GAMES WORKSHOP GROUP PLC

Annual report 2015

FINANCIAL HIGHLIGHTS

	2015	2014
Revenue	**£119.1m**	£123.5m
Revenue at constant currency*	**£123.1m**	£123.5m
Operating profit – pre-exceptional items and royalties receivable	**£15.0m**	£15.4m
Exceptional costs	**-**	£4.5m
Royalties receivable	**£1.5m**	£1.4m
Operating profit	**£16.5m**	£12.3m
Profit before taxation	**£16.6m**	£12.4m
Cash generated from operations	**£25.6m**	£25.0m
Earnings per share	**38.3p**	25.2p
Pre-exceptional earnings per share	**38.2p**	36.1p
Dividends per share declared in the year	**52p**	-

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*Constant currency revenue is calculated by comparing results in the underlying currencies for 2015 and 2014, both converted at the 2014 average exchange rates as set out on page 9.

CHAIRMAN'S PREAMBLE

This year Kevin Rountree took over the day-to-day running of your company. I stayed on as non-executive chairman so you still get this preamble and my presence in the remuneration report. I will also be helping Kevin as and when he wants it as a consultant from time to time. It's early days, but things seem to be going extremely well.

The Great Master Plan continues: cutting costs, becoming more efficient, providing excellent returns on capital and paying dividends. We do not set out to pay dividends, we set out to run an efficient company that uses money wisely. We know we are doing that well when we have more money than we need; this becomes your dividend.

One bit of the GMP remains stubbornly unrealised – sales growth. We knew that the huge infrastructure changes we have been making these last few years (and are still making, we have just signed off on a new ERP system) would be disruptive, so we are not surprised that many trade accounts across Europe no longer trade with us. Nor are we surprised at the amount of work we have to do to get great managers in all our stores following the move to one-man operation. Our efforts, unfortunately, have coincided with truly dreadful trading conditions and, for the first time in our history, a year when the pound was strong against the euro and the dollar simultaneously. Our natural hedge hasn't been one this year. You can see the effects of our lack of sales growth in our gross margin, cost-savings in the maintenance of our net margin, and currency everywhere.

Nevertheless, as I am sure he will tell you, Kevin has plans for sales growth across the board. More stores, growth in our existing stores, more trade accounts and a better performance from our mail order service.

I do not often talk about our products, partly because I think they speak eloquently for themselves, and partly because it is important for everyone to remember (that's owners, customers and staff) we are a business. We need to be here next year if you want more of the exquisite models we make. To be here next year we have to do what all our customers want, not just a noisy few, and find a way of making money doing it. This year, though, is an exceptional year. Not only have we just opened a wonderful new visitor centre on time and under budget (take a bow, Tony) we have also relaunched Warhammer.

The visitor centre is a cathedral of miniatures with the world's largest and most spectacular diorama. Only £7.50 and a day you will remember all your life.

The new Warhammer is new. The Stormcast Eternals now bestride the universe and nothing will be the same again[1]. Not even the front of our building. Buy Warhammer: Age of Sigmar when you come to the visitor centre or the AGM, and see what we have done.

As I write the world is tumbling in chaos around us. Pundits discover they cannot predict elections, the Americans ride to the rescue of world football (thank you, Uncle Sam), Sunderland escape relegation, *again*, the UK will split up into its consistent parts, it will leave Europe; and yet we struggle on. Babies get born, the rain falls the sun shines and the plants grow, our chickens keep laying, and Games Workshop still employs over 1,500 people, supporting 1,500 families all over the globe, making the best miniatures money can buy, providing one of the best investments in our owners' portfolios, and having a great deal of fun doing it.

Tom Kirby
Non-executive chairman
27 July 2015

[1] For those who fret about this sort of thing, rest assured no miniature has been made redundant, no army is unwelcome in the new system, no paint job, no conversion is now worthless. As always we make these changes with great care. Your miniatures are the real 'eternals'.

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. All of our decision making is focused on the long term success of Games Workshop, not short term gains.

This statement includes all the key elements of what we do and why we do it that way.

Before I go into what each key element is I'd like to share a thought. I believe we are a unique business and I understand that some people find us and our product a little odd and possibly a little quirky too. We are both of these and we are proud of it. I also know I am CEO of one of the most exciting companies creating fun on the planet. We forget most days because we are all focused on delivering our jobs. Our Hobby is great fun. We really do intend to be around forever, creating fun.

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 in quality is worth.

Our customers tend to be teenage boys and male adults with some spare money to spend and time to enjoy hobbies. I'd like to think our Hobby - modelling, painting, collecting, gaming - is for anyone. Our customers are found everywhere. Our job is to, on a day to day basis, find them, commercially, wherever they are.

The second element is that we make fantasy miniatures based in our imaginary worlds. This gives us complete control over the imagery and styles we use and complete 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. The independent accounts do a great job supporting our customers in parts of the world where we either have not opened one of our stores or where it is not commercially viable for us to have one of our stores. 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 focused on cash. We want to deliver a great cash return every year so that 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 complete dedication and focus should ensure we deliver on time and within our agreed cash limits.

We measure our success by seeking a high return on investments. 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 further growth, particularly in North America and Northern Europe. So, we intend to keep on growing steadily; if we rush there is always a risk we will compromise one of the above.

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 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 72% of our sales coming from outside the UK.

Design
Employing 167 people, the design studio in Nottingham creates all the miniatures, artwork, games and publications that we sell. In 2014/15 we invested £7.7 million in the studio (including software costs) with a further £2.0 million spent on tooling for new plastic miniatures. We are committed to a similar level of investment every year.

STRATEGIC REPORT continued

Business model and structure continued

Manufacture
We are proud to manufacture our product in Nottingham. It's where we started and where we intend to stay. During the year we have been planning a project 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. During the year we started a project to upgrade the IT infrastructure and software for the warehouse that supports our mail order store based in Nottingham.

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

Games Workshop stores - Retail - they provide 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 products, they are merchandised to offer all customers new release product and the appropriate extended range. To achieve this we centrally run automatic stock replenishment from Nottingham. At the year end we had 418 Games Workshop stores in 20 countries. Our stores contributed 42% of the year's sales. Over the last five years we have been focusing on ensuring all of our stores are profitable by exiting expensive locations and converting our stores to one man stores. We believe that this project is in effect complete: we have 324 one man stores, small sites, each one staffed by only one store manager. We also have 94 multi man stores, which are constantly reviewed to ensure they remain profitable. If not, they will be closed and replaced with one man stores.

Trade - we sell to third party retailers under closely controlled terms and conditions. They help us sell our products mostly where we don't have our own stores. The bulk of these sales are made via our telesales teams based in Memphis and Nottingham. We also have small teams in Sydney, Tokyo and Shanghai. Last year we had 3,700 independent retailers in 52 countries. We have successfully introduced over the last few years a stockist programme which is designed to sell the right amount of stock into every account in line with their store format and performance. This programme is reviewed annually. The intention is that we stock all of our stockist accounts with our best sellers. We strive to deliver excellent service, operating in 16 languages covering all time zones. 37% 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 2014/15. All of our stores have a 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 report directly to me. My team is split into three parts: Sales, Operations and Advisers.

My channel sales structure comprises retail, trade and mail order. This structure is made up of three key territory retail sales managers in the UK, North America and Continental Europe and a global trade manager. These four individuals have been in their jobs now for just over 18 months and their progress is encouraging. Since taking up the position of CEO I have appointed a new global mail order manager, a new global digital sales manager, and a retail sales manager for Australia and New Zealand. I also have a sales manager for Asia.

My operations and support structure includes a new finance director for Games Workshop who is responsible for accounts, compliance and legal duties. I 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. All of our senior managers attend management skills training, as a team, three times per year.

My advisers comprise a small team who advise me with regard to any aspect of the use of our IP, licensing and product strategy. To help me stay focused on executing my key day to day duties I have arranged a consultancy agreement with Tom Kirby to support me with our Academy programme and our expansion in Asia.

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.

The 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 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.

MAT number of own stores by territory
Measures the number of our own stores on a rolling 12 month basis. This 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 three months. It is an indicator of our global reach and the health of our trade account base.

The key non-financial 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.

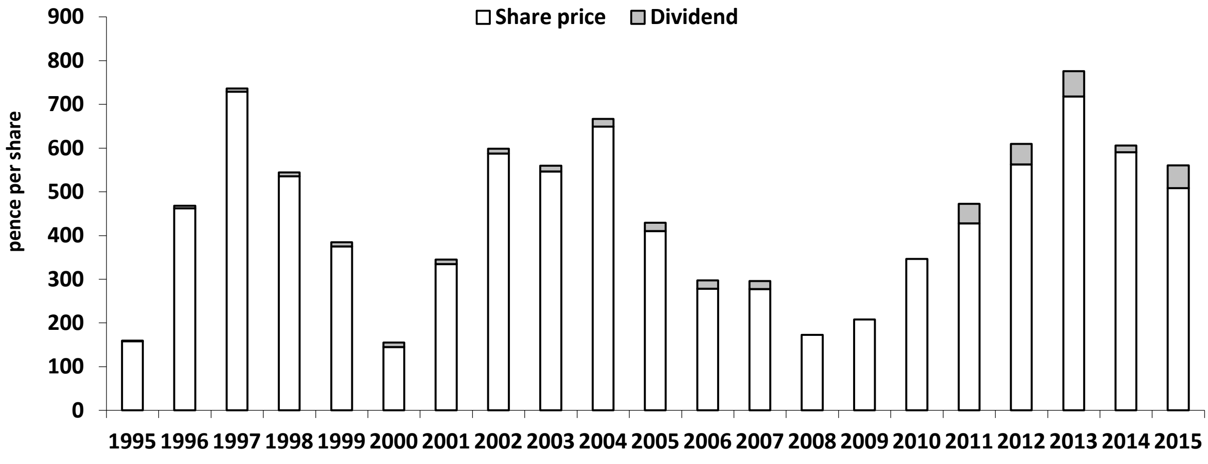
Outstanding customer service
This is an indicator of the effectiveness and efficiency of the service experience customers get in our stores and the time it takes us to resolve a customer query made to our customer service teams. The former is measured by the number of complaints I receive - very few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

Graph of our shareholder value



Shareholder value for this graph is calculated as the price of the shares at year end plus the dividend per share paid in the year.

STRATEGIC REPORT continued

Review of the year

Over the year we have seen modest sales growth, at constant currency, in our core trade and mail order channels. We saw a small sales decline in our own stores due to continued difficult trading in Continental Europe following our restructuring last year. We saw expected declines in some non-core activities (described below) that are grouped with core activities in our reporting. The effect of these non-core activities and the continuing effects of unfavourable exchange rates mean that our reported sales show declines in retail (-4.6%) and trade (-6.3%). Mail order growth was 3.9%.

It is encouraging to see that the channels and territories not impacted by our restructuring last year delivered sales growth, namely, mail order, trade in North America, Australia and New Zealand and retail in the UK, Australia and New Zealand.

The restructuring across Continental Europe was delivered on time, within budget and has delivered the cost savings that were planned. We anticipated - correctly - that it would take some time to get this region back to its normal levels as we knew we would have to recruit a new trade team of recruiters and account developers in Nottingham servicing all of Continental Europe in the local languages. In the second half that new team delivered sales growth of 1%. The impact in retail has taken a little longer than planned to recover. The key issue is store manager recruitment, which remains a key priority.

The exit of loss making stores in North America has been a challenge; we closed nine stores in the year and as a direct result have not delivered a net increase in stores in North America in the year. This project is now complete and, subject to finding the right managers, we will be embarking on a store opening programme in North America in 2015/16.

We expected a decline in non-core trade activities (-£2.2 million) and this comprised export, non-strategic accounts and magazine sales via newsstand. The decline of non-core retail of £0.7 million is due to the redevelopment of the visitor centre in Nottingham. We aim to offset this sales decline in 2015/16 with the opening of our new visitor centre and our new events programme. We are all very proud of the new venue, which opened on time and on budget in May 2015. It is a great example of our staff working together to deliver a project successfully.

Gross margin declined in the period due to a decline in sales volumes and increased development costs due to the release of more new products. The quality of new product we release continues to surprise and delight our customers and we plan to do so every week. We have increased the prices of our new releases to reflect the additional investment and value we have built into these new releases. The annual impact of this increase on our UK RRP price list is an average increase of 3%.

Costs have been reduced in the year, mainly as a result of the savings delivered from restructuring in Continental Europe, the exit of high cost stores in North America and the way in which we maintain cover staff for our UK stores.

I have set a goal of getting the business into sales growth in 2015/16 and have asked staff to accept a salary freeze until December 2015 to allow us to maintain our cost to sales ratio. If we deliver sales growth in the first half of 2015/16 I have agreed to back date any salary reviews to 1 June 2015. We are all working hard to deliver this goal.

Warhammer branding

We have taken the decision in the year to rebrand our stores 'Warhammer'. It is what our customers call us. This will be rolled out progressively, as and when we open new or refurbish our existing stores. At the year end we had 13 Warhammer branded stores.

Product

In July 2015, we relaunched Warhammer Fantasy to broad acclaim 'Warhammer: Age of Sigmar'. We are so proud of this new range of miniatures that we have commissioned an additional statue at our HQ to complement our Space Marine, which has delighted our customers and staff for the last 17 years. You have to see it to believe it, you will not be disappointed.

Licensing

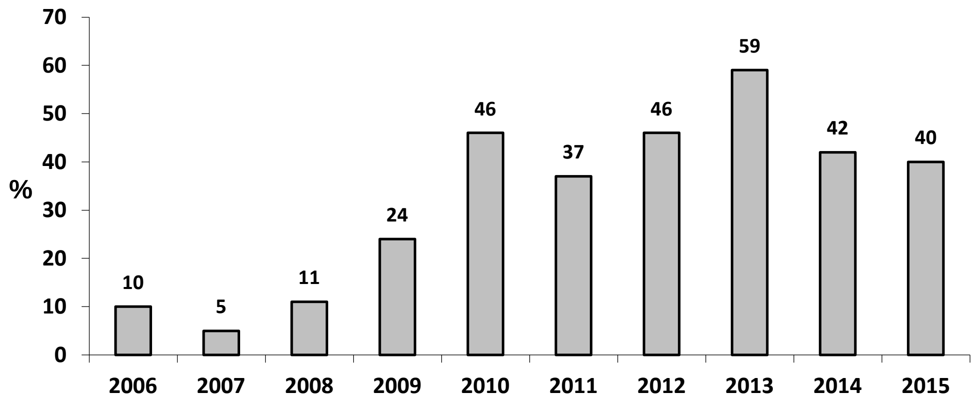
In the period we signed 17 new deals and have 44 contracts currently in place to produce more than 50 interactive products. Reported income is split: 52% traditional PC games, 27% mobile and 21% card, board and role-playing game licences. 37 new products were released in the period. We also announced a major tie up with SEGA to develop a real time strategy game 'Total War: Warhammer'.

Projects

We have three major projects being implemented currently:

- European ERP - enterprise resource planning (core back office systems) - replacement. It is estimated to cost £6.4 million.
- Forge World mail order store. To protect our sales we are building a new Forge World mail order store on the same platform and hosting environment as our Citadel mail order store and migrating all products and imagery. It is on track with a scheduled go live date in the summer of 2015. It will cost £1.1 million.
- Mail order warehouse system replacement. It is estimated to cost £0.8 million.

Return on capital*



Our key measure of our performance is return on capital. During the year our return on capital fell from 42% to 40%. This was driven by both a decline in operating profit and an increase in capital employed.

Sales
Reported sales fell by 3.5% to £119.1 million for the year. On a constant currency basis, sales were down by 0.3% from £123.5 million to £123.1 million; split by channel this comprised: retail £50.8 million (2014: £52.0 million), trade £46.2 million (2014: £46.9 million) and mail order £26.1 million (2014: £24.6 million).

Operating profit
Core business operating profit (operating profit before royalty income) fell by £0.4 million to £15.0 million (2014: £15.4 million). On a constant currency basis, core business operating profit increased by £2.2 million to £17.5 million. This was driven by a reduction in operating expenses excluding exceptional items.

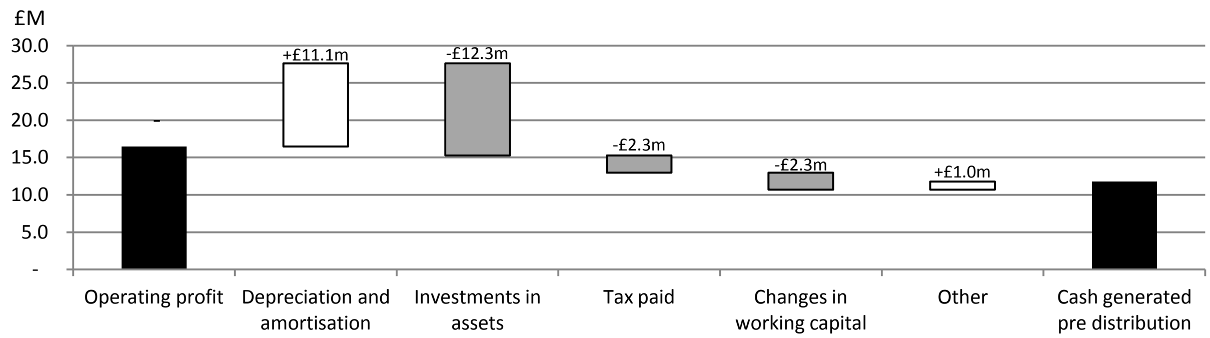
Operating expenses (excluding exceptional items) fell by £4.2 million; £1.8 million due to a reduction in retail store costs and savings of £2.4 million from the restructure of Continental Europe have been realised. Costs remain a key area of focus.

Capital employed
Average capital employed* increased by £2.0 million to £38.6 million. The book value of tangible and intangible assets increased by £1.3 million whilst trade and other receivables decreased by £0.2 million, inventories fell by £0.4 million and current liabilities fell by £1.3 million.

Cash generation
During the year, the Group's core operating activities generated £20.3 million of cash after tax payments (2014: £17.9 million). The Group also received cash of £3.0 million in respect of royalties in the year (2014: £2.4 million). After purchases of tangible and intangible assets and product development costs of £12.4 million (2014: £11.7 million) and dividends of £16.6 million (2014: £5.1 million) there were net funds at the year end of £12.6 million (2014: £17.6 million).

The chart below shows a bridge of operating profit to cash generated.

Bridge of operating profit to cash generated



*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.

STRATEGIC REPORT continued

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

	2015	2014
	£million	£million
Shop fits for new and existing stores	**0.8**	1.1
Production equipment and tooling	**3.0**	2.8
Computer equipment and software	**1.6**	2.7
Lenton site including the new visitor centre	**2.4**	0.5
Total capital additions	**7.8**	7.1

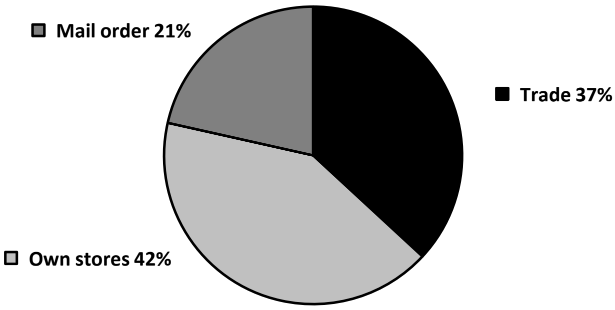
In 2014/15 we invested £0.8 million in shop fits: 34 new stores and three refurbishments. We also invested £3.0 million in tooling, milling and injection moulding machines. Capital investment is expected to be higher than depreciation and amortisation over the next few years as we upgrade our core back office systems in Nottingham.

