

GAMES WORKSHOP GROUP PLC

Annual report 2016



FINANCIAL HIGHLIGHTS

	2016	2015
	£000	£000
Revenue	118,069	119,132
Revenue at constant currency*	118,192	119,132
Operating profit - pre-royalties receivable	10,921	14,979
Royalties receivable	5,939	1,498
Operating profit	16,860	16,477
Profit before taxation	16,948	16,585
Cash generated from operations	26,782	25,579
Earnings per share	42.1p	38.3p
Dividends per share declared in the year	40p	52p

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*Constant currency revenue is calculated by comparing results in the underlying currencies for 2016 and 2015, both converted at the 2015 average exchange rates as set out on page 10.

CHAIRMAN'S PREAMBLE

Comply or explain – an effective board

The board spent a day recently debating the fact that many proxy votes were cast against it. They were mostly aimed at the remuneration policy (a very fashionable topic these days), the non-executive directors who have served 'too long' and, me, the chairman on numerous counts

As the voting at the AGM itself was unanimously in favour of all resolutions, we would be safe ignoring these proxies, cast as they are, largely, by institutional investors and often by their compliance teams and not the fund managers themselves. Nevertheless they raise two issues: have we explained ourselves properly, and does anyone take any notice if we do? We explain ourselves thoroughly in our corporate governance report (page 17) but some are missed by looking too closely at the detail.

The first issue I will address here by going through the FINANCIAL REPORTING COUNCIL GUIDANCE ON BOARD EFFECTIVENESS (Hogg, 2011) line by line and explaining where we do and do not comply. I have used this summary document rather than the full Code as it was published 'to assist companies in applying the principles of the UK Corporate Governance Code'. The principles are the most important thing and we none of us want to get hung up on word interpretation. It may take some time but please read on

The second issue will become apparent as time goes by

We are charged with being effective and it is a right and proper responsibility. I will quote the Guidance in italics and say what we do afterwards:

The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed¹

I prefer 'effective' to 'entrepreneurial', nevertheless the board at Games Workshop sees this as its main responsibility. We comply.

An effective board develops and promotes its collective vision of the company's purpose, its culture, its values and the behaviours it wishes to promote in conducting its business

In particular it: provides direction for management; demonstrates ethical leadership, displaying – and promoting throughout the company – behaviours consistent with the culture and values it has defined for the organisation²; creates a performance culture that drives value creation without exposing the company to excessive risk of value destruction³; makes well-informed and high-quality decisions based on a clear line of sight into the business, creates the right framework for helping directors meet their statutory duties under the Companies Act 2006, and/or other relevant statutory and regulatory regimes, is accountable, particularly to those that provide the company's capital, and thinks carefully about its governance arrangements and embraces evaluation of their effectiveness

We do all these and take every point very seriously. We comply. The line where some will disagree with us is this one: *creates a performance culture that drives value creation without exposing the company to excessive risk of value destruction³*. We do not have LTIPs or any bonus schemes for senior management. We do have payment schemes designed to encourage store managers to sell more, and we have a company wide scheme that allows all employees to share in profitable growth. It rewards ALL employees not just the chosen few. Both schemes are designed to enhance value. LTIPs and bonuses for senior staff are deemed to be necessary by some to encourage value creation, but more, to ensure longevity of staff and help with succession planning. These are not needed at Games Workshop⁴. Our executive directors both have around 20 years service with the company. Their likely replacements have been here a similar length of time (well over 10 years). And, yes, they will be internal appointments. In fact, we see 10 years as the running-in period. I suspect these schemes are needed in businesses that have an eternal merry-go-round of executives who appear and disappear with monotonous regularity. They are not needed at Games Workshop, and I trust they never will be. Furthermore I believe they are fundamentally self-serving and disastrously value destroying. Nothing leaves a sourer taste in the mouth than executives lining their own pockets and claiming it is for the long term good of the business before moving on to their next golden handshake clutching their golden parachute.

At Games Workshop we employ people with integrity. People with integrity always work as hard as they can and always for the good of the business.

¹ This sounds like a contradiction in terms, and, of course, it is. Entrepreneurial is an odd word to use. Most boards aren't and shouldn't be. Those that are need to be left to get on with it.

² We do this, and I bet we are one of the few who do it properly.

³ Cute use of the word 'excessive'.

⁴ This isn't just theory as we tried it and it was counter-productive.

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Comply or explain – an effective board continued

An effective board should not necessarily be a comfortable place. Challenge, as well as teamwork, is an essential feature. Diversity in board composition is an important driver of a board's effectiveness, creating a breadth of perspective among directors, and breaking down a tendency towards 'group think'

We believe we do comply with the intent of this paragraph, whilst acknowledging some may think we do not.

We fully agree that 'group think' is a bad thing. We fully agree that challenge is an essential ingredient in an effective board, as is teamwork. We do not agree that diversity for its own sake is the answer⁵. We believe that each director must be independent of mind. To imply that someone is not independent minded because of time served or sex or ethnicity or religion or whatever else is false.

Worse, it implies that 'diversity' adds value, allowing groups and sub-groups to be added to an eternally growing list until the whole thing is reduced *ad absurdum*.

I recently received a letter congratulating the board on recruiting a woman as NED, to address our diversity issues. How sexist is that? It is not our board that is suffering from 'group think'.

Only independence of mind counts. There are no proxies, no quotas that get around it. Rubbish directors are rubbish directors. The fact that they allow boxes to be ticked on arcane lists doesn't make them effective. Good, independent minded directors are as hens' teeth, gold dust. We have six. Including me.

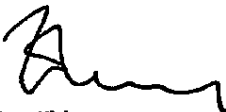
One thing Hogg makes very clear is: *Ultimately it is for individual boards to decide on the governance arrangements most appropriate to their circumstances, and interpret the Code and guidance accordingly*. Institutions should take this more seriously. Their one-size-fits-all compliance regime is becoming antithetical to the whole process, and risks bringing their industry into disrepute.

Games Workshop – the IP play

Over the years we have been exhorted by some to develop our revenue stream by 'leveraging' our IP. Using our great imagery we could do all sorts of lucrative and exciting value-enhancing (i.e. take private and re-float) deals. Actually, what they really mean is: do a movie!

We have never NOT done licensing deals, as you can see from the steady stream of royalties we earn; it's just that we believe we must do them on our terms and not prostitute the business to any and every deal that comes along. If we do a movie (along with the concomitant abandonment of the toy rights⁶) it will be on terms that do not compromise our business. It isn't likely.

Long term owners will notice a big increase in royalty income this year. Have we sold out at last? No, it's just that working closely with the myriad app developers, and being more precise with the terms we offer, we have increased the number of 'computer'⁷ games in the market.



Tom Kirby
Non-executive chairman
25 July 2016

⁵ 'Diversity' is becoming a group think word itself. The cure for all our ills! Nirvana!

⁶ Anyone doubting this aspect of movies needs to read how Marvel prevented an Iron Man movie having a female as the main baddie because it would hurt the toy sales.

⁷ This covers phone, tablet, PC and console. We have products on all these platforms.

STRATEGIC REPORT

Strategy and objectives

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

Let me go through it part by part.

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

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

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

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

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

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

Business model and structure

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

We are an international business centrally run from our HQ in Nottingham, with 72% of our sales coming from outside the UK.

Design

Employing 181 people, the design studio in Nottingham creates all the IP and the miniatures, artwork, games and publications that we sell. In 2015/16 we invested £7.5 million in the studio (including software costs) with a further £2.2 million spent on tooling for new plastic miniatures. We are committed to a similar level of investment every year.

Manufacture

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

Distribute

All of our product is initially distributed from our warehouse facility in Nottingham. This facility supplies our two hubs in Memphis, Tennessee and Sydney, Australia and either directly to our trade accounts and retail stores or via a third party carrier. Our project to upgrade the IT infrastructure and software for the warehouse that supports our mail order store based in Nottingham will be delivered in the Autumn of 2016/17.

Business model and structure continued

Sell

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

Retail - provides the focus for the Hobby in their areas. They only stock Games Workshop product. They are where we recruit the majority of our new customers. To do so the stores don't offer the full range of our product, just new release product and the appropriate extended range. At the year end we had 451 Games Workshop stores in 20 countries. Our stores contributed 41% of the year's sales. We have 355 one man stores, small sites, each one staffed by only one store manager. We also have 96 multi-man stores, which are constantly reviewed to ensure they remain profitable. If not, they will be closed and replaced with one man stores.

Trade - we sell to third party retailers under closely controlled terms and conditions. They help us sell our products around the world and importantly in areas where we don't have our own stores. Independent retailers are an integral part of our business model, Games Workshop strives to support those outlets which help to build the Hobby community in their local area. The bulk of these sales are made via our telesales teams based in Memphis and Nottingham. We also have small teams in Sydney, Tokyo and Shanghai. In 2015/16 we had 3,800 independent retailers (2015: 3,700) in 55 countries. We have successfully introduced over the last few years a stockist programme which is designed to sell the right amount of stock into every account in line with their store format and performance. This programme is reviewed annually. The intention is that we stock all of our stockist accounts with our best sellers. We strive to deliver excellent service, operating in 18 languages covering all time zones. 38% of our sales came from sales to independent retailers in the year reported.

Mail order - the mail order store allows enthusiasts full access to all Games Workshop products. It is run centrally from Nottingham. It accounted for 21% of total sales in 2015/16. All of our stores also have a web store terminal that allows our retail customers access to the full range.

Structure

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

My channel sales structure comprises retail, trade and mail order. This structure is made up of four key territory retail sales managers in the UK, North America, Continental Europe and Australia and New Zealand. We also have a global trade manager and a global mail order manager along with a sales manager for Asia. During the year I appointed a new global merchandising and marketing manager.

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

Key performance indicators

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

Our key financial performance indicators are:

Moving Annual Total ('MAT') sales growth by channel

Measures the sales growth achieved in each of our channels on a rolling 12 month basis. see pages 9 and 10

MAT Group gross margin

Measures the gross profit achieved on sales after taking account of the direct costs and depreciation of manufacturing equipment and shipping our product to customers/stores on a rolling 12 month basis. see page 6

MAT core business profit

Measures gross profit less operating expenses on a 12 month rolling basis, before royalty income. see page 8

Number of own stores by territory

Measures the number of our own stores which is an indicator of our global reach. see page 10

MAT number of ordering stockist accounts by territory

Measures the number of trade outlets that have ordered from us in the last six months. It is an indicator of our global reach and the health of our trade account base. see 'Trade' paragraph above

Return on capital

The ratio of operating profit before royalty income against capital employed, as a percentage. see page 8

STRATEGIC REPORT continued

Key performance indicators continued

Our key non-financial performance indicators are

Product quality

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

Outstanding customer service

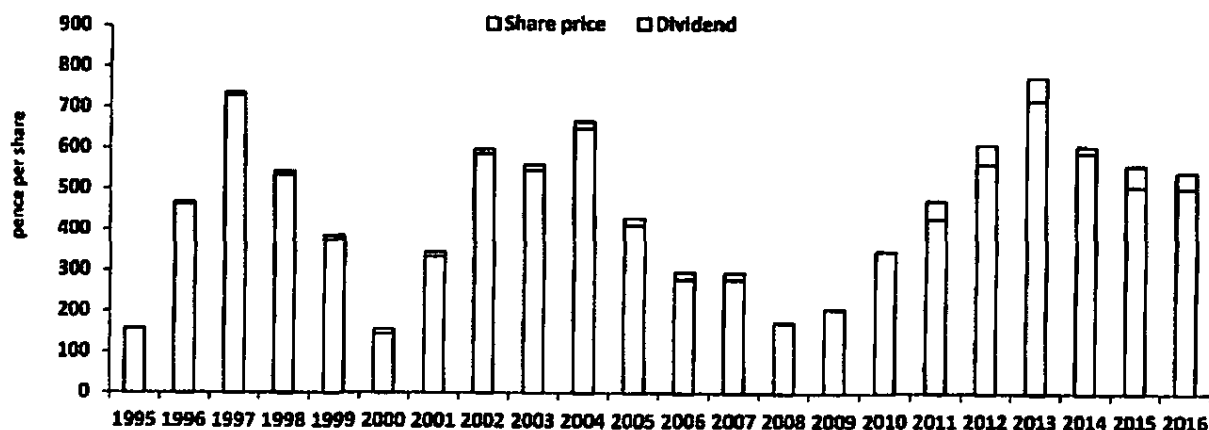
This is an indicator of the effectiveness and efficiency of the service experience customers get in our stores and the time it takes us to resolve a customer query made to our customer service teams. The former is measured by the number of complaints I receive - very few - and the latter is tracked by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

Shareholder value

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

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

Graph of shareholder value



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

Review of the year

We made progress in what was another busy and rewarding year. We started the financial year off with a huge product launch, Warhammer: Age of Sigmar, one of the biggest changes we've ever made to one of our core universes. Our design to manufacture was outstanding, over-delivering in terms of original concept art to final manufactured models, producing some of the best models we've ever made. The simplified rules, supporting the models for those who like to play, made it much easier to get started. We learnt some valuable lessons during the year on how to deliver product system changes on this scale and as we released more of the range in the second half of the year, we finished the year with sales of Warhammer: Age of Sigmar at a higher rate than Warhammer has enjoyed for several years.

After a disappointing December we carried out a thorough review of our operational plans and, thanks to a great team effort, we bounced back with four out of five months of profitable sales growth. Our reported sales for the year showed marginal declines in retail (-1.3%) and mail order (-1.8%) and growth in trade (+0.1%).

Gross margin was maintained in the period (2016: 68.3%; 2015: 68.9%). We continued with our policy of only increasing the prices of our new releases (approximately 30% of our sales) to reflect the necessary investment in our product offer and the quality we have built into these new releases. The annual impact of this increase on our UK RRP price list is an average increase of 3%.

Costs have increased in the year, mainly as a result of our store opening programme and the full year effect of the depreciation of the investment in our visitor centre which opened in April 2015.

Update on priorities for 2015/16

In the year we focussed on the following initiatives designed to improve our performance in our existing stores and support future store openings

Staff recruitment

In November 2015 I hired a global recruitment consultant. She has been kicking the tyres and carrying out a root and branch review of our teams and our processes. In January we piloted some of the recommendations in North America and recruited a new small team. It's early days but we are pleased with the results. We still require all candidates to write us a great letter telling us why they want the job; we have now complemented this with a direct and online approach to find good staff. The changes are being rolled out across the other retail territories as well as in our global trade teams in 2016/17.

