

PRESS ANNOUNCEMENT

GAMES WORKSHOP GROUP PLC

31 July 2018

ANNUAL REPORT

Games Workshop Group PLC (“Games Workshop” or the “Group”) announces its annual report for the period to 3 June 2018.

Highlights:

	53 weeks to 3 June 2018 £000	52 weeks to 28 May 2017 £000
Revenue	219,868	158,114
Revenue at constant currency*	222,594	158,114
Operating profit - pre-royalties receivable	64,702	30,832
Royalties receivable	9,893	7,491
Operating profit	74,595	38,323
Profit before taxation	74,546	38,403
Cash generated from operations	82,332	49,370
Earnings per share	185.0p	95.1p
Dividends per share declared in the year	126p	74p

Kevin Rountree, CEO of Games Workshop said:

“You can see from these results that our business and our Warhammer Hobby are in good shape. The response from our customers to our models and games and how we support them has again been fantastic, thank you.

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

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Investor relations website
General website

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The full 2018 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 2018 and 2017, both converted at the 2017 average exchange rates.

STRATEGIC REPORT

Strategy and objectives

Games Workshop is committed to making the Warhammer Hobby and our business ever better.

Our ambitions remain clear: to make the best fantasy miniatures in the world, to engage and inspire our customers, and to sell our products globally at a profit. We intend to do this forever. Our decisions are focused on long-term success, not short-term gains.

Let me go through our strategy 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 focused 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 we have made in quality is worth.

The second element is that we make fantasy miniatures based in our endless, imaginary worlds. This gives us control over the imagery and styles we use and ownership of the intellectual property (IP). 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 that we are customer focused. We talk to our customers. We aim to communicate in an open, fun way. Whoever and wherever our customers are, and in whichever way they want to engage with Warhammer, we will do our utmost to support them.

The fourth 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 online store (it has the full range of our product) and our independent stockist and trade accounts 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. Our long term goal is to have all three channels (retail, trade and online) 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 fifth element is being focused 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 measure our success on our ability to grow sales whilst maintaining our core business operating profit margin at current levels. 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 the skills needed to do their job and has a great attitude to change. We offer all of our staff both personal development and management skills training.

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

Our brands

We have originated and are in control of a number of strong, globally recognised brands with their own identities, associations and logos.

Our consumer facing brand is 'Warhammer'.

We design, make and sell products under a number of brands and sub brands, which denote setting, tone and product type, the key ones being:

- Warhammer: Age of Sigmar - our unique fantasy setting.
- Warhammer 40,000 - our most popular and recognisable brand is a space fantasy setting.
- Horus Heresy - an off shoot of Warhammer 40,000, the Horus Heresy is presented as 'fictional history' of that universe.

We believe our IP to be among the best in the world.

The Warhammer settings are incredibly rich and evocative backdrops. They're populated by more than three decades of fantastical characters and comprise of thousands of exciting narratives. Going forward, we want to make it easier than ever for people to engage with and immerse themselves in our IP. To that end, I have a small, senior team to help me find new partners to help us bring the worlds of Warhammer to life like never before. Together, we'll explore animation, live action and more, while ensuring we do no harm to our core miniatures business.

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 76% of our sales coming from outside the UK.

Design

Employing 214 people, the design studio in Nottingham creates all the IP and the miniatures, artwork, games and publications that we sell. In 2017/18 we invested £8.9 million in the studio (including software costs) with a further £3.1 million spent on tooling for new plastic miniatures. We are committed to investing in these areas at an appropriate level every year.

Our product

We design all of our products at our HQ in Nottingham, with studios of specialist staff dedicated to each element of our offer. Our miniatures studio concepts and sculpts all of our Warhammer: Age of Sigmar and Warhammer 40,000 models. The book and box game studio creates all the art, background and rules to support these models. Finally, our specialist systems design studio is responsible for all aspects of our standalone systems e.g. Blood Bowl, Necromunda.

Alongside these studios, we have two more specialist studios: Black Library and hobby products.

Our publishing studio, Black Library, produces a range of novels, short stories and audios set in the worlds of Warhammer, allowing readers to immerse themselves in the richness of our IP.

The hobby products studio makes some of the best paint and tabletop miniatures support product in the world. Our Citadel paint range and its revolutionary system are used the world over - and for painting more than just Warhammer!

Manufacture

We are proud to manufacture our product in Nottingham. It's where we started and where we intend to stay. We are currently expanding the facility to ensure we can make all of the models we need. We are also working on a significant project, to upgrade our core IT systems that interface with our manufacturing and warehouse 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 then directly to our trade accounts and retail stores. Our project to upgrade the IT infrastructure and software for the warehouse that supports our online store, based in Nottingham, was delivered in September 2017.