Dividends
We followed our principle of returning truly surplus cash to shareholders. Dividends of 52 pence per share were paid during the year (£16.6 million; 2014: £5.1 million).

Royalty income
Royalty income increased in the period by £0.1 million to £1.5 million.

Taxation
The tax rate for the year was 26.1% (2014: 32.0%). We continue to expect a rate above that for business activities based solely in the UK, due to higher overseas tax rates.

Sales by channel
42% (2014: 42%) of sales were made through our own stores, 37% (2014: 38%) of sales were to independent retailers and 21% (2014: 20%) mail order.



Retail

Store openings and closures during the year

	Number of stores at May 2014	Opened	Closed	**Number of stores at May 2015**	**Number of one man stores at May 2015**	Number of one man stores at May 2014
UK	142	10	(10)	**142**	**108**	103
North America	87	6	(9)	**84**	**72**	63
Europe	141	10	(6)	**145**	**105**	99
Australia	40	7	(4)	**43**	**36**	29
Asia	4	1	(1)	**4**	**3**	3
	414	34	(30)	**418**	**324**	297

We relocated 15 stores and these are included in the opened/closed movement above. Our ability to open new stores is still (and always will be) limited by our ability to find the right people to run them. Although we are getting better at it, it is still our number one priority.

Retail sales fell by 4.6% in the year (-2.2% at constant currency), partially due to the continental european reorganisation as well as a decline in non-core retail sales relating to the refurbishment of the visitor centre in Nottingham.

Trade
Sales fell by 6.3% in the year (-1.6% at constant currency), partially due to the continental european reorganisation and decline in non-core trade sales.

Mail order
Our new online shop was launched in April 2014 and our online sales in the period were 3.9% higher than the prior year (+5.9% at constant currency).

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. We had a small facility at the bank which expired in December 2014.

Interest rate risk
Net interest receivable for the year (excluding net foreign exchange gains and unwinding of discounts on provisions) was £109,000 (2014: £106,000).

Foreign exchange
Our big currency exposures are the euro and US dollar:

	euro		US dollar	
	2015	2014	**2015**	2014
Year end rate used for the balance sheet	**1.39**	1.23	**1.53**	1.68
Average rate used for earnings	**1.31**	1.20	**1.58**	1.62

The net impact in the year of these exchange rate fluctuations on our operating profit was a reduction of £2.5 million (2014: reduction of £1.3 million).

Gender diversity, greenhouse gases, social, community and human rights, and employees
We report on these topics in the directors' report on pages 13 to 14.

Priorities for next year

As part of our overall strategy, four key strategic initiatives will be prioritised in 2015/16. These are designed to deliver sales growth whilst maintaining our gross margin and keeping our costs flat.

Firstly, staff recruitment. We need a constant stream of new people to join Games Workshop across all departments and over the last three years our Academy team has been training us all on how to find people whose personal qualities fit the jobs we need to fill. This has radically changed how we recruit and also how we performance manage; to date our new approach has proven to be successful. The challenge now is how do we deal with our recruitment process on an industrial scale: globally we recruit hundreds of people every year and our rigorous approach means that to do this successfully we need to consider thousands of application letters. To help us in this process I will be adding an expert in recruitment to my management team. This appointment should help ensure Games Workshop has the right processes in place to recruit the people we need when we need them to deliver our growth.

Secondly, I will review our product range. We believe this is long overdue: it is time for a resetting of the ranges. Not tweaking here and there but a top down reassessment. I expect to update you further at the half year. We will aim to continue to deliver outstanding product and customer service, maintain our Group gross margin and continue to improve our Group stock turn. To be absolutely clear I will not be reducing the RRP of our products: they are premium priced for their premium quality. I will, however, be looking to offer a broader range of price points. This is exciting and is for the long term, so I'm not promising when you will see a change. We have already started the brainstorming in our monthly strategic product meetings. It is early days, but I can already foresee some busy times ahead.

Thirdly, we must grow the number of customers we have. We have been underperforming here in recent years, mainly on account of our focus on the value based initiatives of converting our loss making stores to profitable ones and restructuring our sales businesses to take out duplicate and unnecessary costs. My aim is to:

1. Open more of our own stores, mostly in our proven one man store format, in greenfield cities in North America and Continental Europe. Our retail sales managers all have ambitious goals for 2015/16. I am also working closely with our manager for Asia to open more stores in Japan, Singapore and Hong Kong. We do believe we can establish our Hobby business in Asia, but this isn't going to happen overnight. My global goal is to open 30 stores (net) in 2015/16. If we achieve our first initiative it may well be many more.

Priorities for next year continued

I'm also proposing a trial in a few high footfall locations, like the one we opened in April 2015 on Tottenham Court Road, London. It is a multi-man format store with an extended (more expensive) shop fit: mainly new till format, mobile tills, better use of merchandising space, new web terminal (to access our broader range) and next day stock delivery to the store for in-store orders. The store has been branded 'Warhammer' instead of 'Games Workshop'. I believe that this store format can support the additional investment as such stores are uniquely placed to service a higher number of customers, often lots of tourists. My aim is to pilot, on a smaller scale, one each in Boston, Sydney, Munich, Paris and Copenhagen in the year ahead. I don't intend to move our overall retail strategy away from one man stores; these will be exceptional stores. The only differences to our one man store format will be the additional rent and property related costs and the additional capital investment. We can flex the staffing levels.

2. Open more stockist trade accounts using our proven stockist strategy. This will be based on our well established terms and conditions, selling independent accounts our best selling products and, where appropriate, the extended range. Our global trade manager has some ambitious plans to grow the net number of trade outlets we have, with a particular focus on North America.

3. Explore new core trade opportunities in toy, craft, book and comic stores. This has always been a great opportunity to extend our reach and help us find new customers. I am working closely with my advisers exploring these types of locations.

Finally, we will be replacing the European ERP system in Nottingham that we have been using for over 15 years: it has come to the end of its useful life. This project will give us the opportunity to drive synergies throughout our back office functions by removing complexity, re-engineering our processes and delivering our services at a lower cost. Following a lengthy and robust process we have now chosen the product and the vendor. As a result our capital investment is likely to be higher over the next few years. The total cost of this project, including internal resources, is estimated to be £6.4 million.

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 principle risks identified in 2014/2015 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise but more importantly the ones that would cause business interruption in the year ahead. The financial risks impacting the Group are detailed on page 52.

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.
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.
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.

In my opinion the greatest risk is the same one that we repeat each year, namely, management. So long as we have great people 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 on my watch.

Summary

We have all been working hard this year, made some good progress and honoured our commitment to distribute genuinely surplus cash to our shareholders. That commitment isn't going to change.

Since being appointed CEO, I believe I have hit the ground running and not dropped too many balls. I am delighted that my team has responded well to the new CEO. We are working well together, are looking very lively - and with the launch of Warhammer: Age of Sigmar having some fun too.

We are confident we can achieve the priorities I have set for 2015/16. I will keep you appropriately informed.

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

Kevin Rountree
CEO
27 July 2015

DIRECTORS' REPORT

The directors present their annual report together with the financial statements and independent auditors' report for the year ended 31 May 2015.

General information

Games Workshop Group PLC (the 'Company') and its subsidiaries (together the 'Group') designs and manufactures miniature figures and games and distributes these through its own network of retail stores, independent retailers and direct via the internet and mail order. The Group has manufacturing activities in the UK and sells mainly in Continental Europe, North America and Asia Pacific.

The Company is a public listed company, incorporated and domiciled in the United Kingdom. The address of its registered office is Willow Road, Lenton, Nottingham, NG7 2WS, United Kingdom. The Company's ordinary share capital is listed on the London Stock Exchange.

Substantial shareholdings

The following interests in 3% or more of the issued share capital of the Company as at 24 July 2015 have been disclosed to the Company:

	No. of shares	%
Ruffer LLP	3,225,596	10.1
Investec Asset Management Limited	3,087,765	9.6
Massachusetts Financial Services Company	2,044,385	6.4
Phoenix Asset Management Partners Limited	1,865,218	5.8
Legal & General Group plc	1,683,901	5.3
Schroders plc	1,677,861	5.2
Aberforth Partners LLP	1,636,300	5.1
Artemis Investment Management LLP	1,620,001	5.1
FIL Limited	1,516,682	4.7

The Company has not been notified of any other substantial shareholdings other than those of the directors, which are disclosed in the remuneration report on page 27.

Dividends

Dividends of 52 pence per share (2014: 16 pence) were paid during the year (£16.6 million; 2014: £5.1 million).

Directors

The present directors of the Company are listed on page 29. All of the directors were members of the board throughout the year and up to the date of signing the financial statements with the exception of R F Tongue, who was appointed a director with effect from 1 January 2015.

Under the Company's articles of association one third of the directors are required to retire by rotation at each annual general meeting. Those who retire are the longest in office since their election or last re-election. Under this formula, at this year's annual general meeting, no directors require rotation. R F Tongue, however, will be seeking her election since appointment to the board in January 2015. In addition, as a result of their long service, non-executive directors T H F Kirby, C J Myatt and N J Donaldson are required to retire and are seeking re-election. In relation to the non-executive directors, the chairman has confirmed that, following formal performance evaluation, the performance of C J Myatt and N J Donaldson continues to be effective and they continue to demonstrate commitment to their roles as non-executive directors, including commitment of the necessary time to board and committee meetings and other duties. C J Myatt and N J Donaldson are considered by the board to be independent of the Group, as set out in the corporate governance report. T H F Kirby is not considered independent of the Group given his previous executive roles within the Company.

Directors' interests

The interests of the directors in the shares of the Company, together with details of share options granted to the directors, are disclosed in the remuneration report on page 27. None of the directors had a material interest in any contract of significance to which the Company, or any of its subsidiaries, was a party during the year.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, as permitted by section 234 of the Companies Act 2006, which were in force during the year and up to 27 July 2015.

Information on executive directors

K D Rountree (age 45), CEO. Kevin Rountree joined Games Workshop in March 1998 as assistant group accountant. He then had various management roles within Games Workshop, including head of sales for the Other Activities division (including Black Library, licensing and Sabertooth Games). Kevin was appointed CFO in October 2008. During the year ended 29 May 2011, he took on the responsibility of managing the Group's service centres globally. To reflect this, his title was changed to chief operating officer from chief financial officer. He became chief executive on 1 January 2015. He qualified as a chartered management accountant in August 2001. Prior to joining Games Workshop, Kevin was the management accountant at J Barbour & Sons Limited and trained at Price Waterhouse.

Information on executive directors continued
R F Tongue (age 44), group finance director and company secretary. Rachel joined Games Workshop in September 1996 as group tax manager. She then had various accounting roles within Games Workshop and was appointed company secretary in October 2008. She has also managed the legal and compliance functions within Games Workshop from November 2012. She was appointed group finance director in January 2015. Rachel qualified as a chartered accountant in 1995 and as a chartered tax adviser in 1996 having trained with Arthur Andersen.

Information on non-executive directors
T H F Kirby (age 65), non-executive chairman. Tom Kirby joined Games Workshop in April 1986 as general manager and led the management buy-out in December 1991, becoming chief executive at that time. Between 1998 and 2000 he took on the role of non-executive chairman, returning to the role of chief executive in September 2000. He performed the role of chairman from December 2007 to January 2013 when he became chairman and acting CEO. Following the appointment of Kevin Rountree as CEO with effect from 1 January 2015, Tom became non-executive chairman of the Group. Prior to joining Games Workshop, Tom worked for six years for a distributor of fantasy games in the UK and was previously an inspector of taxes.

C J Myatt (age 71). Chris Myatt is the senior independent director, joining the board on 18 April 1996. He was formerly managing director of a division of Tarmac PLC, chairman and non-executive director of a number of manufacturing companies and treasurer of Keele University.

N J Donaldson (age 61). Nick Donaldson was appointed to the board on 18 April 2002. A barrister by profession, Nick is a partner of London Bridge Capital Limited. Nick was, until 2003, head of corporate finance at Arbuthnot Securities Limited and previously held senior investment banking positions at Robert W Baird Limited and at Credit Lyonnais Securities. He is chairman of DP Poland PLC and a director of The Fulham Shore plc.

E O'Donnell (age 44). Elaine O'Donnell was appointed to the board on 28 November 2013. A chartered accountant by profession, until recently Elaine was a corporate finance partner with EY. She is also a non-executive director/trustee of The Manufacturing Institute.

Auditors
As at 27 July 2015, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Share capital, share rights and other information
As at 24 July 2015, the Company's authorised share capital was £2,100,000 divided into 42,000,000 ordinary shares of 5p each nominal value ('ordinary shares'). On 24 July 2015 there were 32,063,812 (2014: 31,860,894) ordinary shares in issue. These ordinary shares are listed on the London Stock Exchange. All ordinary shares rank equally with respect to voting rights and the right to receive dividends. Shares acquired through the Company's share schemes rank pari passu with the shares in issue and have no special rights. The holders of ordinary shares are entitled to receive the Company's annual report, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. There are no restrictions on transfer or limitations on the holding of any class of share and no requirements for prior approval of any transfers. The directors may refuse to register a transfer of shares if there is a failure to comply with certain requirements of the Company's articles of association. None of the shares carries any special rights with regard to control of the Company.

In accordance with the Company's articles of associations, each share (other than those held in treasury) entitles the holder to one vote at general meetings of the Company on votes taken on a poll. On a show of hands at a meeting, every member present in person or by one or more proxies and entitled to vote has one vote. Unless the directors decide otherwise, if a shareholder is given notice that he has failed to provide information required in relation to any shares pursuant to a notice under section 793 of the Companies Act 2006, that member will be unable to vote on those shares both in a general meeting and at a meeting of the shareholders of that class. If such shareholder holds more than 0.25% of the issued shares of a class (excluding treasury shares) and is in default of a section 793 notice, the directors may also state in the notice that: (i) the payment of any dividend shall be withheld; and (ii) that there can be no transfer of the shares held by such shareholder.

Subject to the provision of law, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interest, but no dividend may exceed the amount recommended by the directors. The directors may also declare and pay interim dividends. Subject to shareholder approval, the directors may pay dividends by issuing shares credited as fully paid up in lieu of cash dividends. If dividends remain unclaimed for 12 years they are forfeited and revert to the Company.

A director appointed by the board holds office only until the next annual general meeting ('AGM'). At each AGM one third of the directors will retire by rotation and be eligible for re-election. The directors to retire will be those who wish to retire and those who have been longest in office since their last appointment or re-appointment.

Share capital, share rights and other information continued
The rules about the appointment and replacement of directors are contained in the Company's articles of association. The Company's articles of association state that a director may be appointed by an ordinary resolution of the shareholders or by the directors, either to fill a vacancy or as an addition to the existing board but so that the total number of directors does not exceed the maximum number of directors allowed pursuant to the Company's articles of association. The Company's articles of association do not currently specify a maximum number of directors. The Company may by ordinary resolution remove a director from the board of directors.

The Company's articles of association also state that the board of directors is responsible for the management of the business of the Company and in doing so may exercise all the powers of the Company subject to the provision of relevant legislation and the Company's constitutional documentation. The powers of the directors set out in the Company's articles of association include those in relation to the issue and buy-back of shares.

Changes to the articles of association must be approved by the shareholders in accordance with the legislation in force from time to time. As at 31 May 2015, the Company had an unexpired authority to repurchase shares up to a maximum of 4,747,273 shares. During the year no shares were purchased in the market for cancellation.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that the provisions of the Company's sharesave scheme may cause options to be exercised on a takeover.

Constructive use of the annual general meeting
The chairmen of the audit, the City and the remuneration and nomination committees will be available to answer questions at the annual general meeting. Separate resolutions are proposed for substantially separate issues at the meeting and the chairman of the Company will declare the number of proxy votes received both for and against each resolution.

Corporate governance
The Company's statement on corporate governance is included in the corporate governance report on pages 16 to 19.

Conflicts of interest
The Company's articles of association take account of certain provisions of the Companies Act 2006 relating to directors' conflict of interest. These provisions permit the board to consider and, if thought fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interest of the Company. The board has adopted procedures for the approval of such conflicts. The board's powers to authorise conflict are operating effectively and the procedures are being followed.

Health, safety and environment
Games Workshop is fully committed to the safety of its customers and the safety, health and wellbeing of its employees. Our people are our most valuable asset. We care about our colleagues and want to look after them.

Following the appointment of a new global health and safety manager in October 2014, it was identified that Games Workshop's health, safety and environmental ('HSE') strategy should be co-ordinated in a more centralised way, and applied in a more consistent manner throughout our operations around the world. We are currently working on a global HSE system to achieve consistency throughout Games Workshop. This will involve the development of a set of global standards which will form the basis of a global HSE strategy designed to ensure the safety and wellbeing of our customers and employees across the globe.

Injury reporting
During the year there were four injuries (2014: 2) reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013 in the UK and three injuries (2014: 2) reported to the US Occupational Safety and Health Administration.

Greenhouse gas emissions
Under the Greenhouse Gas Emissions (Directors' Reports) Regulations 2013, enforced under the Companies Act 2006, we have addressed our Greenhouse Gas ('GHG') reporting requirements.

We have used the methodology described in the Environmental Reporting Guidelines from DEFRA to identify our GHG inventory of Scope 1 (direct) and Scope 2 (indirect) global CO_2 emissions. We have considered the six main GHGs and report in CO_2 equivalent. Our data includes all manufacturing, office and retail sites controlled globally by Games Workshop. All calculations have used the 2013 DEFRA conversion factors.

- Scope 1 covers activities owned or controlled by Games Workshop that release emissions straight into the atmosphere – gas boilers, vehicle operation, air conditioning.
- Scope 2 covers activities that that are not owned or controlled by Games Workshop but create emissions as a result of our activities – electricity consumption.

	2015	2014
Scope 1 – tonnes CO2e	**685**	767
Scope 2 – tonnes CO2e	**4,579**	4,421
Total tonnes CO2e	**5,264**	5,188
Tonnes CO2e per sq metre	**0.083**	0.082
Tonnes CO2e per £000 of revenue	**0.044**	0.042

DIRECTORS' REPORT continued

Greenhouse gas emissions continued
This is the second year of reporting and as per the regulations we have included the emissions reported in our previous annual report for the purposes of comparison.

The methodology for calculating emissions from our european operations has been altered for the 2014/15 reporting year in-line with changes to the business structure.

Waste management
In 2014/15 we sent 64% of our waste by weight from our Nottingham site for re-use or recycling (2014: 70%). 36% of our waste was sent for heat recovery at the Nottingham City Council incinerator (2014: 30%).

Nottingham Workplace Parking Levy and travel to work
Games Workshop will continue its policy of not recharging employees the Workplace Parking Levy (which increased by 2% in April 2015 to £375 per year for each used workplace parking space). We continue to promote our cycle to work scheme and have a high ratio of cyclists (over 10% of employees) at our Nottingham site.

Employees
The Group's policy is to consult on and discuss with employees, at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

The Group operates an employee sharesave scheme as a means of further encouraging the involvement of employees in the Group's performance.