One man stores

The timing of the changes to recruitment in North America coincided with a small experienced project team being seconded from the UK to North America to support the existing team there in delivering two objectives

They delivered both objectives. We now have a small retail sales HQ in Dallas and have successfully opened 16 stores (net) this year, taking our total to 100 stores. More importantly, we have improved our processes to allow us to open a further 20 each year. Combined with the improved recruitment team in Dallas we are now more confident that we can deliver the potential of Games Workshop in North America.

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

Range

During the year, I carried out a review of our product strategy. As a direct result, we now offer our models at a broader range of price points. We have piloted a small 'Start Collecting' range of models that have sold well. We have also introduced some stand alone high value box games, a simple gateway into Games Workshop product, they too have been a hit. We will continue to seek to improve our product offer and be more customer focussed in 2016/17.

Merchandising and marketing

We are increasingly focussed on promoting our product range better on a global scale. To assist me I recruited a senior global merchandising and marketing manager in March 2016. He is responsible for supporting our product and supply and sales teams to ensure our stores make the best use of the space that they have and that we back our three channels with the appropriate product and marketing support.

We piloted the following initiatives in the year; I will update you further in 2016/17

Asia

After overcoming the burden of paper work and complexity of opening businesses in Asia we now have four new sales territory managers in Asia, in Singapore, Hong Kong, Japan and Malaysia in addition to our existing business in China. They will grow Games Workshop profitably by opening stockist accounts and our own stores.

High footfall locations

We have 96 multi-man format stores and 355 one man stores. Due to the timing of the lease breaks the opportunity arose to pilot some larger multi-man format stores unquely placed to service a greater numbers of customers

Our Tottenham Court Road store, London, is on target to be our highest transaction and sales value store. It has delivered its promises. The other pilots in Sydney and Copenhagen delivered their promises too. These successes leave us with some format options to deploy when the opportunities arise. Our standard format will continue to be our one man store model.

New business opportunities

To broaden our reach without distracting our core channels, we are piloting a small range of products in new markets. We launched a dispenser of eight products called Battle for Vedros in toy shops in North America in June 2016 and will launch a small range called Build and Paint globally in modelling and toy shops later in 2016/17.

Finally, to assist me in managing our broader commercial opportunities, I have created a new business development team to manage our broader non-core activities. This team will be responsible for sales and profit growth of our non-core activities which include licensing, digital, export, non-strategic trade accounts, book trade, magazine, and appropriate mass market opportunities. The results are shown under non-core in the segmental analysis.

STRATEGIC REPORT continued

Update on priorities for 2015/16 continued

Licensing

The team have had an exciting year, probably our best year to date, with some successful launches. Bloodbowl 2, Warhammer: End Times - Vermintide, Warhammer 40,000 Freeblade and the launch on 27 May 2016 of the real time strategy game, Total War: Warhammer.

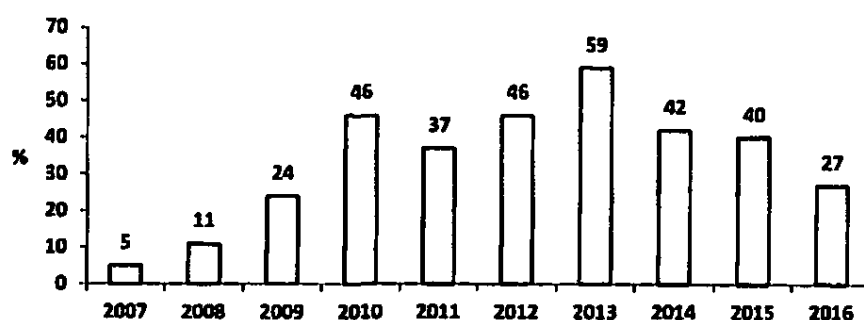
Reported income is split as follows: 78% PC and console games, 15% mobile and 7% other

Projects

In the year we had three major projects being implemented

- European ERP - enterprise resource planning (core back office systems) - replacement. This project is more complex and costly than we had originally stated and will now launch in 2018 at an estimated cost of £6.0 million (2015 estimate £4.5 million)
- Forge World mail order store. This was delivered on time in August 2015 and within cash limits.
- Mail order warehouse system replacement. It is estimated to cost £0.9 million and will be implemented in 2016/17

Return on capital*



A key measure of our performance is return on capital. During the year our return on capital fell from 40% to 27%. This was driven by both a decline in operating profit before royalty income and an increase in capital employed.

Sales

Reported sales fell by 0.9% to £118.1 million for the year. On a constant currency basis, sales were down by 0.8% from £119.1 million to £118.2 million; split by channel this comprised retail £48.9 million (2015: £49.1 million), trade £44.1 million (2015: £44.4 million) and mail order £25.2 million (2015: £25.6 million).

Operating profit

Core business operating profit (operating profit before royalty income) fell by £4.1 million to £10.9 million (2015: £15.0 million). On a constant currency basis, core business operating profit decreased by £3.1 million to £11.9 million. This was driven by a decline in our underlying performance in core retail and mail order.

Costs have been managed well. They have increased by £2.5 million in the year mainly as a result of investments for the long term, £1.9 million in our store opening programme, £0.4 million in a new sales team in Asia and the additional depreciation of our visitor centre which opened in April 2015.

Capital employed

Average capital employed* increased by £1.7 million to £40.2 million. The book value of tangible and intangible assets increased by £2.3 million whilst inventories increased by £0.5 million and current liabilities increased by £1.0 million.

Cash generation

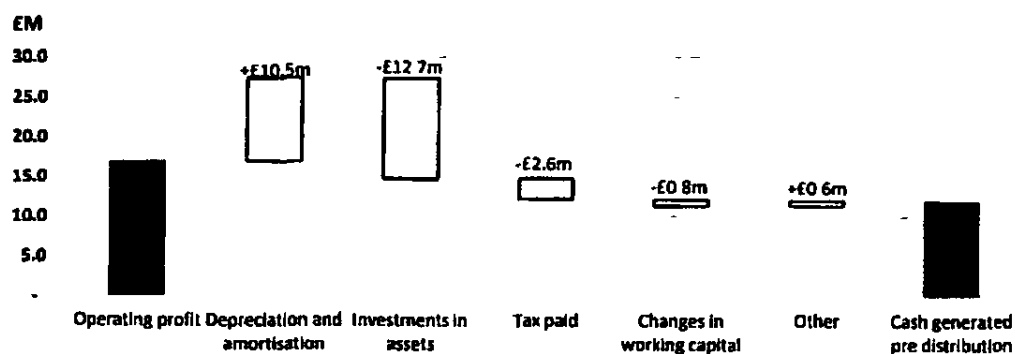
During the year, the Group's core operating activities generated £19.5 million of cash after tax payments (2015: £20.7 million). The Group also received cash of £4.7 million in respect of royalties in the year (2015: £2.6 million). After purchases of tangible and intangible assets and product development costs of £12.7 million (2015: £12.4 million) and dividends of £12.8 million (2015: £16.6 million) there were net funds at the year end of £11.8 million (2015: £12.6 million).

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

Cash generation continued

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

Bridge of operating profit to cash generated



Investments in assets

This is what we have been spending your money on.

	2016 £million	2015 £million
Shop fits for new and existing stores	1.8	0.8
Production equipment and tooling	2.6	3.0
Computer equipment and software	3.5	1.6
Lenton site including the new visitor centre	0.1	2.4
Total capital additions	8.0	7.8

In 2015/16 we invested £1.8 million in shop fits: 48 new stores and 20 refurbishments. We also invested £2.6 million in tooling, milling and injection moulding machines. The investment in computer software relates to the new Forge World web store as well as the initial work on the new ERP system and mail order warehouse system replacement. Capital investment is expected to be higher than depreciation and amortisation over the next few years as we upgrade our core back office systems in Nottingham.

Dividends

We followed our principle of returning truly surplus cash to shareholders. Dividends of 40 pence per share (2015: 52p) were paid during the year (£12.8 million, 2015: £16.6 million).

Royalty income

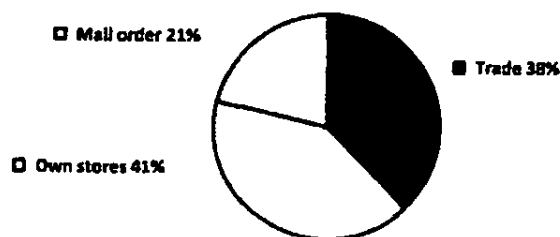
Royalty income increased in the period by £4.4 million to £5.9 million. This was due to the strong performances of Total War, Warhammer and Warhammer: End Times - Vermintide.

Taxation

The tax rate for the year was 20.4% (2015: 26.1%). We continue to expect a rate above that for business activities based solely in the UK, due to higher overseas tax rates.

Sales by channel

41% (2015: 41%) of sales were made through our own stores, 38% (2015: 38%) of sales were to independent retailers and 21% (2015: 21%) were mail order.



STRATEGIC REPORT continued

Retail

Store openings and closures during the year

	Number of stores			Number of stores		Number of one man	Number of one man
	at May 2015	Opened	Closed	at May 2016	stores at May 2016	stores at May 2015	stores at May 2015
UK	142	9	(3)	148	111		108
North America	84	19	(3)	100	86		72
Europe	145	13	(9)	149	113		105
Australia	43	3	-	46	38		36
Asia	4	4	-	8	7		3
	418	48	(15)	451	355		324

We opened 48 new stores in the year including 7 relocated stores. These new stores generated £2.1 million of sales and made a loss of £0.1 million. Due to the under performance of some of our new stores in Continental Europe, we have paused any new store openings in this territory for 2016/17. Our main focus for store openings will be North America. This will allow us to focus on improving our existing store performance.

Retail sales fell by 1.3 % in the year (-0.4% at constant currency). Our underlying performance was -4.4%, which was mostly offset by the contribution from 33 net new stores and our new visitor centre delivering 100% growth.

Our underlying performance in our own stores to January 2016 wasn't good enough. I made some changes in our in-country retail support structure to address the decline. Our flat management structure did not support the complexity of managing 149 stores across 14 countries in Continental Europe. In January 2016 we moved to a country based solution. We now have four territory managers; Germany/Scandinavia, Netherlands, France and Spain/Italy. We are also piloting five training stores in North America. These training stores are run as profitable stores. To reduce travel time and cost we now send our new recruits for their initial training to one of these stores.

We are launching a new skills based training programme at our August 2016 global retail workshops.

Trade

Sales increased by 0.1% during the year (-0.7% at constant currency). Our new trade team for accounts in the UK and Continental Europe has settled in well and made some progress in the year. Sales in North America were broadly in line with last year. We have also updated our trade product range in June 2016 to ensure we provide our stockist accounts with our best sellers.

Mail order

Sales fell by 1.8% (-1.6% at constant currency). Sales of our Forge World range grew by 28% offset by a 12% decline in our Citadel range. In the first half of 2016/17 we will be making a change to our home page; removing complexity and adding a deeper introduction to our worlds. We are committed to continuous investment in our web store shopping experience.

During the year we successfully migrated our web data centre to a new location in North America.

Treasury

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

Funding and liquidity risk

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

Interest rate risk

Net interest receivable for the year (excluding unwinding of discounts on provisions) was £90,000 (2015: £108,000).

Foreign exchange

Our big currency exposures are the euro and US dollar.

	euro		US dollar	
	2016	2015	2016	2015
Year end rate used for the balance sheet	1.32	1.39	1.46	1.53
Average rate used for earnings	1.35	1.31	1.49	1.58

The net impact in the year of these exchange rate fluctuations on our operating profit was a reduction of £0.6 million (2015: reduction of £2.5 million).

Gender diversity, greenhouse gases, social, community and human rights, and employees

We report on these topics in the directors' report on pages 14 and 15.

Priorities for 2016/17

As part of our overall strategy, three key initiatives will be prioritised in 2016/17. These are designed to deliver sales growth whilst maintaining our operating profit margin.

Firstly, staff recruitment

Globally we recruit hundreds of people every year. Building on the progress we made last year we are updating our recruitment web site, our company branding across all other social media platforms and creating a site to enable us to welcome and commence induction prior to new recruits starting with us. These improvements will also give us a global dashboard of recruitment metrics to help us develop and train our global recruitment teams and processes.

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

We will be reviewing our entry level 'getting started' product range and in store merchandising. Currently all of our own stores carry the same retail range. We will be looking at a matrix approach of broadening our product range in our higher volume stores and optimising our product range in some of our smaller stores. We will also continue to invest in core IP with exciting product launches planned throughout 2016/17.

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

1. Open more of our own stores, mostly in our one man store format. My goal is to open 20 stores (net) in 2016/17, subject to the continued improvement of our existing stores.
2. Open more stockist trade accounts using our stockist strategy. This will be based on our well established terms and conditions, selling independent accounts our best selling products and, where appropriate, the extended range.

Risks and uncertainties

The board has overall responsibility for ensuring risk is appropriately managed across the Group. The top five risks to the Group are reviewed at each board meeting. The risks are rated as to their business impact and their likelihood of occurring. In addition, the Group has a disaster recovery plan to ensure ongoing operations are maintained in all circumstances. The principal risks identified in 2015/16 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise but more importantly are the ones that could cause business interruption in the year ahead. The financial risks impacting the Group are detailed on pages 53 and 54.

ERP change - as discussed above we are changing our core ERP system in the UK. This is a complicated project with the risk of widespread business disruption if it is not implemented well. It is being implemented and managed by a strong internal project team and specialist ERP software consultants.

Store manager recruitment - this comprises both recruitment of managers for new stores as well as replacing poor performing managers. Retail is our primary method of recruiting new customers and so we need great managers in all our stores. We discuss our approach as to how we are managing this risk on page 7.

Supply chain - as discussed above we are currently changing our mail order warehouse system. This is part of an ongoing programme of continuous improvement for these warehouse systems. As with any system change there are risks associated with the transition. In line with our ERP project, we have a strong internal project team and are utilising specialist supply chain software consultants.

Range management - as discussed above we are reviewing our range to ensure that we are exploring all opportunities. The risk is that we don't fully exploit all the opportunities that are available to us. Our approach to managing this risk is discussed on page 7.

Distractions - this is anything else that gets in the way of us delivering our goals

We do not consider that we have material solvency or liquidity risks. We also feel that it is too early to tell what the effects of the recent EU referendum vote will be on Games Workshop.

