



**Interim Report**  
Six months ended 28 February 2015

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[www.thecharacter.com](http://www.thecharacter.com)  
[www.character-online.co.uk](http://www.character-online.co.uk)

## DIRECTORS AND ADVISORS

### *Directors*

R King  
K P Shah  
J J Diver  
J J P Kissane  
M S Hyde  
Lord Birdwood  
D Harris

### *Secretary*

M T Dowding

### *Company registration number*

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### *Nominated Advisers and Broker*

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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 2015**

**STATEMENT BY THE EXECUTIVE CHAIRMAN, RICHARD KING**

**INTRODUCTION**

I am delighted to be able to report a record performance for the first half of the current financial year. This is reflected in an impressive increase in terms of revenue, up 24%, and profit before tax, up 178%. Our market share has continued to rise, reinforcing our position as one of the UK’s leading toy companies.

**OUR BRANDS AND NEW ADDITIONS**

Overall, in the first half of this financial year we were very encouraged by trading in the run up to the crucial 2014 Autumn/Christmas season, where we witnessed strong sales at consumer level from across our brands. Pleasingly, this continued through Christmas and assisted us to deliver a strong first half, which was ahead of management expectations.

Our longstanding cornerstone brands include: *Peppa Pig*, *Scooby Doo*, *Doctor Who*, *Fireman Sam* and, most recently, *Weebles*. Whilst these ranges have been in our portfolio for a number of years, they remain fresh, iconic and stable products that are successful, continue to sell-through well and, more importantly, are adored by the consumer. These licensed collections, developed in-house, have all seen extensive development for 2015, including additional and innovative toys within the brands. The more recent brands added to our product portfolio, such as *Teksta*, *The Zelfs*, *Shimmer ‘n Sparkle*, *Little Live Pets* and *Minecraft* have established themselves in the market and are also helping us achieve record sales.

Our great range of established brands will be added to by the introduction of new product lines such as *Clangers* (in-store April 2015), *Uggl’s Pet Shop* (June 2015) and *Yummy Nummies* – an incredibly innovative new children’s cookery craft collection which is based on a molecular gastronomy concept which is already a web and YouTube hit in the Far East. As announced previously, Character Options has been appointed the global master toy partner for *Teletubbies*; this range, a firm favourite, is under development with product expected to be launched and marketed in early 2016, following the broadcasting of the new TV series on CBBC in late 2015.

**AWARDS**

To be recognised by those we respect and also compete within our market sector is highly motivating for Character. We are delighted, therefore, that once again we have been very fortunate to have won a number of awards in the first half of this financial year. Our UK subsidiary Character Options Limited, was recognised by the industry and its peers, scooping the coveted “*Toy Supplier of the Year*” award at the Toy Industry Awards last January. Added to this was a triple celebration as it also received product awards for ranges in three categories: *Gaming Toy* – *Minecraft* developed by Jazzwares; *Interactive Toy* – *Little Live Pets* developed by Moose Enterprise and a joint winner in the “*Craze of the Year*” category for the *Cra-Z-loom Bracelet Maker*, (loom bands) developed by CRA-Z-ART (from the *Shimmer ‘n Sparkle* collection). Additionally, we were named “Supplier of the Year” by both Argos and Tesco – all memorable achievements.

We would like to acknowledge that a considerable part of our success is down to the partnerships which the Character team have forged with our suppliers over many years. The Character team is dedicated to and focused on developing, marketing and distributing innovative and exciting toys that meet the high expectations that our customers and the consumer demand, both in terms of quality and value. It is down to the efforts and successes of this team that we continue to receive industry recognition.

## CHAIRMAN'S LETTER CONTINUED

### FINANCIALS AT THE HALF-YEAR

Revenue in the period was £58.16 million, against £46.87 million in the comparable 2014 period (year ended 31 August 2014 £97.89m). Gross profit in the period being reported amounted to £22.08 million, compared to £14.16 million at the half-way point in 2014 and £29.14 million at the August 2014 financial year end.

The Group is reporting a profit before tax in the period under review of £8.53 million; profit before tax for the six months to 28 February 2014 was £3.07 million, whilst the full year ended 31 August 2014 was £7.11 million.