The Group's policy is to consider, for recruitment, disabled workers for those vacancies that they are able to fill. All necessary assistance with training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Diversity
The board has noted the changes to the UK Corporate Governance Code (the 'Code') announced by the FRC in October 2011 to strengthen the principle of boardroom diversity, which was first introduced into the Code in June 2010. The Company supports the provision that boards should consider the benefits of diversity, including gender, when making appointments and is committed to ensuring diversity, not just at board level but also throughout the workforce. The board believes that business benefits from the widest range of perspectives and backgrounds. The Company's aim as regards composition of the board is that it should have a balance of attitudes and knowledge to enable each director and the board as a whole to discharge their duties effectively. The Company does not consider that diversity can be best achieved by establishing specific quotas and targets and appointments will continue to be made based on merit.

As at 31 May 2015, the workforce is comprised as follows:

	Male	Female	Total
The board	4	2	6
Senior management	5	1	6
Total workforce	1,369	285	1,654

Social, community and human rights
The Group has policies that encompass a set of global sourcing principles covering fair terms of employment, human rights, health and safety, equal opportunities and good environmental practice. We seek to work with suppliers who adopt an ethical approach to human rights, working conditions and the environment in line with our own values. Our buyers are required to review supplier compliance with these policies, identify any areas of non-conformance and take action where appropriate. The Group monitors the quality and availability of all sourced components to ensure high standards are maintained.

Employees continue to carry out fund raising events for their chosen charities. Although we have decided that we will no longer make cash donations to charities, we are fully supportive of the work our employees do.

Research and development
The Group does not undertake research activities. Development activities relate to the development of new product lines. The charge to the income statement for the year in respect of development activities is detailed in note 9 to the financial statements.

Future developments
The future developments for the Group are discussed in the strategic report on pages 9 and 10.

Going concern
After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

By order of the board

R F Tongue
Group finance director and company secretary
27 July 2015

CORPORATE GOVERNANCE REPORT

The Listing Rules of the Financial Conduct Authority require listed companies to disclose, in relation to section 1 of the UK Corporate Governance Code 2012 (the 'Code'), how they have applied its principles and whether they have complied with its provisions throughout the accounting period. The UK Corporate Governance Code can be found at www.frc.org.uk.

This statement, together with the remuneration report on pages 20 to 27, explains how the Company has applied the principles and complied with the provisions set out in the Code.

The board operates through monthly meetings which senior executives attend on a regular basis. Major strategic decisions and the approval of any significant capital expenditure are reserved for decision by the board. The board is updated about operational decisions through the monthly meetings. Terms of reference for the board committees (as set out below) are available on the Company's website.

A review of the performance of the Group's main business activities are included in the strategic review. The board presents this review, together with the directors' report on pages 11 to 15, to give a fair, balanced and understandable assessment of the Group's position and prospects.

The board

The board comprises the chairman, the CEO, the group finance director and three non-executive directors following the appointment of R F Tongue during the year. It is chaired by the chairman, T H F Kirby. This arrangement does not comply with provision A.3.1 of the Code as T H F Kirby did not meet fully the independence criteria set out in the Code as he was formerly the Company's acting CEO and also in providing ongoing consultancy services. In addition, for the first seven months of the year, T H F Kirby was chairman and acting CEO. This arrangement does not comply with provision A.2.1 of the Code, which states that the roles of chairman and chief executive should not be exercised by the same person.

The senior independent director is C J Myatt. His principal responsibilities include:

- to be available to shareholders if they have concerns which contact through the normal channels of the chairman, the CEO or the group finance director, has failed to resolve, or for which such contact is not appropriate
- to ensure that the performance evaluation of the chairman is conducted effectively

The three non-executive directors (excluding the chairman) have a breadth of successful commercial and professional experience and are considered by the board to be independent of the Group. The Code states that the board should identify each non-executive director it considers to be independent, and the Code then lists various circumstances which may appear relevant to its determination. This includes (amongst others) if the director has served on the board for more than nine years.

At Games Workshop the board has had to confront one of these circumstances as two of the non-executive directors, C J Myatt and N J Donaldson, have served for more than nine years.

In making this assessment as to independence, the board has taken into account the personal attributes of each director in relation to the current and future needs of the board. In the opinion of the board, independence (like judgement and wisdom) is not an attribute which can be measured by reference to a checklist. It is rather an attribute which the members of the board can observe being demonstrated by a director in his actions and interactions with other members of the board as it faces the various issues which are placed before it. Independence is the absence of complacency, lazy thinking and acceptance of the status quo.

Regarding the specific Code circumstance of service of over nine years, the board's position is as follows:

The 'nine year rule' is a helpful guide to the risk of directors becoming 'stale'. The board considers this risk periodically, but has not yet found it to be an issue at Games Workshop. If it did, it would react accordingly. At present the board feels that the requirement for members of the board to have a real understanding of, and empathy with, the Games Workshop Hobby to be a point in favour of retaining the experience which the board currently has.

Based upon its assessment, which focuses on each director's attitude towards making his best contribution to the progress of the Company, the board considers that both of these non-executive directors are independent.

The board operates primarily through its monthly meetings and is responsible for leading and controlling the Group and monitoring executive management. It meets at least nine times a year. In 2014/15 the board had 10 scheduled meetings, each of which was attended by all members of the board.

All directors bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct. The board considers that it has been supplied with sufficient timely and accurate information to enable it to discharge its duties.

The board continued
All members of the board have access to the services and advice of the company secretary. There is a procedure for directors to take independent professional advice at the Company's expense where relevant to the execution of their duties. The executive directors attach great importance to ensuring that the non-executive directors are provided with accurate, timely and clear information on the Group. In addition, the non-executive directors are actively encouraged to update continually their knowledge of and familiarity with the Group and the issues affecting it, so as to enable them to fulfil effectively their roles on both the board and its committees.

The board has established a process for the ongoing assessment of its own performance and that of its committees. The board has completed an internal review process to determine and define the role that the board performs; an internal assessment has been undertaken to review the board's performance against those objectives and this will continue in 2015/16. This will be an iterative process which will inform the board's development agenda on a regular basis.

Board committees
The board has three principal committees, all with written terms of reference which are published on the Company's website and which are available on application to the company secretary at the Company's registered office. The company secretary serves as secretary to all three committees. The chairmen of the audit, the City and the remuneration and nomination committees will be available to answer questions at the Company's annual general meeting.

Audit committee
The audit committee comprises the three non-executive directors and the chairman under the chairmanship of C J Myatt, who is a chartered management accountant and has significant relevant financial and accounting knowledge and experience. The audit committee's terms of reference include monitoring the appropriateness of accounting policies, financial reporting, internal control and risk assessment and keeping under review the scope, results and effectiveness of the external and internal audits and the independence of the Company's external auditors.

Significant issues considered by the audit committee
The committee had six meetings during the year which were attended by all members of the committee. It has an agenda linked to the events in the Group's financial calendar. The external auditors met with the committee without management being present and the chairman and members of the committee have direct contact with the audit partner as required. During the year the committee:

- reviewed the half-year and full-year results
- received and considered, as part of the review of the annual financial statements, reports from the external auditors in respect of the auditors' review of the audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach adopted by the auditors to address and conclude upon key estimates and other key audit areas, the basis on which the auditors assess materiality, the terms of engagement for the auditors and an ongoing assessment of the impact of future accounting developments on the Group
- considered whether the annual report is fair, balanced and understandable. In doing so, the committee reviewed and discussed with management the content and appropriateness of the information included within the 2015 annual report. This provided the committee with the supporting detail to ensure that it was in a position to report to the board that the 2015 annual report taken as a whole was fair, balanced and understandable. This was on the basis that the business description, business model and strategy agreed with its own understanding of the Group, and the balance in the reporting of performance reflected both positive and negative issues and reflected the Group's activities during the year
- ran a tender process for the provision of audit services to the Group
- considered the effectiveness and independence of the external auditors and made a recommendation to the board regarding the re-appointment of PricewaterhouseCoopers LLP as external auditors
- reviewed the Company's policy on non-audit fees and ensured appropriate safeguards are in place
- considered and agreed the internal audit work programme and received regular reports on the key issues arising from its implementation during the year
- reviewed reports on the key business risks, including a review of the internal control processes used to identify, monitor and mitigate the principal risks and uncertainties

The committee received, reviewed and challenged reports from management and the external auditors setting out the significant issues in relation to the 2015 annual report and made their own assessment. These issues were discussed and challenged with management during the year. They were also discussed with the auditors at the time the committee reviewed and agreed the auditors' Group audit plan and at the conclusion of the audit of the financial statements. The issues that were discussed were:

- Inventory provisions: the committee considered and agreed that the inventory provisions were appropriate given the robust formulaic process applied and the level of risk.
- Capitalisation of development costs: the committee reviewed the accounting and disclosure of development costs and concluded that this was appropriate but that management should continue to monitor this closely in the context of product release cycles and underlying sales trends.
- Continental european reorganisation and deferred tax recognition: the committee, having made enquiries of management and having considered the opinions given by of the Group's tax advisers, are comfortable that the costs associated with and deferred tax asset arising on the reorganisation of the business have been appropriately recorded and will be utilised in the foreseeable future.

CORPORATE GOVERNANCE REPORT continued

Significant issues considered by the audit committee continued
The committee reviews the independence of the external auditors by assessing the arrangements for the day to day management of the audit relationship as well as reviewing the auditors' report which describes their procedures for identifying and reporting conflicts of interest. To maintain the auditors' independence, the committee has also established the policy that the primary role of the external auditors is to perform services directly related to their audit responsibilities. Non-audit fees paid to the auditors are therefore minimal. The Group uses other advisers for taxation advice and other services. The audit fees are disclosed in note 9.

The committee calls upon the external auditors, the internal auditors and the executive directors to attend formal meetings as required. These meetings are held at least three times a year. The external and internal auditors are given the opportunity to raise any matters or concerns they may have in the absence of the executive directors at separate meetings with the audit committee or its chairman.

The audit committee considers the reappointment of the external auditors each year, as well as remuneration and other terms of engagement. PricewaterhouseCoopers LLP have acted as external auditors of the Group since the 2005 year end. During the year the external audit was put out to tender and the committee agreed that PricewaterhouseCoopers should remain as auditor. There are no contractual obligations which restrict the choice of external auditors.

City committee
The City committee comprises the non-executive directors and is chaired by N J Donaldson. It normally meets at least twice a year and is responsible for corporate governance, investor relations, City presentations and liaison with City advisers. The City committee held two meetings during the year, each of which was attended by all members of the committee.

Remuneration and nomination committee
The remuneration and nomination committee comprises the non-executive directors and is chaired by N J Donaldson. It normally meets at least twice a year and is responsible for making recommendations to the board on remuneration policy for all executive directors (including determining specific remuneration packages, terms of employment and performance incentive arrangements). It is also responsible for nominating, for approval by the board, candidates for appointment to the board. The procedures and guidelines used by the remuneration and nomination committee in determining remuneration are outlined in the separate remuneration report. The remuneration and nomination committee held two meetings in the year, which were attended by all members of the committee. The committee meets without the executive directors at least annually to appraise the executive directors' performance.

Appointments to the board
On 1 January 2015, R F Tongue was appointed to the board as a group finance director, effective from that date. Following the Company's recruitment procedures, the board determined that R F Tongue would be a suitable and valuable addition to the board.

Any director appointed during the year is required, under the provisions of the Company's articles of association, to retire and seek election by the shareholders at the next annual general meeting.

Internal control
The directors recognise that they have overall responsibility for ensuring that the Group maintains a sound system of internal control to safeguard shareholders' investment and the Group's assets, and for reviewing its effectiveness. The system is designed to manage risks that may prevent the Group from achieving its business objectives, rather than to eliminate these risks. However, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place from the start of the year until the date of approval of this report. This process is regularly reviewed by the board throughout the period in accordance with the document 'Internal Control: Revised Guidance for Directors on the Combined Code' (the revised Turnbull guidance).

The effectiveness of the Group's system of internal control is continuously reviewed by the board. The review covers all material controls, including financial, operational and compliance controls and risk management. The monitoring of control procedures is achieved through regular review by the group finance director, reporting to the board. This review process considers whether significant risks have been identified, evaluated and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. Regular reporting by senior management ensures that, as far as possible, the controls and safeguards are being operated appropriately. This process is considered by the audit committee, alongside the external auditors' reports.

The Group has continued its programme of internal audit reviews during the year. The audit committee agrees an annual internal audit plan, focusing on business specific issues. Actions agreed by management, in response to recommendations made, are followed up.

The board, with advice from the audit committee, has completed its annual review of the system of internal control in accordance with the guidance as set out in the revised Turnbull guidance, and is satisfied that it has acted appropriately and in accordance with that guidance. During the course of its review of the system of internal control, the board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions is not considered appropriate.

Communication with shareholders
The Company attaches great importance to its annual general meeting, which it considers to be the primary platform of communication between the Company and its shareholders. On a continuing basis the Company encourages two way communication with its institutional and private shareholders and responds promptly to queries received verbally, in writing or directly through its investor relations website investor.games-workshop.com.

The CEO and group finance director are available to meet with shareholders in Nottingham to discuss any issues which shareholders may have. Any issues arising at such meetings are reported to and considered by the board.

Remuneration report
The Company's policy on executive remuneration and details of the executive directors' salaries, profit share and pensions, and fees for the non-executive directors are set out in the board report on remuneration on pages 20 to 27.

Statement of compliance with the UK Corporate Governance Code
With the exception of provisions A.2.1 and A.3.1, the Company has complied with all of the provisions set out in section 1 of the Code.

By order of the board

R F Tongue
Group finance director and company secretary
27 July 2015

REMUNERATION REPORT

Introduction
The remuneration report for the year ended 31 May 2015 has been prepared on behalf of the board by the remuneration committee in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code.

The remuneration report is split into two parts:

- The directors' remuneration policy, which sets out the Company's proposed policy on directors' remuneration, which took effect from the 2014 annual general meeting ('AGM') and the key factors that were taken into account in setting the policy. Additional disclosure to permit the use of discretion within the remuneration policy, a change to the profit share scheme and the ability to pay non-executive directors consultancy fees in certain circumstances have been included in 2015 and so the policy will again be subject to a binding vote at the 2015 AGM. The policy will then be subject to a binding shareholder vote at least every three years.

- The annual report on remuneration, which sets out payments made to executive directors and non-executive directors and details the relationship between company performance and remuneration for the 2014/2015 financial year. The 2014/15 report will be subject to an advisory shareholder vote at the 2015 AGM.

2014/15 – A year in review
As described by T H F Kirby, the chairman, earlier in this annual report, K D Rountree was appointed CEO of Games Workshop with effect from 1 January 2015. At the same time T H F Kirby gave up his role as acting CEO, continuing as non-executive chairman of the Company. Also with effect from 1 January 2015 R F Tongue, formerly company secretary, was appointed group finance director and company secretary of the Company. In connection with these changes the committee undertook a review of the remuneration of the chairman and the executive directors at that time, taking into account their new responsibilities and general economic and market conditions. As a result of this review the base annual salary of T H F Kirby was reduced from £450,000 to £200,000; the base annual salary of K D Rountree was increased from £240,000 to £375,000; and R F Tongue's base annual salary was set at £180,000. The committee proposes to review these base salaries payable to the executive directors at or about the end of the 2015/16 financial year.

Following his appointment as CEO and with the approval of the committee, in March 2015 K D Rountree agreed terms with T H F Kirby whereby the latter would provide consultancy services to the Company focusing on specific aspects of the business; this arrangement will be reviewed in early 2016.

2015/16 – The year ahead
The committee is very much aware of the importance to the Company and its shareholders of the successful transfer of power and responsibility to the new executive board team, mindful in particular that Games Workshop is a most individual business. The committee believes that the appointments and arrangements put in place in early 2015 are appropriate in that connection.

More broadly, the committee seeks to keep under review the consistency of remuneration policy across the Group and is satisfied that an appropriate reward structure exists below board level to recognise and retain the Group's top talent.

N J Donaldson
Chairman
Remuneration and nomination committee
27 July 2015

Policy report
This part of the report sets out the directors' remuneration policy, which has applied since the AGM held on 17 September 2014 where it was approved by shareholders. The policy will apply until the AGM in 2017 (unless revised by a vote of shareholders before that time) save that at this year's AGM there will be a resolution proposed to approve the amendments to the remuneration policy, namely, the exercise of discretion by the committee in the application of the remuneration policy where the changes do not have a material advantage to the directors and modification of the profit share scheme. Our remuneration policy now also contemplates paying to non-executive directors consultancy fees in circumstances in which they provide to the Company (at the request of the Company) additional services, based upon their specific areas of expertise, which the board considers to be of value to the Company and beyond that which can reasonably be expected to be provided by a non-executive director.

Games Workshop is a most individual business. We have a simple strategy: we make the best fantasy miniatures in the world and sell them globally at a profit and we intend to do this forever. We embrace long-term thinking, and hence we do not operate bonus schemes of the usual kind or incentive schemes as we believe they can sow the seeds of short-termism. We seek to pay the right remuneration for the job – our real 'bonus' is the opportunity to work at Games Workshop and grow the business.

In terms of senior management, Games Workshop continues to be in a phase of transition. As described earlier in this report, in January 2015 T H F Kirby, our chairman for 16 years and acting CEO since January 2013, stood down from this latter role and became non-executive chairman of the Company. At the same time K D Rountree took up the position of CEO and R F Tongue that of group finance director. The committee believes that each of these individuals is being compensated appropriately for his/her responsibilities.

The aim of the Group's remuneration policy is to reward fairly and to attract, motivate and retain high quality management. The total size of the remuneration package for executive directors is judged by comparison with the remuneration packages of similar companies, having regard to:

• the size of the company, its turnover, profits and number of people employed
• the diversity and complexity of the business
• the geographical spread of the business
• the growth and expansion profile

The Company's non-executive directors are remunerated with fees in line with market rates. They do not receive any pension or other benefits, other than the reimbursement of reasonable expenses, and they do not participate in any bonus or share schemes.

Remuneration policy table
The table below summarises each of the components of the remuneration package for directors of the Company which comprise the policy. The committee may make minor changes to the policy, which do not have a material advantage to the directors, to aid its operation or implementation, taking account of the interests of shareholders but without needed to seek shareholder approval.

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Salary	Core element of fixed remuneration, reflecting the size and scope of the role. Purpose is to recruit and retain directors of the calibre required for the business.	Reviewed annually and usually fixed for 12 months from 1 June. There is no entitlement to an annual increase. Takes into consideration the director's role and attitudes. Takes into account prevailing market conditions and is aligned with staff pay reviews. Externally benchmarked by independent remuneration consultants from time to time against companies of a similar size and complexity.	There is no prescribed maximum annual increase in salary. Salaries are reviewed taking into consideration salary increases across the Group. Increases out of line with the workforce are carefully considered but may be awarded taking all relevant factors into account, for example, increases in scope and responsibility or salary falling significantly below market positioning.	Not applicable, although the individual's contribution and overall performance is one of the considerations in determining the level of any salary increase.