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

Summary

We are working together as one great Games Workshop team and I believe the progress we have made in the second half demonstrates we have built some solid foundations for the year ahead.

We have again honoured our commitment to distribute genuinely surplus cash to our shareholders. That commitment isn't going to change.

We are confident we can achieve the priorities I have set for 2016/17. I will keep you appropriately informed.

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



Kevin Rountree
CEO

25 July 2016

DIRECTORS' REPORT

The directors present their annual report together with the financial statements and independent auditors' report for the year ended 29 May 2016

General Information

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

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

Substantial shareholdings

The following interests in 3% or more of the issued share capital of the Company as at 22 July 2016 have been disclosed to the Company:

	No. of shares	%
Ruffer LLP	3,187,405	9.9
Investec Asset Management Limited	3,087,765	9.6
Massachusetts Financial Services Company	2,044,385	6.4
Phoenix Asset Management Partners Limited	1,865,218	5.8
Schroders plc	1,677,861	5.2
Aberforth Partners LLP	1,636,300	5.1
Artemis Investment Management LLP	1,620,001	5.0
FIL Limited	1,516,682	4.7

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

Dividends

Dividends of 40 pence per share (2015: 52 pence) were paid during the year (£12.8 million; 2015: £16.6 million)

Directors

The present directors of the Company are listed on page 30. All of the directors were members of the board throughout the year and up to the date of signing the financial statements.

Under the Company's articles of association one third of the directors are required to retire by rotation at each annual general meeting ('AGM'). Those who retire are the longest in office since their election or last re-election. Under this formula, at this year's AGM, two directors require re-election. In addition, as a result of their long service, non-executive directors T H F Kirby, C J Myatt and N J Donaldson are required to retire and are seeking re-election. In relation to the non-executive directors, the chairman has confirmed that, following formal performance evaluation, the performance of C J Myatt, N J Donaldson and E O'Donnell continues to be effective and they continue to demonstrate commitment to their roles as non-executive directors, including commitment of the necessary time to board and committee meetings and other duties. C J Myatt and N J Donaldson are considered by the board to be independent of the Group, as set out in the corporate governance report. The non-executive directors have formally evaluated the performance of T H F Kirby as non-executive chairman and consider him to be effective in his role; T H F Kirby is not considered independent of the Group given his previous executive roles within the Company.

Directors' interests

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

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, as permitted by section 234 of the Companies Act 2006, which were in force during the year and up to 25 July 2016.

Information on executive directors

K D Rountree (age 46), CEO. Kevin joined Games Workshop in March 1998 as assistant group accountant. He then had various management roles within Games Workshop, including head of sales for the Other Activities division (including Black Library, Licensing and Sabertooth Games). Kevin was appointed CFO in October 2008. During the year ended 29 May 2011, he took on the responsibility of managing the Group's service centres globally. To reflect this, his title was changed to chief operating officer from chief financial officer. He became chief executive on 1 January 2015. He qualified as a chartered management accountant in August 2001. Prior to joining Games Workshop, Kevin was the management accountant at J Barbour & Sons Limited and trained at Price Waterhouse.

Information on executive directors continued

R F Tongue (age 45), group finance director and company secretary. Rachel joined Games Workshop in September 1996 as group tax manager. She then had various accounting roles within Games Workshop and was appointed company secretary in October 2008. She has also managed the legal and compliance functions within Games Workshop since November 2012. She was appointed group finance director in January 2015. Rachel qualified as a chartered accountant in 1995 and as a chartered tax adviser in 1996 having trained with Arthur Andersen.

Information on non-executive directors

T H F Kirby (age 66), non executive chairman. Tom Kirby joined Games Workshop in April 1986 as general manager and led the management buy out in December 1991, becoming chief executive at that time. Between 1998 and 2000 he took on the role of non-executive chairman, returning to the role of chief executive in September 2000. He performed the role of chairman from December 2007 to January 2013 when he became chairman and acting CEO. Following the appointment of Kevin Rountree as CEO with effect from 1 January 2015, Tom became non-executive chairman of the Company. Prior to joining Games Workshop, Tom worked for six years for a distributor of fantasy games in the UK and was previously an inspector of taxes.

C J Myatt (age 72). Chris Myatt is the senior independent director, joining the board on 18 April 1996. He was formerly managing director of a division of Tarmac PLC, chairman and non-executive director of a number of manufacturing companies and treasurer of Keele University.

N J Donaldson (age 62). Nick Donaldson was appointed to the board on 18 April 2002. A barrister by profession, Nick is a partner of London Bridge Capital Partners LLP. Nick was, until 2003, head of corporate finance at Arbuthnot Securities Limited and previously held senior investment banking positions at Robert W Baird Limited and at Credit Lyonnais Securities. He is chairman of DP Poland PLC and a director of The Fulham Shore plc.

E O'Donnell (age 45). Elaine O'Donnell was appointed to the board on 28 November 2013. A chartered accountant by profession, until recently Elaine was a corporate finance partner with EY. She is also a non-executive director/trustee of The Manufacturing Institute.

Auditors

As at 25 July 2016, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Share capital, share rights and other information

As at 22 July 2016, 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 22 July 2016 there were 32,120,708 (2015: 32,063,812) 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 carry any special rights with regard to control of the Company.

In accordance with the Company's articles of association, 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 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.

DIRECTORS' REPORT continued

Share capital, share rights and other information continued

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. As at 29 May 2016, the Company had an unexpired authority to repurchase shares up to a maximum of 4,777,507 shares. During the year no shares were purchased in the market for cancellation.

Changes to the articles of association must be approved by the shareholders in accordance with the legislation in force from time to time.

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 share save scheme may cause options to be exercised in a takeover.

Constructive use of the AGM

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

Corporate governance

The Company's statement on corporate governance is included in the corporate governance report on pages 17 to 20.

Health, safety and environment

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

Over the past 12 months the health, safety and environment team has benefited from the addition of further expertise and experience. We continue to develop, improve and enhance the health and safety standards of our manufacturing, engineering and warehousing operations in Nottingham, and we continue to develop the global standards which will form the basis of a co-ordinated health, safety and environmental strategy across the Group. These global standards will be fully implemented across the business in the next 12 months.

Injury reporting

During the year there were 10 injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ('RIDDOR') in the UK (2015: 4) and 5 recordable cases reported to the US Occupational Safety and Health Administration (2015: 3). The increase in the number of RIDDOR reports is reflective of an increasing awareness of health and safety matters.

Greenhouse gas emissions

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

We have used the methodology described in the Environmental Reporting Guidelines from DEFRA to identify our GHG inventory of Scope 1 (direct) and Scope 2 (indirect) global CO₂ emissions. We have considered the six main GHGs and report in CO₂ equivalent. Our data includes all manufacturing, office and retail sites controlled globally by Games Workshop for the year to 29 May 2016. All calculations have used the 2013 DEFRA conversion factors.

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

	2015/16	2014/15
Scope 1 – tonnes CO ₂ e	580	685
Scope 2 – tonnes CO ₂ e	4,766	4,579
Total tonnes CO ₂ e	5,346	5,264
Tonnes CO ₂ e per sq metre	0.077	0.083
Tonnes CO ₂ e per £000 of revenue	0.045	0.044

In response to an ESOS energy audit of the Lenton site, the ENERGY16 initiative was launched in February 2016 with the aim of reducing our energy usage on the Lenton site by over 5% by the end of January 2017. This is being achieved by tracking energy usage, a staff engagement campaign to reduce energy consumption and the fitting of low energy equipment across the site.

Waste management

We sent 67% of our waste by weight from our Nottingham site for re-use or recycling (2015 64%) 33% of our waste was sent for heat recovery at the Nottingham City Council Incinerator (2015 36%)

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 1% in April 2016 to £379 per year for each used workplace parking space) We continue to promote our cycle to work scheme and have a high ratio of cyclists (over 10% of employees) at our Nottingham site. Since its launch on site in October 2015, over 60 members of staff have enjoyed the benefits of subsidised travel via the Nottingham tram2work scheme.

Employees

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

With effect from April 2016, the Group adopted the UK Living Wage for all UK employees regardless of age

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

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

Diversity

The board has noted the changes to the UK Corporate Governance Code (the 'Code') announced by the FRC in October 2011 to strengthen the principle of boardroom diversity, which was first introduced into the Code in June 2010. The board believes that business can benefit from a wide range of perspectives and backgrounds. The Company's aim as regards composition of the board is that it should have a balance of attitudes and knowledge to enable each director and the board as a whole to discharge their duties effectively. The Company does not consider that diversity can be best achieved by establishing specific quotas and targets and appointments will continue to be made based on merit.

As at 29 May 2016, the workforce is comprised as follows

	Male	Female	Total
The board	4	2	6
Senior management	6	1	7
Total workforce	1,441	304	1,745

Social, community and human rights

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

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

Research and development

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

Future developments

The future developments for the Group are discussed in the strategic report on pages 4 to 11.

DIRECTORS' REPORT continued

Going concern and viability statement

Assessment of prospects

The Group operates a strategic planning process which includes quarterly reviews of business and financial performance, monthly financial projections and an annual planning review for the next financial year. Medium term projections (for periods ending two years and three years hence) are extrapolated from the plan for the following financial year taking into account known strategy changes. This strategic planning process is managed centrally, led by the finance director.

Assessment of viability

The strategic plan reflects the directors' cautious view of possible outcomes. It is not used to set targets for performance.

The viability assessment has been conducted for a period of three years which is in line with the Group's strategic planning period. In making the viability assessment the principal risks facing the business have been considered and a number of severe but plausible scenarios assessed for the impact of these on the medium term projections. The scenarios tested include:

- A significant interruption in the supply chain impacting the manufacturing operations
- A global shortage in availability of plastic raw materials
- A failure in the existing ERP system before the new ERP system goes live

Viability statement

Based on the board's assessment as described above, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending May 2019.

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 at least twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

By order of the board



R F Tongue

Group finance director and company secretary

25 July 2016

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 2014 (the 'Code'), how they have applied its principles and whether they have complied with its provisions throughout the accounting period. The UK Corporate Governance Code can be found at www.frc.org.uk

This statement, together with the remuneration report on pages 21 to 28, 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. The board operates primarily through its monthly meetings and is responsible for leading and controlling the Group and monitoring executive management. It considers all issues relating to strategy, direction and future direction of the Company. The board has a schedule of matters reserved to it for decision that is regularly updated; these include decisions on the Group's strategy, financial plans, major capital expenditure and dividend policy. The board is updated about operational decisions through the monthly meetings. It meets at least nine times a year. In 2015/16 the board had 10 scheduled meetings, each of which was attended by all members of the board. Terms of reference for the board committees (as set out below) are available on the Company's website.

The Company maintains an appropriate level of director and officer liability insurance cover and has agreed to indemnify the directors against certain liabilities as discussed in the directors' report on page 12.

A review of the performance of the Group's main business activities is included in the strategic review. The board presents this review, together with the directors' report on pages 12 to 16, to give a fair, balanced and understandable assessment of the Group's position and prospects.

The board

The board comprises the chairman, the CEO, the group finance director and three non-executive directors. It is chaired by the chairman, T H F Kirby. This arrangement does not comply with provision A.3.1 of the Code as T H F Kirby does not meet the independence criteria set out in the Code as he was formerly the Company's acting CEO.

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

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

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

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

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

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

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

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

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.

CORPORATE GOVERNANCE REPORT continued

The board continued

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

The board has established a process for the ongoing assessment of its own performance and that of its committees. The board has completed an internal review process to determine and define the role that the board performs; an internal assessment has been undertaken to review the board's performance against those objectives and this will continue in 2016/17. This will be an iterative process which will inform the board's development agenda on a regular basis.

Board committees

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

Audit committee

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

Significant issues considered by the audit committee

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

- reviewed the half-year and full-year results
- received and considered, as part of the review of the annual financial statements, reports from the external auditors in respect of the auditors' audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach adopted by the auditors to address and conclude upon key estimates and other key audit areas, the basis on which the auditors assess materiality, the terms of engagement for the auditors and an ongoing assessment of the impact of future accounting developments on the Group
- considered whether the annual report is fair, balanced and understandable. In doing so, the committee reviewed and discussed with management the content and appropriateness of the information included within the 2016 annual report. This provided the committee with the supporting detail to ensure that it was in a position to report to the board that the 2016 annual report taken as a whole was fair, balanced and understandable. This was on the basis that the business description, business model and strategy agreed with its own understanding of the Group, and the balance in the reporting of performance reflected both positive and negative issues and reflected the Group's activities during the year
- considered the effectiveness and independence of the external auditors and made a recommendation to the board regarding the re-appointment of PricewaterhouseCoopers LLP as external auditors
- reviewed the Company's policy on non-audit fees and ensured appropriate safeguards are in place
- considered and agreed the internal audit work programme and received regular reports on the key issues arising from its implementation during the year
- reviewed reports on the key business risks, including a review of the internal control processes used to identify, monitor and mitigate the principal risks and uncertainties

The committee received, reviewed and challenged reports from management and the external auditors setting out the significant issues in relation to the 2016 annual report and made their own assessment. These issues were discussed and challenged with management during the year. They were also discussed with the auditors at the time the committee reviewed and agreed the auditors' Group audit plan and at the conclusion of the audit of the financial statements. The issues that were discussed were:

- Inventory provisions: the committee considered and agreed that the inventory provisions were appropriate given the robust formulaic process applied and the level of risk
- Capitalisation of development costs: the committee reviewed the accounting and disclosure of development costs and concluded that this was appropriate but that management should continue to monitor this closely in the context of product release cycles and underlying sales trends

Significant issues considered by the audit committee continued

The committee reviews the independence of the external auditors by assessing the arrangements for the day to day management of the audit relationship as well as reviewing the auditors' report which describes their procedures for identifying and reporting conflicts of interest. To maintain the auditors' independence, the committee has also established the policy that the primary role of the external auditors is to perform services directly related to their audit responsibilities. Non-audit fees paid to the auditors are therefore minimal and amounted to £9,000 in the year, this relates to the verification of retail turnover certificates for certain stores. The Group uses other advisers for taxation advice and other services. The audit fees are disclosed in note 9.

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

The audit committee considers the re-appointment 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. Andrew Lyon is the audit partner and he was appointed during 2014/15 and will rotate after five years. In 2014/15 the external audit was put out to tender and the committee agreed that PricewaterhouseCoopers should remain as auditor. There are no contractual obligations which restrict the choice of external auditors.

