

FINANCIAL HIGHLIGHTS

	2013	2012*
Revenue	£134.6m	£131.0m
Revenue at constant currency**	£135.6m	£131.0m
Operating profit - pre-royalties receivable	£20.2m	£15.6m
Royalties receivable	£1.0m	£3.5m
Operating profit	£21.3m	£19.1m
Profit before taxation	£21.4m	£19.5m
Cash generated from operations	£31.9m	£28.0m
Earnings per share	51.5p	46.8p
Dividends per share declared in the year	58p	63p

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*For the 53 weeks ended 3 June 2012

**Constant currency revenue is calculated by comparing results in the underlying currencies for 2013 and 2012, both converted at the 2012 average exchange rates as set out on page 7.

CHAIRMAN'S PREAMBLE

During the year Mark Wells left Games Workshop. After more than ten years, five as chief executive, he has gone to graze in pastures new. His tenure as CEO saw our return on capital increase from around 10% to over 50%. He is a man who truly understands about shareholder value and put that understanding into good practice. Thank you Mark, and good luck.

We have also had a shift in the balance of our owners. For three entirely different reasons each of our largest holders has done some selling. This has allowed those who have wanted to own us for a while the opportunity to buy. The fact that we have been paying a lot of surplus cash out as dividends hasn't put them off! We'll see what happens when we have a bad year and stop.

I have written a great deal over the years about the 'greatest danger' facing Games Workshop. It has usually been in response to the expression of some fear of imminent doom. When will the world tire of miniatures? (It won't; these are not fashion items, they are hobby collectibles.) Won't all your customers move on to computer games instead? (They didn't; most of our current customers weren't born when the Atari ST came out.) How about other games like Pokémon or role-playing games? (Who can remember them, now?). The evidence is there for all to see, but when it wasn't I was seen as complacent in the face of these real dangers. I don't think that was complacency, it's just that we here all make a living from serving collectors and we understand them and their needs. These are paper tiger dangers. The real danger is us.

The world will not tire of miniatures, nor fantasy. The world can and does play computer games, online and on phones now, not old-style computers. Other people will produce great games and products.

The dangers lie not in these realities, but whether we keep making fantastic models and providing great services, in our management skills and just as night follows day, in our ability to find the right people to carry the business forward. This is why we put so much energy into our management training programmes and in particular how we recruit.

Put at its bluntest: we recruit for attitude, not for skills.

It makes for a lot of hard work. First every manager in the business has to take personal responsibility for the recruitment process. All of it, from start to finish. No handing it off to Human Resources, outside agencies, or anyone else. Then they have to prepare a job specification. What value does this job bring to the business? Not what is nice about it, but exactly how does it help us sell more or spend less? Then it describes what kind of person is likely to be successful at the job. That's right. What *kind* of person. It is centred on their character, on their attitudes and on the behaviour we expect to see. Then it lists the top few things they have to achieve in order to be successful at it. And that's it. No qualifications, no degrees, no reference to experience.

This is hard to do, and impossible alone. We spend hours on it, in groups, working at getting to the heart of the issue.

Then we advertise using that job specification as a template. All jobs, always. No 'appointments', no patronage. And we ask the applicants to write us a letter saying why they want this job. CV optional (but we won't look at it if the letter is pants).

The knee-jerk response from outsiders is nearly always either you are doing it wrong or you will fail. Neither is true. Companies who seek out skills at the expense of attitude are destroying culture, continuity and morale and thereby shareholder value. That is wrong. And our way works well.

The effort put in rewards us in knowing who we want and why, knowing how to ask for that person, how to recognise them when we see them, and how to check that they are being successful. Win, win, win, win. Sadly it takes effort, so don't expect to see our ways being adopted universally any time soon.

Risks. Management succession. Effort. I've managed to get all the key words in. Maybe the last of these is the most important.

Hard work. Accept no substitutes.

Tom Kirby
Chairman and Acting CEO
29 July 2013

CEO's COMMENTARY

Performance

Our core business delivered a good performance in 2012/13. We have controlled costs well, maintained our gross margin and benefited from a small increase in sales. Profit before tax is up as a consequence and our cash flow has been good, allowing us to return £18.4 million to our owners during the year.

That small increase in sales (3% or so) is a mix of strong performance in our more hobby oriented Forge World and Black Library businesses (our 'Other businesses') and the North American region and less good performances in Continental Europe and the UK.

We are still experimenting with retail stores in Shanghai (there are now two) and have returned Japan to marginal profitability from a large loss.

Income from royalties, as expected, is down significantly by £2.5 million to £1.0 million.

Return on capital*

We use return on capital as our most important measure internally. While we constantly pursue sales growth, we must always be aware of our return on capital so that we use our resources intelligently and effectively. (You can buy a lot of sales that gain you nothing but heartache and disappointment.) Our return on capital this year is 66%, up from 57% last year. Now we have reached 50+% each year it is harder to improve it and we need to be sensitive to what is a reasonable rate so we do not damage the long-term prospects of the business through clumsy and inappropriate cost saving or, worse, inadequate investment in our future. I am comfortable that gross margins that hover between 70% and 75% are good. Maybe good enough. We will always explore ways of doing better, doing more with less, but not to the detriment of the business.

This raises the premium on our judgment calls and re-emphasises that the number one risk to the business is its management. Of which more later.

Sales growth

We have written a lot and spoken a lot about how we aim to grow the business: opening good stores with well chosen staff in new places, increasing the number of independent stockists we do business with and producing an attractive and efficient online store.

Finding new places at attractive rents for our stores is not plain sailing, but is not as hard as finding the right people to run them in the right quantity. We have yet to get this as right as we would like and our new store openings in the period (net 6, 46 openings and 40 closings) is a reflection of that difficulty. In an ideal world we would be opening 40 or 50 net new stores every year.

If we are opening stores to pursue sales growth, then why close any? Over the past decade we had accumulated several stores that didn't work out, usually because the rent was too high. We are closing these as fast as makes sense. Sometimes it is more cost effective to pay to be released from our lease and sometimes it is better to wait for the end of the lease. This is a process that is mostly restricted to North America (and the USA, not Canada) and should be largely complete by the end of the year to May 2014.

During the last year we have introduced and delivered our new trade standards for our independent stockists. The aim is to get those products that will sell the fastest into whatever space the independents will allow us. That way their stock turn will rise and we will have more re-orders. It seems so obvious that it shouldn't need saying, but we deal in a product that sometimes allows passions to over-rule commerciality. Many of our independent stockists and our own sales people are fans as well as customers and it helps all round if we have a system that emphasises sales potential over aesthetics.

Our online shop is doing well. Sales are up to £14.4 million from £13.1 million. During the year we built a new one and will be testing it over the coming year. It is planned to be fully operational in April 2014. The online world is in constant flux. New things become possible, new ways of behaving become the norm, legislation requires extra safeguards, and so on. We need to continually invest and change to ensure it remains a pleasant shopping experience for our customers.

Royalty income

Royalty income is down from £3.5 million to £1.0 million. We expected a significant decline.

What has happened? Nearly all our royalty income (88% last year and 82% this) comes from licences sold to computer games companies. (The balance is from Fantasy Flight Games which makes card games and board games - and very good they are too!)

*

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 operating profit, and the average capital employed is adjusted by deducting assets and adding back liabilities in respect of cash, borrowings, taxation and dividends.

CEO's COMMENTARY continued

Royalty income continued

Since the appearance of 'smart' phones and the iPad, the traditional computer games industry has changed utterly and permanently. Giants that bestrode the industry have vanished and the survivors are transformed out of recognition. New names and new companies have arisen with equal suddenness to replace them. Now the games have gestation periods of months, not years; sell for a few pounds, not dozens; cost millions to produce not hundreds of millions; and are downloaded directly to your machine cutting out packaging, distributors and stores.

We switched as fast as we could but were limited by the constraints of the deals we already had in place. Now a new stream of smaller games is starting to appear. The first of what we hope will be many is Warhammer Quest for iOS (Apple stuff). Buy it now! Good fun.

We hope that our average income levels (c.£3 million per year over the last five years) will return.

Key performance indicators (KPIs)

Within the business our number one and overwhelmingly important KPI is sales. 'Sales' is all the money we take in and we quantify it by counting it. Earlier I said our most important measure was return on capital. It is. Our KPIs are in place to see if we are where we want to be. That means our secondary KPIs are: what we spend on overheads and capital investment. Neither is mysterious and they are published in this document.

With capital investment we normally assume we will spend next year roughly what we spent last year. This year we spent £8.8 million and next year we think it may be £9.3 million. Take this number with a pinch of salt and remember that, as von Moltke said, 'No plan survives contact with the enemy'. We do not see a big increase in that number in the next few years. If something crops up, we'll tell you.

With overheads we try to have them not grow at all. Easy to say. Hard to do.

We do not set sales targets. We do want real sales growth (defined as an increase after our price rises, if any), the more the better, but we do not predict it. We follow the plan: more stores run by the right people and great products in them should yield sales growth. Our staff are rewarded if they achieve real growth.

In our own stores, after sales, we look at the average transaction value and the transaction count in each store. We use them to see where the problem lies if sales are not growing. We do not publish them and we do not use them in our forward planning.

In sales to independent retailers we check to see how many live accounts we have each month: did they order? This is a health check to make sure the guys are doing their jobs properly. We do not publish this number and we do not use it in our forward planning.

We look at many other things as well: how many staff per store we have (UK: 1.9, Continental Europe: 1.6, North America: 1.7, Australia: 1.5, Asia: 1.0), how many stores we have (UK: 137, Continental Europe: 135, North America: 99, Australia: 37, Asia: 4), how many we think we could open (close) next year (UK: 4 (1), Continental Europe: 10 (4), North America: 38 (28), Australia: 4 (4)). None of these is a KEY performance indicator. They are simply part of the huge complex of information we use all the time to keep tabs on what is going on and none of them is used to anticipate future performance.

So how do we plan our future? We run a tight ship, and do our damndest to get more sales. Everything else is just whistling Dixie.

Risks

People

Our biggest risk is the people we employ.

The potential damage to the Group is enormous.

We mitigate this risk through internal recruitment and using our Academy to educate and train and ensure we recruit well.

I suppose that could be said of any company, but here it has real meaning. Knowing how our business model works is a critical necessity in all our staff and, of course, even more so in our leaders. What we do is unusual. We are the only company of our size making fantasy miniatures and the only one with a global presence. At one level it is all very simple: conceive, design, purchase, make, pack, ship, sell. Over the years we have learnt how to do those things well using Edison's methodology*. We therefore have to have leaders who truly understand not only what we do, but why we do it that way. In addition we value people's attitudes and behaviour even higher than their knowledge and skills. To ensure continuity and to mitigate the risks we have a policy of recruiting from within for all our senior roles, as far as we can. When the time comes to replace this acting CEO, it will most likely be an internal appointment.

* After 10,000 attempts to make an incandescent light bulb he was asked about the 9,999 failures. They weren't failures, he said, I now know 9,999 ways it won't work.

Risks continued

Our Academy runs courses on what we do and how and why we do it. In addition it runs quarterly training sessions for the most senior people on staff recruitment. We know that good people are at the core of running a good business. To get good people we need to know what we want, and by that we mean we need to know the attitudes and behaviour we are looking for. We then have to advertise in a way that will attract those people, followed by interviewing well and being tough minded about trying again if the first try didn't get what we need.

'Fantasy' becoming unfashionable

Fashion is a short-cycle phenomenon. We have been in business long enough to have lived through fantasy being on no-one's horizon (Lord of the Who?), through a huge surge in interest earlier this century, back to where we are today. We also know that games played on computers are not a threat, having lived through many cycles of their lives as well.

We are often asked about the threat caused by 'fashions', but we believe the evidence shows it is not a threat to the business. Just so long as we do our jobs properly (see above).

The factory burns down

We are well insured against this risk (including business interruption cover) and have plans such that we could be back into full scale production within 12 months.

External threats

Cost inflation. This is a perennial problem, but has been with us since day one. At its most extreme (raw material costs escalating) it could affect sales, but we have been able to manage this risk through a combination of internal efficiencies and price increases. The test is our gross margin which is strong and steady.

