

PEARSON PLC
Form 6-K
July 28, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 2008

PEARSON plc

(Exact name of registrant as specified in its charter)

N/A

(Translation of registrant's name into English)

80 Strand

London, England WC2R 0RL

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44-20-7010-2000

(Address of principal executive office)

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes No

This Report includes the following documents:

1. A press release from Pearson plc announcing Interim Results

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PEARSON plc

Date: 28 July 2008

By: /s/ STEPHEN JONES
Stephen Jones
Deputy Secretary

28 July 2008

PEARSON 2008 INTERIM RESULTS (unaudited)**Sustained growth**

Sales up 14%* to £1.965bn;

Adjusted operating profit up 38% to £124m;

Adjusted EPS up to 5.6p (from 3.1p in H107);

Interim dividend raised 6.3% to 11.8p.

Long-term investment strategy paying off

Education sales up 17% and first-half profit of £14m with rapid growth in digital learning services and continued international expansion;

FT Group sales up 11% and profits up 21%, benefiting from shift towards subscription and digital revenues and focus on global businesses;

Penguin sales up 9% and profits up 22%, with strong publishing and innovation in all markets.

Healthy outlook

Full-year guidance confirmed; on track for further progress in all businesses.

Marjorie Scardino, chief executive, said: Our momentum is strong, even in these tough economic conditions. We have leadership positions in good markets and an effective growth strategy based on quality content, digital innovation and international expansion. That strategy makes us confident that 2008 will be another record year, and that we will continue to grow.

£ millions	Half year 2008	Half year 2007	Headline growth	CER growth	Underlying growth	Full year 2007
Business performance						
Sales	1,965	1,694	16%	14%	6%	4,162
Adjusted operating profit - continuing	124	86	44%	38%	20%	619
Adjusted profit before tax	84	54	56%			549
Adjusted earnings per share	5.6p	3.1p	81%			46.7p
Operating free cash flow	(274)	(265)	(3)%			533
Total free cash flow	(274)	(324)	15%			407
Net Debt	1,682	1,432	(17)%			973
Statutory results						
Operating profit	95	70	36%			574
Profit before tax	55	35	57%			468

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Basic earnings/(loss)	(62)	(104)	40%	284
Basic earnings/(loss) per share	(7.8)p	(13.0)p	40%	35.6p
Dividend per share	11.8p	11.1p	6%	31.6p

* Throughout this announcement, growth rates are stated on a constant exchange rate (CER) basis unless otherwise stated. Where quoted, underlying growth rates exclude both currency movements and portfolio changes. The business performance measures are non-GAAP measures and reconciliations to the equivalent statutory heading under IFRS are included in notes to the accounts 2, 4, 6, 7 and 17.

2008 OUTLOOK

Pearson makes most of its sales and profits in the second half, owing to the seasonal phasing of our education and consumer book businesses. In spite of the macroeconomic conditions, we are on track to make further progress on our financial goals and our strong trading performance has increased our confidence in the full-year outlook.

Pearson Education (63% of 2007 sales and operating profit). Our education business is trading in line with expectations. As previously announced, we have begun a reorganisation of our education company, which we are now managing and reporting as three segments: North America, International and Professional. Our expectations provided at the full-year results under the previous segmental analysis (worldwide School, Higher Education and Professional) are unchanged.

In **North American Education**, we have a strong market leadership position and demand for our products remains healthy. We expect our North American Education business to increase sales by around 10% at constant exchange rates (or by 2-4% in underlying terms).

In **International Education**, we are well placed to benefit from the growing demand for materials, assessment, technology and related services at all stages of learning. We expect our International Education business to grow sales by around 10% at constant exchange rates (or in the low single digits in underlying terms). These growth rates include the impact of the completion of the UK key stage testing contract in 2007.

In **Professional Education** we continue to expect sales to increase in the low single digits at constant exchange rates.

For Education as a whole, we expect 2008 margins to be similar to the 2007 level of approximately 15%, in spite of significant integration costs relating to the Harcourt businesses (which we include in our operating results). In 2009, we expect to increase Education margins by around one percentage point as we begin to realise the financial benefit of the acquisitions. Beyond 2009, we see further opportunities to increase margins in Education as we continue to consolidate our businesses.

Penguin (20% of 2007 sales, 12% of operating profit). Penguin has made an excellent start to the year, with a particularly strong first-half publishing schedule. It is on track to reach its goal of double digit margins for the full year.

Financial Times Group (17% of 2007 sales, 25% of operating profit). The FT Group is on track to achieve continued profit growth this year. FT Publishing has shown sustained growth in subscription, circulation and advertising revenues (up 2%) in the first half. Future advertising revenues remain difficult to predict, but we continue to expect to increase profit at FT Publishing even without any growth in advertising revenue. **Interactive Data** has raised its guidance and now expects to achieve full-year revenue growth in the 8-10% range and operating profit growth within the 11-13% range (headline growth under US GAAP).