Whistleblowing

The audit committee is responsible for the review of the Company's procedures for responding to the allegations of whistleblowers and the arrangements by which staff may, in confidence, raise concerns about possible financial reporting irregularities.

City committee

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

Remuneration and nomination committee

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

Appointments to the board

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

Internal control

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

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

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

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

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

CORPORATE GOVERNANCE REPORT continued

Communication with shareholders

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

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

Remuneration report

The Company's policy on executive remuneration and details of the executive directors' salaries, profit share and pensions, and fees for the non-executive directors are set out in the board report on remuneration on pages 21 to 28

Conflicts of interests

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

Statement of compliance with the UK Corporate Governance Code

With the exception of provision of A.3.1, the Company has complied with all of the provisions set out in section 1 of the Code.

By order of the board



R F Tongue

Group finance director and company secretary

25 July 2016

REMUNERATION REPORT

Introduction

The remuneration report for the year ended 29 May 2016 has been prepared on behalf of the board by the remuneration and nomination committee in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code.

This remuneration report is split into two parts

- The directors' remuneration policy, which sets out the Company's proposed policy on directors' remuneration, which took effect from the 2015 annual general meeting ('AGM') and the key factors which were taken into account in setting the policy. The committee has taken note of some shareholders' concern over the Company's ability to pay non-executive directors consultancy fees in certain circumstances – a permission which was granted by shareholders at the 2015 AGM – and is therefore proposing that this permission should be withdrawn. The directors' remuneration policy, revised by the removal of this permission but otherwise unchanged, will therefore be subject to a binding vote at the 2016 AGM. The policy will then be subject to a binding shareholder vote at least every three years
- The annual report on remuneration, which sets out payments made to executive directors and non-executive directors and details the relationship between company performance and remuneration for the 2015/16 financial year. The 2015/16 report will be subject to an advisory vote at the 2016 AGM

2015/16 – a year in review

As described in last year's annual report, KD Rountree and R F Tongue, the Company's CEO and group finance director and company secretary respectively, were appointed with effect from 1 January 2015. They have therefore recently completed their first full year in these roles. They have had a busy time, running the business day-to-day alongside changing how it operates in accordance with the strategy agreed by the board.

As anticipated in last year's remuneration report, the committee reviewed the base salaries payable to the executive directors at the end of the 2015/16 financial year. To assist in this review the committee again appointed Inneco Reward Consulting ('Inneco'), a remuneration consultancy which the Company last appointed in May 2013, to conduct an external pay benchmarking exercise. Following the presentation by Inneco of its report and discussion within the committee of the Company, the committee has resolved to increase the salary of R F Tongue to £220,000 from July 2016. No other changes to board remuneration have been made. The committee proposes to review the base salaries payable to the executive directors at or about the end of the 2016/17 financial year. In conducting such reviews the committee seeks to take into account, among other factors, corporate performance on environmental, social and governance issues.

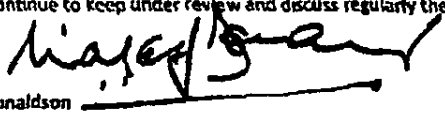
As described above in this report, in the light of some shareholders' concern over the Company's payment of consultancy fees to T H F Kirby, the Company's non-executive chairman, this arrangement was terminated in January 2016. With effect from 1 January 2016 T H F Kirby receives a fixed annual fee of £250,000 (previously £200,000), taking account of the additional services he provides to the Company beyond those which would normally be expected of a non-executive chairman. Between March 2015 and December 2015 T H F Kirby received consultancy fees totalling £60,000. No other consultancy fees have been paid by the Company to any of the other non-executive directors of the Company.

2016/17 – the year ahead

The committee remains very much aware of the importance to the Company and its shareholders of the successful transfer of power and responsibility to the new executive board team. We believe that the team is making solid progress, enjoying the support of the Games Workshop workforce.

As noted above in the chairman's preamble, the board takes seriously its responsibilities in applying the principles of UK corporate governance. Properly incentivising executive directors, and senior management generally, forms part of this area of focus. The board has from time to time discussed the desirability of introducing share incentive and/or bonus schemes for senior managers; it is presently satisfied that the existing – group wide – scheme which allows all employees to share in profitable growth works well within the Group. It is therefore a key responsibility of the committee that the salaries of senior management are set at the correct levels, properly reflecting the value of the contribution and effort made to the Company. The committee believes that the length of service with the Company demonstrated by the executive directors – and many senior managers – is some evidence of the fact that compensation levels have been set appropriately.

Looking to the future, the committee will continue to monitor the consistency of remuneration policy across the Group with a view to ensuring that an appropriate reward structure exists to recognise and retain the Group's top talent. As part of this process the committee will continue to keep under review and discuss regularly the effectiveness of the Company's approach to remuneration and its component parts.


N J Donaldson
Chairman
Remuneration and nomination committee
25 July 2016
21 Games Workshop Group PLC

REMUNERATION REPORT continued

Policy report

This part of the report sets out the directors' remuneration policy, which has applied since the AGM held on 16 September 2015 where it was approved by shareholders. The policy will apply until the AGM in 2018 (unless revised by a vote of shareholders before that time) save that at this year's AGM there will be a resolution proposed to remove the amendment that was made in 2015 to the remuneration policy regarding paying consultancy fees to non-executive directors in circumstances in which they provide to the Company (at the request of the Company) additional services.

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

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

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

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

Remuneration policy table

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

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

Remuneration policy table continued

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Benefits	Ensures the overall package is competitive	The executive directors each receive life assurance cover	Set at a level which the committee considers appropriate against the market and provides a sufficient level of benefit based on individual circumstances.	Not applicable
	Purpose is to recruit and retain directors of the calibre required for the business.	The sharesave scheme is a HMRC approved monthly savings scheme facilitating the purchase of shares at a discount	Sharesave contributions are as permitted in accordance with the relevant tax legislation.	
	Participation in the sharesave scheme creates staff alignment with the Group and promotes a sense of ownership	Where appropriate other benefits may be offered including allowances for relocation and other expatriate benefits		
Pension	To provide cost effective retirement benefits	Participation in a group personal pension scheme	Up to 7.5% of salary up to a maximum of £10,000 per annum. Following the recent changes in pension tapering, any excess between 7.5% of salary and £10,000 is paid as additional salary (net of employers' national insurance)	Not applicable
Profit share	Rewards performance against annual targets linked to the achievement of sales growth.	Targets are set annually and any pay out is determined by the committee after the period end, based on performance against those targets	Maximum potential value is £250 per person per year.	The financial target is based on growth in sales revenue. Payments range from nil to £250 dependent on the level of increase in sales revenue from the prior year
		All staff participate equally in the scheme.		
Non-executive directors' fees	Sole element of non-executive director remuneration set at a level that reflects market conditions.	Awards are payable in cash.	Fees are based on the level of fees paid to non-executive directors serving on boards of listed companies of a similar size and complexity	Not applicable
		Fees are reviewed annually taking into account time commitment, responsibilities and fees paid by comparable companies.		
		Additional fees are paid to the senior independent director to reflect additional responsibilities. Non-executive directors are entitled to claim reasonable out of pocket expenses in connection with the performance of their duties		

REMUNERATION REPORT continued

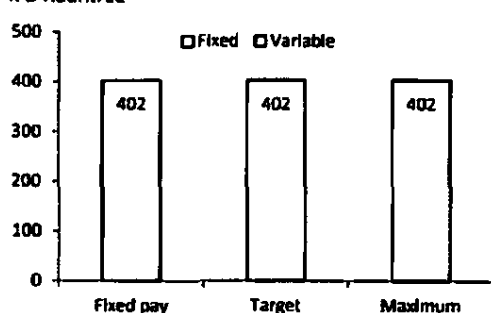
Explanation of the performance metrics chosen

The performance measures selected are aligned with the Company's strategy and business objectives. The profit share is based on growth in sales revenue.

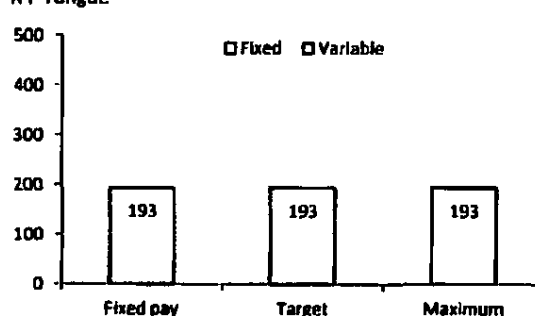
Illustration of application of the policy

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

K D Rountree



R F Tongue



	Minimum	In line with expectations	Maximum
Fixed pay	Fixed elements of salary, benefits and pension. Salary is at 29 May 2016 and the value of benefits has been assumed to be equivalent to that included in the single figure remuneration table on page 25	As per minimum	As per minimum
Profit share	Nil	Up to £100 per annum	£250 per annum

Differences in policy from the wider employee population

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

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

Remuneration policy for new directors

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

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

Directors' service contracts and letters of appointment

Executive	Date of contract	Unexpired term of contract	Notice period
K D Rountree	25 February 2009	Rolling contract	12 months
R F Tongue	25 March 2015	Rolling contract	12 months
Non-executive	Date of appointment	Date of last re-election at an AGM	Notice period
T H F Kirby	1 January 2015	16 September 2015	6 months
C J Myatt	18 April 1996	16 September 2015	6 months
N J Donaldson	18 April 2002	16 September 2015	6 months
E O'Donnell	28 November 2013	17 September 2014	6 months

Directors' service contracts and letters of appointment continued

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

Policy on payment for loss of office

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

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

External appointments

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

Consideration of employment conditions elsewhere in the Group

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

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

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

Consideration of shareholder views

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

Annual report on remuneration (subject to audit)

The tables below set out in a single figure the total remuneration, including each element, for each person who served as a director of the Company during the financial years ended 31 May 2015 and 29 May 2016.

Year ended 29 May 2016

	Salary/fees £000	Taxable benefits £000	Profit share £000	Sharesave £000	Pension related benefits £000	Total £000
K D Rountree	363	-	-	-	39	402
R F Tongue	173	-	-	-	20	193
T H F Kirby	221	-	-	-	-	221
C J Myatt	60	-	-	-	-	60
N J Donaldson	52	-	-	-	-	52
E O'Donnell	52	-	-	-	-	52
Total	921	-	-	-	59	980

Year ended 31 May 2015

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

*appointed 1 January 2015

REMUNERATION REPORT continued

Annual report on remuneration (subject to audit) continued

The figures in the single figure tables above are derived as follows.

Salary/fees – the amount of salary/fees received in the year, after any salary sacrifice arrangements for pension contributions.

Taxable benefits – the taxable value of benefits received during the year. These include fuel and private medical insurance

Profit share – the amount of profit share earned in the year

Sharesave – the value of the sharesave options granted is based on the fair value of the options at grant. On exercise, the value is based on the gain made between the option price and the market value of the shares on the date of exercise

Pension related benefits – the cash value of pension contributions received by the executive directors. This includes the Company's contribution into the group personal pension scheme (in the case of K D Rountree and R F Tongue), and into T H F Kirby's self invested personal pension plan until 31 December 2014

In addition, Mrs K Kirby (Lathbury) received nil (2015: £66,185) during the year from the Group for her work as interim head of IT. Mrs Kirby ceased to work for the Group on 30 November 2014. T H F Kirby provided consultancy at a cost of £35,000 in the year (2015: £25,000). As noted above, the consultancy agreement with T H F Kirby has been terminated.

During 2015/16 and 2014/15 there were no payments made for loss of office. There were also no payments made to past directors in either the current or prior year.

CEO remuneration

	M N Wells		T H F Kirby		K D Rountree	
	2013*	2013	2014	2015**	2015	2016
	£000	£000	£000	£000	£000	£000
Total remuneration	774	132	511	291	168	402
% of maximum profit share paid	-	54	-	-	-	-

*M N Wells resigned on 31 January 2013 and so all of his remuneration for 2012/13, including the payment for compensation for loss of office, is included in this table.

**T H F Kirby stepped down as CEO on 31 December 2014 and K D Rountree was appointed CEO with effect from 1 January 2015.

Percentage change in CEO's remuneration

The table below shows how the percentage change in the CEO's salary in 2015/16 compares with the percentage change in the average salary of all employees within the Group. The committee has selected the Group's entire staff population (excluding the CEO) as these represent the most appropriate comparator.

	CEO	Wider workforce
Salary	0%	+1%

Relative importance of spend on pay

The following table sets out the percentage change in dividends, pre-exceptional profit attributable to owners and employee remuneration for the year ended 29 May 2016, compared to the year ended 31 May 2015.

	2016	2015	% change
	£000	£000	
Total staff costs	49,765	46,846	+6%
Profit attributable to owners	13,496	12,257	+10%
Dividends declared	12,837	16,601	-23%

Statement of voting at the last AGM

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

	Votes for	% of vote	Votes against	% of vote	Votes withheld	% of vote
To approve the remuneration report	22,122,138	98.0%	340,627	1.5%	110,880	0.5%
To approve the remuneration policy	14,020,408	62.1%	3,910,170	17.3%	4,643,067	20.6%

Implementation statement

A summary of the remuneration arrangements in 2015/16 and how the policy will be applied during 2016/17 is set out below

Salary and fees

As noted above, in May 2016 the committee undertook a benchmarking exercise performed by external remuneration advisers. This reviewed the salaries of the executive and non-executive directors in order to assess how they compared with prevailing market levels of remuneration.

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

Profit share

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

Sharesave

A further award of options will be made under the new sharesave scheme during the year which is on the same basis as previous years.

Remuneration and nomination committee

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

Advisers

As referred to above, in May 2016 the committee was assisted in its work by Inneco, a remuneration consultancy which was appointed by the Company in consultation with the committee. The committee assessed whether Inneco was independent in the provision of its advice and concluded that it was independent. The amount paid to Inneco during the 2015/16 year for its advice was £5,000.