Sell

We sell via three channels, our own stores 'Retail', third party independent retailers 'Trade' and our online store. We also 'sell' or rather generate income, via our licensing partners. We support these channels and activities via our marketing team.

Retail - provides the focus for the Warhammer Hobby in their areas. Our stores 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, only new release product and the appropriate extended range. At the year end we had 489 Games Workshop stores in 23 countries. Our stores contributed 37% of the year's sales. We have 379 one man stores, small sites, each one staffed by only one store manager. We also have 110 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 Warhammer 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 telesales teams in Sydney, Tokyo, Shanghai, Singapore, Hong Kong and Kuala Lumpur. In 2017/18 we had 4,100 independent retailers (2017: 3,900) in 66 countries. We strive to deliver excellent service, operating in 21 languages covering all time zones. 43% of our sales came from sales to independent retailers in the year reported.

Online - accounted for 20% of total sales in 2017/18, this includes our online store, games-workshop.com which allows everyone the world over full access to all Games Workshop product. All of our stores also have a web store terminal that allows our customers shopping in our retail stores access to the full range. It is run centrally from Nottingham.

Licensing - we grant licences to a number of carefully chosen partners. This allows us to leverage our IP to broaden the presence and brand exposure of Warhammer around the world, often entering new markets such as board games, apparel or accessories. It also allows us to generate additional income, currently principally from computer games sales in North America, the UK and Continental Europe.

Marketing - keeps us customer focused. This team acts as the bridge between our other business areas, ensuring we have a joined up approach between product (design to manufacture) and sales. Marketing spends a lot of time listening and developing a two way dialogue with our customers to make sure we keep their needs at the forefront, championing the Warhammer Hobby around the globe and injecting our content and communications with a real sense of passion and fun.

Business model and structure continued

Structure

We control the business centrally from Nottingham; it is where the people with experience and knowledge of running our 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 seven parts: design to manufacture, sales, merchandising and logistics, marketing, operations and support, systems and IP exploitation.

We have a global head of design and manufacturing who is responsible for our factory and design studios (miniatures, book and box games, specialist systems, hobby product and Black Library).

Our channel sales structure comprises retail, trade and online. 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 head of trade and a global head of online along with a sales manager for Asia. A global head of digital and community marketing and a global head of merchandising and logistics support our sales channels with appropriate internal and external communication. The global head of merchandising and logistics also manages our three main distribution hubs in Nottingham, Memphis and Sydney.

Our operations and support structure includes a finance director for Games Workshop who is responsible for accounts, compliance, licensing and legal duties. A personnel manager and a personal development manager ensure we take our people recruitment and development seriously. Our global head of IT ensures we invest in our core systems as well as consider how we can leverage technology to help us deliver our long-term goals.

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.

Year to date core business operating profit percentage

The ratio of core business operating profit before royalty income against revenue, as a percentage.

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 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

So far so good, and our feet remain firmly on the ground.

Our business and our Warhammer Hobby are in great shape, the best shape either has been for some time and as we stride in to the year ahead with more energy, ideas and drive, it's clear to me that we're only just getting started. It has been another exciting year building on the progress we have made over the last few years. We have surpassed the expectations which I set the business on appointment in January 2015, so I have set the bar higher: exciting times.

I am pleased to report record constant currency sales, profit, cash generation and returns to shareholders. It has taken a long time to reach £200m+ sales, and at a record 29%+ core operating profit percentage rate, we've proven again we can grow sales, maintain our gross margin and manage our costs at the same time. It also shows clearly our operational gearing. This has only been possible through the hard work and commitment of the entire Games Workshop global team. I'm incredibly thankful for and proud of their efforts - as they should be themselves. Thank you.

Our passion for Games Workshop and unwavering focus have delivered profitable sales growth for the second year running across all of our sales channels. There have been no silver bullets, more the relentless pursuit of designing, making and selling an ever better range of Warhammer miniatures. Together, we have remained focused on documenting and executing an exciting global operational plan covering all areas of the business. We've driven improvements in product quality, the number of new products we launch in a year, provided the highest levels of customer service and delivered online content in a tone that's given us and our customers a very broad smile.

