



THURSDAY 27 APRIL 2017

The Character Group plc

Designers, developers and international distributor of toys, games and giftware

HALF YEARLY FINANCIAL REPORT

for the six months ended 28 February 2017

“Profitable, cash generative with a strong balance sheet; a set of solid results in challenging market conditions and against the backdrop of significant growth in the comparative period. Character remains the UK’s leading independent toy company.”

KEY PERFORMANCE INDICATORS

CONTINUING OPERATIONS	Half-year ended February 2017	Half-year ended February 2016	Change	Full-year ended August 2016
Revenue	£61.5m	£65.2m	-5.7%	£121.0m
Underlying operating profit*	£7.2m	£8.7m	-17.2%	£12.7m
Operating profit	£6.6m	£8.8m	-25.0%	£13.3m
Underlying pre-tax profit*	£7.1m	£8.6m	-17.4%	£12.5m
Pre-tax profit	£6.5m	£8.7m	-25.3%	£13.1m
Underlying basic earnings per share*	27.86p	32.43p	-14.1%	47.63p
Underlying diluted earnings per share*	27.07p	30.69p	-11.8%	45.16p
Basic earnings per share	25.18p	32.85p	-23.3%	50.30p
Diluted earnings per share	24.47p	31.09p	-21.3%	48.54p
Proposed dividend per share	9.0p	7.0p	+28.6%	8.0p
Underlying EBITDA*	£8.5m	£10.4m	-18.3%	£15.1m
EBITDA	£7.9m	£10.5m	-24.8%	£15.7m
Net cash	£18.6m	£14.5m	+27.9%	£6.9m
Net assets	£25.2m	£21.4m	+17.8%	£22.9m

* Excludes mark to market (loss)/profit adjustments on FX derivative positions	£(0.6)m	£0.1m		£0.6m
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- Core group of products continues to have brand strength in depth - Top 3 brands are Peppa Pig, Little Live Pets and Teletubbies
- Recently launched Stretch range becomes one of our top brands
- Gross profit level holding well despite increased purchasing costs due to weakness of sterling
- Strong balance sheet and highly cash generative model with net cash at bank of £18.6m at HY 17
- Proposed dividend of 9.0p up 28.6% on comparative period
- Major range extensions currently in development for Peppa, Little Live Pets, Teletubbies, Stretch, Mashems and Minecraft
- We remain on target to achieve current market expectations for the full financial year to 31 August 2017

FTSE sector: leisure: **FTSE AIM All-share:** symbol: CCT.L: **Market cap:** £101m

Copies of this statement can be viewed at www.thecharacter.com. Product ranges can be viewed at www.character-online.co.uk.

ENQUIRIES

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The Character Group plc

(the “Company” or “Group” or “Character”)

Designers, developers and international distributor of toys, games and giftware

HALF YEARLY FINANCIAL REPORT

for the six months ended 28 February 2017

INTRODUCTION

The Board is pleased to report that the Group continues to deliver consistently solid financial results. In a period where a number of macro-economic factors, particularly the weakness of sterling have worked against us and considering the backdrop of an exceptional period of growth experienced in the comparative period last year, our core brands have continued to perform well.

The balance sheet continues to strengthen and the repeating success of our cash generation model leads us to report a net cash balance of £18.6m at the 2017 HY balance sheet date. The Board’s continued confidence gained from these results and the current outlook for the business enable it to declare an increased interim dividend of 9.0 pence per share, up 28.6% on last year.

As previously communicated we have instigated several specific measures to improve operational efficiency to mitigate the adverse effect of increased stock purchase costs arising as a result of the weakness of sterling. We are pleased to say that good progress has been made on these initiatives and material cost savings are now coming through, this gives us confidence on our ability to meet current market forecasts.

OUR BRANDS

Our Top performing brands in the period were Peppa Pig, Little Live Pets, Teletubbies, Mashems, Minecraft, Scooby Doo, Stretch and Fireman Sam. This core group of products continues to have brand strength and depth. Peppa is consistently our top performing brand; Little Live Pets and Teletubbies complete our Top 3. The recently launched Stretch range has importantly already established itself as one of our top brands in the UK and internationally.

Our continued market leading position in the UK ensures that we remain the partner of choice for many of the leading brand owners and we remain confident in our ability to further expand our presence both domestically and internationally in the years to come.

