PRESS ANNOUNCEMENT

GAMES WORKSHOP GROUP PLC

25 July 2017

ANNUAL REPORT

Games Workshop Group PLC ("Games Workshop" or the "Group") announces its annual report for the year to 28 May 2017.

Highlights:

	Year to 28 May 2017 £000	Year to 29 May 2016 £000
Revenue	**158,114**	118,069
Revenue at constant currency*	**143,375**	118,069
Operating profit - pre-royalties receivable	**30,832**	10,921
Royalties receivable	**7,491**	5,939
Operating profit	**38,323**	16,860
Profit before taxation	**38,403**	16,948
Cash generated from operations	**49,370**	26,782
Earnings per share	**95.1p**	42.1p
Dividends per share declared in the year**	**74p**	40p

Kevin Rountree, CEO of Games Workshop said:

"We've had another fun and exciting year and made significant progress on our strategic initiatives. You can see from these results that our business and our Hobby are in good shape.

The board continues to believe that the prospects for the business are good."

For further information, please contact:

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Kevin Rountree, CEO
Rachel Tongue, Group finance director

Investor relations website investor.games-workshop.com
General website www.games-workshop.com

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation.

The full 2017 annual report can be downloaded from the investor relations website at investor.games-workshop.com

*Constant currency revenue is calculated by comparing results in the underlying currencies for 2017 and 2016, both converted at the 2016 average exchange rates.
**See note 4 to this condensed consolidated financial information.

STRATEGIC REPORT

Strategy and objectives

Games Workshop's ambitions remain clear: to make the best fantasy miniatures in the world and sell them globally at a profit, and it intends doing so forever. This statement includes all the key elements of what we do and why we do it that way. All of our decision making is focussed on the long term success of Games Workshop, not short term gains.

Let me go through it part by part:

The first element - we make high quality miniatures. We understand that what we make is not for everyone, so to recruit and re-recruit customers we are absolutely focussed on making our models the best in the world. In order to continue to do that forever and to deliver a decent return to our owners, we sell them for the price that we believe the investment in quality is worth.

The second element is that we make fantasy miniatures based in our imaginary worlds. This gives us control over the imagery and styles we use and ownership of the intellectual property. Aside from our core business, we are constantly looking to grow our royalty income from opportunities to use our IP in other markets.

The third element is the global nature of our business. We seek out our customers all over the world. We believe that our customers carry our Hobby gene and to find them we apply our tried and tested approach of recruiting customers in our own stores, by offering a fantastic customer experience. Our retail business is supported by our own mail order store (it has the full range of our product) and our independent stockist accounts and trade outlets across the world. These independent accounts do a great job supporting our customers in parts of the world where we either have not yet opened one of our stores or where it is not commercially viable for us to have one of our stores. The long term goal is to have both channels (retail and trade) growing in harmony. We will always have more independent accounts than our own stores. Our strategy is to grow our business through geographic spread growing all of the three complementary channels.

The fourth element is being focussed on cash. By delivering a good cash return every year we can continue to innovate, surprise and delight our loyal existing customers and new customers with great product. To be around forever we also need to invest in both long term capital and short term maintenance projects every year, pay our staff what they have earned for the value they contribute and deliver surplus cash to our shareholders. Our dedication and focus should ensure we deliver on time and within our agreed cash limits.

We measure our long term success by seeking a high return on investment. In the short term, we will measure our success on our ability to grow sales whilst maintaining our core business operating profit margin. The way we go about implementing this strategy is to recruit the best staff we can by looking for the appropriate attitudes and behaviour each job we do requires and identifying the value that job brings. It is also important that everyone we employ has a real desire to learn and has a great attitude to change. Our Academy offers all of our staff both personal development and management skills training. It is also worth noting it's not what you know at Games Workshop it's how much you contribute to our success that we value.

We continue to believe there are great opportunities for growth, particularly in North America, Northern Europe and Asia.

Business model and structure

We design, manufacture, distribute and sell our fantasy miniatures and related products. These are fantasy miniatures from our own Warhammer 40,000 and Warhammer: Age of Sigmar universes. Our factory, main distribution centre and back office support functions are all based in Nottingham.

We are an international business centrally run from our HQ in Nottingham, with 75% of our sales coming from outside the UK.

Design
Employing 187 people, the design studio in Nottingham creates all the IP and the miniatures, artwork, games and publications that we sell. In 2016/17 we invested £8.0 million in the studio (including software costs) with a further £2.3 million spent on tooling for new plastic miniatures. We are committed to a similar level of investment every year.

Manufacture
We are proud to manufacture our product in Nottingham. It's where we started and where we intend to stay. We are currently working on a significant project, with a leading UK software supplier, to upgrade our core IT systems that interface with our manufacturing equipment and systems.

Distribute
All of our product is initially distributed from our warehouse facility in Nottingham. This facility supplies our two hubs in Memphis, Tennessee and Sydney, Australia and either directly to our trade accounts and retail stores or via a third party carrier. Our project to upgrade the IT infrastructure and software for the warehouse that supports our mail order store based in Nottingham will be delivered in the Autumn of 2017.

Sell
We sell via three channels, our own stores 'Retail', third party independent retailers 'Trade' and our 'Mail order' web store.

Retail - provides the focus for the Hobby in their areas. They only stock Games Workshop product. They are where we recruit the majority of our new customers. To do so the stores don't offer the full range of our product, just new release product and the appropriate extended range. At the year end we had 462 Games Workshop stores in 23 countries. Our stores contributed 41% of the year's sales. We have 360 one man stores, small sites, each one staffed by only one store manager. We also have 102 multi-man stores, which are constantly reviewed to ensure they remain profitable. If not, they will be closed and probably replaced with one man stores.

Trade - we sell to third party retailers under closely controlled terms and conditions. They help us sell our products around the world and importantly in areas where we don't have our own stores. Independent retailers are an integral part of our business model; Games Workshop strives to support those outlets which help to build the Hobby community in their local area. The bulk of these sales are made via our telesales teams based in Memphis and Nottingham. We also have small teams in Sydney, Tokyo, Shanghai, Singapore, Hong Kong and Malaysia. In 2016/17 we had 3,900 independent retailers (2016: 3,800) in 62 countries. We strive to deliver excellent service, operating in 20 languages covering all time zones. 38% of our sales came from sales to independent retailers in the year reported.

Mail order - the mail order store allows enthusiasts full access to all Games Workshop products. It is run centrally from Nottingham. It accounted for 21% of total sales in 2016/17. All of our stores also have a web store terminal that allows our retail customers access to the full range.