Basic earnings per share amounted to 35.66 pence, an increase of 213% (six months to 28 February 2014: 11.37p; full year to 31 August 2014: 27.66p). Diluted earnings per share, on the same basis, were 33.65 pence (six months to February 2014: 10.39p; full year to 31 August 2014: 25.18p).

A significant proportion of the Group's purchases are made in US dollars. The Group 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 an additional profit of £1.50 million being reported. This compares to a £2.93 million charge shown in the corresponding period in 2014. Accordingly, the pre-tax profits, excluding the 'mark to market' currency adjustments, for the six months to 28 February 2015 were £7.03 million compared to £6.00 million in 2014. The profit before tax of £8.53 million (2014 £3.07m) is stated after this 'mark to market' adjustment. This adjustment is a non-cash item in these financial statements.

Inventories at 28 February 2015 were slightly reduced at £5.05 million (2014: £5.18m: FY2014 £8.85m).

Working capital continues to be managed effectively. At the end of the first-half period, the Company had cash on the balance sheet of £14.88 million (2014: £6.84m) and a strong net cash position of £4.30 million, compared with net borrowings of £4.64 million at the same time last year and net borrowings of £4.42 million at the last year end. This was achieved after the purchase of ordinary shares for cancellation in the period at a total cost of £6.09 million (2014: £3.32m).

### SHARE BUY-BACK PROGRAMME

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.

In the period under review, the Company acquired a total of 2,336,330 ordinary shares in the Company at an aggregate cost of £6.07 million (excluding stamp duty and dealing costs), with the average cost being £2.60 per ordinary share (2014: 1,825,680 ordinary shares at an aggregate cost of £3.32 million and an average cost of £1.82 per ordinary share). Since the start of the second half of the current financial year (ending 31 August 2015) to the date of this announcement, the Company has not purchased for cancellation any further ordinary shares in the market. The Company has an unutilised authority to buy-back up to a further 4,592,409 ordinary shares.

### *Total Voting Rights (TVR)*

As at today's date, the Company has, 24,821,596 ordinary shares in issue. The Company holds 4,019,456 ordinary shares in treasury, representing approximately 19.32 per cent of the share capital excluding these treasury shares, which do not carry voting or dividend rights. The figure of 20,802,140 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 are committed to a progressive dividend policy. Given our underlying confidence in our progress, the Board is declaring an interim dividend of 5.00 pence per share, an increase of 51.5% (2014: 3.30p). This interim dividend, which is covered 7.3 times by earnings, will be paid on 26 June 2015 to shareholders on the Register as at the close of business on 5 June 2015. The shares will be marked ex-dividend on 4 June 2015.

## CHAIRMAN'S LETTER CONTINUED

### STRATEGY FOR GROWTH

Our strategic focus remains: *"to seek out and develop exciting products which meet domestic and international market demand"*. Our portfolio will continue to be derived from, both our own-developed in-house ranges, including those produced 'under licence', and others sourced through exclusive distribution agreements. Implementing the Group's strategy is also down to our people, their skills and expertise. The Board takes this opportunity to thank 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.

We are very fortunate at this time to have both strength and depth across our brands. Our diverse product portfolio which we market at *"great price points"* and *"value for money"* should provide the platform for ongoing growth.

### PERSONAL NOTE

I have been fortunate, not only recently to have celebrated my seventieth birthday but also, to have seen The Character Group develop and grow since 1991 into a major player within the toy industry.

As shareholders will be aware, I have been reducing my shareholding in the Company, on an ad hoc basis, over the past few years but, in order to prepare for my eventual retirement from all executive duties, I have decided that a programme for an orderly sale of the majority of my remaining shareholding should now be undertaken, with the goal of completing that programme within the next 12 to 24 months.

With the Group announcing record results and with positive prospects for further growth, I believe that it is the right time for both the Group and myself to be looking to the future.

### CURRENT TRADING & OUTLOOK

As we indicated to shareholders at the AGM in January, the business is benefiting from the Group's stronger offering as a whole, this bodes well for the 2015 calendar year.

