

## FIRST HALF HIGHLIGHTS

- Revenue at £61.2m (2007: £53.9m)
- Pre-exceptional gross margin at 71.4% (2007: 70.1%)
- Operating profit pre-exceptional and pre-royalties receivable at £3.3m (2007: £0.5m)
- Pre-exceptional operating profit at £3.8m (2007: £1.2m)
- Operating profit at £3.8m (2007: £0.6m)
- Earnings/(loss) per share of 4.9p (2007: (0.4)p)

Continuing operations	Six months to 30 November 2008	Restated Six months to 2 December 2007
Revenue	<b>£61.2m</b>	£53.9m
Operating profit - pre-exceptional and pre-royalties receivable	<b>£3.3m</b>	£0.5m
Royalties receivable	<b>£0.5m</b>	£0.7m
Operating profit - pre-exceptional	<b>£3.8m</b>	£1.2m
Exceptional items - cost reduction programme	<b>£nil</b>	£(0.6)m
Operating profit	<b>£3.8m</b>	£0.6m
Profit/(loss) before tax	<b>£3.1m</b>	£(0.1)m
Basic earnings/(loss) per share	<b>4.9p</b>	(0.4)p

# INTERIM MANAGEMENT REPORT

## Results

The work needed to establish growth in all channels in all territories goes on with some significant progress being made in this half-year where, with the exception of Continental Europe, we have been able to deliver local currency sales growth in all territories.

As is usual, our three routes to market – independent retailers, direct via telephones and our web store, and our own Hobby centres – have had mixed fortunes. Those people looking for evidence about the health of the Hobby we service will take particular comfort from the UK achieving sales growth in all three channels and Forge World's extremely strong showing (29% sales growth).

In a very difficult period for input costs – in particular with the price of commodities such as tin and our utility costs – it is pleasing to report that we have increased our gross margin from 70.1% in the last half-year report to 71.4% in this one. This speaks volumes both about the discipline and attention to detail shown by our supply side staff and the swift action taken in sales businesses to increase metal retail prices.

Following last year's restructuring, overheads remain under control. We have opened 14 Hobby centres during the period and closed eight, taking our total to 340.

Compared to November 2007, sterling has weakened by 12.7% against the US dollar and by 13.6% against the euro. We have shown below our sales progression in local currency terms to permit a more meaningful comparison.

Our net borrowings as at 30 November 2008 stood at £11.0 million, a reduction of £4.2 million from the balance at November 2007. Our banking facilities were renewed in July 2008, as set out in the 2008 annual report (page 11). We have complied with the conditions of all banking covenants during the period.

## Prospects

As a niche business we do not usually suffer or benefit from, macro-economic factors. Whilst we are pleased with our half-year results, it would be foolish not to sound a note of caution for the short term as we sell through many independent retailers all over the world most of whom are far less well protected than we are.

The principal risks and uncertainties for the balance of the year remain as described in our 2008 annual report (page 6). These risks lie in the ability of our sales businesses to establish and maintain sales growth and in our manufacturing operation to control input costs. The Hobby is healthy and our challenge is to stay focused on what needs to be done to service it efficiently and cost effectively.

Games Workshop's core fundamentals remain strong. We continue to grow our sales, our gross margins are improving, our costs are under control, our return on capital is increasing and our cash flow is good. The board remains confident in the future growth and profitability of the Group.

## Statement of directors' responsibilities

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Games Workshop Group PLC are listed in the annual report for the year to 1 June 2008, with the exception of M Sherwin who left the board and K D Rountree who was appointed to the board on 22 October 2008. A list of the current directors is maintained on the investor relations website at [investor.games-workshop.com](http://investor.games-workshop.com).