PERFORMANCE ON CONTINUING OPERATIONS

Revenue in the period was £61.5m, against £65.2m in the comparable 2016 period (year ended 31 August 2016 £121m). Geographically our revenue split in the period remained consistent with the comparable 2016 period and was United Kingdom 76% (2016: 76%), Rest of the World (including USA) 24% (2016: 24%). As we highlighted at the time of our Annual General Meeting in January 2017 our sales levels leading up to the 2016 Christmas period were marginally down compared to what was an exceptional comparative period in 2016. The Group adopted a cautious approach to purchasing stocks in the lead up to the Christmas 2016 period and, although the Group’s sales in the period could have been marginally higher were it not for this caution, we believe that this was a prudent approach in the circumstances. Sales in the United States were down compared to HY 2016, which was a contributing factor to the reduction in revenue overall for the period, but the effect on gross profit was minimal, given that the margin on US sales is generally lower than on sales to other territories.

A significant proportion of the Group’s purchases are made in US dollars. The business is therefore exposed to foreign currency fluctuations and manages the associated risk through the purchase of forward exchange contracts and derivative financial instruments. Under International Financial Reporting Standards (IFRS), at the end of each reporting period the Group is required to make an adjustment in its financial statements to incorporate a ‘mark to market’ valuation of such financial instruments. The ‘mark to market’ adjustment for this financial period results in a charge against profit of £0.6m being reported. This compares to an additional profit of £0.1m shown in the corresponding period in 2016 and an additional profit of £0.6m reported in the year to 31 August 2016. These mark to market adjustments are non-cash items calculated by reference to unpredictable and sometimes volatile currency spot rates at the various balance sheet dates. To highlight profitability on a normal basis these adjustments have been added back to arrive at the “underlying” profit measures presented in this report.

Underlying gross profit margin in the period being reported amounted to 32.2%, compared to 33.9% in the same 2016 period, (a reduction of 1.7%) and 31.1% for the August 2016 financial year. Underlying margins have been impacted by the weakness of sterling; in the case of UK domestic sales (which currently make up the majority of our business) purchase costs have increased whilst the profits from our US dollar based business make a positive impact when translated into our reporting currency sterling.

The Group is reporting an underlying profit before tax in the period under review of £7.1m, down 17.4% on the comparative period (HY2016: £8.6m), whilst the full year ended 31 August 2016 was £12.5m. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) were £8.5m, down 18.3% on the comparative period (2016: £10.4m) and £15.1m for the full year to August 2016.

Underlying basic earnings per share amounted to 27.86 pence, a decrease of 14.19% (HY2016: 32.43p; FY2016: 47.63p). Underlying diluted earnings per share, on the same basis, were 27.07 pence (HY2016: 30.69p; FY2016: 45.16p).

The Key Performance Indicators table shown at the front of this report provides the foregoing data on an underlying basis and by reference to Generally Accepted Accounting Practice, as adopted consistently by the Group.

FINANCIAL POSITION, WORKING CAPITAL & CASH FLOW

The Group's capital base strengthened considerably in the period with net assets at 28 February 2017 of £25.2m an increase of 10% on the position shown at the end of the 2016 financial year of £22.9m.

Inventories at 28 February 2017 were £6.2m (HY2016: £5.2m; FY2016 £10.3m); the increased book value of stock is in large part due to the increased US dollar cost of purchase. Our stock position is lean and made up predominantly of recent purchases; slow moving inventory is minimal.

During the period the Group generated cash from operations of £16.4m (HY2016 £14.8m; FY 2016 £10.8m).

The Group has no long-term debt. Interest charges on the use of working capital facilities during the period were £0.1m (HY2016: £0.1m; FY 2016 £0.2m).

After making dividend payments and share buy-backs (see below), at the end of the first-half period, the Group had net cash on the balance sheet of £18.6m (2016: £14.5m) an increase of 27.8% on the position at the end of the comparative period.

SHARE BUY-BACK PROGRAMME

In the period under review, the Company acquired a total of 292,402 ordinary shares in the Company at an aggregate cost of £1.3m (excluding dealing costs), with the average cost being £4.475 per ordinary share (HY2016: 213,936 ordinary shares at an aggregate cost of £1m and an average cost of £4.70 per ordinary share). There have been no further buy-backs since 28 February 2017. The Company has an unutilised authority to buy-back up to a further 3,214,700 ordinary shares. It remains part of the Group's overall strategy to continue to repurchase the Company's own shares when appropriate under its current share buy-back programme and, as previously indicated, the Directors could also be prepared to participate in any future share buy-back programme the Company proposes.