Changes in VAT rates. We pass on to our customers all VAT changes, up or down, as soon as is practicable.

Recessions. Our customers are, on the whole, middle class and well placed in times of economic hardship. We cannot pretend that recessions (or booms) have no effect at all, but because we are a niche hobby they have less of an effect than for mass marketers. So long as we retain tight controls of our costs we can ride occasional rough weather.

Breach of intellectual property (IP) and counterfeit products. The risk is that we lose control of our IP and thus other people can take our market. There are two ways we mitigate this risk: product quality and IP protection. Product quality is the best defence. Our miniatures are of extraordinary detail and have very high costs associated with their production. We do the tooling and manufacturing here in Nottingham to ensure that quality. As it happens, even if we wanted to tool or manufacture elsewhere, we have never found anyone who can deliver the quality we need at the price we pay. In order to be able to duplicate that quality requires a level of capital investment that no one has, as yet, even tried to emulate. This also deals with the risk of counterfeit products. The few that are made are of poor quality and do not appeal to our customers.

Should that change, or we meet intransigent small infringers, we have copyright, trademark and passing off law to protect our imagery and we have never been shy of using legal redress if needed. Our legal department deals with dozens of cases each year with satisfactory results.

The scale upon which we do business is the biggest defence against this threat. The cases we deal with (and there are dozens each year) are nearly all single individuals or small businesses who 'cease and desist' as soon as they get the letter. Those who don't should be stopped more because we need to ensure everyone knows we are serious about defending our IP rather than because of the immediate threat of damage to our profits.

Summary

Games Workshop has had a mixed year. Sales were stronger in the first half than the second, but cost control and cash management have strengthened throughout the period. We finish the year with the most profit this company has generated since flotation and have returned £18.4 million to our owners.

As for the future, our objective is simple: we will continue to make the best fantasy miniatures in the world and sell them globally at a profit. We intend to do this forever.

The board believes the prospects for this business are good.

Tom Kirby

Chairman and Acting CEO

29 July 2013

FINANCE REVIEW

Sales and cost of sales

Reported sales increased by 2.7% to £134.6 million for the year. On a constant currency basis, sales were up by 3.5% from £131.0 million to £135.6 million; progress was achieved in North America (+7.8%), Export (+2.3%), Asia (+10%) and in Other sales businesses (+27.2%) while sales in the UK (-1.4%), Continental Europe (-0.3%) and Australia (-4%) were in decline.

To be consistent with how we manage the business, we now report development costs within cost of sales. In the year we reclassified £4.8 million (2012: £4.7 million) to cost of sales from operating expenses. This reclassification gave rise to a decrease in gross margin of 3.5% (2012: 3.6%).

Operating profit

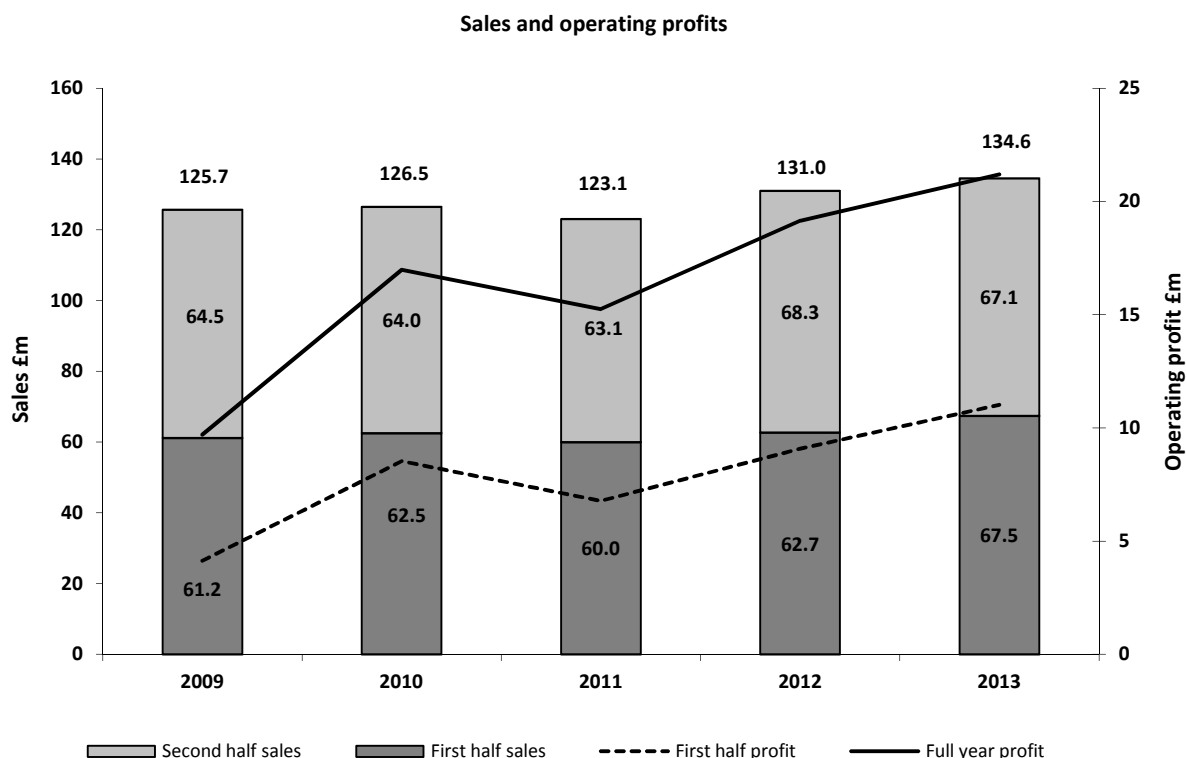
Core business operating profit (operating profit before royalty income) increased by £4.6 million to £20.2 million (2012: £15.6 million). On a constant currency basis, core business operating profit increased by £5.2 million to £20.8 million (2012: £15.6 million). This result was delivered by sales growth of 2.7%, with maintenance of our gross margin, and a £2.5 million decrease in operating expenses; included in the period reported is the cost of £1.1 million related to payment of the profit share and cost of £0.2 million related to payment of performance related pay to Hobby centre managers. Costs remain a key area of focus.

After royalty income of £1.0 million (2012: £3.5 million) operating profit increased by £2.1 million to £21.3 million. On a constant currency basis, operating profit increased by £2.7 million to £21.8 million.

During the year, we continued with our retail store programme designed to improve our retail profitability and converted a further 82 stores to the one man format. This takes our total to 274 out of 412 stores (UK: 93, Continental Europe: 80, North America: 76, Australia: 22, Asia: 3). This programme will continue in 2013/14.

Profits

The sales and operating profits earned by the business over the last five years, split by half year, have been as follows:



Cash generation and investment

During the year, the Group's core operating activities generated £25.5 million (2012: £19.6 million) of cash after tax payments. The Group also received cash of £1.1 million in respect of royalties in the year (2012: £3.4 million). After capital expenditure of £8.8 million (2012: £6.8 million) there were net funds at the year end of £13.9 million.

The term truly surplus cash is used as our measure of the scale of the funds available for distribution to shareholders. This term is not an IFRS measure and has been defined as the cash that is forecast to be left after making allowance for Hobby centre openings, regular capital expenditure and maintenance, investment in tooling, tax, plus a sum to ensure the business has sufficient working capital for its needs.

Cash generation and investment continued

Inventory levels fell by £1.3 million in the year as we further optimised warehouse stock levels. Over the year capital additions have been as follows:

	2013	2012
	£m	£m
Shop fits for new and existing Hobby centres	1.2	0.8
Production equipment and tooling	2.7	2.9
Computer equipment and software	4.5	2.4
Lenton site (infrastructure)	0.4	0.7
Total capital additions	8.8	6.8

In the period reported we invested in shop fits: 46 new Hobby centres were opened and we refurbished 21 existing Hobby centres. During the year we continued with our phased replacement of production equipment, making investments in milling and injection moulding machines. Computer equipment includes £3.1 million of investment in our global web store. We expect that this investment will strengthen our internet sales capability and enable our web store to offer significantly enhanced customer service functionality.

Dividend and dividend reinvestment plan

During the year we followed our principle of returning truly surplus cash to shareholders and declared dividends of 18p per share in November 2012, 24p per share in February 2013 and 16p per share in May 2013 (2012: 63p). As before, shareholders are offered the opportunity automatically to reinvest their dividends in the Company's shares. The dividend reinvestment plan is a simple and cost-effective way to increase holdings and is administered by our registrars Equiniti Limited.

Taxation

The effective tax rate for the year was 23.7% (2012: 24.4%). We would expect a rate above that of businesses with activities based solely in the UK due to higher overseas tax rates, however, the rate remains below the UK corporation tax rate due to the release of provision for items now agreed with the tax authorities.

Treasury

The objective of our treasury operation is the management of financial risk at optimal cost. The relationship with the Group's external credit facility provider 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 finances its operations from shareholders' funds. The objective is to maintain an appropriate amount of reasonably priced funding for the Group's operational and strategic needs for the foreseeable future.

Interest rate risk

Net interest receivable for the year (excluding net foreign exchange gains and unwinding of discounts on provisions) was £176,000 (2012: £142,000). The need for protection against higher interest rates has been considered by the board and is not considered appropriate in the short term.

Foreign exchange risk

The principal exchange rates used to translate our earnings and the balance sheet are as follows:

	euro		US dollar	
	2013	2012	2013	2012
Year end rate used for the balance sheet	1.17	1.24	1.52	1.54
Average rate used for earnings	1.22	1.17	1.57	1.59

We report our results in pounds sterling and the net impact in the year ended 2 June 2013 of these exchange rate fluctuations on our operating profit was a reduction of £0.6 million (2012: £0.2 million).

The geographical spread of the Group's activities means that there is an element of natural hedging in place against the transactional exposure to foreign currency exchange rate fluctuations. Translational exposures for the trading results of non-sterling denominated subsidiaries are not hedged.

Kevin Rountree

COO

29 July 2013

DIRECTORS' REPORT

The directors present their annual report together with the financial statements and independent auditors' report for the year ended 2 June 2013.

Principal activities

The principal activities of the Group are the design and manufacture of miniature figures and games and the retail and wholesale distribution of these products.

Business review

The CEO's commentary on pages 3 to 5 and the finance review on pages 6 to 7 provide a review of the business and progress against its key performance indicators during the year and descriptions of possible future developments and the principal risks and uncertainties facing the Group (page 7 of the finance review and pages 4 and 5 of the CEO's commentary). Policies on employees, the environment and social and community issues form part of this directors' report. This review contains or cross references the information required by section 417 of the Companies Act 2006.

Substantial shareholdings

The following interests in 3% or more of the issued share capital of the Company as at 26 July 2013 have been disclosed to the Company:

	No. of shares	%
The Nomad Investment Partnership LP	3,450,545	10.9
Investec Asset Management Limited	3,087,765	9.7
Ruffer LLP	2,492,260	7.9
Phoenix Asset Management Partners Limited	1,865,218	5.9
FIL Limited	1,753,900	5.5
Legal & General	1,683,901	5.3
Artemis Investment Management LLP	1,620,001	5.1

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 17.

Directors

The present directors of the Company are listed on page 20. All of the directors were members of the board throughout the year and up to the date of signing the financial statements. M N Wells resigned from the board on 31 January 2013.

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, T H F Kirby is seeking re-election. In addition, as a result of their long service, independent directors C J Myatt and N J Donaldson are required to retire and are seeking re-election. In relation to the independent 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 independent 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.

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 pages 17 and 18. 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 29 July 2013.

Information on executive directors

T H F Kirby (age 63), chairman and acting CEO. 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. 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.

K D Rountree (age 43), COO. 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). 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, however, still retains responsibility for all financial matters within Games Workshop. 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 independent directors

C J Myatt (age 69). Chris Myatt is the senior independent director, joining the board on 18 April 1996. He is a director of the Douglas Macmillan Hospice and was formerly a divisional managing director within Tarmac PLC.

N J Donaldson (age 59). 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.