By order of the board

### M N Wells

Chief Executive

### K D Rountree

Chief Financial Officer

## REVENUE BY GEOGRAPHICAL AREA OF SALES OPERATION IN LOCAL CURRENCY

	Six months to 30 November 2008	Restated Six months to 2 December 2007
<b>Continuing operations</b>		
Continental Europe	<b>€27.3m</b>	€28.6m
United Kingdom	<b>£21.1m</b>	£18.5m
The Americas	<b>US\$24.8m</b>	US\$23.3m
Asia Pacific	<b>Aus\$10.0m</b>	Aus\$9.2m

## CONSOLIDATED INCOME STATEMENT

	Notes	Six months to 30 November 2008 £000	Restated Six months to 2 December 2007 £000	Year to 1 June 2008 £000
<b>Continuing operations</b>				
Revenue	2	61,225	53,908	110,345
Cost of sales		(17,532)	(16,386)	(33,731)
<b>Gross profit</b>		<b>43,693</b>	37,522	76,614
Operating expenses		(40,443)	(37,593)	(75,798)
Other operating income – royalties receivable		549	670	1,736
<b>Operating profit</b>	2	<b>3,799</b>	599	2,552
Operating profit - pre-exceptional items and pre-royalties receivable		3,250	490	3,181
Exceptional items - cost reduction programme	15	-	(561)	(2,365)
Royalties receivable		549	670	1,736
Finance income		106	163	425
Finance costs		(848)	(898)	(1,918)
<b>Profit/(loss) before taxation</b>		<b>3,057</b>	(136)	1,059
Income tax expense	4	(1,524)	51	(613)
<b>Profit/(loss) for the period from continuing operations</b>		<b>1,533</b>	(85)	446
<b>Discontinued operations</b>				
Loss for the period from discontinued operations	5	-	(30)	(1,186)
<b>Profit/(loss) attributable to equity shareholders</b>		<b>1,533</b>	(115)	(740)
Basic earnings/(loss) per ordinary share	6	4.9p	(0.4)p	(2.4)p
Diluted earnings/(loss) per ordinary share	6	4.9p	(0.4)p	(2.4)p
Basic earnings/(loss) per ordinary share – continuing operations	6	4.9p	(0.3)p	1.4p
Diluted earnings/(loss) per ordinary share – continuing operations	6	4.9p	(0.3)p	1.4p

The restatement of the results for the six months to 2 December 2007 relates to the reclassification of the results of the card games, role-playing games and board games activities from continuing operations to discontinued operations as detailed in note 5. The results for the year to 1 June 2008 were prepared on this basis.

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Six months to 30 November 2008 £000	Six months to 2 December 2007 £000	Year to 1 June 2008 £000
Profit/(loss) attributable to equity shareholders	1,533	(115)	(740)
Exchange differences on translation of foreign operations	2,161	107	1,626
Cash flow hedges:			
- fair value losses	(246)	(219)	(940)
- transferred to the income statement	821	29	88
Net investment hedge	(276)	-	(737)
Tax on items recognised directly in equity	(161)	52	237
<b>Total recognised income/(expense) for the period</b>	<b>3,832</b>	(146)	(466)

# CONSOLIDATED BALANCE SHEET

	Notes	As at 30 November 2008 £000	As at 2 December 2007 £000	As at 1 June 2008 £000
<b>Non-current assets</b>				
Goodwill		1,433	2,355	1,433
Other intangible assets	10	6,163	5,545	6,059
Property, plant and equipment	11	26,318	27,053	26,422
Trade and other receivables		1,405	1,122	1,234
Financial assets - derivative financial instruments		-	-	14
Deferred tax assets		2,880	2,420	3,005
		<b>38,199</b>	38,495	38,167
<b>Current assets</b>				
Inventories		11,807	11,623	10,392
Trade and other receivables		12,642	12,691	9,870
Assets held for sale	5	-	-	464
Current tax assets		437	1,515	854
Financial assets - derivative financial instruments		262	-	17
Cash and cash equivalents		7,861	6,722	7,723
		<b>33,009</b>	32,551	29,320
<b>Total assets</b>		<b>71,208</b>	71,046	67,487
<b>Current liabilities</b>				
Financial liabilities - borrowings	9	(1,830)	(6,889)	(2,791)
Financial liabilities - derivative financial instruments		(885)	(463)	(1,401)
Trade and other payables		(14,799)	(15,208)	(15,351)
Current tax liabilities		(441)	(218)	(222)
Provisions	12	(615)	(1,459)	(1,155)
		<b>(18,570)</b>	(24,237)	(20,920)
<b>Net current assets</b>		<b>14,439</b>	8,314	8,400
<b>Non-current liabilities</b>				
Financial liabilities - borrowings	9	(17,000)	(15,004)	(15,001)
Deferred tax liabilities		(310)	-	-
Other non-current liabilities		(718)	(842)	(723)
Provisions	12	(1,196)	(1,173)	(1,317)
		<b>(19,224)</b>	(17,019)	(17,041)
<b>Net assets</b>		<b>33,414</b>	29,790	29,526
<b>Capital and reserves</b>				
Called up share capital	16	1,556	1,556	1,556
Share premium account	16	7,822	7,822	7,822
Other reserves	16	1,564	(1,103)	(321)
Retained earnings	16	22,472	21,515	20,469
<b>Total shareholders' equity</b>		<b>33,414</b>	29,790	29,526