Directors' interests in shares of the Company

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

	As at 29 May 2016 ordinary shares of 5p each		As at 31 May 2015 ordinary shares of 5p each	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
K D Rountree	20,473	-	15,945	-
R F Tongue	4,700	3,300	4,700	3,300
T H F Kirby	2,108,650	25,536	2,108,650	25,444
C J Myatt	66,500	-	66,500	-
N J Donaldson	20,000	-	20,000	-
E O'Donnell	1,500	-	1,500	-

Share options

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

	At 31 May 2015	Exercised	Granted	Number as at 29 May 2016	Exercise dates Commencement	Expiry	Exercise price
K D Rountree	3,924	-	-	3,924	Nov-17	Apr-18	458.7p
R F Tongue	3,924	-	-	3,924	Nov-17	Apr-18	458.7p

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

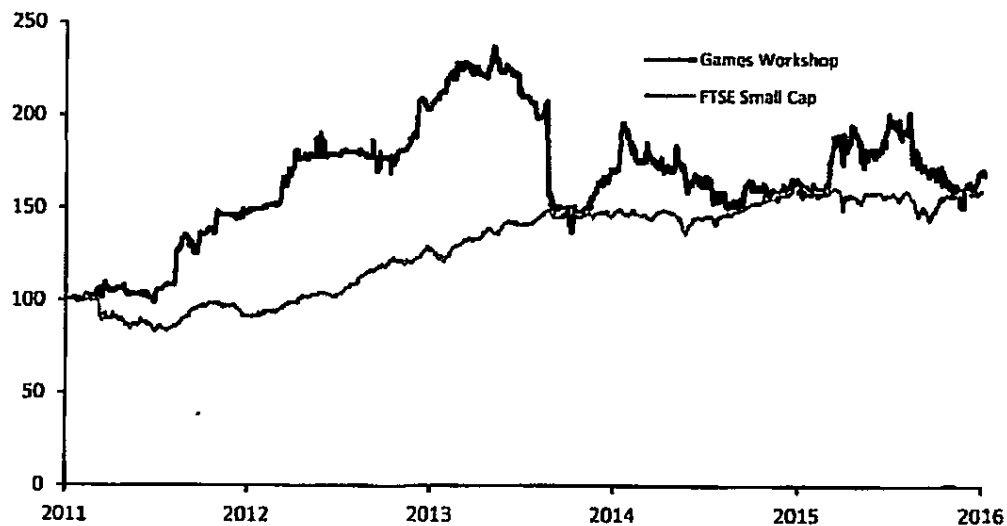
On 3 June 2016, K D Rountree acquired 831 of the Company's shares under the Company's dividend reinvestment plan. This is the only movement in directors' interests in shares of the Company between 29 May 2016 and the date of this report.

No other directors have been granted share options in the shares of the Company. There is no movement in directors' interests in shares of the Company between 29 May 2016 and the date of this report.

REMUNERATION REPORT continued

Performance graph

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



On behalf of the board

N J Donaldson

Chairman

Remuneration and nomination committee

25 July 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

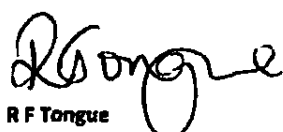
The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Each of the directors, whose names and functions are listed on page 30, confirms that, to the best of his/her knowledge:

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

By order of the board



R F Tongue

Group finance director and company secretary

25 July 2016

COMPANY DIRECTORS AND ADVISERS

Directors

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

Registered office

Willow Road, Lenton, Nottingham, NG7 2WS

Registered number

2670969

Financial advisers and stockbrokers

Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET

Chartered accountants and independent statutory auditors

PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, DE74 2UZ

Registrars

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

Solicitors

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

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INDEPENDENT AUDITORS' REPORT

To the members of Games Workshop Group PLC

Report on the financial statements

Our opinion

In our opinion:

- Games Workshop Group PLC's group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 29 May 2016 and of the Group's profit and the Group's and the Company's cash flows for the year then ended,
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union,
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the annual report, comprise

- the Group and Company balance sheets as at 29 May 2016,
- the consolidated income statement and the consolidated and Company statements of comprehensive income for the year then ended,
- the consolidated and Company cash flow statements for the year then ended,
- the Group and Company statements of changes in total equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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

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

Our audit approach

Overview

Materiality	Overall Group materiality £847,000 (2015: £825,000) which represents 5% of operating profit
Audit scope	Full scope audits, all conducted by the Group engagement team, were performed on six separate reporting units. The reporting units audited included the five largest trading units in the Group and the plc company. The audited reporting units accounted for 86% of consolidated revenues and 91% of consolidated operating profit.
Areas of focus	Capitalisation of product development costs. Inventory valuation.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)')

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

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

INDEPENDENT AUDITORS' REPORT continued

Area of focus	How our audit addressed the area of focus
<p>Capitalisation of product development costs Refer to page 18 (audit committee report), page 42 (Key assumptions and estimates) and page 48 (notes) The Group incurred £4.6 million of capitalised product development costs during the year to 29 May 2016, relating to products the Group develops to sell through its various channels. The net book value of such capitalised costs as at 29 May 2016 was £4.2 million. We focused on this area due to the inherent level of judgement around whether costs capitalised meet the recognition criteria of IAS 38 'Intangible assets' ('IAS 38'), a determination that involves estimation in particular as regards to whether they are specific to projects which are expected to generate future cash inflows and also the recoverability of the costs based on expected product sales</p>	<p>We assessed whether the costs capitalised relating to product development met the criteria set within IAS 38 'Intangible assets'. We agreed a sample of capitalised product development costs to source documentation, including invoices and timesheets, and determined that they had been allocated to the correct project. We obtained and inspected the latest forecasts in respect of projects to assess recoverability of the capitalised costs. In order to assess the accuracy of the future sales forecasts, we compared actual FY16 sales to forecasts made in previous years and evaluated the historical accuracy of the directors' estimates. Based on this assessment, we found the directors' forecasts to be consistent with the actual historical outturn of sales and the levels of sales made post-year end. We applied sensitivity analysis to the forecasts to understand the shortfall in revenues that would be required to cause a material impairment in the carrying value of capitalised costs. We considered the shortfall required to cause a material impairment unlikely given the historical accuracy of the directors' forecasting.</p>
<p>Inventory valuation Refer to page 18 (audit committee report), page 42 (Key assumptions and estimates) and page 51 (notes). The Group held inventory of £8.5 million as at 29 May 2016. The directors determine the provision for inventory by making assumptions about future sales by product and applying those to the current inventory holding. The Group operates in a retail market where new product releases are regular. There is a risk that inventories held will not be sold through and there is inherent judgement in the levels of sales the directors forecast when assessing realisable value. Over the last three years the Group has on average written off £0.7 million of inventory per annum. In order to assess the level of provision required against inventory, the directors assess forecast sales levels by product. The provision calculation is subject to manual adjustment to reflect the specific circumstances of certain inventory lines, for example, consumables, discontinued product lines and new products. We focused on this area because of the subjectivity around forecasting future sales performance of newly launched products, and because of the judgement that exists around the manual adjustments to the calculation.</p>	<p>We tested that the Group's provisioning policy is in accordance with IFRSs as adopted by the EU and has been consistently applied. We understood and assessed manual adjustments to the provision calculation to determine whether they were appropriate. No inappropriate adjustments were identified. We obtained an understanding of the directors' process for preparing future stock sales forecasts, including how these were challenged and stress-tested by the directors. We tested the integrity of the underlying calculations and assessed the assumptions over future sales forecasts by testing via recalculation the accuracy of the historic sales forecasts compared to actual outturn. We noted no material differences between historical forecasts and actual out-turn and were therefore satisfied that the directors' forecasting process was reasonable. We obtained further evidence over the valuation of the provision by comparing a sample of product lines to post-year end sales and assessing whether performance suggested that additional provisions may be required. This also provided us with evidence over the accuracy of the directors' sales forecasts used in calculating the provision. No material errors were noted.</p>

How we tailored the audit scope

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

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

Accordingly, of the Group's reporting units, in addition to the plc company, we identified five reporting units that, in our view, required an audit of their complete financial information, owing to their financial significance to the Group. Together, these five units and the plc company, accounted for 86% of consolidated revenues and 91% of consolidated operating profit. The audit of all six units was performed by the group engagement team. This, together with additional procedures performed, including analytical procedures and certain tests of details over specific balances and transactions, gave us the evidence we needed for our opinion on the group financial statements as a whole.

Materiality

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

Materiality continued

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

Overall group materiality	£847,000 (2015: £825,000).
How we determined it	5% of operating profit before exceptional items
Rationale for benchmark applied	We consider this to be the primary benchmark used by key stakeholders to evaluate the performance of the Group. We exclude exceptional items in order to eliminate volatility arising from one off items which we believe are not reflective of underlying operations and therefore provides us with a consistent basis for determining materiality.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £50,000 (2015 £50,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 16, in relation to going concern. We have nothing to report having performed our review. Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or draw attention to. As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance report set out on pages 17 to 20 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion	
<ul style="list-style-type: none">information in the annual report is<ul style="list-style-type: none">materially inconsistent with the information in the audited financial statements; orapparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and company acquired in the course of performing our audit, orotherwise misleading	We have no exceptions to report.
<ul style="list-style-type: none">the statement given by the directors on page 29, in accordance with provision C 1.1 of the UK Corporate Governance Code (the 'Code'), that they consider the annual report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company acquired in the course of performing our audit	We have no exceptions to report.
<ul style="list-style-type: none">the section of the annual report on page 18, as required by provision C.3.8 of the Code, describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee	We have no exceptions to report.

The directors' assessment of the prospects of the group and the principal risks that would threaten the solvency or liquidity of the group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw your attention to in relation to:	
<ul style="list-style-type: none">the directors' confirmation on page 11 of the annual report, in accordance with provisions C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity	We have nothing material to add or to draw attention to.
<ul style="list-style-type: none">the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
<ul style="list-style-type: none">the directors' explanations on page 16 of the annual report, in accordance with provision C 2.2 of the Code, as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualification or assumptions	We have nothing material to add or to draw attention to.

INDEPENDENT AUDITORS' REPORT continued

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risk facing the Group and the directors' statement in relation to the longer term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements, checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report - Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

Corporate governance statement

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

Under the Listing Rules we are required to review the part of the corporate governance report relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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

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

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

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

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



Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
25 July 2016

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Revenue	3	118,069	119,132
Cost of sales		(37,438)	(36,988)
Gross profit		80,631	82,144
Operating expenses	3,4	(69,710)	(67,207)
Other operating income - royalties receivable		5,939	1,498
Exceptional items	5	-	42
Operating profit	3	16,860	16,477
Finance income	7	93	109
Finance costs	8	(5)	(1)
Profit before taxation	9	16,948	16,585
Income tax expense	10	(3,452)	(4,328)
Profit attributable to owners of the parent	27	13,496	12,257

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

	Notes	Year ended 29 May 2016	Year ended 31 May 2015
Basic earnings per ordinary share	11	42.1p	38.3p
Diluted earnings per ordinary share	11	42.0p	38.3p
Basic earnings per ordinary share - pre-exceptional items	11	42.1p	38.2p
Diluted earnings per ordinary share - pre-exceptional items	11	42.0p	38.1p

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Group		Company	
		Year ended 29 May 2016 £000	Year ended 31 May 2015 £000	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Profit attributable to owners of the parent		13,496	12,257	13,363	16,159
Other comprehensive income/(expense)					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations	26	485	(473)	-	-
Other comprehensive income/(expense) for the period		485	(473)	-	-
Total comprehensive income attributable to owners of the parent		13,981	11,784	13,363	16,159

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

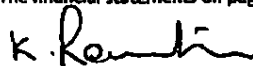
The notes on pages 39 to 58 are an integral part of these financial statements.

BALANCE SHEETS

	Notes	Group		Company	
		29 May 2016	31 May 2015	29 May 2016	31 May 2015
		£000	£000	£000	£000
Non-current assets					
Goodwill	13	1,433	1,433	-	-
Other intangible assets	14	10,501	8,262	-	-
Property, plant and equipment	15	22,621	22,719	-	-
Investments in subsidiaries	16	-	-	30,584	30,584
Trade and other receivables	19	929	1,195	3,900	3,900
Deferred tax assets	17	3,219	3,621	43	7
		38,703	37,230	34,527	34,491
Current assets					
Inventories	18	8,540	7,625	-	-
Trade and other receivables	19	10,120	9,425	1,516	1,180
Current tax assets		725	600	-	-
Cash and cash equivalents	20	11,775	12,561	843	71
		31,160	30,211	2,359	1,251
Total assets		69,863	67,441	36,886	35,742
Current liabilities					
Trade and other payables	22	(12,844)	(13,131)	(718)	(738)
Current tax liabilities		(1,924)	(1,434)	-	-
Provisions	24	(823)	(529)	-	-
		(15,591)	(15,094)	(718)	(738)
Net current assets		15,569	15,117	1,641	513
Non-current liabilities					
Other non current liabilities	23	(488)	(364)	(141)	-
Provisions	24	(621)	(458)	-	-
		(1,109)	(822)	(141)	-
Net assets		53,163	51,525	36,027	35,004
Capital and reserves					
Called up share capital	25	1,606	1,603	1,606	1,603
Share premium account	25	10,519	10,218	10,519	10,218
Other reserves	26	1,667	1,182	101	101
Retained earnings	27	39,371	38,522	23,801	23,082
Total equity		53,163	51,525	36,027	35,004

The notes on pages 39 to 58 are an integral part of these financial statements.