Share capital, share rights and other information

As at 26 July 2013, 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 26 July 2013 there were 31,732,576 (2012: 31,588,534) 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.

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 2 June 2013, the Company had an unexpired authority to repurchase shares up to a maximum of 4,706,691 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.

DIRECTORS' REPORT continued

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. Details of the resolutions that are being proposed at the annual general meeting are detailed below:

- **Resolution 1 – 2013 annual report**

This is a resolution to lay before shareholders the annual report in respect of the year ended 2 June 2013.

- **Resolutions 2 to 4 – re-election of directors**

It is the Company's policy for all directors to retire at least every three years and to stand for re-election. T H F Kirby will retire and stand for re-election as a director at this meeting. In addition, as C J Myatt and N J Donaldson are independent directors who have served longer than nine years they are subject to annual re-election. Having considered the performance of and contribution made by each of the directors standing for re-election, the board remains satisfied that the performance of each of the relevant directors continues to be effective and to demonstrate commitment to the role and as such recommends their re-election. Brief biographical details of all directors standing for re-election are included on pages 8 and 9.

- **Resolution 5 – appointment of auditors and auditors' remuneration**

The auditors of a company must be reappointed at each general meeting at which accounts are laid. This resolution proposes the re-appointment of the Company's existing auditors, PricewaterhouseCoopers LLP, until the conclusion of the next general meeting at which accounts are laid and authorises the directors to determine the auditors' remuneration.

- **Resolution 6 – remuneration report**

The remuneration report is in the 2013 annual report. Shareholders will be invited to approve the remuneration report.

- **Resolution 7 – authority to allot shares**

This resolution deals with the directors' authority to allot Relevant Securities (as defined in the resolution) in accordance with section 551 of the Companies Act 2006 (the 'Act'). The maximum nominal amount of Relevant Securities which may be allotted under this resolution is £523,587 which represents approximately 33% of the Company's issued ordinary shares as at 26 July 2013. As at close of business on 26 July 2013, the Company did not hold any treasury shares. The authority granted by this resolution will expire on 17 December 2014 or, if earlier, the date of the next annual general meeting of the Company. The directors have no present intention to exercise this authority.

- **Resolution 8 – disapplication of pre-emption rights**

This resolution will give the directors power, pursuant to the authority to allot granted by resolution 7, to allot equity securities (as defined by section 560 of the Act) or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings up to a maximum nominal amount of £79,331 which represents approximately 5% of the Company's issued ordinary shares as at 26 July 2013. In compliance with the guidelines issued by the Pre-emption Group, the directors will ensure that no more than 7.5% of the issued ordinary shares (excluding treasury shares) will be allotted for cash on a non pre-emptive basis over a rolling three year period unless shareholders have been notified and consulted in advance. The resolution also enables the Company, in event of a rights issue or open offer, to overcome certain practical difficulties which may arise in connection with fractional entitlements, or in respect of overseas shareholders as a result of local laws and which prevent shares from being issued on a strict pro rata basis. The power granted by this resolution will expire on 17 December 2014 or, if earlier, the date of the next annual general meeting of the Company. The directors have no present intention to exercise this authority.

- **Resolution 9 – authority to purchase own shares**

This resolution seeks authority for the Company to make market purchases of its ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 4,728,153 of its ordinary shares, representing 14.9% of the Company's issued ordinary share capital as at 26 July 2013. The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire on the earlier of 17 December 2014 and the Company's 2014 annual general meeting. The directors do not currently have any intention of exercising the authority granted by this resolution. The directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of shareholders generally. The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them).

On 2 June 2013, the total number of options to subscribe for ordinary shares in the Company amounted to 524,188 (2012: 556,008).

This represented 1.7% of the Company's issued ordinary share capital on that date. If this authority to purchase shares was exercised in full the options would represent 1.9% of the issued ordinary share capital as at 2 June 2013. The Company does not have any outstanding share warrants.

Electronic Proxy Appointment ('EPA') is available for this year's AGM. EPA enables shareholders to lodge their proxy appointment by electronic means via a website provided by the Company's registrar, Equiniti Limited, at www.sharevote.co.uk. Further details can be found in the notes to the notice of meeting.

Auditors

As at 29 July 2013, 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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Corporate governance

The Company's statement on corporate governance is included in the corporate governance report on pages 13 to 15.

Financial risk management

The Company's policy on financial risk management is detailed in note 21 to the accounts.

Health, safety and environment

Games Workshop aims to make the best fantasy miniatures in the world without adversely affecting anyone's safety or health. Our health and safety policy has been restated in plainer English, committing us to the following objectives:

- Aiming, as a minimum, to comply with all relevant health and safety legislation;
- Protecting staff from any risks to their health and safety so far as is reasonably practicable by assessing risks staff are exposed to, eliminating risks where practicable, introducing adequate control measures, adopting safe working practices and providing information, instruction, training and supervision;
- Providing customers with the same standard of protection as our staff;
- Record, investigate and learn from safety and ill health incidents;
- Monitor the work of contractors on our properties to control risks.

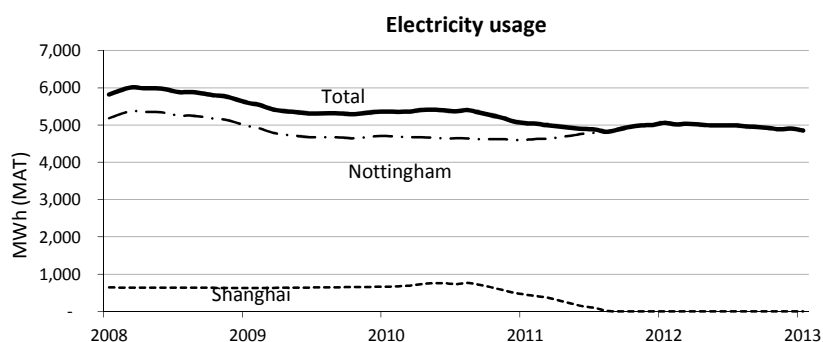
We require all staff to promote these objectives at all times and they apply worldwide.

The number of reported minor accidents increased in the year (40 in 2012/13 versus 36 in 2011/12) as reporting and awareness was further improved and encouraged. 21 of the management team successfully completed the IOSH Managing Safely course and the next 12 months will see all relevant front line managers attending this course.

Games Workshop recently purchased 1,950 user licences for e-training in safety courses that are being implemented throughout the Nottingham site and UK retail stores.

Energy usage

Energy efficient lighting systems have been installed throughout the Nottingham and Memphis sites, and we have started to replace end of life air conditioning systems with much more energy efficient evaporative cooling systems in Nottingham wherever possible. Overall electricity usage at our Nottingham headquarters and manufacturing base diminished by 4% in the year, as shown below:



Our Shanghai production facility was closed in 2012 and production was consolidated to Nottingham. Electricity prices per unit in the UK increased rapidly again (up by 8% in 2012/13) so more energy efficient systems and a focus on managing consumption will continue in 2013/14.

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 16% in April 2013 to £334 per year for each used workplace parking space). We continue to promote our cycle to work scheme, and in the Nottingham City Council backed workplace transport challenge (April-June 2013) aimed at encouraging cyclists and walkers, Games Workshop had the most participants (100 employees) of any Nottingham employer.

Greenhouse gas emissions

Under the Greenhouse Gas Emissions Regulations 2013 (coming into force from 1 October 2013) and enforced under the Companies Act 2006, we are working toward fulfilling our duty to report on greenhouse gas emissions from activities for which we are responsible and have purchased some software to record accurately our greenhouse gas emissions.

Waste management

In 2012/13 we sent 65% of our waste by weight from our Nottingham site for re-use or recycling (2012: 75%). 35% of our waste was sent for heat recovery at the Nottingham City Council incinerator (2012: 25%).

DIRECTORS' REPORT continued

Charitable donations

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. We continue to donate old mobile phones and toner cartridges to charitable organisations.

No contributions are made to political parties.

Employees

The Group's policy is to consult 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.

Suppliers

The Group's policy is to aim to source and manage our suppliers in ways that are ethically feasible. This includes review of all key suppliers for certain standards of, amongst other things, health and safety, working hours, levels of wages and employment practices.

The Company does not follow any code of practice or standard regarding payment of suppliers but seeks to agree the payment terms of suppliers prior to the placing of business and it is the Company's policy to settle liabilities prior to the due date. The number of days credit taken by the Group from its suppliers at the year end was 36 days (2012: 38 days). There are no contractual or other arrangements in place which are essential to the business.

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 8 to the financial statements.

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

Company Secretary
29 July 2013

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 2010 (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 <http://www.frc.org.uk>.

This statement, together with the remuneration report on pages 16 to 18, 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 of operational decisions through the monthly meetings. Terms of reference for the board committees (as set out below) are available on the Company's website.

Detailed reviews of the performance of the Group's main business activities are included in the CEO's commentary and the finance review. The board presents these reviews, together with the directors' report on pages 8 to 12, to give a balanced and understandable assessment of the Group's position and prospects.

The board

The board comprises the chairman and acting CEO, the COO and two independent directors. It is chaired by the chairman and acting CEO, T H F Kirby. 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.

On 18 January 2013, the Company announced that M N Wells, the Company's CEO for five years, was stepping down from that role and that, pending the appointment of a new CEO, the chairman, T H F Kirby, would be chairman and acting CEO.

Before concluding that this interim arrangement was in the best interests of the Company and the shareholders as a whole, the board considered carefully the existing division of responsibilities between the chairman and the CEO and the likely requirements of the Company in the future, in terms of leadership, to underpin and promote its successful development. The Company's remuneration and nomination committee discussed the matter and came to the unanimous conclusion that the interim arrangement described above was appropriate.

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

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

The two independent directors 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 independent 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 both of the independent directors 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 the independent 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 2012/13 the board and its committees had 10 scheduled meetings, each of which was attended by all members of the board.

CORPORATE GOVERNANCE REPORT continued

The board continued

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.

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 independent directors are provided with accurate, timely and clear information on the Group. In addition, the independent 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. In 2011/12 this review was conducted by way of private discussions, based upon a bespoke questionnaire, between the head of the Games Workshop Academy and a selection of internal and external stakeholders. These include the directors, senior managers, external advisers and shareholders. The results of the discussions were shared with the board. 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 two independent directors 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.

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. The Group uses other advisers for taxation advice and other services. The audit fees are disclosed in note 8.

During the year, in discharging its duties, the audit committee undertook the following actions:

- reviewed the 2012 annual report and 2012/13 half-year results;
- considered the output from the Group wide process to identify, evaluate and mitigate risks;
- reviewed the effectiveness of the Group's internal controls;
- reviewed and agreed the scope of the audit work undertaken by the external auditors;
- agreed the fees to be paid to the external auditors for the audit of the 2013 financial statements;
- agreed a programme of work for the internal auditors;
- received reports from the internal auditors on the work performed and management responses to points made in those audit reports.

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 held four meetings during the year, each of which was attended by all members of the committee.

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, which was the last time the external audit process was put out to tender. There are no contractual obligations which restrict the choice of external auditors.

City committee

The City committee comprises the independent 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 independent 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 senior executives and 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, and for vetting and approving the appointment of senior executives. 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.

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 COO, 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 chairman and acting CEO and the COO are available to meet with major shareholders to update them on the Company's progress and 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 independent directors are set out in the board report on remuneration on pages 16 to 18.

During the year, the executive directors participated in the Company's profit share scheme which applies equally to all employees. The maximum bonus that can be earned is £1,000 per person.

Statement of compliance with the UK Corporate Governance Code

With the exception of provision A.2.1, 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

Company Secretary
29 July 2013

REMUNERATION REPORT

Remuneration and nomination committee

The committee comprises solely the independent directors, namely, N J Donaldson (chairman) and C J Myatt. T H F Kirby and K D Rountree present proposals as and when required and attend meetings at the committee's request. No external advisers are currently retained by the committee.

Remuneration policy

Throughout the year the Company complied with the provisions of the UK Corporate Governance Code relating to the design of performance-related remuneration for directors. In preparing this report the board has followed the provisions of the Code.