Structure
We control the business centrally from Nottingham; it is where the people with experience and knowledge of running our niche business work. I have put in place a flat structure: the people with senior responsibility who make all of the big decisions report directly to me. My team is split into five parts: sales, operations, merchandising and marketing, systems and IP exploitation.

My channel sales structure comprises retail, trade and mail order. This structure is made up of four key territory retail sales managers in the UK, North America, Continental Europe and Australia and New Zealand. We also have a global trade manager and a global mail order manager along with a sales manager for Asia. A global merchandising and marketing manager supports our sales channels with appropriate internal and external communication.

My operations and support structure includes a finance director for Games Workshop who is responsible for accounts, compliance, licensing and legal duties. We have a product and supply manager who is responsible for our factory, logistics and design studios (Citadel, Forge World and Black Library). He also manages our three main distribution hubs in Nottingham, Memphis and Sydney. A personnel manager and our Academy personal development and skills training ensure we take our people recruitment and development seriously.

During the year I recruited a Global IT manager. She will help us invest in our core systems as well as consider how we can leverage technology to help us deliver our long term goals.

IP exploitation. I have a small team of advisors that are helping me ensure we have an exciting five year plan to maximise the income we earn from external global partners who can deliver incremental value to Games Workshop without causing any harm to the core business.

Key performance indicators

The board and management team use a number of key performance indicators to provide a consistent method of analysing performance, in addition to allowing the board to benchmark performance against our forecast. The key performance indicators utilised by the board can be split into key financial performance indicators and key non-financial performance indicators.

Our key financial performance indicators are:

Moving Annual Total ('MAT') sales growth by channel
Measures the sales growth achieved in each of our channels on a rolling 12 month basis.

MAT Group gross margin
Measures the gross profit achieved on sales after taking account of the direct costs and depreciation of manufacturing equipment and shipping our product to customers/stores on a rolling 12 month basis.

MAT core business profit
Measures gross profit less operating expenses on a 12 month rolling basis, before royalty income.

Number of own stores by territory
Measures the number of our own stores which is an indicator of our global reach.

MAT number of ordering stockist accounts by territory
Measures the number of trade outlets that have ordered from us in the last six months. It is an indicator of our global reach and the health of our trade account base.

Return on capital
The ratio of operating profit before royalty income against capital employed, as a percentage.

Our key non-financial performance indicators are:

Product quality
This is an indicator of the effectiveness of our design studio and our continuous improvement in design to manufacture. We measure this by looking at sell through. If the product is great we sell a lot, if not we sell very few.

Outstanding customer service
This is an indicator of the effectiveness and efficiency of the service experience customers get in our stores and the time it takes us to resolve a customer query made to our customer service teams. The former is measured by the number of complaints I receive - very few - and the latter is tracked by five micro KPIs. Our approach is to treat all customers fairly and to do our utmost to successfully resolve their issues.

Shareholder value

We believe shareholder value is created, primarily, by not destroying it. We have no intention to acquire other companies, nor to dispose of any of those we own.

We return our surplus cash to our owners and try to do so in ever increasing amounts.

Review of the year

It has been another exciting year building on the progress we made last year.

I am pleased to report a significant increase in constant currency sales, profit, cash generation and returns to shareholders.

I have been impressed, but not surprised, by the continued support, commitment and contribution from all of our employees around the world. Thank you.

Our endless energy and focus have delivered profitable sales growth across all of our sales channels. Together, we have focussed on documenting and executing an exciting global operational plan covering all areas of the business. Driving improvements in product quality, providing the highest levels of customer service - our new marketing team has added a delightful and fun social media presence.

We finished 2015/16 with some encouraging signs of improving sales trends, and these have continued throughout the year we are reporting. Our operational plan is designed to give us the best chance to succeed every month so it was particularly rewarding to finish the year to May 2017 with 11 out of 12 months of Group sales growth. Sales growth for the full year at constant currency by channel finished retail 21%, trade 22% and mail order 20%.

Gross margin improved in the year (2017: 72.4%; 2016: 68.3%), benefitting from sales volume growth and, as always, it is affected by the sales mix of new and existing product: (34% of sales from new releases and 66% of sales from existing product). We continue to offer a broad range of price points and we have maintained our policy of aiming to only increase the prices of our new releases to reflect the necessary investment in our product quality. The annual impact of this increase on our UK RRP price list is an average increase of 3%. The step increase in volume across all channels has been a significant challenge for our factory and warehousing teams this year. They have met this challenge without any fuss and with only the necessary increases in resources. They have a flexible and agile structured resource plan to meet any future volume changes.

Costs have increased in the year. This has been driven by investment in our store opening programme, which has partially helped us to deliver organic sales growth by expanding into new geographic locations, and our centrally managed marketing team, which has enabled us to communicate better with our customers and staff through both online and offline channels.

As a direct result of our significant sales and profit growth, we rewarded all of our staff with a £1,750 discretionary payment in addition to a £250 profit share payment each (total cost £3.4 million). We also honoured our commitment to pay 20% of any sales increase to our retail store managers (total cost £1.8 million) who achieved growth whilst maintaining costs broadly in-line with last year — an impressive achievement, well done to you all!

As a global business with 75% of our sales made overseas, our results this year have also benefitted from favourable currency translations.

Update on priorities for 2016/17

In the year, we focussed on the following initiatives designed to improve our performance in our existing stores and deliver organic sales growth through store openings:

Staff recruitment
Our retail stores remain one of the most important factors in our success. The constant challenge is to ensure we have a great manager in every store. In 2015/16 we invested in our recruitment team. In 2016/17 a project team was set up to deliver an improvement in the tools they use. The two main areas covered by the project team in 2016/17 were rebranding our global recruitment website and implementing an applicant tracker system. Both the recruitment website and applicant tracker system will go live in 2017/18.

We focussed on the following initiatives to deliver an improvement in our product offer, our customer service and how we promote our product range:

Range
In the last 18 months we have made a step change in how we support all aspects of our Hobby: collect, build, paint and play. This has helped us recruit new customers, re-recruit lapsed customers and support our existing customers. There's still plenty of room for improvement so it will be a key area of focus for 2017/18.

The quality of our models has been ever better this year. In the year we released over 400 new high quality models across our core systems; Warhammer: Age of Sigmar and Warhammer 40,000 and added 17 new paint colours to our range. We also launched in the year new editions of our White Dwarf magazine and Blood Bowl game, the first of many new products from our Specialist Design studio. Both have sold well. In March 2017 we strengthened and refocused the Black Library team to ensure we continue to produce bestselling novels that bring our characters and worlds to life. Finally, our design to manufacture teams have been working collaboratively on the new edition of Warhammer 40,000: Dark Imperium, released in June 2017. The launch line up is the most extensive we've had for any game we've ever released. An exciting start to a new year.

