced digital readers, but remain somewhat ambivalent about how to integrate them into their bookselling missions.

In Australia, we continue to have a powerful entrée in selling books through our Lifetime subsidiary, which is the runaway national leader there in display marketing of books. Lifetime was in a fragile state when acquired in 2004 and, thanks to the rigor and disciplines installed under Quarto's management, is possibly the most profitable company of its type in the world.

On the trailing twelve months' basis (used to eliminate seasonal trends), most of the publishing imprints are showing improved performance, with the notable exception of our home improvement and transportation lists. In co-edition, Jacqui Small, Qu:id, and Quintessence continue to outperform. The World of Fine Wine, after winning yet another award as the finest wine magazine, increased its profit and revenue.

Unaudited results, before amortization of non-current intangibles and non-recurring items, for the nine months to September 30, 2012:

| Nine months to September 30 (\$'000) | Results |         |
|--------------------------------------|---------|---------|
|                                      | 2012    | 2011    |
| Revenue                              | 127,237 | 130,745 |