The financial statements on pages 35 to 58 were approved by the board of directors on 25 July 2016 and were signed on its behalf by:



K D Rountree, Director



R F Tongue, Director

Registered number 2670969

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Other reserves (note 26) £000	Retained earnings (note 27) £000	Total equity £000
At 1 June 2014 and 2 June 2014	1,593	9,490	1,655	42,656	55,394
Profit for the year to 31 May 2015	-	-	-	12,257	12,257
Exchange differences on translation of foreign operations	-	-	(473)	-	(473)
Total comprehensive (expense)/income for the period	-	-	(473)	12,257	11,784
Transactions with owners					
Share-based payments	-	-	-	232	232
Shares issued under employee sharesave scheme (note 25)	10	728	-	-	738
Deferred tax charge relating to share options	-	-	-	(71)	(71)
Current tax credit relating to exercised share options	-	-	-	49	49
Dividends paid to Company shareholders	-	-	-	(16,601)	(16,601)
Total transactions with owners	10	728	-	(16,391)	(15,653)
At 31 May 2015 and 1 June 2015	1,603	10,218	1,182	38,522	51,525
Profit for the year to 29 May 2016	-	-	-	13,496	13,496
Exchange differences on translation of foreign operations	-	-	485	-	485
Total comprehensive income for the period	-	-	485	13,496	13,981
Transactions with owners					
Share-based payments	-	-	-	193	193
Shares issued under employee sharesave scheme (note 25)	3	301	-	-	304
Current tax charge relating to exercised share options	-	-	-	(3)	(3)
Dividends paid to Company shareholders	-	-	-	(12,837)	(12,837)
Total transactions with owners	3	301	-	(12,647)	(12,343)
At 29 May 2016	1,606	10,519	1,667	39,371	53,163

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 1 June 2014 and 2 June 2014	1,593	9,490	101	23,292	34,476
Profit for the year to 31 May 2015	-	-	-	16,159	16,159
Total comprehensive income for the period	-	-	-	16,159	16,159
Transactions with owners					
Share-based payments	-	-	-	232	232
Shares issued under employee sharesave scheme	10	728	-	-	738
Dividends paid to Company shareholders	-	-	-	(16,601)	(16,601)
Total transactions with owners	10	728	-	(16,369)	(15,631)
At 31 May 2015 and 1 June 2015	1,603	10,218	101	23,082	35,004
Profit for the year to 29 May 2016	-	-	-	13,363	13,363
Total comprehensive income for the period	-	-	-	13,363	13,363
Transactions with owners					
Share-based payments	-	-	-	193	193
Shares issued under employee sharesave scheme	3	301	-	-	304
Dividends paid to Company shareholders	-	-	-	(12,837)	(12,837)
Total transactions with owners	3	301	-	(12,644)	(12,340)
At 29 May 2016	1,606	10,519	101	23,801	36,027

The notes on pages 39 to 58 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

	Notes	Group		Company	
		Year ended 29 May 2016 £000	Year ended 31 May 2015 £000	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Cash flows from operating activities					
Cash generated from operations	28	26,782	25,579	13,234	15,585
UK corporation tax paid		(2,236)	(1,912)	-	-
Overseas tax paid		(316)	(393)	-	-
Net cash from operating activities		24,230	23,274	13,234	15,585
Cash flows from investing activities					
Purchases of property, plant and equipment		(5,295)	(6,783)	-	-
Proceeds on disposal of property, plant and equipment	28	-	26	-	-
Purchases of other intangible assets		(2,789)	(1,012)	-	-
Expenditure on product development	14	(4,578)	(4,579)	-	-
Interest received		86	115	70	84
Net cash from investing activities		(12,577)	(12,233)	70	84
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	25	304	738	304	738
Interest paid		(3)	(1)	-	-
Dividends paid to Company shareholders	12	(12,837)	(16,601)	(12,837)	(16,601)
Net cash from financing activities		(12,536)	(15,864)	(12,533)	(15,863)
Net (decrease)/increase in cash and cash equivalents		(883)	(4,823)	771	(194)
Opening cash and cash equivalents		12,561	17,550	71	266
Effects of foreign exchange rates on cash and cash equivalents		97	(166)	1	(1)
Closing cash and cash equivalents	20	11,775	12,561	843	71

The notes on pages 39 to 58 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

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

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

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

2. Summary of significant accounting policies

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

Basis of preparation

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

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

Basis of consolidation

The consolidated financial statements include the Company and its subsidiary undertakings drawn up for the years ended 29 May 2016 and 31 May 2015. 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 29 May 2016 and 31 May 2015, have been used for consolidation purposes. In addition the first set of financial statements for Games Workshop Malaysia Sdn Bhd will be prepared to 31 May 2017 and hence the management accounts prepared to 29 May 2016 have been used for consolidation purposes.

Goodwill

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

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

Other intangible assets

Development costs

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

Computer software

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

Property, plant and equipment

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

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

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

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

Trade receivables

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

Leases

Operating leases

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

Inventories

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

Foreign currency translation

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

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

Cash and cash equivalents

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

Trade payables

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

Other employee benefits

Pension costs

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

Bonus and incentive plans

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

Long service benefits

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

Share-based payment

The Group operates a number of equity-settled employee share save schemes. The fair value of the employee services received under such schemes is recognised as an expense in the income statement with a corresponding increase in equity over the vesting period.

Investments

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

2. Summary of significant accounting policies continued

Revenue

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

Revenue on goods sold to customers on a sale or return basis (which includes book sales) is recognised after making full provision for the level of expected returns, based on past experience. The level of returns is reviewed on a regular basis and the provision is amended accordingly. Revenue on a sale or return basis represents no more than 3% of consolidated revenue (2015: no more than 3%).

Royalty income

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

Segment reporting

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

Taxation

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

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

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

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

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

Dividends

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

Impairment of assets

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

Provisions

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

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

Share capital

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

Financial instruments

All financial assets are classified as 'loans and receivables' and financial liabilities as 'other financial liabilities' (measured at amortised cost) in accordance with IAS 39. Management determines the classification of its financial assets and liabilities at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

Critical accounting estimates and judgements

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

- management estimates and judgements are required in assessing the impairment of assets, including capitalised development costs and fixtures and fittings within loss making retail stores, particularly in relation to the forecasting of future cash flows and the discount rate applied to the cash flows
- judgement is involved in assessing the exposures in the provisions (including inventory, loss making retail stores, other property, bad debt and returns) and hence in setting the level of the required provisions.

Exceptional items

Costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. These items are a credit in the prior period in relation to the release of amounts previously provided for the continental european reorganisation.

New accounting standards

There are no new accounting standards or interpretations effective in the current period which are relevant to the Group.

New standards, amendments to standards and interpretations which have been published but are not yet effective which are relevant to the Group are:

- IFRS 16 'Leases' (effective for the year ending 31 May 2020). Under this new standard all leases will be required to be recognised on balance sheet. Currently under IAS 17 'Leases' only leases categorised as finance leases are recognised on balance sheet, with leases categorised as operating leases not recognised. In broad terms the impact will be to recognise a lease liability and corresponding asset for the operating lease commitments set out in note 30. The Group is assessing the impact of the new standard.
- IFRS 15 'Revenue from contracts with customers' (effective for the year ending 2 June 2019). Under this new standard the royalty minimum guarantee income is expected to be taken as revenue up front. Currently the minimum guarantee income is deferred and released in line with licensee sales.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant effect on the financial statements.

3. Segment information

As Games Workshop is a vertically integrated business, management assesses the performance of sales channels and manufacturing and distribution channels separately. At 29 May 2016, the Group is organised as follows:

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

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

The segment information reported to the executive directors for the year ended 29 May 2016 is as follows:

	External revenue	
	Year ended 29 May 2016	Restated* Year ended 31 May 2015
	£000	£000
Trade	44,522	44,477
Retail	48,414	49,060
Mail order	25,133	25,595
Total revenue	118,069	119,132

3. Segment information continued

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

	Year ended 29 May 2016 £000	Restated* Year ended 31 May 2015 £000
Trade		
UK and Continental Europe	15,504	15,656
North America	17,944	17,740
Australia and New Zealand	1,658	2,000
Asia	741	584
Non-core trade	8,675	8,497
Total Trade	44,522	44,477
Retail		
UK	16,074	16,959
Continental Europe	12,878	13,879
North America	10,417	9,806
Australia and New Zealand	5,133	5,619
Asia	417	317
Non-core retail	3,495	2,480
Total Retail	48,414	49,060
Mail order		
Citadel and Forge World	21,018	21,120
Non-core mail order	4,115	4,475
Total Mail order	25,133	25,595
Total external revenue	118,069	119,132

*Revenue of £301,000 relating to certain trade customers for the year ended 31 May 2015 has been reclassified from UK and Continental Europe trade into non-core trade above to reflect the way in which the business is structured at 29 May 2016. In addition £537,000 of revenue has been reclassified from UK retail to UK and Continental Europe trade in order to correct a classification error relating to foreign exchange differences in the prior year.

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

	Year ended 29 May 2016 £000	Restated** Year ended 31 May 2015 £000
Trade	(8,899)	(7,945)
Retail	(35,930)	(33,934)
Mail order	(5,002)	(4,135)
Product and supply	(2,767)	(3,111)
Central costs	(5,582)	(6,206)
Service centre costs	(10,907)	(11,215)
Royalties	(430)	(429)
Total segment operating expenses	(69,517)	(66,975)
Share-based payment charge	(193)	(232)
Total group operating expenses	(69,710)	(67,207)

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

	Year ended 29 May 2016 £000	Restated** Year ended 31 May 2015 £000
Trade	10,625	11,508
Retail	(3,410)	(1,510)
Mail order	13,747	14,432
Product and supply	7,093	8,606
Central costs	(5,424)	(6,179)
Service centre costs	(10,907)	(11,217)
Royalties	5,329	1,069
Total segment operating profit	17,053	16,709
Share-based payment charge	(193)	(232)
Finance income	93	109
Finance costs	(5)	(1)
Profit before taxation	16,948	16,585

**Segment operating expenses and segment operating profit for the year ended 31 May 2015 have been restated to exclude the share-based payment charge of £232,000. This is now shown as a separate item above.

NOTES TO THE FINANCIAL STATEMENTS continued

3. Segment information continued

In addition charges relating to changes in inventory provisions are now all shown within the product and supply segment. A charge of £37,000 for the year ended 31 May 2015 has been reclassified from retail to product and supply to reflect this.

An exceptional credit of £42,000 for the year ended 31 May 2015 has been included within the product and supply segment, being the release of amounts previously provided for the continental european reorganisation.

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

	Impairment, depreciation and amortisation	
	Year ended 29 May 2016	Year ended 31 May 2015
	£000	£000
Trade	(3)	(2)
Retail	(1,439)	(1,307)
Mail order	(983)	(927)
Product and supply	(7,147)	(7,909)
Central costs	(9)	(116)
Service centre costs	(837)	(829)
Total group charge	(10,418)	(11,090)

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

	Net charge to inventory provisions		Redundancy costs and compensation for loss of office	
	Year ended 29 May 2016	Year ended 31 May 2015	Year ended 29 May 2016	Year ended 31 May 2015
	£000	£000	£000	£000
Trade	-	-	(25)	(20)
Retail	-	-	(150)	(712)
Mail order	-	-	(17)	(18)
Product and supply	(1,805)	(1,247)	(51)	-
Central costs	-	-	(293)	(819)
Total group charge	(1,805)	(1,247)	(536)	(1,569)

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

External revenue analysed by customer geographical location is as follows

	Year ended 29 May 2016	Year ended 31 May 2015
	£000	£000
UK	33,021	32,999
Continental Europe	32,891	33,515
North America	40,788	39,864
Asia Pacific	10,981	11,732
Rest of the world	888	1,022
External revenue	118,069	119,132

The Group is not reliant on any one individual customer

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

	2016	2015
	£000	£000
UK	32,458	30,777
All other countries	3,026	2,832
Total non-current assets (excluding deferred tax assets)	35,484	33,609

Tangible and intangible asset additions included within the UK were £11,307,000 (2015: £11,867,000) and all other countries were £1,248,000 (2015: £581,000). Development costs of £2,892,000 and additions of £3,129,000 classified within all other countries in 2015 are now classified within the UK.

4. Operating expenses – pre-exceptional items

	Year ended 29 May 2016	Year ended 31 May 2015
	£000	£000
Selling costs	41,991	39,596
Administrative expenses	27,719	27,611
	69,710	67,207

5. Exceptional items

The exceptional credit of £42,000 reported in the prior period relates to the release of amounts previously provided for the continental european restructure

6. Directors and employees

	Group		Company	
	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Total directors' and employees' costs				
Wages and salaries	42,931	40,246	1,420	1,543
Social security	4,711	4,497	178	150
Other pension costs	1,930	1,871	75	106
Share-based payment	193	232	3	1
	49,765	46,846	1,676	1,800

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

Key management compensation

The remuneration of the directors and other key management personnel of the Group are set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. This subset of people is different to that referred to as 'senior management' on page 15.

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Short-term employee benefits	1,110	1,051
Post-employment benefits	84	93
Share-based payment	5	1
Other long-term employee benefits	-	2
	1,199	1,147

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

Employee numbers

Group	Year ended 29 May 2016 Number	Year ended 31 May 2015 Number
Monthly average number of employees (including executive directors) by activity		
Design and development	209	167
Production	160	146
Selling		
- Full time	826	824
- Part time	186	169
Administration	364	348
	1,745	1,654

The monthly average number of employees for the Company was 9 (2015: 11).

7. Finance income

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Interest income		
- On cash and cash equivalents	93	103
- Other interest income receivable	-	6
	93	109

8. Finance costs

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Interest expense		
- Unwinding of discount on provisions	2	-
- Other interest payable	3	1
	5	1

NOTES TO THE FINANCIAL STATEMENTS continued

9 Profit before taxation

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Profit before taxation is stated after charging:		
Depreciation		
- Owned property, plant and equipment	5,305	4,991
Impairment of property, plant and equipment	28	9
Amortisation		
- Owned computer software	1,232	1,352
- Development costs	3,853	4,728
Non-capitalised development costs	3,895	3,186
Staff costs (excluding capitalised salary costs shown in note 14 and non-capitalised development costs above)	41,016	40,794
Impairment of trade receivables	242	135
Operating leases		
- Retail stores	7,640	7,645
- Other property	453	448
- Plant and equipment	197	234
- Other	139	130
Cost of inventories included in cost of sales	17,967	18,379
Net inventory provision creation (note 18)	1,805	1,247
Loss on disposal of property, plant and equipment	28	33
Loss on disposal of intangible assets	39	24
Redundancy costs and compensation for loss of office	536	1,569
Net charge to property provisions including closed or loss making retail stores (note 24)	562	236

Auditors' remuneration and services provided

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

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Audit services		
Audit of the Group and Company's financial statements	53	53
Other services		
The audit of the Company's subsidiaries pursuant to legislation	120	122
All other services	9	12
Total services provided	182	187

10 Income tax expense

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Current UK taxation		
UK corporation tax on profits for the period	2,588	3,165
Under provision in respect of prior periods	40	253
UK corporation tax on exceptional items for the period	-	9
	2,628	3,427
Current overseas taxation		
Overseas corporation tax on profits for the period	349	347
Over provision in respect of prior periods	(32)	(539)
Total current taxation	2,945	3,235
Deferred taxation		
Origination and reversal of timing differences	660	893
(Over)/under provision in respect of prior periods	(153)	200
Tax expense recognised in the income statement	3,452	4,328
Current tax charge/(credit) relating to sharesave scheme	3	(49)
Deferred tax charge relating to sharesave scheme	-	71
Charge taken directly to equity	3	22

10. Income tax expense continued

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

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Profit before taxation	16,948	16,585
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2015 20.83%)	3,390	3,455
Effects of:		
Items not (assessable)/deductible for tax purposes	(248)	481
Movement in deferred tax not recognised	(2)	(4)
Higher tax rates on overseas earnings	457	482
Adjustments to tax charge in respect of prior periods	(145)	(86)
Total tax charge for the period	3,452	4,328

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. The overall effect of these changes, if applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £9,000.