Independent directors

The remuneration of the independent directors is reviewed on an annual basis by the executive directors. A recommendation is made to the board which determines any increase in their remuneration. The independent directors are only entitled to fees and do not participate in any of the Company's profit share, pension or share schemes.

Executive directors

The overall policy for executive directors is set out below:

- a) the remuneration of executive directors (consisting of basic salary, pension benefits and benefits in kind) will be competitive with those of other comparable organisations so as to attract and retain high calibre individuals with the relevant experience;
- b) part of the remuneration will be based on the financial performance of the Group using predetermined targets;
- c) personal reviews of the executive directors will be carried out annually to assess their performance in meeting individual objectives.

The fixed and variable related components of the remuneration packages for executive directors are as follows:

- a) basic salary, including benefits and pension contributions (fixed);
- b) profit share (variable).

Salaries

Salaries are reviewed annually and, in deciding the appropriate salary levels, the committee takes into consideration a number of factors, including the executive director's performance, his experience and responsibility. The committee also takes into consideration pay and employment conditions of employees elsewhere in the Group and in addition, from time to time, takes independent advice on salary benchmarking to assist in its review of remuneration packages of the executive directors. Salaries, excluding profit share, are pensionable.

Profit share

During the year, the executive directors participated in a profit share scheme which applies equally to all employees. The maximum payment that can be earned is £1,000 per person (before tax). There will be profit share payments of £661 each in respect of 2012/13.

Benefits in kind

Each executive director was provided with private medical insurance to January 2013 when the benefit was bought out. T H F Kirby is also provided with fuel for his car.

Share option schemes

Executive directors are only able to participate in the sharesave scheme which is available to all employees. There are no performance conditions relating to sharesave share options.

Service contracts

Each of the executive directors has a service agreement with the Company which is capable of termination by either party on giving 12 months' notice. If the Company gives notice then the Company reserves the right to pay salary in lieu of notice. The service agreements are silent regarding the payment that may be due in the event of early termination by the Company.

The service agreements are also capable of termination by the Company on giving three months' notice in the event of an executive director's absence for ill health in excess of 120 business days in any 12 month period. No compensation is payable in the event of termination of the agreement due to gross misconduct.

Contracts on this basis were entered into by T H F Kirby on 4 June 2009 and K D Rountree on 25 February 2009. The contracts are for an unlimited duration.

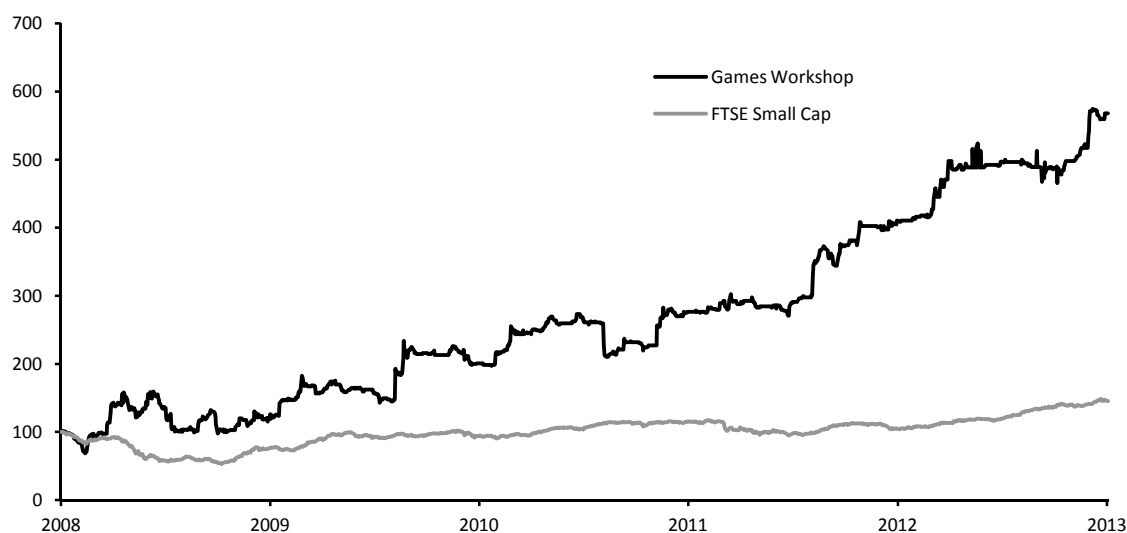
Service contracts continued

Under the service agreements of the independent directors, the period of appointment is one year and may be terminated by either party on giving six months' notice. The service agreements are also capable of termination by the Company on giving summary notice in the event of an independent director's absence in excess of six calendar months in any 12 month period. There is no entitlement to compensation for loss of office in the event of termination of the agreement. Agreements on this basis were entered into by C J Myatt and N J Donaldson on 16 July 2013. The effective date for both contracts was 1 April 2013.

The articles provide that at least one third of the directors be subject to re-election by rotation at each general meeting.

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.



Directors' interests in shares of the Company

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

	As at 2 June 2013 ordinary shares of 5p each		As at 3 June 2012 ordinary shares of 5p each	
	Beneficial	Non- beneficial	Beneficial	Non- beneficial
T H F Kirby	2,106,009	25,385	2,098,009	25,385
K D Rountree	12,028	-	6,146	-
C J Myatt	66,500	-	66,500	-
N J Donaldson	20,000	-	20,000	-

REMUNERATION REPORT continued

The following sections of the remuneration report have been audited:

Directors' emoluments for the year ended 2 June 2013

	Fees	Salary	Profit share	Benefits in kind	Compensation for loss of office	Total emoluments	Total emoluments	Pension contributions	Pension contributions
	2013	2013	2013	2013	2013	2013	2012	2013	2012
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Executive directors									
T H F Kirby	-	352	1	5	-	358	378	35	35
M N Wells (until resignation)	-	177	-	2	569	748	268	26	39
K D Rountree	-	202	1	11	-	214	203	24	24
Independent directors									
C J Myatt	50	-	-	-	-	50	50	-	-
N J Donaldson	42	-	-	-	-	42	42	-	-
	92	731	2	18	569	1,412	941	85	98

In addition, Mrs K Kirby received £73,620 (2012: £38,815) during the year from the Group for her work as an IT consultant/head of IT. During the year Mrs Kirby was appointed as interim head of IT for the Group.

Pensions

The Company contributes into a self invested personal pension scheme for T H F Kirby. The Company contributes into the Group's personal pension scheme for K D Rountree. These are defined contribution schemes and so the Company's contributions set out above reflect the full cost during the year of providing pension benefits to these directors.

Share options

Share options granted to the directors were as follows:

	At 3 June 2012	Lapsed	Number as at 2 June 2013	Exercise dates Commencement	Expiry	Exercise price
K D Rountree	2,513	-	2,513	Nov-14	Apr-15	358p
T H F Kirby	2,641	-	2,641	Nov-13	Apr-14	340.7p
M N Wells	2,513	(2,513)	-	Nov-14	Apr-15	358p

The options above were granted under the Games Workshop Group PLC 2005 Savings-Related Share Option Scheme. This scheme is open to all eligible employees and directors who satisfy a service qualification of at least three months.

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.

On 5 July 2013, K D Rountree acquired 246 of the Company's shares under the Company's dividend reinvestment plan. This is the only movement in directors' interests in shares of the Company between 2 June 2013 and the date of this report.

The mid-market price of the Company's shares on 2 June 2013 was 717.5p (3 June 2012: 562.5p) and the range of the market prices during the year was 562.5p to 742p (2012: 405p to 580p).

Apart from the interests disclosed above, no directors had any interest at any time in the year in the share capital of the Company or other Group companies.

On behalf of the board

N J Donaldson

Chairman

Remuneration and nomination committee

29 July 2013

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 (IFRSs) 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 IFRSs 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 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.

Each of the directors, whose names and functions are listed on page 20, confirms that, to the best of his knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IFRSs 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 CEO's commentary, the finance review and the directors' report include 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

Company Secretary
29 July 2013

COMPANY DIRECTORS AND ADVISERS

Directors

T H F Kirby, chairman and acting chief executive officer

K D Rountree, chief operating officer

C J Myatt, senior independent director

N J Donaldson, independent director

M N Wells, chief executive officer (to 31 January 2013)

Company Secretary

R F Tongue

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

Principal bankers

Bank of Scotland, 2nd Floor, 125 Colmore Row, Birmingham, B3 3SF

Independent auditors

PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, East Midlands, 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

We have audited the financial statements of Games Workshop Group PLC for the period ended 2 June 2013 which comprise the consolidated income statement, the consolidated and Company statements of comprehensive income and expense, the consolidated and Company balance sheets, the consolidated and Company statements of changes in total equity, the consolidated and Company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (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.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 19, 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 International Standards on Auditing (UK and 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.

Scope of the audit of the financial statements

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 parent 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 2 June 2013 and of the Group's profit and the Group's and the parent Company's cash flows for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the directors' report for the financial period 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 13 to 15 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 12, in relation to going concern;
- the parts of the corporate governance report relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Mark Smith (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Independent Auditors
East Midlands
29 July 2013

CONSOLIDATED INCOME STATEMENT

		52 weeks ended 2 June 2013	Restated* 53 weeks ended 3 June 2012
	Notes	£000	£000
Revenue	3	134,597	131,009
Cost of sales		(36,243)	(34,820)
Gross profit		98,354	96,189
Operating expenses	4	(78,125)	(80,586)
Other operating income - royalties receivable		1,025	3,537
Operating profit	3	21,254	19,140
Finance income	6	176	434
Finance costs	7	(35)	(100)
Profit before taxation	8	21,395	19,474
Income tax expense	9	(5,077)	(4,760)
Profit attributable to owners of the parent	27	16,318	14,714

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

Basic earnings per ordinary share	11	51.5p	46.8p
Diluted earnings per ordinary share	11	51.2p	46.6p

STATEMENTS OF COMPREHENSIVE INCOME AND EXPENSE

	Group		Company	
	52 weeks ended 2 June 2013	53 weeks ended 3 June 2012	52 weeks ended 2 June 2013	53 weeks ended 3 June 2012
	£000	£000	£000	£000
Profit attributable to owners of the parent	16,318	14,714	17,050	19,235
Other comprehensive income and expense				
Exchange differences on translation of foreign operations	445	(298)	-	-
Other comprehensive income and expense for the period	445	(298)	-	-
Total comprehensive income attributable to owners of the parent	16,763	14,416	17,050	19,235

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 27 to 52 are an integral part of these financial statements.

*Prior periods have been restated to reflect a change in the classification of product design and development costs within the income statement with effect from 29 May 2011 (see note 10).

BALANCE SHEETS

	Notes	Group		Company	
		2 June 2013 £000	3 June 2012 £000	2 June 2013 £000	3 June 2012 £000
Non-current assets					
Goodwill	13	1,433	1,433	-	-
Other intangible assets	14	8,033	5,177	-	-
Property, plant and equipment	15	20,604	20,567	-	-
Investments in subsidiaries	16	-	-	30,584	30,584
Trade and other receivables	19	1,638	1,529	3,900	3,900
Deferred tax assets	17	7,221	7,335	5	6
		38,929	36,041	34,489	34,490
Current assets					
Inventories	18	8,170	9,477	-	-
Trade and other receivables	19	10,864	11,068	1,142	1,207
Current tax assets		524	407	-	-
Cash and cash equivalents	20	13,931	17,358	5,727	5,932
		33,489	38,310	6,869	7,139
Total assets		72,418	74,351	41,358	41,629
Current liabilities					
Trade and other payables	22	(19,637)	(19,603)	(5,801)	(5,332)
Current tax liabilities		(2,863)	(3,479)	-	-
Provisions	24	(946)	(1,172)	(9)	(2)
		(23,446)	(24,254)	(5,810)	(5,334)
Net current assets		10,043	14,056	1,059	1,805
Non-current liabilities					
Other non-current liabilities	23	(360)	(301)	-	-
Provisions	24	(758)	(1,189)	-	(8)
		(1,118)	(1,490)	-	(8)
Net assets		47,854	48,607	35,548	36,287
Capital and reserves					
Called up share capital	25	1,586	1,579	1,586	1,579
Share premium account	25	9,059	8,737	9,059	8,737
Other reserves	26	2,888	2,443	101	101
Retained earnings	27	34,321	35,848	24,802	25,870
Total equity		47,854	48,607	35,548	36,287

The notes on pages 27 to 52 are an integral part of these financial statements.