Merchandising and marketing
We are increasingly focussed on engaging with our customers. During the year we invested further in some key tools to allow us to communicate with more of them more often.

Launched in November 2016, warhammer-community.com serves as a hub for a wealth of Warhammer content and the gateway to the depth of our IP. The tone is fun, honest, engaging and informative. We've also updated our home pages at games-workshop.com with more content to help guide new and existing customers through our product ranges, characters and worlds. We've added more videos to Warhammer TV to really showcase the passion and enthusiasm our staff have for their work and our products. The team has also done a great job creating a personal connection with our customers at third party and live streaming online events.

In response, our customers have been fantastic. This year has seen them loyally support us and help grow the Warhammer hobby around the world.

Trade
We review our trade terms every year and in May 2017 we updated our terms in North America. The new terms allow our independent trade accounts (and retailers purchasing from our authorised distributors) to sell Games Workshop products online subject to complying with our standard terms.

We continued to pilot the following initiatives in the year:

Asia
Our four new country managers in Singapore, Hong Kong, Japan and Malaysia have now been in country for approximately 18 months. They have all reported, together with our existing business in China, double-digit sales growth. We will continue to invest in Asia and I have agreed to support our local teams and customers with more localised content and additional product formats in 2017/18.

High footfall locations
We have 102 multi-man format stores and 360 one man stores. In 2015/16 we piloted a few stores in high footfall locations. Our Tottenham Court Road store in London has completed its first full year and has been a great success achieving the highest number of transactions and sales value of any of our stores for some time. The other pilots in Sydney and Copenhagen continue to perform well. While these successes leave us with some format options to deploy when opportunities arise, our standard format will continue to be our one man store model.

New business opportunities
To continue to broaden our reach without distracting our core channels, we continue to pilot a small range of products in new markets. We launched a dispenser of eight products called Battle for Vedros in toy shops in North America in June 2016 and a small range called Build and Paint, globally, in modelling and toy shops in September 2016. Both of these product ranges are on sale and although not delivering huge value to the Group have proven that we should continue to support a range of products aimed at new customers. More of this in 2017/18.

Finally, after a thorough review, the non-core activities were amalgamated back into the core business functions. Being separated off was causing the senior team and me more distractions not less. All of these areas performed well in the year reported.

Licensing
The team has had another solid year thanks to the on-going successes of Total War: Warhammer, Warhammer: End Times - Vermintide, and Warhammer 40,000: Freeblade.

Reported income is split as follows: 80% PC and console games, 13% mobile and 7% other.

Projects
In the year we had three major projects being implemented:

- Warhammer 40K: Dark Imperium product launch in June 2017.
- European ERP - enterprise resource planning (core back office systems) - replacement. We have added additional resource to this complex project and from April 2017 moved to a more agile methodology for implementing the solution. The revised plan will ensure we introduce business benefits as we go along rather than only at the end of the project. Our new Global IT manager will oversee this change. Project estimated cost of £9 million (2016 estimate: £6 million).
- Mail order warehouse system replacement. At an estimated cost of £1.2 million it is scheduled to go-live in Autumn 2017.

Return on capital*
A key measure of our performance is return on capital. During the year our return on capital increased from 27% to 72%. This was driven by an increase in operating profit before royalty income, offset slightly by an increase in average capital employed.

Sales
Sales by segment

	Year to 28 May 2017 Constant currency	Year to 29 May 2016 Constant currency	**Year to 28 May 2017 Actual rates**	Year to 29 May 2016 Actual rates	**2017 % of total sales**	2016 % of total sales
Trade	**£54.5m**	£44.5m	**£61.3m**	£44.5m	**38%**	38%
Retail	**£58.7m**	£48.4m	**£64.8m**	£48.4m	**41%**	41%
Mail order	**£30.2m**	£25.2m	**£32.0m**	£25.2m	**21%**	21%
Total sales	**£143.4m**	£118.1m	**£158.1m**	£118.1m		

Reported sales grew by 34% to £158.1 million for the year. On a constant currency basis, sales were up by 21% from £118.1 million to £143.4 million.

Operating profit
Operating profit by segment

	Year to 28 May 2017 Constant currency	Year to 29 May 2016 Constant currency	**Year to 28 May 2017 Actual rates**	Year to 29 May 2016 Actual rates
Trade	**£15.0m**	£10.6m	**£18.0m**	£10.6m
Retail	**£0.5m**	£(3.9)m	**£0.5m**	£(3.9)m
Mail order	**£17.4m**	£13.7m	**£18.8m**	£13.7m
Product and supply	**£13.9m**	£8.0m	**£16.3m**	£8.0m
Royalties (net of costs)	**£6.1m**	£5.3m	**£6.9m**	£5.3m
Other costs	**£(21.6)m**	£(16.8)m	**£(22.2)m**	£(16.8)m
Total operating profit	**£31.3m**	£16.9m	**£38.3m**	£16.9m

Core business operating profit (operating profit before royalty income) grew by £19.9 million to £30.8 million (2016: £10.9 million). On a constant currency basis, core business operating profit increased by £13.7 million to £24.6 million. This was driven by improvements across all of our three main channels.

Costs have been managed well. They have increased by £13.9 million in the year as a result of investments for the long term; £3.7 million in our store opening programme and £0.7 million in our new merchandising and marketing team. A further £3.5 million of the cost increase is due to the adverse impact of currency retranslation of costs for our existing overseas retail stores. We also incurred performance related costs of £1.8 million in payments to our retail staff for delivering growth, paid £0.4 million in profit share and £3.0 million in a discretionary payment, paid equally to all staff.

Capital employed
Average capital employed* increased by £2.7 million to £42.9 million. The book value of tangible and intangible assets increased by £1.5 million, inventories increased by £1.9 million and trade and other receivables increased by £1.8 million whilst current liabilities increased by £2.5 million.

Cash generation
During the year, the Group's core operating activities generated £38.5 million of cash after tax payments (2016: £19.5 million). The Group also received cash of £8.8 million in respect of royalties in the year (2016: £4.7 million). After purchases of tangible and intangible assets and product development costs of £12.8 million (2016: £12.7 million), dividends of £23.8 million (2016: £12.8 million), loans to Company shareholders of £1.9 million (2016: £nil), group profit share and discretionary payments to employees of £3.4 million (2016: £nil) and foreign exchange gains of £0.6 million (2016 : £0.1 million) there were net funds at the year end of £17.9 million (2016: £11.8 million).