REMUNERATION REPORT continued

Remuneration policy table continued

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Benefits	Ensures the overall package is competitive. Purpose is to recruit and retain directors of the calibre required for the business. Participation in the sharesave scheme creates staff alignment with the Group and promotes a sense of ownership.	T H F Kirby received a fuel allowance, private medical insurance and life assurance cover until 1 January 2015. The executive directors both receive life assurance cover. The sharesave scheme is a HMRC approved monthly savings scheme facilitating the purchase of shares at a discount. Where appropriate other benefits may be offered including allowances for relocation and other expatriate benefits.	Set at a level which the committee considers appropriate against the market and provides a sufficient level of benefit based on individual circumstances. Sharesave contributions are as permitted in accordance with the relevant tax legislation.	Not applicable.
Pension	To provide cost effective retirement benefits.	Participation in a group personal pension scheme (or other such plan as may be deemed appropriate).	Up to 10% of salary.	Not applicable.
Profit share to 31 May 2015	Rewards performance against annual targets linked to the achievement of sustainable profit growth.	Targets are set annually and any pay out is determined by the committee after the period end, based on performance against those targets. All staff participate equally in the scheme. Awards are payable in cash.	Maximum potential value is £1,000 per person per year.	The financial target is based on growth in core business operating profit from the prior year. Payments range from nil to £1,000 dependent on the level of increase in operating profit from the prior year.
Profit share from 1 June 2015	Rewards performance against annual targets linked to the achievement of sales growth.	Targets are set annually and any pay out is determined by the committee after the period end, based on performance against those targets. All staff participate equally in the scheme. Awards are payable in cash.	Maximum potential value is £250 per person per year.	The financial target is based on growth in sales revenue. Payments range from nil to £250 dependent on the level of increase in sales revenue from the prior year.

Remuneration policy table continued

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Non-executive directors' fees	Sole element of non-executive director remuneration set at a level that reflects market conditions.	Fees are reviewed annually taking into account time commitment, responsibilities and fees paid by comparable companies. Additional fees are paid to the senior independent director to reflect additional responsibilities. Non-executive directors are entitled to claim reasonable out of pocket expenses in connection with the performance of their duties. Consultancy fees may be paid to non-executive directors for advice in relation to their particular areas of expertise.	Fees are based on the level of fees paid to non-executive directors serving on boards of listed companies of a similar size and complexity.	Not applicable.

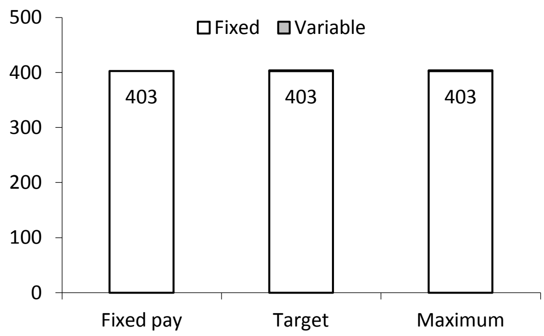
Explanation of the performance metrics chosen

The performance measures selected are aligned with the Company's strategy and business objectives. For the profit share in 2014/15, this was based on growth in core business operating profit and in 2015/16, growth in sales revenue.

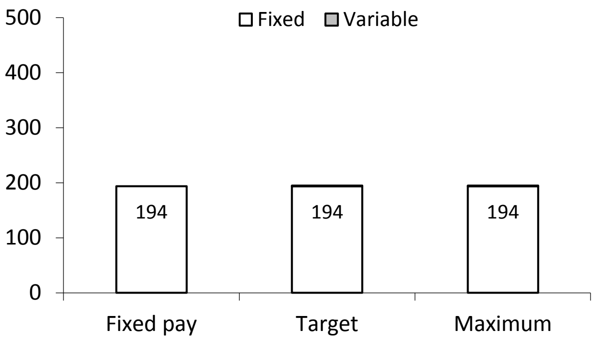
Illustration of application of the policy

The charts below show the relative split of remuneration between fixed pay (base salary, benefits and pension) and variable pay (profit share) for each executive director on the basis of minimum remuneration, remuneration receivable for performance in line with the Company's expectations and maximum remuneration.

K D Rountree



R F Tongue



	Minimum	In line with expectations	Maximum
Fixed pay	Fixed elements of salary, benefits and pension. Salary is at 31 May 2015 and the value of benefits has been assumed to be equivalent to that included in the single figure remuneration table on page 25.	As per minimum.	As per minimum.
Profit share	Nil	Up to £100 per annum.	£250 per annum.

REMUNERATION REPORT continued

Differences in policy from the wider employee population
The Company aims to provide a remuneration package that is market competitive, complies with any statutory requirements and is applied fairly and equitably across the wider employee population. Where remuneration is not determined by statutory regulation, the Company operates the same core principles as it does for the executive directors, namely;

- to remunerate people in a manner that allows for stability of the business and the opportunity for sustainable long-term growth
- to seek to remunerate fairly and consistently for each role with due regard to the market place and internal consistency
- to apply the profit share equally to all employees, including the executive directors
- to encourage employees to own shares through the operation of the sharesave scheme

Remuneration policy for new directors
When setting the remuneration package for a new executive director, the committee would seek to apply the same principles and implement the policy framework as set out above. Base salary will be set at a level appropriate to the role and the experience of the director being appointed. Benefits, pension and profit share will be in line with the stated policy. Any buy-out award, should one be required, will be limited to the amount of salary that will be forgone.

Non-executive director fees will be set at a competitive market level, reflecting the skills, knowledge, experience, responsibilities and time commitment.

Directors' service contracts and letters of appointment

Executive	Date of contract	Unexpired term of contract	Notice period
K D Rountree	25 February 2009	Rolling contract	12 months
R F Tongue	25 March 2015	Rolling contract	12 months

Non-executive	Date of appointment	Date of last re-election at an AGM	Notice period
T H F Kirby	1 January 2015	18 September 2013	6 months
C J Myatt	18 April 1996	17 September 2014	6 months
N J Donaldson	18 April 2002	17 September 2014	6 months
E O'Donnell	28 November 2013	17 September 2014	6 months

In accordance with best practice and as set out in the Code, notice periods in new service contracts for executive directors are set at one year. Non-executive director appointments are made through letters of appointment for a one year term, subject to election and re-election by the Company's shareholders in accordance with the Company's articles and the Code.

Policy on payment for loss of office
If an executive director's employment is to be terminated, the committee's policy in respect of the service agreement (in the absence of a breach of the service agreement by the director) is to agree a termination payment based on the value of base salary and contractual pension and other benefits that would have accrued to the director during the contractual notice period. Depending on the particular circumstances, a director may work the notice period, be placed on garden leave for some or all of the notice period or receive a payment in lieu of notice in accordance with the service agreement. The committee will consider mitigation to reduce the termination payment to a leaving director when appropriate to do so, having regard to the specific circumstances.

Non-executive directors' appointments may be terminated without compensation but with six months' notice.

External appointments
The executive directors may accept one external appointment with the prior approval of the board from which any fees may be retained. At present, neither of the executive directors holds any outside directorships.

Consideration of employment conditions elsewhere in the Group
The Group aims to provide a remuneration package to all employees that is market competitive, complies with any statutory requirements and is applied fairly and equitably across the employee population, taking into account local employment market conditions.

All employees receive a base salary, may join a pension scheme, when eligible, or have equivalent state provided pension benefits. Employees are also eligible to participate in the sharesave scheme when an invitation is made to do so.

The committee takes into account the general basic salary increase being offered to employees elsewhere in the Group when annually reviewing the salary increase and remuneration of the executive directors. Employees are not consulted in respect of board remuneration.

Consideration of shareholder views
The committee takes into account shareholder feedback received on remuneration matters, including comments in relation to the AGM plus any additional comments in correspondence direct with the Company. The committee would seek to engage directly with major shareholders should any material changes be made to the policy.

Annual report on remuneration (subject to audit)

The tables below set out in a single figure the total remuneration, including each element, for each person who served as a director of the Company during the financial years ended 1 June 2014 and 31 May 2015.

Year ended 31 May 2015

	Salary/fees £000	Taxable benefits £000	Profit share £000	Sharesave £000	Pension related benefits £000	**Total £000**
K D Rountree	283	-	-	9	32	**324**
R F Tongue *	72	-	-	4	9	**85**
T H F Kirby	346	2	-	-	26	**374**
C J Myatt	60	-	-	-	-	**60**
N J Donaldson	52	-	-	-	-	**52**
E O'Donnell	52	-	-	-	-	**52**
Total	865	2	-	13	67	**947**

*appointed 1 January 2015

Year ended 1 June 2014

	Salary/fees £000	Taxable benefits £000	Profit share £000	Sharesave £000	Pension related benefits £000	Total £000
T H F Kirby	450	4	-	12	45	511
K D Rountree	229	-	-	2	28	259
C J Myatt	60	-	-	-	-	60
N J Donaldson	52	-	-	-	-	52
E O'Donnell*	21	-	-	-	-	21
Total	812	4	-	14	73	903

* appointed 28 November 2013

The figures in the single figure tables above are derived as follows:
Salary/fees – the amount of salary/fees received in the year, after any salary sacrifice arrangements for pension contributions.
Taxable benefits – the taxable value of benefits received during the year. These include fuel and private medical insurance.
Profit share – the amount of profit share earned in the year.
Sharesave – the value of the sharesave options granted is based on the fair value of the options at grant. On exercise, the value is based on the gain made between the option price and the market value of the shares on the date of exercise.
Pension related benefits – the cash value of pension contributions received by the executive directors. This includes the Company's contribution into the group personal pension scheme (in the case of K D Rountree and R F Tongue) and into T H F Kirby's self invested personal pension plan until 31 December 2014.

In addition, Mrs K Kirby (Lathbury) received £66,185 (2014: £117,461) during the year from the Group for her work as interim head of IT. Mrs Kirby ceased to work for the Group on 30 November 2014. T H F Kirby provided consultancy at a cost of £25,000 in the year.

During 2014/15 and 2013/14 there were no payments made for loss of office. There were also no payments made to past directors in either the current or prior year.

CEO remuneration

	M N Wells		T H F Kirby			K D Rountree
	2012 £000	2013* £000	2013 £000	2014 £000	2015** £000	2015 £000
Total remuneration	319	774	132	511	291	168
% of maximum profit share paid	48	-	54	-	-	-

*M N Wells resigned on 31 January 2013 and so all of his remuneration for 2012/13, including the payment for compensation for loss of office, is included in this table.
**T H F Kirby stepped down as CEO on 31 December 2014 and K D Rountree was appointed CEO with effect from 1 January 2015.

Percentage change in CEO's remuneration
The table below shows how the percentage change in the CEO's salary in 2014 and 2015 compares with the percentage change in the average salary of all employees within the Group. The committee has selected the Group's entire staff population (excluding the CEO) as these represent the most appropriate comparator.

	CEO	Wider workforce
Salary	-16.7%	+2.0%

REMUNERATION REPORT continued

Relative importance of spend on pay

The following table sets out the percentage change in dividends, pre-exceptional profit attributable to owners and employee remuneration for the year ended 31 May 2015, compared to the year ended 1 June 2014.

	2015 **£000**	2014 £000	% change
Total staff costs	**46,846**	48,614	-3.6%
Pre-exceptional profit attributable to owners	**12,215**	11,487	+6.7%
Dividends declared	**16,601**	-	N/A

Statement of voting at the last AGM

At the last AGM, votes on the remuneration report were cast as follows:

	Votes for	% of vote	Votes against	% of vote	Votes withheld	% of vote
To approve the remuneration report	20,133,730	91.6%	914,375	4.2%	923,285	4.2%

Implementation statement

A summary of the remuneration arrangements in 2014/15 and how the policy will be applied during 2015/16 is set out below:

Salary and fees

In May 2013 the committee undertook a benchmarking exercise performed by external remuneration advisers. This reviewed the salaries of the executive and non-executive directors in order to assess how they compared with prevailing market levels of remuneration. This review resulted in an increase in salaries in 2013/14.

The remuneration policy for the non-executive directors is determined by the board and is reviewed every year. Fees were externally benchmarked, as discussed above, taking account of the duties and responsibilities placed on the non-executive directors. The non-executive directors do not participate in the Group's sharesave scheme or profit share scheme nor do they receive any benefits or pension contributions.

Profit share for the year ended 31 May 2015

The maximum profit share that is payable is £1,000 per person per year. The performance targets are based upon pre-exceptional operating profit growth in the core business.

Profit share for the year ended 30 May 2016

The maximum profit share that is payable is £250 per person per year. The performance targets are based upon sales revenue growth from the prior year.

Sharesave

New sharesave scheme rules are being proposed for approval by shareholders at the 2015 AGM. A further award of options will be made under the new sharesave scheme during the year which is on the same basis as previous years.

Remuneration committee

The committee is appointed by the board and comprises N J Donaldson (chairman), C J Myatt, E O'Donnell and T H F Kirby. The committee is responsible for setting the remuneration packages of the executive directors as well as approving their service contracts. The terms of reference are available on the investor relations website.

Advisers

As referred to above, in May 2013 the committee was assisted in its work by Innecto, a remuneration consultancy which was appointed by the Company in consultation with the committee. The committee assessed whether Innecto was independent in the provision of its advice and concluded that it was independent. The amount paid to Innecto during the 2013/14 year for their advice was £5,000.

Directors' interests in shares of the Company

The directors' interests (including their families) in the shares of the Company were as follows:

	As at 31 May 2015 ordinary shares of 5p each		As at 1 June 2014 ordinary shares of 5p each	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
K D Rountree	**15,945**	**-**	12,274	-
R F Tongue *	**4,700**	**3,300**	-	-
T H F Kirby	**2,108,650**	**25,444**	2,108,650	25,385
C J Myatt	**66,500**	**-**	66,500	-
N J Donaldson	**20,000**	**-**	20,000	-
E O'Donnell	**1,500**	**-**	-	-

*appointed on 1 January 2015

Share options

Share options granted to the directors under the sharesave scheme were as follows:

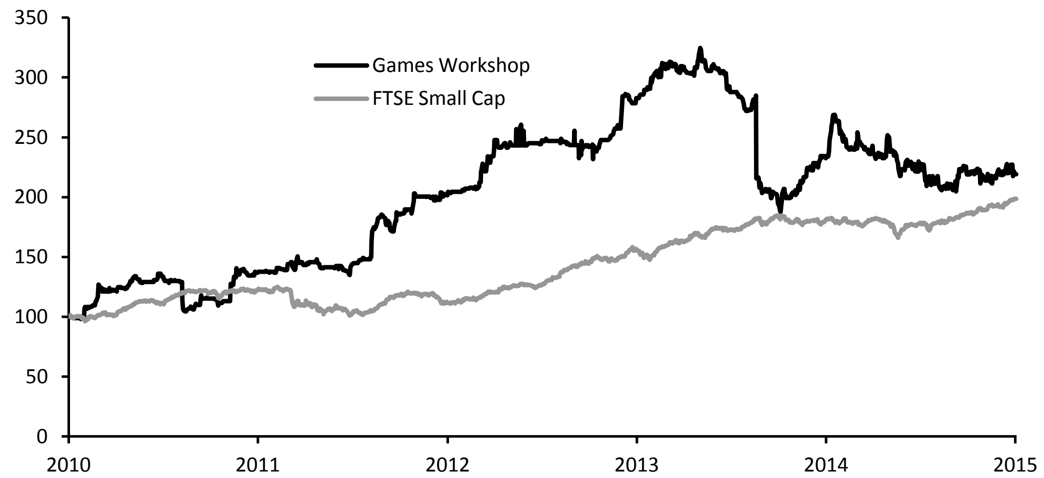
	At 1 June 2014/ at appointment	Exercised	Granted	**Number as at 31 May 2015**	Exercise dates Commencement	Expiry	Exercise price
K D Rountree	2,513	(2,513)	-	**-**	Nov-14	Apr-15	358p
	-	-	3,924	**3,924**	Nov-17	Apr-18	458.7p
R F Tongue	3,924	-	-	**3,924**	Nov-17	Apr-18	458.7p

The options above were granted under the Games Workshop Group PLC 2005 Savings-Related Share Option Scheme which grants options at a 20% discount on the market price at grant. Participants save a fixed amount monthly for three years in order to fund the exercise of the option. At exercise an individual may choose to exercise their option or have their savings repaid to them. This scheme is open to all eligible employees and directors who satisfy a service qualification of at least three months. There are no performance targets associated with these options.

There were no other movements in directors' share options during the year. No other directors have been granted share options in the shares of the Company. There is no movement in directors' interests in shares of the Company between 31 May 2015 and the date of this report.

Performance graph

The graph below represents the comparative total shareholder return performance of the Company against that of the index of the FTSE small cap companies during the previous five years. The index of the FTSE small cap companies has been used because the constituents of this index most appropriately reflect the Company's size when compared to alternative indices.