The financial statements on pages 23 to 52 were approved by the board of directors on 29 July 2013 and were signed on its behalf by:

T H F Kirby, Director

K D Rountree, 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 29 May 2011 and 30 May 2011	1,561	8,048	2,741	40,777	53,127
Profit for the 53 weeks to 3 June 2012	-	-	-	14,714	14,714
Exchange differences on translation of foreign operations	-	-	(298)	-	(298)
Total comprehensive (expense)/income for the period	-	-	(298)	14,714	14,416
Transactions with owners:					
Share-based payments	-	-	-	254	254
Shares issued under employee sharesave scheme	18	689	-	-	707
Deferred tax charge relating to share options	-	-	-	(67)	(67)
Dividends to Company shareholders	-	-	-	(19,830)	(19,830)
Total transactions with owners	18	689	-	(19,643)	(18,936)
At 3 June 2012 and 4 June 2012	1,579	8,737	2,443	35,848	48,607
Profit for the 52 weeks to 2 June 2013	-	-	-	16,318	16,318
Exchange differences on translation of foreign operations	-	-	445	-	445
Total comprehensive income for the period	-	-	445	16,318	16,763
Transactions with owners:					
Share-based payments	-	-	-	286	286
Shares issued under employee sharesave scheme (note 25)	7	322	-	-	329
Deferred tax credit relating to share options	-	-	-	41	41
Corporation tax credit relating to exercised share options	-	-	-	232	232
Dividends to Company shareholders	-	-	-	(18,404)	(18,404)
Total transactions with owners	7	322	-	(17,845)	(17,516)
At 2 June 2013	1,586	9,059	2,888	34,321	47,854

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 29 May 2011 and 30 May 2011	1,561	8,048	101	26,211	35,921
Profit for the 53 weeks to 3 June 2012	-	-	-	19,235	19,235
Total comprehensive income for the period	-	-	-	19,235	19,235
Transactions with owners:					
Share-based payments	-	-	-	254	254
Shares issued under employee sharesave scheme	18	689	-	-	707
Dividends to Company shareholders	-	-	-	(19,830)	(19,830)
Total transactions with owners	18	689	-	(19,576)	(18,869)
At 3 June 2012 and 4 June 2012	1,579	8,737	101	25,870	36,287
Profit for the 52 weeks to 2 June 2013	-	-	-	17,050	17,050
Total comprehensive income for the period	-	-	-	17,050	17,050
Transactions with owners:					
Share-based payments	-	-	-	286	286
Shares issued under employee sharesave scheme	7	322	-	-	329
Dividends to Company shareholders	-	-	-	(18,404)	(18,404)
Total transactions with owners	7	322	-	(18,118)	(17,789)
At 2 June 2013	1,586	9,059	101	24,802	35,548

The notes on pages 27 to 52 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

	Notes	Group		Company	
		52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
Cash flows from operating activities					
Cash generated from operations	28	31,908	28,034	17,750	19,453
UK corporation tax paid		(4,291)	(4,476)	-	-
Overseas tax paid		(976)	(532)	-	-
Net cash from operating activities		26,641	23,026	17,750	19,453
Cash flows from investing activities					
Purchases of property, plant and equipment		(5,361)	(4,822)	-	-
Proceeds on disposal of property, plant and equipment	28	113	33	-	-
Purchases of other intangible assets		(3,398)	(1,626)	-	-
Expenditure on product development		(3,531)	(2,977)	-	-
Interest received		176	142	90	9
Net cash from investing activities		(12,001)	(9,250)	90	9
Cash flows from financing activities					
Proceeds from issue of ordinary share capital		329	707	329	707
Repayments of borrowings by related parties		-	-	-	220
Interest paid		(13)	-	-	-
Dividends paid to Company shareholders		(18,381)	(14,776)	(18,381)	(14,776)
Net cash from financing activities		(18,065)	(14,069)	(18,052)	(13,849)
Net (decrease)/increase in cash and cash equivalents		(3,425)	(293)	(212)	5,613
Opening cash and cash equivalents		17,358	17,572	5,932	254
Effects of foreign exchange rates on cash and cash equivalents		(2)	79	7	65
Closing cash and cash equivalents	20	13,931	17,358	5,727	5,932

The notes on pages 27 to 52 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 Hobby centres, independent retailers and direct via the internet and mail order. The Group has manufacturing activities in the UK and sells mainly in Western 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.

2. Summary of significant accounting policies

The principal accounting policies applied in these consolidated 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 52 weeks ended 2 June 2013 and for the 53 weeks ended 3 June 2012. 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 2 June 2013 and 3 June 2012 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 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 provided that a number of criteria are satisfied. These include the intention to use or sell the asset, technical feasibility, adequate resources being available to complete the development and probable future economic benefits being generated.

Product development costs recognised as intangible assets are amortised on a straight line basis over periods ranging between 6 and 48 months to match the expenditure incurred to the expected revenue generated from the subsequent product release.

Research expenditure is written off as incurred.

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 over the expected useful lives of the assets concerned. 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 the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

Other intangible assets continued

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
Website computer software	20
Other computer software	33-50

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 so as to write off the cost of property, plant and equipment, less any assigned residual value, on a straight line basis over the expected useful economic lives of the assets concerned 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 amortised over the period of the lease. Freehold land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

Finance income

Finance income is recognised as income in the period in which it is earned.

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 Hobby centres 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.

Finance leases

Finance leases which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in property, plant and equipment at the lower of the fair value of the leased property and the present value of minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's life and the lease term.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using a standard costing method. 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.

2. Summary of significant accounting policies continued

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. In the balance sheet, bank overdrafts are included in current financial liabilities.

Trade payables

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

Share-based payment

The Group operates an equity-settled employee sharesave scheme. Options are granted on an annual basis and are subject to either a two or three year service vesting condition. The fair value of the employee services received under the scheme, which is determined by use of the Black-Scholes Option Pricing Model, is recognised as an expense in the income statement with a corresponding increase in equity over the vesting period. At each balance sheet date, the Group revises its estimates of the number of share options that are expected to vest, with any revisions being recognised in the income statement. When an employee ceases saving and withdraws from the sharesave scheme, the remaining future charges in relation to the associated options are immediately recognised in the income statement.

The fair value of the employee services received under the scheme is recognised as an expense in the income statement of the subsidiary that benefits from the services.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

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.

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.

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 Hobby centres 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 (2012: 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.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

Taxation continued

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 that have an indefinite useful economic life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Provisions

Provisions are made when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

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.

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 fixtures and fittings within loss making Hobby centres, 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 Hobby centres, other property, bad debt and returns) and hence in setting the level of the required provisions.
- management estimates and judgements are required in assessing the recognition of deferred tax assets, particularly in relation to the timing and amount of future profits.

New accounting standards

There are no new standards or amendments to standards which are mandatory for the first time for the financial period ended 2 June 2013 which have a significant impact on the Group.

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.

3. Segment information

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

As Games Workshop is a vertically integrated business, management assess the performance of sales businesses and manufacturing and distribution businesses separately. At 2 June 2013, the Group is organised as follows:

- Sales businesses. These businesses sell product to external customers, through the Group's network of Hobby centres, independent retailers and direct via the global web store. The sales businesses have been aggregated into segments where they sell products of a similar nature, have similar production processes, similar customers, similar distribution methods and are affected by similar economic factors. The segments are as follows:
 - UK. This sales business operates in the UK and Ireland.
 - Continental Europe. This combines the France, Germany, Italy, Spain and Northern Europe sales businesses.
 - North America. This combines the United States and Canada sales businesses.
 - Australia. This is the Australia sales business.
 - Export. This is the export sales business selling into emerging market territories.
 - Asia. This combines the Japan, China retail and Asia trade sales businesses.
 - Other. This includes the other operating segments reviewed by the chief operating decision-maker. These are the Forge World business, the Black Library business, digital sales and Warhammer World.
- Product and Supply. This includes the design and manufacture of the products and incorporates production facilities in the UK and, until March 2013, in North America.
- Logistics and stock management. This represents the warehousing and distribution activities needed to supply product to the sales businesses and includes facilities in the UK, Australia and North America.
- Licensing costs. These are the costs of running the licensing department.
- Service centre costs. Service centres are established in the UK and in North America to provide support services (IT, accounting, payroll, personnel, supplier development and legal) to activities across the Group.
- Web costs. These are the costs associated with the running of the Games Workshop global web store.
- Central costs. These include the Company overheads, head office site costs and the costs of running the Games Workshop Academy.
- Profit in stock. This includes adjustments for profit in stock arising from inter-segment sales.
- Royalty income. This is royalty income earned from third party licensees.

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

The segment information reported to the executive directors for the 52 weeks ended 2 June 2013 is as follows:

	External revenue		Internal revenue		Total	
	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
<i>Sales businesses</i>						
UK	30,922	31,648	-	-	30,922	31,648
Continental Europe	39,452	40,757	-	-	39,452	40,757
North America	36,688	33,621	-	-	36,688	33,621
Australia	10,943	11,328	-	-	10,943	11,328
Export	1,741	1,700	-	-	1,741	1,700
Asia	1,854	1,737	-	-	1,854	1,737
All other sales businesses	12,997	10,218	1,719	1,900	14,716	12,118
<i>Other segments</i>						
Product and Supply	-	-	67,062	62,465	67,062	62,465
Total	134,597	131,009	68,781	64,365	203,378	195,374
Intra-group sales eliminations	-	-	(68,781)	(64,365)	(68,781)	(64,365)
Total revenue	134,597	131,009	-	-	134,597	131,009

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.

NOTES TO THE FINANCIAL STATEMENTS continued

3. Segment information continued

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

	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
Operating profit		
<i>Sales businesses</i>		
UK	5,227	4,663
Continental Europe	4,689	4,000
North America	3,336	4,211
Australia	756	(735)
Export	457	89
Asia	155	(624)
All other sales businesses	6,554	4,732
<i>Other segments</i>		
Product and Supply	27,425	26,028
Total segment core business operating profit	48,599	42,364
Logistics and stock management	(10,980)	(9,835)
Licensing costs	(321)	(273)
Service centre costs	(8,463)	(7,156)
Web costs	(1,673)	(2,271)
Central costs	(5,610)	(5,176)
Profit in stock	51	(932)
Share-based payment charge	(286)	(254)
Profit share scheme charge	(1,088)	(864)
Total group core business operating profit	20,229	15,603
Royalty income	1,025	3,537
Total group operating profit	21,254	19,140
Finance income	176	434
Finance costs	(35)	(100)
Profit before taxation	21,395	19,474

Costs of £172,000 for the 53 weeks ended 3 June 2012 relating to the UK property team have been restated since the last annual report into the UK sales business rather than being shown in Service centre costs. This reflects the current management structure in place.

Costs of £1,659,000 for the 53 weeks ended 3 June 2012 relating to finance, IT and personnel teams based in North America have been restated since the last annual report into Service centre costs rather than being shown in Product and Supply. This reflects the current management structure in place.

Costs of £906,000 for the 53 weeks ended 3 June 2012 in All other sales businesses, and costs of £3,796,000 for the 53 weeks to 3 June 2012 in Product and Supply have been reclassified from operating expenses to cost of sales to reflect a change in the classification of development costs with effect from 29 May 2011 (see note 10).

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

	Impairment		Depreciation and amortisation	
	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
<i>Sales businesses</i>				
UK	3	10	331	300
Continental Europe	10	(22)	477	625
North America	(77)	170	468	631
Australia	(5)	27	188	286
Export	-	-	-	23
Asia	-	6	35	20
All other sales businesses	-	-	1,070	1,077
<i>Other segments</i>				
Product and Supply	-	-	5,445	6,188
Total segment charges	(69)	191	8,014	9,150
Logistics and stock management	-	(280)	584	353
Web costs	-	-	379	584
Total group (credit)/charge	(69)	(89)	8,977	10,087

3. Segment information continued

The prior period impairment charges related to fixtures and fittings within loss making Hobby centres (£76,000) and impairment of computer software (£111,000). These charges were offset by the reversal of an amount of £280,000 in respect of the previous period impairment of the Group's European distribution hub.