Investments in assets
This is what we have been spending your money on:

	2017	2016
	£million	£million
Shop fits for new and existing stores	**1.3**	1.8
Production equipment and tooling	**3.3**	2.6
Computer equipment and software	**2.4**	3.5
Lenton site	**0.1**	0.1
Total capital additions	**7.1**	8.0

In 2016/17 we invested £1.3 million in shop fits: 31 new stores and 12 refurbishments. We also invested £3.3 million in tooling, milling and injection moulding machines. The investment in computer software relates mainly to the work on the new ERP system and mail order warehouse system replacement. Capital investment is expected to be higher than depreciation and amortisation over the next few years as we upgrade our core back office systems in Nottingham.

Dividends
We followed our principle of returning truly surplus cash to shareholders. Dividends of £23.8 million (2016: £12.8 million) were paid during the year. As a result of an oversight, 6 pence per share of the dividend paid in June 2017 is treated as an unlawful dividend. This is fully explained in the notice of meeting for the AGM. Steps being proposed to remedy this oversight are in line with other listed companies that have encountered similar issues in the past.

Royalty income
Royalty income increased in the year by £1.6 million to £7.5 million. This was due to the strong performances of Total War: Warhammer, Warhammer: End Times – Vermintide and Warhammer 40,000: Freeblade.

Taxation
The effective tax rate for the year was 20.5% (2016: 20.4%). We continue to expect a rate above that for a business with activities based solely in the UK, due to higher overseas tax rates.

Sales by channel
41% (2016: 41%) of sales were made through our own stores, 38% (2016: 38%) of sales were to independent retailers and 21% (2016: 21%) were mail order.

Retail
Store openings and closures during the year

	Number of stores at 29 May 2016	Opened	Closed	**Number of stores at 28 May 2017**	**Number of one man stores at 28 May 2017**	Number of one man stores at 29 May 2016
UK	148	5	(6)	**147**	**114**	111
North America	100	14	(3)	**111**	**96**	86
Europe	149	2	(6)	**145**	**100**	113
Australia	46	5	(4)	**47**	**39**	38
Asia	8	5	(1)	**12**	**11**	7
	451	31	(20)	**462**	**360**	355

We opened 31 new stores in the year including 14 relocated stores (shown within both the opened and closed store numbers above). These new stores generated £2.4 million of profitable sales. Our main focus for store openings in the year ahead will be North America and Germany. We will continue to focus on improving our existing store performance.

Retail sales grew by 34% in the year (21% at constant currency). Our underlying sales performance (excluding new product releases) was 16%, with additional growth from 11 net new stores and our new visitor centre delivering 28% growth.

We continue to fine tune our quarterly skills based training for all of our store managers at our retail workshops.

Trade
Sales increased by 38% during the year (22% at constant currency). We delivered growth in every major country we sell our product in thanks to the hard work of our telesales teams in Memphis, Nottingham and Sydney. Sales to trade accounts which sell primarily online continue to perform well.

Mail order
Sales grew by 27% (20% at constant currency). Sales of our Forge World range grew by 23% and our Citadel range by 31%. In the second half of 2016/17 we refreshed our home page; removing complexity and adding a deeper introduction to our worlds. We are committed to continuous investment in our web store shopping experience.

Treasury

The objective of our treasury operation is the cost effective management of financial risk. The relationship with the Group's bank is managed centrally. It operates within a range of board approved policies. No transactions of a speculative nature are permitted.

Funding and liquidity risk

The Group pays for its operations entirely from our cash flow.

Interest rate risk

Net interest receivable for the year (excluding unwinding of discounts on provisions) was £83,000 (2016: £90,000).

Foreign exchange

Our big currency exposures are the euro and US dollar:

	euro		US dollar	
	2017	2016	**2017**	2016
Year end rate used for the balance sheet	**1.15**	1.32	**1.28**	1.46
Average rate used for earnings	**1.17**	1.35	**1.27**	1.49

The net impact in the year of these exchange rate fluctuations on our operating profit was an increase of £7.0 million (2016: reduction of £0.6 million).

Priorities for 2017/18

As part of our overall strategy, three key initiatives will be prioritised in 2017/18. These are designed to deliver further sales growth whilst maintaining our operating profit margin.

Firstly, staff recruitment.

We are updating our recruitment web site, our company recruitment branding across all other social media platforms and creating a site to enable us to welcome and commence induction prior to new recruits starting with us. These improvements started in 2016/17 and will be completed in 2017. It will also give us a global dashboard of recruitment metrics to help us develop our global recruitment teams and processes.

Secondly, we will continue to review our product range and offer.

- We have started the year off with a huge event in June 2017 with our launch of Warhammer 40K: Dark Imperium.
- We will continue to review our product range and in store merchandising. We have not made as much progress as I would have liked on range management and in store merchandising (busy year!), so I will be reviewing my structure to ensure we have the right focus on this important sales opportunity.
- We will also continue to invest in Warhammer: Age of Sigmar, Forge World, our specialist games and Black Library with exciting product launches planned throughout 2017/18.

Thirdly, we will continue to focus on recruiting new customers and retaining our existing customers for longer. The aim is to:

- Open more of our own stores, mostly in our one man store format in North America and in the second half of the year in Germany. My goal is to open 25 stores (net) in 2017/18.
- Open more trade accounts. This will be based on our well established terms and conditions, selling independent accounts our best selling products and, where appropriate, the extended range.
- Continue to improve our online marketing and communication with a particular focus on new and potential customers.

Risks and uncertainties

The board has overall responsibility for ensuring risk is appropriately managed across the Group. The top five risks to the Group are reviewed at each board meeting. The risks are rated as to their business impact and their likelihood of occurring. In addition, the Group has a disaster recovery plan to ensure ongoing operations are maintained in all circumstances. The principal risks identified in 2016/17 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise but more importantly are the ones that could cause business interruption in the year ahead.

ERP change - as discussed above we are changing our core ERP system in the UK. This is a complicated project with the risk of widespread business disruption if it is not implemented well. It is being implemented and managed by a strong internal project team and specialist ERP software consultants.
Store manager recruitment - this comprises both recruitment of managers for new stores as well as replacing poor performing managers. Retail is our primary method of recruiting new customers and so we need great managers in all our stores.
Supply chain - as discussed above we are currently changing our mail order warehouse system. This is part of an ongoing programme of continuous improvement for these warehouse systems. As with any system change there are risks associated with the transition. In line with our ERP project, we have a strong internal project team and are utilising specialist supply chain software consultants.
Range management - as discussed above we are reviewing our range to ensure that we are exploring all opportunities. The risk is that we don't fully exploit all the opportunities that are available to us.
Distractions - this is anything else that gets in the way of us delivering our goals.