## CONSOLIDATED CASH FLOW STATEMENT

	Notes	Six months to 30 November 2008 £000	Six months to 2 December 2007 £000	Year to 1 June 2008 £000
<b>Cash flows from operating activities</b>				
Cash generated from operations	7	3,833	623	11,097
UK corporation tax (paid)/received		(27)	(3)	6
Overseas tax paid		(395)	(142)	(418)
<b>Net cash from operating activities</b>		<b>3,411</b>	<b>478</b>	<b>10,685</b>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment		(3,164)	(2,887)	(5,705)
Proceeds on disposal of other intangible assets		-	-	44
Proceeds on disposal of property, plant and equipment		9	9	50
Proceeds on disposal of assets held for sale		500	-	-
Purchases of other intangible assets		(720)	(802)	(1,557)
Expenditure on product development		(1,210)	(1,138)	(2,266)
Interest received		112	162	415
<b>Net cash from investing activities</b>		<b>(4,473)</b>	<b>(4,656)</b>	<b>(9,019)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		2,000	5,190	5,189
Repayment of principal under finance leases		(6)	(6)	(10)
Interest paid		(437)	(792)	(1,681)
<b>Net cash from financing activities</b>		<b>1,557</b>	<b>4,392</b>	<b>3,498</b>
Effects of foreign exchange rates		601	(24)	124
<b>Net increase in cash and cash equivalents</b>		<b>1,096</b>	<b>190</b>	<b>5,288</b>
Opening cash and cash equivalents		4,944	(344)	(344)
<b>Closing cash and cash equivalents</b>	8	<b>6,040</b>	<b>(154)</b>	<b>4,944</b>

# NOTES TO THE FINANCIAL INFORMATION

## 1. Basis of preparation

The half-year results for the six months to 30 November 2008 and for the comparative six months to 2 December 2007 are neither audited or reviewed and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 1 June 2008 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

The financial information has been prepared in accordance with the accounting policies under International Financial Reporting Standards ('IFRS') as adopted by the European Union which are detailed in the financial statements for the year to 1 June 2008. These accounting policies are expected to be followed in the full financial statements for the year ending 31 May 2009. This half-yearly report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting'.

The half-yearly report is available to shareholders and members of the public on the Company's website at [investor.games-workshop.com](http://investor.games-workshop.com).

## 2. Segmental analysis

Six months to 30 November 2008	Continental Europe £000	United Kingdom £000	The Americas £000	Asia Pacific £000	Rest of the world £000	Central/ unallocated £000	Service centres £000	Design and development £000	Royalty income £000	Group £000
<b>Sales by operation</b>	<b>21,720</b>	<b>21,135</b>	<b>13,900</b>	<b>4,470</b>	-	-	-	-	-	<b>61,225</b>
Inter-segment sales	2,001	(4,604)	1,887	477	239	-	-	-	-	-
<b>Sales by location of customers</b>	<b>23,721</b>	<b>16,531</b>	<b>15,787</b>	<b>4,947</b>	<b>239</b>	-	-	-	-	<b>61,225</b>
Pre-exceptional operating profit/segment result by location of customers	5,529	3,817	322	491	108	(3,282)	(2,475)	(1,260)	549	3,799
Exceptional items	-	-	-	-	-	-	-	-	-	-
<b>Operating profit/segment result by location of customers</b>	<b>5,529</b>	<b>3,817</b>	<b>322</b>	<b>491</b>	<b>108</b>	<b>(3,282)</b>	<b>(2,475)</b>	<b>(1,260)</b>	<b>549</b>	<b>3,799</b>