An impairment reversal of £69,000 (2012: impairment of £76,000) relates to fixtures and fittings within loss making Hobby centres previously written down to estimated value in use for which impairment is no longer required. This has been credited or charged in selling costs in both periods.

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

	52 weeks ended 2 June 2013 £000	Restated* 53 weeks ended 3 June 2012 £000
Operating expenses		
<i>Sales businesses</i>		
UK	13,767	14,776
Continental Europe	19,908	21,060
North America	13,792	13,939
Australia	5,449	6,664
Export	260	639
Asia	964	1,469
All other sales businesses	1,892	2,169
<i>Other segments</i>		
Product and Supply	4,592	4,010
Total segment operating expenses	60,624	64,726
Logistics and stock management	131	(56)
Licensing costs	321	273
Service centre costs	8,463	7,156
Web costs	1,775	2,193
Central costs	5,437	5,176
Share-based payment charge	286	254
Profit share scheme charge	1,088	864
Total group operating expenses	78,125	80,586

*Prior periods have been restated to reflect a change in the classification of product design and development costs within the income statement with effect from 29 May 2011 (see note 10).

External revenue analysed by customer geographical location is as follows:

	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
UK	34,316	33,989
Continental Europe	43,519	43,998
North America	40,693	37,694
Asia Pacific	13,979	14,169
Rest of the World	2,090	1,159
	134,597	131,009

The Group is not reliant on any one individual customer.

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

	2013 £000	2012 £000
UK	27,896	24,110
All other countries	3,812	4,596
Total non-current assets (excluding deferred tax assets)	31,708	28,706

NOTES TO THE FINANCIAL STATEMENTS continued

3. Segment information continued

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

	Net charge/(credit) to inventory provisions		Impairment/(reversal of impairment) of receivables		Redundancy costs and compensation for loss of office		Net charge/(credit) to property provisions	
	52 weeks ended	53 weeks ended	52 weeks ended	53 weeks ended	52 weeks ended	53 weeks ended	52 weeks ended	53 weeks ended
	2 June 2013	3 June 2012	2 June 2013	3 June 2012	2 June 2013	3 June 2012	2 June 2013	3 June 2012
	£000	£000	£000	£000	£000	£000	£000	£000
<i>Sales businesses</i>								
UK	99	(10)	88	(11)	134	57	50	35
Continental Europe	-	-	89	144	453	618	44	3
North America	65	91	16	372	57	140	38	116
Australia	(1)	(5)	7	14	75	1	(37)	133
Export	-	-	-	10	-	142	-	-
Asia	(5)	7	-	1	-	253	-	(21)
All other sales businesses	-	67	79	(16)	5	101	-	-
<i>Other segments</i>								
Product and Supply	1,124	1,099	-	-	346	119	(58)	(83)
Total segment expense	1,282	1,249	279	514	1,070	1,431	37	183
Logistics and stock management	-	-	-	-	18	4	-	-
Service centre costs	-	-	-	-	72	236	-	-
Web costs	-	-	59	-	-	-	-	-
Central costs	-	-	-	-	865	-	-	-
Total group expense	1,282	1,249	338	514	2,025	1,671	37	183

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

4. Operating expenses

	52 weeks ended 2 June 2013	Restated* 53 weeks ended 3 June 2012
	£000	£000
Selling costs	48,254	51,919
Administrative expenses	29,871	28,667
	78,125	80,586

*Prior periods have been restated to reflect a change in the classification of development costs with effect from 29 May 2011 (see note 10).

5. Directors and employees

	Group		Company	
	52 weeks ended	53 weeks ended	52 weeks ended	53 weeks ended
	2 June 2013	3 June 2012	2 June 2013	3 June 2012
	£000	£000	£000	£000
Total directors' and employees' costs:				
Wages and salaries	43,888	45,166	1,522	1,781
Social security costs	5,272	5,483	183	227
Other pension costs	1,556	1,454	109	122
Share-based payment	286	254	-	-
	51,002	52,357	1,814	2,130

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 8.

Key management compensation

The remuneration of the directors and other key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 2 June 2013	53 weeks ended 3 June 2012
	£000	£000
Salaries and other short-term employee benefits	1,157	1,237
Post-employment benefits	148	149
Share-based payment	4	6
Other employee benefits	17	29
Compensation for loss of office	569	-
	1,895	1,421

5. Directors and employees continued

Key management compensation continued

Further information relating to directors' emoluments, shareholdings and share options is disclosed in the remuneration report on pages 16 to 18. Key management are the directors of the Company, the head of sales and the head of product and supply.

Employee numbers

	Group		Company	
	52 weeks ended 2 June 2013 Number	53 weeks ended 3 June 2012 Number	52 weeks ended 2 June 2013 Number	53 weeks ended 3 June 2012 Number
Monthly average number of employees (including executive directors) by activity:				
Design and development	145	114	-	-
Production	168	172	-	-
Selling:				
- Full time	916	1,010	-	-
- Part time	232	254	-	-
Administration	414	412	13	15
	1,875	1,962	13	15

6. Finance income

	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
Interest income:		
- On cash and cash equivalents	175	141
- Net foreign exchange gains on financing activities	-	292
- Other interest income receivable	1	1
	176	434

7. Finance costs

	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
Interest expense:		
- Unwinding of discount on provisions	12	100
- Other interest payable	14	-
- Net foreign exchange losses on financing activities	9	-
	35	100

NOTES TO THE FINANCIAL STATEMENTS continued

8. Profit before taxation

	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation:		
- Owned property, plant and equipment	5,099	5,785
- Impairment of property, plant and equipment	(69)	(200)
Amortisation:		
- Owned computer software	1,178	1,123
- Development costs	2,700	3,179
- Impairment of computer software	-	111
Non-capitalised development costs	2,087	1,523
Staff costs (excluding capitalised salary costs shown in note 14 and non-capitalised development costs above)	45,997	48,894
Impairment of trade receivables	338	514
Operating leases:		
- Hobby centres	9,945	10,330
- Other property	920	1,009
- Plant and equipment	105	96
- Other	210	195
Cost of inventories included in cost of sales	21,381	20,391
Net inventory provision creation (note 18)	1,282	1,249
Profit on disposal of property, plant and equipment	(7)	(8)
Loss on disposal of intangible assets	403	11
Redundancy costs and compensation for loss of office	2,025	1,671
Net charge to property provisions including closed or loss making Hobby centres (note 24)	37	183

Auditors' remuneration and services provided

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

	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
Audit services		
Audit of the Group and Company's financial statements	61	61
Other services		
The audit of the Company's subsidiaries pursuant to legislation	143	167
All other services	10	10
Total services provided	214	238

9. Income tax expense

	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
Current UK taxation:		
UK corporation tax on profits for the period	4,200	4,803
Over provision in respect of prior periods	(104)	(44)
	4,096	4,759
Current overseas taxation:		
Overseas corporation tax on profits for the period	802	880
Over provision in respect of prior periods	(107)	(96)
Total current taxation	4,791	5,543
Deferred taxation:		
Origination and reversal of timing differences	192	(851)
Under provision in respect of prior periods	94	68
Tax expense recognised in the income statement	5,077	4,760
Current tax credit relating to sharesave scheme	(232)	-
Deferred tax (credit)/charge relating to sharesave scheme	(41)	67
(Credit)/charge taken directly to equity	(273)	67

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

	52 weeks ended 2 June 2013 £000	53 weeks ended 3 June 2012 £000
Profit before taxation	21,395	19,474
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 23.83% (2012: 25.67%)	5,098	4,999
Effects of:		
Items not (assessable)/deductible for tax purposes	(384)	455
Movement in deferred tax not recognised	-	198
Deferred tax on losses now recognised	-	(1,437)
Higher tax rates on overseas earnings	480	617
Adjustments to tax charge in respect of prior periods	(117)	(72)
Total tax charge for the period	5,077	4,760

Included within the £480,000 disclosed above, £9,000 relates to changes in rates of UK corporation tax in the year. Further changes to the UK corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions to the main rate of corporation tax were substantively enacted as part of the Finance Act 2013 on 2 July 2013. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £52,000.

10. Change of accounting policy

Since the last annual report the Group has changed the application of its accounting policy for the classification of development costs within the income statement. Previously development costs were recognised in the income statement within operating expenses. Under the new policy, development costs are recognised in the income statement within cost of sales. Comparative amounts have been restated for the prior period as if the application of the new accounting policy had always been applied in accordance with IAS 1 (revised), 'Presentation of financial statements'. The Group believes that the new policy results in a fairer reflection of the nature of development costs in the Group income statement.

There is no impact on assets or liabilities reported at either 3 June 2012 or 29 May 2011, hence no balance sheet has been presented as at 29 May 2011.

The change in accounting policy has resulted in an increase in cost of sales and a decrease in operating expenses of £4,702,000 in the income statement for the 53 weeks to 3 June 2012.

The impact of the change in policy for the current financial period is an increase in cost of sales and a decrease in operating expenses of £4,787,000 in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS continued

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.

	52 weeks ended 2 June 2013	53 weeks ended 3 June 2012
Profit attributable to owners of the parent (£000)	16,318	14,714
Weighted average number of ordinary shares in issue (thousands)	31,671	31,423
Basic earnings per share (pence per share)	51.5	46.8

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.

	52 weeks ended 2 June 2013	53 weeks ended 3 June 2012
Profit attributable to owners of the parent (£000)	16,318	14,714
Weighted average number of ordinary shares in issue (thousands)	31,671	31,423
Adjustment for share options (thousands)	192	184
Weighted average number of ordinary shares for diluted earnings per share (thousands)	31,863	31,607
Diluted earnings per share (pence per share)	51.2	46.6

12. Dividends per share

A dividend of 18 pence per share, amounting to a total dividend of £5,711,000 and a dividend of 24 pence per share, amounting to a total dividend of £7,616,000 were declared and paid during the period. A further dividend of 16 pence per share, amounting to a total dividend of £5,077,000 was declared during the period and paid after the period end. The dividend payable is included in trade and other payables at 2 June 2013.

A dividend of 18 pence per share, amounting to a total dividend of £5,620,000 and a dividend of 29 pence per share, amounting to a total dividend of £9,156,000 were paid during the 53 weeks ended 3 June 2012. A further dividend of 16 pence per share, amounting to a total dividend of £5,054,000 was declared during the 53 weeks ended 3 June 2012 and paid during the current period.

13. Goodwill

	2013 £000	2012 £000
Group		
Cost at beginning of period and end of period	2,355	2,355
Accumulated amortisation at beginning of period and end of period	(922)	(922)
Net book value at beginning of period and end of period	1,433	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 and Triple K Plastic Injection Moulding Limited.

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, a long term growth rate no higher than 2% (2012: 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 10.25% (2012: 10.5%).

Management determined 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 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 29 May 2011 and 30 May 2011	9,321	18,239	27,560
Additions	1,626	2,977	4,603
Exchange differences	42	-	42
Disposals	(84)	(11)	(95)
At 3 June 2012 and 4 June 2012	10,905	21,205	32,110
Additions	3,605	3,531	7,136
Exchange differences	58	-	58
Disposals	(1,617)	(2,722)	(4,339)
At 2 June 2013	12,951	22,014	34,965
Amortisation			
At 29 May 2011 and 30 May 2011	(6,878)	(15,714)	(22,592)
Amortisation charge	(1,123)	(3,179)	(4,302)
Exchange differences	(12)	-	(12)
Impairment	(111)	-	(111)
Disposals	83	1	84
At 3 June 2012 and 4 June 2012	(8,041)	(18,892)	(26,933)
Amortisation charge	(1,178)	(2,700)	(3,878)
Exchange differences	(57)	-	(57)
Disposals	1,214	2,722	3,936
At 2 June 2013	(8,062)	(18,870)	(26,932)
Net book amount			
At 3 June 2012	2,864	2,313	5,177
At 2 June 2013	4,889	3,144	8,033

Amortisation of £2,949,000 (2012 as restated: £3,236,000) has been charged in cost of sales and £929,000 (2012 as restated: £1,066,000) in operating expenses.