Total Voting Rights (TVR)

As at today's date, the Company has 21,218,352 ordinary shares in issue. The Company holds 3,269,456 ordinary shares in treasury, representing approximately 15.41 per cent of the share capital excluding these treasury shares, which do not carry voting or dividend rights. The figure of 21,218,352 may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest, or change to their interest, in the Company under the Disclosure and Transparency Rules.

DIVIDEND

We remain focused on delivering a progressive dividend policy. Given our ongoing progress, the Board is declaring an interim dividend of 9.0 pence per share, an increase of 28.6% (2016: 7.0p). This interim dividend, which is covered 2.8 times by earnings, will be paid on 28 July 2017 to shareholders on the Register as at the close of business on 7 July 2017. The shares will be marked ex-dividend on 6 July 2017.

OUR PEOPLE

The business employs 194 people across its locations in the UK and Asia. The Board once again takes this opportunity to thank every one of its colleagues around the business for their continuous hard work, dedication and loyalty, which underpins both the high-level customer relationships and the Group's overall performance

OUTLOOK

Our strategic focus remains: “to seek out and develop exciting products which meet domestic and international market demand”. Our portfolio continues to be derived from, both our own-developed in-house ranges, including those produced ‘under licence’, and others sourced through exclusive distribution agreements. We continue to have great strength and depth across our brands and a wide range of long term customers and suppliers; potential concentration risk is well diversified.

A number of new products are currently in development for launch this calendar year across our core ranges - Peppa, Little Live Pets, Teletubbies, Stretch, Mashems and Minecraft. In particular, there are a number of exciting developments on the “Stretch” range, which we believe will create a strong level of sales later this calendar year and beyond. Once again, the positive customer feedback we have received in relation to these iterations within existing brands and on other new products to be distributed in the near future provide the Board with great confidence in its view that the Group will continue to achieve consistently good results for the remainder of this financial year and beyond.

The second half has started in line with budget and the Board remains of the view that the Group is on target to achieve current market expectations for the full financial year to 31 August 2017.

27 April 2017

The Character Group plc
Consolidated Income Statement
six months ended 28 February 2017

Notes	six months ended 28 February 2017 (unaudited) £'000	six months ended 29 February 2016 (unaudited) £'000	12 months ended 31 August 2016 (audited) £'000
Revenue	61,542	65,245	120,967
Cost of sales	(42,298)	(43,035)	(82,694)
Gross profit	19,244	22,210	38,273
Net operating expenses			
Selling and distribution costs	(4,535)	(4,440)	(7,128)
Administration expenses	(8,280)	(9,178)	(18,447)
Other operating income	206	250	602
Operating profit	6,635	8,842	13,300
Finance income	14	14	47
Finance costs	(139)	(121)	(215)
Profit before income taxation	6,510	8,735	13,132
Taxation	(1,170)	(1,683)	(2,345)
Profit for the period attributable to equity holders of the parent	5,340	7,052	10,787
Earnings per share (pence)	4		
Basic earnings per share	25.18p	32.85p	50.30p
Diluted earnings per share	24.47p	31.09p	48.54p
Dividend per share (pence)	3	8.0p	6.0p
EBITDA (earnings before interest, tax, depreciation and amortisation)	7,873	10,471	15,689

Consolidated Statement of Comprehensive Income			
	six months ended 28 February 2017 (unaudited) £'000	six months ended 29 February 2016 (unaudited) £'000	12 months ended 31 August 2016 (audited) £'000
Profit for the period after tax	5,340	7,052	10,787
Items that will not be reclassified subsequently to profit and loss			
Current tax credit relating to exercised share options	-	-	421
Deferred tax credit relating to share options	77	30	(414)
	77	30	7
Items that may be reclassified subsequently to profit and loss			
Net exchange differences on translation of foreign operations	(224)	(129)	(676)
Total comprehensive income for the period attributable to the equity holders of the parent	5,193	6,953	10,118