Interest and tax. We expect our interest charge to be similar to the 2007 level and our tax rate to be in the 27-29% range.

Exchange rates. Pearson generates around two-thirds of its sales in the US and each five cent change in the average £:\$ exchange rate for the full year (which in 2007 was £1:\$2.00) would have a translation impact of approximately 1p on adjusted earnings per share. The average rate during the first half of 2008 was £1:\$1.97 (£1:\$1.98 in H107) and the closing rate at the end of June was £1:\$1.99.

For more information:

Luke Swanson / Simon Mays-Smith / Charles Goldsmith + 44 (0) 20 7010 2310

Pearson's results presentation for investors and analysts will be webcast live today from 09.00 (BST) and available for replay from 12.00 (BST) via www.pearson.com. Video interviews with Marjorie Scardino and Robin Freestone are also available at www.pearson.com. High resolution photographs are available for the media at www.newscast.co.uk.

OVERVIEW

Pearson's sales at constant exchange rates increased by 14% in the first half of the year and adjusted operating profit increased by 38% to £124m. Adjusted earnings per share improved to 5.6p, from 3.1p in 2007. Operating free cash outflow was £(274)m compared to an outflow of £(265)m, in part due to the inclusion of the Harcourt International businesses, which absorb cash ahead of the second half selling season, for the first time. Our average working capital to sales ratio improved to 25.6% (from 26.1% in the first half of 2007).

Our statutory results show an increase in operating profit to £95m (£70m in 2007). Statutory profit before tax was £55m (£35m in 2007). Statutory earnings for the period show a loss of £(62)m (from a loss of £(104)m in the first half of 2007). The losses arise from taxation and exchange on disposals (Data Management in 2008 and Government Solutions in 2007).

Our net debt, which reaches a seasonal peak around the half-year, was £1,682m (£1,432m in 2007) at 30 June. We completed the acquisition of the Harcourt US Assessment business in January 2008 and the disposal of our Data Management (Scanners) business in February.

The board has declared an interim dividend of 11.8p per share, a 6.3% increase on 2007, reflecting this strong start to the year and its confidence in the full-year outlook.

£ millions	Half year 2008	Half year 2007	CER growth	Underlying growth	Full year 2007
Sales					
North American Education	713	599	18%	5%	1,667
International Education	365	292	21%	4%	735
Professional	105	104			226
<i>Pearson Education</i>	<i>1,183</i>	<i>995</i>	<i>17%</i>	<i>4%</i>	<i>2,628</i>
FT Publishing	188	164	13%	8%	344
Interactive Data	186	168	8%	7%	344
<i>FT Group</i>	<i>374</i>	<i>332</i>	<i>11%</i>	<i>8%</i>	<i>688</i>
Penguin	408	367	9%	9%	846
Total continuing	1,965	1,694	14%	6%	4,162
Adjusted operating profit					
North American Education	(16)	(14)	(14)%	(57)%	273
International Education	20	3			92
Professional	10	11	(9)%	(9)%	27
<i>Pearson Education</i>	<i>14</i>				<i>392</i>
FT Publishing	30	23	26%	13%	56
Interactive Data	54	45	18%	16%	97
<i>FT Group</i>	<i>84</i>	<i>68</i>	<i>21%</i>	<i>15%</i>	<i>153</i>
Penguin	26	18	22%	28%	74
Total continuing	124	86	38%	20%	619
Discontinued		7			15
Total operating profit	124	93	28%	20%	634

NORTH AMERICAN EDUCATION

£ millions	Half year 2008	Half year 2007	CER growth	Underlying growth	Full year 2007
Sales	713	599	18%	5%	1,667
Adjusted operating profit	(16)	(14)	(14)%	(57)%	273

As previously announced, we are bringing together our North American school and higher education businesses under a single organisation. This is Pearson's largest business, with 2007 sales of almost £1.7bn and operating profit of £273m. Over the past five years, it has increased both sales and profits at a compound annual growth rate of 7% at constant currencies.

Raising student achievement has strong bi-partisan support, with particular concern focused on the attainment of American students relative to their contemporaries around the world in a competitive global economy. As a result government and private spending on education materials, technology and assessment continues to grow, even in difficult economic conditions.

Pearson has the leading position in educational materials, technology, assessment and related services, and a distinctive strategy of connecting those parts to support institutions and personalise learning. We believe that the closer integration of our North American education companies will bring significant opportunities to develop new growth businesses, to share new investments and technologies and to gain further efficiencies.

School Curriculum

US School publishing market up 3% in the first half, according to the Association of American Publishers. Industry benefits from healthy new adoption schedule in 2008, with total estimated market opportunity of approximately \$880m (\$830m in 2007).