Current trading remains very encouraging. We have had a great reception to our product portfolio from both the retailers and media, this follows on from our customers' reactions to our offer at various trade expos. Therefore, against this backdrop we expect this season's ranges to deliver in terms of demand and sales at consumer level across both our UK and international markets.

With four months to go to complete our financial year, the Board is confident that the Company can deliver another year of solid progress which will achieve current market expectations for the year ending 31 August 2015.

I, and my fellow Directors, look forward to updating shareholders on our progress at the time of our Annual results in December.

Richard King

Executive Chairman

30 April 2015

**The Character Group plc**  
**Consolidated Income Statement**  
**six months ended 28 February 2015**

Notes	<b>six months ended 28 February 2015 (unaudited) £'000</b>	six months ended 28 February 2014 (unaudited) £'000	12 months ended 31 August 2014 (audited) £'000
Revenue	<b>58,162</b>	46,875	97,889
Cost of sales	<b>(36,081)</b>	(32,718)	(68,752)
<b>Gross profit</b>	<b>22,081</b>	14,157	29,137
<b>Net operating expenses</b>			
Selling and distribution costs	<b>(4,674)</b>	(4,005)	(7,389)
Administration expenses	<b>(9,158)</b>	(7,360)	(15,273)
Other operating income	<b>421</b>	498	984
<b>Operating profit</b>	<b>8,670</b>	3,290	7,459
Finance income	<b>2</b>	3	8
Finance costs	<b>(138)</b>	(222)	(360)
<b>Profit before income taxation</b>	<b>8,534</b>	3,071	7,107
Taxation	<b>(1,014)</b>	(570)	(1,162)
<b>Profit for the period attributable to equity holders of the parent</b>	<b>7,517</b>	2,501	5,945
<b>Earnings per share (pence)</b>			
Basic earnings per share (pence)	4 <b>35.66p</b>	11.37p	27.66p
Diluted earnings per share (pence)	4 <b>33.65p</b>	10.39p	25.18p
<b>Dividend per share (pence)</b>	3 <b>3.95p</b>	3.3p	6.6p
<b>EBITDA</b> (earnings before interest, tax, depreciation and amortisation)	<b>9,511</b>	4,276	9,784

**Consolidated Statement of Comprehensive Income**

	<b>six months ended 28 February 2015 (unaudited) £'000</b>	six months ended 28 February 2014 (unaudited) £'000	12 months ended 31 August 2014 (audited) £'000
Profit for the period after tax	<b>7,517</b>	2,501	5,945
Items that may be reclassified subsequently to profit and loss	<b>(131)</b>	19	(63)
Exchange differences on translation of foreign operations			
<b>Total comprehensive income for the period attributable to the equity holders of the parent</b>	<b>7,386</b>	2,520	5,882

**The Character Group plc**  
**Consolidated Balance Sheet**  
**at 28 February 2015**

	<b>28 February 2015 (unaudited) £'000</b>	28 February 2014 (unaudited) £'000	31 August 2014 (audited) £'000
<b>Non-current assets</b>			
Intangible assets – product development	459	638	238
Investment property	1943	1,995	1,976
Property, plant and equipment	3,563	3,642	3,623
Deferred tax assets	252	804	571
	<b>6,217</b>	7,079	6,408
<b>Current assets</b>			
Inventories	5,051	5,182	8,854
Trade and other receivables	8,560	11,566	23,417
Current income tax receivable	-	430	16
Derivative financial instruments	169	94	144
Cash and cash equivalents	14,876	6,842	17,702
	<b>28,656</b>	24,114	50,133
<b>Current liabilities</b>			
Short term borrowings	(10,576)	(11,483)	(22,217)
Trade and other payables	(10,442)	(7,527)	(20,545)
Income tax payable	(1,545)	(1,147)	(1,463)
Derivative financial instruments	(850)	(3,274)	(2,324)
	<b>(23,413)</b>	(23,431)	(46,549)
<b>Net current assets</b>	<b>5,243</b>	683	3,584
<b>Non – current liabilities</b>			
Deferred tax	(92)	(134)	(48)
<b>Net assets</b>	<b>11,368</b>	7,628	9,944
<b>Equity</b>			
Called up share capital	1,242	1,266	1,266
Shares held in treasury	(3,373)	(3,373)	(3,373)
Investment in own shares	(908)	(908)	(908)
Capital redemption reserve	1,704	1,571	1,587
Share based payment reserve	2,555	2,472	2,487
Share premium account	14,611	13,714	13,808
Merger reserve	651	651	651
Translation reserve	1,485	1,456	1,508
Profit and loss account	(6,599)	(9,221)	(7,082)
<b>Total equity</b>	<b>11,368</b>	7,628	9,944