11. Earnings per share

Basic earnings per share

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

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Profit attributable to owners of the parent (£000)	13,496	12,257
Weighted average number of ordinary shares in issue (thousands)	32,093	31,975
Basic earnings per share (pence per share)	42.1	38.3

Basic earnings per share - pre-exceptional items

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

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Pre-exceptional profit attributable to owners of the parent (£000)	13,496	12,215
Weighted average number of ordinary shares in issue (thousands)	32,093	31,975
Basic earnings per share - pre-exceptional items (pence per share)	42.1	38.2

Diluted earnings per share

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

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Profit attributable to owners of the parent (£000)	13,496	12,257
Weighted average number of ordinary shares in issue (thousands)	32,093	31,975
Adjustment for share options (thousands)	57	50
Weighted average number of ordinary shares for diluted earnings per share (thousands)	32,150	32,025
Diluted earnings per share (pence per share)	42.0	38.3

Diluted earnings per share - pre-exceptional items

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

	Year ended 29 May 2016 £000	Year ended 31 May 2015 £000
Pre-exceptional profit attributable to owners of the parent (£000)	13,496	12,215
Weighted average number of ordinary shares in issue (thousands)	32,093	31,975
Adjustment for share options (thousands)	57	50
Weighted average number of ordinary shares for diluted earnings per share (thousands)	32,150	32,025
Diluted earnings per share - pre-exceptional items (pence per share)	42.0	38.1

NOTES TO THE FINANCIAL STATEMENTS continued

12. Dividends per share

A dividend of 20 pence per share, amounting to a total dividend of £6,373,000, a dividend of 16 pence per share, amounting to a total dividend of £5,099,000, and a further dividend of 16 pence per share, amounting to a total dividend of £5,129,000, were declared and paid during the prior period. A dividend of 20 pence per share, amounting to a total dividend of £6,413,000, and a further dividend of 20 pence per share, amounting to a total dividend of £6,424,000, were declared and paid during the current period.

13. Goodwill

Group	£000
Cost	
At 31 May 2015 and 1 June 2015	2,402
Exchange differences	3
At 29 May 2016	2,405
Accumulated amortisation	
At 31 May 2015 and 1 June 2015	(969)
Exchange differences	(3)
At 29 May 2016	(972)
Net book value at beginning of period and end of period	1,433

The Company had no goodwill at either period end.

Impairment tests for goodwill

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

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

In determining the value in use, the calculations use cash flow projections for a period no greater than three years based on plans approved by management and, for the Group's cash-generating unit concerned, assumes a long term growth rate no higher than 2% (2015: 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 5% (2015: 6%).

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

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

14. Other intangible assets

Group	Computer software £000	Development costs £000	Total £000
Cost			
At 1 June 2014 and 2 June 2014	9,625	24,912	34,537
Additions	1,116	4,579	5,695
Exchange differences	24	-	24
Disposals	(265)	(1,753)	(2,018)
At 31 May 2015 and 1 June 2015	10,500	27,738	38,238
Additions	2,784	4,578	7,362
Exchange differences	74	-	74
Disposals	(18)	(2,484)	(2,502)
At 29 May 2016	13,340	29,832	43,172
Accumulated amortisation			
At 1 June 2014 and 2 June 2014	(4,617)	(21,237)	(25,854)
Amortisation charge	(1,362)	(4,728)	(6,090)
Exchange differences	(26)	-	(26)
Disposals	241	1,753	1,994
At 31 May 2015 and 1 June 2015	(5,764)	(24,212)	(29,976)
Amortisation charge	(1,232)	(3,853)	(5,085)
Exchange differences	(73)	-	(73)
Disposals	16	2,447	2,463
At 29 May 2016	(7,053)	(25,618)	(32,671)
Net book amount			
At 31 May 2015	4,736	3,526	8,262
At 29 May 2016	6,287	4,214	10,501

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14. Other intangible assets continued

Amortisation of £3,954,000 (2015 £4,990,000) has been charged in cost of sales and £1,131,000 (2015 £1,100,000) in operating expenses

The net book amount of internally generated intangible assets is £6,557,000 (2015 £3,939,000) and acquired intangible assets is £3,944,000 (2015 £4,323,000). All development costs are internally generated and £3,964,000 (2015 £3,296,000) is capitalised salary costs.

Salary costs of £4,306,000 (2015 £4,280,000) were capitalised as part of development costs and £548,000 (2015 £nil) were capitalised as part of computer software during the year

Assets in the course of development, and not amortised, amount to £2,811,000 (2015 £1,048,000) with current and prior year amounts both being included within computer software. The current year assets are the replacement of the mail order warehouse software (£656,000), the replacement of the ERP system (£2,038,000) and software licenses for the global web store (£117,000). The prior year related to the development of the Forge World web store (£755,000), replacement of the mail order warehouse software (£290,000) and upgrade of till software (£3,000)

The Company had no other intangible assets at either period end

15 Property, plant and equipment

Group	Freehold land and buildings £000	Plant and equipment and vehicles £000	Fixtures and fittings £000	Moulding tools £000	Total £000
Cost					
At 1 June 2014 and 2 June 2014	14,806	16,295	18,807	26,198	76,106
Additions	1,924	1,791	1,373	1,665	6,753
Exchange differences	-	35	(345)	1	(309)
Disposals	-	(1,499)	(1,807)	(1,364)	(4,670)
At 31 May 2015 and 1 June 2015	16,730	16,622	18,028	26,500	77,880
Additions	29	1,204	1,806	2,154	5,193
Exchange differences	-	119	377	-	496
Disposals	-	(721)	(1,522)	(662)	(2,905)
Reclassification	(173)	-	173	-	-
At 29 May 2016	16,586	17,224	18,862	27,992	80,664
Accumulated depreciation					
At 1 June 2014 and 2 June 2014	(4,776)	(12,689)	(16,057)	(21,557)	(55,079)
Charge for the period	(292)	(1,578)	(1,230)	(1,891)	(4,991)
Exchange differences	-	(25)	333	(1)	307
Impairment	-	3	(12)	-	(9)
Disposals	-	1,477	1,771	1,363	4,611
At 31 May 2015 and 1 June 2015	(5,068)	(12,812)	(15,195)	(22,086)	(55,161)
Charge for the period	(355)	(1,625)	(1,339)	(1,986)	(5,305)
Exchange differences	-	(100)	(326)	-	(426)
Impairment	-	-	(28)	-	(28)
Disposals	-	713	1,502	662	2,877
At 29 May 2016	(5,423)	(13,824)	(15,386)	(23,410)	(58,043)
Net book amount					
At 31 May 2015	11,662	3,810	2,833	4,414	22,719
At 29 May 2016	11,163	3,400	3,476	4,582	22,621

Depreciation expense of £3,199,000 (2015 £2,954,000) has been charged in cost of sales, £1,307,000 (2015 £1,308,000) in selling costs and £799,000 (2015 £729,000) in administrative expenses

Freehold land amounting to £3,836,000 (2015 £3,836,000) has not been depreciated

Assets in the course of construction, and not depreciated, amount to £1,085,000 (2015 £1,103,000). £570,000 (2015 £495,000) of these are included in moulding tools, £373,000 (2015 £417,000) is included in plant and equipment and vehicles, £26,000 (2015 £51,000) is included in freehold land and buildings, and £116,000 (2015 £140,000) is included in fixtures and fittings above

An impairment of £28,000 (2015 £12,000) relates to fixtures and fittings and a reversal of £nil (2015 £3,000) relates to plant and machinery within loss making retail stores which have been written down to estimated value in use. This has been charged or credited in selling costs in both periods

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

NOTES TO THE FINANCIAL STATEMENTS continued

16. Investments in subsidiaries

Company	2016 £000	2015 £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.

A list of subsidiary undertakings is given below

Interests in group undertakings

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%	Retailer of games and miniatures
EURL Games Workshop	France	euro 1		100%	Retailer of games and miniatures
Games Workshop SL	Spain	euro 1		100%	Retailer of games and miniatures
Games Workshop Oz Pty Limited	Australia	Aus \$1		100%	Distributor and retailer of games and miniatures
Games Workshop Deutschland GmbH	Germany	euro 1		100%	Retailer of games and miniatures
Games Workshop Limited	New Zealand	NZ \$1		100%	Retailer of games and miniatures
Games Workshop Italia SRL	Italy	euro 1		100%	Retailer of games and miniatures
Games Workshop International Limited	England and Wales	£1 ordinary	100%		Holding company for overseas subsidiary companies
Games Workshop US Limited	England and Wales	£1 ordinary		100%	Holding company for US subsidiary companies
Games Workshop US (Holdings) Limited	England and Wales	£1 ordinary		100%	Intermediary holding company for US subsidiary companies
Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd	China	Owners capital		100%	Distributor and retailer of games and miniatures
Games Workshop Trustee Limited	England and Wales	£1 ordinary	100%		Trustee
Games Workshop Stockholm AB	Sweden	SKR 100		100%	Retailer of games and miniatures
Games Workshop Hong Kong Limited	Hong Kong	HK \$1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Pte. Limited	Singapore	SG \$1 ordinary		100%	Distributor of games and miniatures
Games Workshop Malaysia Sdn. Bhd	Malaysia	MYR 1 ordinary		100%	Distributor of games and miniatures
Games Workshop Interactive Limited	England and Wales	£1 ordinary	100%		Dormant
Warhammer Online Limited	England and Wales	£1 ordinary		100%	Dormant
Citadel Miniatures Limited	England and Wales	£1 ordinary	100%		Dormant
Games Workshop Limited	Hong Kong	HK\$10 ordinary		100%	Dormant

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

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

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

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	
	2016	2015	2016	2015
	£000	£000	£000	£000
Deferred tax assets				
- deferred tax asset to be recovered after more than 12 months	2,274	2,379	2	2
- deferred tax asset to be recovered within 12 months	945	1,242	41	5
	3,219	3,621	43	7

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

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Beginning of period	3,621	4,715	7	6
Exchange differences	105	70	-	-
Income statement (charge)/credit	(507)	(1,093)	36	1
Charged directly to retained earnings	-	(71)	-	-
End of period	3,219	3,621	43	7

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

	Accelerated depreciation	Development costs	Losses available for offset	Other	Total
	£000	£000	£000	£000	£000
Group					
At 1 June 2014 and 2 June 2014	1,479	(772)	2,227	1,781	4,715
(Charged)/credited to the income statement	(101)	67	(549)	(510)	(1,093)
Charged to equity	-	-	-	(71)	(71)
Exchange differences	(84)	-	109	45	70
At 31 May 2015 and 1 June 2015	1,294	(705)	1,787	1,245	3,621
Credited/(charged) to the income statement	49	(138)	(401)	(17)	(507)
Exchange differences	19	-	65	21	105
At 29 May 2016	1,362	(843)	1,451	1,249	3,219

Other deferred tax assets include deferred tax on adjustments for profit in stock arising from intra-group sales of £861,000 (2015: £948,000).

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 29 May 2016 or 31 May 2015 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.

	Accelerated depreciation	Other	Total
	£000	£000	£000
Company			
At 1 June 2014 and 2 June 2014	2	4	6
Credited to the income statement	-	1	1
At 31 May 2015 and 1 June 2015	2	5	7
Credited to the income statement	-	36	36
At 29 May 2016	2	41	43

18. Inventories

	2016	2015
	£000	£000
Group		
Raw materials	120	98
Work in progress	365	230
Finished goods and goods for resale	8,055	7,297
	8,540	7,625

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

During the period, the Group utilised an inventory provision of £916,000 (2015: £1,189,000) and £1,805,000 (2015: £1,247,000) has been charged to the income statement.

The Company holds no inventories at either period end.

NOTES TO THE FINANCIAL STATEMENTS continued

19. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade receivables	4,537	4,740	-	-
Less provision for impairment of receivables	(259)	(252)	-	-
Trade receivables – net	4,278	4,488	-	-
Prepayments and accrued income	5,304	4,787	20	38
Other receivables	1,467	1,345	-	-
Receivables from group companies	-	-	1,496	1,142
Loans to group companies	-	-	3,900	3,900
Total trade and other receivables	11,049	10,620	5,416	5,080
Non-current receivables				
Prepayments and accrued income	206	181	-	-
Other receivables	723	1,014	-	-
Loans to group companies	-	-	3,900	3,900
Non-current portion	929	1,195	3,900	3,900
Current portion	10,120	9,425	1,516	1,180

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:

	2016			2015		
	Not impaired	Impaired	Total	Not impaired	Impaired	Total
	£000	£000	£000	£000	£000	£000
Up to 3 months past due	1,090	34	1,124	172	18	190
3 to 12 months past due	68	47	115	-	83	83
Over 12 months past due	-	60	60	-	51	51
	1,158	141	1,299	172	152	324

In addition to the above, current debt of £118,000 (2015: £100,000) has been impaired.

Provision for impairment of receivables

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

Group	£000
At 1 June 2014 and 2 June 2014	370
Charge for the period	144
Exchange differences	(9)
Receivables written off during the period as uncollectible	(253)
At 31 May 2015 and 1 June 2015	252
Charge for the period	242
Exchange differences	1
Receivables written off during the period as uncollectible	(236)
At 29 May 2016	259

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

	2016	2015
	£000	£000
Sterling	5,007	4,507
Euro	2,080	2,167
US dollar	2,360	2,142
Other currencies	1,602	1,404
Total trade and other receivables	11,049	10,620

20. Cash and cash equivalents

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Cash at bank and in hand	10,998	11,942	843	71
Short term bank deposits	777	619	-	-
Cash and cash equivalents	11,775	12,561	843	71

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

There were no utilised borrowing facilities at 29 May 2016 or 31 May 2015

21. Financial risk factors

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

Foreign currency risk

The majority of the Group's business is transacted in sterling, euros and US dollars. The principal currency of the Group is sterling.

The Group is exposed to foreign exchange risk principally via

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

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

Foreign exchange sensitivity

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

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

The following assumptions were made in calculating the sensitivity analysis:

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

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

Group	2016 Income gain/(loss) £000	2015 Income gain/(loss) £000
15% appreciation of the US dollar (2015: 10%)	251	27
15% appreciation of the euro (2015: 10%)	(187)	(35)

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

There is no impact on equity gains or losses.