The net book amount of internally generated intangible assets is £3,561,000 (2012: £2,591,000) and acquired intangible assets is £4,472,000 (2012: £2,586,000). All development costs are internally generated and £2,569,000 (2012: £1,868,000) is capitalised salary costs.

Salary costs of £349,000 (2012: £88,000) were capitalised during the period as part of computer software.

Assets in the course of development, and not amortised, amount to £3,142,000 (2012: £nil). These are included in computer software above and relate to the new web store which is planned to be launched in April 2014.

An impairment loss of £nil (2012: £111,000) was recognised in relation to computer software.

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

NOTES TO THE FINANCIAL STATEMENTS continued

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 29 May 2011 and 30 May 2011	14,417	18,337	21,493	23,440	77,687
Additions	346	1,898	1,134	1,750	5,128
Exchange differences	-	33	(173)	48	(92)
Disposals	-	(840)	(847)	(29)	(1,716)
At 3 June 2012 and 4 June 2012	14,763	19,428	21,607	25,209	81,007
Additions	7	1,556	1,472	2,091	5,126
Exchange differences	-	110	424	(13)	521
Disposals	-	(2,398)	(2,007)	(1,032)	(5,437)
At 2 June 2013	14,770	18,696	21,496	26,255	81,217
Depreciation					
At 29 May 2011 and 30 May 2011	(4,358)	(14,829)	(18,600)	(18,853)	(56,640)
Charge for the period	(365)	(1,590)	(1,548)	(2,282)	(5,785)
Exchange differences	-	(31)	173	(48)	94
Impairment	280	(4)	(76)	-	200
Disposals	-	833	838	20	1,691
At 3 June 2012 and 4 June 2012	(4,443)	(15,621)	(19,213)	(21,163)	(60,440)
Charge for the period	(265)	(1,702)	(1,308)	(1,824)	(5,099)
Exchange differences	-	(100)	(387)	13	(474)
Impairment	-	-	69	-	69
Disposals	-	2,365	1,996	970	5,331
At 2 June 2013	(4,708)	(15,058)	(18,843)	(22,004)	(60,613)
Net book amount					
At 3 June 2012	10,320	3,807	2,394	4,046	20,567
At 2 June 2013	10,062	3,638	2,653	4,251	20,604

Depreciation expense of £3,292,000 (2012 as restated: £3,440,000) has been charged in cost of sales, £1,446,000 (2012: £1,646,000) in selling costs and £361,000 (2012: £699,000) in administrative expenses.

Freehold land amounting to £3,836,000 (2012: £3,836,000) has not been depreciated.

Assets in the course of construction, and not depreciated, amount to £140,000 (2012: £556,000). These are included in moulding tools above.

An impairment reversal of £69,000 (2012: impairment of £76,000) relates to fixtures and fittings within loss making Hobby centres previously written down to estimated value in use for which impairment is no longer required. This has been credited or charged in selling costs in both periods.

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

16. Investments in subsidiaries

	2013	2012
Company	£000	£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 principal 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:

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by:		Principal business activity
			Company	Subsidiary Company	
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%	Distributor and retailer of games and miniatures
EURL Games Workshop	France	euro 1		100%	Distributor and retailer of games and miniatures
Games Workshop SL	Spain	euro 1		100%	Distributor and 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%	Distributor and retailer of games and miniatures
Games Workshop Limited	New Zealand	NZ \$1		100%	Distributor and retailer of games and miniatures
Games Workshop Italia SRL	Italy	euro 1		100%	Distributor and 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%	Retailer of games and miniatures

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	
	2013 £000	2012 £000	2013 £000	2012 £000
Deferred tax assets:				
- deferred tax asset to be recovered after more than 12 months	2,704	2,984	2	2
- deferred tax asset to be recovered within 12 months	4,517	4,351	3	4
	7,221	7,335	5	6

The gross movement on the deferred tax account is as follows:

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Beginning of period	7,335	6,475	6	21
Exchange differences	131	144	-	-
Income statement (charge)/credit	(286)	783	(1)	(15)
Credited/(charged) directly to retained earnings	41	(67)	-	-
End of period	7,221	7,335	5	6

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

Group	Accelerated	Development	Losses	Other	Total
	depreciation £000	costs £000	available for offset £000	£000	£000
At 29 May 2011 and 30 May 2011	2,109	(656)	4,030	992	6,475
Credited/(charged) to the income statement	101	101	(579)	1,160	783
Charged to equity	-	-	-	(67)	(67)
Exchange differences	(31)	-	171	4	144
At 3 June 2012 and 4 June 2012	2,179	(555)	3,622	2,089	7,335
(Charged)/credited to the income statement	(197)	(168)	(284)	363	(286)
Credited to equity	-	-	-	41	41
Exchange differences	43	-	69	19	131
At 2 June 2013	2,025	(723)	3,407	2,512	7,221

Other deferred tax assets include deferred tax on adjustments for profit in stock arising from intra-group sales of £1,480,000 (2012: £800,000).

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 3 June 2012 or 2 June 2013 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	Other	Total
	depreciation £000	£000	£000
At 29 May 2011 and 30 May 2011	5	16	21
Charged to the income statement	(3)	(12)	(15)
At 3 June 2012 and 4 June 2012	2	4	6
Charged to the income statement	-	(1)	(1)
At 2 June 2013	2	3	5

18. Inventories

Group	2013 £000	2012 £000
Raw materials	534	901
Work in progress	594	1,160
Finished goods and goods for resale	7,042	7,416
	8,170	9,477

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

There is no material difference between the balance sheet value of inventories and their replacement cost.

During the period, the Group utilised an inventory provision of £935,000 (2012: £819,000) and £1,282,000 (2012: £1,249,000) has been charged to the income statement.

The Company holds no inventories at either period end.

19. Trade and other receivables

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade receivables	6,555	7,462	-	-
Less provision for impairment of receivables	(416)	(684)	-	-
Trade receivables - net	6,139	6,778	-	-
Prepayments and accrued income	4,427	4,034	35	17
Other receivables	1,936	1,785	-	-
Receivables from related parties	-	-	1,107	1,190
Loans to related parties	-	-	3,900	3,900
Total trade and other receivables	12,502	12,597	5,042	5,107
Non-current receivables:				
Prepayments and accrued income	205	183	-	-
Other receivables	1,433	1,346	-	-
Loans to related parties	-	-	3,900	3,900
Non-current portion	1,638	1,529	3,900	3,900
Current portion	10,864	11,068	1,142	1,207

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:

	2013			2012		
	Not impaired £000	Impaired £000	Total £000	Not impaired £000	Impaired £000	Total £000
Up to 3 months past due	350	63	413	569	108	677
3 to 12 months past due	135	255	390	109	279	388
Over 12 months past due	-	62	62	3	194	197
	485	380	865	681	581	1,262

In addition to the above, current debt of £36,000 (2012: £103,000) has been impaired.

NOTES TO THE FINANCIAL STATEMENTS continued

19. Trade and other receivables continued

Provision for impairment of receivables

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

Group	£000
At 29 May 2011 and 30 May 2011	762
Charge for the period	728
Unused amounts reversed	(214)
Receivables written off during the period as uncollectible	(592)
At 3 June 2012 and 4 June 2012	684
Charge for the period	362
Unused amounts reversed	(24)
Receivables written off during the period as uncollectible	(606)
At 2 June 2013	416

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

	2013	2012
	£000	£000
Sterling	4,835	4,721
Euro	3,507	3,718
US dollar	2,418	2,242
Other currencies	1,742	1,916
Total trade and other receivables	12,502	12,597

20. Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Cash at bank and in hand	13,019	13,945	5,727	5,932
Short-term bank deposits	912	3,413	-	-
Cash and cash equivalents	13,931	17,358	5,727	5,932

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. Cash and cash equivalents and short-term deposits are floating rate assets which earn interest at various rates with reference to the prevailing interest rates. Short-term deposits have an average maturity of 95 days (2012: 85 days).

No borrowing facilities were in place at 3 June 2012 or 2 June 2013.

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 chief operating officer and the Group's treasury policies, including hedging policies, are reviewed to ensure they remain appropriate.

21. Financial risk factors continued

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:

	2013	2012
	Income	Income
	gain/(loss)	gain/(loss)
Group	£000	£000
10% appreciation of the US dollar (2012: 10%)	887	546
10% appreciation of the euro (2012: 10%)	(374)	(306)

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 following repayment of its borrowings 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 Hobby centres or via direct are made in cash or with major credit cards.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

21. Financial risk factors continued

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 maturity dates 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.

Group	2013				2012			
	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000
Trade and other payables	16,728	-	-	-	16,107	-	-	-
Provisions for redundancies and property	633	147	142	-	860	469	219	-
	17,361	147	142	-	16,967	469	219	-

Company	2013 Within 1 year £000	2012 Within 1 year £000
Trade and other payables	5,782	5,285
	5,782	5,285

Financial instruments by category

	Group		Company	
	Loans and receivables 2013 £000	2012 £000	Loans and receivables 2013 £000	2012 £000
Financial assets as per balance sheet				
Trade receivables	6,139	6,778	-	-
Accrued income	166	10	-	-
Other receivables	1,936	1,785	-	-
Receivables from related parties	-	-	1,107	1,190
Loans to related parties	-	-	3,900	3,900
Cash and cash equivalents	13,931	17,358	5,727	5,932
Total	22,172	25,931	10,734	11,022

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

	Group		Company	
	Financial liabilities at amortised cost 2013 £000	2012 £000	Financial liabilities at amortised cost 2013 £000	2012 £000
Financial liabilities as per balance sheet				
Trade payables	4,899	4,628	154	31
Other payables	3,945	4,081	18	20
Accruals	2,807	2,344	155	180
Payables to related parties	-	-	378	-
Dividends payable to Company shareholders	5,077	5,054	5,077	5,054
Total	16,728	16,107	5,782	5,285

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

22. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
Current	£000	£000	£000	£000
Trade payables	4,899	4,628	154	31
Other taxes and social security	872	1,640	19	47
Other payables	3,945	4,081	18	20
Accruals	3,556	3,199	155	180
Deferred income	1,288	1,001	-	-
Payables to related parties	-	-	378	-
Dividends payable to Company shareholders	5,077	5,054	5,077	5,054
	19,637	19,603	5,801	5,332

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

23. Other non-current liabilities

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Accruals	360	300	-	-
Deferred income	-	1	-	-
	360	301	-	-

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:

	2013	2012
	£000	£000
Sterling	12,841	12,394
Euro	3,604	3,488
US dollar	2,201	2,509
Other currencies	1,351	1,513
Total trade and other payables and other non-current liabilities	19,997	19,904

24. Provisions

Analysis of total provisions:

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Current	946	1,172	9	2
Non-current	758	1,189	-	8
	1,704	2,361	9	10

Group	Employee benefits		Property	Total
	£000	£000		
At 3 June 2012		832	1,529	2,361
Charged/(credited) to the income statement:				
- Additional provisions		73	403	476
- Unused amounts reversed		(87)	(366)	(453)
Exchange differences		15	6	21
Discount unwinding (note 7)		-	12	12
Utilised		(82)	(631)	(713)
At 2 June 2013		751	953	1,704

Company	Employee benefits		Total
	£000	£000	
At 3 June 2012		10	10
Charged/(credited) to the income statement:			
- Additional provisions		7	7
- Unused amounts reversed		(8)	(8)
At 2 June 2013		9	9

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

NOTES TO THE FINANCIAL STATEMENTS continued

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 costs of these benefits are 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 2016. The estimated liability is discounted to its present value using a discount rate of 3.0% (2012: 2.0%).