We are doing our best to make it sustainable. However, we are now in uncharted waters, doing everything we can to ensure our success is maintained. The challenge of managing global sales volume growth at the same time as delivering a step change in our capacity (not forgetting delivering major IT projects) is, I hope you appreciate, a fair challenge. I've strengthened my senior team, adding broader skills in IT and merchandising and logistics and added over 20 additional heads in operations, support and marketing. It would be unrealistic, if not daft, of me to promise that we can continue to grow at the rates we have reported over the last two years. I am not, however, planning to scale down our ambitions, I am just informing you of the back drop.

Capacity

Manufacturing

We have accelerated our investment in manufacturing capacity during the year as well as improved our logistics and distribution service levels. These will, alongside our investment in people and technology, lay the foundation for future volume growth. In the year we purchased two acres of land at the cost of £1.7 million next to our HQ in Nottingham and later this year will have redeveloped this site to increase our manufacturing capacity as well as improve our R&D capabilities. The total capital cost of this new facility including the purchase of the land will be approximately £9 million.

Our manufacturing investment included doubling the number of plastic injection moulding machines as well as flexing up our average production staffing levels from 143 to 198 at our HQ site in Nottingham. Production payroll costs have increased by £2.0 million to £5.9 million; as a percentage of Group revenue they have increased from 2.5% to 2.7%.

Logistics

In the short term we have increased our warehouse footprint, using a third party location nearby, to enable us to maintain our fill rates and service levels. We are currently recruiting a group logistics manager who, together with our great operational team, will help us document and implement an appropriate warehousing solution at Nottingham, Memphis and Sydney. Total warehousing costs have increased by £2.5 million to £6.7 million, as a percentage of Group revenue they have increased from 2.6% to 3.0%.

Design studios

Our design studios have been at the forefront of our success. We are very proud of the quality of our models, Citadel and Forge World, and the quality seal they represent. In the period we launched a new edition of Warhammer 40,000. The launch month, June 2017, reached new heights for us, which was no real surprise as the models and supporting gaming mechanics were better than ever. In the year, we also continued to surprise and delight our customers with additional specialist games like our bestselling standalone box game Necromunda. Another such title, Adeptus Titanicus, is coming in 2018/19. If 2017/18 wasn't exciting enough, for our Warhammer fantasy fans we launched Warhammer Underworlds, an action-packed combat game for two players. We finished in May 2018 with the announcement of a spectacular relaunch of our Warhammer: Age of Sigmar.

Gross margin declined in the year (2018: 71.4%; 2017: 72.4%), as a direct result of some of the teething problems a step change in volumes brings. It has also been affected by the sales mix of new and existing product - 38% of sales from new releases and 62% of sales from existing product - as well channel mix change. Inventories have increased by £7.7 million to meet the increased sales demand. Stock provision has increased to 1.8% of sales (2017: 0.9%). 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%.

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 operations and support teams.

As a direct result of our significant sales and profit growth, we rewarded all of our staff with a £1,500 discretionary payment in addition to a £1,000 profit share payment each (total cost £4.8 million). We also honoured our commitment to pay 20% of any sales increase to our retail store managers (total cost £2.9 million) who achieved sales growth whilst maintaining costs broadly in-line with last year.

Update on priorities for 2017/18

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

Staff recruitment

The support we get from our people is the main reason why we are performing better than historical trends and we are always looking for great people to join our global team. The jobs, which have the highest churn rate, are our new business developers (trade sales) and our store managers in our own retail stores. In 2016/17 a project team was set up to deliver an improvement in the online recruitment tools we use. The two main areas covered by the project team were rebranding our global recruitment website and implementing an applicant tracking system. Both the recruitment website and applicant tracking system were launched in April 2018.

Range

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

In February 2018 I recruited a global head of merchandising and logistics who is responsible for helping us build a world class merchandising function, focused on improving our stock allocation and replenishment by being more data driven. His team will also be more integrated with our logistics team, helping us better meet our customers' expectations in terms of what stock they can buy, how their orders can be fulfilled and where it can be delivered to.

At the heart of our range is our core IP and the core product lines that support them. We are committed every year to further extending the Warhammer worlds through great products. It is what we are great at.

All of our studios have increased their output, ensuring that whatever facet of Warhammer a customer enjoys or whatever faction they collect they've had, and will continue to be offered, something great to engage with.

We have also been working on some new initiatives to help introduce people to Warhammer:

- Space Marine Heroes - Our push off the frame, push fit miniatures, sold as blind collectibles, placed in over 250 new outlets in Japan. The series launches globally later this year along with series 2 in Japan.
- Partworks - We learnt a great deal from the Battle Games in Middle-earth partwork launched back in 2002. And some of those lessons were painful! Now though, I think we are in the best position we've ever been to have another go. 'Warhammer 40,000 Conquest', a serialised product, will launch this summer.