Restated Six months to 2 December 2007	Continental Europe £000	United Kingdom £000	The Americas £000	Asia Pacific £000	Rest of the world £000	Central/ unallocated £000	Service centres £000	Design and development £000	Royalty income £000	Group £000
Continuing operations										
Sales by operation	19,705	18,550	11,742	3,911	-	-	-	-	-	53,908
Inter-segment sales	287	(1,973)	1,266	269	151	-	-	-	-	-
Sales by location of customers	19,992	16,577	13,008	4,180	151	-	-	-	-	53,908
Pre-exceptional operating profit/segment result by location of customers	3,489	2,757	501	184	75	(2,854)	(2,158)	(1,504)	670	1,160
Exceptional items	(20)	(322)	(89)	-	-	(130)	-	-	-	(561)
<b>Operating profit/segment result by location of customers</b>	<b>3,469</b>	<b>2,435</b>	<b>412</b>	<b>184</b>	<b>75</b>	<b>(2,984)</b>	<b>(2,158)</b>	<b>(1,504)</b>	<b>670</b>	<b>599</b>

Year to 1 June 2008	Continental Europe £000	United Kingdom £000	The Americas £000	Asia Pacific £000	Rest of the world £000	Central/ unallocated £000	Service centres £000	Design and development £000	Royalty income £000	Group £000
Continuing operations										
Sales by operation	41,139	36,760	24,011	8,435	-	-	-	-	-	110,345
Inter-segment sales	1,952	(5,704)	2,833	645	274	-	-	-	-	-
Sales by location of customers	43,091	31,056	26,844	9,080	274	-	-	-	-	110,345
Pre-exceptional operating profit/segment result by location of customers	7,648	7,338	610	207	110	(5,235)	(4,532)	(2,965)	1,736	4,917
Exceptional items	(382)	(1,453)	(568)	2	-	-	-	36	-	(2,365)
<b>Operating profit/segment result by location of customers</b>	<b>7,266</b>	<b>5,885</b>	<b>42</b>	<b>209</b>	<b>110</b>	<b>(5,235)</b>	<b>(4,532)</b>	<b>(2,929)</b>	<b>1,736</b>	<b>2,552</b>

The restatement of the six months to 2 December 2007 relates to the reclassification of the results of the card games, role-playing games and board games activities from continuing operations to discontinued operations as detailed in note 5.

Central/unallocated, service centres, design and development and royalty income segment (costs)/income comprise the (costs)/income arising in the United Kingdom that cannot be directly attributed to an individual geographical segment.

# NOTES TO THE FINANCIAL INFORMATION

## 3. Dividends

No dividend was paid in the six months to 30 November 2008. In addition, no interim dividend is proposed for the year ending 31 May 2009 (2007: £nil).

## 4. Tax

The taxation charge for the six months to 30 November 2008 is based on an estimate of the full year effective rate of 15% (2007: 40%), reflecting a deferred tax credit in respect of a proportion of the US losses previously unrecognised. In addition, following a change in the UK corporation tax legislation in the Finance Act 2008, the Group has taken a one-off charge of £1,060,000 in the current year to reflect the phasing out of industrial buildings allowances.

## 5. Discontinued operations

On 14 February 2008, the Group disposed of the trading activities of Sabertooth Games Inc., its collectible card game business, and entered into a licensing agreement for the publishing of board games, card games and role-playing games with Fantasy Flight Games Inc. The net result of these operations has been presented as a discontinued operation in the Group's income statement for all periods presented in these financial statements.

These operations, which were previously treated as a separate cash-generating unit due to their non-core nature, have been classified as discontinued.