Games Workshop relies upon the continued availability and integrity of its IT systems. Our business critical systems are monitored and disaster recovery plans are in place and reviewed to ensure they remain up to date. The security of our systems is reviewed with software updates applied and equipment updated as required.

We do not consider that we have material solvency or liquidity risks. We also feel that it is too early to tell what the effects will be on Games Workshop of the UK Government invoking Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union.

In my opinion the greatest risk is the same one that we repeat each year, namely, management. So long as we have the right people in the right jobs we will be fine. Problems will arise if the board allows egos and private agendas to rule. I will do my utmost to ensure that this does not happen, especially in the year when Tom steps down from the board. Thanks Tom.

Summary

We've had another fun and exciting year and made significant progress on our strategic initiatives. You can see from these results that our business and our Hobby are in good shape.

The board continues to believe that the prospects for the business are good.

Kevin Rountree
CEO
24 July 2017

*We use average capital employed to take account of the significant fluctuation in working capital which occurs as the business builds both inventories and trade receivables in the pre-Christmas trading period. Return is defined as pre-exceptional operating profit before royalty income, and the average capital employed is adjusted by deducting assets and adding back liabilities in respect of cash, borrowings, exceptional provisions, taxation, deferred royalty income and dividends.

Statement of directors' responsibilities
The directors confirm that this condensed consolidated financial information has been prepared in accordance with IFRSs and that the management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties; and
- material related-party transactions in the year and any material changes in the related-party transactions described in the last annual report.

A list of all current directors is maintained on the investor relations website at investor.games-workshop.com.

By order of the board

Kevin Rountree
CEO
24 July 2017

Rachel Tongue
Group Finance Director

CONSOLIDATED INCOME STATEMENT

	Notes		**Year ended 28 May 2017 £000**		Year ended 29 May 2016 £000
Revenue	3		**158,114**		118,069
Cost of sales pre-change in accounting estimates*		**(45,224)**		(37,438)	
Cost of sales impact of change in accounting estimates*		**1,533**		-	
Cost of sales			**(43,691)**		(37,438)
			----------		----------
Gross profit			**114,423**		80,631
Operating expenses	3		**(83,591)**		(69,710)
Other operating income - royalties receivable			**7,491**		5,939
			----------		----------
Operating profit pre-change in accounting estimates*		**36,790**		16,860	
Operating profit impact of change in accounting estimates*		**1,533**		-	
Operating profit	3		**38,323**		16,860
Finance income			**87**		93
Finance costs			**(7)**		(5)
			----------		----------
Profit before taxation			**38,403**		16,948
Income tax expense	5		**(7,856)**		(3,452)
			----------		----------
Profit attributable to owners of the parent			**30,547**		13,496
			======		======

		Year ended 28 May 2017	Year ended 29 May 2016
Basic earnings per ordinary share	6	**95.1p**	42.1p
Diluted earnings per ordinary share	6	**94.5p**	42.0p
Basic earnings per ordinary share - pre-change in accounting estimates*	6	**91.2p**	42.1p
Diluted earnings per ordinary share - pre-change in accounting estimates*	6	**90.7p**	42.0p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 28 May 2017 £000	Year ended 29 May 2016 £000
Profit attributable to owners of the parent	**30,547**	13,496
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**2,663**	485
	----------	----------
Other comprehensive income for the year	**2,663**	485
	----------	----------
Total comprehensive income attributable to owners of the parent	**33,210**	13,981
	======	======

The following notes form an integral part of this condensed consolidated financial information.

*With effect from 30 May 2016 the Group implemented a change in accounting estimates for the amortisation of development costs intangible assets and for the depreciation of moulding tools. The change in accounting estimates is described in note 2 to this condensed consolidated financial information.

CONSOLIDATED BALANCE SHEET

	Notes	28 May 2017 £000	29 May 2016 £000
Non-current assets			
Goodwill		**1,433**	1,433
Other intangible assets	9	**12,917**	10,501
Property, plant and equipment	10	**22,132**	22,621
Deferred tax assets		**5,399**	3,219
Trade and other receivables		**1,081**	929
		42,962	38,703
Current assets			
Inventories		**12,421**	8,540
Trade and other receivables		**12,976**	10,120
Current tax assets		**596**	725
Cash and cash equivalents	8	**17,910**	11,775
		43,903	31,160
Total assets		**86,865**	69,863
Current liabilities			
Trade and other payables		**(16,515)**	(12,844)
Current tax liabilities		**(5,840)**	(1,924)
Provisions for other liabilities and charges	11	**(689)**	(823)
		(23,044)	(15,591)
Net current assets		**20,859**	15,569
Non-current liabilities			
Other non-current liabilities		**(494)**	(488)
Provisions for other liabilities and charges	11	**(495)**	(621)
		(989)	(1,109)
Net assets		**62,832**	53,163
Capital and reserves			
Called up share capital		**1,607**	1,606
Share premium account		**10,599**	10,519
Other reserves		**4,330**	1,667
Retained earnings		**46,296**	39,371
Total equity		**62,832**	53,163

The following notes form an integral part of this condensed consolidated financial information.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total equity £000
At 29 May 2016 and 30 May 2016	1,606	10,519	1,667	39,371	53,163
Profit for the year to 28 May 2017	-	-	-	30,547	30,547
Exchange differences on translation of foreign operations	-	-	2,663	-	2,663
Total comprehensive income for the year	**-**	**-**	**2,663**	**30,547**	**33,210**
Transactions with owners:					
Share-based payments	-	-	-	160	160
Shares issued under employee sharesave scheme	1	80	-	-	81
Deferred tax credit relating to share options	-	-	-	14	14
Current tax credit relating to exercised share options	-	-	-	5	5
Dividends paid to Company shareholders	-	-	-	(23,801)	(23,801)
Total transactions with owners	**1**	**80**	**-**	**(23,622)**	**(23,541)**
At 28 May 2017	**1,607**	**10,599**	**4,330**	**46,296**	**62,832**

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total equity £000
At 31 May 2015 and 1 June 2015	1,603	10,218	1,182	38,522	51,525
Profit for the year to 29 May 2016	-	-	-	13,496	13,496
Exchange differences on translation of foreign operations	-	-	485	-	485
Total comprehensive income for the year	-	-	485	13,496	13,981
Transactions with owners:					
Share-based payments	-	-	-	193	193
Shares issued under employee sharesave scheme	3	301	-	-	304
Current tax charge relating to exercised share options	-	-	-	(3)	(3)
Dividends paid to Company shareholders	-	-	-	(12,837)	(12,837)
Total transactions with owners	3	301	-	(12,647)	(12,343)
At 29 May 2016	1,606	10,519	1,667	39,371	53,163