25. Share capital

Group and Company	Number of shares (thousands)	Ordinary shares £000	Share premium account £000	Total £000
At 3 June 2012	31,589	1,579	8,737	10,316
Shares issued under employee sharesave scheme	144	7	322	329
At 2 June 2013	31,733	1,586	9,059	10,645

During the period 143,805 ordinary shares were issued (2012: 367,131). The total authorised number of shares is 42,000,000 shares (2012: 42,000,000 shares) with a par value of 5p per share (2012: 5p per share). All issued shares are fully paid.

Share options

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Date granted	Number of shares		Exercise price in pence per share	Exercise dates
	2013	2012		
28 September 2009	-	138,499	220.7p	Nov 2012 to Apr 2013
27 September 2010	119,906	127,830	340.7p	Nov 2013 to Apr 2014
27 September 2010	1,729	1,729	346.4p	Nov 2013 to Apr 2014
1 October 2010	-	4,864	367.6p	Nov 2012
28 September 2011	232,114	279,127	358.0p	Nov 2014 to Apr 2015
1 October 2011	3,094	3,959	359.8p	Nov 2013
1 October 2012	151,912	-	535.3p	Nov 2015 to Apr 2016
1 October 2012	2,067	-	537.7p	Nov 2015 to Apr 2016
1 October 2012	13,366	-	573.8p	Oct 2014
	524,188	556,008		

Movements in the number of share options outstanding are as follows:

	2013 Approved and unapproved share schemes	2012 Approved and unapproved share schemes
At start of period	556,008	674,306
Granted	191,140	298,465
Forfeited	(79,155)	(49,632)
Exercised	(143,805)	(367,131)
At end of period	524,188	556,008

The weighted average share price at the time of exercise of options during the current period was 650.2p (2012: 478.6p).

Movements in the weighted average exercise price of the approved and unapproved share schemes are as follows:

	2013	2012
At start of period	320p	233p
Granted	538p	358p
Forfeited	406p	312p
Exercised	229p	193p
At end of period	412p	320p

Out of the 524,188 outstanding options (2012: 556,008 options), no options (2012: no options) were exercisable at 2 June 2013.

25. Share capital continued

IFRS 2, 'Share-based payment', requires the fair value of all share options granted after 7 November 2002 to be charged to the income statement. For options granted after 7 November 2002, the fair value of the option must be assessed on the date of each grant.

The fair value of share options granted is determined using the Black-Scholes valuation model. The significant inputs into the model were as follows:

Group and Company	Share price (pence)	Option exercise price (pence)	Vesting period	Option life	Expected volatility	Risk free rate of return (%)	Dividend yield (%)	Fair value per option (pence)
Employee sharesave schemes:								
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2009 granted options non-US employees	297p	220.7p	36 mths	42 mths	48%	4.6%	-	138.9p
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2010 granted options non-US and French employees	450p	340.7p	36 mths	42 mths	47%	4.2%	5.6%	153.3p
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2010 granted options US employees	434p	367.6p	24 mths	24 mths	45%	4.2%	5.6%	117.7p
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2010 granted options French employees	450p	346.4p	36 mths	42 mths	47%	4.2%	5.6%	151.1p
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2011 granted options non-US employees	448p	358.0p	36 mths	42 mths	42%	2.8%	10.3%	92.6p
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2011 granted options US employees	423p	359.8p	24 mths	24 mths	31%	2.3%	10.3%	59.4p
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2012 granted options non-US and French employees	669p	535.3p	36 mths	42 mths	49%	3.0%	7.4%	193.8p
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2012 granted options French employees	672p	537.7p	36 mths	42 mths	49%	3.0%	7.4%	194.7p
Games Workshop Group PLC 2005 Savings-Related Share Option Scheme 2012 granted options US employees	675p	573.8p	24 mths	24 mths	26%	3.8%	7.4%	107.3p

The expected volatility was determined by reference to the volatility in the share price using rolling one year periods for the three years immediately preceding the grant date. The risk free rate of return is based upon UK gilt rates with an equivalent term to the options granted. Dividend yield is based on historic performance.

26. Other reserves

Group	2013				2012			
	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	3,392	(1,050)	2,443	101	3,690	(1,050)	2,741
Exchange differences on translation of foreign operations	-	445	-	445	-	(298)	-	(298)
End of period	101	3,837	(1,050)	2,888	101	3,392	(1,050)	2,443

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

As at 2 June 2013, the Company's capital redemption reserve was £101,000 (2012: £101,000). The Company had no other reserves in addition to the capital redemption reserve at either period end.

NOTES TO THE FINANCIAL STATEMENTS continued

27. Retained earnings

Group	£000
At 29 May 2011 and 30 May 2011	40,777
Profit attributable to owners of the parent	14,714
Deferred tax on share options	(67)
Share-based payments	254
Dividends to Company shareholders	(19,830)
At 3 June 2012 and 4 June 2012	35,848
Profit attributable to owners of the parent	16,318
Deferred tax on share options	41
Corporation tax on share options	232
Share-based payments	286
Dividends to Company shareholders	(18,404)
At 2 June 2013	34,321

Cumulative goodwill relating to acquisitions made prior to 1998, which has been eliminated against reserves, amounts to £1,159,000 (2012: £1,159,000).

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

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Operating profit/(loss)	21,254	19,140	(2,766)	(2,455)
Depreciation of property, plant and equipment	5,099	5,785	-	-
Net impairment reversal on property, plant and equipment	(69)	(200)	-	-
Net impairment charge on intangible assets	-	111	-	-
Profit on disposal of property, plant and equipment (see below)	(7)	(8)	-	-
Loss on disposal of intangible assets (see below)	403	11	-	-
Amortisation of capitalised development costs	2,700	3,179	-	-
Amortisation of other intangibles	1,178	1,123	-	-
Share-based payments	286	254	-	-
Dividend income from investments in subsidiary undertakings	-	-	19,101	21,050
Changes in working capital:				
- Decrease/(increase) in inventories	1,422	(861)	-	-
- Decrease/(increase) in trade and other receivables	315	(1,091)	975	928
- Increase/(decrease) in trade and other payables	17	1,392	440	(74)
- (Decrease)/increase in provisions	(690)	(801)	-	4
Net cash from operating activities	31,908	28,034	17,750	19,453

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

	2013 £000	2012 £000
Net book amount	106	25
Profit on sale of property, plant and equipment	7	8
Proceeds from sale of property, plant and equipment	113	33

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

The Group disposed of intangible assets with a net book amount of £403,000 during the period (2012: £11,000). There were no proceeds on disposal in either period and hence a loss on disposal equivalent to the net book amount was recorded.

The Company sold no other intangibles during either period.

29. Analysis of net funds

Group	As at 3 June 2012 £000	Cash flow £000	Exchange movement £000	As at 2 June 2013 £000
Cash at bank and in hand	17,358	(3,425)	(2)	13,931
Net funds	17,358	(3,425)	(2)	13,931

Company	As at 3 June 2012 £000	Cash flow £000	Exchange movement £000	As at 2 June 2013 £000
Cash at bank and in hand	5,932	(212)	7	5,727
Net funds	5,932	(212)	7	5,727

30. Reconciliation of net cash flow to movement in net funds

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
(Decrease)/increase in cash and cash equivalents in the period resulting from cash flows	(3,425)	(293)	(212)	5,613
Change in net funds resulting from cash flows	(3,425)	(293)	(212)	5,613
Exchange movement	(2)	79	7	65
Net funds at start of period	17,358	17,572	5,932	254
Net funds at end of period	13,931	17,358	5,727	5,932

31. Commitments

Capital commitments

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

Group	2013 £000	2012 £000
Property, plant and equipment	484	1,894

The Company had no capital commitments at either period end.

Operating lease commitments

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

Group	2013			2012		
	Hobby centres £000	Other property £000	Other £000	Hobby centres £000	Other property £000	Other £000
Within 1 year	6,161	673	228	7,310	1,011	216
Between 2 and 5 years inclusive	14,289	1,269	299	13,261	1,447	262
In over 5 years	2,028	52	-	1,830	109	1
	22,478	1,994	527	22,401	2,567	479

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

Inventory purchase commitments

Group	2013 £000	2012 £000
Raw materials	214	1,146

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.

NOTES TO THE FINANCIAL STATEMENTS continued

32. Contingencies

The Group and Company had no contingent liabilities that are expected to give rise to material liabilities at either period end.

The Group has contingent liabilities in respect of the potential reversionary interest in sub-let leasehold properties amounting to £189,000 (2012: £383,000).

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 £1,585,000 (2012: £1,964,000).

33. 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	2013 £000	2012 £000
Games Workshop International Limited	Dividends receivable	1,000	15,250
Games Workshop Limited	Recharges	405	404
	Dividends receivable	14,500	5,800
Games Workshop Retail Inc.	Dividends receivable	3,601	-

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

Subsidiary	Amounts owed by subsidiaries		Amounts owed to subsidiaries	
	2013 £000	2012 £000	2013 £000	2012 £000
Games Workshop Group PLC Employee Share Trust	48	45	-	-
Games Workshop Limited	897	929	-	-
Games Workshop Retail Inc.	-	22	(87)	-
EURL Games Workshop	4	19	-	-
Games Workshop SL	13	6	-	-
Games Workshop Oz Pty Limited	3	14	-	-
Games Workshop Deutschland GmbH	11	6	-	-
Games Workshop (Shanghai) Co. Limited	-	5	-	-
Games Workshop International Limited	-	43	(291)	-
Games Workshop (Queen Street) Limited	5	1	-	-
Games Workshop Italia SRL	120	98	-	-
Games Workshop Stockholm AB	5	1	-	-
Games Workshop Limited (New Zealand)	1	1	-	-
	1,107	1,190	(378)	-

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

Subsidiary	Amounts owed by subsidiaries	
	2013 £000	2012 £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

FIVE YEAR SUMMARY

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Continuing operations					
Revenue	134,597	131,009	123,052	126,511	125,706
Continuing operations					
Operating profit - pre-royalties receivable	20,229	15,603	12,789	12,989	5,462
Royalties receivable	1,025	3,537	2,455	3,991	4,234
Operating profit	21,254	19,140	15,244	16,980	9,696
Finance income	176	434	132	442	333
Finance costs	(35)	(100)	(89)	(367)	(1,808)
Profit before taxation	21,395	19,474	15,287	17,055	8,221
Income tax expense	(5,077)	(4,760)	(4,047)	(1,302)	(2,321)
Profit attributable to owners of the parent - continuing	16,318	14,714	11,240	15,753	5,900
Profit attributable to owners of the parent - discontinued	-	-	-	-	118
Basic earnings per ordinary share	51.5p	46.8p	36.0p	50.6p	19.3p

FINANCIAL CALENDAR

Annual general meeting
 Announcement of half year results
 Financial year end
 Announcement of final results

18 September 2013
 January 2014
 1 June 2014
 July 2014

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 18 September 2013 for the following purposes:

Ordinary business

As ordinary business to consider and, if thought fit, to pass the following resolutions 1 to 6 as ordinary resolutions:

Resolution 1

To receive the Company's annual accounts for the year ended 2 June 2013 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 re-elect T H F Kirby as a director.

Resolution 3

To re-elect C J Myatt as a director.

Resolution 4

To re-elect N J Donaldson as a director.

Resolution 5

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 and to authorise the directors to fix their remuneration.

Resolution 6

To approve the remuneration report for the year ended 2 June 2013.

Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 7 will be proposed as an ordinary resolution and resolutions 8 and 9 will be proposed as special resolutions.

Resolution 7

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 £523,587 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 17 December 2014 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 8

That subject to the passing of resolution 7 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 7 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 £79,331.

The power granted by this resolution will expire on 17 December 2014 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 9

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 17 December 2014 whichever is the earlier;
- (b) the maximum aggregate number of ordinary shares that may be purchased is 4,728,153 ;
- (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

29 July 2013

Registered office:

Willow Road, Lenton

Nottingham

NG7 2WS

Registered in England and Wales under number 2670969

Notes

1. Only those members registered on the Company's register of members at 6.00 pm on 16 September 2013 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).

NOTICE OF ANNUAL GENERAL MEETING continued

Notes continued

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. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.
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 26 July 2013 (being the last practical date prior to the publication of this notice), the Company's issued share capital comprised 31,732,576 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 26 July 2013 is 31,732,576. 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.
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). 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.