Pearson takes an estimated 28% share of the total new adoption market, and 31% of the adoptions competed for.

Pearson launches enVisionMATH www.envisionmath.com, an integrated print-and-digital elementary mathematics programme (and the next generation of the innovative and highly successful California Social Studies programme). enVisionMATH helps Pearson to a market-leading 38% share of all maths adoptions, including more than 50% in Texas.

The Association of Educational Publishers honours two Pearson products, enVisionMATH and Longman English Interactive Online Level 2 www.longmanenglishinteractive.com, as the year's most outstanding materials in the field of teaching and learning.

Three Pearson products are named America's best educational software products in the Software & Information Industry Association's 23rd Annual CODiE Awards. KnowledgeBox was named Best MultiMedia Solution, Waterford Early Learning won the Best Course/Classroom Management award, and Waterford Early Learning Math and Science was named Best Science Instructional Solution.

The U.S. Department of Defense awards Pearson a five-year contract to provide elementary-school reading programmes for its schools around the world, including Pearson's Reading Street programme.

Assessment and Information

Integration of Harcourt Assessment progressing well with strong performances in state testing, catalogue tests (including the SAT10) and clinical assessments.

Continued share gains in state assessments with new long-term contracts in Tennessee and Maryland.

Leading position in teacher certification boosted by a three-year renewal in California and a 6-year renewal in Oklahoma.

The National Board for Professional Teaching Standards awards Pearson a five-year contract to develop, administer and score its National Board Certification programme for accomplished teachers, covering 25 certificate areas.

Major contract wins in Student Information Systems include Dallas (165,000 students), Baltimore (69,000 students) and Garden Grove, California (48,000 students).

Higher Education

US Higher Education publishing market up 4% in the first half, according to the Association of American Publishers. Industry benefits from healthy enrolments and good demand for instructional materials, particularly those that are enhanced with technology and customisation.

Strong performance from first editions including *Chemistry: A Molecular Approach* by Nivaldo Jose Tro; *The Humanities: Culture, Continuity, and Change* by Henry M. Sayre; *Psychology: From Inquiry to Understanding* by Scott O. Lilienfeld et al; and *The DK Handbook*, by Anne Frances Wysocki and Dennis A. Lynch.

Rapid growth in Pearson's MyLab digital homework and assessment programmes, which now span the curriculum. MyLab products used by more than 1.7m students globally, with student registrations 48% higher than in the first half of 2007. Evaluation studies show that the use of the MyLab programmes can significantly improve student test scores and institutional productivity (www.mymathlab.com/makingthegrade_v3.pdf).

New strategic partnerships to provide materials and online learning services to educational institutions. Pearson partners with Rio Salado College in Arizona, which has 450 online classes and 48,000 students, to provide customised materials, and with the Colorado Community College system to provide digital textbooks for 17 courses.

eCollege, acquired by Pearson in 2007, increases enrolments by 41% to 1.3m and benefits from strong renewal rates of more than 95% by value. New business wins including The Louisiana Community and Technical College System (in collaboration with our custom publishing business) and e4TN, Tennessee's statewide virtual high school.

INTERNATIONAL EDUCATION

£ millions	Half year 2008	Half year 2007	CER growth	Underlying growth	Full year 2007
Sales	365	292	21%	4%	735
Adjusted operating profit	20	3			92

From 2008 we are reporting International Education as a separate business which makes a substantial contribution to Pearson and has significant future growth potential. Over the past five years, we have increased headline sales at a compound annual growth rate of 14% (from £431m in 2003 to £735m in 2007) and headline operating profit almost eight-fold (from £12m in 2003 to £92m in 2007).

Looking ahead, we expect our International Education businesses to continue to benefit from a series of connected growth trends: increasing public and private spending on education; growing participation rates in elementary, secondary and higher education; the demand for assessment to provide measures of achievement; the potential for technology to enhance learning; an increasing focus on work-based and applied learning; and the growth of English and other international languages.

We believe this business can deliver good organic sales growth and steady margin improvement as we benefit from our growing scale, the adaptation of Pearson content and technology for new markets, and continued efficiency moves.

Our strong start to 2008 reflects a number of key elements of our International strategy:

New growth opportunities: including Pearson Research & Assessments, our international test development business which won contracts in Abu Dhabi, Australia and the UK, and Pearson Educational Solutions, which has won its first major UK contract.

Cross-border sharing of educational resources: including extensive adaptation of content and technology; the rapid roll-out of the MyLab online homework and assessment programmes; and the development of an international sales organisation for eCollege.

Leading the global market for English language learning: including a new online test preparation service at www.iTests.com; re-launching the Penguin Readers series of abridged classics with new teacher support materials and digital services; and continuing growth of major global ELT programmes including *English Adventure* www.english-adventure.net for elementary schools, *Total English* for secondary schools and *Market Leader* (with the FT) and *Intelligent Business* (with The Economist) for the business market.