Our licensing team too have been doing their best to broaden our reach. I've changed their terms of engagement with partners and allowed them to experiment. They've taken to this challenge well - exploring new types of licences, with new types of products, and in new markets. It's early days, and it's clear we're still finding our feet. The goal, though, is to find some great long term partners who we can work with to bring exceptional licensed products to market. We want to work with skilled people at the top of their game who can help bring our Warhammer brands to a new audience and provide the world class quality needed to delight our existing customers.

Marketing

Customer focused

We have a great, global community who are both loyal and passionate. Over the last six months we have again doubled the number of customers interacting with us on social media. We've supported these customers with daily content for Warhammer: Age of Sigmar and Warhammer 40,000, and increased our video output to more than one video every day, reaching over 100,000 people per day. We've also continued to develop warhammer-community.com and created new brand content sites. In the last six months alone, our content has had 16.3 million views from 2.5 million users, and this increase shows no sign of stopping.

When we say marketing at GW, we mean informing, engaging and inspiring our global community. Our commitment to talking with our customers has never been stronger, and their response never more positive. Warhammer-community.com has become the real home of Warhammer content online, with over 70 million page views in 2017/18 from almost 5 million users supported by tens of millions of interactions on social media.

In addition to the business end of marketing, I've also allowed our team some space to have some fun. They certainly made the most of the opportunity: a Christmas video featuring a choir was followed by a goldfish related product tease and some chocolate Space Marines on April Fools Day. With well over 1 million views, they certainly helped reinforce a message of a GW that doesn't take itself too seriously.

Licensing

The team has had another solid year thanks to the on-going successes of Total War: Warhammer, and Warhammer: Vermintide 2.

Reported income is split as follows: 89% PC and console games, 7% mobile and 4% other.

Update on priorities for 2017/18 continued

Projects

In the year we had two major projects being implemented:

- Warhammer 40,000 product launch in June 2017.
- European ERP - enterprise resource planning (core back office systems) - replacement. We have moved to a more agile methodology for implementing the solution and some of the initial phases are now live. Our global head of IT has overseen this change. Project estimated cost of £8 million.

Return on capital*

A key measure of our performance is return on capital. During the year our return on capital increased from 72% to 120%. 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

	53 weeks to 3 June 2018 Constant currency	52 weeks to 28 May 2017 Constant currency	53 weeks to 3 June 2018 Actual rates	52 weeks to 28 May 2017 Actual rates	2018 % of total sales	2017 % of total sales
Trade	£96.2m	£61.3m	£94.3m	£61.3m	43%	39%
Retail	£82.5m	£64.8m	£82.0m	£64.8m	37%	41%
Online	£43.9m	£32.0m	£43.6m	£32.0m	20%	20%
Total sales	£222.6m	£158.1m	£219.9m	£158.1m		

Reported sales grew by 39% to £219.9 million for the year. On a constant currency basis, sales were up by 41% from £158.1 million to £222.6 million.

Operating profit

Operating profit by segment

	53 weeks to 3 June 2018 Constant currency	52 weeks to 28 May 2017 Constant currency	53 weeks to 3 June 2018 Actual rates	52 weeks to 28 May 2017 Actual rates
Trade	£33.3m	£18.0m	£32.9m	£18.0m
Retail	£6.7m	£0.5m	£7.2m	£0.5m
Online	£27.9m	£18.8m	£27.9m	£18.8m
Product and supply	£25.1m	£16.3m	£23.9m	£16.3m
Royalties (net of costs)	£9.4m	£6.9m	£9.1m	£6.9m
Other costs	£(26.3)m	£(22.2)m	£(26.4)m	£(22.2)m
Total operating profit	£76.1m	£38.3m	£74.6m	£38.3m

Core business operating profit (operating profit before royalty income) grew by £33.9 million to £64.7 million (2017: £30.8 million). On a constant currency basis, core business operating profit increased by £35.7 million to £66.5 million. This was driven by improvements across all of our three main channels.

Costs have been managed well. They have increased by £8.8 million in the year as a result of investments for the long term; £3.0 million in our store opening programme and £1.1 million in our operations, support and marketing teams. We also incurred additional performance related costs of £1.1 million in payments to our retail staff for delivering growth and paid an additional £1.4 million in profit share and discretionary bonus paid equally to all staff. Variable costs directly attributable to sales volume growth increased by £1.6 million in the year.

Capital employed

Average capital employed increased by £11.0 million to £53.9 million. The book value of tangible and intangible assets increased by £6.1 million, inventories increased by £5.2 million and trade and other receivables increased by £2.1 million whilst current liabilities increased by £2.4 million.