The table below shows the results of the discontinued operations included in the results of the Group:

### Income statement

	Six months to 30 November 2008 £000	Six months to 2 December 2007 £000	Year to 1 June 2008 £000
<b>Revenue</b>	-	722	1,308
Cost of sales	-	(309)	(514)
<b>Gross profit</b>	-	413	794
Operating expenses	-	(469)	(1,900)
<b>Operating loss</b>	-	(56)	(1,106)
Operating profit/(loss) - pre-exceptional items	-	(56)	86
Exceptional items	-	-	(1,192)
Income tax credit/(expense)	-	26	(80)
<b>Loss for the period</b>	-	(30)	(1,186)

### Cash flow statement

	Six months to 30 November 2008 £000	Six months to 2 December 2007 £000	Year to 1 June 2008 £000
Cash flows from operating activities	-	308	491
Cash flows from investing activities	-	(110)	(167)
<b>Net increase in cash and cash equivalents</b>	-	198	324

The table below shows the net assets disposed of in the year to 1 June 2008 and the consideration received:

	Year to 1 June 2008 £000
Goodwill	922
Inventories	139
Trade and other receivables	255
Assets disposed of	1,316
Consideration receivable	(198)
Loss on disposal	1,118

All cash flows arising from discontinued operations arise from operating activities.

### Assets held for sale

Following the closure of the tool making facility at Wisbech, UK, the related freehold land and buildings were reclassified from non-current assets to assets held for sale during the year to 1 June 2008. No gain or loss was recognised on reclassification to current assets. The Wisbech facility was sold in July 2008 for a consideration of £500,000.

## NOTES TO THE FINANCIAL INFORMATION

### 6. Earnings/(loss) per ordinary share

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity shareholders by the weighted average number of ordinary shares in issue throughout the relevant period, excluding ordinary shares purchased by the Company and held as treasury shares.

	Six months to 30 November 2008	Restated Six months to 2 December 2007	Year to 1 June 2008
Profit/(loss) attributable to equity shareholders (£000):			
Continuing operations	1,533	(85)	446
Discontinued operations	-	(30)	(1,186)
Total	1,533	(115)	(740)
Weighted average number of ordinary shares in issue (thousands)	31,129	31,117	31,123
<b>Basic earnings/(loss) per share - continuing operations (pence per share)</b>	<b>4.9</b>	<b>(0.3)</b>	<b>1.4</b>
<b>Basic earnings/(loss) per share (pence per share)</b>	<b>4.9</b>	<b>(0.4)</b>	<b>(2.4)</b>

Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share has been based on profit/(loss) attributable to equity shareholders and the weighted average number of shares in issue throughout the period, adjusted for the dilution effect of share options outstanding at the period end.

	Six months to 30 November 2008	Restated Six months to 2 December 2007	Year to 1 June 2008
Profit/(loss) attributable to equity shareholders (£000):			
Continuing operations	1,533	(85)	446
Discontinued operations	-	(30)	(1,186)
Total	1,533	(115)	(740)
Weighted average number of ordinary shares in issue (thousands)	31,129	31,117	31,123
Adjustment for share options (thousands)	32	-	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	31,161	31,117	31,123
<b>Diluted earnings/(loss) per share - continuing operations (pence per share)</b>	<b>4.9</b>	<b>(0.3)</b>	<b>1.4</b>
<b>Diluted earnings/(loss) per share (pence per share)</b>	<b>4.9</b>	<b>(0.4)</b>	<b>(2.4)</b>

### 7. Reconciliation of profit/(loss) attributable to equity shareholders to net cash from operations

	Six months to 30 November 2008 £000	Six months to 2 December 2007 £000	Year to 1 June 2008 £000
Operating profit - continuing operations	3,799	599	2,552
Operating loss - discontinued operations	-	(56)	(1,106)
Depreciation of property, plant and equipment	3,264	3,377	6,778
Impairment reversal on property, plant and equipment	-	-	(52)
Loss on disposal of property, plant and equipment	-	116	210
Profit on disposal of assets held for sale	(36)	-	-
Loss on disposal of goodwill	-	-	922
Amortisation of capitalised development costs	1,292	1,009	2,236
Amortisation of other intangibles	592	372	753
Net fair value (gains)/losses on derivative financial instruments	(171)	61	421
Share-based payments	56	79	135
Changes in working capital:			
- (Increase)/decrease in inventories	(550)	(437)	811
- Increase in trade and other receivables	(2,392)	(3,988)	(847)
- (Decrease)/increase in trade and other payables	(1,271)	1,393	480
- Decrease in provisions	(750)	(1,902)	(2,196)
<b>Cash generated from operations</b>	<b>3,833</b>	<b>623</b>	<b>11,097</b>