Continued consolidation and efficiency gains: including the successful integration of Paravia Bruno Mondadori in Italy and good progress in integrating Harcourt businesses in the UK, Australia and New Zealand; warehousing consolidations in Italy, Spain and Japan, and common technology systems.

Key highlights in the first half of 2008 include:

Europe

Edexcel continues to innovate with the successful introduction of new technologies into the UK examination system, including:

1. **Onscreen marking.** In 2008, Edexcel marks 4.1m A-level and GCSE scripts onscreen. This represents 88% of student work marked by examiners.
2. **Online reporting and analysis.** Significant roll-out of ResultsPlus www.edexcel.org.uk/resultsplus, which provides schools and students with secure online access to question-level examination performance data on results day.
3. **Online progress tracking and diagnosis.** Launch of ResultsPlusProgress, which will allow teachers to assess student progress *before* the examination, to predict results and identify areas for development.

Edexcel makes a significant investment in providing the UK's new Diploma qualification for 14-19 year-olds. New qualifications in the first five lines of learning (Construction and the Built Environment, Creative and Media, Engineering, Information Technology and Society, Health and Development) will be available from September 2008.

MyLab digital homework and assessment programmes were used internationally by more than 90,000 students, up 19% on the first half of 2007, and are now sold into more than 65 countries worldwide. MyLabs and Mastering Physics, two of Pearson's online education programmes, continue to win international adoptions, including MyMathLab at the National University of Ireland, Galway, MyStatLab at Queen Mary College of the University of London, and MyAccountingLab at the University of Aberdeen. Mastering Physics is also trialled in UK schools.

A strong start to the year for our UK school publishing business, driven by increased demand on the back of curriculum reform and market share gains helped by innovative technology and integrated assessment for learning.

The University of Oxford launches the Oxford University Centre for Educational Assessment, established by a grant from Pearson, which in an initial 10-year period is supporting the new centre and a Pearson Professor of Educational Assessment.

Our non-English language Higher Education businesses continue to enjoy strong growth, helped by translations of new editions of a number of our bestselling US titles.

Following its successful deployment in the UK, Pearson pilots the LiveBook concept, which provides interactive whiteboard materials for teachers and CDs for students, in Italy and Spain.

Africa and the Middle East

Pearson wins a contract to deliver the Abu Dhabi Education Council's external assessment programme over three years starting in 2009. The tests cover English, Arabic, mathematics and science for students in grades 3 to 11.

In South Africa, Maskew Miller Longman (MML), Pearson's 50% joint-venture, successfully launches education technology and services with the popular Focus Exam Bank CD-Rom series in all major secondary school subjects; and a new teacher training unit Pearson Education Achievement Solutions.

In Nigeria, the states of Lagos and Bauchi order two million textbooks for mathematics and English; government of Ghana orders new books in English, mathematics, natural science and information technology.

Asia

In China, Pearson announces the acquisition of two chains of private English-language schools. Learning Education Center provides instruction for children aged five through 12, principally in Shanghai. Dell English offers English-language training to students typically between ages 15 and 35, principally in Beijing.

The New York Institute of Finance (NYIF) opens a Beijing office under the name of Pearson Financial Consulting. It will help educate and train China's financial and business professionals through classes, in-company courses and monthly financial forums.

In India, Pearson sees strong sales growth during the first semester, particularly in K-12 education and our Higher Education growth benefits from the opening of more than 300 new colleges.

In Korea, Pearson Longman wins new adoptions with Avalon – a leading private language school for primary and secondary students - for *Tops*, a six-level primary course with teacher support and digital services; and for the *Penguin Active Reader Series*, a series of abridged classics with new teacher support materials and digital services.

In Singapore, the government names Pearson as a partner in its FutureSchools@Singapore project. Pearson will contribute a customized version of *WriteToLearn*, a Pearson product that helps develop reading comprehension and writing skills.

In Thailand, Pearson secures its largest technology adoption. The business school of Bangkok's Assumption University purchases 2,000 access codes to software associated with Pearson's *Management* textbook by Robbins and Coulter.

Latin America

Rapid growth in Mexico, Pearson's largest market in the region, with an expanded local-language publishing list and salesforce, and a new local math series for middle schools.

In Brazil, which has Latin America's largest and fastest-growing university population, Pearson provides custom publishing services to five leading universities in business, math, science, engineering and several other fields.

PROFESSIONAL

£ millions	Half year 2008	Half year 2007	CER growth	Underlying Growth	Full year 2007
Sales	105	104			226
Adjusted operating profit	10	11	(9)%	(9)%	27

Following the disposal of Government Solutions in 2007 and Data Management (Scanners) in 2008, our Professional education business is focused on publishing for professionals in business and technology, and on testing an