Cash generation

During the year, the Group's core operating activities generated £66.0 million of cash after tax payments (2017: £38.5 million). The Group also received cash of £8.9 million in respect of royalties in the year (2017: £8.8 million). After purchases of tangible and intangible assets and product development costs of £21.5 million (2017: £12.8 million), dividends of £38.7 million (2017: £23.8 million), group profit share and discretionary payments to employees of £4.8 million (2017: £3.4 million), proceeds from the issue of ordinary share capital relating to the sharesave scheme of £1.0 million (2017: £0.1 million) and foreign exchange losses of £0.1 million (2017: gains of £0.6 million) there were net funds at the year end of £28.5 million (2017: £17.9 million).

Investments in assets

This is what we have been spending your money on:

	2018	2017
	£million	£million
Shop fits for new and existing stores	1.4	1.3
Production equipment and tooling	8.8	3.3
Computer equipment and software	2.6	2.4
Lenton site	3.3	0.1
Total capital additions	<u>16.1</u>	<u>7.1</u>

In 2017/18 we invested £1.4 million in shop fits: 43 new stores and 7 refurbishments. We also invested £4.4 million in tooling, milling and injection moulding machines and a further £3.1 million on moulding tools. The investment in computer software relates mainly to the work on the new ERP system. The investment in Lenton site includes the purchase of land (£1.7 million) and building costs to expand the site. Capital investment is expected to be higher than depreciation and amortisation over the next few years as we increase our production capacity and upgrade our core back office systems in Nottingham.

Dividends

We followed our principle of returning truly surplus cash to shareholders. Dividends of £40.6 million (2017: £23.8 million) were declared during the year. A dividend of £9.7 million was declared and paid after the year end.

Royalty income

Royalty income increased in the year by £2.4 million to £9.9 million. This was due to the strong performances of Total War: Warhammer II and Warhammer: Vermintide 2.

Taxation

The effective tax rate for the year was 19.9% (2017: 20.5%). 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

37% (2017: 41%) of sales were made through our own stores, 43% (2017: 39%) of sales were to independent retailers and 20% (2017: 20%) were online.

Retail

Store openings and closures during the year:

	Number of stores			Number of stores	Number of one man	Number of one man
	at 28 May 2017	Opened	Closed	at 3 June 2018	stores at 3 June	stores at 28 May
					2018	2017
UK	147	6	(9)	144	104	114
North America	111	25	(2)	134	119	96
Continental Europe	145	6	(3)	148	103	100
Australia	47	3	(2)	48	39	39
Asia	12	3	-	15	14	11
	<u>462</u>	<u>43</u>	<u>(16)</u>	<u>489</u>	<u>379</u>	<u>360</u>

We opened 43 new stores in the year including 10 relocated stores (shown within both the opened and closed store numbers above). These new stores generated £2.6 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 27% in the year (27% at constant currency), helped by additional growth from 27 net new stores and our visitor centre delivering 20% growth. We continue to fine tune our skills based training for all of our store managers at our retail workshops.

Trade

Sales increased by 54% during the year (57% at constant currency). We delivered growth in every major country we sell our products 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.

Online

Sales grew by 36% (37% at constant currency). Sales of our Forge World range grew by 4% and our Citadel range by 52%. We are committed to continuous investment in our online 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 payable for the year (excluding unwinding of discounts on provisions) was £49,000 (2017: net interest receivable £83,000).

Foreign exchange

Our big currency exposures are the euro and US dollar:

	euro		US dollar	
	2018	2017	2018	2017
Year end rate used for the balance sheet	1.14	1.15	1.33	1.28
Average rate used for earnings	1.13	1.17	1.35	1.27

The net impact in the year of these exchange rate fluctuations on our operating profit was a decrease of £1.5 million (2017: increase of £7.0 million).

Priorities for 2018/19

As part of our overall strategy, four key initiatives will be prioritised in 2018/19. These are designed to deliver further sales growth whilst maintaining our operating profit margin.

Firstly, staff recruitment and training.

We are continuing with our investment in our global people systems to help us support our staff. We are focusing on online service tools to improve our onboarding, e-learning, performance management and how we communicate with our staff.

Secondly, recruiting new customers and retaining customers in our Warhammer Hobby:

- Open more of our own stores, mostly in our one man store format in North America and in Germany. My goal is to open 25 stores (net) in 2018/19.
- 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. The goal is to sell our products where our customers want to shop. We will also be updating our online service tools to ensure all of our third party accounts get outrageous customer service and support.
- Continue to improve our digital marketing and customer engagement.