The cash outflow relating to exceptional items in the six months to 30 November 2008 was £649,000 (year to 1 June 2008: £3,734,000 and six months to 2 December 2007: £2,088,000).

## NOTES TO THE FINANCIAL INFORMATION

### 8. Cash and cash equivalents

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	30 November 2008 £000	2 December 2007 £000	1 June 2008 £000
Cash and cash equivalents	7,861	6,722	7,723
Bank overdraft	(1,821)	(6,876)	(2,779)
	<b>6,040</b>	(154)	4,944

### 9. Financial liabilities - borrowings

	30 November 2008 £000	2 December 2007 £000	1 June 2008 £000
<b>Current</b>			
Bank overdraft	1,821	6,876	2,779
Obligations under finance leases	9	13	12
	<b>1,830</b>	6,889	2,791
<b>Non-current</b>			
Bank loans	17,000	15,000	15,000
Obligations under finance leases	-	4	1
	<b>17,000</b>	15,004	15,001
<b>Total borrowings</b>	<b>18,830</b>	21,893	17,792

During the period to 30 November 2008, the Group increased its revolving credit facility to £20,000,000 and reduced its working capital facility to £5,000,000. These facilities are secured on UK assets. The seasonal facilities have been removed in favour of a higher revolving credit facility.

### 10. Other intangible assets

	30 November 2008 £000	2 December 2007 £000	1 June 2008 £000
Net book value at beginning of period	6,059	4,963	4,963
Additions	1,986	1,957	4,088
Exchange differences	1	6	41
Disposals	-	-	(44)
Amortisation charge	(1,883)	(1,381)	(2,989)
<b>Net book value at end of period</b>	<b>6,163</b>	5,545	6,059

### 11. Property, plant and equipment

	30 November 2008 £000	2 December 2007 £000	1 June 2008 £000
Net book value at beginning of period	26,422	27,986	27,986
Additions	2,615	2,569	5,591
Exchange differences	553	-	295
Disposals	(8)	(125)	(260)
Charge for the period	(3,264)	(3,377)	(6,778)
Impairment reversal	-	-	52
Reclassifications	-	-	(464)
<b>Net book value at end of period</b>	<b>26,318</b>	27,053	26,422

## 12. Provisions

	Redundancy £000	Employee benefits £000	Property £000	Total £000
As at 4 June 2007	1,556	888	2,064	4,508
Charged to the income statement	415	44	35	494
Exchange differences	29	28	(4)	53
Utilised	(1,657)	(42)	(724)	(2,423)
As at 2 December 2007	343	918	1,371	2,632

	Redundancy £000	Employee benefits £000	Property £000	Total £000
As at 4 June 2007	1,556	888	2,064	4,508
Charged/(credited) to the income statement	1,164	(78)	(101)	985
Exchange differences	46	81	33	160
Increase in provision - discount unwinding	-	-	30	30
Utilised	(2,344)	(37)	(830)	(3,211)
As at 1 June 2008 and 2 June 2008	422	854	1,196	2,472
(Credited)/charged to the income statement	(16)	17	(16)	(15)
Exchange differences	7	23	37	67
Utilised	(294)	(16)	(403)	(713)
<b>As at 30 November 2008</b>	<b>119</b>	<b>878</b>	<b>814</b>	<b>1,811</b>

## 13. Seasonality

The Group's monthly sales profile demonstrates an element of seasonality around the Christmas period. This impacts sales in the months of September and December.

## 14. Related-party transactions

There were no material related-party transactions during the period.