**The Character Group plc**  
**Consolidated Statement of Cash Flows**  
**six months to 28 February 2015**

	six months ended 28 February 2015 (unaudited) £'000	six months ended 28 February 2014 (unaudited) £'000	12 months ended 31 August 2014 (audited) £'000
<b>Cash flow from operating activities</b>			
Profit before taxation for the period	8,534	3,071	7,107
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	207	186	413
Depreciation of investment property	33	47	66
Amortisation of intangible assets	601	753	1,846
(Profit) on disposal of property, plant and equipment	(2)	(10)	(16)
Interest expense	136	219	352
Financial instruments fair value adjustments	(1,499)	2,933	1,932
Share based payments	68	111	126
Decrease/(increase) in inventories	3,803	996	(2,676)
Decrease/(Increase) in trade and other receivables	14,857	7,156	(4,695)
(Decrease)/Increase in trade and other creditors	(10,103)	(9,014)	4,004
<b>Cash generated from operations</b>	<b>16,635</b>	<b>6,448</b>	<b>8,459</b>
Interest paid	(136)	(219)	(352)
Income tax (paid)/received	(556)	(117)	185
<b>Net cash inflow from operating activities</b>	<b>15,943</b>	<b>6,112</b>	<b>8,292</b>
<b>Cash flows from investing activities</b>			
Payments for intangible assets	(822)	(643)	(1,336)
Payments for property, plant and equipment	(144)	(153)	(361)
Proceeds from disposal of property, plant and equipment	2	11	17
<b>Net cash outflow from investing activities</b>	<b>(964)</b>	<b>(785)</b>	<b>(1,680)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	896	43	153
Purchase of own shares for cancellation	(6,088)	(3,321)	(3,955)
Dividends paid	(838)	(693)	(1,392)
<b>Net cash used in financing activities</b>	<b>(6,030)</b>	<b>(3,971)</b>	<b>(5,194)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,949</b>	<b>1,356</b>	<b>1,418</b>
Cash, cash equivalents and borrowings at the beginning of the period	(4,515)	(6,018)	(6,018)
Effects of exchange rate movements	(134)	21	85
<b>Cash, cash equivalents and borrowings at the end of the period</b>	<b>4,300</b>	<b>(4,641)</b>	<b>(4,515)</b>
<b>Cash, cash equivalents and borrowings consist of:</b>			
Cash, cash equivalents	14,876	6,842	17,702
Short term borrowings	(10,576)	(11,483)	(22,217)
<b>Cash, cash equivalents and borrowings at the end of the period</b>	<b>4,300</b>	<b>(4,641)</b>	<b>(4,515)</b>

**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
<b>Balance as at 1 September 2013 (unaudited)</b>	<b>1,353</b>	<b>(908)</b>	<b>(3,373)</b>	<b>1,480</b>	<b>13,675</b>	<b>651</b>	<b>2,361</b>	<b>1,346</b>	<b>(7,617)</b>	<b>8,968</b>
Profit for the period	-	-	-	-	-	-	-	-	2,501	2,501
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	110	(91)	19
<b>Total comprehensive expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>2,410</b>	<b>2,520</b>
<b>Transactions with owners</b>										
Dividend paid	-	-	-	-	-	-	-	-	(693)	(693)
Share based payment	-	-	-	-	-	-	111	-	-	111
Shares issued	4	-	-	-	39	-	-	-	-	43
Shares cancelled	(91)	-	-	91	-	-	-	-	(3,321)	(3,321)
<b>Six months ended 28 February 2014</b>	<b>1,266</b>	<b>(908)</b>	<b>(3,373)</b>	<b>1,571</b>	<b>13,714</b>	<b>651</b>	<b>2,472</b>	<b>1,456</b>	<b>(9,221)</b>	<b>7,628</b>