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

We will continue to review our core product range to ensure we have the right products in the right place at the right time. We have significantly increased the number of new releases supporting our core systems in the last few years and this will continue in 2018/19. We will also pilot some new product formats in new markets and look to broaden our brand awareness in Asia.

Finally, we are investing in core systems and our manufacturing and warehousing capacity:

- UK - our ongoing investment in a new European ERP system
- UK - a new extension of our manufacturing facility at our HQ in Nottingham
- North America - the upgrade of our warehousing systems and software at our site in Memphis, Tennessee
- UK - Upgrade of our digital asset management system

Risks and uncertainties

The board has overall responsibility for ensuring risk is appropriately managed across the Group. The top seven 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 2018/19 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.
- Recruitment - to always have a world class team to support our fantastic business. The risk is we compromise and recruit only for skills and not on the personal qualities we need new members of the global team to demonstrate to ensure we deliver our long-term goals.
- Supply chain - to deliver a seamless supply of products to our customers. The risk is that there are unnecessary delays or expense.
- 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 or that we have too much stock.
- Innovation - to surprise and delight our customers with ever better new miniatures or related products. The risk is that we become complacent.
- IP exploitation - to optimise our Warhammer brands fully in addition to being innovative in our core business. The risks are that we do harm to the core business or we don't take this opportunity seriously.
- 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.

Risks and uncertainties continued

Following the UK Government invoking Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the EU, Games Workshop has reviewed the impact that this may have on the Group. The key risks relate to the movement of goods from the UK to the EU across all sales channels as well as the recruitment and retention of EU nationals working in the UK. These risks are being assessed and plans are being reviewed to help mitigate the possible impact of these changes.

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.

Summary

You can see from these results that our business and our Warhammer Hobby are in good shape. The response from our customers to our models and games and how we support them has again been fantastic, thank you.

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

Kevin Rountree

CEO

30 July 2018

*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

30 July 2018

Rachel Tongue

Group Finance Director

CONSOLIDATED INCOME STATEMENT

	Notes	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Revenue	2	219,868	158,114
Cost of sales		(62,783)	(43,691)
Gross profit		157,085	114,423
Operating expenses	2	(92,383)	(83,591)
Other operating income - royalties receivable		9,893	7,491
Operating profit	2	74,595	38,323
Finance income		90	87
Finance costs		(139)	(7)
Profit before taxation		74,546	38,403
Income tax expense	4	(14,867)	(7,856)
Profit attributable to owners of the parent		59,679	30,547
		=====	=====
		53 weeks ended 3 June 2018	52 weeks ended 28 May 2017
Basic earnings per ordinary share	5	185.0p	95.1p
Diluted earnings per ordinary share	5	182.3p	94.5p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Profit attributable to owners of the parent	59,679	30,547
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(353)	2,663
Other comprehensive (expense)/income for the year	(353)	2,663
Total comprehensive income attributable to owners of the parent	59,326	33,210
	=====	=====

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

CONSOLIDATED BALANCE SHEET

	Notes	3 June 2018 £000	28 May 2017 £000
Non-current assets			
Goodwill		1,433	1,433
Other intangible assets	8	14,195	12,917
Property, plant and equipment	9	30,072	22,132
Deferred tax assets		6,559	5,399
Trade and other receivables		1,409	1,081
		<u>53,668</u>	<u>42,962</u>
Current assets			
Inventories		20,159	12,421
Trade and other receivables		13,400	12,976
Current tax assets		457	596
Cash and cash equivalents	7	28,545	17,910
		<u>62,561</u>	<u>43,903</u>
Total assets		116,229	86,865
Current liabilities			
Trade and other payables		(22,028)	(16,515)
Current tax liabilities		(7,828)	(5,840)
Provisions for other liabilities and charges	10	(691)	(689)
		<u>(30,547)</u>	<u>(23,044)</u>
Net current assets		32,014	20,859
Non-current liabilities			
Other non-current liabilities		(667)	(494)
Provisions for other liabilities and charges	10	(537)	(495)
		<u>(1,204)</u>	<u>(989)</u>
Net assets		84,478	62,832
Capital and reserves			
Called up share capital		1,617	1,607
Share premium account		11,571	10,599
Other reserves		3,977	4,330
Retained earnings		67,313	46,296
Total equity		84,478	62,832