The Character Group plc
Consolidated Balance Sheet
at 28 February 2017

	28 February 2017 (unaudited) £'000	29 February 2016 (unaudited) £'000	31 August 2016 (audited) £'000
Non-current assets			
Intangible assets – product development	729	682	1,117
Investment property	1,813	1,878	1,845
Property, plant and equipment	3,317	3,450	3,357
Deferred tax assets	462	559	474
	6,321	6,569	6,793
Current assets			
Inventories	6,205	5,153	10,303
Trade and other receivables	5,754	8,302	25,082
Current income tax receivable	-	-	7
Derivative financial instruments	104	118	533
Cash and cash equivalents	21,709	16,331	28,560
	33,772	29,904	64,485
Current liabilities			
Short term borrowings	(3,132)	(1,790)	(21,647)
Trade and other payables	(9,921)	(12,279)	(25,418)
Income tax payable	(1,577)	(723)	(1,106)
Derivative financial instruments	(228)	(156)	(89)
	(14,858)	(14,948)	(48,260)
Net current assets	18,914	14,956	16,225
Non – current liabilities			
Deferred tax	(22)	(136)	(99)
Net assets	25,213	21,389	22,919
Equity			
Called up share capital	1,224	1,235	1,235
Shares held in treasury	(2,743)	(2,743)	(2,743)
Capital redemption reserve	1,732	1,714	1,717
Share based payment reserve	2,854	2,705	2,778
Share premium account	15,483	15,428	15,450
Merger reserve	651	651	651
Translation reserve	1,293	1,578	1,274
Profit and loss account	4,719	821	2,557
Total equity	25,213	21,389	22,919

The Character Group plc
Consolidated Statement of Cash Flows
six months ended 28 February 2017

	six months ended 28 February 2017 (unaudited) £'000	six months ended 29 February 2016 (unaudited) £'000	12 months ended 31 August 2016 (audited) £'000
Cash flow from operating activities			
Profit before taxation for the period	6,510	8,735	13,132
Adjustments for:			
Depreciation of property, plant and equipment	204	224	441
Depreciation of investment property	33	33	65
Amortisation of intangible assets	1,001	1,372	1,925
(Profit) on disposal of property, plant and equipment	-	-	(1)
Interest expense	125	107	168
Financial instruments fair value adjustments	568	(91)	(573)
Share based payments	76	74	147
Decrease/(increase) in inventories	4,098	3,812	(1,338)
Decrease/(increase) in trade and other receivables	19,328	7,233	(9,547)
(Decrease)/increase in trade and other creditors	(15,497)	(6,736)	6,403
Cash generated from operations	16,446	14,763	10,822
Interest paid	(125)	(107)	(168)
Income tax paid	(623)	(2,219)	(2,419)
Net cash inflow from operating activities	15,698	12,437	8,235
Cash flows from investing activities			
Payments for intangible assets	(613)	(1,217)	(2,205)
Payments for property, plant and equipment	(160)	(128)	(247)
Proceeds from disposal of property, plant and equipment	-	13	14
Net cash outflow from investing activities	(773)	(1,332)	(2,438)
Cash flows from financing activities			
Proceeds from issue of share capital	37	1,417	1,442
Purchase of own shares for cancellation	(1,315)	(1,011)	(1,244)
Dividends paid	(1,697)	(1,285)	(2,785)
Net cash used in financing activities	(2,975)	(879)	(2,587)
Net increase in cash and cash equivalents	11,950	10,226	3,210
Cash, cash equivalents and borrowings at the beginning of the period	6,913	4,535	4,535
Effects of exchange rate movements	(286)	(220)	(832)
Cash, cash equivalents and borrowings at the end of the period	18,577	14,541	6,913
Cash, cash equivalents and borrowings consist of:			
Cash, cash equivalents	21,709	16,331	28,560
Short term borrowings	(3,132)	(1,790)	(21,647)
Cash, cash equivalents and borrowings at the end of the period	18,577	14,541	6,913

The Character Group plc
Consolidated statement of changes in equity

	Called up share capital £'000	Investment in own shares £'000	Treasury shares £'000	Capital redemption reserve £'000	Share premium account £'000	Merger reserve £'000	Share based payment £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
Balance as at 1 September 2015 (unaudited)	1,244	-	(3,373)	1,704	14,642	651	2,631	1,374	(3,632)	15,241
Profit for the period	-	-	-	-	-	-	-	-	7,052	7,052
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	204	(333)	(129)
Deferred tax credit relating to share options	-	-	-	-	-	-	-	-	30	30
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	-	204	6,749	6,953
Transactions with owners										
Dividend paid	-	-	-	-	-	-	-	-	(1,285)	(1,285)
Share based payment	-	-	-	-	-	-	74	-	-	74
Shares issued	1	-	630	-	786	-	-	-	-	1,417
Shares cancelled	(10)	-	-	10	-	-	-	-	(1,011)	(1,011)
Six months ended 29 February 2016	1,235	-	(2,743)	1,714	15,428	651	2,705	1,578	821	21,389