The following notes form an integral part of this condensed consolidated financial information.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	**Year ended 28 May 2017 £000**	Year ended 29 May 2016 £000
Cash flows from operating activities			
Cash generated from operations	7	**49,370**	26,782
UK corporation tax paid		**(5,212)**	(2,236)
Overseas tax paid		**(270)**	(316)
Net cash generated from operating activities		**43,888**	24,230
Cash flows from investing activities			
Purchases of property, plant and equipment		**(5,409)**	(5,296)
Purchases of other intangible assets		**(1,749)**	(2,789)
Expenditure on product development		**(5,686)**	(4,578)
Interest received		**87**	86
Net cash used in investing activities		**(12,757)**	(12,577)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**81**	304
Interest paid		**(4)**	(3)
Loans to Company shareholders		**(1,901)**	-
Dividends paid to Company shareholders		**(23,801)**	(12,837)
Net cash used in financing activities		**(25,625)**	(12,536)
Net increase/(decrease) in cash and cash equivalents		**5,506**	(883)
Opening cash and cash equivalents		**11,775**	12,561
Effects of foreign exchange rates on cash and cash equivalents		**629**	97
Closing cash and cash equivalents	8	**17,910**	11,775

The following notes form an integral part of this condensed consolidated financial information.

NOTES TO THE FINANCIAL INFORMATION

1. General information

The consolidated financial statements of Games Workshop Group PLC are prepared under the going concern basis and in accordance with International Financial Reporting Standards (IFRSs), IFRS Interpretations Committee (IC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRSs.

These results for the year ended 28 May 2017 together with the corresponding amounts for the year ended 29 May 2016 are extracts from the 2017 annual report and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The annual report for the year ended 28 May 2017, on which the auditors have issued a report that does not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006, will be posted to shareholders on 25 July 2017 and will be delivered to the Registrar of Companies in due course. Copies will also be available from Rachel Tongue, Games Workshop Group PLC, Willow Road, Lenton, Nottingham, NG7 2WS. This information is also available on the Company's website at http://investor.games-workshop.com.

The annual general meeting will be held at Willow Road, Lenton, Nottingham, NG7 2WS at 10:00 am on 13 September 2017.

The annual financial report is prepared in accordance with the Listing Rules and Disclosure and Transparency Rules of the Financial Conduct Authority and accounting policies consistent with those used in the 2016 annual report. With effect from 30 May 2016 the Group implemented a change in accounting estimates for the amortisation of development costs intangible assets and the accounting estimate for the depreciation of moulding tools. These are described in note 2 below along with the impact on the results for the year ended 28 May 2017.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingencies at the balance sheet date. If in future such estimates and assumptions, which are based on management's best judgement at the date of the consolidated financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified, as appropriate, in the year in which the circumstances change. The following areas are considered of greater complexity and/or particularly subject to the exercise of judgement:

- Management estimates and judgements are required in assessing the impairment of assets, including capitalised development costs and fixtures and fittings within loss making retail stores, particularly in relation to the forecasting of future cash flows and the discount rate applied to the cash flows.

- Judgement is involved in assessing the exposures in the provisions (including inventory, loss making retail stores, other property, bad debt and returns) and hence in setting the level of the required provisions.

2. Change in accounting estimates

With effect from 30 May 2016 the Group implemented a change in accounting estimates for the amortisation of development costs intangible assets and the depreciation of moulding tools. Previously product development costs recognised as intangible assets were amortised on a straight line basis over periods ranging between 1 and 48 months. These development costs intangible assets are now amortised on a reducing balance basis with rates ranging from 50% to 80%.

Previously moulding tools were depreciated on a straight line basis over a period of 48 months. Moulding tools relating to specific products are now amortised on a reducing balance basis at 50%.

The changes have been made in order to better match the expenditure incurred to the expected revenue generated from the subsequent product release. In accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' the changes are recognised prospectively and hence there is no impact on the results or financial position previously reported for the year ended 29 May 2016.

The impact of the change on the results for the year ended 28 May 2017 is shown in the table below:

	Pre-change in accounting estimates £000	Impact of change in accounting estimates £000	Total Year ended 28 May 2017 £000
Cost of sales	(45,224)	1,533	(43,691)
Gross profit	112,890	1,533	114,423
Operating profit	36,790	1,533	38,323
Income tax expense	(7,565)	(291)	(7,856)
Profit attributable to owners of the parent	29,305	1,242	30,547
Other intangible assets	10,720	2,197	12,917
Property, plant and equipment	22,796	(664)	22,132
Deferred tax assets	5,273	126	5,399
Current tax liabilities	(5,423)	(417)	(5,840)
Net assets	61,590	1,242	62,832
Basic earnings per share (expressed in pence per share)	91.2p	3.9p	95.1p
Diluted earnings per share (expressed in pence per share)	90.7p	3.8p	94.5p

The impact of the change in accounting estimates in future years will depend on the release mix and nature of products being developed in those years. A benefit relating to the changes in accounting estimates is expected until the year ending 31 May 2020, when the change will no longer materially impact the financial statements.

3. Segment information

The chief operating decision-maker has been identified as the executive directors. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the segments based on these reports.

As Games Workshop is a vertically integrated business, management assesses the performance of sales channels and manufacturing and distribution channels separately. At 28 May 2017, the Group is organised as follows:

- Sales channels. These channels sell product to external customers, through the Group's network of retail stores, independent retailers and directly via the global web stores. The sales channels have been aggregated into segments where they sell products of a similar nature, have similar production processes, similar customers, similar distribution methods, and if they are affected by similar economic factors. The segments are as follows:
  - Trade. This sales channel sells globally to independent retailers, agents and distributors. It also includes the Group's magazine newsstand business and the distributor sales from the Group's publishing business (Black Library).
  - Retail. This includes sales through the Group's retail stores, the Group's visitor centre in Nottingham and global exhibitions.
  - Mail order. This includes sales through the Group's global web stores and digital sales through external affiliates.
- Product and supply. This includes the design and manufacture of the products and incorporates the production facility in the UK and the Group logistics and stock management costs. This also includes adjustments for the profit in stock arising from inter-segment sales and charges for inventory provisions.
- Central costs. These include the Company overheads, head office site costs and the costs of running the Games Workshop Academy.
- Service centre costs. Provides support services (IT, accounting, payroll, personnel, procurement, legal, health and safety, customer services and credit control) to activities across the Group and undertakes strategic projects.
- Royalties. This is royalty income earned from third party licensees after deducting associated licensing costs.