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

CONSOLIDATED CASH FLOW STATEMENT

	Notes	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Cash flows from operating activities			
Cash generated from operations	6	82,332	49,370
UK corporation tax paid		(10,852)	(5,212)
Overseas tax paid		(1,375)	(270)
Net cash generated from operating activities		70,105	43,888
Cash flows from investing activities			
Purchases of property, plant and equipment		(14,697)	(5,409)
Purchases of other intangible assets		(1,496)	(1,749)
Expenditure on product development		(5,387)	(5,686)
Interest received		99	87
Net cash used in investing activities		(21,481)	(12,757)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		982	81
Interest paid		(138)	(4)
Loans to Company shareholders		-	(1,901)
Dividends paid to Company shareholders		(38,701)	(23,801)
Net cash used in financing activities		(37,857)	(25,625)
Net increase in cash and cash equivalents		10,767	5,506
Opening cash and cash equivalents		17,910	11,775
Effects of foreign exchange rates on cash and cash equivalents		(132)	629
Closing cash and cash equivalents	7	28,545	17,910

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 53 weeks ended 3 June 2018 together with the corresponding amounts for the 52 weeks ended 28 May 2017 are extracts from the 2018 annual report and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The annual report for the 53 weeks ended 3 June 2018, 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 1 August 2018 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 9:30 am on 19 September 2018.

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 2017 annual report.

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. 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 3 June 2018, 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 online 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.
 - Online. 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, marketing 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 3 June 2018 is as follows:

	53 weeks ended	52 weeks ended
	3 June 2018	28 May 2017
	£000	£000
Trade	94,294	61,254
Retail	81,971	64,848
Online	43,603	32,012
Total external revenue	219,868	158,114

2. Segment information continued

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:

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Trade		
UK and Continental Europe	39,068	25,442
North America	41,805	27,207
Australia and New Zealand	4,340	2,472
Asia	3,857	2,257
Rest of world	2,903	1,580
Black Library	2,321	2,296
Total Trade	94,294	61,254
Retail		
UK	27,250	22,474
Continental Europe	21,303	16,859
North America	22,243	16,759
Australia and New Zealand	8,977	7,471
Asia	2,198	1,285
Total Retail	81,971	64,848
Online	43,603	32,012
Total external revenue	219,868	158,114

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

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Trade	(11,413)	(10,855)
Retail	(45,992)	(42,849)
Online	(5,672)	(5,290)
Product and supply	(3,350)	(2,618)
Central costs	(7,598)	(6,215)
Service centre costs	(12,664)	(11,824)
Royalties	(686)	(371)
Total segment operating expenses	(87,375)	(80,022)
Share-based payment charge	(204)	(160)
Profit share scheme charge	(1,969)	(444)
Discretionary payment to employees	(2,835)	(2,965)
Total group operating expenses	(92,383)	(83,591)

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

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Trade	32,888	17,956
Retail	7,185	461
Online	27,880	18,788
Product and supply	23,887	16,286
Central costs	(8,698)	(6,724)
Service centre costs	(12,664)	(11,824)
Royalties	9,125	6,949
Total segment operating profit	79,603	41,892
Share-based payment charge	(204)	(160)
Profit share scheme charge	(1,969)	(444)
Discretionary payment to employees	(2,835)	(2,965)
Total group operating profit	74,595	38,323
Finance income	90	87
Finance costs	(139)	(7)
Profit before taxation	74,546	38,403

3. Dividends per share

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 prior period. A dividend of 20 pence per share, amounting to a total dividend of £6,428,000, a dividend of 35 pence per share, amounting to a total dividend of £11,249,000, a dividend of 30 pence per share, amounting to a total dividend of £9,703,000, and a further dividend of 35 pence per share, amounting to a total dividend of £11,321,000, were declared and paid during the current period. In addition a further £1,901,000 (6 pence per share) was distributed in the current period by way of a rectification dividend. The rectification dividend was satisfied by the release of Company shareholders from the liability to repay the amount received in the prior period in the form of an unlawful dividend.

For the purpose of demonstrating that there were sufficient distributable reserves for interim dividend payments, interim financial statements for the Company were prepared and filed at Companies House in January 2018 and June 2018.