Balance as at 1 September 2015 (audited)	1,244	-	(3,373)	1,704	14,642	651	2,631	1,374	(3,632)	15,241
Profit for the year after tax	-	-	-	-	-	-	-	-	10,787	10,787
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(100)	(576)	(676)
Deferred tax credit relating to share options	-	-	-	-	-	-	-	-	(414)	(414)
Current tax credit relating to exercised share options	-	-	-	-	-	-	-	-	421	421
Total comprehensive income/(expense) for the year	-	-	-	-	-	-	-	(100)	10,218	10,118
Transactions with owners										
Share based payment	-	-	-	-	-	-	147	-	-	147
Dividends	-	-	-	-	-	-	-	-	(2,785)	(2,785)
Shares issued	4	-	630	-	808	-	-	-	-	1,442
Shares cancelled	(13)	-	-	13	-	-	-	-	(1,244)	(1,244)
Year ended 31 August 2016	1,235	-	(2,743)	1,717	15,450	651	2,778	1,274	2,557	22,919

Balance as at 1 September 2016 (unaudited)	1,235	-	(2,743)	1,717	15,450	651	2,778	1,274	2,557	22,919
Profit for the period	-	-	-	-	-	-	-	-	5,340	5,340
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	19	(243)	(224)
Deferred tax credit relating to share options	-	-	-	-	-	-	-	-	77	77
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	-	19	5,174	5,193
Transactions with owners										
Dividend paid	-	-	-	-	-	-	-	-	(1,697)	(1,697)
Share based payment	-	-	-	-	-	-	76	-	-	76
Shares issued	4	-	-	-	33	-	-	-	-	37
Shares cancelled	(15)	-	-	15	-	-	-	-	(1,315)	(1,315)
Six months ended 28 February 2017	1,224	-	(2,743)	1,732	15,483	651	2,854	1,293	4,719	25,213

The Character Group plc
Notes to the Financial Statements

1. Basis of Preparation

The financial information set out in this Half Yearly Financial Report has been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the accounting policies which will be adopted in presenting the Group's Annual Report and Financial Statements for the year ending 31 August 2017. These are consistent with the accounting policies used in the financial statements for the year ended 31 August 2016 as described in those annual financial statements.

As permitted, this Half Yearly Financial Report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 'Interim Financial Reporting'.

The consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and share based payments at fair value.

These Half Yearly Financial Statements and the financial information for the six months ended 28 February 2017 do not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited. These unaudited Half Yearly Financial statements were approved by the Board of Directors on 27 April 2017.

The information for the year ended 31 August 2016 is based on the consolidated financial statements for that year on which the Group's auditor's report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Going concern

The Directors consider that the Group has adequate resources to continue operating for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

3. Dividends

	six months ended 28 February 2017 (unaudited) £'000	six months ended 29 February 2016 (unaudited) £'000	12 months ended 31 August 2016 (audited) £'000
On equity shares:			
Final dividend paid for the year ended 31 August 2016			
- 8.00 pence (2015: 6.00p) per share	1,697	1,285	1,285
- Interim	-	-	1,500
	1,697	1,285	2,785

4. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Group has only one category of dilutive potential ordinary shares, being share options granted where the exercise price is less than average price of the company's ordinary shares during this period. The calculations are based on the following:

	six months ended 28 February 2017 (unaudited) £000's	six months ended 29 February 2016 (unaudited) £000's	12 months ended 31 August 2016 (audited) £000's
Profit attributable to equity shareholders of the parent	5,340	7,052	10,787
Weighted average number of shares			
In issue during the year – basic	21,205,059	21,467,202	21,445,576
Dilutive potential ordinary shares	619,240	1,213,847	775,967
Weighted average number of ordinary for diluted earnings per share	21,824,299	22,681,049	22,221,543
Basic earnings per share (pence)	25.18	32.85	50.30
Diluted earnings per share (pence)	24.47	31.09	48.54

5. Electronic Communications

The Half Yearly Financial Report for the six months ended 28 February 2017 will shortly be available for viewing and download on the Group's website, www.thecharacter.com.

Independent Review Report to The Character Group plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 28 February 2017, which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and related notes 1 to 4. We have read the other information contained in the Half Yearly Financial Report which comprises the Board's letter and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Half Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the AIM rules of the London Stock Exchange which requires that the accounting policies and presentation applied to the financial information in the Half Yearly Financial Report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with the AIM rules of the London Stock Exchange.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half Yearly Financial Report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Yearly Report for the six months ended 28 February 2017 is not prepared, in all material respects, in accordance with the AIM rules of the London Stock Exchange.

MHA MacIntyre Hudson

Statutory Auditors and Chartered Accountants
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30-34 New Bridge Street
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27 April 2017