On behalf of the board
N J Donaldson
Chairman
Remuneration and nomination committee
27 July 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Each of the directors, whose names and functions are listed on page 29, confirms that, to the best of his/her knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the board

R F Tongue
Group finance director and company secretary
27 July 2015

COMPANY DIRECTORS AND ADVISERS

Directors
T H F Kirby, non-executive chairman
K D Rountree, chief executive officer
R F Tongue, group finance director and company secretary
C J Myatt, senior non-executive director
N J Donaldson, non-executive director
E O'Donnell, non-executive director

Registered office
Willow Road, Lenton, Nottingham, NG7 2WS

Registered number
2670969

Financial advisers and stockbrokers
Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET

Chartered accountants and independent statutory auditors
PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, DE74 2UZ

Registrars
Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA

Solicitors
Browne Jacobson, Victoria Square House, Victoria Square, Birmingham, B2 4BU

INDEPENDENT AUDITORS' REPORT

To the members of Games Workshop Group PLC

Report on the financial statements

Our opinion
In our opinion:

- Games Workshop Group PLC's group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 May 2015 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited
Games Workshop Group PLC's financial statements comprise:

- the Group and Company balance sheets as at 31 May 2015;
- the consolidated income statement and the consolidated and Company statements of comprehensive income for the year then ended;
- the consolidated and Company cash flow statements for the year then ended;
- the Group and Company statements of changes in total equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Overview

Materiality	Overall Group materiality: £825,000 which represents 5% of operating profit before exceptional items
Audit scope	Full scope audits, all conducted by the Group engagement team, were performed on six separate reporting units. The reporting units audited included the five largest trading units in the Group. The audited units accounted for 85% of consolidated revenues and 96% of consolidated operating profit before exceptional items.
Areas of focus	Capitalisation of product development costs. Inventory valuation. Tax implications of the prior year continental european reorganisation.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table on the following page. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	*How our audit addressed the area of focus*
Capitalisation of product development costs *Refer to page 17 (audit committee report), page 41 (Key assumptions and estimates) and page 47 (notes).* The Group incurred £4.6m of capitalised product development costs during the year to 31 May 2015, relating to products the Group develops to sell through its various channels. The net book value of such capitalised costs as at 31 May 2015 was £3.5m. We focused on this area due to the inherent level of judgement around whether costs capitalised meet the recognition criteria of IAS 38 'Intangible assets' ('IAS 38'), a determination that involves management estimation in particular as regards whether they are specific to projects which are expected to generate future cash inflows. Further, there is a risk that capitalised costs will not be supported by the future cash inflows generated from product sales.	We assessed whether the costs capitalised relating to product development met the criteria set within IAS 38 'Intangible assets'. We agreed a selection of capitalised product development costs to source documentation, including invoices and timesheets, and determined that they had been allocated to the correct project. We obtained and inspected the latest forecasts in respect of projects to assess recoverability of the capitalised costs. In order to assess the accuracy of the future sales forecasts, we compared actual FY15 sales to forecasts made in previous years and evaluated the historical accuracy of the director's estimates. We also compared performance against forecasts of sales made following the year-end. Based on this assessment, we found the directors' forecasts to be consistent with the actual historical outturn of sales and the levels of sales made post-year end. We applied sensitivity analysis to the forecasts to understand the shortfall in revenues that would be required to cause a material impairment in the carrying value of capitalised costs. We considered the shortfall required to cause a material impairment unlikely given the historic accuracy of the directors' forecasting.
Inventory valuation *Refer to page 17 (audit committee report), page 41 (Key assumptions and estimates) and page 50 (notes).* The Group held inventory of £7.6m as at 31 May 2015. The directors determine the provision for inventory by making assumptions about future sales by product and applying those to the current inventory holding. The Group operates in a retail market where new product releases are regular. There is a risk that inventories held will not be sold through and there is inherent judgement in the levels of sales the directors forecast when assessing realisable value. Over the last three years the Group has on average written off £1.1m of inventory per annum. In order to assess the level of provision required against inventory, the directors assess forecast sales levels by product and in certain situations this calculation is subject to manual override to reflect the specific circumstances of certain inventory lines. We focused on this area because of the subjectivity around forecasting future sales performance of newly launched products, and because of the judgement that exists around the manual adjustments to the calculation.	We tested that the Group provisioning policy is in accordance with IFRSs as adopted by the EU and had been consistently applied. We understood and assessed manual overrides to the provision calculation to determine whether these adjustments were appropriate. No inappropriate adjustments were identified. We obtained an understanding of management's process for preparing future inventory sales forecasts, including how these were challenged and stress-tested by the directors. We tested the integrity of the underlying calculations by recalculating them and assessed the assumptions over future sales forecasts by testing the accuracy of management's historic sales forecasts compared to actual outturn. We noted no material differences between historic provision levels and actual outturn and were therefore satisfied that the directors forecasting process was reasonable. We obtained further evidence over the appropriateness of the provision by tracing a sample of product lines to post-year end sales and assessing whether, if there were few or no post year end sales or post year end sales were for an amount less than the cost of the inventory, these lines were held at the lower of cost and net realisable value. No material errors were noted.
Tax implications of the prior year continental european reorganisation *Refer to page 17 (audit committee report), page 41 (Key assumptions and estimates) and page 46 (notes).* As part of the Group's european restructuring in the prior year, non-compete payments of £1.2m were made for third party trade sales made by reporting units in Europe and a further £3.5m of costs were incurred in relation to redundancy and relocation of certain members of european staff. Following discussions with its tax advisers, the Group adopted certain tax treatments in relation to the non-compete payments and the costs (in terms of deductibility), which are reflected in the financial statements. There is inherent judgment, as with any uncertain tax position, that these treatments could still be challenged by the tax authorities, which could result in further tax, interest and penalties being payable by the Group.	We read correspondence between the Group and the relevant tax authorities in order to understand any ongoing investigations and conclusions reached during the year. We also read the advice provided by the Group's tax advisers and subsequent correspondence between them and the Group. We used the knowledge obtained from these sources and our specialised tax knowledge in the relevant jurisdictions to challenge the assumptions and judgements made by the directors with regard to their treatment of these uncertain tax positions. We found the accounting treatment adopted by the directors to be consistent with the advice received from their advisers and our expectations.

INDEPENDENT AUDITORS' REPORT continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is a vertically integrated business, as shown in note 3 in the notes to the financial statements. The Group financial statements are a consolidation of a number of reporting units, comprising the Group's sales, manufacturing and distribution businesses and centralised functions, and a number of non-trading Group entities.

Accordingly, of the Group's reporting units, we identified six (being Head Office and five trading entities) that, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics. Of the trading entities, three are based in the UK and two in the US. The audit of these trading entities and the Head Office component was performed by the Group engagement team. These entities accounted for 85% of consolidated revenues and 96% of consolidated operating profit before exceptional items. This, together with additional procedures performed, including analytical procedures and certain tests of details over specific balances and transactions, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows**:**

Overall Group materiality	£825,000 (2014: £850,000).
How we determined it	5% of operating profit before exceptional items. This is consistent with the prior year.
Rationale for benchmark applied	We consider this to be the primary benchmark used by key stakeholders to evaluate the performance of the Group. We exclude exceptional items in order to eliminate volatility arising from one off items which we believe are not reflective of underlying operations and therefore provides us with a consistent basis for determining materiality.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £50,000 (2014: £50,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 15, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern**.**

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance report set out on pages 16 to 19 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
Information in the annual report is: materially inconsistent with the information in the audited financial statements; or apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or otherwise misleading.	We have no exceptions to report arising from this responsibility.
the statement given by the directors on page 28, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), that they consider the annual report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
the section of the annual report on page 17, as required by provision C.3.8 of the Code, describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report - Companies Act 2006 opinion

In our opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance report has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the corporate governance report relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
27 July 2015

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 May 2015 £000	Pre-exceptional items Year ended 1 June 2014 £000	Exceptional items* Year ended 1 June 2014 £000	Total Year ended 1 June 2014 £000
Revenue	3	**119,132**	123,501	-	123,501
Cost of sales		**(36,988)**	(36,766)	-	(36,766)
Gross profit		**82,144**	86,735	-	86,735
Operating expenses	4	**(67,207)**	(71,380)	-	(71,380)
Other operating income - royalties receivable		**1,498**	1,442	-	1,442
Exceptional items	5	**42**	-	(4,500)	(4,500)
Operating profit	3	**16,477**	16,797	(4,500)	12,297
Finance income	7	**109**	106	-	106
Finance costs	8	**(1)**	(7)	-	(7)
Profit before taxation	9	**16,585**	16,896	(4,500)	12,396
Income tax expense	10	**(4,328)**	(5,409)	1,020	(4,389)
Profit attributable to owners of the parent	27	**12,257**	11,487	(3,480)	8,007

Earnings per share for profit attributable to the owners of the parent during the period (expressed in pence per share):

	Notes	**Year ended 31 May 2015**	Year ended 1 June 2014
Basic earnings per ordinary share	11	**38.3p**	25.2p
Diluted earnings per ordinary share	11	**38.3p**	25.1p
Basic earnings per ordinary share - pre-exceptional items	11	**38.2p**	36.1p
Diluted earnings per ordinary share - pre-exceptional items	11	**38.1p**	36.0p

STATEMENTS OF COMPREHENSIVE INCOME

		Group		Company	
		Year ended 31 May 2015 £000	Year ended 1 June 2014 £000	**Year ended 31 May 2015 £000**	Year ended 1 June 2014 £000
Profit/(loss) attributable to owners of the parent		**12,257**	8,007	**16,159**	(1,798)
Other comprehensive expense					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	26	**(473)**	(1,233)	**-**	-
Other comprehensive expense for the period		**(473)**	(1,233)	**-**	-
Total comprehensive income/(expense) attributable to owners of the parent		**11,784**	6,774	**16,159**	(1,798)

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements.

The notes on pages 38 to 58 are an integral part of these financial statements.

* See note 5 for a description of the exceptional item in the prior period.

BALANCE SHEETS

	Notes	Group 31 May 2015 £000	Group 1 June 2014 £000	Company 31 May 2015 £000	Company 1 June 2014 £000
Non-current assets					
Goodwill	13	**1,433**	1,433	**-**	-
Other intangible assets	14	**8,262**	8,683	**-**	-
Property, plant and equipment	15	**22,719**	21,027	**-**	-
Investments in subsidiaries	16	**-**	-	**30,584**	30,584
Trade and other receivables	19	**1,195**	1,408	**3,900**	3,900
Deferred tax assets	17	**3,621**	4,715	**7**	6
		37,230	37,266	**34,491**	34,490
Current assets					
Inventories	18	**7,625**	8,035	**-**	-
Trade and other receivables	19	**9,425**	9,145	**1,180**	313
Current tax assets		**600**	636	**-**	-
Cash and cash equivalents	20	**12,561**	17,550	**71**	266
		30,211	35,366	**1,251**	579
Total assets		**67,441**	72,632	**35,742**	35,069
Current liabilities					
Trade and other payables	22	**(13,131)**	(12,765)	**(738)**	(583)
Current tax liabilities		**(1,434)**	(587)	**-**	-
Provisions	24	**(529)**	(3,009)	**-**	(10)
		(15,094)	(16,361)	**(738)**	(593)
Net current assets/(liabilities)		**15,117**	19,005	**513**	(14)
Non-current liabilities					
Other non-current liabilities	23	**(364)**	(360)	**-**	-
Provisions	24	**(458)**	(517)	-	-
		(822)	(877)	**-**	-
Net assets		**51,525**	55,394	**35,004**	34,476
Capital and reserves					
Called up share capital	25	**1,603**	1,593	**1,603**	1,593
Share premium account	25	**10,218**	9,490	**10,218**	9,490
Other reserves	26	**1,182**	1,655	**101**	101
Retained earnings	27	**38,522**	42,656	**23,082**	23,292
Total equity		**51,525**	55,394	**35,004**	34,476

The notes on pages 38 to 58 are an integral part of these financial statements.

The financial statements on pages 34 to 58 were approved by the board of directors on 27 July 2015 and were signed on its behalf by:

K D Rountree, Director

R F Tongue, Director

Registered number 2670969

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Other reserves (note 26) £000	Retained earnings (note 27) £000	Total equity £000
At 2 June 2013 and 3 June 2013	1,586	9,059	2,888	34,321	47,854
Profit for the year to 1 June 2014	-	-	-	8,007	8,007
Exchange differences on translation of foreign operations	-	-	(1,233)	-	(1,233)
Total comprehensive (expense)/income for the period	-	-	(1,233)	8,007	6,774
Transactions with owners:					
Share-based payments	-	-	-	288	288
Shares issued under employee sharesave scheme (note 25)	7	431	-	-	438
Deferred tax charge relating to share options	-	-	-	(34)	(34)
Current tax credit relating to exercised share options	-	-	-	74	74
Total transactions with owners	7	431	-	328	766
At 1 June 2014 and 2 June 2014	1,593	9,490	1,655	42,656	55,394
Profit for the year to 31 May 2015	-	-	-	12,257	12,257
Exchange differences on translation of foreign operations	-	-	(473)	-	(473)
Total comprehensive (expense)/income for the period	**-**	**-**	**(473)**	**12,257**	**11,784**
Transactions with owners:					
Share-based payments	-	-	-	232	232
Shares issued under employee sharesave scheme (note 25)	10	728	-	-	738
Deferred tax charge relating to share options	-	-	-	(71)	(71)
Current tax credit relating to exercised share options	-	-	-	49	49
Dividends paid to Company shareholders	-	-	-	(16,601)	(16,601)
Total transactions with owners	**10**	**728**	**-**	**(16,391)**	**(15,653)**
At 31 May 2015	**1,603**	**10,218**	**1,182**	**38,522**	**51,525**

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 2 June 2013 and 3 June 2013	1,586	9,059	101	24,802	35,548
Loss for the year to 1 June 2014	-	-	-	(1,798)	(1,798)
Total comprehensive expense for the period	-	-	-	(1,798)	(1,798)
Transactions with owners:					
Share-based payments	-	-	-	288	288
Shares issued under employee sharesave scheme	7	431	-	-	438
Total transactions with owners	7	431	-	288	726
At 1 June 2014 and 2 June 2014	1,593	9,490	101	23,292	34,476
Profit for the year to 31 May 2015	-	-	-	16,159	16,159
Total comprehensive income for the period	**-**	**-**	**-**	**16,159**	**16,159**
Transactions with owners:					
Share-based payments	-	-	-	232	232
Shares issued under employee sharesave scheme	10	728	-	-	738
Dividends paid to Company shareholders	-	-	-	(16,601)	(16,601)
Total transactions with owners	**10**	**728**	**-**	**(16,369)**	**(15,631)**
At 31 May 2015	**1,603**	**10,218**	**101**	**23,082**	**35,004**

The notes on pages 38 to 58 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

		Group		Company	
		Year ended 31 May 2015	Year ended 1 June 2014	**Year ended 31 May 2015**	Year ended 1 June 2014
	Notes	**£000**	£000	**£000**	£000
Cash flows from operating activities					
Cash generated from operations	28	**25,579**	24,997	**15,585**	(887)
UK corporation tax paid		**(1,912)**	(4,492)	**-**	-
Overseas tax paid		**(393)**	(229)	**-**	-
Net cash from operating activities		**23,274**	20,276	**15,585**	(887)
Cash flows from investing activities					
Purchases of property, plant and equipment		**(6,783)**	(5,673)	**-**	-
Proceeds on disposal of property, plant and equipment	28	**26**	54	**-**	-
Purchases of other intangible assets		**(1,012)**	(1,522)	**-**	-
Expenditure on product development	**14**	**(4,579)**	(4,652)	**-**	-
Interest received		**115**	104	**84**	79
Net cash from investing activities		**(12,233)**	(11,689)	**84**	79
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	25	**738**	438	**738**	438
Interest paid		**(1)**	-	**-**	-
Dividends paid to Company shareholders	12	**(16,601)**	(5,077)	**(16,601)**	(5,077)
Net cash from financing activities		**(15,864)**	(4,639)	**(15,863)**	(4,639)
Net (decrease)/increase in cash and cash equivalents		**(4,823)**	3,948	**(194)**	(5,447)
Opening cash and cash equivalents		**17,550**	13,931	**266**	5,727
Effects of foreign exchange rates on cash and cash equivalents		**(166)**	(329)	**(1)**	(14)
Closing cash and cash equivalents	20	**12,561**	17,550	**71**	266

The notes on pages 38 to 58 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information
Games Workshop Group PLC (the 'Company') and its subsidiaries (together the 'Group') designs and manufactures miniature figures and games and distributes these through its own network of Retail stores, independent retailers and direct via the internet and mail order. The Group has manufacturing activities in the UK and sells mainly in the UK, Continental Europe, North America, Australia, New Zealand and Asia.

The Company is a public listed company, incorporated and domiciled in the United Kingdom. The address of its registered office is Willow Road, Lenton, Nottingham, NG7 2WS, United Kingdom.

The Company's ordinary share capital is listed on the London Stock Exchange.

2. Summary of significant accounting policies
The principal accounting policies applied in these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation
These financial statements are prepared under the going concern basis and in accordance with International Financial Reporting Standards (IFRSs), International Financial Reporting Interpretations Committee (IFRIC) interpretations and Standing Interpretations Committee (SIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRSs.

The consolidated financial statements are prepared in accordance with the historical cost convention, except for the measurement of certain financial instruments to their fair value.

Basis of consolidation
The consolidated financial statements include the Company and its subsidiary undertakings drawn up for the years ended 31 May 2015 and 1 June 2014. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies and are fully consolidated from the date on which control is transferred to the Group.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. The financial statements of all subsidiaries are prepared to the same reporting date as the parent Company with the exception of the financial statements of Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd which are prepared to 31 December. The management accounts of Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd, prepared to 31 May 2015 and 1 June 2014, have been used for consolidation purposes.

Goodwill
Goodwill arising on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment, or when an indicator of impairment arises, and is carried at cost less accumulated impairment losses. Provision is made for any impairment by comparing the value in use to the net carrying value. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Goodwill arising on acquisitions prior to 31 May 1998 was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard, the goodwill previously written off to reserves has not been reinstated in the balance sheet.

Other intangible assets
Development costs
Costs incurred in respect of product design and development activities are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets' and are wholly attributable to specific projects. Product development costs recognised as intangible assets are amortised on a straight line basis over periods ranging between 1 and 48 months to match the expenditure incurred to the expected revenue generated from the subsequent product release. However, there are some design costs which do not meet the recognition criteria and are therefore not capitalised, and shown in note 9.

Computer software
Acquired computer software licences and related development expenditure are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Computer software licences are held at cost and amortised on a straight line basis over the expected useful lives of the assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets'.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The principal annual amortisation rates are:

	% of cost
Core business systems computer software	15-33
Web store computer software	20
Other computer software	33-50

2. Summary of significant accounting policies continued

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment. The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets concerned to write down to the asset's residual value and commences from the date the asset is available for use. The principal annual depreciation rates are:

	% of cost
Freehold buildings	2-4
Plant and equipment and vehicles	15-33
Fixtures and fittings	20-25
Moulding tools	25

Leasehold improvements are depreciated over the shorter of the useful economic life of the asset or the period of the lease. These assets are included within fixtures and fittings. Freehold land is not depreciated.

Trade receivables
Trade receivables are recognised initially at fair value, which is typically the original invoice amount, and carried at amortised cost thereafter. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in the income statement immediately.

Leases
Operating leases
Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group's commitment in respect of its retail stores is included within this category. Payments in respect of operating leases and any benefits received as an incentive to sign a lease, are charged or credited to the income statement on a straight line basis over the period of the entire lease term.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined using a standard costing method taking into account variances. In respect of finished goods, cost includes raw materials, direct labour, other direct costs and related production overheads based on a normal level of production. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where necessary provisions are made for obsolete, slow moving and defective inventories.

Foreign currency translation
The consolidated financial statements are presented in sterling, which is the Company's functional and presentation currency. Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Monetary assets and liabilities expressed in currencies that are not the functional currency are translated into the functional currency at rates of exchange ruling at the balance sheet date. The financial statements of overseas subsidiary companies prepared in functional currencies other than sterling are translated into sterling as follows:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet;
- Income and expenses are translated at the average rate for the period;
- All resulting exchange differences are recognised as a separate component of equity.

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and bank and cash balances, net of overdrafts.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other employee benefits
Pension costs
The Group operates defined contribution schemes and a group personal pension plan. Pension contributions are charged to the income statement as they accrue. There are no further obligations to the Group once payment has been made.

Bonus and incentive plans
The costs of annual bonus schemes are charged to the income statement as they accrue.

Long service benefits
The Group operates a long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10 years of employment (10 Year Veterans). The costs of these benefits are accrued over the period of employment based on expected staff retention rates and the anticipated future employment costs discounted to present value.

Investments
Shares and loans in subsidiary undertakings are stated at cost less provision for impairment.

2. Summary of significant accounting policies continued

Revenue

Revenue, which excludes value added tax and sales between group companies, represents the invoiced value of goods supplied (net of trade discounts for sales to independent retailers). Revenue is recognised on dispatch of goods to the customer for sales via the global web store or mail order and for sales to independent retailers. This represents when the significant risks and rewards of ownership of the goods have transferred to the customer. For revenue earned through the Group's retail stores and for digital products, revenue is recognised at the point of sale. Revenue for magazine subscriptions is recognised on a straight line basis over the subscription period.

Revenue on goods sold to customers on a sale or return basis (which includes book sales) is recognised after making full provision for the level of expected returns, based on past experience. The level of returns is reviewed on a regular basis and the provision is amended accordingly. Revenue on a sale or return basis represents no more than 3% of consolidated revenue (2014: no more than 3%).

Royalty income

Royalty income is recognised in the income statement when it can be reliably measured by reference to the underlying licensee performance, after allowing for expected returns and price protection claims, as notified to the Group by the licensee and following validation of the amounts receivable by the Group. Cash received as guarantees and advances are deferred on balance sheet whilst it is considered probable that future royalty earnings will at least equal the amounts received. Such amounts are recognised in the income statement at the point at which they are earned as royalties. In the event that it is no longer considered probable that future royalty earnings will at least equal the guarantees and advances received, the guarantee and advance payments are taken to the income statement on a straight line basis over the remaining term of the licence agreement.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors.

Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except where it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividends

Dividend distributions are recognised in the financial statements in the period in which they are declared.

Impairment of assets

Assets are tested for impairment in accordance with IAS 36 'Impairment Of Assets'. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Provisions

Provisions are recognised in accordance with IAS 37 'Provisions, Contingent Assets and Contingent Liabilities'.

Provisions are made for committed costs outstanding under onerous or vacant property leases and the estimated liability is discounted to its present value. Provisions are made for property dilapidations where a legal obligation exists and when the decision has been made to exit a property, or where the end of the lease commitment is imminent and a reliable estimate of the exit liability can be made. The estimated employee benefit liability arising from the 10 Year Veterans incentive scheme is classified within provisions. Amounts relating to employees who reach 10 years' service in more than one year are classified as non-current. Provisions are made for redundancy costs once the employees affected have a valid expectation that their roles will become redundant.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of significant accounting policies continued

Critical accounting estimates and judgements

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 period 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.

Exceptional items

Costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. These items are costs that were incurred in the prior period in relation to the continental european reorganisation.

New accounting standards

New accounting standards or interpretations effective in the current period which are relevant to the Group are:

- IFRS 10 'Consolidated financial statements'
- IFRS 12 'Disclosures of interests in other entities'
- Amendments to IAS 32 on financial instruments asset and liability offsetting

These have not had a material impact on the financial statements of the Group or the Company and are unlikely to have a material impact in the future.

New standards, amendments to standards and interpretations which have been published but are not yet effective are not expected to have a significant impact on the Group or company.

3. Segment information

Segment information reported for the year to 1 June 2014 has been restated since the last annual report to reflect the move to a channel based management structure.

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 31 May 2015, 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 store. 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 and 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.
- Central costs. These include the Company overheads, head office site costs, and the costs of running the Games Workshop Academy. This also includes adjustments for the profit in stock arising from inter-segment sales.
- Service centre costs. Provides support services (IT, accounting, payroll, personnel, procurement, legal and customer services) 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 payments'. 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 31 May 2015 is as follows:

	External revenue	
		Restated
	Year ended	Year ended
	31 May 2015	1 June 2014
	£000	£000
Trade	**43,940**	46,903
Retail	**49,597**	51,974
Mail order	**25,595**	24,624
Total revenue	**119,132**	123,501

NOTES TO THE FINANCIAL STATEMENTS continued

3. 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:

	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000
Trade		
UK and Continental Europe	**15,420**	17,475
North America	**17,740**	16,498
Australia and New Zealand	**2,000**	1,971
Non-core trade	**8,780**	10,959
Total Trade	**43,940**	46,903
Retail		
UK	**17,496**	16,631
Continental Europe	**13,879**	16,349
North America	**9,806**	9,981
Australia and New Zealand	**5,619**	5,555
Non-core retail	**2,797**	3,458
Total Retail	**49,597**	51,974
Total Mail order	**25,595**	24,624
Total external revenue	**119,132**	123,501

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

	Year ended 31 May 2015 £000	Restated Year ended 1 June 2014 £000
Trade	**(7,946)**	(9,627)
Retail	**(33,974)**	(37,288)
Mail order	**(4,326)**	(4,125)
Product and supply	**(3,111)**	(3,841)
Central costs	**(6,206)**	(4,968)
Service centre costs	**(11,215)**	(11,157)
Royalties	**(429)**	(374)
Total group operating expenses	**(67,207)**	(71,380)

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

	Year ended 31 May 2015 £000	Restated Year ended 1 June 2014 £000
Operating profit		
Trade	**10,970**	14,838
Retail	**(1,050)**	(1,636)
Mail order	**14,241**	14,142
Product and supply	**8,643**	206
Central costs	**(6,179)**	(5,240)
Service centre costs	**(11,217)**	(11,081)
Royalties	**1,069**	1,068
Total group operating profit	**16,477**	12,297
Finance income	**109**	106
Finance costs	**(1)**	(7)
Profit before taxation	**16,585**	12,396

An exceptional credit of £42,000 for the year ended 31 May 2015 and exceptional costs of £4,500,000 for the year ended 1 June 2014 have been included within the product and supply segment.

3. Segment information continued

Operating profit as reported above includes impairment, depreciation and amortisation charges as follows:

	Depreciation and amortisation	
		Restated
	Year ended 31 May 2015	Year ended 1 June 2014
	£000	£000
Trade	**(2)**	(8)
Retail	**(1,298)**	(1,220)
Mail order	**(927)**	(461)
Product and supply	**(7,909)**	(7,139)
Central costs	**(116)**	(378)
Service centre costs	**(829)**	(671)
Total group charge	**(11,081)**	(9,877)

Other non-cash charges and significant costs included in operating profit are as follows:

	Net charge to inventory provisions		Redundancy costs and compensation for loss of office	
		Restated		Restated
	Year ended 31 May 2015	Year ended 1 June 2014	**Year ended 31 May 2015**	Year ended 1 June 2014
	£000	£000	**£000**	£000
Trade	**-**	-	**(20)**	(424)
Retail	**(37)**	(63)	**(712)**	(545)
Mail order	**-**	-	**(18)**	-
Product and supply	**(1,210)**	(648)	**-**	(3,037)
Central costs	**-**	-	**(819)**	(189)
Total group charge	**(1,247)**	(711)	**(1,569)**	(4,195)

Asset and liability information is not reported to the chief operating decision-maker on a segment basis and therefore has not been disclosed.

External revenue analysed by customer geographical location is as follows:

	Year ended 31 May 2015	Year ended 1 June 2014
	£000	£000
UK	**32,999**	34,406
Continental Europe	**33,515**	39,673
North America	**39,864**	36,776
Asia Pacific	**11,732**	11,229
Rest of the world	**1,022**	1,417
External revenue	**119,132**	123,501

The Group is not reliant on any one individual customer.

Non-current assets (excluding deferred tax assets) are located in the following countries:

	2015	2014
	£000	£000
UK	**27,885**	28,930
All other countries	**5,724**	3,621
Total non-current assets (excluding deferred tax assets)	**33,609**	32,551

Tangible and intangible asset additions included within the UK were £8,738,000 (2014: £10,155,000) and all other countries were £3,710,000 (2014: £1,552,000).

4. Operating expenses – pre-exceptional items

	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000
Selling costs	**39,596**	43,193
Administrative expenses	**27,611**	28,187
	67,207	71,380

5. Exceptional items

The exceptional credit of £42,000 reported in the current year relates to the release of amounts previously provided for the continental european restructure. The exceptional items reported in the prior period relate to the continental european reorganisation announced in January 2014. As part of this reorganisation £2,987,000 was incurred in redundancy and severance costs, £608,000 in closing local country head offices and £905,000 in professional fees and other costs.

6. Directors and employees

	Group		Company	
	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000	**Year ended 31 May 2015 £000**	Year ended 1 June 2014 £000
Total directors' and employees' costs:				
Wages and salaries	**40,246**	41,809	**1,543**	1,487
Social security costs	**4,497**	4,867	**150**	190
Other pension costs	**1,871**	1,650	**106**	115
Share-based payment	**232**	288	**1**	-
	46,846	48,614	**1,800**	1,792

Details of capitalised salary costs, included in the above, are provided in note 14. Redundancy costs and compensation for loss of office, not included in the above, are provided in note 9.

Key management compensation

The remuneration of the directors and other key management personnel of the Group are set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. This subset of people is different to that referred to as 'senior management' on page 14.

	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000
Short-term employee benefits	**1,051**	972
Post-employment benefits	**93**	98
Share-based payment	**1**	2
Other long term employee benefits	**2**	4
	1,147	1,076

Further information relating to directors' emoluments, shareholdings and share options is disclosed in the remuneration report on pages 25 to 27.
Key management are the directors of the Company and the head of product and supply.

Employee numbers	Group	
	Year ended 31 May 2015 Number	Year ended 1 June 2014 Number
Monthly average number of employees (including executive directors) by activity:	**167**	203
Design and development	**146**	150
Production		
Selling:	**824**	844
- Full time	**169**	191
- Part time	**348**	365
Administration		
	1,654	1,753

The monthly average number of employees for the Company was 11 (2014: 11).

7. Finance income

	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000
Interest income:		
- On cash and cash equivalents	**103**	105
- Other interest income receivable	**6**	1
	109	106

8. Finance costs

	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000
Interest expense:		
- Unwinding of discount on provisions	**-**	3
- Other interest payable	**1**	-
- Net foreign exchange losses on financing activities	**-**	4
	1	7

9. Profit before taxation

	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation:		
- Owned property, plant and equipment	**4,991**	4,907
Impairment/(reversal) of impairment of property, plant and equipment	**9**	(204)
Amortisation:		
- Owned computer software	**1,362**	849
- Development costs	**4,728**	4,121
Non-capitalised development costs	**3,186**	3,288
Staff costs (excluding capitalised salary costs shown in note 14 and non-capitalised development costs above)	**40,794**	42,127
Impairment of trade receivables	**135**	175
Operating leases:		
- Retail stores	**7,645**	8,474
- Other property	**448**	860
- Plant and equipment	**234**	140
- Other	**130**	149
Cost of inventories included in cost of sales	**18,379**	17,896
Net inventory provision creation (note 18)	**1,247**	711
Loss on disposal of property, plant and equipment	**33**	370
Loss on disposal of intangible assets	**24**	333
Redundancy costs and compensation for loss of office	**1,569**	4,195
Net charge to property provisions including closed or loss making retail stores (note 24)	**236**	109

The comparatives for staff costs (above), non-capitalised development costs and cost of inventories included in cost of sales have been represented in order to better reflect the underlying nature of the expenditure. This is re-classification only and there is no impact on any previously reported profit measure.

Auditors' remuneration and services provided

Services provided by the Group's auditors and network firms are analysed as follows:

	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000
Audit services		
Audit of the Group and Company's financial statements	**53**	61
Other services		
The audit of the Company's subsidiaries pursuant to legislation	**122**	141
All other services	**12**	10
Total services provided	**187**	212

10. Income tax expense

	Year ended 31 May 2015 £000	Pre-exceptional items Year ended 1 June 2014 £000	Exceptional items Year ended 1 June 2014 £000	Total Year ended 1 June 2014 £000
Current UK taxation:				
UK corporation tax on profits for the period	**3,165**	2,956	-	2,956
Under/(over) provision in respect of prior periods	**253**	(54)	-	(54)
UK corporation tax on exceptional items for the period	**9**	-	(1,051)	(1,051)
	3,427	2,902	(1,051)	1,851
Current overseas taxation:				
Overseas corporation tax on profits for the period	**347**	908	-	908
Over provision in respect of prior periods	**(539)**	(360)	-	(360)
Total current taxation	**3,235**	3,450	(1,051)	2,399
Deferred taxation:				
Origination and reversal of timing differences	**893**	1,645	-	1,645
Under provision in respect of prior periods	**200**	314	-	314
Origination and reversal of timing differences on exceptional items	**-**	-	31	31
Tax expense/(income) recognised in the income statement	**4,328**	5,409	(1,020)	4,389
Current tax credit relating to sharesave scheme	**(49)**	(74)	-	(74)
Deferred tax charge relating to sharesave scheme	**71**	34	-	34
Charge/(credit) taken directly to equity	**22**	(40)	-	(40)

NOTES TO THE FINANCIAL STATEMENTS continued

10. Income tax expense continued

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

	Year ended 31 May 2015 £000	Year ended 1 June 2014 £000
Profit before taxation	**16,585**	12,396
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20.83% (2014: 22.67%)	**3,455**	2,810
Effects of:		
Items not deductible for tax purposes	**481**	662
Movement in deferred tax not recognised	**(4)**	(10)
Higher tax rates on overseas earnings	**482**	1,027
Adjustments to tax charge in respect of prior periods	**(86)**	(100)
Total tax charge for the period	**4,328**	4,389

Included within the £4,328,000 disclosed above, £11,000 relates to changes in rates of UK corporation tax in the year from 21% to 20% from 1 April 2015. Further reductions were included in the Summer Budget 2015 announced on 8 July 2015, which has not been substantively enacted, to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £9,000.

11. 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 period.

	Year ended 31 May 2015	Year ended 1 June 2014
Profit attributable to owners of the parent (£000)	**12,257**	8,007
Weighted average number of ordinary shares in issue (thousands)	**31,975**	31,805
Basic earnings per share (pence per share)	**38.3**	25.2

Basic earnings per share - pre-exceptional items

Basic earnings per share - pre-exceptional items is calculated by dividing the profit attributable to owners of the parent, before exceptional items, by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 May 2015	Year ended 1 June 2014
Pre-exceptional profit attributable to owners of the parent (£000)	**12,215**	11,487
Weighted average number of ordinary shares in issue (thousands)	**31,975**	31,805
Basic earnings per share – pre-exceptional items (pence per share)	**38.2**	36.1

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 period, adjusted for the dilutive effect of share options outstanding at the period end.

	Year ended 31 May 2015	Year ended 1 June 2014
Profit attributable to owners of the parent (£000)	**12,257**	8,007
Weighted average number of ordinary shares in issue (thousands)	**31,975**	31,805
Adjustment for share options (thousands)	**50**	129
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,025**	31,934
Diluted earnings per share (pence per share)	**38.3**	25.1

Diluted earnings per share - pre-exceptional items

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

	Year ended 31 May 2015	Year ended 1 June 2014
Pre-exceptional profit attributable to owners of the parent (£000)	**12,215**	11,487
Weighted average number of ordinary shares in issue (thousands)	**31,975**	31,805
Adjustment for share options (thousands)	**50**	129
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,025**	31,934
Diluted earnings per share – pre-exceptional items (pence per share)	**38.1**	36.0

12. Dividends per share

A dividend of 16 pence per share, amounting to a total dividend of £5,077,000, was paid during the year ended 1 June 2014 and was declared in the prior period. A dividend of 20 pence per share, amounting to a total dividend of £6,373,000, a dividend of 16 pence per share, amounting to a total dividend of £5,099,000, and a further dividend of 16 pence per share, amounting to a total dividend of £5,129,000, were declared and paid during the current period.

13. Goodwill

Group	**£000**
Cost	
At 1 June 2014 and 2 June 2014	2,408
Exchange differences	(6)
At 31 May 2015	**2,402**
Accumulated amortisation	
At 1 June 2014 and 2 June 2014	(975)
Exchange differences	6
At 31 May 2015	**(969)**
Net book value at beginning of period and end of period	**1,433**

The Company had no goodwill at either period end.

Impairment tests for goodwill
The goodwill arose on the acquisition of TJA Tooling Limited, the acquisition of Triple K Plastic Injection Moulding Limited and the purchase by EURL Games Workshop of the lease associated to Heroic Diffusion SARL, which under IFRS amounted to the purchase of a business.

In accordance with the requirements of IAS 36 'Impairment of Assets' the Group completed a review of the carrying value of goodwill as at each period end. The impairment review was performed to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use. The key assumptions for the recoverable amount of the goodwill are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 'Impairment of Assets' and does not reflect the long-term planning assumptions used by the Group for any other assessments.

In determining the value in use, the calculations use cash flow projections for a period no greater than five years based on plans approved by management and, for the Group's cash-generating unit concerned, assumes a long term growth rate no higher than 2% (2014: 2%). The estimated future cash flows expected to arise from the continuing use of the assets are calculated using a pre-tax discount rate of 6% (2014: 10%).

Management reviewed the planned sales growth and gross margin on the investment in future product releases and initiatives currently being undertaken, to deliver the expected future performance.

Goodwill is allocated to the Group's cash-generating units (CGUs) for impairment testing. All of the current goodwill arises in the product and supply segment. Sensitivity analysis has not been disclosed in these financial statements since management consider that there is no reasonably possible change in the key assumptions that would cause the carrying value of goodwill to fall below its recoverable amount.

14. Other intangible assets

Group	Computer software £000	Development costs £000	Total £000
Cost			
At 2 June 2013 and 3 June 2013	12,951	22,014	34,965
Additions	1,316	4,652	5,968
Exchange differences	(247)	-	(247)
Disposals	(4,395)	(1,754)	(6,149)
At 1 June 2014 and 2 June 2014	9,625	24,912	34,537
Additions	1,116	4,579	5,695
Exchange differences	24	-	24
Disposals	(265)	(1,753)	(2,018)
At 31 May 2015	**10,500**	**27,738**	**38,238**
Accumulated amortisation			
At 2 June 2013 and 3 June 2013	(8,062)	(18,870)	(26,932)
Amortisation charge	(849)	(4,121)	(4,970)
Exchange differences	232	-	232
Disposals	4,062	1,754	5,816
At 1 June 2014 and 2 June 2014	(4,617)	(21,237)	(25,854)
Amortisation charge	(1,362)	(4,728)	(6,090)
Exchange differences	(26)	-	(26)
Disposals	241	1,753	1,994
At 31 May 2015	**(5,764)**	**(24,212)**	**(29,976)**
Net book amount			
At 1 June 2014	5,008	3,675	8,683
At 31 May 2015	**4,736**	**3,526**	**8,262**

NOTES TO THE FINANCIAL STATEMENTS continued

14. Other intangible assets continued

Amortisation of £4,990,000 (2014: £4,394,000) has been charged in cost of sales and £1,100,000 (2014: £576,000) in operating expenses.

The net book amount of internally generated intangible assets is £3,939,000 (2014: £4,203,000) and acquired intangible assets is £4,323,000 (2014: £4,480,000). All development costs are internally generated and £2,866,000 (2014: £3,004,000) is capitalised salary costs.

Salary costs of £nil (2014: £195,000) were capitalised during the prior period as part of computer software.

Assets in the course of development, and not amortised, amount to £1,048,000 (2014: £189,000) with current and prior year amounts both being included within computer software. The current year assets are; the development of the Forge World webstore (£755,000), replacement of warehouse software (£290,000) and upgrade of till software (£3,000). The prior year related to trade CRM modules.

The Company had no other intangible assets at either period end.

15. Property, plant and equipment

Group	Freehold land and buildings £000	Plant and equipment and vehicles £000	Fixtures and fittings £000	Moulding tools £000	Total £000
Cost					
At 2 June 2013 and 3 June 2013	14,770	18,696	21,496	26,255	81,217
Additions	246	1,701	1,548	2,244	5,739
Exchange differences	-	(345)	(972)	(6)	(1,323)
Disposals	(210)	(3,757)	(3,265)	(2,295)	(9,527)
At 1 June 2014 and 2 June 2014	14,806	16,295	18,807	26,198	76,106
Additions	1,924	1,791	1,373	1,665	6,753
Exchange differences	-	35	(345)	1	(309)
Disposals	-	(1,499)	(1,807)	(1,364)	(4,670)
At 31 May 2015	**16,730**	**16,622**	**18,028**	**26,500**	**77,880**
Accumulated depreciation					
At 2 June 2013 and 3 June 2013	(4,708)	(15,058)	(18,843)	(22,004)	(60,613)
Charge for the period	(243)	(1,557)	(1,262)	(1,845)	(4,907)
Exchange differences	-	294	839	1	1,134
Impairment	175	-	29	-	204
Disposals	-	3,632	3,180	2,291	9,103
At 1 June 2014 and 2 June 2014	(4,776)	(12,689)	(16,057)	(21,557)	(55,079)
Charge for the period	(292)	(1,578)	(1,230)	(1,891)	(4,991)
Exchange differences	-	(25)	333	(1)	307
Impairment	-	3	(12)	-	(9)
Disposals	-	1,477	1,771	1,363	4,611
At 31 May 2015	**(5,068)**	**(12,812)**	**(15,195)**	**(22,086)**	**(55,161)**
Net book amount					
At 1 June 2014	10,030	3,606	2,750	4,641	21,027
At 31 May 2015	**11,662**	**3,810**	**2,833**	**4,414**	**22,719**

Depreciation expense of £2,954,000 (2014: £2,917,000) has been charged in cost of sales, £1,308,000 (2014: £1,226,000) in selling costs and £729,000 (2014: £764,000) in administrative expenses.