## 15. Exceptional items

The exceptional item relates to the cost reduction programme announced in May 2007. As part of this programme, in the six months to 2 December 2007, £42,000 was incurred in closing loss making Hobby centres, £356,000 in rationalising the manufacturing and supply chain and £163,000 in simplifying the support infrastructure. There are no exceptional items in the six months to 30 November 2008.

	Restated Continuing pre-exceptional £000	Restated Continuing exceptional items £000	Restated Six months to 2 December 2007 £000
Revenue	53,908	-	53,908
Cost of sales	(16,125)	(261)	(16,386)
Gross profit	37,783	(261)	37,522
Operating expenses	(37,293)	(300)	(37,593)
Other operating income - royalties receivable	670	-	670
Operating profit/(loss)	1,160	(561)	599
	Continuing pre-exceptional £000	Continuing exceptional items £000	Year to 1 June 2008 £000
Revenue	110,345	-	110,345
Cost of sales	(32,896)	(835)	(33,731)
Gross profit	77,449	(835)	76,614
Operating expenses	(74,268)	(1,530)	(75,798)
Other operating income - royalties receivable	1,736	-	1,736
Operating profit/(loss)	4,917	(2,365)	2,552

## 16. Consolidated statement of changes in shareholders' equity

	Called up share capital £000	Share premium account £000	Other reserves			Retained earnings			Total equity £000
			Capital redemption reserve £000	Translation reserve £000	Other reserve £000	Hedging reserve £000	Treasury shares £000	Profit and loss £000	
As at 4 June 2007	1,556	7,822	101	(261)	(1,050)	(62)	(49)	21,800	29,857
Exchange adjustments	-	-	-	107	-	-	-	-	107
Loss for the period	-	-	-	-	-	-	-	(115)	(115)
Shares vested	-	-	-	-	-	-	49	(49)	-
Share-based payments	-	-	-	-	-	-	-	79	79
Deferred tax	-	-	-	-	-	52	-	-	52
Cash flow hedges:									
- fair value losses in the period	-	-	-	-	-	(219)	-	-	(219)
- transferred to net profit	-	-	-	-	-	29	-	-	29
<b>As at 2 December 2007</b>	<b>1,556</b>	<b>7,822</b>	<b>101</b>	<b>(154)</b>	<b>(1,050)</b>	<b>(200)</b>	<b>-</b>	<b>21,715</b>	<b>29,790</b>
As at 4 June 2007	1,556	7,822	101	(261)	(1,050)	(62)	(49)	21,800	29,857
Exchange adjustments	-	-	-	1,626	-	-	-	-	1,626
Loss for the year	-	-	-	-	-	-	-	(740)	(740)
Net investment hedge	-	-	-	(737)	-	-	-	-	(737)
Share-based payments	-	-	-	-	-	-	-	135	135
Shares vested	-	-	-	-	-	-	49	(49)	-
Deferred tax	-	-	-	-	-	237	-	-	237
Cash flow hedges:									
- fair value losses in the period	-	-	-	-	-	(940)	-	-	(940)
- transferred to net profit	-	-	-	-	-	88	-	-	88
<b>As at 1 June 2008 and 2 June 2008</b>	<b>1,556</b>	<b>7,822</b>	<b>101</b>	<b>628</b>	<b>(1,050)</b>	<b>(677)</b>	<b>-</b>	<b>21,146</b>	<b>29,526</b>
Exchange adjustments	-	-	-	2,161	-	-	-	-	2,161
Net investment hedge	-	-	-	(276)	-	-	-	-	(276)
Profit for the period	-	-	-	-	-	-	-	1,533	1,533
Share-based payments	-	-	-	-	-	-	-	56	56
Deferred tax	-	-	-	-	-	(161)	-	-	(161)
Cash flow hedges:									
- fair value losses in the period	-	-	-	-	-	(246)	-	-	(246)
- transferred to net profit	-	-	-	-	-	821	-	-	821
<b>As at 30 November 2008</b>	<b>1,556</b>	<b>7,822</b>	<b>101</b>	<b>2,513</b>	<b>(1,050)</b>	<b>(263)</b>	<b>-</b>	<b>22,735</b>	<b>33,414</b>