The chief operating decision-maker assesses the performance of each segment based on operating profit, excluding share option charges recognised under IFRS 2, 'Share-based payment', charges in respect of the Group's profit share scheme and the discretionary payment to employees for the current year. This has been reconciled to the Group's total profit before taxation below.

The segment information reported to the executive directors for the year ended 28 May 2017 is as follows:

	Year ended 28 May 2017 £000	Year ended 29 May 2016 £000
Trade	**61,254**	44,522
Retail	**64,848**	48,414
Mail order	**32,012**	25,133
	-----------	-----------
Total external revenue	**158,114**	118,069
	=======	=======

Segment revenue and segment profit include transactions between business segments; these transactions are eliminated on consolidation. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the income statement. For information, we analyse external revenue further below:

	Year ended 28 May 2017 £000	Restated* Year ended 29 May 2016 £000
Trade		
UK and Continental Europe	**25,442**	18,921
North America	**27,207**	19,523
Australia and New Zealand	**2,472**	1,816
Asia	**2,257**	1,417
Rest of world	**1,580**	1,069
Black Library	**2,296**	1,776
	----------	----------
Total Trade	**61,254**	44,522
Retail		
UK	**22,474**	19,364
Continental Europe	**16,859**	12,916
North America	**16,759**	10,584
Australia and New Zealand	**7,471**	5,133
Asia	**1,285**	417
	----------	----------
Total Retail	**64,848**	48,414
Mail order	**32,012**	25,133
	-----------	-----------
Total external revenue	**158,114**	118,069
	======	======

*Segment revenue of £8,675,000 for the year ended 29 May 2016 previously reported as non-core trade has been reclassified within the trade segment as UK and Continental Europe (£3,417,000), North America (£1,579,000), Australia and New Zealand (£158,000), Asia (£676,000), Rest of world (£1,069,000) and Black Library (£1,776,000) to reflect the management structure in place at 28 May 2017.
Segment revenue of £3,495,000 for the year ended 29 May 2016 previously reported as non-core retail has been reclassified within the retail segment as UK (£3,290,000), Continental Europe (£38,000) and North America (£167,000) to reflect the management structure in place at 28 May 2017.
In addition mail order segment revenue of £4,115,000 for the year ended 29 May 2016 previously reported as non-core mail order and £21,018,000 previously reported as Citadel and Forge World are now reported together as Mail order which reflects the management structure in place at 28 May 2017.

3. Segment information continued

Operating expenses by segment are regularly reviewed by the executive directors and are provided below:

	Year ended 28 May 2017 £000	Restated* Year ended 29 May 2016 £000
Trade	**(10,855)**	(8,899)
Retail	**(42,849)**	(35,930)
Mail order	**(5,290)**	(5,002)
Product and supply	**(2,618)**	(2,380)
Central costs	**(6,215)**	(5,969)
Service centre costs	**(11,824)**	(10,907)
Royalties	**(371)**	(430)
Total segment operating expenses	**(80,022)**	(69,517)
Share-based payment charge	**(160)**	(193)
Profit share scheme charge	**(444)**	-
Discretionary payment to employees	**(2,965)**	-
Total group operating expenses	**(83,591)**	(69,710)

*Operating expenses of £387,000 for the year ended 29 May 2016 relating to certain marketing costs have been reclassified from product and supply to central costs which reflects the current management structure in place for the year ended 28 May 2017.

Total segment operating profit is as follows and is reconciled to profit before taxation below:

	Year ended* 28 May 2017 £000	Restated** Year ended 29 May 2016 £000
Trade	**17,956**	10,625
Retail	**461**	(3,927)
Mail order	**18,788**	13,747
Product and supply	**16,286**	8,019
Central costs	**(6,724)**	(5,833)
Service centre costs	**(11,824)**	(10,907)
Royalties	**6,949**	5,329
Total segment operating profit	**41,892**	17,053
Share-based payment charge	**(160)**	(193)
Profit share scheme charge	**(444)**	-
Discretionary payment to employees	**(2,965)**	-
Total group operating profit	**38,323**	16,860
Finance income	**87**	93
Finance costs	**(7)**	(5)
Profit before taxation	**38,403**	16,948

*The implementation of the change in accounting estimates for the amortisation of development costs intangible assets and the depreciation of moulding tools, as described in note 2, has resulted in an increase in operating profit of £1,533,000 which is shown within the product and supply segment above. There is no impact on the results for the year ended 29 May 2016.

**Segment operating profit for the year ended 29 May 2016 has been restated to reclassify a stock valuation gain of £517,000 from the retail segment to the product and supply segment. In addition a segment loss of £409,000 for the year ended 29 May 2016 relating to certain marketing costs has been reclassified from product and supply to central costs. These restatements reflect the current management structure in place for the year ended 28 May 2017.

4. Dividends per share

A dividend of 20 pence per share, amounting to a total dividend of £6,413,000, and a further dividend of 20 pence per share, amounting to a total dividend of £6,424,000, were declared and paid during the prior year. A dividend of 25 pence per share, amounting to a total dividend of £8,031,000, a dividend of 30 pence per share, amounting to a total dividend of £9,638,000 and a further dividend of 19 pence per share, amounting to a total dividend of £6,132,000, were declared and paid during the current year.

Dividends of 80 pence per share were declared during the year. As a result of a procedural oversight, 6 pence per share of the dividend paid on 2 June 2017 is being treated as an unlawful dividend in the annual report. Although the Company always had sufficient reserves to pay this dividend at the time that it was made, the Companies Act 2006 requires this to be demonstrated by reference to interim accounts filed at Companies House prior to payment. Those interim accounts, however, were not filed with Companies House until after the relevant dividend had been paid and after the lapse had been identified. No fines or other penalties have been incurred by the Company. A resolution is to be proposed at the AGM in order to remedy this oversight.