Freehold land amounting to £3,836,000 (2014: £3,836,000) has not been depreciated.

Assets in the course of construction, and not depreciated, amount to £1,103,000 (2014: £943,000). £495,000 (2014: £500,000) of these are included in moulding tools, £417,000 (2014: £327,000) is included in plant and equipment and vehicles, £51,000 (2014: £90,000) is included in freehold land and buildings, and £140,000 (2014: £26,000) is included in fixtures and fittings above.

An impairment of £12,000 (2014: reversal of £29,000) relates to fixtures and fittings and a reversal of £3,000 (2014: nil) relates to plant and machinery within loss making retail stores which have been written down to estimated value in use. This has been charged or credited in selling costs in both periods. £175,000 in 2014 relates to the previous write down of the warehouse floor. This was credited in selling costs in the prior period.

The Company held no property, plant and equipment at either period end.

16. Investments in subsidiaries

Company	**2015 £000**	2014 £000
Shares in group undertakings – cost		
Beginning of period and end of period	**30,584**	30,584

Investments in group undertakings are stated at cost less any provision for impairment.

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A list of subsidiary undertakings is given below.

Interests in group undertakings
The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affect the Group:

			Proportion of nominal value of issued shares held by:		
Name of undertaking	Country of incorporation or registration	Description of shares held	Company	Subsidiary Company	Principal business activity
Games Workshop Limited	England and Wales	£1 ordinary	100%		Manufacturer, distributor and retailer of games and miniatures
Games Workshop Retail Inc.	United States of America	$1 common stock		100%	Distributor and retailer of games and miniatures
Games Workshop (Queen Street) Limited	Canada	Can $1		100%	Retailer of games and miniatures
EURL Games Workshop	France	euro 1		100%	Retailer of games and miniatures
Games Workshop SL	Spain	euro 1		100%	Retailer of games and miniatures
Games Workshop Oz Pty Limited	Australia	Aus $1		100%	Distributor and retailer of games and miniatures
Games Workshop Deutschland GmbH	Germany	euro 1		100%	Retailer of games and miniatures
Games Workshop Limited	New Zealand	NZ $1		100%	Retailer of games and miniatures
Games Workshop Italia SRL	Italy	euro 1		100%	Retailer of games and miniatures
Games Workshop International Limited	England and Wales	£1 ordinary	100%		Holding company for overseas subsidiary companies
Games Workshop US Limited	England and Wales	£1 ordinary		100%	Holding company for US subsidiary companies
Games Workshop US (Holdings) Limited	England and Wales	£1 ordinary		100%	Intermediary holding company for US subsidiary companies
Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd	China	Owners capital		100%	Distributor and retailer of games and miniatures
Games Workshop Trustee Limited	England and Wales	£1 ordinary	100%		Trustee
Games Workshop Stockholm AB	Sweden	SKR 100		100%	Retailer of games and miniatures
Games Workshop Interactive Limited	England and Wales	£1 ordinary	100%		Dormant
Warhammer Online Limited	England and Wales	£1 ordinary		100%	Dormant
Citadel Miniatures Limited	England and Wales	£1 ordinary	100%		Dormant
Games Workshop Limited (Hong Kong)	Hong Kong	HK$10 ordinary		100%	Dormant

All of the above entities are included in the consolidated accounts for the Group and 100% of the voting rights of all entities is held.

All of the above companies operate principally in their country of incorporation or registration.

The directors consider the value of the investments is supported by the underlying assets of the relevant subsidiary.

NOTES TO THE FINANCIAL STATEMENTS continued

17. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Deferred tax assets:				
- deferred tax asset to be recovered after more than 12 months	**2,379**	2,227	**2**	2
- deferred tax asset to be recovered within 12 months	**1,242**	2,488	**5**	4
	3,621	4,715	**7**	6

The gross movement on the deferred tax account is as follows:	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Beginning of period	**4,715**	7,221	**6**	5
Exchange differences	**70**	(482)	**-**	-
Income statement (charge)/credit	**(1,093)**	(1,990)	**1**	1
Charged directly to retained earnings	**(71)**	(34)	**-**	-
End of period	**3,621**	4,715	**7**	6

Analysis of the movement in deferred tax assets and liabilities is as follows:

Group	Accelerated depreciation £000	Development costs £000	Losses available for offset £000	Other £000	Total £000
At 2 June 2013 and 3 June 2013	2,025	(723)	3,407	2,512	7,221
Charged to the income statement	(442)	(49)	(895)	(604)	(1,990)
Charged to equity	-	-	-	(34)	(34)
Exchange differences	(104)	-	(285)	(93)	(482)
At 1 June 2014 and 2 June 2014	1,479	(772)	2,227	1,781	4,715
(Charged)/credited to the income statement	(101)	67	(549)	(510)	(1,093)
Charged to equity	-	-	-	(71)	(71)
Exchange differences	(84)	-	109	45	70
At 31 May 2015	**1,294**	**(705)**	**1,787**	**1,245**	**3,621**

Other deferred tax assets include deferred tax on adjustments for profit in stock arising from intra-group sales of £948,000 (2014: £921,000).

Deferred tax assets are recognised in respect of tax losses and temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. This is based on a review of the track record of profitability in the country concerned. There was no unrecognised deferred tax at 31 May 2015 or 1 June 2014 in either the Group or the Company.

The Group did not obtain a current tax benefit from previously unrecognised tax losses in either of the periods presented.

Company	Accelerated depreciation £000	Other £000	Total £000
At 2 June 2013 and 3 June 2013	2	3	5
Credited to the income statement	-	1	1
At 1 June 2014 and 2 June 2014	2	4	6
Credited to the income statement	-	1	1
At 31 May 2015	**2**	**5**	**7**

18. Inventories

	2015	2014
Group	**£000**	£000
Raw materials	**98**	182
Work in progress	**230**	213
Finished goods and goods for resale	**7,297**	7,640
	7,625	8,035

The Group holds no inventories at fair value less costs to sell.

During the period, the Group utilised an inventory provision of £1,189,000 (2014: £1,175,000) and £1,247,000 (2014: £711,000) has been charged to the income statement.

The Company holds no inventories at either period end.

19. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Trade receivables	**4,740**	4,806	**-**	-
Less provision for impairment of receivables	**(252)**	(370)	**-**	-
Trade receivables – net	**4,488**	4,436	**-**	-
Prepayments and accrued income	**4,787**	4,361	**38**	44
Other receivables	**1,345**	1,756	**-**	16
Receivables from group companies	**-**	-	**1,142**	253
Loans to group companies	**-**	-	**3,900**	3,900
Total trade and other receivables	**10,620**	10,553	**5,080**	4,213
Non-current receivables:				
Prepayments and accrued income	**181**	177	**-**	-
Other receivables	**1,014**	1,231	**-**	-
Loans to group companies	**-**	-	**3,900**	3,900
Non-current portion	**1,195**	1,408	**3,900**	3,900
Current portion	**9,425**	9,145	**1,180**	313

Trade receivables are recorded at amortised cost, reduced by estimated allowances for doubtful debts. The fair value of trade and other receivables does not differ materially from the book value.

The effective interest rate on non-current loans to related parties is charged at LIBOR plus 1% in both periods.

There is no significant concentration of credit risk with respect to trade receivables as the Group has a large number of customers which are internationally dispersed.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of asset above. The Group does not hold any collateral over these balances.

All non-current receivables are due within five years of the balance sheet date.

Trade receivables that are more than three months past due are considered to be impaired unless a payment plan has been agreed with the customer and is being adhered to. Trade receivables that are less than three months past due are not considered impaired unless amounts are specifically identified as irrecoverable. The ageing analysis of the Group's past due trade receivables is as follows:

	2015			2014		
	Not impaired	**Impaired**	**Total**	Not impaired	Impaired	Total
	£000	**£000**	**£000**	£000	£000	£000
Up to 3 months past due	**172**	**18**	**190**	264	72	336
3 to 12 months past due	**-**	**83**	**83**	2	152	154
Over 12 months past due	**-**	**51**	**51**	35	30	65
	172	**152**	**324**	301	254	555

In addition to the above, current debt of £100,000 (2014: £116,000) has been impaired.

Provision for impairment of receivables
Movements on the provision for impairment of trade receivables are as follows:

Group	£000
At 2 June 2013 and 3 June 2013	416
Charge for the period	189
Unused amounts reversed	(14)
Receivables written off during the period as uncollectible	(221)
At 1 June 2014 and 2 June 2014	370
Charge for the period	144
Unused amounts reversed	(9)
Receivables written off during the period as uncollectible	(253)
At 31 May 2015	**252**

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015	2014
	£000	£000
Sterling	**4,907**	4,658
Euro	**2,167**	2,714
US dollar	**2,142**	1,781
Other currencies	**1,404**	1,400
Total trade and other receivables	**10,620**	10,553

NOTES TO THE FINANCIAL STATEMENTS continued

20. Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Cash at bank and in hand	**11,942**	16,432	**71**	266
Short-term bank deposits	**619**	1,118	**-**	-
Cash and cash equivalents	**12,561**	17,550	**71**	266

The Group's cash and cash equivalents are repayable on demand and include a right of set-off between sterling and other currencies held in the UK.

There were no utilised borrowing facilities at 31 May 2015 or 1 June 2014.

21. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), liquidity risk, capital risk and credit risk. The Group's financial risk management objective is to understand the nature and impact of the financial risks and exposures facing the business.

Foreign currency risk
The majority of the Group's business is transacted in sterling, euros and US dollars. The principal currency of the Group is sterling.
The Group is exposed to foreign exchange risk principally via:

- transactional exposure arising from the future sales and purchases that are denominated in a currency other than the functional currency of the transacting company.
- translation exposure arising on investments in foreign operations, where the net assets are denominated in a currency other than sterling.
- loans to non-UK subsidiaries.

The Group does not use foreign currency borrowings or forward foreign currency contracts to hedge foreign currency risk. The level of the Group's exposure to foreign currency risk is regularly reviewed by the Group's finance director and the Group's treasury policies, including hedging policies, are reviewed to ensure they remain appropriate.

Foreign exchange sensitivity
The impact on the Group's financial assets and liabilities from foreign currency volatility is shown in the sensitivity analysis below.

The sensitivity analysis has been prepared based on all material financial assets and liabilities held at the balance sheet date and does not reflect all the changes in revenue or expenses that may result from changing exchange rates. The analysis is prepared for the euro and US dollar given that these represent the major foreign currencies in which financial assets and liabilities are denominated. The sensitivities shown act as a reasonable benchmark considering the movements in currencies over the last two financial periods.

The following assumptions were made in calculating the sensitivity analysis:

- financial assets and liabilities (including financial instruments) are only considered sensitive to movements in foreign currency exchange rates where they are not in the functional currency of the entity that holds them.
- translation of results of overseas subsidiaries is excluded.

Using the above assumptions, the following table shows the sensitivity of the Group's income statement to movements in foreign exchange rates on US dollar and euro financial assets and liabilities:

	2015	2014
	Income	Income
	Gain/(loss)	Gain/(loss)
Group	**£000**	£000
10% appreciation of the US dollar (2014: 10%)	**27**	500
10% appreciation of the euro (2014: 10%)	**(35)**	116

A depreciation of the stated currencies would have an equal and opposite effect.

There is no impact on equity gains or losses.

Interest rate risk
The Group no longer has a significant exposure to interest rate risk and hence no interest rate sensitivity has been shown.

Credit risk
Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to independent retailers.
The Group controls credit risk from a treasury perspective by only entering into transactions involving financial instruments with authorised counter-parties with a credit rating of at least 'A', and by ensuring that such positions are monitored regularly. Credit risk on cash and short-term deposits is limited because the counter-parties are banks with high credit ratings assigned by international credit rating agencies.

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are internationally dispersed. Policies are also in place to ensure the wholesale sales of products are made to customers with an appropriate credit history and credit limits are periodically reviewed. Amounts recoverable from customers are reviewed on an ongoing basis and appropriate provision made for bad and doubtful debts (note 19). Provision requirements are determined with reference to ageing of invoices, credit history and other available information.

Sales made through our own retail stores or via mail order are made in cash or with major credit cards.

21. Financial risk factors continued

Capital risk
The capital structure of the Group consists of net funds (see note 29) and owners' equity (see note 27). The Group manages its capital to safeguard the ability to operate as a going concern and to optimise returns to shareholders. The Group's objective is not to use long-term debt to finance the business. Overdraft facilities will be used to finance the working capital cycle if required.

The Group manages its capital structure and makes adjustments to it in light of changes to economic conditions and its strategic objectives. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them or issue new shares. The Group uses return on capital employed to assess capital asset performance.

Liquidity risk
Liquidity is managed by maintaining sufficient cash balances to meet working capital needs.

Cash flow requirements are monitored by short and long-term rolling forecasts both within the local operating units and for the overall Group. In addition, the Group's liquidity management policy involves projecting cash flows in the major currencies and considers the level of liquid assets necessary to meet these, monitoring working capital levels and liquidity ratios.

The undiscounted contractual cash flows of the Group's financial liabilities, including interest charges where applicable, are shown below. All trade payables are contractually due within 12 months and therefore the fair values do not differ from their carrying values.

	2015				2014			
	Within 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Group	**£000**	**£000**	**£000**	**£000**	£000	£000	£000	£000
Trade and other payables	**9,406**	**-**	**-**	**-**	9,521	-	-	-
Provisions for redundancies and property	**337**	**71**	**61**	**-**	303	173	4	-
Exceptional provisions	**26**	**-**	**-**	**-**	2,470	-	-	-
	9,769	**71**	**61**	**-**	12,294	173	4	-

	Within 1 year 2015	Within 1 year 2014
Company	**£000**	£000
Trade and other payables	**690**	548
	690	548

Financial instruments by category

	Group Loans and receivables		Company Loans and receivables	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Financial assets as per balance sheet				
Trade receivables	**4,488**	4,436	**-**	-
Accrued income	**-**	139	**-**	-
Other receivables	**1,345**	1,756	**-**	16
Receivables from group companies	**-**	-	**1,142**	253
Loans to group companies	**-**	-	**3,900**	3,900
Cash and cash equivalents	**12,561**	17,550	**71**	266
Total	**18,394**	23,881	**5,113**	4,435

Within the Group net cash and cash equivalents are overdrafts of £4,276,000 (2014: £2,810,000) which are subject to a master netting arrangement.

Prepayments have been excluded from the above as they are not financial assets.

	Group Financial liabilities at amortised cost		Company Financial liabilities at amortised cost	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Financial liabilities as per balance sheet				
Trade payables	**4,608**	5,136	**12**	13
Other payables	**2,692**	2,286	**264**	13
Accruals	**2,736**	2,099	**91**	189
Payables to group companies	**-**	-	**324**	333
Total	**10,036**	9,521	**691**	548

Deferred income balances and other taxes and social security payables have been excluded from the above as they are not financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

22. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Current				
Trade payables	**4,608**	5,136	**12**	13
Other taxes and social security	**289**	1,008	**47**	35
Other payables	**2,692**	2,286	**264**	13
Accruals	**2,849**	2,798	**91**	189
Deferred income	**2,693**	1,537	**-**	-
Payables to group companies	**-**	-	**324**	333
	13,131	12,765	**738**	583

The fair value of trade and other payables does not materially differ from the book value.

23. Other non-current liabilities

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Accruals	**364**	360	**-**	-

The fair value of other non-current liabilities does not materially differ from the book value.

The carrying amounts of the Group's trade and other payables and other non-current liabilities are denominated in the following currencies:

	2015	2014
	£000	£000
Sterling	**8,147**	8,205
Euro	**1,617**	1,963
US dollar	**2,830**	1,896
Other currencies	**901**	1,061
Total trade and other payables and other non-current liabilities	**13,495**	13,125

24. Provisions

Analysis of total provisions:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Current	**529**	3,009	**-**	10
Non-current	**458**	517	**-**	-
Total provisions	**987**	3,526	**-**	10

Group	Exceptional items £000	Employee benefits £000	Property £000	Total £000
At 1 June 2014	2,470	568	488	3,526
Charged/(credited) to the income statement:				
- Additional provisions	-	39	299	338
- Unused amounts reversed	(42)	(42)	(63)	(147)
Exchange differences	44	(26)	8	26
Utilised	(2,446)	(47)	(263)	(2,756)
At 31 May 2015	**26**	**492**	**469**	**987**

Company	Employee benefits £000	Total £000
At 1 June 2014	10	10
Utilised	(10)	(10)
At 31 May 2015	**-**	**-**

The fair value of provisions does not differ from the book value.

24. Provisions continued

Employee benefits
The Group operates a long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10 years of employment (10 Year Veterans). The cost of this benefit is accrued over the period of employment based on expected staff retention rates and the anticipated employment costs and are utilised once an employee reaches 10 years of employment.

Property provisions
Property provisions relate to property dilapidations and to committed costs outstanding under onerous or vacant lease commitments and will diminish over the lives of the underlying leases. The above provision is expected to be utilised by 2018. The estimated liability is discounted to its present value using a discount rate of 4.0% (2014: 4.0%).

Exceptional provisions
Exceptional provisions relate to committed costs associated with the continental european reorganisation announced in January 2014.

25. Share capital

Group and Company	Number of shares (thousands)	Ordinary shares £000	Share premium account £000	Total £000
At 2 June 2013	31,733	1,586	9,059	10,645
Shares issued under employee sharesave scheme	127	7	431	438
At 1 June 2014	31,860	1,593	9,490	11,083
Shares issued under employee sharesave scheme	204	10	728	738
At 31 May 2015	**32,064**	**1,603**	**10,218**	**11,821**

During the period 203,827 ordinary shares were issued (2014: 127,385). The total authorised number of shares is 42,000,000 shares (2014: 42,000,000 shares) with a par value of 5p per share (2014: 5p per share). All issued shares are fully paid.

26. Other reserves

	2015				2014			
Group	**Capital redemption reserve £000**	**Translation reserve £000**	**Other reserve £000**	**Total £000**	Capital redemption reserve £000	Translation reserve £000	Other reserve £000	Total £000
Beginning of period	**101**	**2,604**	**(1,050)**	**1,655**	101	3,837	(1,050)	2,888
Exchange differences on translation of foreign operations	**-**	**(473)**	**-**	**(473)**	-	(1,233)	-	(1,233)
End of period	**101**	**2,131**	**(1,050)**	**1,182**	101	2,604	(1,050)	1,655

The other reserve was created on flotation following a payment to the previous holders of the Company's ordinary shares.

As at 31 May 2015, the Company's capital redemption reserve was £101,000 (2014: £101,000). The Company had no other reserves in addition to the capital redemption reserve at either period end.