<b>Balance as at 1 September 2013 (audited)</b>	<b>1,353</b>	<b>(908)</b>	<b>(3,373)</b>	<b>1,480</b>	<b>13,675</b>	<b>651</b>	<b>2,361</b>	<b>1,346</b>	<b>(7,617)</b>	<b>8,968</b>
Profit for the year after tax	-	-	-	-	-	-	-	-	5,945	5,945
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	162	(63)	99
<b>Total comprehensive income /(expense) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162</b>	<b>5,882</b>	<b>6,044</b>
<b>Transactions with owners</b>										
Dividends paid	-	-	-	-	-	-	-	-	(1,392)	(1,392)
Share based payment	-	-	-	-	-	-	126	-	-	126
Shares issued	20	-	-	-	133	-	-	-	-	153
Shares cancelled	(107)	-	-	107	-	-	-	-	(3,955)	(3,955)
<b>Year ended 31 August 2014</b>	<b>1,266</b>	<b>(908)</b>	<b>(3,373)</b>	<b>1,587</b>	<b>13,808</b>	<b>651</b>	<b>2,487</b>	<b>1,508</b>	<b>(7,082)</b>	<b>9,944</b>

<b>Balance as at 1 September 2014 (unaudited)</b>	<b>1,266</b>	<b>(908)</b>	<b>(3,373)</b>	<b>1,587</b>	<b>13,808</b>	<b>651</b>	<b>2,487</b>	<b>1,508</b>	<b>(7,082)</b>	<b>9,944</b>
Profit for the period	-	-	-	-	-	-	-	-	7,517	7,517
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(23)	(108)	(131)
<b>Total comprehensive income/(expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23)</b>	<b>7,409</b>	<b>7,386</b>
<b>Transactions with owners</b>										
Dividend paid	-	-	-	-	-	-	-	-	(838)	(838)
Share based payment	-	-	-	-	-	-	68	-	-	68
Shares issued	93	-	-	-	803	-	-	-	-	896
Shares cancelled	(117)	-	-	117	-	-	-	-	(6,088)	(6,088)
<b>Six months ended 28 February 2015</b>	<b>1,242</b>	<b>(908)</b>	<b>(3,373)</b>	<b>1,704</b>	<b>14,611</b>	<b>651</b>	<b>2,555</b>	<b>1,485</b>	<b>(6,599)</b>	<b>11,368</b>

**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 2015. These are consistent with the accounting policies used in the financial statements for the year ended 31 August 2014 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 2015 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 30 April 2015.

The information for the year ended 31 August 2014 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**

	<b>six months ended 28 February 2015 (unaudited) £'000</b>	six months ended 28 February 2014 (unaudited) £'000	12 months ended 31 August 2014 (audited) £'000
On equity shares:			
Final dividend paid for the year ended 31 August 2014			
- 3.95 pence (2013: 3.3p) per share	838	693	693
- Interim	-	-	699
	<b>838</b>	<b>693</b>	<b>1,392</b>

**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:

	<b>For the six months ended 28 February 2015 (unaudited) £000's</b>	For the six months ended 28 February 2014 (unaudited) £000's	For the year ended 31 August 2014 (audited) £000's
Profit attributable to equity shareholders of the parent	<b>7,517</b>	2,501	5,945
<b>Weighted average number of shares</b>			
In issue during the year – basic	<b>21,077,880</b>	21,989,089	21,492,265
Dilutive potential ordinary shares	<b>1,261,802</b>	2,089,176	2,116,022
Weighted average number of ordinary for diluted earnings per share	<b>22,339,692</b>	24,078,265	23,608,287
Basic earnings per share (pence)	<b>35.66</b>	11.37	27.66
Diluted earnings per share (pence)	<b>33.65</b>	10.39	25.18

## 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 2015, 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 only the Chairman'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 Ireland) 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 2015 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  
New Bridge Street House  
30-34 New Bridge Street  
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Thursday, 30 April 2015

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