4. Tax

	53 weeks ended 3 June 2018	52 weeks ended 28 May 2017
	£000	£000
Current UK taxation:		
UK corporation tax on profits for the year	13,635	8,217
(Over)/under provision in respect of prior years	(160)	887
	13,475	9,104
Current overseas taxation:		
Overseas corporation tax on profits for the year	1,638	587
Over provision in respect of prior years	(79)	(77)
	15,034	9,614
Deferred taxation:		
Origination and reversal of timing differences	(347)	(477)
Under/(over) provision in respect of prior years	180	(1,281)
Tax expense recognised in the income statement	14,867	7,856
	=====	=====
Current tax credit relating to sharesave scheme	(686)	(5)
Deferred tax credit relating to sharesave scheme	(1,050)	(14)
Credit taken directly to equity	(1,736)	(19)
	=====	=====

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:

	53 weeks ended 3 June 2018	52 weeks ended 28 May 2017
	£000	£000
Profit before taxation	74,546	38,403
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.83%)	14,164	7,615
Effects of:		
Items not (assessable)/deductible for tax purposes	(475)	210
Movement in deferred tax not recognised	(27)	-
Higher tax rates on overseas earnings	198	348
Tax rate changes	1,066	154
Adjustments to tax charge in respect of prior years	(59)	(471)
Total tax charge for the year	14,867	7,856
	=====	=====

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.

Items not assessable for tax purposes include the release of provision no longer considered a risk to the Group as well as tax relief for other taxes paid.

The Tax Cuts and Jobs Act was signed in to US law on 22 December 2017 within which there was a substantial reduction in the US corporate federal tax rate of 35% to 21%, with effect from 1 January 2018. The Group has applied a blended federal tax rate of 29.19% to taxable profit and 21% to deferred tax assets within the US. The impact of the tax rate change was a charge to the income statement of £984,000 which is included within the £1,066,000 tax rate changes difference above.

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.

5. 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.

	53 weeks ended 3 June 2018	52 weeks ended 28 May 2017
Profit attributable to owners of the parent (£000)	59,679	30,547
Weighted average number of ordinary shares in issue (thousands)	32,258	32,126
Basic earnings per share (pence per share)	185.0 =====	95.1 =====

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.

	53 weeks ended 3 June 2018	52 weeks ended 28 May 2017
Profit attributable to owners of the parent (£000)	59,679	30,547
Weighted average number of ordinary shares in issue (thousands)	32,258	32,126
Adjustment for share options (thousands)	474	199
Weighted average number of ordinary shares for diluted earnings per share (thousands)	32,732	32,325
Diluted earnings per share (pence per share)	182.3 =====	94.5 =====

6. Reconciliation of profit to net cash from operating activities

	2018 £000	2017 £000
Operating profit	74,595	38,323
Depreciation of property, plant and equipment	6,614	6,107
Net reversal of impairment of property, plant and equipment	(20)	(55)
Loss on disposal of property, plant and equipment	40	111
Impairment of intangible assets	-	833
Loss on disposal of intangible assets	12	14
Amortisation of capitalised development costs	4,130	2,900
Amortisation of other intangibles	1,419	1,217
Share-based payments	204	160
Changes in working capital:		
- Increase in inventories	(7,948)	(2,984)
- Increase in trade and other receivables	(2,800)	(379)
- Increase in trade and other payables	6,031	3,491
- Increase/(decrease) in provisions	55	(368)
Net cash from operating activities	82,332 =====	49,370 =====

7. Cash and cash equivalents

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

	2018 £000	2017 £000
Cash at bank and in hand	28,335	16,307
Short term bank deposits	210	1,603
Cash and cash equivalents	28,545 =====	17,910 =====

8. Other intangible assets

	2018 £000	2017 £000
Net book value at beginning of the year	12,917	10,501
Additions	6,840	7,376
Exchange differences	(1)	4
Disposals	(12)	(14)
Amortisation charge	(5,549)	(4,117)
Impairment	-	(833)
Net book value at end of the year	14,195 =====	12,917 =====

9. Property, plant and equipment

	2018	2017
	£000	£000
Net book value at beginning of the year	22,132	22,621
Additions	14,632	5,372
Exchange differences	(58)	302
Disposals	(40)	(111)
Charge for the year	(6,614)	(6,107)
Reversal of impairment	20	55
Net book value at end of the year	30,072	22,132

10. Provisions for other liabilities and charges

Analysis of total provisions:

	2018	2017
	£000	£000
Current	691	689
Non-current	537	495
Total provisions for other liabilities and charges	1,228	1,184

	Employee benefits	Property	Total
	£000	£000	£000
At 29 May 2017	680	504	1,184
Charged to the income statement	251	73	324
Exchange differences	(11)	(1)	(12)
Utilised	(152)	(116)	(268)
At 3 June 2018	768	460	1,228

11. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is £2,665,000 (2017: £1,102,000). Inventory purchase commitments contracted for at the balance sheet date are £5,516,000 (2017: £4,013,000).

12. Subsequent events

A dividend of 30 pence per share was declared after the balance sheet date and was paid before the signing of the financial statements.