27. Retained earnings

	Group £000	Company £000
At 2 June 2013 and 3 June 2013	34,321	24,802
Profit/(loss) attributable to owners of the parent	8,007	(1,798)
Deferred tax on share options	(34)	-
Current tax on share options	74	-
Share-based payments	288	288
At 1 June 2014 and 2 June 2014	42,656	23,292
Profit attributable to owners of the parent	12,257	16,159
Deferred tax on share options	(71)	-
Current tax on share options	49	-
Share-based payments	232	232
Dividends to Company shareholders	(16,601)	(16,601)
At 31 May 2015	**38,522**	**23,082**

NOTES TO THE FINANCIAL STATEMENTS continued

28. Reconciliation of profit/(loss) to net cash from operating activities

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Operating profit/(loss)	**16,477**	12,297	**(1,946)**	(2,408)
Depreciation of property, plant and equipment	**4,991**	4,907	**-**	-
Net impairment/(reversal) on property, plant and equipment	**9**	(204)	**-**	-
Loss on disposal of property, plant and equipment (see below)	**33**	370	**-**	-
Loss on disposal of intangible assets (see below)	**24**	333	**-**	-
Amortisation of capitalised development costs	**4,728**	4,121	**-**	-
Amortisation of other intangibles	**1,362**	849	**-**	-
Share-based payments	**232**	288	**-**	-
Dividend income from investments in subsidiary undertakings	**-**	-	**17,646**	14
Changes in working capital:				
- Decrease/(increase) in inventories	**882**	(468)	**-**	-
- (Increase)/decrease in trade and other receivables	**(242)**	1,545	**(260)**	1,056
- (Decrease)/increase in trade and other payables	**(395)**	(952)	**155**	450
-(Decrease)/increase in provisions	**(2,522)**	1,911	**(10)**	1
Net cash from operating activities	**25,579**	24,997	**15,585**	(887)

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

	2015	2014
	£000	£000
Net book amount	**59**	424
Loss on sale of property, plant and equipment	**(33)**	(370)
Proceeds from sale of property, plant and equipment	**26**	54

The Company sold no property, plant and equipment during either period.

The Group disposed of intangible assets with a net book amount of £24,000 during the period (2014: £333,000). There were no proceeds on disposal in either period and hence a loss on disposal equivalent to the net book value was recorded.

The Company sold no other intangibles during either period.

29. Analysis of net funds

	As at 1 June 2014	Cash flow	Exchange movement	**As at 31 May 2015**
Group	£000	£000	£000	**£000**
Cash at bank and in hand	17,550	(4,823)	(166)	**12,561**
Net funds	17,550	(4,823)	(166)	**12,561**

	As at 1 June 2014	Cash flow	Exchange movement	**As at 31 May 2015**
Company	£000	£000	£000	**£000**
Cash at bank and in hand	266	(194)	(1)	**71**
Net funds	266	(194)	(1)	**71**

30. Commitments

Capital commitments
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2015	2014
Group	**£000**	£000
Property, plant and equipment	**447**	478

The Company had no capital commitments at either period end.

30. Commitments continued

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

Group	**2015** Retail stores £000	Other property £000	Other £000	2014 Retail stores £000	Other property £000	Other £000
Within 1 year	**6,614**	**524**	**143**	6,519	548	183
Between 2 and 5 years inclusive	**10,647**	**846**	**115**	9,890	1,051	198
In over 5 years	**414**	**-**	**-**	503	-	-
	17,675	**1,370**	**258**	16,912	1,599	381

The Company had no operating lease commitments at either period end.

Inventory purchase commitments

Group	**2015 £000**	2014 £000
Finished goods	**1,216**	9
Components	**639**	337
Raw materials	**43**	19

The Company had no inventory purchase commitments at either period end.

Pension arrangements

The Group and Company operate defined contribution schemes. Commitments in respect of pensions are included within prepayments and accruals.

31. Contingencies

The Group has contingent liabilities in respect of the potential reversionary interest in sub-let leasehold properties amounting to £93,000 (2014: £139,000).

The Company provides indemnities to third parties in respect of contracts regarding their use of the Group's intellectual property, under commercial terms in the normal course of business.

The Company has also guaranteed the bank overdrafts of certain Group undertakings for which the aggregate amount outstanding under these arrangements at the balance sheet date was £1,586,000 (2014: £1,586,000).

For the year ended 31 May 2015, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual statutory accounts by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject.

Name of undertaking	Country of incorporation or registration	Company registration number
Games Workshop Limited	England and Wales	1467092
Games Workshop International Limited	England and Wales	2924330
Games Workshop US Limited	England and Wales	7462905
Games Workshop US (Holdings) Limited	England and Wales	4428814

32. Related-party transactions

During the period the Company provided management and similar services to Games Workshop Limited, a subsidiary undertaking.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group.

The Group had no related-party transactions in the current or prior period.

Transactions between the Company and its subsidiaries are shown below:

Subsidiary	Nature of transaction	**2015 £000**	2014 £000
Games Workshop International Limited	Dividends receivable	**517**	16
Games Workshop Limited	Recharges	**398**	407
	Dividends receivable	**17,129**	-

NOTES TO THE FINANCIAL STATEMENTS continued

32. Related-party transactions continued

Receivables/(payables) outstanding between the Company and its subsidiaries are shown below:

	Amounts owed by subsidiaries		Amounts owed to subsidiaries	
	2015	2014	**2015**	2014
Subsidiary	**£000**	£000	**£000**	£000
Games Workshop Group PLC Employee Share Trust	**51**	50	**-**	-
Games Workshop Limited	**978**	172	**-**	-
Games Workshop Retail Inc.	**71**	13	**-**	-
EURL Games Workshop	**1**	-	**-**	(2)
Games Workshop SL	**23**	8	**-**	-
Games Workshop Oz Pty Limited	**-**	-	**(5)**	(10)
Games Workshop Deutschland GmbH	**-**	4	**-**	-
Games Workshop International Limited	**-**	-	**(319)**	(319)
Games Workshop (Queen Street) Limited	**1**	-	**-**	(2)
Games Workshop Italia SRL	**16**	4	**-**	-
Games Workshop Stockholm AB	**1**	1	**-**	-
Games Workshop Limited (New Zealand)	**-**	1	**-**	-
	1,142	253	**(324)**	(333)

Non-current loans outstanding between the Company and its subsidiaries are shown below:

	Amounts owed by subsidiaries	
	2015	2014
Subsidiary	**£000**	£000
Games Workshop Interactive Limited	**6,779**	6,779
Less provision for impairment	**(6,779)**	(6,779)
Games Workshop Limited	**3,900**	3,900
	3,900	3,900

In addition, Mrs K Kirby (Lathbury) received £66,185 (2014: £117,461) during the year from the Group for her work as interim head of IT. Mrs Kirby ceased to work for the Group on 30 November 2014. T H F Kirby provided consultancy at a cost of £25,000 in the year.

FIVE YEAR SUMMARY

	2015	2014	2013	2012	2011
	£000	£000	£000	£000	£000
Revenue	**119,132**	123,501	134,597	131,009	123,052
Operating profit – pre-exceptional items and royalties receivable	**14,937**	15,355	20,229	15,603	12,789
Exceptional items	**42**	(4,500)	-	-	-
Royalties receivable	**1,498**	1,442	1,025	3,537	2,455
Operating profit	**16,477**	12,297	21,254	19,140	15,244
Finance income	**109**	106	176	434	132
Finance costs	**(1)**	(7)	(35)	(100)	(89)
Profit before taxation	**16,585**	12,396	21,395	19,474	15,287
Income tax expense	**(4,328)**	(4,389)	(5,077)	(4,760)	(4,047)
Profit attributable to owners of the parent	**12,257**	8,007	16,318	14,714	11,240
Basic earnings per ordinary share	**38.3p**	25.2p	51.5p	46.8p	36.0p
Pre-exceptional earnings per ordinary share	**38.2p**	36.1p	51.5p	46.8p	36.0p

FINANCIAL CALENDAR

Annual general meeting	16 September 2015
Announcement of half year results	January 2016
Financial year end	29 May 2016
Announcement of final results	July 2016

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Games Workshop Group PLC (the 'Company') will be held at the Company's registered office, Willow Road, Lenton, Nottingham, NG7 2WS at 10.00am on 16 September 2015 for the following purposes:

Ordinary business
As ordinary business to consider and, if thought fit, to pass the following resolutions 1 to 10 as ordinary resolutions:

Resolution 1
To receive the Company's annual accounts for the year ended 31 May 2015 together with the directors' report, the remuneration report and the auditor's report on those accounts, the auditable part of the remuneration report and the directors' report.

Resolution 2
To elect R F Tongue as a director.

Resolution 3
To re-elect T H F Kirby as a director.

Resolution 4
To re-elect C J Myatt as a director.

Resolution 5
To re-elect N J Donaldson as a director.

Resolution 6
To re-appoint PricewaterhouseCoopers LLP as auditors to hold office until the conclusion of the next general meeting at which accounts are laid by the Company.

Resolution 7
To authorise the directors to fix the auditors remuneration.

Resolution 8
To approve the remuneration report (excluding the directors' remuneration policy set out on pages 21 to 24) for the year ended 31 May 2015.

Resolution 9
To approve the directors' remuneration policy set out on pages 21 to 24, such remuneration policy to take effect from the date on which the resolution is passed.

Special business
To consider and, if thought fit, pass the following resolutions, of which resolutions 10 and 11 will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions.

Resolution 10
That:

(a) the rules the Games Workshop 2015 Sharesave Plan (the 'Plan') (including the Games Workshop 2015 International Sharesave Plan and US Sharesave Plan set out in the Appendix to the Plan) in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification, the principal terms of which are summarised in the Appendix to this notice of annual general meeting be and they are hereby approved and the directors of the Company be and they are hereby authorised to adopt the Plan and to do all acts necessary and things which they may, in their discretion, consider necessary or expedient to give effect to the Plan; and

(b) the directors of the Company be and they are hereby authorised to adopt other plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the Plan.

Resolution 11
That the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Relevant Securities (as defined below) up to an aggregate nominal amount of £529,052 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 15 December 2016 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities. Relevant Securities means: (i) shares in the Company other than shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act), a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security or a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; (ii) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in this resolution include the grant of such rights.

Resolution 12
That subject to the passing of resolution 11 above, the directors of the Company be given the general power pursuant to sections 570 to 573 of the Companies Act 2006 (the 'Act') to allot or make offers or agreements to allot equity securities for cash, either pursuant to the authority conferred by resolution 11 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue so that for this purpose 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with rights attached thereto but subject to such exclusions or other arrangements as the directors consider necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory; and
(b) the allotment of equity securities up to an aggregate nominal amount of £80,159.

The power granted by this resolution will expire on 15 December 2016 or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities. For the purposes of this resolution the expression 'equity securities' and references to 'allotment of equity securities' respectively have the meanings given to them in section 560 of the Act.

Resolution 13
That the Company be and is hereby granted general and unconditional authority for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company ('ordinary shares') on such terms and in such manner as the directors may from time to time determine provided that:

(a) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 15 December 2016 whichever is the earlier;
(b) the maximum aggregate number of ordinary shares that may be purchased is 4,777,507;
(c) the minimum price (excluding expenses) which may be paid for an ordinary share is 5p;
(d) the maximum price (excluding expenses) which may be paid for an ordinary share is the higher of: (i) an amount equal to 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day on which the purchase is made; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; and (b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out;
(e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the board
R F Tongue
Company secretary
27 July 2015
Registered office:
Willow Road, Lenton
Nottingham
NG7 2WS
Registered in England and Wales under number 2670969

NOTICE OF ANNUAL GENERAL MEETING continued

Notes

1. Only those members registered on the Company's register of members at 6.00 pm on 14 September 2015 or, if this meeting is adjourned, at 6.00pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Details of how to appoint more than one proxy are set out in the notes to the proxy form.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA so as to be received no later than 48 hours before the time fixed for holding the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA no later than the time fixed for holding the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
10. Appointment of a proxy does not preclude you from attending the meeting and voting in person.
11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
12. As at 27 July 2015 (being the last practical date prior to the publication of this notice), the Company's issued share capital comprised 32,063,812 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 27 July 2015 is 32,063,812. The website referred to in note 21 will include information on the number of shares and voting rights.
13. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') you may have a right under an agreement between you and the member of the Company who has nominated you (a 'Relevant Member') to have information rights to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
14. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.
15. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; (c) the request may be in hard copy form or in electronic form (see note 19 below), must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported, must be authenticated by the person or persons making it (see note 19 below); and must be received by the Company not later than 6 weeks before the meeting to which the request relates.
16. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (a) the matter of business must not be defamatory of any person, frivolous or vexatious, (b) the request may be in hard copy form or in electronic form (see note 19 below), must identify the matter of business by setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the persons or person making it (see note 19 below) and must be received by the Company not later than 6 weeks before the meeting to which the request relates.

Notes continued

17. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 18 below, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website, and the statement may be dealt with as part of the business of the meeting. The request may be in hard copy form or in electronic form (see note 19 below), either set out the statement in full, or if supporting a statement sent by another member, clearly identify the statement which is being supported, must be authenticated by the person or persons making it (see note 19 below), and be received by the Company at least one week before the meeting.
18. In order to be able to exercise the members' right to require circulation of a resolution to be proposed at the meeting (see note 15); a matter of business to be dealt with at the meeting (see note 16) or the Company to publish audit concerns (see note 17), the relevant request must be made by a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company, or at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital. For information on voting rights, including the total number of voting rights, see note 12 above and the website referred to in note 21.
19. Where a member or members wishes to request the Company to circulate a resolution to be proposed at the meeting (see note 15), include a matter of business to be dealt with at the meeting (see note 16) or publish audit concerns (see note 17) such request must be made in accordance with one of the following ways: (a) a hard copy request which is signed by you, which states your full name and address and is sent to Rachel Tongue, Games Workshop Group PLC, Willow Road, Lenton, Nottingham NG7 2WS; or (b) a request which states your full name and address, and is sent to rachel.tongue@gwplc.com. Please state 'AGM' in the subject line of the e-mail.
20. Under section 319A of the Companies Act 2006 the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
21. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from http://investor.games-workshop.com.
22. The following documents will be available for inspection for at least 15 minutes prior to the meeting and during the meeting: (a) copies of the service contracts of executive directors of the Company and (b) copies of the service agreements of the independent directors of the Company.
23. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must (in order to be valid) be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
24. As an alternative to completing a hard copy proxy form, a shareholder can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. Shareholders will need their voting ID, task ID and shareholder reference number (this is the series of numbers printed under their name on the proxy form). Alternatively, if a shareholder has already registered with Equiniti Limited's online portfolio service, Shareview, they can submit a proxy form at www.shareview.co.uk. Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions should reach Equiniti Limited no later than 48 hours before the time fixed to hold the meeting. Any electronic communication sent by a shareholder to the Company or the registrar that is found to contain a computer virus will not be accepted.

Appendix
Summary of the principal terms of the Games Workshop 2015 Sharesave Plan

The Company's existing Savings-Related Share Option Scheme was approved by shareholders in 2005 and expires, in relation to new grants in 2015. The Games Workshop 2015 Sharesave Plan (the 'Plan') is proposed to replace the Savings-Related Share Option Scheme, and the principal terms of the Plan are set out below. The Plan is an all employee share plan that will be administered by the board or any duly authorised committee of the board. In this Appendix, references to the board include, where applicable, any duly authorised committee.

1. General

Participating employees will be given the opportunity to save up to £500 per month (or such other amount permitted under the relevant legislation from time to time) in accordance with a savings contract for three or five years (a 'Sharesave Contract'). The proceeds of the Sharesave Contract can be used to exercise an option to acquire shares at an exercise price set at the date of invitation, which shall not be less than 80% (or such other percentage as may be permitted by the relevant legislation) of the market value of a share at the date of invitation.

The Plan is proposed to satisfy the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 such that options granted under it will offer beneficial tax treatment to the participant and the member of the group employing the participant.

As noted below, an Appendix to the Plan constitutes the 'Games Workshop 2015 International Sharesave Plan' (the 'International Plan') under which options may be granted to employees outside the UK; the International Plan is not proposed to satisfy the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003.

2. Eligibility

All employees (including an executive director) of the Company, or any of its subsidiaries which participates in the Plan, who have been in employment for a minimum period determined by the board (not exceeding five years), and any other directors or employees nominated by the board may apply for an option on any occasion on which invitations are issued.

3. Issue of invitations

Invitations to apply for options may only be issued within the six week period following the approval of the Plan by shareholders, the announcement of the Company's results for any period, any day on which changes to legislation affecting employee share schemes are proposed or made or on any day on which the board determines that exceptional circumstances exist. However, if the Company is restricted from issuing invitations during any such period, invitations may be issued in the period of six weeks following the relevant restriction being lifted.

4. Terms of options

Options may be granted over newly issued shares, treasury shares or shares purchased in the market. Options are not transferable (other than on death). No payment will be required for the grant of an option. Options will not form part of pensionable earnings.

5. Overall limit

The Plan is subject to the following overall limit. In any 10 year period, the number of shares which may be issued under the Plan and under any other employee share plan adopted by the Company may not exceed 10 per cent of the issued ordinary share capital of the Company from time to time.

Treasury shares will be treated as newly issued for the purpose of this limit until such time as guidelines published by institutional investor representative bodies determine otherwise.

6. Exercise of options

Ordinarily, an option may be exercised within six months of maturity of the Sharesave Contract.

7. Cessation of employment

Options may be exercised if a participant leaves employment by reason of death, injury, disability, redundancy, retirement, the sale of the entity that employs him out of the group.

If a participant ceases employment with the group in any other circumstances, any option he holds shall lapse on the date on which the participant ceases employment.

8. Corporate events

Options may be exercised early in the event of a change of control or winding-up of the Company. Alternatively, options may be exchanged (with the agreement of the acquiring company) for equivalent options over shares in the acquiring company. Options will be exchanged (or will lapse) in the event of an 'internal reorganisation'.

9. Adjustments

In the event of a variation of the Company's share capital, the number of shares subject to an option and/or the exercise price, may be adjusted, provided that any adjustment may only be made in accordance with the requirements of the applicable tax legislation.

10. International plan

An Appendix to the Plan constitutes the Games Workshop 2015 International Sharesave Plan under which options may be granted to employees outside the UK. The terms of the International Plan are similar to the terms of the Plan, but varied to reflect the grant of options to employees outside the UK, including in relation to the impact of those employees' savings being denominated in different currencies and using an IRS qualifying s423 Employee Stock Purchase Plan for employees in the US.

11. Amendment and termination

The board may amend the Plan at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the shares or cash comprised in option and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the Plan, to take account of legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Board without shareholder approval.

No amendment may be made to the material disadvantage of participants in the Plan unless consent is sought from the affected participants and given by a majority of them.

The Plan will usually terminate on the tenth anniversary of its approval by shareholders but the rights of existing participants will not be affected by any termination.

12. Documents available for inspection

The rules of the Plan will be available for inspection at the office of Deloitte LLP (Company Secretarial Department), 2 New Street Square, London EC4A 3BZ on any weekday (Saturdays, Sundays and public holidays excluded) until the close of the AGM, and will also be available at the place of the AGM for at least 15 minutes before and during the meeting.