5. Tax

	Year ended 28 May 2017 £000	Year ended 29 May 2016 £000
Current UK taxation:		
UK corporation tax on profits for the year	**8,217**	2,588
Under provision in respect of prior years	**887**	40
	--------	--------
	9,104	2,628
Current overseas taxation:		
Overseas corporation tax on profits for the year	**587**	349
Over provision in respect of prior years	**(77)**	(32)
	---------	---------
Total current taxation	**9,614**	2,945
	--------	--------
Deferred taxation:		
Origination and reversal of timing differences	**(477)**	660
Over provision in respect of prior years	**(1,281)**	(153)
	--------	--------
Tax expense recognised in the income statement	**7,856**	3,452
	=====	=====
Current tax (credit)/charge relating to sharesave scheme	**(5)**	3
Deferred tax credit relating to sharesave scheme	**(14)**	-
	-------	-------
(Credit)/charge taken directly to equity	**(19)**	3
	====	====

The tax on the Group's profit before taxation differs in both years presented from the standard rate of corporation tax in the UK as follows:

	Year ended 28 May 2017 £000	Year ended 29 May 2016 £000
Profit before taxation	**38,403**	16,948
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.83% (2016: 20%)	**7,615**	3,390
Effects of:		
Items not deductible/(assessable) for tax purposes	**210**	(248)
Movement in deferred tax not recognised	**-**	(2)
Higher tax rates on overseas earnings	**502**	457
Adjustments to tax charge in respect of prior years	**(471)**	(145)
	--------	--------
Total tax charge for the year	**7,856**	3,452
	=====	=====

Reductions to the UK corporation tax rate were included in the Finance Act (No. 2) 2015 which reduced the main rate to 19% from 1 April 2017. A further reduction in the UK corporation tax rate was included in the Finance Act 2016 to reduce the rate to 17% from 1 April 2020. These changes had been substantively enacted at the balance sheet date and their impact has therefore been included in these financial statements.

On 29 March 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). There is an initial two year timeframe for the UK and EU to reach an agreement on the withdrawal, although this timeframe can be extended. There is significant uncertainty about the withdrawal process; its timeframe; and the outcome of the negotiations. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. At this stage the level of uncertainty is such that it is impossible to determine if, how and when the UK's tax status will change. The directors have assessed and have not identified any significant matters impacting the financial statements.

6. Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

	Year ended 28 May 2017	Year ended 29 May 2016
Profit attributable to owners of the parent (£000)	**30,547**	13,496
Weighted average number of ordinary shares in issue (thousands)	**32,126**	32,093
Basic earnings per share (pence per share)	**95.1**	42.1
	=====	=====

6. Earnings per share continued

Basic earnings per share - pre-change in accounting estimates

Basic earnings per share - pre-change in accounting estimates is calculated by dividing the profit attributable to owners of the parent, before the impact of the change in accounting estimates, by the weighted average number of ordinary shares in issue during the year.

	Year ended 28 May 2017	Year ended 28 May 2016
Profit attributable to owners of the parent pre-change in accounting estimates (£000)	**29,305**	13,496
Weighted average number of ordinary shares in issue (thousands)	**32,126**	32,093
Basic earnings per share pre-change in accounting estimates (pence per share)	**91.2**	42.1
	====	====

Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit attributable to owners of the parent and the weighted average number of shares in issue throughout the year, adjusted for the dilutive effect of share options outstanding at the year end.

	Year ended 28 May 2017	Year ended 29 May 2016
Profit attributable to owners of the parent (£000)	**30,547**	13,496
Weighted average number of ordinary shares in issue (thousands)	**32,126**	32,093
Adjustment for share options (thousands)	**199**	57
	----------	----------
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,325**	32,150
Diluted earnings per share (pence per share)	**94.5**	42.0
	====	====

Diluted earnings per share - pre-change in accounting estimates

The calculation of diluted earnings per share pre-change in accounting estimates has been based on the profit attributable to owners of the parent, before the impact of the change in accounting estimates, and the weighted average number of shares in issue throughout the year, adjusted for the dilutive effect of share options outstanding at the year end.

	Year ended 28 May 2017	Year ended 29 May 2016
Profit attributable to owners of the parent pre-change in accounting estimates (£000)	**29,305**	13,496
Weighted average number of ordinary shares in issue (thousands)	**32,126**	32,093
Adjustment for share options (thousands)	**199**	57
	---------	---------
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,325**	32,150
Diluted earnings per share pre-change in accounting estimates (pence per share)	**90.7**	42.0
	====	====

7. Reconciliation of profit to net cash from operating activities

	2017 £000	2016 £000
Operating profit	**38,323**	16,860
Depreciation of property, plant and equipment	**6,107**	5,305
Net (reversal) of impairment/impairment of property, plant and equipment	**(55)**	28
Loss on disposal of property, plant and equipment	**111**	28
Impairment of intangible assets	**833**	-
Loss on disposal of intangible assets	**14**	39
Amortisation of capitalised development costs	**2,900**	3,853
Amortisation of other intangibles	**1,217**	1,232
Share-based payments	**160**	193
Changes in working capital:		
- Increase in inventories	**(2,984)**	(701)
- Increase in trade and other receivables	**(379)**	(293)
- Increase/(decrease) in trade and other payables	**3,491**	(198)
- (Decrease)/increase in provisions	**(368)**	436
	---------	---------
Net cash from operating activities	**49,370**	26,782
	=====	=====

8. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2017 £000	2016 £000
Cash at bank and in hand	**16,307**	10,998
Short term bank deposits	**1,603**	777
	----------	----------
Cash and cash equivalents	**17,910**	11,775
	=====	=====

9. Other intangible assets

	2017	2016
	£000	£000
Net book value at beginning of the year	**10,501**	8,262
Additions	**7,376**	7,362
Exchange differences	**4**	1
Disposals	**(14)**	(39)
Amortisation charge	**(4,117)**	(5,085)
Impairment	**(833)**	-
Net book value at end of the year	**12,917**	10,501

10. Property, plant and equipment

	2017	2016
	£000	£000
Net book value at beginning of the year	**22,621**	22,719
Additions	**5,372**	5,193
Exchange differences	**302**	70
Disposals	**(111)**	(28)
Charge for the year	**(6,107)**	(5,305)
Reversal of impairment/(impairment)	**55**	(28)
Net book value at end of the year	**22,132**	22,621

11. Provisions for other liabilities and charges

Analysis of total provisions:

	2017	2016
	£000	£000
Current	**689**	823
Non-current	**495**	621
Total provisions for other liabilities and charges	**1,184**	1,444

	Employee benefits	Property	Total
	£000	£000	£000
At 30 May 2016	547	897	1,444
Charged/(credited) to the income statement	153	(185)	(32)
Exchange differences	47	57	104
Utilised	(67)	(265)	(332)
At 28 May 2017	**680**	**504**	**1,184**

12. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is £1,102,000 (2016: £609,000). Inventory purchase commitments contracted for at the balance sheet date are £4,013,000 (2016: £2,689,000).

13. Related-party transactions

T H F Kirby provided consultancy at a cost of £35,000 during the prior year.

14. Subsequent events

A dividend of 20 pence per share was declared after the balance sheet date and was paid before the signing of the financial statements.