Interest rate risk

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

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to independent retailers.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

21 Financial risk factors continued

Capital risk

The capital structure of the Group consists of net funds (see note 29) and owners' equity (see notes 25 to 27). The Group manages its capital to safeguard the ability to operate as a going concern and to optimise returns to shareholders. The Group's objective is not to use long term debt to finance the business. Overdraft facilities will be used to finance the working capital cycle if required.

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

Liquidity risk

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

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

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

	2016				2015			
	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
Group								
Trade and other payables	9,144	141	-	-	9,406	-	-	-
Provisions for redundancies and property	624	159	124	-	337	71	61	-
Exceptional provisions	-	-	-	-	26	-	-	-
	9,758	300	124	-	9,769	71	61	-
							Within 1 year 2016 £000	Within 1 year 2015 £000
Company								
Trade and other payables							675	691
							675	691

Financial instruments by category

	Group		Company	
	Loans and receivables 2016 £000	Loans and receivables 2015 £000	Loans and receivables 2016 £000	Loans and receivables 2015 £000
Financial assets as per balance sheet				
Trade receivables	4,278	4,488	-	-
Accrued income	696	-	-	-
Other receivables	1,467	1,345	-	-
Receivables from group companies	-	-	1,496	1,142
Loans to group companies	-	-	3,900	3,900
Cash and cash equivalents	11,775	12,561	843	71
Total	18,216	18,394	6,239	5,113

Within the Group net cash and cash equivalents are overdrafts of £7,938,000 (2015: £4,276,000) which are subject to a master netting arrangement.

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

	Group		Company	
	Financial liabilities at amortised cost 2016 £000	Financial liabilities at amortised cost 2015 £000	Financial liabilities at amortised cost 2016 £000	Financial liabilities at amortised cost 2015 £000
Financial liabilities as per balance sheet				
Trade payables	4,417	4,608	5	12
Other payables	2,473	2,692	8	264
Accruals	2,395	2,736	343	91
Payables to group companies	-	-	319	324
Total	9,285	10,036	675	691

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	
	2016 £000	2015 £000	2016 £000	2015 £000
Current				
Trade payables	4,417	4,608	5	12
Other taxes and social security	1,042	289	43	47
Other payables	2,473	2,692	8	264
Accruals	2,917	2,849	343	91
Deferred income	1,995	2,693	-	-
Payables to group companies	-	-	319	324
	12,844	13,111	718	738

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

23. Other non-current liabilities

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Accruals	488	364	141	-

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

	2016 £000	2015 £000
Sterling	7,521	8,147
Euro	1,557	1,617
US dollar	3,346	2,830
Other currencies	908	901
Total trade and other payables and other non-current liabilities	13,332	13,495

24. Provisions

Analysis of total provisions

	2016 £000	2015 £000
Group		
Current	823	529
Non current	621	458
Total provisions	1,444	987

Group	Exceptional Items £000	Employee benefits £000	Property £000	Total £000
At 31 May 2015	26	492	469	987
Charged/(credited) to the income statement				
- Additional provisions	-	107	671	778
- Unused amounts reversed	-	(18)	(109)	(127)
Exchange differences	-	3	16	19
Utilised	(26)	(37)	(150)	(213)
At 29 May 2016	-	547	897	1,444

The Company had no provisions at either period end. The fair value of provisions does not differ from the book value

Employee benefits

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

Property provisions

Property provisions relate to property dilapidations and to committed costs outstanding under onerous or vacant lease commitments and will diminish over the lives of the underlying leases. The above provision is expected to be utilised by 2019. The estimated liability is discounted to its present value using a discount rate of 0.96% (2015: 4.0%)

Exceptional provisions

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

NOTES TO THE FINANCIAL STATEMENTS continued

25 Share capital

Group and Company	Number of shares (thousands)	Ordinary shares £000	Share premium account £000	Total £000
At 1 June 2014	31,860	1,593	9,490	11,083
Shares issued under employee sharesave scheme	204	10	728	738
At 31 May 2015	32,064	1,603	10,218	11,821
Shares issued under employee sharesave scheme	57	3	301	304
At 29 May 2016	32,121	1,606	10,519	12,125

During the period 57,157 ordinary shares were issued (2015: 203,827). The total authorised number of shares is 42,000,000 shares (2015: 42,000,000 shares) with a par value of 5p per share (2015: 5p per share). All issued shares are fully paid.

26. Other reserves

	2016				2015			
Group	Capital redemption reserve £000	Translation reserve £000	Other reserve £000	Total £000	Capital redemption reserve £000	Translation reserve £000	Other reserve £000	Total £000
Beginning of period	101	2,131	(1,050)	1,182	101	2,604	(1,050)	1,655
Exchange differences on translation of foreign operations	-	485	-	485	-	(473)	-	(473)
End of period	101	2,616	(1,050)	1,667	101	2,131	(1,050)	1,182

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

As at 29 May 2016, the Company's capital redemption reserve was £101,000 (2015: £101,000). The Company had no other reserves in addition to the capital redemption reserve at either period end.

27. Retained earnings

	Group £000	Company £000
At 1 June 2014 and 2 June 2014	42,656	23,292
Profit attributable to owners of the parent	12,257	16,159
Deferred tax on share options	(71)	-
Current tax on share options	49	-
Share-based payments	232	232
Dividends to Company shareholders	(16,601)	(16,601)
At 31 May 2015 and 1 June 2015	38,522	23,082
Profit attributable to owners of the parent	13,496	13,363
Current tax on share options	(3)	-
Share-based payments	193	193
Dividends to Company shareholders	(12,837)	(12,837)
At 29 May 2016	39,371	23,801

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

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Operating profit/(loss)	16,860	16,477	(2,164)	(1,946)
Depreciation of property, plant and equipment	5,305	4,991	-	-
Net impairment on property, plant and equipment	28	9	-	-
Loss on disposal of property, plant and equipment (see below)	28	33	-	-
Loss on disposal of intangible assets (see below)	39	24	-	-
Amortisation of capitalised development costs	3,853	4,728	-	-
Amortisation of other intangibles	1,232	1,362	-	-
Share-based payments	193	232	-	-
Dividend income from investments in subsidiary undertakings	-	-	15,000	17,646
Changes in working capital:				
- (Increase)/decrease in inventories	(701)	882	-	-
- (Increase)/decrease in trade and other receivables	(293)	(242)	273	(260)
- (Decrease)/increase in trade and other payables	(198)	(395)	125	155
- Increase/(decrease) in provisions	436	(2,522)	-	(10)
Net cash from operating activities	26,782	25,579	13,234	15,585

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

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

	2016 £000	2015 £000
Net book amount	28	59
Loss on sale of property, plant and equipment	(28)	(33)
Proceeds from sale of property, plant and equipment	-	26

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

The Group disposed of intangible assets with a net book amount of £39,000 during the period (2015: £24,000). There were no proceeds on disposal in either period and hence a loss on disposal equivalent to the net book value was recorded.

The Company sold no other intangibles during either period.

29. Analysis of net funds

	As at 31 May 2015 £000	Cash flow £000	Exchange movement £000	As at 29 May 2016 £000
Group				
Cash at bank and in hand	12,561	(883)	97	11,775
Net funds	12,561	(883)	97	11,775

	As at 31 May 2015 £000	Cash flow £000	Exchange movement £000	As at 29 May 2016 £000
Company				
Cash at bank and in hand	71	771	1	843
Net funds	71	771	1	843

30. Commitments

Capital commitments

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

	2016 £000	2015 £000
Group		
Property, plant and equipment	609	447

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

		2016 Other property £000	Other £000	2015 Other property £000	Other £000
Group	Retail stores £000				
Within 1 year	7,595	526	154	6,614	524
Between 2 and 5 years inclusive	11,656	493	148	10,647	846
In over 5 years	265	-	-	414	-
	19,516	1,019	302	17,675	1,370
					258

The Company had no operating lease commitments at either period end

Inventory purchase commitments

	2016 £000	2015 £000
Group		
Finished goods	1,462	1,216
Components	1,135	639
Raw materials	92	43

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

31 Contingencies

The Group has contingent liabilities in respect of the potential reversionary interest in sub-let leasehold properties amounting to £46,000 (2015 £93,000)

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 £1,424,000 (2015 £1,586,000)

For the year ended 29 May 2016, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual statutory accounts by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject

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

32 Related-party transactions

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

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

Transactions between the Company and its subsidiaries are shown below

Subsidiary	Nature of transaction	2016 £000	2015 £000
Games Workshop International Limited	Dividends receivable	-	517
Games Workshop Limited	Recharges	382	398
	Dividends receivable	15,000	17,129

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

Subsidiary	Amounts owed by subsidiaries		Amounts owed to subsidiaries	
	2016 £000	2015 £000	2016 £000	2015 £000
Games Workshop Group PLC Employee Share Trust	-	51	-	-
Games Workshop Limited	1,275	978	-	-
Games Workshop Retail Inc	120	71	-	-
EUROL Games Workshop	4	1	-	-
Games Workshop SL	26	23	-	-
Games Workshop Oz Pty Limited	2	-	-	(5)
Games Workshop Deutschland GmbH	2	-	-	-
Games Workshop International Limited	-	-	(319)	(319)
Games Workshop (Queen Street) Limited	1	1	-	-
Games Workshop Italia SRL	18	16	-	-
Games Workshop Stockholm AB	-	1	-	-
Games Workshop Hong Kong Limited	48	-	-	-
	1,496	1,142	(319)	(324)

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

Subsidiary	Amounts owed by subsidiaries	
	2016 £000	2015 £000
Games Workshop Interactive Limited	6,779	6,779
Less provision for impairment	(6,779)	(6,779)
Games Workshop Limited	3,900	3,900
	3,900	3,900

In addition, Mrs K Kirby (Lathbury) received £66,185 during the prior year from the Group for her work as interim head of IT. Mrs Kirby ceased to work for the Group on 30 November 2014. T H F Kirby provided consultancy at a cost of £35,000 in the year (2015 £25,000)

FIVE YEAR SUMMARY

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Revenue	118,069	119,132	123,501	134,597	131,009
Operating profit – pre-exceptional items and royalties receivable	10,921	14,937	15,355	20,229	15,603
Exceptional items	-	42	(4,500)	-	-
Royalties receivable	5,939	1,498	1,442	1,025	3,537
Operating profit	16,860	16,477	12,297	21,254	19,140
Finance income	93	109	106	176	434
Finance costs	(5)	(1)	(7)	(35)	(100)
Profit before taxation	16,948	16,585	12,396	21,395	19,474
Income tax expense	(3,452)	(4,328)	(4,389)	(5,077)	(4,760)
Profit attributable to owners of the parent	13,496	12,257	8,007	16,318	14,714
Basic earnings per ordinary share	42.1p	38.3p	25.2p	51.5p	46.8p
Pre-exceptional earnings per ordinary share	42.1p	38.2p	36.1p	51.5p	46.8p

FINANCIAL CALENDAR

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

14 September 2016
January 2017
28 May 2017
July 2017

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 14 September 2016 for the following purposes

Ordinary business

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

Resolution 1

To receive the Company's annual accounts for the year ended 29 May 2016 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 K D Rountree as a director

Resolution 3

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

Resolution 4

To re-elect C J Myatt as a director.

Resolution 5

To re-elect N J Donaldson as a director

Resolution 6

To re-elect E O'Donnell as a director

Resolution 7

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

Resolution 8

To authorise the directors to fix the auditors remuneration

Resolution 9

To approve the remuneration report (excluding the directors' remuneration policy set out on pages 22 to 25) for the year ended 29 May 2016.

Resolution 10

To approve the directors' remuneration policy set out on pages 22 to 25, such remuneration policy to take effect from the date on which the resolution is passed

Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 11 will be proposed as an ordinary resolution and resolutions 12 and 13 will be proposed as special resolutions

Resolution 11

That the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Relevant Securities (as defined below) up to an aggregate nominal amount of £529,991 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 13 December 2017 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities. Relevant Securities means (i) shares in the Company other than shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act), a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security or a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security, (ii) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in this resolution include the grant of such rights.

Resolution 12

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

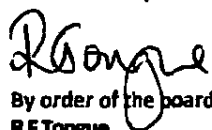
- (a) the allotment of equity securities in connection with a rights issue so that for this purpose 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with rights attached thereto but subject to such exclusions or other arrangements as the directors consider necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory; and
- (b) the allotment of equity securities up to an aggregate nominal amount of £80,301.

The power granted by this resolution will expire on 13 December 2017 or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities. For the purposes of this resolution the expression 'equity securities' and references to 'allotment of equity securities' respectively have the meanings given to them in section 560 of the Act.

Resolution 13

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

- (a) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 13 December 2017 whichever is the earlier;
- (b) the maximum aggregate number of ordinary shares that may be purchased is 3,212,070;
- (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

25 July 2016

Registered office:

Willow Road, Lenton

Nottingham

NG7 2WS

Registered in England and Wales under number 2670969

NOTICE OF ANNUAL GENERAL MEETING continued

Notes

- 1 Only those members registered on the Company's register of members at 6:00 pm on 12 September 2016 or, if this meeting is adjourned, at 6.30pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
- 2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 3 A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Details of how to appoint more than one proxy are set out in the notes to the proxy form.
- 5 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 6 To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA so as to be received no later than 48 hours before the time fixed for holding the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- 8 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- 9 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA no later than the time fixed for holding the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- 10 Appointment of a proxy does not preclude you from attending the meeting and voting in person.
- 11 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- 12 As at 25 July 2016 (being the last practical date prior to the publication of this notice), the Company's issued share capital comprised 32,120,708 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 25 July 2016 is 32,120,708. The website referred to in note 21 will include information on the number of shares and voting rights.
- 13 If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') you may have a right under an agreement between you and the member of the Company who has nominated you (a 'Relevant Member') to have information rights to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- 14 You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.
- 15 Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) the resolution must not be defamatory of any person, frivolous or vexatious, (c) the request may be in hard copy form or in electronic form (see note 19 below), must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported, must be authenticated by the person or persons making it (see note 19 below), and must be received by the Company not later than 6 weeks before the meeting to which the request relates.
- 16 Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that (a) the matter of business must not be defamatory of any person, frivolous or vexatious, (b) the request may be in hard copy form or in electronic form (see note 19 below), must identify the matter of business by setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the persons or person making it (see note 19 below) and must be received by the Company not later than 6 weeks before the meeting to which the request relates.

Notes continued

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